



Comprehensive Annual Financial Report



**City of Medford
Oregon**

**For the Fiscal Year Ended
June 30, 2012**

CITY OF MEDFORD, OREGON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Prepared by:
City Finance Department

CITY OF MEDFORD

June 30, 2012

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CITY OF MEDFORD

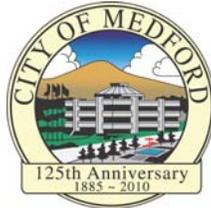
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INTRODUCTORY SECTION





OFFICE OF
THE CITY MANAGER
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FAX: (541) 618-1700
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January 18, 2013

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, 2012 and for the year then ended.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. Management believes that the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included. In developing and evaluating the City's accounting system, consideration is given to the adequacy of the internal control structure. I believe that the City's internal control structure adequately safeguards assets and provides reasonable assurance of the proper recording of financial transactions.

State law requires that the financial statements of the City of Medford be audited by a certified public accountant selected by the City Council. The accounting firm of Isler CPA, LLC conducted the audit for the fiscal year ending June 30, 2012 and has issued an unqualified ("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 31 square miles and serves a population of 75,545. 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.

Continuous Improvement – Customer Service

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 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:

For the past several years, Medford's economic growth has kept pace with the rest of the State but it has been negatively impacted by the economic conditions that have affected the rest of the country. Because of Medford's diversity, it has been able to maintain its position as the economic engine for Southern Oregon. Existing businesses continue to lead job creation with 85% net new jobs coming from existing business growth but at a lesser rate than in the past few years. Medford recently has seen an increase in inquiries from businesses considering relocation and expansion. The City's Electronic Commerce Zone is the most active in the State and has contributed to our ability to weather the national and state economic downturn. Medford had a slight increase in revenues from property taxes due to increased tax assessed values and improvement in the collection rate. Since the largest share of City revenues comes from property taxes, any change is significant to City government and its ability to provide services.

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 3,600 employees. Not considering categories, Harry and David Operations is the largest employer in the area with 2,000 employees. Transient lodging tax revenues have been strong despite the current economy. While Medford has not experienced growth in the past few years, it has not seen the sharp decline in transient lodging tax realize by many other cities in Oregon. The amount of money spent by visitors to Jackson County and Medford continues to be a solid revenue factor for the region. The tourism industry accounts for over 4,200 jobs in Jackson County and Medford.

Medford continues to grow at a rate of 1.0%-1.5%. Population for the region is projected to grow by 1.4% through 2013. Based on past trends, Medford is expected to capture a significant share of this population increase and is expected to surpass 80,000 citizens by 2014.

Long-term financial planning:

The current economic climate continues to presents unique challenges. Because the City of Medford has been continually conservative and frugal with past budgeting, it is better equipped to handle these challenges. In an effort to make the best use of tax payer dollars, the City is focusing on ways to conserve its existing assets while improving livability. Efforts to accomplish this goal include: maintaining a three month contingency fund for personnel and operating expenses, continued upkeep and maintenance of buildings, facilities and infrastructure in order to avoid increased future costs resulting from deferred maintenance, controlled growth of personnel costs by taking advantage of vacancies (with the exception of Police and Fire), and continued investment in technology

in order to facilitate a higher volume and quality of service even with decreased personnel services costs.

Unreserved, undesignated fund balance in the general fund falls within the policy guidelines set by Council. As a part of the vision plan for the City, work continues on the identified 17 street projects as well as the safe sidewalk project approved by voters in the fall of 2004. In March of 2007 the City of Medford issued bonds for \$18.9 million. The proceeds from which were used to substantially complete the Medford Sports and Community Park, as well as to build a gymnasium at the Santo Community Center.

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 with 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, 2011. 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 entire staff, and the cooperation of all City departments. Credit must also be given to the Mayor and the Governing Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Medford's finances.

Respectfully submitted,



P. Eric Swanson
City Manager



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, 2011

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



Linda C. Davison

President

Jeffrey R. Emer

Executive Director



CITY OF MEDFORD

Officials of the City

June 30, 2012

CITY COUNCIL

Term Expires December 31

| | | |
|----------------|---------------------------------------|------|
| Gary Wheeler | Mayor | 2012 |
| Chris Corcoran | Council member Ward 3, Vice President | 2012 |
| Al Densmore | Council member Ward 1 | 2014 |
| Dick Gordon | Council member Ward 1 | 2012 |
| Greg Jones | Council member Ward 4 | 2012 |
| Eli Mathews | Council member Ward 2 | 2012 |
| Bob Strosser | Council member Ward 4, President | 2014 |
| Karen Blair | Council member Ward 2 | 2014 |
| John Michaels | Council member Ward 3 | 2014 |

PRINCIPAL OFFICIALS

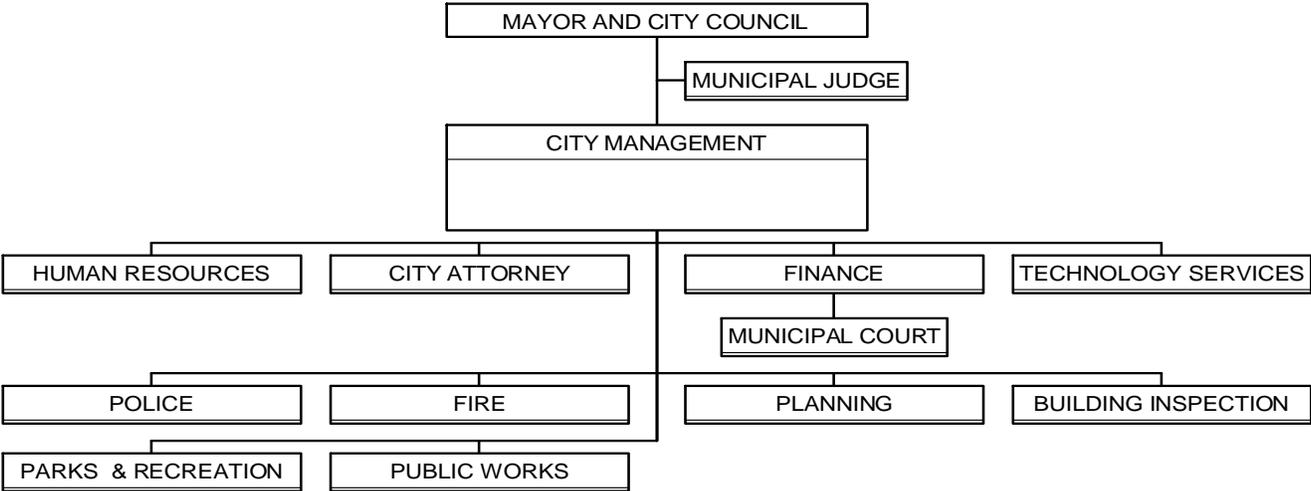
Eric Swanson, City Manager
John Huttli, City Attorney
Alison Chan, Finance Director

CITY ADDRESS

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



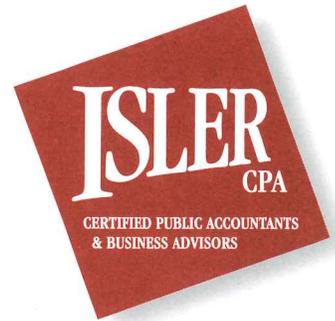
CITY OPERATIONS SUMMARY





FINANCIAL SECTION





Independent Auditors' Report

An Independently Owned Member

MCGLADREY ALLIANCE



Honorable Mayor and City Council Members
City of Medford

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 (City), Oregon, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 of material misstatement. The financial statements of the component unit were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2013 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 8, the budgetary comparison information on page 39 and the schedule of Other Post-Employment Benefits (OPEB) funding progress on page 40. 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 MD&A and the schedule of OPEB 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 MD&A and the schedule of OPEB because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison schedules have been subjected to the auditing procedures applied to the audit of the basic financial statements and, in our opinion, are fairly stated in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, other supplemental budgetary comparison schedules, other financial schedules, statistical section and other schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements, other supplemental budgetary comparison schedules, other financial schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory, statistical section, and other schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

ISLER CPA

A handwritten signature in black ink that reads "Paul R. Nielson". The signature is written in a cursive, flowing style.

By Paul Nielson, CPA, a member of the firm
January 18, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis presents 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 \$365.2 million at June 30, 2012, consisting of \$261.0 million in net capital assets, \$71.1 million in cash and cash equivalents and \$33.1 million in receivables and other assets. The City's governmental activities liabilities totaled \$92.1 million at June 30, 2012, consisting of \$83.2 million in noncurrent liabilities and \$8.9 million in accounts payable and other liabilities. Total net assets were \$273.2 million of which \$214.0 million were invested in capital assets, net of related debt, \$20.9 million were restricted and the remaining \$38.3 million were unrestricted.

The City's governmental activities net assets increased by \$2.7 million or 1 percent. Overall governmental activities revenue decreased by \$3.2 million or 4 percent. The decrease was most noticeable in the capital grants and contributions, which had decreased by \$6.1 million. Operating grants and contributions increased by \$5.0 million. Other revenues had a net overall all decrease of \$2.1 million.

The City's business-type activities assets totaled \$100.2 million at June 30, 2012, consisting of \$80.4 million in capital assets, \$18.6 million in cash and cash equivalents and \$1.2 million in receivables and other assets. The City's business-type activities liabilities totaled \$2.0 million at June 30, 2012, consisting of \$0.2 million in noncurrent liabilities and \$1.8 million in accounts payable and other liabilities. Total net assets were \$98.2 million of which \$80.4 million was invested in capital, \$7.2 million was restricted and the remaining \$10.6 million was unrestricted.

The City's business-type activities net assets increased by \$1.5 million or 2 percent. Business-type activities revenue decreased by \$0.7 million or 5 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 Assets, Statement of Activities, Fund Financial Statements and the Notes to the Financial Statements. Statements of Net Assets 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 Assets 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
 - Schedule of Property tax transactions

- ◆ **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 Statements:

**TABLE 1
CITY OF MEDFORD - STATEMENT OF NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012 AND 2011
(in millions)**

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total Government</u> | |
|---|--------------------------------|-----------------|---------------------------------|----------------|-------------------------|-----------------|
| | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> |
| Cash and investments | \$ 71.1 | \$ 51.4 | \$ 18.6 | \$ 21.0 | \$ 89.7 | \$ 72.4 |
| Other assets | 33.2 | 36.7 | 1.2 | 1.3 | 34.4 | 38.0 |
| Capital assets, net of depreciation | 261.0 | 259.8 | 80.4 | 76.2 | 341.4 | 336.0 |
| Total assets | <u>365.3</u> | <u>347.9</u> | <u>100.2</u> | <u>98.5</u> | <u>465.5</u> | <u>446.4</u> |
| Other liabilities | \$ 8.9 | \$ 7.3 | \$ 1.8 | \$ 1.6 | \$ 10.7 | \$ 8.9 |
| Long-term debt outstanding | 83.2 | 70.1 | 0.2 | 0.2 | 83.4 | 70.3 |
| Total liabilities | <u>92.1</u> | <u>77.4</u> | <u>2.0</u> | <u>1.8</u> | <u>94.1</u> | <u>79.2</u> |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 214.0 | 225.1 | 80.4 | 76.2 | 294.4 | 301.3 |
| Restricted | 20.9 | 30.9 | 7.2 | 11.5 | 28.1 | 42.4 |
| Unrestricted | 38.3 | 14.5 | 10.6 | 9.0 | 48.9 | 23.5 |
| Total net assets | <u>\$ 273.2</u> | <u>\$ 270.5</u> | <u>\$ 98.2</u> | <u>\$ 96.7</u> | <u>\$ 371.4</u> | <u>\$ 367.2</u> |

TABLE 2
CITY OF MEDFORD - STATEMENT OF ACTIVITIES
FOR FISCAL YEAR ENDING JUNE 30, 2012 AND 2011
(in millions)

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total Government</u> | |
|--|--------------------------------|-----------------|---------------------------------|----------------|-------------------------|-----------------|
| | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> |
| REVENUES | | | | | | |
| General revenues: | | | | | | |
| Taxes | \$ 44.1 | \$ 43.8 | \$ - | \$ - | \$ 44.1 | \$ 43.8 |
| Other | 0.7 | 0.3 | 0.2 | 0.1 | 0.9 | 0.4 |
| Program revenues: | | | | | | |
| Charges for services | 17.0 | 19.8 | 12.0 | 11.0 | 29.0 | 30.8 |
| Operating grants and contributions | 11.7 | 6.7 | - | 0.2 | 11.7 | 6.9 |
| Capital grants and contributions | 3.6 | 9.7 | 0.9 | 1.1 | 4.5 | 10.8 |
| Total revenues | <u>77.1</u> | <u>80.3</u> | <u>13.1</u> | <u>12.4</u> | <u>90.2</u> | <u>92.7</u> |
| EXPENSES | | | | | | |
| General government | 8.9 | 7.9 | - | - | 8.9 | 7.9 |
| Public safety | 33.8 | 33.4 | - | - | 33.8 | 33.4 |
| Highways and streets | 14.3 | 14.1 | - | - | 14.3 | 14.1 |
| Culture and recreation | 8.4 | 7.6 | - | - | 8.4 | 7.6 |
| Community development | 6.1 | 6.0 | - | - | 6.1 | 6.0 |
| Interest on long-term debt | 3.7 | 3.3 | - | - | 3.7 | 3.3 |
| Sewer services | - | - | 10.4 | 10.3 | 10.4 | 10.3 |
| Parking services | - | - | 0.4 | 0.3 | 0.4 | 0.3 |
| Total expenses | <u>75.2</u> | <u>72.3</u> | <u>10.8</u> | <u>10.6</u> | <u>86.0</u> | <u>82.9</u> |
| Increase (decrease) in net assets before transfers | 1.9 | 8.0 | 2.3 | 1.8 | 4.2 | 9.8 |
| Transfers | <u>0.8</u> | <u>0.7</u> | <u>(0.8)</u> | <u>(0.7)</u> | <u>-</u> | <u>-</u> |
| Change in net assets | 2.7 | 8.7 | 1.5 | 1.1 | 4.2 | 9.8 |
| Beginning net assets | <u>270.5</u> | <u>261.8</u> | <u>96.7</u> | <u>95.6</u> | <u>367.2</u> | <u>357.4</u> |
| Ending net assets | <u>\$ 273.2</u> | <u>\$ 270.5</u> | <u>\$ 98.2</u> | <u>\$ 96.7</u> | <u>\$ 371.4</u> | <u>\$ 367.2</u> |

Financial Analysis:

Governmental Funds. As of the end of the current year, the City's governmental funds reported a combined ending fund balance of \$64.7 million, an increase from the prior year of \$15.9 million. Approximately \$13.2 million or 20 percent of this total constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is reserved or designated for a variety of restricted purposes.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$18.1 million. Unassigned fund balance represents 38 percent of the total General Fund expenditures. The unassigned fund balance of the City's General Fund increased \$3.6 million or 25 percent from the prior year.

The Street Improvement Fund accounts outside funds received and used for street improvements and maintenance. At the end of the current year, the Street Improvement Fund had a fund balance of \$4.4 million which is reserved for future highway and street projects. This was a decrease of \$.2 million or 6 percent from the prior year.

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 unrestricted net assets of \$10.4 million, restricted net assets of \$7.2 million and invested in capital assets of 79.3 million. Net assets increased \$1.4 million to \$96.8 million. The Parking Facilities Fund had unrestricted net assets of \$0.2 million and net assets had no significant change at \$1.4 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 revenues increased by \$3.9 million. \$2.5 million of the increase was funded through increased revenues and \$1.4 million was funded through grants. The General Fund expenditures increased by \$22.5 million. \$21.9 million of the increase as well as the \$21.9 million increase in Other financing sources were a result of the City issuing bonds and then loaning the bond proceeds to the Medford Urban Renewal Agency.

The City's actual fiscal year operating costs, with in the General Fund, was 52 percent of the final biennial budget. This generated an increased to the General Fund balance of \$0.9 million

Capital Assets and Debt Administration:

Capital Assets. As of June 30, 2012, the City had \$341.4 million in capital assets, net of depreciation as reflected in the following table, which represents a net increase (additions, deductions and depreciation) of \$5.4 million.

**TABLE 3
CITY OF MEDFORD - CAPITAL ASSETS
FOR FISCAL YEAR ENDING JUNE 30, 2012 AND 2011
(in millions)**

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total Government</u> | |
|--------------------------|--------------------------------|-----------------|---------------------------------|----------------|-------------------------|-----------------|
| | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> |
| Land | \$ 22.7 | \$ 22.2 | \$ 1.2 | \$ 1.2 | \$ 23.9 | \$ 23.4 |
| Land rights of way | 85.2 | 82.6 | - | - | 85.2 | 82.6 |
| Construction in progress | 9.0 | 13.4 | 8.9 | 4.4 | 17.9 | 17.8 |
| Buildings | 18.0 | 18.4 | 3.7 | 3.9 | 21.7 | 22.3 |
| Improvements | 25.2 | 26.6 | 16.0 | 16.6 | 41.2 | 43.2 |
| Equipment | 5.5 | 5.8 | 3.6 | 3.4 | 9.1 | 9.2 |
| Sewers | - | - | 15.9 | 15.5 | 15.9 | 15.5 |
| Storm drains | - | - | 31.1 | 31.2 | 31.1 | 31.2 |
| Parking structures | 2.4 | 2.7 | - | - | 2.4 | 2.7 |
| Road network | 93.0 | 88.1 | - | - | 93.0 | 88.1 |
| Total | <u>\$ 261.0</u> | <u>\$ 259.8</u> | <u>\$ 80.4</u> | <u>\$ 76.2</u> | <u>\$ 341.4</u> | <u>\$ 336.0</u> |

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
(in millions)**

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|-------------------|--------------------------------|---------------------------------|-----------------|
| Beginning balance | \$ 259.8 | \$ 76.2 | \$ 336.0 |
| Additions | 26.2 | 9.6 | 35.8 |
| Transfers | (13.0) | (2.5) | (15.5) |
| Depreciation | (12.0) | (2.9) | (14.9) |
| Ending balance | <u>\$ 261.0</u> | <u>\$ 80.4</u> | <u>\$ 341.4</u> |

Capital assets, net of depreciation for governmental activities increased \$1.2 million. Additions included acquisition of land of \$0.6 million, buildings and building improvements of \$0.6 million, equipment purchases \$1.3 million, infrastructure \$12.4 million, and construction in progress of \$8.5 million. Offsetting these additions were depreciation and transfers of \$25.5 million.

Business-type activities capital assets, net of depreciation increased \$4.2 million. Additions included sewers of \$0.9 million, storm drains of \$0.8 million, equipment and other additions of \$1.0, and construction in progress of \$7.0 million. Offsetting these additions were depreciation and transfers of \$5.5 million. For more detailed information on the City's capital asset activity, refer to Note III (F) of the financial statements.

Debt Administration. As of year-end, the City had \$82.5 million in debt outstanding compared to \$70.6 million last year. For more detailed information, refer to Note III (G) of the financial statements.

**TABLE 5
CITY OF MEDFORD - OUTSTANDING DEBT AT FISCAL YEAR END
(in millions)**

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|--------------------------------|------------------------------------|-------------------------------------|----------------|
| Bonds & notes payable | \$ 79.0 | \$ - | \$ 79.0 |
| Compensated absences | 2.4 | 0.2 | 2.6 |
| Other post-employment benefits | 0.9 | - | 0.9 |
| Total | <u>\$ 82.3</u> | <u>\$ 0.2</u> | <u>\$ 82.5</u> |

Economic Factors and the Next Biennium Budget and Rates:

The economy has had a negative impact on the City’s revenues; however the funds that have experienced less than budgeted revenues have reduced expenditures. At this time, expenditures have been reduced sufficiently that the net cash flows are projected to be within budget. While in the long run this may have a negative impact from a maintenance and operational stand point, from a financial standpoint, all city funds are balanced and continue to maintain adequate reserves.

The assumptions used to prepare the biennium budget are listed below. The results from the first year of the biennium are such that a revision of the second year of the biennium has not been required. The following are the major assumptions used in developing the 2011-2013 biennial budget:

- Increases in assessed tax valuation for property taxes projections is budgeted to remain a 10 year low of 3% in each year of the biennium
- Property tax collection rate is budgeted to remain at a 10 year low of 93% in each year of the biennium
- Wages and salaries for the seven unions and the non-represented employees are budgeted to increase 2% in each year of the biennium
- PERS costs are budgeted to be 11.4% of payroll in each year of the biennium.

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 Assets

June 30, 2012

| | Primary Government | | | Component Unit |
|---|----------------------------|-----------------------------|-----------------------|-----------------------------|
| | Governmental Activities | Business Type Activities | Total | Medford Water Commission |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 71,105,313 | \$ 18,577,551 | \$ 89,682,864 | \$ 18,530,900 |
| Receivables: | | | | |
| Accounts | 4,159,600 | 283,018 | 4,442,618 | 1,876,383 |
| Taxes | 2,779,474 | - | 2,779,474 | - |
| Other | 439,384 | - | 439,384 | 34,458 |
| Due from Medford Water Commission | 870,955 | 816,434 | 1,687,389 | - |
| Due from City of Medford | - | - | - | 84,083 |
| Inventory | 682,956 | 73,195 | 756,151 | 932,745 |
| Bond issuance costs, net of amortization | 718,210 | - | 718,210 | - |
| Prepaid pension expense | 22,976,833 | - | 22,976,833 | 2,257,663 |
| Other assets | - | - | - | 399,164 |
| Restricted cash and cash equivalents | 525,820 | - | 525,820 | 1,020,360 |
| Capital assets not being depreciated | 116,912,737 | 10,069,910 | 126,982,647 | 15,926,660 |
| Depreciable capital assets, net | 144,063,351 | 70,375,112 | 214,438,463 | 90,466,519 |
| Total Assets | <u>\$ 365,234,633</u> | <u>\$ 100,195,220</u> | <u>\$ 465,429,853</u> | <u>\$ 131,528,935</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 5,792,029 | \$ 1,591,717 | \$ 7,383,746 | \$ 1,693,364 |
| Payroll and related accruals | 1,863,024 | 184,524 | 2,047,548 | - |
| Accrued interest payable | 644,033 | - | 644,033 | - |
| Due to Medford Water Commission | 55,387 | 28,696 | 84,083 | - |
| Due to City of Medford | - | - | - | 1,687,389 |
| Retainage payable | - | - | - | 11,387 |
| Claims Payable | 546,134 | - | 546,134 | - |
| Long term liabilities: | | | | |
| Due within one year: | | | | |
| Bonds payable | 3,936,000 | - | 3,936,000 | - |
| Loan from State of Oregon | 61,501 | - | 61,501 | - |
| Compensated absences | 471,235 | 43,998 | 515,233 | 304,062 |
| Due in more than one year: | | | | |
| Bonds payable, including unamortized premium of \$49,011 | 75,821,888 | - | 75,821,888 | - |
| Loan from State of Oregon | 123,201 | - | 123,201 | - |
| Compensated absences | 1,884,940 | 175,996 | 2,060,936 | 62,278 |
| Other post-employment benefits | 875,295 | - | 875,295 | - |
| Total Liabilities | <u>92,074,667</u> | <u>2,024,931</u> | <u>94,099,598</u> | <u>3,758,480</u> |
| NET ASSETS | | | | |
| Invested in capital assets, net of debt | 214,017,088 | 80,445,022 | 294,462,110 | 106,393,179 |
| Restricted for: | | | | |
| Future system development | - | 7,154,013 | 7,154,013 | 1,020,360 |
| Public Safety | 304,287 | - | 304,287 | - |
| Highways and streets | 12,367,765 | - | 12,367,765 | - |
| Culture and recreation | 1,308,384 | - | 1,308,384 | - |
| Community development | 1,688,873 | - | 1,688,873 | - |
| Debt service | 3,188,173 | - | 3,188,173 | - |
| PERS contribution | 2,035,080 | - | 2,035,080 | - |
| Unrestricted | 38,250,316 | 10,571,254 | 48,821,570 | 20,356,916 |
| Total Net Assets | <u>273,159,966</u> | <u>98,170,289</u> | <u>371,330,255</u> | <u>127,770,455</u> |
| Total liabilities and net assets | <u>\$ 365,234,633</u> | <u>\$ 100,195,220</u> | <u>\$ 465,429,853</u> | <u>\$ 131,528,935</u> |

The notes to the financial statements are an integral part of this statement.

CITY OF MEDFORD

Statement of Activities

For the Year Ended June 30, 2012

| Functions/Programs | Program Revenues | | | | | | Primary Government | | | Component Unit |
|---|----------------------|--------------------------------------|------------------------------------|----------------------------------|-------------------------|--------------------------|------------------------|--------------------------|-------------|----------------|
| | Expenses | Fines, Fees and Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total | Medford Water Commission | | |
| | | | | | | | | | | |
| Primary Government | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | 8,930,685 | 3,617,405 | 4,180,320 | - | (1,132,960) | - | (1,132,960) | - | - | |
| Public safety | 33,766,228 | 2,229,342 | 1,800,297 | - | (29,736,589) | - | (29,736,589) | - | - | |
| Highways and streets | 14,330,802 | 8,132,177 | 5,249,324 | 3,080,688 | 2,131,387 | - | 2,131,387 | - | - | |
| Culture and recreation | 8,373,605 | 2,354,531 | 3,225 | 544,778 | (5,471,071) | - | (5,471,071) | - | - | |
| Community development | 6,103,180 | 630,913 | 505,809 | - | (4,966,458) | - | (4,966,458) | - | - | |
| Interest on long-term debt | 3,697,765 | - | - | - | (3,697,765) | - | (3,697,765) | - | - | |
| Total governmental activities | 75,202,265 | 16,964,368 | 11,738,975 | 3,625,466 | (42,873,456) | - | (42,873,456) | - | - | |
| Business-type activities: | | | | | | | | | | |
| Sewer services | 10,433,472 | 11,599,953 | 7,320 | 802,288 | - | 1,976,089 | 1,976,089 | - | - | |
| Parking services | 379,767 | 371,022 | - | 54,404 | - | 45,659 | 45,659 | - | - | |
| Total business-type activities | 10,813,239 | 11,970,975 | 7,320 | 856,692 | - | 2,021,748 | 2,021,748 | - | - | |
| Total primary government | \$ 86,015,504 | \$ 28,935,343 | \$ 11,746,295 | \$ 4,482,158 | \$ (42,873,456) | \$ 2,021,748 | \$ (40,851,708) | \$ | \$ | |
| Component unit: | | | | | | | | | | |
| Medford Water Commission | \$ 9,317,128 | \$ 10,981,417 | \$ - | \$ 667,630 | \$ - | \$ - | \$ - | \$ 2,331,919 | \$ - | |
| General Revenues: | | | | | | | | | | |
| Property taxes - City of Medford | | | | | 30,092,087 | | 30,092,087 | | - | |
| Property taxes - Medford Urban Renewal Agency | | | | | 4,684,921 | | 4,684,921 | | - | |
| Use taxes | | | | | 9,354,732 | | 9,354,732 | | - | |
| Unrestricted investment earnings | | | | | 565,817 | 173,844 | 739,661 | | - | |
| Gain (loss) on capital asset sales | | | | | 103,858 | 24,129 | 127,987 | | - | |
| Transfers | | | | | 778,140 | (778,140) | - | | - | |
| Total general revenues and transfers | | | | | 45,579,555 | (580,167) | 44,999,388 | | - | |
| Change in net assets | | | | | 2,706,099 | 1,441,581 | 4,147,680 | | 2,331,919 | |
| Net assets - beginning | | | | | 270,453,867 | 96,728,708 | 367,182,575 | | 125,438,536 | |
| Net assets - ending | | | | | 273,159,966 | 98,170,289 | 371,330,255 | | 127,770,455 | |

The notes to the financial statements are an integral part of this statement.

CITY OF MEDFORD
Balance Sheet
Governmental Funds
June 30, 2012

| | <u>General Fund</u> | <u>Street Improvement Fund</u> | <u>MURA Capital Projects Fund</u> | <u>Nonmajor Governmental Funds</u> | <u>Total</u> |
|--------------------------------------|----------------------|--|---------------------------------------|--|----------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 20,230,494 | \$ 5,754,097 | \$ 17,668,208 | \$ 24,400,480 | \$ 68,053,279 |
| Receivables | | | | | |
| Accounts | 3,331,103 | 93,593 | 2,327 | 712,845 | 4,139,868 |
| Taxes | 2,350,449 | - | - | 429,025 | 2,779,474 |
| Loans | - | - | 373,114 | - | 373,114 |
| Inventories | 66,104 | - | - | - | 66,104 |
| Due from other funds | 10,940 | - | - | - | 10,940 |
| Due from Medford Water Commission | 14,751 | - | - | 843,525 | 858,276 |
| Restricted cash and cash equivalents | 383,313 | - | - | 22,822 | 406,135 |
| Advances to other funds | 20,950,000 | - | - | - | 20,950,000 |
| | <u>20,950,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>20,950,000</u> |
| Total assets | <u>\$ 47,337,154</u> | <u>\$ 5,847,690</u> | <u>\$ 18,043,649</u> | <u>\$ 26,408,697</u> | <u>\$ 97,637,190</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 905,873 | \$ 1,410,039 | \$ 1,589,051 | \$ 1,800,090 | \$ 5,705,053 |
| Payroll and related accruals | 1,522,634 | 6,131 | 473 | 219,971 | 1,749,209 |
| Due to other funds | - | - | - | 10,940 | 10,940 |
| Due to Medford Water Commission | 35,439 | 5,086 | - | 14,862 | 55,387 |
| Deferred revenue | 3,714,925 | - | 373,114 | 353,873 | 4,441,912 |
| Advances from other funds | - | - | 20,950,000 | - | 20,950,000 |
| | <u>6,178,871</u> | <u>1,421,256</u> | <u>22,912,638</u> | <u>2,399,736</u> | <u>32,912,501</u> |
| Fund balances: | | | | | |
| Nonspendable: | | | | | |
| Inventory | 66,104 | - | - | - | 66,104 |
| Advances to other funds | 20,950,000 | - | - | - | 20,950,000 |
| Restricted for: | | | | | |
| Public safety | - | - | - | 304,287 | 304,287 |
| Highways and streets | - | - | - | 12,367,765 | 12,367,765 |
| Culture and recreation | - | - | - | 1,308,384 | 1,308,384 |
| Community development | - | - | - | 1,688,873 | 1,688,873 |
| Debt service | - | - | - | 3,188,173 | 3,188,173 |
| Committed for: | | | | | |
| Public Safety | - | - | - | 1,578,026 | 1,578,026 |
| Highways and streets | - | 4,426,434 | - | 3,141,817 | 7,568,251 |
| Culture and recreation | - | - | - | 431,636 | 431,636 |
| PERS contributions | 2,035,080 | - | - | - | 2,035,080 |
| Unassigned | 18,107,099 | - | - | - | 18,107,099 |
| MURA general fund | - | - | (4,868,989) | - | (4,868,989) |
| | <u>41,158,283</u> | <u>4,426,434</u> | <u>(4,868,989)</u> | <u>24,008,961</u> | <u>64,724,689</u> |
| Total fund balances | <u>41,158,283</u> | <u>4,426,434</u> | <u>(4,868,989)</u> | <u>24,008,961</u> | <u>64,724,689</u> |
| Total liabilities and fund balances | <u>\$ 47,337,154</u> | <u>\$ 5,847,690</u> | <u>\$ 18,043,649</u> | <u>\$ 26,408,697</u> | <u>\$ 97,637,190</u> |

The notes to the financial statements are an integral part of this statement.

CITY OF MEDFORD
 Reconciliation of Governmental Funds Balance Sheet
 to the Statement of Net Assets
 June 30, 2012

Fund balances - total governmental funds \$ 64,724,689

Amounts reported for governmental activities in the statement of net assets 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 | 389,514,952 | |
| Less accumulated depreciation | <u>(128,623,385)</u> | 260,891,567 |

A portion of the City's receivable are collected after year-end, but are not available soon enough to pay for current year's operations, and therefore are not reported as revenues in the governmental funds. 4,508,182

In a prior and current year the City paid bond issuance costs. This transaction was recorded as an expenditure in the governmental funds when the transaction occurred. 718,210

In a prior year, the City made payments to PERS to pay down its unfunded pension liability. This transaction was recorded as an expenditure in the governmental funds. 22,976,833

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 | (644,033) | |
| Compensated absences | (2,332,440) | |
| Other post employment benefits | (875,295) | |
| Bonds payable | (78,784,000) | |
| Unamortized bond premium | (973,888) | |
| Land purchase contract | <u>(184,702)</u> | (83,794,358) |

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 Assets. 3,134,843

Net assets of governmental activities \$ 273,159,966

CITY OF MEDFORD
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year ended June 30, 2012

| | General Fund | Street Improvement Fund | MURA Capital Projects Fund | Nonmajor Governmental Funds | Total |
|---|----------------------|-------------------------------|-------------------------------|-----------------------------------|----------------------|
| REVENUES | | | | | |
| Taxes | | | | | |
| Property | \$ 29,670,507 | \$ - | \$ - | \$ 5,146,588 | \$ 34,817,095 |
| Franchise and lodging | 9,354,730 | - | - | 1,250,976 | 10,605,706 |
| Fuel | - | - | - | 4,089,443 | 4,089,443 |
| Other | - | - | - | 338,587 | 338,587 |
| Special assessments | 7,799 | - | - | 80,238 | 88,037 |
| Charges for services | 1,303,897 | - | - | 245,408 | 1,549,305 |
| Fines and penalties | 1,187,906 | - | - | - | 1,187,906 |
| Intergovernmental | 4,192,300 | - | - | 65,020 | 4,257,320 |
| Licenses, permits and fees | 640,570 | - | - | 10,826,445 | 11,467,015 |
| Investment earnings | 180,726 | 45,775 | 71,320 | 182,053 | 479,874 |
| Grants and contributions | 1,675,921 | 1,032,398 | - | 682,335 | 3,390,654 |
| Rental income | - | - | 21,987 | - | 21,987 |
| Other revenue | 113,249 | 546,010 | 29,186 | 58,954 | 747,399 |
| Total revenues | 48,327,605 | 1,624,183 | 122,493 | 22,966,047 | 73,040,328 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General government | 8,061,216 | - | - | - | 8,061,216 |
| Public safety | 29,953,554 | - | - | 927,398 | 30,880,952 |
| Highways and streets | 449,025 | 233,117 | - | 6,715,770 | 7,397,912 |
| Culture and recreation | 5,273,616 | - | - | 507,201 | 5,780,817 |
| Community development | 1,761,012 | - | 148,146 | 2,066,880 | 3,976,038 |
| Debt service: | | | | | |
| Debt service principal | - | - | - | 8,685,754 | 8,685,754 |
| Debt service - interest | - | - | - | 3,353,562 | 3,353,562 |
| Capital outlay | 1,902,073 | 1,643,162 | 5,545,504 | 5,788,352 | 14,879,091 |
| Total expenditures | 47,400,496 | 1,876,279 | 5,693,650 | 28,044,917 | 83,015,342 |
| Excess (deficiency) of revenues over (under) expenditures | 927,109 | (252,096) | (5,571,157) | (5,078,870) | (9,975,014) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Contributions | - | - | - | 3,625,466 | 3,625,466 |
| Sale of capital assets | 111,832 | - | - | 11,650 | 123,482 |
| Debt proceeds | 20,950,000 | - | - | - | 20,950,000 |
| Premium related to debt issuance | 1,016,094 | - | - | - | 1,016,094 |
| Issuance of refunding bonds | - | - | - | 5,683,000 | 5,683,000 |
| Payment to refunded bond escrow agent | - | - | - | (5,988,138) | (5,988,138) |
| Transfers in | 2,682,579 | - | 797,866 | 12,802,730 | 16,283,175 |
| Transfers out | (3,864,166) | (35,900) | (2,000,000) | (9,887,269) | (15,787,335) |
| Total other financing source (uses) | 20,896,339 | (35,900) | (1,202,134) | 6,247,439 | 25,905,744 |
| Net change in fund balances | 21,823,448 | (287,996) | (6,773,291) | 1,168,569 | 15,930,730 |
| Beginning fund balances | 19,334,835 | 4,714,430 | 1,904,302 | 22,840,392 | 48,793,959 |
| Ending fund balances | \$ 41,158,283 | \$ 4,426,434 | \$ (4,868,989) | \$ 24,008,961 | \$ 64,724,689 |

The notes to the financial statements are an integral part of this statement.

CITY OF MEDFORD

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
of Governmental fund to the Statement of Activities
For the Year Ended June 30, 2012

Net change in fund balance - total governmental funds \$ 15,930,730

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 outlay | 12,607,659 | |
| Contributed capital assets | 114,783 | |
| Less current year depreciation | <u>(11,965,525)</u> | 756,917 |

The sale of capital assets is recorded in the fund statements at the amount of proceeds received. In the statement of activities the undepreciated cost of capital assets sold or disposed is a reduction of revenue and/or increase in expenses. (20,169)

In a prior year the City made payments to PERS to pay down its unfunded pension liability. This transactions was recorded as an expenditure in the governmental funds, but is being amortized over the estimated useful life for the Statement of Activities. (1,106,833)

In a prior and current year the City paid bond issuance costs, this transaction was recorded as an expenditure in the governmental funds. This amount is being amortized over the estimated bond payback period for the Statement of Activities. 173,046

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 deferred revenue increases/decreases revenue in the statement of net assets. 39,339

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. The change in compensated absences increases/decreases expenses in the statement of activities (207,854)

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. Neither transaction, however, has any effect on the net assets. 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 | (344,203) | |
| Amortization of premium | 91,217 | |
| Accrual of other post employment benefits which are not reported as an expenditure in governmental funds | (321,748) | |
| Principal payments | <u>(12,581,724)</u> | (13,156,458) |

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. 297,381

Change in net assets of governmental activities \$ 2,706,099

CITY OF MEDFORD
Balance Sheet
Proprietary Funds
June 30, 2012

| | Business - type Activities - Enterprise Funds | | | Governmental Activities |
|--|---|----------------------------|-----------------------|----------------------------|
| | Sewer Utility Fund | Parking Facilities Fund | Total | Internal Service Funds |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 18,378,157 | \$ 199,394 | \$ 18,577,551 | \$ 3,052,034 |
| Receivables | 266,563 | 16,455 | 283,018 | 19,732 |
| Inventories | 73,195 | - | 73,195 | 616,852 |
| Due from Medford Water Commission | 816,434 | - | 816,434 | 12,679 |
| Total current assets | <u>19,534,349</u> | <u>215,849</u> | <u>19,750,198</u> | <u>3,701,297</u> |
| Noncurrent assets: | | | | |
| Restricted cash and cash equivalents | - | - | - | 119,685 |
| Capital assets: | | | | |
| Land and construction in progress | 8,963,290 | 1,106,620 | 10,069,910 | - |
| Capital assets, net of accumulated depreciation | <u>70,289,228</u> | <u>85,884</u> | <u>70,375,112</u> | <u>84,521</u> |
| Total noncurrent assets | <u>79,252,518</u> | <u>1,192,504</u> | <u>80,445,022</u> | <u>204,206</u> |
| Total assets | <u>\$ 98,786,867</u> | <u>\$ 1,408,353</u> | <u>\$ 100,195,220</u> | <u>\$ 3,905,503</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | \$ 1,580,137 | \$ 11,580 | \$ 1,591,717 | \$ 86,976 |
| Payroll and related accruals | 182,838 | 1,686 | 184,524 | 113,815 |
| Due to Medford Water Commission | 27,861 | 835 | 28,696 | - |
| Compensated absences, due within one year | 43,998 | - | 43,998 | 4,747 |
| Claims payable | - | - | - | 546,134 |
| Total current liabilities | <u>1,834,834</u> | <u>14,101</u> | <u>1,848,935</u> | <u>751,672</u> |
| Long-term liabilities: | | | | |
| Compensated absences, due in more than one year | <u>175,996</u> | <u>-</u> | <u>175,996</u> | <u>18,988</u> |
| Total liabilities | <u>2,010,830</u> | <u>14,101</u> | <u>2,024,931</u> | <u>770,660</u> |
| NET ASSETS | | | | |
| Invested in capital assets | 79,252,518 | 1,192,504 | 80,445,022 | 84,521 |
| Restricted for: | | | | |
| Future system development | 7,154,013 | - | 7,154,013 | - |
| Employee section 125 plan | - | - | - | 119,685 |
| Unrestricted | <u>10,369,506</u> | <u>201,748</u> | <u>10,571,254</u> | <u>2,930,637</u> |
| Total net assets | <u>96,776,037</u> | <u>1,394,252</u> | <u>98,170,289</u> | <u>3,134,843</u> |
| Total liabilities and net assets | <u>\$ 98,786,867</u> | <u>\$ 1,408,353</u> | <u>\$ 100,195,220</u> | <u>\$ 3,905,503</u> |

The notes to the financial statements are an integral part of this statement.

CITY OF MEDFORD
Statement of Revenue, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year ended June 30, 2012

| | Business - type Activities - Enterprise Funds | | | Governmental Activities |
|---|---|----------------------------|----------------------|----------------------------|
| | Sewer Utility Fund | Parking Facilities Fund | Total | Internal Service Funds |
| OPERATING REVENUES | | | | |
| Charges for services | \$ 11,560,819 | \$ 371,022 | \$ 11,931,841 | \$ 186,775 |
| Intergovernmental | 28,236 | - | 28,236 | 1,858,132 |
| Other revenue | 10,898 | - | 10,898 | 125,359 |
| Total operating revenues | <u>11,599,953</u> | <u>371,022</u> | <u>11,970,975</u> | <u>2,170,266</u> |
| OPERATING EXPENSES | | | | |
| Salaries and fringe benefits | 5,142,593 | 63,306 | 5,205,899 | 988,881 |
| Operating supplies | 898,972 | 14,771 | 913,743 | 504,568 |
| Professional services | 698,947 | 175,988 | 874,935 | 116,792 |
| Repairs and maintenance | 233,098 | 11,010 | 244,108 | 8,223 |
| Premiums and claims | 64,210 | 15,100 | 79,310 | 524,793 |
| Utilities | 384,799 | 60,302 | 445,101 | 1,976 |
| General, administrative, and engineering | 109,917 | 22,657 | 132,574 | 19,274 |
| Depreciation | 2,900,936 | 16,633 | 2,917,569 | 10,898 |
| Total operating expenses | <u>10,433,472</u> | <u>379,767</u> | <u>10,813,239</u> | <u>2,175,405</u> |
| Operating income (loss) | <u>1,166,481</u> | <u>(8,745)</u> | <u>1,157,736</u> | <u>(5,139)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Gain on sale of capital assets | 24,129 | - | 24,129 | 546 |
| Grants and contracts | 7,320 | - | 7,320 | - |
| Investment earnings | 172,093 | 1,751 | 173,844 | 19,674 |
| Total nonoperating revenues (expenses) | <u>203,542</u> | <u>1,751</u> | <u>205,293</u> | <u>20,220</u> |
| Income (loss) before contributions and transfers | 1,370,023 | (6,994) | 1,363,029 | 15,081 |
| CONTRIBUTIONS AND TRANSFERS | | | | |
| Contributions | 802,288 | 54,404 | 856,692 | - |
| Transfers in | - | 7,250 | 7,250 | 375,000 |
| Transfers out | (766,891) | (18,499) | (785,390) | (92,700) |
| Total contributions and transfers | <u>35,397</u> | <u>43,155</u> | <u>78,552</u> | <u>282,300</u> |
| Change in net assets | 1,405,420 | 36,161 | 1,441,581 | 297,381 |
| Beginning net assets | <u>95,370,617</u> | <u>1,358,091</u> | <u>96,728,708</u> | <u>2,837,462</u> |
| Ending net assets | <u>\$ 96,776,037</u> | <u>\$ 1,394,252</u> | <u>\$ 98,170,289</u> | <u>\$ 3,134,843</u> |

The notes to the financial statements are an integral part of this statement.

CITY OF MEDFORD
Statement of Cash Flows
Proprietary Funds
For the Year ended June 30, 2012

| | Business - type Activities - Enterprise Funds | | | Governmental |
|---|---|----------------------------|----------------------|---------------------------|
| | Sewer Utility Fund | Parking Facilities Fund | Total | Internal Service Funds |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers | \$ 11,702,646 | \$ 385,575 | \$ 12,088,221 | \$ 1,310,877 |
| Receipt from interfund services provided | - | - | - | 746,942 |
| Payments to suppliers | (2,473,619) | (327,710) | (2,801,329) | (1,059,638) |
| Payments to employees | (5,109,271) | (41,892) | (5,151,163) | (920,051) |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>125,906</u> |
| Net cash provided (used) by operating activities | <u>4,119,756</u> | <u>15,973</u> | <u>4,135,729</u> | <u>204,036</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Transfer from other finds | - | 7,250 | 7,250 | 375,000 |
| Transfers to other funds | (766,891) | (18,499) | (785,390) | (92,700) |
| Grants received | <u>7,320</u> | <u>-</u> | <u>7,320</u> | <u>-</u> |
| Net cash provided (used) by noncapital financing activities | <u>(759,571)</u> | <u>(11,249)</u> | <u>(770,820)</u> | <u>282,300</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Proceeds from sale of capital assets | 24,129 | - | 24,129 | 546 |
| Capital contributions (system development charges) | 779,923 | - | 779,923 | - |
| Acquisition and construction of capital assets | <u>(6,774,178)</u> | <u>(40,316)</u> | <u>(6,814,494)</u> | <u>(69,930)</u> |
| Net cash provided (used) by capital and related financing activities | <u>(5,970,126)</u> | <u>(40,316)</u> | <u>(6,010,442)</u> | <u>(69,384)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest and dividends received | <u>172,093</u> | <u>1,751</u> | <u>173,844</u> | <u>19,674</u> |
| Increase (decrease) in cash | (2,437,848) | (33,841) | (2,471,689) | 436,626 |
| Cash at beginning of year | <u>20,816,005</u> | <u>233,235</u> | <u>21,049,240</u> | <u>2,735,093</u> |
| Cash at end of year | <u>\$ 18,378,157</u> | <u>\$ 199,394</u> | <u>\$ 18,577,551</u> | <u>\$ 3,171,719</u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities | | | | |
| Operating income (loss) | <u>\$ 1,166,481</u> | <u>\$ (8,745)</u> | <u>\$ 1,157,736</u> | <u>\$ (5,139)</u> |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Depreciation expense | 2,900,936 | 16,633 | 2,917,569 | 10,898 |
| (Increase) decrease in accounts receivable | 102,693 | 14,554 | 117,247 | 13,460 |
| (Increase) decrease in inventories | (459) | - | (459) | 19,693 |
| Increase (decrease) in accounts payable | (83,218) | (6,032) | (89,250) | (22,210) |
| Increase (decrease) in accrued payroll and related expenses | (686) | (437) | (1,123) | 23,282 |
| Increase (decrease) in compensated absences | 34,009 | - | 34,009 | 5,531 |
| Increase (decrease) in claims payable | - | - | - | 158,521 |
| Total adjustments | <u>2,953,275</u> | <u>24,718</u> | <u>2,977,993</u> | <u>209,175</u> |
| Net cash provided (used) by operating activities | <u>\$ 4,119,756</u> | <u>\$ 15,973</u> | <u>\$ 4,135,729</u> | <u>\$ 204,036</u> |
| Noncash capital activities: | | | | |
| Contributions of capital assets from developers | <u>\$ 22,366</u> | <u>\$ 54,404</u> | <u>\$ 76,770</u> | <u>\$ -</u> |

The notes to the financial statements are an integral part of this statement.

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2012

Note I - 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 unit, 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 they are 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, 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 a 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, liabilities, 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.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets 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*.

CITY OF MEDFORD
Notes to Financial Statements
June 30, 2012

Note I - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements, continued

Net assets are reported as restricted when constraints placed on net assets 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.

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.

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 assets 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 sixty 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 *Street Improvement Fund* is a capital projects fund that accounts for the construction of arterial streets and is primarily financed from funds from the State of Oregon and Jackson County. City Management has voluntarily elected to report this fund as major fund.

The *MURA general fund* accounts for the Medford Urban Renewal Agency general activities.

The government reports the following major proprietary funds:

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.

The *Parking Facilities Fund* accounts for the maintenance, operation, improvements, and expansion of the City's off-street parking facilities. City Management has voluntarily elected to report this fund as major fund.

CITY OF MEDFORD
Notes to Financial Statements
June 30, 2012

Note I - Summary of significant accounting policies (continued)

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

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 accounts for the garage services provided by the City. The costs of the services provided are recovered by the charges to the department receiving the service.

During the year, management implemented GASB Statement 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The objective of this statement is to incorporate into the GASB's authoritative literature for certain accounting and financial reporting guidance that is included in the FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA, issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. This statement also supersedes Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, thereby eliminating the election provided in paragraph 7 of that statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements.

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.

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 effect 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.

CITY OF MEDFORD
Notes to Financial Statements
June 30, 2012

Note I - Summary of significant accounting policies (continued)

E. Assets, liabilities and net assets

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.

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 deferred 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 the lower of cost or market, using the first-in/first-out (FIFO) method, or market.

4. Restricted cash

Certain cash accounts are for payroll related items and forfeitures.

CITY OF MEDFORD
Notes to Financial Statements
June 30, 2012

Note I - Summary of significant accounting policies (continued)

E. Assets, liabilities and net assets, continued

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 cost, or their estimated fair 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, 2012, the City and Commission did not capitalize any interest.

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. 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 pay out for the amount in excess of 520 hours upon termination of employment. No amount has been accrued for these pay outs, 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 if they have matured; for example, as a result of employee resignations and retirements.

7. 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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

CITY OF MEDFORD
Notes to Financial Statements
June 30, 2012

Note I - Summary of significant accounting policies (continued)

E. Assets, liabilities and net assets, continued

8. Pension plan

Substantially all of the City's employees are participants in the Oregon Public Employees Retirement System (OPERS), a statewide agent multi-employer defined benefit pension plan. Contributions to OPERS are made on a current basis as required by the plan, and are charged to expenditures/expenses as funded.

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 an ordinance or resolution that places specific constraints on how the resources may be used. The City Council can modify or rescind the ordinance or resolution at any time through the passage of an additional ordinance or resolution.

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 annual 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 II - 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 an annual budget at the principal object categories - personnel, material and services, capital outlay, debt service and operating contingency.

CITY OF MEDFORD
Notes to Financial Statements
June 30, 2012

Note II - Stewardship, compliance, and accountability, continued

A. Budgetary information, continued

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 2011-2013.

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 fiscal period.

B. Deficit fund balance

The MURA Capital Projects Fund had a deficit fund balance of \$4,868,989. This was caused by the interfund advance from the General Fund and will be replenished as the advance is repayed.

Note III - 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. Each fund's portion of this pool is displayed on the statement of net assets as "Cash and cash equivalents."

As of June 30, 2012, the City's cash and investment balances were reported as follows:

| | <u>Primary Government</u> | <u>Weighted average maturity in years</u> |
|---|-------------------------------|---|
| Subject to interest rate risk: | | |
| U.S. agency securities | 23,019,094 | 2.872 |
| Corporate bonds | 1,506,218 | 0.764 |
| Not subject to interest rate risk or maturities are less than one month: | | |
| Petty cash | 4,772 | |
| LGIP | 49,687,792 | |
| Deposits with financial institutions | <u>15,990,808</u> | |
| Total cash and investments | <u>\$ 90,208,684</u> | |

Cash and investments are reported as follows:

| | |
|--|----------------------|
| Unrestricted cash and cash equivalents | \$ 89,682,864 |
| Restricted cash and cash equivalents | <u>525,820</u> |
| Total cash and investments | <u>\$ 90,208,684</u> |

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, 2012, the City's deposits, with a bank balance of \$15,991,072, were covered by the FDIC or collateralized as required by and in compliance with ORS 295.

CITY OF MEDFORD
Notes to Financial Statements
June 30, 2012

Note III - Detailed notes on all funds, continued

A. Cash and investments, continued

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.

At June 30, 2012, the City's investments were rated as follows:

| <u>Investment type</u> | <u>Carrying Value</u> | <u>Standard & Poors Rating</u> | <u>Percent of Total Investments</u> |
|----------------------------------|-----------------------|--|---|
| U.S. agency securities: | | | |
| Federal Farm Credit Bank | \$ 1,499,219 | AAA | 2.02 % |
| Federal Home Loan Bank | 1,505,112 | AAA | 2.03 % |
| Federal Home Loan Mortgage Corp. | 8,013,936 | AAA | 10.80 % |
| Federal National Mortgage Assoc. | <u>12,000,827</u> | AAA | 16.17 % |
| Total U.S. agency securities | <u>23,019,094</u> | | |
| Corporate bonds: | | | |
| General Electric Capital Corp. | 1,006,584 | AA+ | 1.36 % |
| Johnson & Johnson | <u>499,634</u> | AAA | 0.67 % |
| Total Corporate bonds | <u>1,506,218</u> | | |
| LGIP | <u>49,687,792</u> | Not rated | <u>66.95 %</u> |
| Total investments | <u>\$ 74,213,104</u> | | <u>100.00 %</u> |

The Oregon State Treasurer maintains the Oregon Short Term Fund (OSTF), of which the Local Government Investment Pool (LGIP) is a part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. LGIP was created to offer a short-term investment alternative to Oregon local governments and it is not registered with the U.S. Securities and Exchange Commission. The investments are regulated by the OSTF and approved by the Oregon Investment Council (ORS 294.805 to 294.895). At June 30, 2012, the fair value of the City's deposits with the LGIP approximates cost. The OSTF financial statements are available at <http://www.ost.state.or.us/>.

The LGIP's portfolio concentration of credit risk at June 30, 2012 included: U.S. Agency securities (41.13%), Commercial Paper (3.27%), Corporate Notes (46.86%), Temporary Liquidity Guarantee (5.66%), Certificates of Deposits (0.90%), Municipal Bonds (1.27%), and Non-US Government Debt (0.91%). The credit risk associated with the investments was: AA rating (35.97%), A rating (33.57%), BBB rating (7.06%), and not rated (23.40%).

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 33% 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 25% per issuer. Obligations of the states of Oregon, California, Idaho, and Washington are restricted to no more than 10% for any one issuer.

CITY OF MEDFORD
Notes to Financial Statements
June 30, 2012

Note III - Detailed notes on all funds, continued

B. Accounts receivable

Accounts receivables at June 30, 2012 were as follows:

| | Governmental Funds | | | | Total |
|-------------------|---------------------|-------------------------|----------------------------|-----------------------------|---------------------|
| | General Fund | Street Improvement Fund | MURA Capital Projects Fund | Nonmajor Governmental Funds | |
| Other governments | \$ 640,970 | \$ - | \$ - | \$ 2,167,226 | \$ 2,808,196 |
| Licenses and fees | 793,864 | - | - | 164,923 | 958,787 |
| Accounts | <u>293,472</u> | <u>93,593</u> | <u>2,327</u> | <u>3,225</u> | <u>392,617</u> |
| Total | <u>\$ 1,728,306</u> | <u>\$ 93,593</u> | <u>\$ 2,327</u> | <u>\$ 2,335,374</u> | <u>\$ 4,159,600</u> |

C. Loan receivables

MURA entered into loan agreements whereby the Agency provided local businesses in downtown Medford loans for rehabilitation construction costs. Each loan bears an interest rate of 2% and is collateralized by a deed of trust. No allowance has been established by the Agency because all notes receivable are considered entirely collectible. This amount is reported in other receivables.

| Issue Date | Monthly Payment | Final Payment Date | Balance 6/30/2012 |
|------------------|-----------------|--------------------|-------------------|
| December 1, 2003 | \$ 759 | December 1, 2013 | \$ 92,652 |
| August 11, 2003 | 506 | December 1, 2013 | 61,917 |
| March 15, 2005 | 1,733 | December 15, 2013 | <u>218,545</u> |
| Total | | | <u>\$ 373,114</u> |

D. Prepaid pension expense

The City and the Commission made advance payments to the Oregon Public Employees Retirement System to reduce the outstanding unfunded actuarial liability. The payments were made in September 2000 and May 2004. These amounts have been recorded as a prepaid expense, and are being amortized over 30 years on a straight-line basis. The balances, net of accumulated amortization, at year end were \$22,976,833 and \$2,257,663 for the City and the Commission, respectively.

E. Deferred revenue

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

| Deferred revenue | 2012 |
|----------------------------|---------------------|
| Property taxes | \$ 2,265,605 |
| Municipal court receivable | 1,427,318 |
| Franchise agreement | 321,959 |
| Notes receivable | 373,114 |
| Assessments receivable | <u>53,916</u> |
| Total | <u>\$ 4,441,912</u> |

CITY OF MEDFORD
Notes to Financial Statements
June 30, 2012

Note III - Detailed notes on all funds, continued

F. Capital assets

Capital asset activity for the year ended June 30, 2012 was as follows:

| Primary Government | <u>Beginning</u> | | <u>Decreases/</u> | |
|--|-----------------------|----------------------|------------------------|-----------------------|
| Governmental activities: | <u>Balance</u> | <u>Increases</u> | <u>Transfers</u> | <u>Ending Balance</u> |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 22,172,483 | \$ 599,513 | \$ - | \$ 22,771,996 |
| Land - rights of way | 82,610,428 | 2,579,386 | - | 85,189,814 |
| Construction in progress | <u>13,351,474</u> | <u>8,534,468</u> | <u>(12,935,015)</u> | <u>8,950,927</u> |
| Total capital assets, not being depreciated | <u>118,134,385</u> | <u>11,713,367</u> | <u>(12,935,015)</u> | <u>116,912,737</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 25,153,862 | 440,522 | - | 25,594,384 |
| Improvements | 37,946,821 | 201,517 | - | 38,148,338 |
| Equipment | 26,527,611 | 1,328,966 | (587,158) | 27,269,419 |
| Parking structures | 6,327,309 | 23,280 | - | 6,350,589 |
| Infrastructure | <u>163,421,750</u> | <u>12,425,556</u> | <u>-</u> | <u>175,847,306</u> |
| Total capital assets, being depreciated | 259,377,353 | 14,419,841 | (587,158) | 273,210,036 |
| Less accumulated depreciation for: | | | | |
| Buildings | (6,844,650) | (760,490) | - | (7,605,140) |
| Improvements | (11,297,885) | (1,698,336) | - | (12,996,221) |
| Equipment | (20,682,976) | (1,604,341) | 566,989 | (21,720,328) |
| Parking structures | (3,598,317) | (317,529) | - | (3,915,846) |
| Infrastructure | <u>(75,313,424)</u> | <u>(7,595,726)</u> | <u>-</u> | <u>(82,909,150)</u> |
| Total accumulated depreciation | <u>(117,737,252)</u> | <u>(11,976,422)</u> | <u>566,989</u> | <u>(129,146,685)</u> |
| Total capital assets, being depreciated, net | <u>141,640,101</u> | <u>2,443,419</u> | <u>(20,169)</u> | <u>144,063,351</u> |
| Governmental activities capital assets, net | <u>\$ 259,774,486</u> | <u>\$ 14,156,786</u> | <u>\$ (12,955,184)</u> | <u>\$ 260,976,088</u> |

CITY OF MEDFORD
Notes to Financial Statements
June 30, 2012

Note III - Detailed notes on all funds, continued

F. Capital assets, continued

| Primary Government | Beginning Balance | Increases | Decreases/ Transfers | Ending Balance |
|--|----------------------|---------------------|-------------------------|----------------------|
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 1,173,026 | \$ - | \$ - | \$ 1,173,026 |
| Construction in progress | <u>4,447,869</u> | <u>6,983,461</u> | <u>(2,534,446)</u> | <u>8,896,884</u> |
| Total capital assets, not being depreciated | <u>5,620,895</u> | <u>6,983,461</u> | <u>(2,534,446)</u> | <u>10,069,910</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 6,506,455 | - | - | 6,506,455 |
| Improvements | 27,236,719 | - | - | 27,236,719 |
| Equipment | 16,374,319 | 998,150 | (83,571) | 17,288,898 |
| Sewers | 26,313,308 | 887,730 | - | 27,201,038 |
| Storm drains | <u>40,496,176</u> | <u>839,225</u> | <u>-</u> | <u>41,335,401</u> |
| Total capital assets, being depreciated | 116,926,977 | 2,725,105 | (83,571) | 119,568,511 |
| Less accumulated depreciation for: | | | | |
| Buildings | (2,610,586) | (162,255) | - | (2,772,841) |
| Improvements | (10,593,033) | (672,932) | - | (11,265,965) |
| Equipment | (13,041,743) | (689,001) | 81,746 | (13,648,998) |
| Sewers | (10,799,769) | (529,008) | - | (11,328,777) |
| Storm drains | <u>(9,312,445)</u> | <u>(864,373)</u> | <u>-</u> | <u>(10,176,818)</u> |
| Total accumulated depreciation | <u>(46,357,576)</u> | <u>(2,917,569)</u> | <u>81,746</u> | <u>(49,193,399)</u> |
| Total capital assets, being depreciated, net | <u>70,569,401</u> | <u>(192,464)</u> | <u>(1,825)</u> | <u>70,375,112</u> |
| Business-type activities capital assets, net | <u>\$ 76,190,296</u> | <u>\$ 6,790,997</u> | <u>\$ (2,536,271)</u> | <u>\$ 80,445,022</u> |

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

| | |
|---|----------------------|
| Governmental activities: | |
| General government | \$ 545,225 |
| Public safety | 997,365 |
| Highways and streets | 6,861,380 |
| Culture and recreation | 2,287,075 |
| Community development | <u>1,285,377</u> |
| Total depreciation expense - governmental activities | <u>\$ 11,976,422</u> |
| Business-type activities: | |
| Sewer | \$ 2,900,936 |
| Parking services | <u>16,633</u> |
| Total depreciation expense - business-type activities | <u>\$ 2,917,569</u> |

CITY OF MEDFORD
Notes to Financial Statements
June 30, 2012

Note III - Detailed notes on all funds, continued

F. Capital assets, continued

| Medford Water Commission: | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases/ Transfers</u> | <u>Ending Balance</u> |
|--|------------------------------|----------------------|---------------------------------|-----------------------|
| Capital assets, not being depreciated: | | | | |
| Land and right-of-way | \$ 3,945,063 | \$ 207,326 | \$ - | \$ 4,152,389 |
| Construction in progress | <u>7,951,417</u> | <u>8,341,553</u> | <u>(4,518,699)</u> | <u>11,774,271</u> |
| Total capital assets, not being depreciated | <u>11,896,480</u> | <u>8,548,879</u> | <u>(4,518,699)</u> | <u>15,926,660</u> |
| Capital assets, being depreciated: | | | | |
| Buildings, supply and distribution system | 121,662,384 | 4,579,739 | (20,149) | 126,221,974 |
| Equipment | <u>5,450,236</u> | <u>19,115</u> | <u>(33,056)</u> | <u>5,436,295</u> |
| Total capital assets, being depreciated | <u>127,112,620</u> | <u>4,598,854</u> | <u>(53,205)</u> | <u>131,658,269</u> |
| Less accumulated depreciation for: | | | | |
| Buildings, supply and distribution system | (35,241,748) | (2,190,667) | 16,780 | (37,415,635) |
| Equipment | <u>(3,570,689)</u> | <u>(238,483)</u> | <u>33,057</u> | <u>(3,776,115)</u> |
| Total accumulated depreciation | <u>(38,812,437)</u> | <u>(2,429,150)</u> | <u>49,837</u> | <u>(41,191,750)</u> |
| Total capital assets, being depreciated, net | <u>88,300,183</u> | <u>2,169,704</u> | <u>(3,368)</u> | <u>90,466,519</u> |
| Medford Water Commission capital assets, net | <u>\$ 100,196,663</u> | <u>\$ 10,718,583</u> | <u>\$ (4,522,067)</u> | <u>\$ 106,393,179</u> |

CITY OF MEDFORD
Notes to Financial Statements
June 30, 2012

Note III - Detailed notes on all funds, continued

G. Long-term debt

General Obligation 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. For the year ended June 30, 2012 the City had 77% of capacity available. General obligation bonds at year end are as follows:

| <u>Purpose</u> | <u>Original Amount</u> | <u>Interest Rates</u> | <u>Amount Outstanding</u> |
|--|------------------------|-----------------------|---------------------------|
| General obligation bonds: | | | |
| 1. PERS actuarial bonds, maturing 2028 | \$ 29,205,000 | 4.91 to 6.10 % | \$ 28,825,000 |
| 2. 2006 Sidewalk Series maturing 2021 | 4,600,000 | 4.00 to 4.50 % | 3,110,000 |
| 3. Series 2011C bonds for MURA maturing 2025 | 20,950,000 | 3.25 to 5.00% | <u>20,950,000</u> |
| Total general obligation bonds outstanding: | | | <u>\$ 52,885,000</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 in 2025.

The following schedule shows the debt service requirements for general obligation bonds as of June 30, 2012:

| <u>Year ending June 30,</u> | <u>Governmental Activities</u> | |
|-----------------------------|--------------------------------|----------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2013 | \$ 1,900,000 | \$ 2,703,839 |
| 2014 | 2,140,000 | 2,545,565 |
| 2015 | 2,325,000 | 2,438,054 |
| 2016 | 2,540,000 | 2,319,872 |
| 2017 | 2,775,000 | 2,188,354 |
| 2018-2022 | 17,885,000 | 8,750,092 |
| 2023-2027 | 21,540,000 | 3,995,066 |
| 2028-2032 | <u>1,780,000</u> | <u>108,491</u> |
| Total | <u>\$ 52,885,000</u> | <u>\$ 25,049,333</u> |

CITY OF MEDFORD
Notes to Financial Statements
June 30, 2012

Note III - Detailed notes on all funds, continued

G. Long-term debt, continued

Revenue Bonds

Revenue bonds at year end are as follows:

| <u>Purpose</u> | <u>Original Amount</u> | <u>Interest Rates</u> | <u>Amount Outstanding</u> |
|--|----------------------------|-----------------------|-------------------------------|
| Revenue bonds: | | | |
| 2007 Parks limited tax revenue bonds, maturing 2027 | 18,965,000 | 3.50 - 4.16% | 15,690,000 |
| 2007 Urban redevelopment bonds Series A, maturing 2022 | 2,570,000 | 4.65% | 1,966,000 |
| 2009 Urban redevelopment bonds Series A, maturing 2024 | 3,000,000 | 4.75% | 3,000,000 |
| 2011A Limited tax revenue refunding bonds, maturing 2014 | 2,010,000 | 1.89% | 1,623,000 |
| 2011B Limited tax revenue refunding bonds, maturing 2022 | 3,673,000 | 3.24% | <u>3,620,000</u> |
| Total revenue bonds outstanding: | | | <u>\$ 25,899,000</u> |

The 2007 Parks limited tax revenue bonds were issued for the acquisition and improvement of parks facilities. Principal and interest on the Parks limited tax revenue bonds are to be paid from transient room tax revenues, occupational license fees, parks system development charges, or parks utility fees. The 2007 Parks limited tax revenue bond has an interest rate of 4.00% from 2008 to 2026 and 4.125% in 2027.

The 2007 and 2009 Urban Redevelopment bonds were issued to finance further development of the areas in the Urban Renewal District boundaries.

The 2011A and 2011B series bonds were issued on December 15, 2011 to advance refund the remaining amounts due on the 2001 Gas tax, street revenue bonds, maturing 2014 and the 2002 Parks limited tax revenue bonds, maturing 2022. The City advance refunded the aforementioned bonds 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.

CITY OF MEDFORD
Notes to Financial Statements
June 30, 2012

Note III - Detailed notes on all funds, continued

G. Long-term debt, continued

The following schedule shows the debt service requirements for revenue bonds as of June 30, 2012:

| Year ending June 30, | <u>Governmental Activities</u> | |
|----------------------|--------------------------------|---------------------|
| | Principal | Interest |
| 2013 | \$ 2,036,000 | \$ 1,011,213 |
| 2014 | 2,290,000 | 947,966 |
| 2015 | 1,526,000 | 873,721 |
| 2016 | 1,590,000 | 812,670 |
| 2017 | 1,654,000 | 749,032 |
| 2018-2022 | 9,379,000 | 2,693,076 |
| 2023-2027 | <u>7,424,000</u> | <u>870,236</u> |
| Total | <u>\$ 25,899,000</u> | <u>\$ 7,957,914</u> |

Loans

Loans at year end are as follows:

| <u>Loan</u> | <u>Original Amount</u> | <u>Interest Rate</u> | <u>Amount Outstanding</u> |
|---------------------|------------------------|----------------------|---------------------------|
| Oregon Housing loan | \$ 600,000 | 1.00 % | \$ 184,713 |

The Oregon Housing loan was issued to help finance housing construction in downtown Medford. The following schedule shows the debt service requirements for the Oregon Housing loan as of June 30, 2012: This loan was paid off on August 1, 2012.

| Year ending June 30, | <u>Governmental Activities</u> | |
|----------------------|--------------------------------|-----------------|
| | Principal | Interest |
| 2013 | \$ 61,501 | \$ 1,848 |
| 2014 | <u>123,212</u> | <u>1,223</u> |
| Total | <u>\$ 184,713</u> | <u>\$ 3,071</u> |

CITY OF MEDFORD
Notes to Financial Statements
June 30, 2012

Note III - Detailed notes on all funds, continued

G. Long-term debt, continued

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2012, was 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 bonds | \$ 32,450,000 | \$ 20,950,000 | \$ (515,000) | \$ 52,885,000 | \$ 1,900,000 |
| Revenue bonds | <u>34,314,000</u> | <u>5,683,000</u> | <u>(14,098,000)</u> | <u>25,899,000</u> | <u>2,036,000</u> |
| Total bonds payable | 66,764,000 | 26,633,000 | (14,613,000) | 78,784,000 | 3,936,000 |
| Land purchase contract | 375,175 | - | (375,175) | - | - |
| Oregon housing loan | <u>245,605</u> | <u>-</u> | <u>(60,892)</u> | <u>184,713</u> | <u>61,501</u> |
| Total bonds and notes payable | 67,384,780 | 26,633,000 | (15,049,067) | 78,968,713 | 3,997,501 |
| Other Post Employment Benefits | 553,547 | 321,748 | - | 875,295 | - |
| Compensated absences | <u>2,142,790</u> | <u>3,450,816</u> | <u>(3,237,531)</u> | <u>2,356,075</u> | <u>471,235</u> |
| Governmental activities long-term liabilities | <u>\$ 70,081,117</u> | <u>\$ 30,405,564</u> | <u>\$ (18,286,598)</u> | <u>\$ 82,200,083</u> | <u>\$ 4,468,736</u> |
| Business-type activities: | | | | | |
| Compensated absences | <u>\$ 185,985</u> | <u>\$ 322,214</u> | <u>\$ (288,205)</u> | <u>\$ 219,994</u> | <u>\$ 43,998</u> |

The General Fund and debt service funds have been used to liquidate compensated absences in prior years.

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

| | |
|--|----------------------|
| Bonds payable ending balance | \$ 78,784,000 |
| Less: current portion | (3,936,000) |
| Add: unamortized premium | <u>973,888</u> |
| Bonds payable, due in more than one year | <u>\$ 75,821,888</u> |

H. Governmental Activities net assets invested in capital assets, net of related debt

Net assets invested in capital assets, net of related debt for Governmental Activities as presented in the Statement of Net Assets as of June 30, 2012 is determined as follows:

| | |
|--|-----------------------|
| Capital assets, net | \$ 260,976,088 |
| Less outstanding principal on capital asset related debt: | |
| General obligation bonds, excluding PERS bond \$28,825,000 | (24,060,000) |
| Revenue bonds, excluding unspent \$3,000,000 2009 Urban redevelopment bonds | <u>(22,899,000)</u> |
| Governmental Activities net assets invested in capital assets, net of related debt | <u>\$ 214,017,088</u> |

CITY OF MEDFORD
Notes to Financial Statements
June 30, 2012

Note III - Detailed notes on all funds, continued

I. Interfund receivables, payables, advances and transfers

Interfund balances consist of cash advances by the general fund to other nonmajor governmental funds. The interfund balance between the City's General fund and the Community Development Block Grant Fund, a non-major special revenue fund. The amount due to the General fund is reflect a negative cash balance in the the Community Development Block Grant Fund.

| | <u>Due From Other Funds</u> | <u>Due To Other Funds</u> |
|-----------------------------|---------------------------------|-------------------------------|
| General Fund | \$ 10,940 | \$ - |
| Nonmajor Governmental Funds | - | 10,940 |
| Total | <u>\$ 10,940</u> | <u>\$ 10,940</u> |

Interfund Advances

During the current fiscal year, the City of Medford general fund made an advance of \$20,950,000 to the Medford Urban Renewal general fund for capital projects.

Interfund loan activity and balances for the year ended June 30, 2012 was as follows:

| | <u>Beginning of year</u> | <u>Additions</u> | <u>Payments</u> | <u>End of year</u> | <u>Current portion</u> |
|---|------------------------------|----------------------|-----------------|----------------------|----------------------------|
| Medford Urban Renewal Due to the City of Medford general fund | <u>\$ -</u> | <u>\$ 20,950,000</u> | <u>\$ -</u> | <u>\$ 20,950,000</u> | <u>\$ 1,250,000</u> |

Interfund transfers:

| | <u>Transfers In:</u> | | | | | |
|--------------------------------|-------------------------|--|--|---|---------------------------------------|------------------------------------|
| | <u>General Fund</u> | <u>Nonmajor Governmental Funds</u> | <u>Parking Facilities Fund</u> | <u>MURA Capital Projects Fund</u> | <u>Internal Service Funds</u> | <u>Total Transfers Out</u> |
| Transfers Out: | | | | | | |
| General Fund | \$ - | \$ 2,684,050 | \$ 7,250 | \$ 797,866 | \$ 375,000 | \$ 3,864,166 |
| Street Improvement Fund | 35,900 | - | - | - | - | 35,900 |
| MURA Capital Projects Fund | - | 2,000,000 | - | - | - | 2,000,000 |
| Nonmajor Governmental Funds | 1,768,589 | 8,118,680 | - | - | - | 9,887,269 |
| Sewer Utility Fund | 766,891 | - | - | - | - | 766,891 |
| Parking Facilities Fund | 18,499 | - | - | - | - | 18,499 |
| Internal Service Funds | <u>92,700</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>92,700</u> |
| Total transfers in | <u>\$ 2,682,579</u> | <u>\$ 12,802,730</u> | <u>\$ 7,250</u> | <u>\$ 797,866</u> | <u>\$ 375,000</u> | <u>\$ 16,665,425</u> |

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

CITY OF MEDFORD
Notes to Financial Statements
June 30, 2012

Note III - Detailed notes on all funds, continued

J. 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, | |
|----------------------------------|---------------------|-------------------|
| | 2011 | 2012 |
| <u>Workers' compensation</u> | | |
| Unpaid claims, beginning of year | \$ - | \$ 202,373 |
| Incurred claims (including IBNR) | 332,066 | 198,619 |
| Claim payments | <u>(129,693)</u> | <u>(159,194)</u> |
| Unpaid claims, end of year | <u>\$ 202,373</u> | <u>\$ 241,798</u> |
| <u>Liability</u> | | |
| Unpaid claims, beginning of year | \$ - | \$ 185,240 |
| Incurred claims (including IBNR) | 230,495 | 219,242 |
| Claim payments | <u>(45,255)</u> | <u>(100,146)</u> |
| Unpaid claims, end of year | <u>\$ 185,240</u> | <u>\$ 304,336</u> |

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

In addition, Workers Compensation Insurance is purchased under a retrospective rate plan with the final cost depending on claims.

K. Related party transactions

The Commission acts as an agent for the sewer drainage and street utilities owned by the City by billing and collecting their customer accounts. These customer accounts are included in the Commission's accounts receivable, with a corresponding payable to the City. Collections of billings of the sewer, drainage, and street fee accounts are remitted on a monthly basis. The Commission charged the City \$442,308 for processing and collecting sewer, drainage, street fee billings, park utility fees, and public safety fees. Water sales to the City were \$143,594 the year ended June 30, 2012.

The Commission pays the City for legal counsel, other services, and materials and supplies. During the year, the Commission paid the City \$105,495 for these items. The Commission also paid the City a franchise tax amounting to \$131,549 in fiscal year 2012 and garage charges of \$152,717.

L. Conduit debt

The Hospital Facilities Authority of the City of Medford issued refunding bonds in 2005, 2006, 2007, and 2009. The balance of these bonds was \$125,654,275 as of June 30, 2012. 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.

CITY OF MEDFORD
Notes to Financial Statements
June 30, 2012

Note III - Detailed notes on all funds, continued

M. 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 assets.

N. 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.

MURA is involved in a number of urban renewal projects involving commitments to complete the projects in the future. At June 30, 2012, total commitments were \$5.3 million.

There are seven labor agreements between the City and its employees. Three of which are in negotiations. The following is a list of the agreements:

- Teamsters Construction & Maintenance
- Teamsters Mechanics
- Police

O. 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 plan provides statewide defined benefit and defined contribution retirement plans for units of state government, political subdivisions, community colleges, and school districts. OPERS is administered under Oregon Revised Statutes (ORS) Chapter 238, and Internal Revenue Code Section 401(a) by the Oregon Public Employees Retirement Board (OPERB).

Cities, counties, and special districts that participate in OPERS may choose to join the State and Local Government Rate Pool (SLGRP). State agencies, community colleges, and public institutions of higher education are required by law to be part of the pool. All Oregon school districts are required by law to be part of a separate school district pool. Pooling allows separate employers to be part of one group for the purpose of determining employer pension costs and contribution rates. Pool participants share pension assets and future pension liabilities and surpluses. Employers in the pool jointly fund the future pension costs of all of the pooled participants. The City has elected to join the SLGRP. For members of the SLGRP, OPERS is a cost-sharing, multiple-employer plan administered by the OPERB and benefits are established by state statute.

OPERS, a component unit of the State of Oregon, issues a comprehensive annual financial report, which may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281, by calling (503) 598-7377, or by accessing the PERS web site at <http://oregon.gov/PERS/>.

CITY OF MEDFORD
Notes to Financial Statements
June 30, 2012

Note III - Detailed notes on all funds, continued

O. Pension plans, continued

City employees participate in one or more OPERS retirement plans that provide pension, death, disability, and post-employment healthcare benefits to members and their beneficiaries:

- PERS (Public Employee Retirement System) is a defined benefit pension plan provided to members or their beneficiaries who were hired prior to August 29, 2003. In 1995, the Legislature enacted a second level or "tier" of PERS benefits for persons who established PERS membership on or after January 1, 1996. These Tier Two members do not have the Tier One assumed earnings rate guarantee, and have a higher normal retirement age of 60, compared to 58 for Tier One. Employer contributions to PERS are required by state statute and are made at actuarially determined rates as adopted by the OPERB. The City's current annual required contribution rate of 12.43% was based on a December 31, 2011 actuarial evaluation. Up through December 31, 2008, covered employees were also required by state statute to contribute 6% of their annual salary to the PERS plan.
- OPSRP (Oregon Public Service Retirement Plan) is a hybrid retirement plan with two components: a defined benefit pension plan and a defined contribution pension plan.

The defined benefit pension plan is provided to members or their beneficiaries who were hired on or after August 29, 2003. Employer contributions are required by state statute and are made at actuarially determined rates as adopted by the OPERB. The City's current required contribution rates for the OPSRP defined benefit pension plan are 7.06% for general service employees and 9.77% for police and fire employees.

The defined contribution pension plan (called the Individual Account Program, or IAP) is provided to all members or their beneficiaries who are PERS or OPSRP eligible. State statutes require covered employees to contribute 6% of their annual covered salary to the IAP plan effective January 1, 2004. The City has elected to contribute the 6% "pick-up" for the year ended June 30, 2012. The City's 6% "pick-up" contributions for the years ending June 30, 2012, 2011, and 2010 were \$1,799,893, \$1,806,866, and \$1,860,637. Plan members of PERS retain their existing PERS accounts, but member contributions beginning in 2004 are deposited in the member's IAP, not into the member's PERS account.

Annual Pension Cost - The City contributed 12.43% of covered payroll for PERS tier one and tier two and 7.06% for general service and 9.77% for police and fire of covered payroll for OPSRP for the fiscal year ended 2012. All participating employers are required by law to submit the contributions as adopted by the OPERB. The City's contributions, exclusive of the 6% "pick-up" for the years ending June 30, 2012, 2011, and 2010 were \$3,363,355, \$1,693,149, and \$1,622,196 respectively, equal to the required contributions for each year.

P. Other Post Employment Benefits (OPEB)

City Healthcare Plan

Plan Description

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.

CITY OF MEDFORD
Notes to Financial Statements
June 30, 2012

Note III - Detailed notes on all funds, continued

P. Other Post Employment Benefits (OPEB), continued

Funding Policy

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, 2012, the City's combined plan contributions were \$151,868.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other post-employment benefit cost (expense) is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance within the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the fiscal year ending June 30, 2012, the implicit benefit payments (contributions made), and changes in the City's net OPEB obligation:

| | |
|--|-------------------|
| Annual required contribution | \$ 489,002 |
| Interest on net OPEB obligation | 22,142 |
| Adjustment to the annual required contribution | <u>(37,528)</u> |
| Annual OPEB cost (expense) | 473,616 |
| Contributions made | <u>(151,868)</u> |
| Increase in net OPEB obligation | 321,748 |
| Net OPEB obligation, beginning of year | <u>553,547</u> |
| Net OPEB obligation, end of year | <u>\$ 875,295</u> |

The City's annual OPEB cost, the contribution, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligation for 2012 and the preceding two years were as follows:

| <u>Fiscal year ending June 30</u> | <u>Annual OPEB Cost</u> | <u>Contribution</u> | <u>Percentage of annual OPEB cost contributed</u> | <u>Net OPEB obligation</u> |
|---------------------------------------|-----------------------------|---------------------|---|--------------------------------|
| 2010 | \$ 223,640 | \$ 59,599 | 27% | \$ 387,053 |
| 2011 | \$ 235,549 | \$ 69,055 | 29% | \$ 553,547 |
| 2012 | \$ 473,616 | \$ 151,868 | 32% | \$ 875,295 |

Funded Status and Funding Progress

As of June 30, 2012, the actuarial accrued liability for benefits was \$3,306,406 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,306,406. For the fiscal year ending June 30, 2012, the City has set aside \$0 to pay for future post-employment benefits for retired employees. The covered payroll (annual payroll of active employees covered by the plan) was \$30,577,404, and the ratio of the UAAL to the covered payroll was 10.8%

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 schedule of funding progress, 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.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members up to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

CITY OF MEDFORD
Notes to Financial Statements
June 30, 2012

Note III - Detailed notes on all funds, continued

P. Other Post Employment Benefits (OPEB), continued

The June 30, 2012 actuarial valuation for the healthcare plan was based on the entry age normal. The actuarial assumptions included an investment return of 4.0%. The healthcare plan actuarial valuation included a healthcare cost inflation trend rate of 8.5% in the first year, 7.5% in the second year, 6.5% in the third year, 6.0% for the 4th through 23rd year, 5.5% for the 24th through 47th year, and 5.0% thereafter. The unfunded actuarially accrued liability and the gains and losses for both plans are amortized as a level dollar amount over an open period of 15 years.



REQUIRED SUPPLEMENTARY INFORMATION



CITY OF MEDFORD

General Fund - 001

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

| | Biennium Budget | | First Year Actual | Variance with Final Budget |
|---|---------------------|---------------------|----------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Property taxes | \$ 60,494,000 | \$ 60,494,000 | \$ 29,670,507 | \$ (30,823,493) |
| Franchise taxes | 16,148,550 | 16,148,550 | 8,103,753 | (8,044,797) |
| Lodging taxes | 2,300,000 | 2,300,000 | 1,250,976 | (1,049,024) |
| Special assessments | - | - | 7,799 | 7,799 |
| Licenses, permits and fees | 1,345,000 | 1,345,000 | 640,570 | (704,430) |
| Intergovernmental | 8,114,950 | 10,257,420 | 4,192,300 | (6,065,120) |
| Charges for services | 2,438,500 | 2,484,300 | 1,303,897 | (1,180,403) |
| Fines and penalties | 2,600,000 | 2,842,000 | 1,187,906 | (1,654,094) |
| Investment earnings | 314,000 | 314,000 | 180,726 | (133,274) |
| Contributions and donations | 30,000 | 50,320 | 40,478 | (9,842) |
| Other revenue | 126,700 | 194,300 | 225,081 | 30,781 |
| Grants and contracts | 607,690 | 2,027,450 | 1,635,443 | (392,007) |
| Total revenues | 94,519,390 | 98,457,340 | 48,439,436 | (50,017,904) |
| Expenditures: | | | | |
| Mayor and council | 1,430,580 | 2,630,580 | 1,539,000 | 1,091,580 |
| Neighborhood resources | 59,230 | 186,620 | 49,572 | 137,048 |
| Municipal court | 1,492,300 | 1,755,800 | 722,473 | 1,033,327 |
| Police | 38,687,960 | 39,257,510 | 19,301,714 | 19,955,796 |
| Fire | 23,709,050 | 24,076,450 | 11,616,683 | 12,459,767 |
| Parks and recreation: | | | | |
| Parks and recreation | 8,073,660 | 8,293,030 | 3,830,012 | 4,463,018 |
| City tree program | 367,330 | 367,330 | 212,654 | 154,676 |
| Facilities maintenance | 4,226,700 | 4,466,810 | 2,018,935 | 2,447,875 |
| Planning | 3,720,990 | 3,742,990 | 1,679,943 | 2,063,047 |
| Public works - engineering | 938,320 | 938,320 | 449,025 | 489,295 |
| City managers office | 2,507,840 | 2,567,450 | 1,103,672 | 1,463,778 |
| Technology services | 5,133,740 | 5,138,740 | 2,202,567 | 2,936,173 |
| Legal | 1,143,410 | 1,148,410 | 538,518 | 609,892 |
| Human resources | 1,028,470 | 1,109,170 | 546,109 | 563,061 |
| Finance | 5,006,880 | 26,347,980 | 23,337,484 | 3,010,496 |
| Contingency | 11,600,000 | 11,594,900 | - | 11,594,900 |
| Total expenditures | 109,126,460 | 133,622,090 | 69,148,361 | 64,473,729 |
| Excess revenues over (under) expenditures | (14,607,070) | (35,164,750) | (20,708,925) | 14,455,825 |
| Other financing sources (uses): | | | | |
| Transfers in | 4,329,900 | 4,329,900 | 2,682,579 | (1,647,321) |
| Transfers out | (4,933,370) | (7,265,510) | (3,066,300) | 4,199,210 |
| Bond proceeds | - | 21,966,100 | 20,950,000 | (1,016,100) |
| Premium from bond sale | - | - | 1,016,094 | 1,016,094 |
| Total other financing sources (uses) | (603,470) | 19,030,490 | 21,582,373 | 2,551,883 |
| Net change in fund balances | (15,210,540) | (16,134,260) | 873,448 | 17,007,708 |
| Fund Balance: | | | | |
| Beginning | 18,061,630 | 18,974,350 | 19,334,835 | 360,485 |
| Ending | \$ 2,851,090 | \$ 2,840,090 | \$ 20,208,283 | \$ 17,368,193 |

CITY OF MEDFORD

Notes to Required Supplementary Information

June 30, 2012

Note 1 - Basis of Budgeting

An interfund loan of \$20,950,000 from the City of Medford's general fund to the Medford Urban Renewal general fund is classified as a due from the Medford Urban Renewal in the basic financial statements, but is reported as transfer on the budgetary basis. Resulting in an ending fund balance of \$41,158,283 in the basic financial statements.

Note 2 - Schedule of Funding Progress - OPEB

Other Post Employment Benefits (OPEB) schedule of funding progress:

| <u>Actuarial valuation date</u> | <u>Actuarial value of assets</u> | <u>Actuarial accrued liability</u> | <u>Unfunded actuarial accrued liability</u> | <u>Funded ratio</u> | <u>Covered payroll</u> | <u>Unfunded actuarial accrued liability as a percentage of covered payroll</u> |
|-------------------------------------|--------------------------------------|--|---|---------------------|------------------------|--|
| 6/30/2012 | \$ - | \$ 3,306,406 | \$ 3,306,406 | - | N/A | N/A |

The City's other post-employment benefits include retiree healthcare. The actuarial cost method for retiree healthcare benefits is entry age normal.

OTHER SUPPLEMENTARY INFORMATION



CITY OF MEDFORD
Street Improvement Fund - 042
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2012

| | <u>Biennium Budget</u> | | First Year Actual | Variance with Final Budget |
|--|------------------------|-------------------|----------------------|-------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Investment earnings | \$ 49,200 | \$ 49,200 | \$ 45,775 | \$ (3,425) |
| Other revenue | 1,482,000 | 1,482,000 | 546,010 | (935,990) |
| Grants and contracts | <u>3,418,650</u> | <u>4,117,300</u> | <u>1,032,398</u> | <u>(3,084,902)</u> |
| Total revenues | <u>4,949,850</u> | <u>5,648,500</u> | <u>1,624,183</u> | <u>(4,024,317)</u> |
| Expenditures: | | | | |
| Street improvement projects | 5,196,370 | 5,329,370 | 1,876,279 | 3,453,091 |
| Contingency | <u>565,650</u> | <u>565,650</u> | - | <u>565,650</u> |
| Total expenditures | <u>5,762,020</u> | <u>5,895,020</u> | <u>1,876,279</u> | <u>4,018,741</u> |
| Excess revenues over (under) expenditures | <u>(812,170)</u> | <u>(246,520)</u> | <u>(252,096)</u> | <u>(5,576)</u> |
| Other financing sources (uses): | | | | |
| Transfers out | <u>(73,500)</u> | <u>(73,500)</u> | <u>(35,900)</u> | <u>37,600</u> |
| Total other financing sources (uses) | <u>(73,500)</u> | <u>(73,500)</u> | <u>(35,900)</u> | <u>37,600</u> |
| Net change in fund balances | (885,670) | (320,020) | (287,996) | 32,024 |
| Fund Balance: | | | | |
| Beginning | <u>1,119,470</u> | <u>1,119,470</u> | <u>4,714,430</u> | <u>3,594,960</u> |
| Ending | <u>\$ 233,800</u> | <u>\$ 799,450</u> | <u>\$ 4,426,434</u> | <u>\$ 3,626,984</u> |

CITY OF MEDFORD

MURA Capital Projects Fund - 905

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

| | <u>Annual Budget</u> | | | |
|--|----------------------|----------------------|----------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
| Revenues: | | | | |
| Licenses, permits and fees | \$ 25,000 | \$ 25,000 | \$ - | \$ (25,000) |
| Rental income | 35,000 | 35,000 | 21,987 | (13,013) |
| Investment earnings | 50,000 | 50,000 | 71,320 | 21,320 |
| Miscellaneous | <u>5,000</u> | <u>5,000</u> | <u>29,186</u> | <u>24,186</u> |
| Total revenues | <u>115,000</u> | <u>115,000</u> | <u>122,493</u> | <u>7,493</u> |
| Expenditures: | | | | |
| Personnel services | 64,000 | 64,000 | 13,837 | 50,163 |
| Materials and services | 157,500 | 162,500 | 134,309 | 28,191 |
| Capital outlay | 5,618,500 | 5,788,500 | 5,545,504 | 242,996 |
| Contingency | <u>175,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>6,015,000</u> | <u>6,015,000</u> | <u>5,693,650</u> | <u>321,350</u> |
| Excess revenues over (under) expenditures | <u>(5,900,000)</u> | <u>(5,900,000)</u> | <u>(5,571,157)</u> | <u>328,843</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 2,000,000 | 2,000,000 | - | (2,000,000) |
| Transfers out | - | (2,000,000) | (2,000,000) | - |
| Interfund loans in | <u>-</u> | <u>21,747,000</u> | <u>21,747,866</u> | <u>866</u> |
| Total other financing sources (uses) | <u>2,000,000</u> | <u>21,747,000</u> | <u>19,747,866</u> | <u>(1,999,134)</u> |
| Net change in fund balances | (3,900,000) | 15,847,000 | 14,176,709 | (1,670,291) |
| Fund Balance: | | | | |
| Beginning | <u>5,900,000</u> | <u>5,900,000</u> | <u>1,904,302</u> | <u>(3,995,698)</u> |
| Ending | <u>\$ 2,000,000</u> | <u>\$ 21,747,000</u> | <u>\$ 16,081,011</u> | <u>\$ (5,665,989)</u> |

Reconciliation to GAAP Basis:

An interfund loan of \$20,950,000 from the City of Medford's general fund is classified as a due to the general fund in the basic financial statements, but is reported as transfer on the budgetary basis.

| | |
|--------------------------------|-----------------------|
| Ending budgetary fund balance | 16,081,011 |
| Interfund loan | <u>(20,950,000)</u> |
| Total net assets - end of year | <u>\$ (4,868,989)</u> |

NONMAJOR COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES



CITY OF MEDFORD

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2012

| | <u>Special Revenue Funds</u> | <u>Debt Service Funds</u> | <u>Capital Projects Fund</u> | <u>Total</u> |
|--------------------------------------|----------------------------------|-------------------------------|----------------------------------|----------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 19,901,785 | \$ 3,109,077 | \$ 1,389,618 | \$ 24,400,480 |
| Receivables | | | | |
| Accounts | 712,845 | - | - | 712,845 |
| Taxes | - | 429,025 | - | 429,025 |
| Due from Medford Water Commission | 843,525 | - | - | 843,525 |
| Restricted cash and cash equivalents | <u>22,822</u> | <u>-</u> | <u>-</u> | <u>22,822</u> |
| Total assets | <u>\$ 21,480,977</u> | <u>\$ 3,538,102</u> | <u>\$ 1,389,618</u> | <u>\$ 26,408,697</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 1,797,302 | \$ - | \$ 2,788 | \$ 1,800,090 |
| Payroll and related accruals | 217,059 | - | 2,912 | 219,971 |
| Due to other funds | 10,940 | - | - | 10,940 |
| Due to Medford Water Commission | 14,862 | - | - | 14,862 |
| Deferred revenue | <u>3,944</u> | <u>349,929</u> | <u>-</u> | <u>353,873</u> |
| Total liabilities | <u>2,044,107</u> | <u>349,929</u> | <u>5,700</u> | <u>2,399,736</u> |
| Fund balances: | | | | |
| Restricted for: | | | | |
| Public Safety | 304,287 | - | - | 304,287 |
| Highways and streets | 10,985,664 | - | 1,382,101 | 12,367,765 |
| Culture and recreation | 1,306,567 | - | 1,817 | 1,308,384 |
| Community development | 1,688,873 | - | - | 1,688,873 |
| Debt service | - | 3,188,173 | - | 3,188,173 |
| Committed for: | | | | |
| Public Safety | 1,578,026 | - | - | 1,578,026 |
| Highways and streets | 3,141,817 | - | - | 3,141,817 |
| Culture and recreation | <u>431,636</u> | <u>-</u> | <u>-</u> | <u>431,636</u> |
| Total fund balances | <u>19,436,870</u> | <u>3,188,173</u> | <u>1,383,918</u> | <u>24,008,961</u> |
| Total liabilities and fund balances | <u>\$ 21,480,977</u> | <u>\$ 3,538,102</u> | <u>\$ 1,389,618</u> | <u>\$ 26,408,697</u> |

CITY OF MEDFORD

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Year ended June 30, 2012

| | <u>Special Revenue Funds</u> | <u>Debt Service Funds</u> | <u>Capital Projects Fund</u> | <u>Total</u> |
|--|----------------------------------|-------------------------------|----------------------------------|----------------------|
| REVENUES | | | | |
| Taxes | | | | |
| Property | \$ - | \$ 5,146,588 | \$ - | \$ 5,146,588 |
| Franchise and lodging | 1,250,976 | - | - | 1,250,976 |
| Fuel | 4,089,443 | - | - | 4,089,443 |
| Other | 338,587 | - | - | 338,587 |
| Special assessments | 80,238 | - | - | 80,238 |
| Charges for services | 245,408 | - | - | 245,408 |
| Intergovernmental | 65,020 | - | - | 65,020 |
| Licenses, permits and fees | 10,826,445 | - | - | 10,826,445 |
| Investment earnings | 154,613 | 16,266 | 11,174 | 182,053 |
| Grants and contributions | 682,335 | - | - | 682,335 |
| Rental income | - | - | - | - |
| Other revenue | 58,954 | - | - | 58,954 |
| Total revenues | <u>17,792,019</u> | <u>5,162,854</u> | <u>11,174</u> | <u>22,966,047</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Public safety | 927,398 | - | - | 927,398 |
| Highways and streets | 6,662,446 | - | 53,324 | 6,715,770 |
| Culture and recreation | 507,201 | - | - | 507,201 |
| Community development | 2,060,616 | - | 6,264 | 2,066,880 |
| Debt service: | | | | |
| Principal | - | 14,673,892 | - | 14,673,892 |
| Interest | - | 3,353,562 | - | 3,353,562 |
| Capital outlay | 5,788,352 | - | - | 5,788,352 |
| Total expenditures | <u>15,946,013</u> | <u>18,027,454</u> | <u>59,588</u> | <u>34,033,055</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>1,846,006</u> | <u>(12,864,600)</u> | <u>(48,414)</u> | <u>(11,067,008)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Contributions | 3,625,466 | - | - | 3,625,466 |
| Sale of capital assets | 11,650 | - | - | 11,650 |
| Debt proceeds | 5,683,000 | - | - | 5,683,000 |
| Transfers in | 528,933 | 12,273,797 | - | 12,802,730 |
| Transfers out | (9,877,669) | - | (9,600) | (9,887,269) |
| Total other financing source (uses) | <u>(28,620)</u> | <u>12,273,797</u> | <u>(9,600)</u> | <u>12,235,577</u> |
| Net change in fund balances | 1,817,386 | (590,803) | (58,014) | 1,168,569 |
| Beginning fund balances | <u>17,619,484</u> | <u>3,778,976</u> | <u>1,441,932</u> | <u>22,840,392</u> |
| Ending fund balances | <u>\$ 19,436,870</u> | <u>\$ 3,188,173</u> | <u>\$ 1,383,918</u> | <u>\$ 24,008,961</u> |

NONMAJOR SPECIAL REVENUE FUNDS

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:

- Public Safety Fund – Accounts for specified resources to be expended on additional or expanded police patrol and fire operations.
- Gas Tax Fund – 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.
- Park Dedication Fund - Accounts for specified revenues from 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.
- Street System Development Charges (SDC) Fund - Accounts for the street development fees to expend on street improvements and maintenance.
- Street Utility Fund - Accounts for street development fees to be expended on street improvements and maintenance.
- Community Promotions Fund - Accounts for Hotel-Motel room 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.
- Police Grant Fund - Accounts for grant funds to be expended on local law enforcement.
- Bear Creek Reconstruction Fund - Accounts for amounts, held in a fiduciary capacity, set aside for reconstruction projects within the Bear Creek Area.
- Bear Creek Maintenance Fund - Accounts for amounts, held in a fiduciary capacity, set aside for maintaining the Bear Creek Area.
- Parks Utility Fund - Accounts for operation, maintenance and construction of parks facilities and beautification for right of way strip maintenance.
- 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.





CITY OF MEDFORD

Nonmajor Special Revenue Funds

Combining Balance Sheet

June 30, 2012

| | <u>Public Safety Fund - 010</u> | <u>Gas Tax Fund - 013</u> | <u>Park Dedication Fund - 015</u> | <u>Cemetery Fund - 016</u> | <u>Building Safety Fund - 019</u> | <u>Street SDC Fund - 021</u> | <u>Street Utility Fund - 024</u> |
|--|---|-------------------------------|---|--------------------------------|---|----------------------------------|--------------------------------------|
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ 1,576,439 | \$ 3,880,804 | \$ 1,115,173 | \$ 34,033 | \$ 1,809,479 | \$ 7,069,186 | \$ 3,624,768 |
| Receivables | | | | | | | |
| Accounts | 532 | 373,350 | 183,186 | - | 652 | 5,185 | 38,029 |
| Due from Medford Water Commission | 92,100 | - | 10,000 | - | - | - | 636,927 |
| Restricted cash and cash equivalents | <u>-</u> | <u>130</u> | <u>-</u> | <u>22,692</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total assets | <u>\$ 1,669,071</u> | <u>\$ 4,254,284</u> | <u>\$ 1,308,359</u> | <u>\$ 56,725</u> | <u>\$ 1,810,131</u> | <u>\$ 7,074,371</u> | <u>\$ 4,299,724</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | \$ 59,577 | \$ 278,397 | \$ 20,271 | \$ 73 | \$ 92,388 | \$ 3,316 | \$ 1,054,275 |
| Payroll and related accruals | 30,044 | 49,045 | 2,168 | - | 28,852 | 8,232 | 94,179 |
| Due to other funds | - | - | - | - | - | - | - |
| Due to Medford Water Commission | 1,424 | 57 | - | - | 18 | - | 9,453 |
| Deferred revenue | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,944</u> | <u>-</u> |
| Total liabilities | <u>91,045</u> | <u>327,499</u> | <u>22,439</u> | <u>73</u> | <u>121,258</u> | <u>15,492</u> | <u>1,157,907</u> |
| Fund balances: | | | | | | | |
| Restricted for: | | | | | | | |
| Public Safety | - | - | - | - | - | - | - |
| Highways and streets | - | 3,926,785 | - | - | - | 7,058,879 | - |
| Culture and recreation | - | - | 1,285,920 | - | - | - | - |
| Community development | - | - | - | - | 1,688,873 | - | - |
| Committed to: | | | | | | | |
| Public Safety | 1,578,026 | - | - | - | - | - | - |
| Highways and streets | - | - | - | - | - | - | 3,141,817 |
| Culture and recreation | <u>-</u> | <u>-</u> | <u>-</u> | <u>56,652</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total fund balances | <u>1,578,026</u> | <u>3,926,785</u> | <u>1,285,920</u> | <u>56,652</u> | <u>1,688,873</u> | <u>7,058,879</u> | <u>3,141,817</u> |
| Total liabilities and fund balances | <u>\$ 1,669,071</u> | <u>\$ 4,254,284</u> | <u>\$ 1,308,359</u> | <u>\$ 56,725</u> | <u>\$ 1,810,131</u> | <u>\$ 7,074,371</u> | <u>\$ 4,299,724</u> |

| Community Promotions Fund - 030 | Community Development Block Grant Fund - 037 | Police Grant Fund - 039 | Bear Creek Reconstruction Fund - 094 | Bear Creek Maintenance Fund - 095 | Parks Utility Fund - 098 | Veteran's Park Fund - 091 | Community Park Reserve Fund - 092 | Total |
|---------------------------------|--|-------------------------|--------------------------------------|-----------------------------------|--------------------------|---------------------------|-----------------------------------|----------------------|
| \$ 44,706 | \$ - | \$ 445,253 | \$ 12,331 | \$ 37,247 | \$ 173,345 | \$ 8,316 | \$ 70,705 | \$ 19,901,785 |
| 82,461 | 28,862 | - | - | - | 588 | - | - | 712,845 |
| - | - | - | - | - | 104,498 | - | - | 843,525 |
| - | - | - | - | - | - | - | - | 22,822 |
| <u>\$ 127,167</u> | <u>\$ 28,862</u> | <u>\$ 445,253</u> | <u>\$ 12,331</u> | <u>\$ 37,247</u> | <u>\$ 278,431</u> | <u>\$ 8,316</u> | <u>\$ 70,705</u> | <u>\$ 21,480,977</u> |
| \$ 127,167 | \$ 14,909 | \$ 140,966 | \$ - | \$ - | \$ 5,963 | \$ - | \$ - | \$ 1,797,302 |
| - | 3,013 | - | - | - | 1,526 | - | - | 217,059 |
| - | 10,940 | - | - | - | - | - | - | 10,940 |
| - | - | - | - | - | 3,910 | - | - | 14,862 |
| - | - | - | - | - | - | - | - | 3,944 |
| <u>127,167</u> | <u>28,862</u> | <u>140,966</u> | <u>-</u> | <u>-</u> | <u>11,399</u> | <u>-</u> | <u>-</u> | <u>2,044,107</u> |
| - | - | 304,287 | - | - | - | - | - | 304,287 |
| - | - | - | - | - | - | - | - | 10,985,664 |
| - | - | - | 12,331 | - | - | 8,316 | - | 1,306,567 |
| - | - | - | - | - | - | - | - | 1,688,873 |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | 1,578,026 |
| - | - | - | - | - | - | - | - | 3,141,817 |
| - | - | - | - | 37,247 | 267,032 | - | 70,705 | 431,636 |
| - | - | 304,287 | 12,331 | 37,247 | 267,032 | 8,316 | 70,705 | 19,436,870 |
| <u>\$ 127,167</u> | <u>\$ 28,862</u> | <u>\$ 445,253</u> | <u>\$ 12,331</u> | <u>\$ 37,247</u> | <u>\$ 278,431</u> | <u>\$ 8,316</u> | <u>\$ 70,705</u> | <u>\$ 21,480,977</u> |

CITY OF MEDFORD

Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

(Expenditures by Department)

Year ended June 30, 2012

| | <u>Public Safety Fund - 010</u> | <u>Gas Tax Fund - 013</u> | <u>Park Dedication Fund - 015</u> | <u>Cemetery Fund - 016</u> | <u>Building Safety Fund - 019</u> | <u>Street SDC Fund - 021</u> | <u>Street Utility Fund - 024</u> |
|---|---|-------------------------------|---|--------------------------------|---|----------------------------------|--------------------------------------|
| REVENUES | | | | | | | |
| Taxes | | | | | | | |
| Franchise and lodging | \$ - | \$ - | \$ 625,489 | \$ - | \$ - | \$ - | \$ - |
| Fuel | - | 4,089,443 | - | - | - | - | - |
| Other | - | - | 338,587 | - | - | - | - |
| Special assessments | - | - | - | - | - | 80,238 | - |
| Other services | - | 110,495 | 102,500 | - | - | - | 503 |
| Intergovernmental | - | 34,957 | 10,000 | - | 8,503 | - | 11,560 |
| Licenses, permits and fees | 1,112,549 | - | - | - | 1,063,892 | - | 7,387,626 |
| Investment earnings | 12,791 | 23,329 | 10,806 | 450 | 14,781 | 59,131 | 26,962 |
| Grants and contributions | - | 7,955 | 3,225 | 762 | - | 119,493 | - |
| Other revenue | - | 103 | 87 | 5,426 | 2,845 | 35 | 25,325 |
| Total revenues | <u>1,125,340</u> | <u>4,266,282</u> | <u>1,090,694</u> | <u>6,638</u> | <u>1,090,021</u> | <u>258,897</u> | <u>7,451,976</u> |
| EXPENDITURES | | | | | | | |
| Current | | | | | | | |
| Public safety | 916,167 | - | - | - | - | - | - |
| Highways and streets | - | 1,376,373 | - | - | - | 215,219 | 5,070,854 |
| Culture and recreation | - | - | 393,860 | 7,094 | - | - | - |
| Community development | - | - | - | - | 948,858 | - | - |
| Capital outlay | <u>169,776</u> | <u>1,393,261</u> | <u>732,585</u> | <u>1,172</u> | <u>-</u> | <u>1,413,548</u> | <u>2,078,010</u> |
| Total expenditures | <u>1,085,943</u> | <u>2,769,634</u> | <u>1,126,445</u> | <u>8,266</u> | <u>948,858</u> | <u>1,628,767</u> | <u>7,148,864</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>39,397</u> | <u>1,496,648</u> | <u>(35,751)</u> | <u>(1,628)</u> | <u>141,163</u> | <u>(1,369,870)</u> | <u>303,112</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Contributions | - | - | 544,778 | - | - | 3,080,688 | - |
| Sale of capital assets | - | 1,300 | - | - | - | - | 10,350 |
| Debt proceeds | - | 2,010,000 | 3,673,000 | - | - | - | - |
| Transfers in | - | 392,000 | - | - | - | - | 18,759 |
| Transfers out | <u>(62,894)</u> | <u>(3,040,039)</u> | <u>(4,378,740)</u> | <u>-</u> | <u>(314,699)</u> | <u>(11,999)</u> | <u>(962,999)</u> |
| Total other financing source (uses) | <u>(62,894)</u> | <u>(636,739)</u> | <u>(160,962)</u> | <u>-</u> | <u>(314,699)</u> | <u>3,068,689</u> | <u>(933,890)</u> |
| Net change in fund balances | (23,497) | 859,909 | (196,713) | (1,628) | (173,536) | 1,698,819 | (630,778) |
| Beginning fund balances | <u>1,601,523</u> | <u>3,066,876</u> | <u>1,482,633</u> | <u>58,280</u> | <u>1,862,409</u> | <u>5,360,060</u> | <u>3,772,595</u> |
| Ending fund balances | <u>\$ 1,578,026</u> | <u>\$ 3,926,785</u> | <u>\$ 1,285,920</u> | <u>\$ 56,652</u> | <u>\$ 1,688,873</u> | <u>\$ 7,058,879</u> | <u>\$ 3,141,817</u> |

| <u>Community Promotions Fund - 030</u> | <u>Community Development Block Grant Fund - 037</u> | <u>Police Grant Fund - 039</u> | <u>Bear Creek Reconstruction Fund - 094</u> | <u>Bear Creek Maintenance Fund - 095</u> | <u>Parks Utility Fund - 098</u> | <u>Veteran's Park Fund - 091</u> | <u>Community Park Reserve Fund - 092</u> | <u>Total</u> |
|--|---|--------------------------------|---|--|---------------------------------|----------------------------------|--|----------------------|
| \$ 625,487 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,250,976 |
| - | - | - | - | - | - | - | - | 4,089,443 |
| - | - | - | - | - | - | - | - | 338,587 |
| - | - | - | - | - | - | - | - | 80,238 |
| - | - | 16,428 | - | - | - | - | 15,482 | 245,408 |
| - | - | - | - | - | - | - | - | 65,020 |
| - | - | - | - | - | 1,262,378 | - | - | 10,826,445 |
| - | - | 1,344 | 96 | 290 | 4,081 | 65 | 487 | 154,613 |
| - | 505,047 | 45,853 | - | - | - | - | - | 682,335 |
| - | - | 25,125 | - | - | 8 | - | - | 58,954 |
| <u>625,487</u> | <u>505,047</u> | <u>88,750</u> | <u>96</u> | <u>290</u> | <u>1,266,467</u> | <u>65</u> | <u>15,969</u> | <u>17,792,019</u> |
| - | - | 11,231 | - | - | - | - | - | 927,398 |
| - | - | - | - | - | - | - | - | 6,662,446 |
| - | - | - | - | - | 106,247 | - | - | 507,201 |
| 625,487 | 486,271 | - | - | - | - | - | - | 2,060,616 |
| - | - | - | - | - | - | - | - | 5,788,352 |
| <u>625,487</u> | <u>486,271</u> | <u>11,231</u> | <u>-</u> | <u>-</u> | <u>106,247</u> | <u>-</u> | <u>-</u> | <u>15,946,013</u> |
| - | 18,776 | 77,519 | 96 | 290 | 1,160,220 | 65 | 15,969 | 1,846,006 |
| - | - | - | - | - | - | - | - | 3,625,466 |
| - | - | - | - | - | - | - | - | 11,650 |
| - | - | - | - | - | - | - | - | 5,683,000 |
| - | - | 118,174 | - | - | - | - | - | 528,933 |
| - | (18,800) | - | - | - | (1,087,499) | - | - | (9,877,669) |
| - | (18,800) | 118,174 | - | - | (1,087,499) | - | - | (28,620) |
| - | (24) | 195,693 | 96 | 290 | 72,721 | 65 | 15,969 | 1,817,386 |
| - | 24 | 108,594 | 12,235 | 36,957 | 194,311 | 8,251 | 54,736 | 17,619,484 |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 304,287</u> | <u>\$ 12,331</u> | <u>\$ 37,247</u> | <u>\$ 267,032</u> | <u>\$ 8,316</u> | <u>\$ 70,705</u> | <u>\$ 19,436,870</u> |

CITY OF MEDFORD

Public Safety Fund - 010

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

| | <u>Biennium Budget</u> | | <u>First Year Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|--------------------|------------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Licenses, permits and fees | \$ 2,200,000 | \$ 2,200,000 | \$ 1,112,549 | \$ (1,087,451) |
| Investment earnings | <u>14,000</u> | <u>14,000</u> | <u>12,791</u> | <u>(1,209)</u> |
| Total revenues | <u>2,214,000</u> | <u>2,214,000</u> | <u>1,125,340</u> | <u>(1,088,660)</u> |
| Expenditures: | | | | |
| Police | 1,669,430 | 1,669,430 | 529,507 | 1,139,923 |
| Fire | 1,499,670 | 1,499,670 | 556,436 | 943,234 |
| Contingency | <u>396,000</u> | <u>396,000</u> | <u>-</u> | <u>396,000</u> |
| Total expenditures | <u>3,565,100</u> | <u>3,565,100</u> | <u>1,085,943</u> | <u>2,479,157</u> |
| Excess revenues over (under) expenditures | <u>(1,351,100)</u> | <u>(1,351,100)</u> | <u>39,397</u> | <u>1,390,497</u> |
| Other financing sources (uses): | | | | |
| Transfers out | <u>(128,900)</u> | <u>(128,900)</u> | <u>(62,894)</u> | <u>66,006</u> |
| Net change in fund balances | (1,480,000) | (1,480,000) | (23,497) | 1,456,503 |
| Fund Balance: | | | | |
| Beginning | <u>1,531,400</u> | <u>1,531,400</u> | <u>1,601,523</u> | <u>70,123</u> |
| Ending | <u>\$ 51,400</u> | <u>\$ 51,400</u> | <u>\$ 1,578,026</u> | <u>\$ 1,526,626</u> |

CITY OF MEDFORD

Gas Tax Fund - 013

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

| | Biennium Budget | | First Year Actual | Variance with Final Budget |
|--|-------------------|-------------------|----------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| State gas tax | \$ 7,920,000 | \$ 7,920,000 | \$ 4,089,443 | \$ (3,830,557) |
| Intergovernmental | - | - | 34,957 | 34,957 |
| Charges for services | 50,000 | 50,000 | 110,495 | 60,495 |
| Investment earnings | 28,200 | 28,200 | 23,329 | (4,871) |
| Other revenue | - | - | 103 | 103 |
| Grants and contracts | <u>700,000</u> | <u>700,000</u> | <u>7,955</u> | <u>(692,045)</u> |
| Total revenues | <u>8,698,200</u> | <u>8,698,200</u> | <u>4,266,282</u> | <u>(4,431,918)</u> |
| Expenditures: | | | | |
| Street maintenance and construction | 7,878,690 | 8,695,880 | 2,769,634 | 5,926,246 |
| Contingency | <u>32,730</u> | <u>32,730</u> | - | <u>32,730</u> |
| Total expenditures | <u>7,911,420</u> | <u>8,728,610</u> | <u>2,769,634</u> | <u>5,958,976</u> |
| Excess revenues over (under) expenditures | <u>786,780</u> | <u>(30,410)</u> | <u>1,496,648</u> | <u>1,527,058</u> |
| Other financing sources (uses): | | | | |
| Transfers in | - | 392,000 | 392,000 | - |
| Transfers out | (2,422,490) | (4,407,300) | (3,040,039) | 1,367,261 |
| Debt proceeds | - | 2,010,000 | 2,010,000 | - |
| Sale of capital assets | - | - | 1,300 | 1,300 |
| Net change in fund balances | (1,635,710) | (2,035,710) | 859,909 | 2,895,619 |
| Fund Balance: | | | | |
| Beginning | <u>2,337,060</u> | <u>2,337,060</u> | <u>3,066,876</u> | <u>729,816</u> |
| Ending | <u>\$ 701,350</u> | <u>\$ 301,350</u> | <u>\$ 3,926,785</u> | <u>\$ 3,625,435</u> |

CITY OF MEDFORD

Park Dedication Fund - 015

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

| | Biennium Budget | | | |
|--|--------------------|--------------------|----------------------|-------------------------------|
| | Original | Final | First Year Actual | Variance with Final Budget |
| Revenues: | | | | |
| Lodging taxes | \$ 1,150,000 | \$ 1,150,000 | \$ 625,489 | \$ (524,511) |
| Other taxes | 600,000 | 600,000 | 338,587 | (261,413) |
| Intergovernmental | - | - | 10,000 | 10,000 |
| Charges for services | 890,000 | 890,000 | 647,278 | (242,722) |
| Investment earnings | 21,200 | 21,200 | 10,806 | (10,394) |
| Contributions and donations | 11,000 | 11,000 | - | (11,000) |
| Other revenue | - | - | 87 | 87 |
| Grants and contracts | - | 428,460 | 3,225 | (425,235) |
| Total revenues | <u>2,672,200</u> | <u>3,100,660</u> | <u>1,635,472</u> | <u>(1,465,188)</u> |
| Expenditures: | | | | |
| Park development | 1,929,600 | 2,997,850 | 1,126,445 | 1,871,405 |
| Contingency | 223,890 | 223,890 | - | 223,890 |
| Total expenditures | <u>2,153,490</u> | <u>3,221,740</u> | <u>1,126,445</u> | <u>2,095,295</u> |
| Excess revenues over (under) expenditures | <u>518,710</u> | <u>(121,080)</u> | <u>509,027</u> | <u>630,107</u> |
| Other financing sources (uses): | | | | |
| Transfers in | - | 125,000 | - | (125,000) |
| Transfers out | (1,524,910) | (5,159,550) | (4,378,740) | 780,810 |
| Debt proceeds | - | 3,673,000 | 3,673,000 | - |
| Total other financing sources (uses) | <u>(1,524,910)</u> | <u>(1,361,550)</u> | <u>(705,740)</u> | <u>655,810</u> |
| Net change in fund balances | <u>(1,006,200)</u> | <u>(1,482,630)</u> | <u>(196,713)</u> | <u>1,285,917</u> |
| Fund Balance: | | | | |
| Beginning | 1,012,570 | 1,482,630 | 1,482,633 | 3 |
| Ending | <u>\$ 6,370</u> | <u>\$ -</u> | <u>\$ 1,285,920</u> | <u>\$ 1,285,920</u> |

CITY OF MEDFORD

Cemetery Fund - 016

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

| | <u>Biennium Budget</u> | | <u>First Year Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|------------------|------------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Investment earnings | \$ - | \$ - | \$ 450 | \$ 450 |
| Other revenue | 9,000 | 9,000 | 5,426 | (3,574) |
| Grants and contracts | 1,000 | 1,000 | 762 | (238) |
| Total revenues | <u>10,000</u> | <u>10,000</u> | <u>6,638</u> | <u>(3,362)</u> |
| Expenditures: | | | | |
| Cemetery special projects | 31,000 | 39,980 | 8,266 | 31,714 |
| Contingency | 1,000 | 1,000 | - | 1,000 |
| Excess revenues over (under) expenditures | <u>(22,000)</u> | <u>(30,980)</u> | <u>(1,628)</u> | <u>29,352</u> |
| Net change in fund balances | (22,000) | (30,980) | (1,628) | 29,352 |
| Fund Balance: | | | | |
| Beginning | <u>49,300</u> | <u>58,280</u> | <u>58,280</u> | <u>-</u> |
| Ending | <u>\$ 27,300</u> | <u>\$ 27,300</u> | <u>\$ 56,652</u> | <u>\$ 29,352</u> |

CITY OF MEDFORD

Building Safety Fund - 019

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

| | <u>Biennium Budget</u> | | <u>First Year Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|-------------------|------------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Licenses, permits and fees | \$ 1,638,000 | \$ 1,638,000 | \$ 1,063,892 | \$ (574,108) |
| Intergovernmental | 5,050 | 5,050 | 8,503 | 3,453 |
| Investment earnings | 21,200 | 21,200 | 14,781 | (6,419) |
| Other revenue | <u>12,000</u> | <u>12,000</u> | <u>2,845</u> | <u>(9,155)</u> |
| Total revenues | <u>1,676,250</u> | <u>1,676,250</u> | <u>1,090,021</u> | <u>(586,229)</u> |
| Expenditures: | | | | |
| Building safety | 2,195,710 | 2,195,710 | 948,858 | 1,246,852 |
| Contingency | <u>294,390</u> | <u>294,390</u> | <u>-</u> | <u>294,390</u> |
| Total expenditures | <u>2,490,100</u> | <u>2,490,100</u> | <u>948,858</u> | <u>1,541,242</u> |
| Excess revenues over (under) expenditures | <u>(813,850)</u> | <u>(813,850)</u> | <u>141,163</u> | <u>955,013</u> |
| Other financing sources (uses): | | | | |
| Transfers in | - | 20,390 | - | (20,390) |
| Transfers out | <u>(642,900)</u> | <u>(642,900)</u> | <u>(314,699)</u> | <u>328,201</u> |
| Net change in fund balances | (1,456,750) | (1,436,360) | (173,536) | 1,262,824 |
| Fund Balance: | | | | |
| Beginning | <u>1,681,730</u> | <u>1,681,730</u> | <u>1,862,409</u> | <u>180,679</u> |
| Ending | <u>\$ 224,980</u> | <u>\$ 245,370</u> | <u>\$ 1,688,873</u> | <u>\$ 1,443,503</u> |

CITY OF MEDFORD

Street SDC Fund - 021

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

| | Biennium Budget | | | |
|---|--------------------|--------------------|----------------------|-------------------------------|
| | Original | Final | First Year Actual | Variance with Final Budget |
| Revenues: | | | | |
| Special assessments | \$ - | \$ - | \$ 80,238 | \$ 80,238 |
| Charges for services | 4,747,900 | 4,747,900 | 3,080,688 | (1,667,212) |
| Investment earnings | 49,200 | 49,200 | 59,131 | 9,931 |
| Other revenue | 1,000,000 | 1,000,000 | 35 | (999,965) |
| Grants and contracts | <u>-</u> | <u>-</u> | <u>119,493</u> | <u>119,493</u> |
| Total revenues | <u>5,797,100</u> | <u>5,797,100</u> | <u>3,339,585</u> | <u>(2,457,515)</u> |
| Expenditures: | | | | |
| Street development | 9,732,820 | 9,732,820 | 1,628,767 | 8,104,053 |
| Contingency | <u>37,000</u> | <u>37,000</u> | <u>-</u> | <u>37,000</u> |
| Total expenditures | <u>9,769,820</u> | <u>9,769,820</u> | <u>1,628,767</u> | <u>8,141,053</u> |
| Excess revenues over (under) expenditures | <u>(3,972,720)</u> | <u>(3,972,720)</u> | <u>1,710,818</u> | <u>5,683,538</u> |
| Other financing sources (uses): | | | | |
| Transfers out | <u>(24,500)</u> | <u>(24,500)</u> | <u>(11,999)</u> | <u>12,501</u> |
| Net change in fund balances | <u>(3,997,220)</u> | <u>(3,997,220)</u> | <u>1,698,819</u> | <u>5,696,039</u> |
| Fund Balance: | | | | |
| Beginning | <u>4,641,640</u> | <u>4,641,640</u> | <u>5,360,060</u> | <u>718,420</u> |
| Ending | <u>\$ 644,420</u> | <u>\$ 644,420</u> | <u>\$ 7,058,879</u> | <u>\$ 6,414,459</u> |
| Differences in classification result in a reconciliation to GAAP Basis: | | | | |
| Charges for services | | | (3,080,688) | |
| Contributions (System Development Charges) | | | <u>3,080,688</u> | |
| Total change in net assets | | | <u>\$ 1,698,819</u> | |

CITY OF MEDFORD

Street Utility Fund - 024

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

| | Biennium Budget | | First Year Actual | Variance with Final Budget |
|--|--------------------|--------------------|----------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Licenses, permits and fees | \$ 14,692,000 | \$ 14,692,000 | \$ 7,387,626 | \$ (7,304,374) |
| Intergovernmental | 12,000 | 12,000 | 11,560 | (440) |
| Charges for services | - | - | 503 | 503 |
| Investment earnings | 28,200 | 28,200 | 26,962 | (1,238) |
| Other revenue | 9,000 | 9,000 | 25,325 | 16,325 |
| Total revenues | 14,741,200 | 14,741,200 | 7,451,976 | (7,289,224) |
| Expenditures: | | | | |
| Street maintenance | 13,649,310 | 13,770,210 | 7,148,864 | 6,621,346 |
| Contingency | 792,640 | 792,640 | - | 792,640 |
| Total expenditures | 14,441,950 | 14,562,850 | 7,148,864 | 7,413,986 |
| Excess revenues over (under) expenditures | 299,250 | 178,350 | 303,112 | 124,762 |
| Other financing sources (uses): | | | | |
| Transfers in | 50,000 | 50,000 | 18,759 | (31,241) |
| Transfers out | (1,166,900) | (1,568,360) | (962,999) | 605,361 |
| Sale of capital assets | - | - | 10,350 | 10,350 |
| Total other financing sources (uses) | (1,116,900) | (1,518,360) | (933,890) | 584,470 |
| Net change in fund balances | (817,650) | (1,340,010) | (630,778) | 709,232 |
| Fund Balance: | | | | |
| Beginning | 3,753,220 | 3,753,220 | 3,772,596 | 19,376 |
| Ending | \$ 2,935,570 | \$ 2,413,210 | \$ 3,141,818 | \$ 728,608 |

CITY OF MEDFORD

Community Promotions Fund - 030
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2012

| | <u>Biennium Budget</u> | | <u>First Year Actual</u> | <u>Variance with Final Budget</u> |
|---------------------|------------------------|---------------------|------------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Lodging taxes | <u>\$ 1,260,000</u> | <u>\$ 1,260,000</u> | <u>\$ 625,487</u> | <u>\$ (634,513)</u> |
| Expenditures: | | | | |
| Community promotion | <u>1,260,000</u> | <u>1,260,000</u> | <u>625,487</u> | <u>634,513</u> |
| Fund Balance: | | | | |
| Beginning | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

CITY OF MEDFORD

Community Development Block Grant Fund - 037
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2012

| | <u>Biennium Budget</u> | | | |
|--|------------------------|------------------|------------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | <u>First Year Actual</u> | <u>Variance with Final Budget</u> |
| Revenues: | | | | |
| Grants and contracts | \$ 1,774,450 | \$ 1,774,450 | \$ 505,047 | \$ (1,269,403) |
| Total revenues | <u>1,774,450</u> | <u>1,774,450</u> | <u>505,047</u> | <u>(1,269,403)</u> |
| Expenditures: | | | | |
| Mayor and council | 1,529,350 | 1,529,350 | 411,978 | 1,117,372 |
| City managers office | <u>206,800</u> | <u>206,800</u> | <u>74,293</u> | <u>132,507</u> |
| Total expenditures | <u>1,736,150</u> | <u>1,736,150</u> | <u>486,271</u> | <u>1,249,879</u> |
| Excess revenues over (under) expenditures | <u>38,300</u> | <u>38,300</u> | <u>18,776</u> | <u>(19,524)</u> |
| Other financing sources (uses): | | | | |
| Transfers out | <u>(38,300)</u> | <u>(38,300)</u> | <u>(18,800)</u> | <u>19,500</u> |
| Net change in fund balances | - | - | (24) | (24) |
| Fund Balance: | | | | |
| Beginning | <u>-</u> | <u>-</u> | <u>24</u> | <u>24</u> |
| Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

CITY OF MEDFORD

Police Grant Fund - 039

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

| | Biennium Budget | | | |
|--|--------------------|------------------|----------------------|-------------------------------|
| | Original | Final | First Year Actual | Variance with Final Budget |
| Revenues: | | | | |
| Charges for services | \$ - | \$ - | \$ 16,428 | \$ 16,428 |
| Investment earnings | - | - | 1,344 | 1,344 |
| Other revenue | - | - | 25,125 | 25,125 |
| Grants and contracts | <u>35,000</u> | <u>115,000</u> | <u>45,853</u> | <u>(69,147)</u> |
| Total revenues | <u>35,000</u> | <u>115,000</u> | <u>88,750</u> | <u>(26,250)</u> |
| Expenditures: | | | | |
| Police | 35,000 | 162,000 | 11,231 | 150,769 |
| Contingency | <u>115,030</u> | <u>115,030</u> | <u>-</u> | <u>115,030</u> |
| Excess revenues over (under) expenditures | <u>(115,030)</u> | <u>(162,030)</u> | <u>77,519</u> | <u>239,549</u> |
| Other financing sources (uses): | | | | |
| Transfers in | <u>-</u> | <u>118,190</u> | <u>118,174</u> | <u>(16)</u> |
| Total other financing sources (uses) | <u>-</u> | <u>118,190</u> | <u>118,174</u> | <u>(16)</u> |
| Net change in fund balances | (115,030) | (43,840) | 195,693 | 239,533 |
| Fund Balance: | | | | |
| Beginning | <u>43,840</u> | <u>43,840</u> | <u>108,594</u> | <u>64,754</u> |
| Ending | <u>\$ (71,190)</u> | <u>\$ -</u> | <u>\$ 304,287</u> | <u>\$ 304,287</u> |

CITY OF MEDFORD

Bear Creek Reconstruction Fund - 094

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

| | Biennium Budget | | | |
|--|------------------|------------------|----------------------|-------------------------------|
| | Original | Final | First Year Actual | Variance with Final Budget |
| Revenues: | | | | |
| Investment earnings | \$ - | \$ - | \$ 96 | \$ 96 |
| Expenditures: | - | - | - | - |
| Excess revenues over (under) expenditures | - | - | 96 | 96 |
| Net change in fund balances | - | - | 96 | 96 |
| Fund Balance: | | | | |
| Beginning | 12,190 | 12,190 | 12,235 | 45 |
| Ending | <u>\$ 12,190</u> | <u>\$ 12,190</u> | <u>\$ 12,331</u> | <u>\$ 141</u> |

CITY OF MEDFORD

Bear Creek Maintenance Fund - 095

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

| | Biennium Budget | | | |
|--|-----------------|-----------|----------------------|-------------------------------|
| | Original | Final | First Year Actual | Variance with Final Budget |
| Revenues: | | | | |
| Investment earnings | \$ - | \$ - | \$ 290 | \$ 290 |
| Expenditures: | | | | |
| Park maintenance | 4,000 | 4,000 | - | 4,000 |
| Contingency | 1,000 | 1,000 | - | 1,000 |
| Total expenditures | 5,000 | 5,000 | - | 5,000 |
| Excess revenues over (under) expenditures | (5,000) | (5,000) | 290 | 5,290 |
| Net change in fund balances | (5,000) | (5,000) | 290 | 5,290 |
| Fund Balance: | | | | |
| Beginning | 36,340 | 36,340 | 36,957 | 617 |
| Ending | \$ 31,340 | \$ 31,340 | \$ 37,247 | \$ 5,907 |

CITY OF MEDFORD

Parks Utility Fund - 098

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

| | <u>Biennium Budget</u> | | <u>First Year Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|--------------------|------------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Licenses, permits and fees | \$ 2,494,500 | \$ 2,494,500 | \$ 1,262,378 | \$ (1,232,122) |
| Investment earnings | 7,000 | 7,000 | 4,081 | (2,919) |
| Other revenue | - | - | 8 | 8 |
| Total revenues | <u>2,501,500</u> | <u>2,501,500</u> | <u>1,266,467</u> | <u>(1,235,033)</u> |
| Expenditures: | | | | |
| Park maintenance | 325,990 | 366,370 | 106,247 | 260,123 |
| Contingency | <u>41,000</u> | <u>41,000</u> | <u>-</u> | <u>41,000</u> |
| Total expenditures | <u>366,990</u> | <u>407,370</u> | <u>106,247</u> | <u>301,123</u> |
| Excess revenues over (under) expenditures | <u>2,134,510</u> | <u>2,094,130</u> | <u>1,160,220</u> | <u>(933,910)</u> |
| Other financing sources (uses): | | | | |
| Transfers out | <u>(2,176,800)</u> | <u>(2,176,800)</u> | <u>(1,087,499)</u> | <u>1,089,301</u> |
| Net change in fund balances | (42,290) | (82,670) | 72,721 | 155,391 |
| Fund Balance: | | | | |
| Beginning | <u>153,930</u> | <u>194,310</u> | <u>194,311</u> | <u>1</u> |
| Ending | <u>\$ 111,640</u> | <u>\$ 111,640</u> | <u>\$ 267,032</u> | <u>\$ 155,392</u> |

CITY OF MEDFORD

Veteran's Park Fund - 091

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

| | <u>Biennium Budget</u> | | <u>First Year Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|-----------------|------------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Investment earnings | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 65</u> | <u>\$ 65</u> |
| Expenditures: | | | | |
| Parks and recreations: | | | | |
| Parks and recreation | <u>1,000</u> | <u>1,000</u> | <u>-</u> | <u>1,000</u> |
| Excess revenues over (under) expenditures | <u>(1,000)</u> | <u>(1,000)</u> | <u>65</u> | <u>1,065</u> |
| Net change in fund balances | <u>(1,000)</u> | <u>(1,000)</u> | <u>65</u> | <u>1,065</u> |
| Fund Balance: | | | | |
| Beginning | <u>8,220</u> | <u>8,220</u> | <u>8,251</u> | <u>31</u> |
| Ending | <u>\$ 7,220</u> | <u>\$ 7,220</u> | <u>\$ 8,316</u> | <u>\$ 1,096</u> |

CITY OF MEDFORD

Community Park Reserve Fund - 092

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

| | <u>Biennium Budget</u> | | <u>First Year Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|------------------|------------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Charges for services | \$ 40,000 | \$ 40,000 | \$ 15,482 | \$ (24,518) |
| Investment earnings | - | - | 487 | 487 |
| Total revenues | <u>40,000</u> | <u>40,000</u> | <u>15,969</u> | <u>(24,031)</u> |
| Expenditures: | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess revenues over (under) expenditures | <u>40,000</u> | <u>40,000</u> | <u>15,969</u> | <u>(24,031)</u> |
| Net change in fund balances | 40,000 | 40,000 | 15,969 | (24,031) |
| Fund Balance: | | | | |
| Beginning | <u>58,560</u> | <u>58,560</u> | <u>54,736</u> | <u>(3,824)</u> |
| Ending | <u>\$ 98,560</u> | <u>\$ 98,560</u> | <u>\$ 70,705</u> | <u>\$ (27,855)</u> |

NONMAJOR DEBT SERVICE FUNDS

These funds account for the payment of principal and interest on tax allocation development and urban renewal bonds, certificates of participation, and general obligation Bancroft improvement bonds. Revenue is mainly derived from property taxes and collections on special assessments levied against property owners. Funds included in this category are:

- General Debt Service Fund - Accounts for payment of principal and interest on general obligation debt. The principal source of revenue is property taxes.
- Revenue Bond Fund - Accounts for the payment of principal and interest on the Gas Tax Revenue Bonds. The principal source of revenue is the collection of street system development charges through interfund transfers.
- MURA Debt Service Fund - Accounts for the payment of principal and interest incurred on debt of the Medford Urban Renewal Agency. The principal source of revenues is property taxes.



CITY OF MEDFORD

Nonmajor Debt Service Funds

Combining Balance Sheet

June 30, 2012

| | <u>General Debt Service Fund - 060</u> | <u>Revenue Bond Fund - 062</u> | <u>MURA Debt Service Fund - 906</u> | <u>Total</u> |
|--------------------------------------|--|------------------------------------|---|---------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 112,265 | \$ - | \$ 2,996,812 | \$ 3,109,077 |
| Receivables | | | | |
| Taxes | <u>47,968</u> | <u>-</u> | <u>381,057</u> | <u>429,025</u> |
| Total assets | <u>\$ 160,233</u> | <u>\$ -</u> | <u>\$ 3,377,869</u> | <u>\$ 3,538,102</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Deferred revenue | <u>\$ 39,095</u> | <u>\$ -</u> | <u>\$ 310,834</u> | <u>\$ 349,929</u> |
| Fund balances: | | | | |
| Reserved for: | | | | |
| Debt service | <u>121,138</u> | <u>-</u> | <u>3,067,035</u> | <u>3,188,173</u> |
| Total liabilities and fund balances | <u>\$ 160,233</u> | <u>\$ -</u> | <u>\$ 3,377,869</u> | <u>\$ 3,538,102</u> |

CITY OF MEDFORD

Nonmajor Debt Service Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Year ended June 30, 2012

| | General Debt Service Fund - 060 | Revenue Bond Fund - 062 | MURA Debt Service Fund - 906 | Total |
|--|---------------------------------------|----------------------------|------------------------------------|---------------------|
| REVENUES | | | | |
| Property taxes | \$ 461,667 | \$ - | \$ 4,684,921 | \$ 5,146,588 |
| Investment earnings | <u>2,147</u> | <u>63</u> | <u>14,056</u> | <u>16,266</u> |
| Total revenues | <u>463,814</u> | <u>63</u> | <u>4,698,977</u> | <u>5,162,854</u> |
| EXPENDITURES | | | | |
| Debt service: | | | | |
| Principal | 4,303,000 | 4,062,000 | 6,308,892 | 14,673,892 |
| Interest | <u>2,161,323</u> | <u>750,364</u> | <u>441,876</u> | <u>3,353,563</u> |
| Total expenditures | <u>6,464,323</u> | <u>4,812,364</u> | <u>6,750,768</u> | <u>18,027,455</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(6,000,509)</u> | <u>(4,812,301)</u> | <u>(2,051,791)</u> | <u>(12,864,601)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | <u>6,037,828</u> | <u>4,235,970</u> | <u>2,000,000</u> | <u>12,273,798</u> |
| Net change in fund balances | 37,319 | (576,331) | (51,791) | (590,803) |
| Beginning fund balances | <u>83,819</u> | <u>576,331</u> | <u>3,118,826</u> | <u>3,778,976</u> |
| Ending fund balances | <u>\$ 121,138</u> | <u>\$ -</u> | <u>\$ 3,067,035</u> | <u>\$ 3,188,173</u> |

CITY OF MEDFORD

General Debt Service Fund - 060

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

| | <u>Biennium Budget</u> | | | |
|--|------------------------|--------------------|------------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | <u>First Year Actual</u> | <u>Variance with Final Budget</u> |
| Revenues: | | | | |
| Property taxes | \$ 851,040 | \$ 851,040 | \$ 461,667 | \$ (389,373) |
| Investment earnings | - | - | 2,147 | 2,147 |
| Total revenues | <u>851,040</u> | <u>851,040</u> | <u>463,814</u> | <u>(387,226)</u> |
| Expenditures: | | | | |
| Debt service | <u>5,807,770</u> | <u>9,436,040</u> | <u>6,464,323</u> | <u>2,971,717</u> |
| Excess revenues over (under) expenditures | <u>(4,956,730)</u> | <u>(8,585,000)</u> | <u>(6,000,509)</u> | <u>2,584,491</u> |
| Other financing sources (uses): | | | | |
| Transfers in | <u>4,956,710</u> | <u>8,584,980</u> | <u>6,037,828</u> | <u>(2,547,152)</u> |
| Net change in fund balances | (20) | (20) | 37,319 | 37,339 |
| Fund Balance: | | | | |
| Beginning | <u>27,760</u> | <u>27,760</u> | <u>83,819</u> | <u>56,059</u> |
| Ending | <u>\$ 27,740</u> | <u>\$ 27,740</u> | <u>\$ 121,138</u> | <u>\$ 93,398</u> |

Reconciliation to GAAP Basis:

The \$3,628,269 of advance refunding of debt is classified as an other financing use - payment to refunded bond escrow agent in the basic financial statements, but is reported as debt service on the budgetary basis.

CITY OF MEDFORD

Revenue Bond Fund - 062

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

| | Biennium Budget | | First Year Actual | Variance with Final Budget |
|--|-------------------|-------------------|----------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Investment earnings | \$ 7,000 | \$ 7,000 | \$ 63 | \$ (6,937) |
| Expenditures: | | | | |
| Debt service | 5,096,540 | 9,165,820 | 4,812,364 | 4,353,456 |
| Excess revenues over (under) expenditures | (5,089,540) | (9,158,820) | (4,812,301) | 4,346,519 |
| Other financing sources (uses): | | | | |
| Transfers in | 4,805,560 | 8,874,840 | 4,235,970 | (4,638,870) |
| Net change in fund balances | (283,980) | (283,980) | (576,331) | (292,351) |
| Fund Balance: | | | | |
| Beginning | 577,510 | 577,510 | 576,331 | (1,179) |
| Ending | <u>\$ 293,530</u> | <u>\$ 293,530</u> | <u>\$ -</u> | <u>\$ (293,530)</u> |

Reconciliation to GAAP Basis:

The \$2,359,869 advance refunding of debt is classified as an other financing use - payment to refunded bond escrow agent in the basic financial statements, but is reported as debt service on the budgetary basis.

CITY OF MEDFORD

MURA Debt Service Fund - 906

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

| | Annual Budget | | | |
|--|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | Actual | Variance with Final Budget |
| Revenues: | | | | |
| Property taxes | \$ 4,465,000 | \$ 4,465,000 | \$ 4,684,921 | \$ 219,921 |
| Investment earnings | <u>18,151</u> | <u>18,151</u> | <u>14,056</u> | <u>(4,095)</u> |
| Total revenues | <u>4,483,151</u> | <u>4,483,151</u> | <u>4,698,977</u> | <u>215,826</u> |
| Expenditures: | | | | |
| Debt service | <u>5,277,600</u> | <u>5,277,600</u> | <u>6,750,768</u> | <u>(1,473,168)</u> |
| Excess revenues over (under) expenditures | <u>(794,449)</u> | <u>(794,449)</u> | <u>(2,051,791)</u> | <u>(1,257,342)</u> |
| Other financing sources (uses): | | | | |
| Transfers in | - | 2,000,000 | 2,000,000 | - |
| Transfers out | <u>(2,000,000)</u> | <u>(2,000,000)</u> | <u>-</u> | <u>2,000,000</u> |
| Net change in fund balances | (2,794,449) | (794,449) | (51,791) | 742,658 |
| Fund Balance: | | | | |
| Beginning | <u>5,158,000</u> | <u>5,158,000</u> | <u>3,118,826</u> | <u>(2,039,174)</u> |
| Ending | <u>\$ 2,363,551</u> | <u>\$ 4,363,551</u> | <u>\$ 3,067,035</u> | <u>\$ (1,296,516)</u> |



NONMAJOR CAPITAL PROJECTS FUNDS

The Capital Projects Funds account for revenue derived primarily from property taxes and state gas tax apportionments which are designated for the construction of specific projects. Funds included in this category are:

- Greenway Construction Fund - Accounts for construction of Bear Creek greenways.
- Special Sidewalk Fund – Accounts for the expenditure of the proceeds of the Sidewalk Bonds and Sidewalk grants.



CITY OF MEDFORD

Nonmajor Capital Project Funds

Combining Balance Sheet

June 30, 2012

| | Greenway Construction Fund - 041 | Special Sidewalk Fund - 044 | Total |
|--------------------------------------|--|--------------------------------|--------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 1,817 | \$ 1,387,801 | \$ 1,389,618 |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ - | \$ 2,788 | \$ 2,788 |
| Payroll and related accruals | - | 2,912 | 2,912 |
| Total liabilities | - | 5,700 | 5,700 |
| Fund Balances: | | | |
| Restricted for: | | | |
| Highways and streets | - | 1,382,101 | 1,382,101 |
| Culture and recreation | 1,817 | - | 1,817 |
| Total fund balances | 1,817 | 1,382,101 | 1,383,918 |
| Total liabilities and fund balances | \$ 1,817 | \$ 1,387,801 | \$ 1,389,618 |

CITY OF MEDFORD

Nonmajor Capital Project Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Year ended June 30, 2012

| | Greenway Construction Fund - 041 | Special Sidewalk Fund - 044 | Total |
|---|--|--------------------------------|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| REVENUES | | | |
| Investment earnings | \$ 14 | \$ 11,160 | \$ 11,174 |
| EXPENDITURES | | | |
| Current | | | |
| Highways and streets | - | 53,324 | 53,324 |
| Capital outlay | <u> -</u> | <u> 6,264</u> | <u> 6,264</u> |
| Total expenditures | <u> -</u> | <u> 59,588</u> | <u> 59,588</u> |
| Excess (deficiency) of revenues over (under) expenditures | 14 | (48,428) | (48,414) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers out | <u> -</u> | <u> (9,600)</u> | <u> (9,600)</u> |
| Net change in fund balances | 14 | (58,028) | (58,014) |
| Beginning fund balances | <u> 1,803</u> | <u> 1,440,129</u> | <u> 1,441,932</u> |
| Ending fund balances | <u>\$ 1,817</u> | <u>\$ 1,382,101</u> | <u>\$ 1,383,918</u> |

CITY OF MEDFORD

Greenway Construction Fund - 041

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

| | <u>Biennium Budget</u> | | <u>First Year Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|-----------------|------------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Investment earnings | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 14</u> | <u>\$ 14</u> |
| Expenditures: | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess revenues over (under) expenditures | <u>-</u> | <u>-</u> | <u>14</u> | <u>14</u> |
| Net change in fund balances | <u>-</u> | <u>-</u> | <u>14</u> | <u>14</u> |
| Fund Balance: | | | | |
| Beginning | <u>1,800</u> | <u>1,800</u> | <u>1,803</u> | <u>3</u> |
| Ending | <u>\$ 1,800</u> | <u>\$ 1,800</u> | <u>\$ 1,817</u> | <u>\$ 17</u> |

CITY OF MEDFORD

Special Sidewalk Fund - 044

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

| | <u>Biennium Budget</u> | | <u>First Year Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|-------------------|------------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Investment earnings | <u>\$ 14,000</u> | <u>\$ 14,000</u> | <u>\$ 11,160</u> | <u>\$ (2,840)</u> |
| Expenditures: | | | | |
| Sidewalk projects | <u>955,000</u> | <u>955,000</u> | <u>59,588</u> | <u>895,412</u> |
| Excess revenues over (under) expenditures | <u>(941,000)</u> | <u>(941,000)</u> | <u>(48,428)</u> | <u>892,572</u> |
| Other financing sources (uses): | | | | |
| Transfers out | <u>(19,700)</u> | <u>(19,700)</u> | <u>(9,600)</u> | <u>10,100</u> |
| Net change in fund balances | <u>(960,700)</u> | <u>(960,700)</u> | <u>(58,028)</u> | <u>902,672</u> |
| Fund Balance: | | | | |
| Beginning | <u>1,179,590</u> | <u>1,179,590</u> | <u>1,440,129</u> | <u>260,539</u> |
| Ending | <u>\$ 218,890</u> | <u>\$ 218,890</u> | <u>\$ 1,382,101</u> | <u>\$ 1,163,211</u> |

ENTERPRISE FUNDS BUDGET AND ACTUAL SCHEDULES

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.

The Parking Facilities Fund accounts for the maintenance, operation, improvements, and expansion of the City's off-street parking facilities.



CITY OF MEDFORD
Sewer Utility Fund
Combining Balance Sheet
June 30, 2012

| | Storm Drain SDC Fund - 022 | Storm Drain Utility Fund - 046 | Sewage Treatment Fund - 090 | Sewer Collection System SDC Fund - 020 | Sanitary Sewer Maintenance Fund - 014 | Sewage Treatment SDC Fund - 023 | Total |
|---|----------------------------------|--------------------------------------|-----------------------------------|---|--|--|---------------|
| ASSETS | | | | | | | |
| Current assets: | | | | | | | |
| Cash and cash equivalents | \$ 2,014,317 | \$ 3,749,234 | \$ 4,936,654 | \$ 465,727 | \$ 1,825,350 | \$ 5,386,875 | \$ 18,378,157 |
| Receivables | 2,514 | 18,316 | 205,717 | 572 | 6,466 | 32,978 | 266,563 |
| Inventories | - | - | 73,195 | - | - | - | 73,195 |
| Due from Medford Water Commission | - | 349,134 | - | - | 467,300 | - | 816,434 |
| Total current assets | 2,016,831 | 4,116,684 | 5,215,566 | 466,299 | 2,299,116 | 5,419,853 | 19,534,349 |
| Noncurrent assets: | | | | | | | |
| Capital assets: | | | | | | | |
| Land and construction in progress | - | 25,465 | 8,882,432 | - | 55,393 | - | 8,963,290 |
| Capital assets, net of accumulated depreciation | - | 30,050,202 | 24,166,974 | - | 16,072,052 | - | 70,289,228 |
| Total capital assets | - | 30,075,667 | 33,049,406 | - | 16,127,445 | - | 79,252,518 |
| Total assets | \$ 2,016,831 | \$ 34,192,351 | \$ 38,264,972 | \$ 466,299 | \$ 18,426,561 | \$ 5,419,853 | \$ 98,786,867 |
| LIABILITIES | | | | | | | |
| Current liabilities: | | | | | | | |
| Accounts payable | \$ 11,493 | \$ 226,569 | \$ 452,279 | \$ - | \$ 157,204 | \$ 732,592 | \$ 1,580,137 |
| Payroll and related accruals | 3,505 | 51,648 | 81,297 | 1,380 | 45,008 | - | 182,838 |
| Due to Medford Water Commission | - | 10,731 | 457 | - | 16,673 | - | 27,861 |
| Compensated absences, due within one year | - | 10,209 | 20,463 | - | 13,326 | - | 43,998 |
| Total current liabilities | 14,998 | 299,157 | 554,496 | 1,380 | 232,211 | 732,592 | 1,834,834 |
| Noncurrent liabilities: | | | | | | | |
| Compensated absences, due in more than one year | - | 40,838 | 81,852 | - | 53,306 | - | 175,996 |
| Total liabilities | 14,998 | 339,995 | 636,348 | 1,380 | 285,517 | 732,592 | 2,010,830 |
| NET ASSETS | | | | | | | |
| Invested in capital assets | - | 30,075,667 | 33,049,406 | - | 16,127,445 | - | 79,252,518 |
| Restricted for future development | 2,001,833 | - | - | 464,919 | - | 4,687,261 | 7,154,013 |
| Unrestricted | - | 3,776,689 | 4,579,218 | - | 2,013,599 | - | 10,369,506 |
| Total net assets | 2,001,833 | 33,852,356 | 37,628,624 | 464,919 | 18,141,044 | 4,687,261 | 96,776,037 |
| Total liabilities and fund balances | \$ 2,016,831 | \$ 34,192,351 | \$ 38,264,972 | \$ 466,299 | \$ 18,426,561 | \$ 5,419,853 | \$ 98,786,867 |

CITY OF MEDFORD

Sewer Utility Fund

Combining Schedule of Revenue, Expenses, and Changes in Fund Net Assets

Year ended June 30, 2012

| | Storm Drain SDC Fund - 022 | Storm Drain Utility Fund - 046 | Sewage Treatment Fund - 090 | Sewer Collection System SDC Fund - 020 | Sanitary Sewer Maintenance Fund - 014 | Sewage Treatment SDC Fund - 023 | Eliminate Internal Transfer | Total |
|--|----------------------------------|--------------------------------------|-----------------------------------|---|--|--|-----------------------------------|---------------|
| OPERATING REVENUES | | | | | | | | |
| Charges for services | \$ - | \$ 3,899,595 | \$ 2,363,184 | \$ - | \$ 5,298,040 | \$ - | \$ - | \$ 11,560,819 |
| Intergovernmental | - | 28,236 | - | - | - | - | - | 28,236 |
| Other revenue | 376 | 1,485 | 6,241 | - | 2,796 | - | - | 10,898 |
| Total operating revenues | 376 | 3,929,316 | 2,369,425 | - | 5,300,836 | - | - | 11,599,953 |
| OPERATING EXPENSES | | | | | | | | |
| Salaries and fringe benefits | 102,705 | 1,490,225 | 2,295,876 | 63,708 | 1,190,079 | - | - | 5,142,593 |
| Operating supplies | 167,870 | 307,775 | 293,530 | - | 129,797 | - | - | 898,972 |
| Professional services | 21,000 | 290,653 | 84,401 | 371,026 | (68,133) | - | - | 698,947 |
| Repairs and maintenance | - | 29,216 | 154,354 | - | 49,528 | - | - | 233,098 |
| Premiums and claims | - | 11,110 | 31,220 | - | 21,880 | - | - | 64,210 |
| Utilities | - | 2,481 | 373,164 | - | 9,154 | - | - | 384,799 |
| General, administrative, and engineering | - | 8,111 | 90,230 | - | 11,576 | - | - | 109,917 |
| Depreciation | - | 981,944 | 1,338,073 | - | 580,919 | - | - | 2,900,936 |
| Total operating expenses | 291,575 | 3,121,515 | 4,660,848 | 434,734 | 1,924,800 | - | - | 10,433,472 |
| Operating income (loss) | (291,199) | 807,801 | (2,291,423) | (434,734) | 3,376,036 | - | - | 1,166,481 |
| NONOPERATING REVENUE (EXPENSES) | | | | | | | | |
| Gain on sale of capital assets | - | 11,182 | 12,055 | - | 892 | - | - | 24,129 |
| Grants and contracts | - | 7,320 | - | - | - | - | - | 7,320 |
| Investment earnings | 18,527 | 27,456 | 46,449 | 4,613 | 13,934 | 61,114 | - | 172,093 |
| Total nonoperating revenues (expenses) | 18,527 | 45,958 | 58,504 | 4,613 | 14,826 | 61,114 | - | 203,542 |
| Income (loss) before contributions and transfers | (272,672) | 853,759 | (2,232,919) | (430,121) | 3,390,862 | 61,114 | - | 1,370,023 |
| Contributions and transfers: | | | | | | | | |
| Contributions | 152,207 | 22,366 | - | 61,912 | - | 565,803 | - | 802,288 |
| Transfers in | - | - | 6,605,470 | - | - | - | (6,605,470) | - |
| Transfers out | (7,800) | (250,999) | (246,699) | (5,099) | (2,346,247) | (4,515,517) | 6,605,470 | (766,891) |
| Total contributions and transfers | 144,407 | (228,633) | 6,358,771 | 56,813 | (2,346,247) | (3,949,714) | - | 35,397 |
| Change in net assets | (128,265) | 625,126 | 4,125,852 | (373,308) | 1,044,615 | (3,888,600) | - | 1,405,420 |
| Beginning net assets | 2,130,098 | 33,227,230 | 33,502,772 | 838,227 | 17,096,429 | 8,575,861 | - | 95,370,617 |
| Ending net assets | \$ 2,001,833 | \$ 33,852,356 | \$ 37,628,624 | \$ 464,919 | \$ 18,141,044 | \$ 4,687,261 | \$ - | \$ 96,776,037 |

CITY OF MEDFORD

Storm Drain SDC Fund - 022

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

| | Biennium Budget | | First Year Actual | Variance with Final Budget |
|--|-------------------|-------------------|----------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Charges for services | \$ 194,000 | \$ 194,000 | \$ 152,207 | \$ (41,793) |
| Investment earnings | 28,200 | 28,200 | 16,013 | (12,187) |
| Other revenue | - | - | 376 | 376 |
| Total revenues | <u>222,200</u> | <u>222,200</u> | <u>168,596</u> | <u>(53,604)</u> |
| Expenditures: | | | | |
| Storm drain system development | 717,280 | 717,280 | 291,575 | 425,705 |
| Contingency | 22,000 | 22,000 | - | 22,000 |
| Total expenditures | <u>739,280</u> | <u>739,280</u> | <u>291,575</u> | <u>447,705</u> |
| Excess revenues over (under) expenditures | <u>(517,080)</u> | <u>(517,080)</u> | <u>(122,979)</u> | <u>394,101</u> |
| Other financing sources (uses): | | | | |
| Transfers out | <u>(16,000)</u> | <u>(16,000)</u> | <u>(7,800)</u> | <u>8,200</u> |
| Total other financing sources (uses) | <u>(16,000)</u> | <u>(16,000)</u> | <u>(7,800)</u> | <u>8,200</u> |
| Net change in fund balances | (533,080) | (533,080) | (130,779) | 402,301 |
| Fund Balance: | | | | |
| Beginning | <u>1,299,400</u> | <u>1,299,400</u> | <u>2,130,098</u> | <u>830,698</u> |
| Ending | <u>\$ 766,320</u> | <u>\$ 766,320</u> | \$ 1,999,319 | <u>\$ 1,232,999</u> |
| Reconciliation to GAAP Basis (Fund Balance to Net Assets): | | | | |
| Receivable | | | <u>2,514</u> | |
| Total net assets - end of year | | | <u>\$ 2,001,833</u> | |

CITY OF MEDFORD

Storm Drain Utility Fund - 046

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

| | Biennium Budget | | First Year Actual | Variance with Final Budget |
|--|---------------------|---------------------|----------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ 30,000 | \$ 30,000 | \$ 28,236 | \$ (1,764) |
| Charges for services | 7,810,000 | 7,810,000 | 3,899,595 | (3,910,405) |
| Investment earnings | 28,200 | 28,200 | 23,125 | (5,075) |
| Other revenue | 4,000 | 4,000 | 1,485 | (2,515) |
| Grants and contracts | - | - | 7,320 | 7,320 |
| Total revenues | <u>7,872,200</u> | <u>7,872,200</u> | <u>3,959,761</u> | <u>(3,912,439)</u> |
| Expenditures: | | | | |
| Storm drain system maintenance | 6,338,400 | 6,338,400 | 2,216,152 | 4,122,248 |
| Contingency | <u>589,740</u> | <u>589,740</u> | - | 589,740 |
| Total expenditures | <u>6,928,140</u> | <u>6,928,140</u> | <u>2,216,152</u> | <u>4,711,988</u> |
| Excess revenues over (under) expenditures | <u>944,060</u> | <u>944,060</u> | <u>1,743,609</u> | <u>799,549</u> |
| Other financing sources (uses): | | | | |
| Transfers out | (513,300) | (513,560) | (250,999) | 262,561 |
| Gain on sale of capital assets | <u>-</u> | <u>-</u> | <u>13,008</u> | <u>13,008</u> |
| Net change in fund balances | 430,760 | 430,500 | 1,505,618 | 1,075,118 |
| Fund Balance: | | | | |
| Beginning | <u>2,785,990</u> | <u>2,785,990</u> | <u>2,317,788</u> | <u>(468,202)</u> |
| Ending | <u>\$ 3,216,750</u> | <u>\$ 3,216,490</u> | \$ 3,823,406 | <u>\$ 606,916</u> |
| Reconciliation to GAAP Basis: | | | | |
| Receivable | | | 4,331 | |
| Capital assets, net | | | 30,075,666 | |
| Compensated absences | | | <u>(51,047)</u> | |
| Total net assets - end of year | | | <u>\$ 33,852,356</u> | |

CITY OF MEDFORD

Sewage Treatment Fund - 090

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

| | <u>Biennium Budget</u> | | | |
|--|------------------------|---------------------|------------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | <u>First Year Actual</u> | <u>Variance with Final Budget</u> |
| Revenues: | | | | |
| Charges for services | \$ 4,886,000 | \$ 4,886,000 | \$ 2,363,184 | \$ (2,522,816) |
| Investment earnings | 63,400 | 63,400 | 40,209 | (23,191) |
| Other revenue | 6,200 | 6,200 | 6,241 | 41 |
| Grants and contracts | <u>1,250,000</u> | <u>1,250,000</u> | <u>-</u> | <u>(1,250,000)</u> |
| Total revenues | <u>6,205,600</u> | <u>6,205,600</u> | <u>2,409,634</u> | <u>(3,795,966)</u> |
| Expenditures: | | | | |
| Sewage treatment maintenance | 11,534,220 | 11,534,220 | 4,943,384 | 6,590,836 |
| Contingency | <u>979,770</u> | <u>979,770</u> | <u>-</u> | <u>979,770</u> |
| Total expenditures | <u>12,513,990</u> | <u>12,513,990</u> | <u>4,943,384</u> | <u>7,570,606</u> |
| Excess revenues over (under) expenditures | <u>(6,308,390)</u> | <u>(6,308,390)</u> | <u>(2,533,750)</u> | <u>3,774,640</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 4,360,000 | 4,360,000 | 2,101,253 | (2,258,747) |
| Transfers out | (505,300) | (508,530) | (246,700) | 261,830 |
| Gain on sale of capital assets | <u>-</u> | <u>-</u> | <u>12,055</u> | <u>12,055</u> |
| Total other financing sources (uses) | <u>3,854,700</u> | <u>3,851,470</u> | <u>1,866,608</u> | <u>(1,984,862)</u> |
| Net change in fund balances | (2,453,690) | (2,456,920) | (667,142) | 1,789,778 |
| Fund Balance: | | | | |
| Beginning | <u>5,042,190</u> | <u>5,042,190</u> | <u>5,269,242</u> | <u>227,052</u> |
| Ending | <u>\$ 2,588,500</u> | <u>\$ 2,585,270</u> | <u>\$ 4,602,100</u> | <u>\$ 2,016,830</u> |
| Reconciliation to GAAP Basis (Fund Balance to Net Assets): | | | | |
| Receivable | | | 6,239 | |
| Inventory | | | 73,195 | |
| Capital assets, net | | | 33,049,405 | |
| Compensated absences | | | <u>(102,315)</u> | |
| Total net assets - end of year | | | <u>\$ 37,628,624</u> | |

CITY OF MEDFORD

Sewer Collection System SDC Fund - 020

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

| | <u>Biennium Budget</u> | | | |
|--|------------------------|-------------------|------------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | <u>First Year Actual</u> | <u>Variance with Final Budget</u> |
| Revenues: | | | | |
| Charges for services | \$ 150,000 | \$ 150,000 | \$ 61,912 | \$ (88,088) |
| Investment earnings | 7,000 | 7,000 | 4,041 | (2,959) |
| Grants and contracts | - | 155,000 | - | (155,000) |
| Total revenues | <u>157,000</u> | <u>312,000</u> | <u>65,953</u> | <u>(246,047)</u> |
| Expenditures: | | | | |
| Sewer collection system development | 912,190 | 1,067,190 | 434,734 | 632,456 |
| Contingency | 16,000 | 16,000 | - | 16,000 |
| Total expenditures | <u>928,190</u> | <u>1,083,190</u> | <u>434,734</u> | <u>648,456</u> |
| Excess revenues over (under) expenditures | <u>(771,190)</u> | <u>(771,190)</u> | <u>(368,781)</u> | <u>402,409</u> |
| Other financing sources (uses): | | | | |
| Transfers out | <u>(10,500)</u> | <u>(10,500)</u> | <u>(5,099)</u> | <u>5,401</u> |
| Net change in fund balances | (781,690) | (781,690) | (373,880) | 407,810 |
| Fund Balance: | | | | |
| Beginning | <u>883,850</u> | <u>883,850</u> | <u>838,227</u> | <u>(45,623)</u> |
| Ending | <u>\$ 102,160</u> | <u>\$ 102,160</u> | <u>\$ 464,347</u> | <u>\$ 362,187</u> |
| Reconciliation to GAAP Basis (Fund Balance to Net Assets): | | | | |
| Receivable | | | <u>572</u> | |
| Total net assets - end of year | | | <u>\$ 464,919</u> | |

CITY OF MEDFORD

Sanitary Sewer Maintenance Fund - 014

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

| | <u>Biennium Budget</u> | | <u>First Year Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|--------------------|------------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Charges for services | \$ 10,609,500 | \$ 10,609,500 | \$ 5,298,040 | \$ (5,311,460) |
| Investment earnings | 7,000 | 7,000 | 11,705 | 4,705 |
| Other revenue | - | - | 2,796 | 2,796 |
| Grants and contracts | - | 115,000 | - | (115,000) |
| Total revenues | <u>10,616,500</u> | <u>10,731,500</u> | <u>5,312,541</u> | <u>(5,418,959)</u> |
| Expenditures: | | | | |
| Sewer system maintenance and construction | 6,298,210 | 6,453,210 | 2,166,039 | 4,287,171 |
| Contingency | <u>587,000</u> | <u>586,160</u> | - | <u>586,160</u> |
| Total expenditures | <u>6,885,210</u> | <u>7,039,370</u> | <u>2,166,039</u> | <u>4,873,331</u> |
| Excess revenues over (under) expenditures | <u>3,731,290</u> | <u>3,692,130</u> | <u>3,146,502</u> | <u>(545,628)</u> |
| Other financing sources (uses): | | | | |
| Transfers out | (4,860,800) | (4,861,640) | (2,346,247) | 2,515,393 |
| Gain on sale of capital assets | - | - | 892 | 892 |
| Total other financing sources (uses) | <u>(4,860,800)</u> | <u>(4,861,640)</u> | <u>(2,345,355)</u> | <u>2,516,285</u> |
| Net change in fund balances | (1,129,510) | (1,169,510) | 801,147 | 1,970,657 |
| Fund Balance: | | | | |
| Beginning | <u>1,155,620</u> | <u>1,155,620</u> | <u>1,276,855</u> | <u>121,235</u> |
| Ending | <u>\$ 26,110</u> | <u>\$ (13,890)</u> | <u>\$ 2,078,002</u> | <u>\$ 2,091,892</u> |
| Reconciliation to GAAP Basis: | | | | |
| Receivable | | | 2,229 | |
| Capital assets, net | | | 16,127,445 | |
| Compensated absences | | | <u>(66,632)</u> | |
| Total net assets - end of year | | | <u>\$ 18,141,044</u> | |

CITY OF MEDFORD

Sewage Treatment SDC Fund - 023

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

| | <u>Biennium Budget</u> | | | |
|--|------------------------|---------------------|------------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | <u>First Year Actual</u> | <u>Variance with Final Budget</u> |
| Revenues: | | | | |
| Charges for services | \$ 1,040,000 | \$ 1,040,000 | \$ 565,803 | \$ (474,197) |
| Investment earnings | <u>119,600</u> | <u>119,600</u> | <u>53,740</u> | <u>(65,860)</u> |
| Total revenues | <u>1,159,600</u> | <u>1,159,600</u> | <u>619,543</u> | <u>(540,057)</u> |
| Expenditures: | | | | |
| Sewage treatment SDC | <u>6,729,400</u> | <u>6,729,400</u> | <u>4,504,217</u> | <u>2,225,183</u> |
| Excess revenues over (under) expenditures | <u>(5,569,800)</u> | <u>(5,569,800)</u> | <u>(3,884,674)</u> | <u>1,685,126</u> |
| Other financing sources (uses): | | | | |
| Transfers out | <u>(23,100)</u> | <u>(23,100)</u> | <u>(11,300)</u> | <u>11,800</u> |
| Net change in fund balances | (5,592,900) | (5,592,900) | (3,895,974) | 1,696,926 |
| Fund Balance: | | | | |
| Beginning | <u>10,266,300</u> | <u>10,266,300</u> | <u>8,575,860</u> | <u>(1,690,440)</u> |
| Ending | <u>\$ 4,673,400</u> | <u>\$ 4,673,400</u> | <u>\$ 4,679,886</u> | <u>\$ 6,486</u> |
| Reconciliation to GAAP Basis (Fund Balance to Net Assets): | | | | |
| Receivable | | | 7,375 | |
| Total net assets, end of year | | | <u>\$ 4,687,261</u> | |

CITY OF MEDFORD

Parking Facilities Fund - 018

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

| | Biennium Budget | | | |
|---|-----------------|------------|----------------------|-------------------------------|
| | Original | Final | First Year Actual | Variance with Final Budget |
| Revenues: | | | | |
| Charges for services | \$ 954,000 | \$ 954,000 | \$ 371,009 | \$ (582,991) |
| Investment earnings | - | - | 1,520 | 1,520 |
| Total revenues | 954,000 | 954,000 | 372,529 | (581,471) |
| Expenditures: | | | | |
| Parking facilities maintenance and construction | 1,005,340 | 1,012,590 | 403,365 | 609,225 |
| Contingency | 107,000 | 107,000 | - | 107,000 |
| Total expenditures | 1,112,340 | 1,119,590 | 403,365 | 716,225 |
| Excess revenues over (under) expenditures | (158,340) | (165,590) | (30,836) | 134,754 |
| Other financing sources (uses): | | | | |
| Transfers in | 56,400 | 63,650 | 7,250 | (56,400) |
| Transfers out | (37,700) | (37,700) | (18,499) | 19,201 |
| Total other financing sources (uses) | 18,700 | 25,950 | (11,249) | (37,199) |
| Net change in fund balances | (139,640) | (139,640) | (42,085) | 97,555 |
| Fund Balance: | | | | |
| Beginning | 140,100 | 140,100 | 243,602 | 103,502 |
| Ending | \$ 460 | \$ 460 | \$ 201,517 | \$ 201,057 |
| Reconciliation to GAAP Basis: | | | | |
| Receivable | | | 231 | |
| Capital assets, net | | | 1,192,504 | |
| Total net assets - end of year | | | \$ 1,394,252 | |



INTERNAL SERVICE FUNDS

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

Internal Service Funds

Combining Balance Sheet

June 30, 2012

| | <u>Risk Management Fund - 003</u> | <u>Fleet Maintenance Fund - 082</u> | <u>Total</u> |
|---|---|---|---------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 2,191,469 | \$ 860,565 | \$ 3,052,034 |
| Receivables | - | 19,732 | 19,732 |
| Inventories | - | 616,852 | 616,852 |
| Due from Medford Water Commission | - | 12,679 | 12,679 |
| Total current assets | <u>2,191,469</u> | <u>1,509,828</u> | <u>3,701,297</u> |
| Noncurrent assets: | | | |
| Restricted cash and cash equivalents | 119,685 | - | 119,685 |
| Capital assets, net of accumulated depreciation | - | 84,521 | 84,521 |
| Total noncurrent assets | <u>119,685</u> | <u>84,521</u> | <u>204,206</u> |
| Total assets | <u>\$ 2,311,154</u> | <u>\$ 1,594,349</u> | <u>\$ 3,905,503</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 11,666 | \$ 75,310 | \$ 86,976 |
| Payroll and related accruals | 97,141 | 16,674 | 113,815 |
| Compensated absences, due within one year | - | 4,747 | 4,747 |
| Claims payable | 546,134 | - | 546,134 |
| Total current liabilities | 654,941 | 96,731 | 751,672 |
| Noncurrent liabilities: | | | |
| Compensated absences, due in more than one year | - | 18,988 | 18,988 |
| Total liabilities | <u>654,941</u> | <u>115,719</u> | <u>770,660</u> |
| NET ASSETS | | | |
| Invested in capital assets | - | 84,521 | 84,521 |
| Restricted for employee section 125 plan | 119,685 | - | 119,685 |
| Unrestricted | 1,536,528 | 1,394,109 | 2,930,637 |
| Total net assets | <u>1,656,213</u> | <u>1,478,630</u> | <u>3,134,843</u> |
| Total liabilities and net assets | <u>\$ 2,311,154</u> | <u>\$ 1,594,349</u> | <u>\$ 3,905,503</u> |

CITY OF MEDFORD

Internal Service Funds

Combining Statement of Revenue, Expenses, and Changes in Fund Net Assets

Year ended June 30, 2012

| | Risk Management Fund - 003 | Fleet Maintenance Fund - 082 | Total |
|---|----------------------------------|------------------------------------|---------------------|
| OPERATING REVENUES | | | |
| Charges for services | \$ - | \$ 186,775 | \$ 186,775 |
| Intergovernmental | 1,126,940 | 731,192 | 1,858,132 |
| Other revenue | <u>132</u> | <u>125,227</u> | <u>125,359</u> |
| Total operating revenues | <u>1,127,072</u> | <u>1,043,194</u> | <u>2,170,266</u> |
| OPERATING EXPENSES | | | |
| Salaries and fringe benefits | 542,425 | 446,456 | 988,881 |
| Operating supplies | 23,620 | 480,948 | 504,568 |
| Professional services | 108,739 | 8,054 | 116,793 |
| Repairs and maintenance | - | 8,223 | 8,223 |
| Premiums and claims | 522,973 | 1,820 | 524,793 |
| Utilities | - | 1,976 | 1,976 |
| General, administrative, and engineering | 8,848 | 10,425 | 19,273 |
| Depreciation | <u>-</u> | <u>10,898</u> | <u>10,898</u> |
| Total operating expenses | <u>1,206,605</u> | <u>968,800</u> | <u>2,175,405</u> |
| Operating income (loss) | <u>(79,533)</u> | <u>74,394</u> | <u>(5,139)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Gain on sale of capital assets | - | 546 | 546 |
| Investment earnings | <u>13,170</u> | <u>6,504</u> | <u>19,674</u> |
| Total nonoperating revenues (expenses) | <u>13,170</u> | <u>7,050</u> | <u>20,220</u> |
| Income before contributions and transfers | (66,363) | 81,444 | 15,081 |
| Contributions and transfers: | | | |
| Transfers in | 375,000 | - | 375,000 |
| Transfers out | <u>(74,600)</u> | <u>(18,100)</u> | <u>(92,700)</u> |
| Total contributions and transfers | <u>300,400</u> | <u>(18,100)</u> | <u>282,300</u> |
| Change in net assets | 234,037 | 63,344 | 297,381 |
| Beginning net assets | <u>1,422,176</u> | <u>1,415,286</u> | <u>2,837,462</u> |
| Ending net assets | <u>\$ 1,656,213</u> | <u>\$ 1,478,630</u> | <u>\$ 3,134,843</u> |

CITY OF MEDFORD

Internal Service Funds

Combining Statement of Cash Flows

Year ended June 30, 2012

| | Risk Management Fund - 003 | Fleet Maintenance Fund - 082 | Total |
|---|----------------------------------|------------------------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | \$ 1,126,940 | \$ 183,937 | \$ 1,310,877 |
| Receipt from interfund services provided | - | 746,942 | 746,942 |
| Payments to suppliers | (596,347) | (463,291) | (1,059,638) |
| Payments to employees | (483,915) | (436,136) | (920,051) |
| Other operating revenue | 132 | 125,774 | 125,906 |
| Net cash provided (used) by operating activities | <u>46,810</u> | <u>157,226</u> | <u>204,036</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Transfers from other funds | 375,000 | - | 375,000 |
| Transfers to other funds | <u>(74,600)</u> | <u>(18,100)</u> | <u>(92,700)</u> |
| Net cash provided (used) by noncapital financing activities | <u>300,400</u> | <u>(18,100)</u> | <u>282,300</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Proceeds from sale of capital assets | - | 546 | 546 |
| Acquisition and construction of capital assets | <u>-</u> | <u>(69,930)</u> | <u>(69,930)</u> |
| Net cash provided (used) by capital and related financing activities | <u>-</u> | <u>(69,384)</u> | <u>(69,384)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest and dividends received | <u>13,170</u> | <u>6,504</u> | <u>19,674</u> |
| Increase (decrease) in cash | 360,380 | 76,246 | 436,626 |
| Cash at beginning of year | <u>1,950,774</u> | <u>784,319</u> | <u>2,735,093</u> |
| Cash at end of year | <u>\$ 2,311,154</u> | <u>\$ 860,565</u> | <u>\$ 3,171,719</u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities | | | |
| Operating income (loss) | <u>\$ (79,533)</u> | <u>\$ 74,394</u> | <u>\$ (5,139)</u> |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | |
| Depreciation expense | - | 10,898 | 10,898 |
| (Increase) decrease in accounts receivable | - | 13,460 | 13,460 |
| (Increase) decrease in inventories | - | 19,693 | 19,693 |
| Increase (decrease) in accounts payable | (51,263) | 29,053 | (22,210) |
| Increase (decrease) in accrued payroll and related expenses | 19,085 | 4,197 | 23,282 |
| Increase (decrease) in compensated absences | - | 5,531 | 5,531 |
| Increase (decrease) in claims payable | 158,521 | - | 158,521 |
| Total adjustments | <u>126,343</u> | <u>82,832</u> | <u>209,175</u> |
| Net cash provided (used) by operating activities | <u>\$ 46,810</u> | <u>\$ 157,226</u> | <u>\$ 204,036</u> |

CITY OF MEDFORD

Risk Management Fund - 003

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

| | <u>Biennium Budget</u> | | | |
|--|------------------------|--------------------|------------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | <u>First Year Actual</u> | <u>Variance with Final Budget</u> |
| Revenues: | | | | |
| Intergovernmental | \$ 2,163,900 | \$ 2,163,900 | \$ 1,126,940 | \$ (1,036,960) |
| Investment earnings | 14,000 | 14,000 | 13,170 | (830) |
| Other revenue | - | - | 132 | 132 |
| Total revenues | <u>2,177,900</u> | <u>2,177,900</u> | <u>1,140,242</u> | <u>(1,037,658)</u> |
| Expenditures: | | | | |
| Risk management | 2,589,450 | 2,739,450 | 1,048,083 | 1,691,367 |
| Contingency | 850,000 | 850,000 | - | 850,000 |
| Total expenditures | <u>3,439,450</u> | <u>3,589,450</u> | <u>1,048,083</u> | <u>2,541,367</u> |
| Excess revenues over (under) expenditures | <u>(1,261,550)</u> | <u>(1,411,550)</u> | <u>92,159</u> | <u>1,503,709</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 750,000 | 750,000 | 375,000 | (375,000) |
| Transfers out | <u>(152,300)</u> | <u>(152,300)</u> | <u>(74,600)</u> | <u>77,700</u> |
| Total other financing sources (uses) | <u>597,700</u> | <u>597,700</u> | <u>300,400</u> | <u>(297,300)</u> |
| Net change in fund balances | (663,850) | (813,850) | 392,559 | 1,206,409 |
| Fund Balance: | | | | |
| Beginning | <u>1,452,860</u> | <u>1,452,860</u> | <u>1,809,788</u> | <u>356,928</u> |
| Ending | <u>\$ 789,010</u> | <u>\$ 639,010</u> | <u>\$ 2,202,347</u> | <u>\$ 1,563,337</u> |
| Reconciliation to GAAP Basis: | | | | |
| Claims payable | | | <u>(546,134)</u> | |
| Total net assets - end of year | | | <u>\$ 1,656,213</u> | |

CITY OF MEDFORD

Fleet Maintenance Fund - 082

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

| | Biennium Budget | | | |
|--|-------------------|-------------------|----------------------|-------------------------------|
| | Original | Final | First Year Actual | Variance with Final Budget |
| Revenues: | | | | |
| Intergovernmental | \$ 1,210,000 | \$ 1,293,000 | \$ 731,192 | \$ (561,808) |
| Charges for services | 122,000 | 289,250 | 186,775 | (102,475) |
| Investment earnings | 7,000 | 7,000 | 6,504 | (496) |
| Other revenue | <u>160,000</u> | <u>160,000</u> | <u>125,227</u> | <u>(34,773)</u> |
| Total revenues | <u>1,499,000</u> | <u>1,749,250</u> | <u>1,049,698</u> | <u>(699,552)</u> |
| Expenditures: | | | | |
| Fleet maintenance and operations | 1,646,540 | 1,896,790 | 1,022,301 | 874,489 |
| Contingency | <u>181,000</u> | <u>181,000</u> | <u>-</u> | <u>181,000</u> |
| Total expenditures | <u>1,827,540</u> | <u>2,077,790</u> | <u>1,022,301</u> | <u>1,055,489</u> |
| Excess revenues over (under) expenditures | <u>(328,540)</u> | <u>(328,540)</u> | <u>27,397</u> | <u>355,937</u> |
| Other financing sources (uses): | | | | |
| Transfers out | (37,300) | (37,300) | (18,100) | 19,200 |
| Gain on sale of capital assets | <u>-</u> | <u>-</u> | <u>546</u> | <u>546</u> |
| Total other financing sources (uses) | <u>(37,300)</u> | <u>(37,300)</u> | <u>(17,554)</u> | <u>19,746</u> |
| Net change in fund balances | (365,840) | (365,840) | 9,843 | 375,683 |
| Fund Balance: | | | | |
| Beginning | <u>681,690</u> | <u>681,690</u> | <u>1,408,002</u> | <u>726,312</u> |
| Ending | <u>\$ 315,850</u> | <u>\$ 315,850</u> | <u>\$ 1,417,845</u> | <u>\$ 1,101,995</u> |
| Reconciliation to GAAP Basis: | | | | |
| Capital assets, net | | | 84,520 | |
| Compensated absences | | | <u>(23,735)</u> | |
| Total net assets - end of year | | | <u>\$ 1,478,630</u> | |



OTHER FINANCIAL SCHEDULES



CITY OF MEDFORD
Schedule of Expenditures by Division
Budget and Actual
For the Year Ended June 30, 2012

| | <u>Biennium Budget</u> | | <u>First Year Actual</u> | <u>Variance with Final Budget</u> |
|---|------------------------|--------------|------------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Expenditures: | | | | |
| Mayor and council | \$ 798,340 | \$ 848,240 | \$ 338,422 | \$ 509,818 |
| Community promotion | 3,202,350 | 4,402,350 | 2,155,214 | 2,247,136 |
| Advisory services | 23,240 | 23,240 | 11,211 | 12,029 |
| Special events | 156,000 | 156,000 | 71,618 | 84,382 |
| Vision implementation | 40,000 | 31,000 | - | 31,000 |
| Technology services | 5,116,080 | 5,232,380 | 2,204,817 | 3,027,563 |
| Technology services - capital improvements | 336,000 | 336,000 | 142,088 | 193,912 |
| City management | 2,019,850 | 2,091,910 | 974,503 | 1,117,407 |
| Economic development | 333,840 | 335,130 | 31,497 | 303,633 |
| Neighborhood resources | 59,230 | 186,620 | 49,572 | 137,048 |
| City recorder | 351,590 | 353,950 | 169,248 | 184,702 |
| Emergency management | 9,360 | 9,360 | 2,718 | 6,642 |
| City attorney | 1,143,410 | 1,152,110 | 538,518 | 613,592 |
| Municipal court | 1,492,300 | 1,755,800 | 722,473 | 1,033,327 |
| Human resources | 1,028,470 | 1,113,770 | 546,109 | 567,661 |
| Finance | 2,630,500 | 2,650,500 | 1,177,591 | 1,472,909 |
| Bond interest & redemption | 10,904,310 | 18,601,860 | 11,276,687 | 7,325,173 |
| Insurance | 2,589,390 | 2,739,390 | 1,048,079 | 1,691,311 |
| Downtown parking enforcement | 701,730 | 708,980 | 290,836 | 418,144 |
| General expense | 2,376,380 | 23,697,480 | 22,159,893 | 1,537,587 |
| Police - administration | 3,551,270 | 3,845,140 | 1,751,188 | 2,093,952 |
| Police - technical support | 2,717,180 | 2,736,040 | 1,284,045 | 1,451,995 |
| Police - patrol | 19,425,850 | 19,335,550 | 9,199,500 | 10,136,050 |
| Police - operations support | 3,534,020 | 3,719,910 | 1,835,211 | 1,884,699 |
| Police - police investigation | 4,780,980 | 4,826,200 | 2,419,733 | 2,406,467 |
| Police - grants | 82,000 | 82,000 | 11,231 | 70,769 |
| Police - administrative support | 2,512,750 | 2,612,060 | 1,241,384 | 1,370,676 |
| Police - central communication | 3,448,240 | 3,448,240 | 1,972,534 | 1,475,706 |
| Police - capital improvements | 340,100 | 484,100 | 127,624 | 356,476 |
| Fire - administration | 415,330 | 490,480 | 217,190 | 273,290 |
| Fire - operations | 22,007,820 | 22,297,340 | 10,647,671 | 11,649,669 |
| Fire - prevention | 1,544,510 | 1,545,210 | 649,039 | 896,171 |
| Fire - training | 435,910 | 438,140 | 213,988 | 224,152 |
| Fire - capital improvements | 805,150 | 869,150 | 445,231 | 423,919 |
| Engineering and development | 7,830,400 | 7,903,490 | 2,889,852 | 5,013,638 |
| Engineering - capital improvements | 23,946,310 | 25,181,310 | 5,960,933 | 19,220,377 |
| PW - administration | 1,797,400 | 1,797,400 | 853,716 | 943,684 |
| PW - traffic maintenance | 4,163,650 | 4,236,650 | 2,113,860 | 2,122,790 |
| PW - street maintenance | 5,206,570 | 5,206,570 | 2,560,108 | 2,646,462 |
| PW - sewer maintenance | 3,250,410 | 3,250,410 | 1,267,574 | 1,982,836 |
| PW - storm drain maintenance | 2,682,970 | 2,682,970 | 1,156,111 | 1,526,859 |
| PW - fleet maintenance | 1,439,540 | 1,689,790 | 915,104 | 774,686 |
| PW - capital improvements | 3,655,000 | 3,655,000 | 2,209,239 | 1,445,761 |
| Water reclamation division | 7,932,670 | 7,932,670 | 3,474,849 | 4,457,821 |

Continued on next page

CITY OF MEDFORD

Schedule of Expenditures by Division, continued

Budget and Actual

For the Year Ended June 30, 2012

| | <u>Biennium Budget</u> | | <u>First Year Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|-----------------------|------------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Expenditures: | | | | |
| Water reclamation - capital improvements | 10,313,650 | 10,313,650 | 5,969,317 | 4,344,333 |
| Planning | 3,720,990 | 3,746,490 | 1,679,943 | 2,066,547 |
| Parks - administration | 877,110 | 1,042,380 | 411,146 | 631,234 |
| Parks - general recreation | 2,667,600 | 2,761,770 | 1,310,143 | 1,451,627 |
| Parks - arts & cultural events | 84,300 | 84,300 | 28,731 | 55,569 |
| Parks - park maintenance | 4,713,120 | 4,841,680 | 2,181,643 | 2,660,037 |
| Parks - special restricted funds | 72,220 | 106,920 | 10,629 | 96,291 |
| Parks - city tree program | 367,330 | 367,330 | 212,654 | 154,676 |
| Parks - building maintenance | 3,344,640 | 3,279,620 | 1,474,049 | 1,805,571 |
| Parks - capital improvements | 3,074,060 | 4,447,440 | 1,735,698 | 2,711,742 |
| Parks - UCC special events | 62,510 | 62,510 | 50,395 | 12,115 |
| Building safety | 2,185,610 | 2,185,610 | 943,966 | 1,241,644 |
| Contingency | <u>17,857,830</u> | <u>17,023,230</u> | <u>-</u> | <u>17,023,230</u> |
| Total expenditures | 212,159,370 | 246,954,820 | 115,336,323 | 131,618,497 |
| Other financing sources: | | | | |
| Transfers out | <u>20,438,570</u> | <u>28,798,950</u> | <u>15,968,810</u> | <u>12,830,140</u> |
| Total appropriations | <u>\$ 232,597,940</u> | <u>\$ 275,753,770</u> | <u>\$ 131,305,133</u> | <u>\$ 144,448,637</u> |

CITY OF MEDFORD

Schedule of Property Tax Transactions
Year Ended June 30, 2012

| City: | Tax Year | Uncollected as of July 1, 2011 | Levy as Extended by Assessor | Discounts Allowed | Adjustments | Collections | Uncollected as of June 30, 2012 |
|--------------------------|----------|-----------------------------------|---------------------------------|----------------------|-------------|------------------------|------------------------------------|
| City: | 2012 | - | \$ 31,048,268 | \$ (7,370) | \$ - | \$ (29,838,542) | \$ 1,202,356 |
| | 2011 | 1,257,578 | - | 358 | - | (673,963) | 583,973 |
| | 2010 | 585,341 | - | 1,100 | - | (244,592) | 341,849 |
| | 2009 | 338,058 | - | 54 | - | (204,731) | 133,381 |
| | 2008 | 106,685 | - | 30 | - | (58,535) | 48,180 |
| | prior | 102,548 | - | 26 | - | (13,897) | 88,677 |
| | | <u>\$ 2,390,210</u> | <u>\$ 31,048,268</u> | <u>\$ (5,802)</u> | <u>\$ -</u> | <u>\$ (31,034,260)</u> | <u>\$ 2,398,416</u> |
| Total primary government | | | | | | | |

| Medford Urban Renewal Agency: | Tax Year | Uncollected as of July 1, 2011 | Levy as Extended by Assessor | Discounts Allowed | Adjustments | Collections | Uncollected as of June 30, 2012 |
|-------------------------------|----------|-----------------------------------|---------------------------------|----------------------|-------------|------------------------|------------------------------------|
| Medford Urban Renewal Agency: | 2012 | - | \$ 4,818,697 | \$ (1,144) | \$ - | \$ (4,630,947) | \$ 186,606 |
| | 2011 | 198,209 | - | 56 | - | (106,224) | 92,041 |
| | 2010 | 93,385 | - | 176 | - | (39,022) | 54,539 |
| | 2009 | 57,826 | - | 9 | - | (35,020) | 22,815 |
| | 2008 | 17,871 | - | 5 | - | (9,805) | 8,071 |
| | prior | 19,505 | - | 5 | - | (2,524) | 16,986 |
| | | <u>\$ 386,796</u> | <u>\$ 4,818,697</u> | <u>\$ (893)</u> | <u>\$ -</u> | <u>\$ (4,823,542)</u> | <u>\$ 381,058</u> |
| Total component unit | | | | | | | |
| Total all funds | | | | | | | |
| | | <u>\$ 2,777,006</u> | <u>\$ 35,866,965</u> | <u>\$ (6,695)</u> | <u>\$ -</u> | <u>\$ (35,857,802)</u> | <u>\$ 2,779,474</u> |



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.

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|--|---------|
| Schedule 1 -- Net Assets by Component | 90 |
| Schedule 2 -- Changes in Net Assets | 91 |
| Schedule 3 -- Fund Balances | 92 |
| Schedule 4 -- Changes in Fund Balances | 93 - 94 |

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 | 95 |
| Schedule 6 -- Property Tax rates - Direct & Overlapping Governments | 96 |
| Schedule 7 -- Principal Property Taxpayers | 97 |
| Schedule 8 -- Property Tax Levies and Collections | 98 |

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 | 99 |
| Schedule 10 -- Ratios of Net General Bonded Debt Outstanding | 100 |
| Schedule 11 -- Direct & Overlapping Governmental Activities Debt | 101 |
| Schedule 12 -- Legal Debt Margin Information | 102 |
| Schedule 13 -- Pledged-Revenue Coverage | 103 |

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 comparisons over time and with other governments

| | |
|--|-----|
| Schedule 14 -- Demographic and Economic Statistics | 104 |
| Schedule 15 -- Largest Employers | 105 |

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 | 106 |
| Schedule 17 -- Operating Indicators by Function | 107 |
| Schedule 18 -- Capital Asset Statistics by Function | 108 |

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 Assets by Component

Last Four Fiscal Years - Unaudited

(Amounts in dollars)

(Accrual basis of accounting)

| | 2009 | 2010 | 2011 | 2012 |
|---|-------------|-------------|-------------|-------------|
| Governmental activities | | | | |
| Investment in capital assets, net of related debt | 208,801,287 | 214,648,301 | 225,070,486 | 214,017,088 |
| Restricted | | | | |
| Future System Development | | | | - |
| Public Safety | | | 1,710,116 | 304,287 |
| Employee section 125 plan | 58,002 | 41,139 | - | |
| Highways and streets | 12,059,374 | 17,995,987 | 18,355,893 | 12,367,765 |
| Culture & recreation | 1,934,604 | 1,741,936 | 1,847,405 | 1,308,384 |
| Community development | 1,112,862 | 3,703,587 | 3,766,736 | 1,688,873 |
| Debt service | 4,082,382 | 4,146,973 | 3,778,977 | 3,188,173 |
| PERS contribution | | | 1,457,607 | 2,035,080 |
| Unrestricted | 25,496,752 | 19,541,765 | 14,466,647 | 38,250,316 |
| Total governmental activities | 253,545,263 | 261,819,688 | 270,453,867 | 273,159,966 |
| Business type activities | | | | |
| Invested in capital assets | 73,165,671 | 73,620,645 | 76,190,298 | 80,445,022 |
| Restricted | | | | |
| Future system development | 13,343,828 | 13,040,845 | 11,544,184 | 7,154,013 |
| Unrestricted | 7,822,336 | 8,912,358 | 8,994,238 | 10,571,254 |
| Total business-type activities net assets | 94,331,835 | 95,573,848 | 96,728,720 | 98,170,289 |
| Primary Government | | | | |
| Invested in capital assets, net of related debt | 281,966,958 | 288,268,946 | 301,260,784 | 294,462,110 |
| Restricted | | | | |
| Future system development | 13,343,828 | 13,040,845 | 11,544,184 | 7,154,013 |
| Public Safety | | | 1,710,116 | 304,287 |
| Employee section 125 plan | 58,002 | 41,139 | - | - |
| Highways and streets | 12,059,374 | 17,995,987 | 18,355,893 | 12,367,765 |
| Culture & recreation | 1,934,604 | 1,741,936 | 1,847,405 | 1,308,384 |
| Community development | 1,112,862 | 3,703,587 | 3,766,736 | 1,688,873 |
| Debt service | 4,082,382 | 4,146,973 | 3,778,977 | 3,188,173 |
| PERS contribution | | | 1,457,607 | 2,035,080 |
| Unrestricted | 33,319,088 | 28,454,123 | 23,460,885 | 48,821,570 |
| Total primary government net assets | 347,877,098 | 357,393,536 | 367,182,587 | 371,330,255 |

City of Medford, Oregon
Schedule 2
Change in Net Assets
 Last Four Fiscal Years - Unaudited
 (Amounts in dollars)
 (Accrual basis of accounting)

| | 2009 | 2010 | 2011 | 2012 |
|---|----------------------|----------------------|----------------------|----------------------|
| Expenses | | | | |
| Governmental Activities | | | | |
| General government | \$ 11,067,765 | \$ 9,099,299 | \$ 7,943,745 | \$ 8,930,685 |
| Public safety | 30,638,676 | 29,113,251 | 33,360,267 | 33,766,228 |
| Highways and streets | 14,435,178 | 13,994,665 | 14,115,089 | 14,330,802 |
| Culture and recreation | 8,349,507 | 7,095,384 | 7,573,132 | 8,373,605 |
| Community development | | 5,712,703 | 6,044,328 | 6,103,180 |
| Interest on long-term debt | 3,883,346 | 3,864,286 | 3,294,488 | 3,697,765 |
| Total governmental activities expenses | 68,374,472 | 68,879,588 | 72,331,049 | 75,202,265 |
| Business type activities | | | | |
| Sewer services | 10,150,933 | 10,179,351 | 12,485,964 | 10,433,472 |
| Parking services | 386,800 | 411,681 | 332,673 | 379,767 |
| Total business-type activities expenses | 10,537,733 | 10,591,032 | 12,818,637 | 10,813,239 |
| Total primary Government expenses | \$ 78,912,205 | \$ 79,470,620 | \$ 85,149,686 | \$ 86,015,504 |
| Program Revenues | | | | |
| Governmental Activities | | | | |
| Charges for Services | | | | |
| General government | \$ 7,840,536 | \$ 5,758,207 | \$ 4,921,821 | \$ 3,617,405 |
| Public safety | 2,485,855 | 2,585,990 | 2,799,003 | 2,229,342 |
| Highways and streets | 7,323,231 | 6,505,957 | 7,241,299 | 8,132,177 |
| Culture and recreations | 2,292,263 | 2,645,391 | 3,123,140 | 2,354,531 |
| Community development | | 963,721 | 1,716,297 | 630,913 |
| Operating Grants and Contributions | | | | |
| General government | 1,110,204 | 1,436,003 | 54,660 | 4,180,320 |
| Public safety | 7,072 | 7,075 | 1,028,922 | 1,800,297 |
| Highways and streets | 3,828,824 | 5,225,536 | 3,751,548 | 5,249,324 |
| Culture and recreations | 886,523 | 88,340 | 18,000 | 3,225 |
| Community development | | 576,694 | 1,890,849 | 505,809 |
| Capital Grants and Contributions | | | | |
| General government | - | - | - | - |
| Highways and streets | 4,704,449 | 3,142,514 | 7,914,014 | 3,080,688 |
| Culture and recreation | - | - | 1,835,134 | 544,778 |
| Total governmental activities program revenue | 30,478,957 | 28,935,428 | 36,294,687 | 32,328,809 |
| Business type activities | | | | |
| Sewer services | | | | |
| Charges for services | 9,939,154 | 10,237,379 | 10,740,971 | 11,599,953 |
| Operating grants and contributions | 350,809 | 2,797 | 228,961 | 7,320 |
| Capital grants and contributions | 1,706,725 | 1,561,257 | 1,110,753 | 802,288 |
| Parking services | | | | |
| Charges for services | 293,815 | 487,696 | 272,916 | 371,022 |
| Charges for services | - | - | - | 54,404 |
| Total business type activities program revenues | \$ 12,290,503 | \$ 12,289,129 | \$ 12,353,601 | \$ 12,834,987 |
| Total primary government program revenues | \$ 42,769,460 | \$ 41,224,557 | \$ 48,648,288 | \$ 45,163,796 |
| Net (expense)/revenue | | | | |
| Governmental activities | \$ (37,895,515) | \$ (39,944,160) | \$ (36,036,362) | \$ (42,873,456) |
| Business Type activities | 1,752,770 | 1,698,097 | (465,036) | 2,021,748 |
| Total primary government net expenses | \$ (36,142,745) | \$ (38,246,063) | \$ (36,501,398) | \$ (40,851,708) |
| General Revenues and Other Changes in Net Assets | | | | |
| Governmental activities: | | | | |
| Property Taxes | 33,227,657 | 33,669,718 | 34,837,199 | 34,777,008 |
| Other taxes | 9,501,990 | 13,188,961 | 8,840,324 | 9,354,732 |
| Unrestricted investment earnings | 1,224,645 | 625,355 | 343,150 | 565,817 |
| Gain (Loss) on disposal of capital assets | 59,150 | 41,350 | (46,097) | 103,858 |
| Loss on abandonment of capital expenditures | - | - | - | - |
| Contributed capital to other governments | (1,468,189) | - | - | - |
| Transfers | 708,943 | 693,198 | 696,058 | 778,140 |
| Total Governmental Activities | 43,254,196 | 48,218,582 | 44,670,634 | 45,579,555 |
| Business type activities | | | | |
| Investment earnings | 418,642 | 237,114 | 130,587 | 173,844 |
| 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) |
| Total Business type activities | (2,468,747) | (456,084) | (565,471) | (580,167) |
| Total primary government | \$ 40,785,449 | \$ 47,762,498 | \$ 44,105,163 | \$ 44,999,388 |
| Change in Net Assets | | | | |
| Governmental activities | \$ 5,358,681 | \$ 8,274,422 | \$ 8,634,272 | \$ 2,706,099 |
| Business type activities | (715,977) | 1,242,013 | (1,030,507) | 1,441,581 |
| Total Primary Government | \$ 4,642,704 | \$ 9,516,435 | \$ 7,603,765 | \$ 4,147,680 |

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)

| Fiscal Year ending 6/30/XX | 2003 ¹ | 2004 ^{2,4,5,6} | 2005 ^{2,3} | 2006 | 2007 | 2008 | 2009 | 2010 ⁷ | 2011 | 2012 |
|---------------------------------------|-------------------|-------------------------|---------------------|---------------|---------------|---------------|---------------|-------------------|---------------|---------------|
| General Fund | | | | | | | | | | |
| Nonspendable | | | | | | | | | | |
| Inventory | 49,924 | 71,385 | - | - | - | - | - | - | 56,353 | 66,104 |
| Advances to other funds | | | | | | | | | | 20,950,000 |
| Unreserved | 14,899,650 | 16,397,586 | 16,210,552 | 16,380,858 | 17,865,765 | 19,627,721 | 16,700,620 | 19,022,954 | - | - |
| Committed for | | | | | | | | | | |
| PERS Contributions | | | | | | | | | 1,457,607 | 2,035,080 |
| Unassigned | | | | | | | | | 17,820,875 | 18,107,099 |
| Total General Fund | \$ 14,949,574 | \$ 16,468,971 | \$ 16,210,552 | \$ 16,380,858 | \$ 17,865,765 | \$ 19,627,721 | \$ 16,700,620 | \$ 19,022,954 | \$ 19,334,835 | \$ 41,158,283 |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | | | | | | | | | | |
| Highways and streets | 1,678,125 | 17,702,349 | 29,229,796 | 27,149,474 | 27,600,775 | 10,227,655 | 12,059,374 | 17,995,987 | | |
| Culture and recreation | - | 3,018,217 | 5,319,193 | 3,650,348 | 21,951,083 | 11,888,260 | 1,934,604 | 1,741,936 | | |
| Community Development | - | 4,670,631 | - | - | - | - | - | 3,703,587 | | |
| Debt service | 1,678,747 | 4,507,260 | 4,710,314 | 5,810,204 | 3,481,140 | 3,681,053 | 4,082,382 | 4,146,970 | | |
| Capital outlay | - | 241,064 | 244,981 | - | - | - | - | - | | |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 10,917,417 | 1,726,129 | 4,376,576 | 4,196,681 | 3,926,002 | 3,810,465 | 3,825,743 | 3,606,787 | | |
| Capital projects funds | 6,542,656 | - | - | - | 4,382,889 | 7,487,964 | 4,992,011 | - | | |
| Restricted for: | | | | | | | | | | |
| Public safety | | | | | | | | | 108,594 | 304,287 |
| Highways and streets | | | | | | | | | 9,867,064 | 12,367,765 |
| Culture and recreation | | | | | | | | | 1,504,922 | 1,308,384 |
| Community development | | | | | | | | | 3,766,736 | 1,688,873 |
| Debt Service | | | | | | | | | 3,778,977 | 3,188,173 |
| Committed for: | | | | | | | | | | |
| Public safety | | | | | | | | | 1,601,522 | 1,578,026 |
| Highways and streets | | | | | | | | | 8,487,026 | 7,568,251 |
| Culture and recreation | | | | | | | | | 344,286 | 431,636 |
| PERS contribution | | | | | | | | | - | - |
| Unassigned | | | | | | | | | - | (4,868,989) |
| Total of all other governmental funds | \$ 20,816,945 | \$ 31,865,650 | \$ 43,880,860 | \$ 40,806,707 | \$ 61,341,889 | \$ 37,105,397 | \$ 26,894,114 | \$ 31,195,267 | \$ 29,459,127 | \$ 23,566,406 |

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

¹ Medford Urban Renewal (MURA) is reflected as a Discretely Presented Component Unit. MURA's fund balance is not included in year 2003 and prior.
² Medford Urban Renewal is now treated as a Blended Component Unit (as of 2004).
³ The Gas Tax fund received \$8.3 million in OTIA Funds increasing the fund balance in 2005. Also the Street SDC fund was listed under Culture & Recreation in the 2005 CAFR. It has been moved to Highways and Streets for Comparison purposes in this schedule.
⁴ Medford Urban Renewal Fund Balance (Debt Service) was listed in our 2004 CAFR under Community Development. This has been moved to Debt service in the 2005 CAFR (\$3,178,916)
⁵ Prior to 2005 the Gas Tax and Street system Development Funds were reported as non major funds. As of 2004, the Street SDC fund has become a major fund and in 2005 the Gas Tax fund (13) received \$8.3 million in OTIA funds for bridges making it a major fund.
⁶ 2004 and later -- capital project fund balances are listed under the appropriate reserved governmental fund balance according to the fund restrictions.
⁷ 2010 and later - Community Development was reported separately

City of Medford, Oregon
Schedule 4
Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years - Unaudited
 (Amounts in dollars)

| | 2003 ¹ | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|-------------------|------------|------------|--------------|------------|--------------|--------------|------------|-------------|--------------|
| Revenues | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property | 19,808,173 | 24,626,853 | 26,347,587 | 27,846,413 | 29,015,206 | 30,938,364 | 32,716,967 | 33,550,863 | 34,558,484 | 34,817,095 |
| Franchise | 4,588,077 | 4,918,416 | 4,903,064 | 5,217,635 | 6,259,889 | 7,805,599 | 7,498,935 | 7,417,721 | 7,667,517 | 8,103,753 |
| Lodging ² | 1,759,043 | 1,767,464 | 1,868,020 | 2,147,748 | 2,409,719 | 2,553,494 | 2,282,538 | 2,273,219 | 2,373,254 | 2,501,953 |
| State gas tax | 2,661,858 | 3,032,251 | 3,327,689 | 3,394,786 | 3,389,522 | 3,256,822 | 2,938,714 | 3,201,504 | 3,751,548 | 4,089,443 |
| State Shared Revenues ⁵ | 1,369,401 | 1,463,758 | 1,560,775 | 1,710,047 | 1,303,663 | - | - | - | - | - |
| Car Rental Tax ³ | - | - | - | 203,736 | 311,446 | 314,066 | 291,150 | 296,517 | 313,011 | 338,587 |
| Special Assessments | 146,143 | 440,165 | 168,175 | 106,174 | 49,630 | 27,084 | 13,988 | 2,122 | 11,533 | 88,037 |
| System development charges | 7,121,388 | 5,397,780 | 3,556,187 | 3,431,361 | 4,139,557 | 2,684,561 | 3,300,899 | 1,516,968 | 1,322,155 | 3,625,466 |
| Charges for services | 2,672,023 | 5,265,903 | 6,718,045 | 6,843,020 | 6,229,665 | 7,234,145 | 6,336,212 | 8,168,600 | 2,102,585 | 1,549,305 |
| Fines and penalties | 1,041,294 | 2,688,763 | 1,069,343 | 1,118,277 | 1,285,286 | 1,376,390 | 1,303,508 | 1,332,950 | 1,395,800 | 1,187,906 |
| Intergovernmental | 5,311,029 | 2,483,901 | 9,276,732 | 1,416,398 | 2,547,231 | 4,493,337 | 4,733,895 | 5,038,659 | 4,105,206 | 4,257,320 |
| Licenses and permits | 2,515,591 | 1,184,776 | 3,683,950 | 4,298,327 | 4,789,573 | 3,887,457 | 3,298,628 | 3,107,511 | 11,074,896 | 11,467,015 |
| Investment earnings | 743,210 | 534,527 | 1,458,759 | 2,482,554 | 3,719,747 | 3,468,143 | 1,192,367 | 604,692 | 330,493 | 479,874 |
| Grants and contributions | - | 1,384,741 | 3,710,005 | 3,240,393 | 1,989,517 | 1,832,981 | 2,871,864 | 7,342,141 | 9,092,639 | 3,390,654 |
| Miscellaneous | 1,561,661 | 508,504 | 547,011 | 426,264 | 908,459 | 323,972 | 256,309 | 227,260 | 246,902 | 747,399 |
| Rental income | - | - | - | - | - | 80,733 | 72,220 | - | 24,842 | 21,987 |
| | 51,278,891 | 55,697,802 | 68,195,342 | 63,893,133 | 68,347,910 | 70,277,148 | 69,108,173 | 74,080,728 | 78,370,865 | 76,665,794 |
| Expenditures | | | | | | | | | | |
| General government | 7,605,482 | 9,268,581 | 10,087,654 | 9,760,308 | 8,587,907 | 7,314,274 | 8,410,989 | 7,287,388 | 7,943,745 | 8,061,216 |
| Public Safety | 20,275,786 | 21,100,767 | 22,860,619 | 24,755,871 | 25,263,463 | 27,728,314 | 29,647,717 | 28,599,595 | 30,497,243 | 30,880,952 |
| Highway and streets | 5,072,160 | 5,567,372 | 3,770,867 | 5,007,887 | 5,954,938 | 18,876,974 | 6,816,248 | 6,876,039 | 7,397,912 | 7,397,912 |
| Culture and recreation | 4,289,333 | 4,125,955 | 5,957,859 | 6,009,908 | 5,548,007 | 6,339,937 | 6,514,950 | 4,874,990 | 5,116,189 | 5,780,817 |
| Community development | - | - | - | - | - | 1,200,344 | 1,149,696 | 4,350,674 | 4,386,927 | 3,976,038 |
| Capital Outlay | 21,010,233 | 8,238,323 | 18,809,063 | 22,546,636 | 13,925,625 | 22,425,555 | 20,814,762 | 9,384,274 | 16,897,242 | 14,879,091 |
| Bond issuance costs | - | - | - | - | 127,215 | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - | - | - | - |
| Principal | 2,073,000 | 3,866,247 | 4,093,000 | 4,358,967 | 5,751,978 | 5,329,516 | 5,816,101 | 6,085,693 | 6,202,289 | 14,673,892 |
| Interest | 1,082,285 | 1,564,315 | 3,412,392 | 3,446,957 | 3,508,923 | 4,298,916 | 3,930,884 | 3,811,248 | 3,562,294 | 3,353,562 |
| Total Expenditures | 61,408,279 | 53,731,560 | 68,991,454 | 75,886,534 | 68,668,056 | 93,513,830 | 83,101,347 | 71,269,901 | 81,362,833 | 89,003,480 |
| Excess of revenues over (under) expenditures | (10,129,388) | 1,966,242 | (796,112) | (11,993,401) | (320,146) | (23,236,682) | (13,993,174) | 2,810,827 | (2,991,968) | (12,337,686) |

Continued on next page

Schedule 4
Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years - Unaudited
(Amounts in dollars)

| | 2003 ¹ | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|-------------------|--------------|---------------|----------------|---------------|-----------------|-----------------|--------------|----------------|---------------|
| Other Financing sources (uses) | | | | | | | | | | |
| Transfers in | 2,658,310 | 3,804,505 | 6,246,428 | 7,137,833 | 4,927,244 | 7,742,212 | 8,567,765 | 8,311,152 | 9,587,321 | 16,283,175 |
| Transfers out | (2,998,140) | (3,311,410) | (5,244,268) | (6,755,126) | (4,175,245) | (6,997,227) | (7,770,336) | (7,536,654) | (8,813,263) | (15,787,335) |
| PERS Unfunded liability payment ⁴ | - | (29,205,000) | - | - | - | - | - | - | - | - |
| Issuance of Debt (Bonds) | - | 29,376,688 | 9,500,000 | 8,088,000 | 21,535,000 | - | - | 3,000,000 | - | 27,649,094 |
| Issuance of Debt (State Loan) | - | - | 600,000 | - | - | - | - | - | - | - |
| Payments to refunded bond escrow ⁴ | - | (427,260) | - | - | - | - | - | - | - | - |
| Land purchase contract | - | - | - | - | - | - | - | - | 375,175 | - |
| Contributions | 8,321,648 | - | - | - | - | - | - | - | - | - |
| Capital Leases | 281,108 | - | 178,545 | 8,793 | - | - | - | - | - | - |
| Sale of capital assets | - | 278,057 | 917,076 | 610,053 | 53,236 | 17,161 | 57,360 | 38,163 | 418,476 | 123,482 |
| Total other financing sources | 8,262,926 | 515,580 | 12,197,781 | 9,089,553 | 22,340,235 | 762,146 | 854,789 | 3,812,661 | 1,567,709 | 28,268,416 |
| Net change in fund balances | \$ (1,866,462) | \$ 2,481,822 | \$ 11,401,669 | \$ (2,903,848) | \$ 22,020,089 | \$ (22,474,536) | \$ (13,138,385) | \$ 6,623,488 | \$ (1,424,259) | \$ 15,930,730 |

Debt service as % of noncapital expenditures

| | | | | | | | | | | |
|--|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 7.81% | 11.94% | 14.96% | 14.63% | 16.92% | 13.54% | 15.65% | 15.99% | 15.15% | 24.32% |
|--|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|

Note: The City has elected to prospectively report the information in schedule four. The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

¹ Tax revenues have been classified to the various types of taxes: property, franchise and state gas tax. System Development Fees have been listed separately from Fees, Licenses & permits. Totals remain the same as in the corresponding CAFRs.

² Transient Lodging tax was 6% from 1997 through Jan 2001, 8% through December 2005, and 9% as of January 2006.

³ The Car Rental tax was implemented in August 2005 and is 5%.

⁴ PERS Unfunded Liability Payments (& escrow payments) have been reclassified from an expenditure (in the CAFR) to Other financing uses in this schedule. Prior to 2003, some System Development charges were reported under "Charges for Services". From 2004 on they are under System Development Charges.

⁵ The CAFR in 2003 included State Revenue Sharing under Intergovernmental. This schedule includes it under "State Revenue Sharing" along with Alcohol & Tobacco Taxes.

**Schedule 5
Assessed and Estimated Actual Value of Taxable Property**

Last Ten Fiscal Years - Unaudited
(Amounts in dollars)
6/30/2012

| Fiscal Year Ended June 30, | Real Property | | Personal Property | | Other | | Less | | Total Taxable Assessed Value | Total Direct Tax Rate | (M\$) Estimated Actual Value (RMV) | Tax District totals RMV | Taxable Assessed Value as a Percentage of Estimated Actual Value |
|----------------------------|---------------|-------------------------|----------------------------------|---------------------|-------------|------------|---------------|---------------|------------------------------|-----------------------|------------------------------------|-------------------------|--|
| | Real Property | Manufactured Structures | Personal Manufactured Structures | Personal Properties | Utilities | Non Profit | UR Excess | | | | | | |
| 2003 | 3,523,925,933 | 4,851,820 | 26,836,950 | 196,843,260 | 156,942,300 | - | (160,874,796) | 3,748,725,467 | 5.17 | 4,957,735,307 | 5,118,410,103 | 75.61% | |
| 2004 | 3,739,236,170 | - | 32,738,654 | 202,885,280 | 143,592,242 | - | (159,229,415) | 3,959,222,931 | 5.18 | 5,258,929,123 | 5,418,158,538 | 75.29% | |
| 2005 | 4,029,317,277 | 1,169,870 | 26,234,270 | 206,691,110 | 155,672,423 | 8,129,360 | (179,285,351) | 4,247,828,959 | 5.08 | 6,454,088,199 | 6,633,373,550 | 65.82% | |
| 2006 | 4,279,803,751 | 1,063,090 | 28,055,070 | 211,295,100 | 134,566,730 | 8,373,200 | (170,448,926) | 4,492,708,015 | 5.10 | 7,706,168,970 | 7,915,603,826 | 58.30% | |
| 2007 | 4,550,377,762 | - | 32,142,750 | 224,937,040 | 145,043,300 | 8,624,380 | (169,017,222) | 4,792,108,010 | 5.19 | 9,311,851,490 | 9,530,490,159 | 51.46% | |
| 2008 | 4,857,400,615 | - | 32,039,870 | 244,176,970 | 154,695,800 | 8,883,070 | (184,855,860) | 5,112,340,465 | 5.19 | 10,623,830,705 | 10,668,403,922 | 48.12% | |
| 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 | 9,681,294,553 | 9,738,243,291 | 57.73% | |
| 2011 | 5,476,716,488 | - | 27,158,724 | 225,461,750 | 178,745,740 | 9,706,730 | (188,784,717) | 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 | 7,690,447,934 | 75.22% | |

Data Source: Jackson County Assessor

Notes: 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
6/30/2012

| Fiscal Year Ended 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 | Transpor-tation District | Community College | Vector Control | JC Soil Wtr | Urban Renewal District | |
| 2003 | 5.08 | - | 0.09 | 5.17 | 2.20 | 0.33 | 4.87 | 0.16 | 0.48 | 0.04 | - | 1.46 | 14.71 |
| 2004 | 5.09 | - | 0.09 | 5.18 | 2.33 | 0.33 | 4.77 | 0.16 | 0.48 | 0.04 | - | 1.38 | 14.67 |
| 2005 | 5.08 | - | - | 5.08 | 2.30 | 0.33 | 4.78 | 0.16 | 0.48 | 0.04 | - | 1.42 | 14.59 |
| 2006 | 5.10 | - | - | 5.10 | 2.12 | 0.33 | 4.81 | 0.16 | 0.61 | 0.04 | - | 1.31 | 14.48 |
| 2007 | 5.11 | - | 0.08 | 5.19 | 2.10 | 0.33 | 4.87 | 0.17 | 0.60 | 0.04 | - | 1.24 | 14.54 |
| 2008 | 5.11 | - | 0.08 | 5.19 | 2.10 | 0.33 | 6.05 | 0.16 | 0.60 | 0.04 | 0.05 | 1.27 | 15.79 |
| 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 | 0.17 | 0.61 | 0.04 | 0.05 | 0.85 | 15.86 |
| 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 |

Data Source: Jackson county

The 2011-12 Taxable Assessed Value to compute the tax rate code area of 4901 is \$5,049,197,292 which is 87.84% of the Total Taxable 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 FY1997-1998, 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 years requirements.

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

City of Medford, Oregon
Schedule 7
Principal Property Taxpayers
 Current year and nine years ago
 (Amounts in dollars)
 6/30/2012

| | | 2011 Top 10 All Roll Taxpayers for City of Medford | | | | 2002 Top Tax Payers | | | |
|---|-----------------------|--|------------------------|------|--|----------------------------------|------|--|--|
| Taxpayer | Type of Business | 2011 | 2011-12 | Rank | Percentage of Total Taxable Assessed Value | 6/30/2002 Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | |
| | | Current Taxes Imposed | Taxable Assessed Value | | | Value | | | |
| Rogue Valley Manor | Retirement Housing | 1,137,265 | 81,441,780 | 1 | 1.42% | 47,755,870 | 1 | 1.49% | |
| Rogue Valley Mall LLC (RV Partners in 2002) | Shopping Mall | 853,297 | 54,455,890 | 2 | 0.95% | 41,439,550 | 3 | 1.30% | |
| Charter Communications | Television | 577,907 | 36,881,000 | 3 | | | | | |
| Pacificorp (PP&L) | Electric Utility | 545,023 | 35,137,000 | 4 | 0.61% | 27,321,900 | 4 | 0.85% | |
| KRC Medford Center | Shopping Center | 524,872 | 33,496,440 | 5 | 0.58% | | | 0.00% | |
| Kogap Enterprises | Commercial Contractor | 505,923 | 34,006,400 | 6 | 0.59% | 18,125,000 | 6 | 0.57% | |
| Lithia real Estate Inc. | Automobile Dealership | 497,516 | 31,750,880 | 7 | 0.55% | | | 0.00% | |
| Avista Corp DBA Washington | Gas Utility | 428,186 | 27,549,200 | 8 | 0.48% | 16,146,300 | 7 | 0.50% | |
| Qwest Corporation | Telephone Utility | 416,780 | 26,828,500 | 9 | 0.47% | 46,667,810 | 2 | | |
| Asante | Health Organization | 304,723 | 19,806,010 | 10 | 0.34% | 13,436,760 | 9 | 0.42% | |
| Haagen Alexander | Shopping Mall | | | | | 24,040,210 | 5 | 0.75% | |
| United Airlines | Aviation | | | | | 13,793,000 | 8 | 0.43% | |
| Pan Pacific Retail Property, Inc. | Property Management | | | | | 13,004,640 | 10 | | |
| Total | | 5,791,492 | 381,353,100 | | 5.99% | 261,731,040 | | 6.32% | |

Note: The 2011-12 Taxable Assessed Valuation for the City of Medford is: 5,747,894,702
 The Taxable Assessed Valuation for year ended 6/30/2002 was: 3,584,799,333
 This schedule includes the ten largest tax payers of the city of Medford, unless fewer are required to reach 50% of the revenue base.

Data Source: Jackson County Assessor's Office

City of Medford, Oregon
Schedule 8
Property Tax Levies and Collections
 Last Ten Fiscal Years - Unaudited
 (Amounts in dollars)
6/30/2012

| Fiscal Year Ended 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 | Years | | | | | |
| 2003 | 24,363,248 | 22,577,611 | 92.7% | 982,928 | 23,560,539 | 96.7% | 1,963,475 | 8.1% | |
| 2004 | 25,797,358 | 24,148,239 | 93.6% | 1,131,497 | 25,279,736 | 98.0% | 1,724,336 | 6.7% | |
| 2005 | 27,309,341 | 25,546,960 | 93.5% | 907,463 | 26,454,423 | 96.9% | 1,732,845 | 6.3% | |
| 2006 | 28,814,021 | 27,538,210 | 95.6% | 1,105,448 | 28,643,658 | 99.4% | 1,339,390 | 4.6% | |
| 2007 | 30,521,942 | 28,710,513 | 94.1% | 757,855 | 29,468,368 | 96.5% | 1,624,748 | 5.3% | |
| 2008 | 32,206,133 | 30,272,542 | 94.0% | 929,482 | 31,202,024 | 96.9% | 1,928,079 | 6.0% | |
| 2009 | 34,234,682 | 32,021,550 | 93.5% | 999,767 | 33,021,317 | 96.5% | 2,420,801 | 7.1% | |
| 2010 | 34,874,113 | 32,691,353 | 93.7% | 1,303,906 | 33,995,259 | 97.5% | 2,224,171 | 6.4% | |
| 2011 | 35,347,185 | 33,063,713 | 93.5% | 1,210,632 | 34,274,345 | 97.0% | 2,840,074 | 8.0% | |
| 2012 | 35,720,813 | 34,469,488 | 96.5% | 1,388,313 | 35,857,801 | 100.4% | 2,779,475 | 7.8% | |

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

Data Source: Jackson County Assessors Office

Schedule 9

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years - Unaudited

(Amounts in dollars)

6/30/2012

| Fiscal Year Ended June 30, | Governmental Activities | | | | | Business Type Activities | | | | | Total Primary Government | Per Capita ¹ | Percentage Per Capita ¹ | Percentage of Personal Income |
|----------------------------|---------------------------------------|---------------------------------------|----------------|------------------------------------|------------------------------------|--------------------------|------------------|-------|----------------|---|--------------------------|-------------------------|------------------------------------|-------------------------------|
| | General Obligation Bonds ⁴ | Special Assessment Bonds ² | Capital Leases | Medford Urban Renewal (MURA) Bonds | Contract/ Loan (MURA) ³ | General | | | Capital Leases | | | | | |
| | | | | | | Sewer Bonds | Obligation Bonds | Bonds | | | | | | |
| 2003 | 21,025,000 | 1,609,150 | 227,448 | 13,370,000 | 500,317 | - | - | - | - | - | 36,731,915 | 540 | 0.19% | 0.70% |
| 2004 | 48,305,000 | 1,434,150 | 292,538 | 12,185,000 | 583,720 | - | - | - | - | - | 62,800,408 | 907 | 0.11% | 1.21% |
| 2005 | 46,665,000 | 1,246,150 | 309,272 | 19,420,000 | 600,000 | - | - | - | - | - | 68,240,422 | 963 | 0.10% | 1.16% |
| 2006 | 49,565,000 | 1,157,150 | 144,445 | 20,398,000 | 540,033 | - | - | - | - | - | 71,804,628 | 971 | 0.10% | 1.14% |
| 2007 | 66,560,000 | - | 17,645 | 20,400,000 | 483,205 | - | - | - | - | - | 87,460,850 | 1,156 | 0.09% | 1.31% |
| 2008 | 64,000,000 | - | - | 17,689,000 | 424,689 | - | - | - | - | - | 82,113,689 | 1,085 | 0.09% | 1.20% |
| 2009 | 61,165,000 | - | - | 14,767,000 | 365,587 | - | - | - | - | - | 76,297,587 | 993 | 0.10% | 1.11% |
| 2010 | 58,185,000 | - | - | 14,721,000 | 305,894 | - | - | - | - | - | 73,211,894 | 977 | 0.10% | 1.06% |
| 2011 | 55,550,000 | - | - | 11,214,000 | 245,693 | - | - | - | - | - | 67,009,693 | 894 | 0.11% | 0.95% |
| 2012 | 73,818,000 | - | - | 4,966,000 | 184,801 | - | - | - | - | - | 78,968,801 | 1,045 | 0.10% | 1.14% |

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.

Sources: City Finance Department and Medford Urban Renewal Agency (MURA)

- 1 See the Demographic and Economic Schedule 14 for population and personal income data.
- 2 The Bancroft (Special Assessment Bonds) were paid off in full September 2006.
- 3 The State Loan to MURA was paid in full on 8/1/12
- 4 The City issued \$20,950,000 in bonds on behalf of MURA for various projects and refunded and defeased 2 bond issues.

City of Medford, Oregon

Schedule 10

Ratios of Net General Bonded Debt Outstanding

Last Ten Fiscal Years - Unaudited

(Amounts in dollars)

6/30/2012

| Fiscal Year Ended June 30, | General Obligation Bonds ⁴ | Medford Urban Ren. Bonds | Total General Obligation 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 |
|-----------------------------------|--|---------------------------------|---------------------------------------|---|--------------------------------------|--|--------------------------------|
| 2003 | 22,634,150 | 13,370,000 | 36,004,150 | 2,681,635 | 33,322,515 | 0.89% | 489.46 |
| 2004 | 49,739,150 | 12,185,000 | 61,924,150 | 4,507,260 | 57,416,890 | 1.45% | 829.48 |
| 2005 | 47,911,150 | 19,420,000 | 67,331,150 | 4,710,314 | 62,620,836 | 1.47% | 883.73 |
| 2006 | 50,722,150 | 20,398,000 | 71,120,150 | 5,810,204 | 65,309,946 | 1.45% | 883.04 |
| 2007 | 66,560,000 | 20,400,000 | 86,960,000 | 3,481,140 | 83,478,860 | 1.74% | 1,103.12 |
| 2008 | 64,000,000 | 17,689,000 | 81,689,000 | 3,681,053 | 78,007,947 | 1.53% | 1,030.42 |
| 2009 | 61,165,000 | 14,767,000 | 75,932,000 | 4,082,382 | 71,849,618 | 1.33% | 934.73 |
| 2010 | 58,185,000 | 14,721,000 | 72,906,000 | 4,146,970 | 68,759,030 | 1.23% | 917.93 |
| 2011 | 55,550,000 | 11,214,000 | 66,764,000 | 3,689,980 | 63,074,020 | 1.10% | 841.21 |
| 2012 | 73,818,000 | 4,966,000 | 78,784,000 | 3,188,173 | 75,595,827 | 1.32% | 1,000.67 |

Notes: Details regarding the City's outstanding debt can be found in the notes to 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.

(4) This column includes G.O. Revenue supported Bonds in the amount of \$25,899,000 as of 6/30/12.

City of Medford, Oregon
Schedule 11
Direct and Overlapping Governmental Activities Debt
As of June 30, 2012
(Amounts in dollars)

| Governmental Unit | Debt Outstanding | Estimated Percentage Applicable | Estimated Share of Direct & Overlapping Debt |
|--|-----------------------------|--|---|
| Debt repaid with property taxes | | | |
| Jackson County | 20,625,000 | 35.8500% | 7,393,402 |
| Jackson County Housing Authority | 3,737,583 | 35.8500% | 1,339,804 |
| JC School District #4 (Phoenix-Talent) | 25,390,000 | 31.8200% | 8,079,453 |
| JC School District #549C (Medford) | 218,270,000 | 76.0100% | 165,896,114 |
| JC School District #6 (Central Point) | 19,420,000 | 1.7000% | 330,062 |
| Rogue Community College | 19,410,000 | 26.2900% | 5,103,724 |
| Rogue Community College (Jackson Cty Bond) | 20,950,000 | 35.8500% | 7,509,905 |
| Subtotal Overlapping Debt | 327,802,583 | | 195,652,464 |
| City Direct Debt | | | |
| City Gross Property Tax Backed Direct Debt | 73,818,000 | | 73,818,000 |
| | 401,620,583 | | 269,470,464 |

Sources: Oregon State Treasury, Debt Management Information System

Notes:

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

Schedule 12

Legal Debt Margin Information

Last Ten Fiscal Years - Unaudited
(Amounts in dollars)
6/30/2012

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Debt Limit | 153,552,303 | 162,544,756 | 199,001,207 | 236,298,537 | 285,914,705 | 320,052,118 | 319,582,996 | 292,147,299 | 257,373,568 | 230,713,438 |
| Total net debt applicable to limit | 3,500,991 | 32,735,823 | 31,700,892 | 28,852,646 | 31,673,860 | 30,886,602 | 29,728,410 | 28,698,030 | 34,902,020 | 44,729,667 |
| Legal debt margin | 150,051,312 | 129,808,933 | 167,300,315 | 207,445,891 | 254,240,845 | 289,165,516 | 289,854,586 | 263,449,269 | 222,471,548 | 185,983,771 |
| Total net debt applicable to the limit as a percentage of debt limit | 2.33% | 25.22% | 18.95% | 13.91% | 12.46% | 10.68% | 10.26% | 10.89% | 15.69% | 24.05% |

Legal Debt Margin Calculation for Fiscal Year 2011

| | |
|---|----------------------|
| Real Market Value | 7,690,447,934 |
| Add Back: exempt real property | - |
| Total Real Market Value (M\$) | <u>7,690,447,934</u> |
| Debt Limit (3% of total Assessed Value) | 230,713,438 |
| Amount of debt applicable to debt limit | 73,818,000 |
| Total Bonded Debt: | |

Deductions:

| | |
|---|-------------------|
| Assets in debt service funds available for payment of principal | 122,298 |
| Special assessment bonds (Urban Renewal) | 3,067,035 |
| Revenue bonds | 20,933,000 |
| Urban redevelopment bonds | 4,966,000 |
| Total deductions | <u>29,088,333</u> |

Total net debt applicable to limit 44,729,667

Legal Debt Margin 185,983,771

Total net debt applicable to the limit as a percentage of the debt limit 24.05%

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

City of Medford, Oregon
Schedule 13
Pledged Revenue Coverage 06/30/12
Last Ten Fiscal Years - Unaudited
(Amounts in dollars)

Gas Tax Revenue Bonds

| Fiscal Year Ended June 30, | Gross Revenues | Gas Tax State Revenue Only | Less: Operating Expenses | Net | Total Gas Tax bonds | | Coverage Actual Debt Service | Additional Bonds Test ⁽⁴⁾ | |
|----------------------------------|-------------------|-------------------------------|--------------------------------|---|---------------------|---------------|------------------------------------|--|--------------|
| | | | | Revenue Available For Debt Service | Paid during year | | | | |
| | | | | | Principal | Interest | | | |
| 2004 | 3,153,484 | 3,032,251 | 635,103 | 2,518,381 | 985,000 | 463,093 | 1.74 | 1.05 | |
| 2005 ² | 12,111,970 | 3,327,689 | 684,626 | 11,427,344 | 1,020,000 | 427,918 | 7.89 | 1.19 | |
| 2006 | 3,875,080 | 3,394,786 | 1,709,549 | 2,165,531 | 1,050,000 | 391,215 | 1.50 | 1.31 | |
| 2007 | 3,866,849 | 3,389,522 | 1,109,814 | 2,757,035 | 1,090,000 | 352,368 | 1.91 | 1.34 | |
| 2008 | 3,610,299 | 3,256,822 | 1,254,847 | 2,355,452 | 1,130,000 | 310,798 | 1.63 | 1.34 | |
| 2009 | 3,102,040 | 2,938,714 | 1,292,573 | 1,809,467 | 1,180,000 | 266,333 | 1.25 | 1.28 | |
| 2010 | 3,283,173 | 3,201,504 | 1,794,032 | 1,489,141 | 1,225,000 | 218,333 | 1.03 | 1.16 | |
| 2011 | 3,789,545 | 3,751,548 | 1,684,897 | 2,104,648 | 1,275,000 | 167,283 | 1.46 | 1.26 | |
| 2012 ¹ | 6,662,955 | 4,089,443 | 1,344,823 | 5,318,131 | 3,322,000 | 91,432 | 1.56 | 0.63 | |
| | | | | \$ 46,341,650 | \$ 33,044,137 | \$ 12,858,222 | \$ 33,483,427 | \$ 13,232,000 | \$ 3,185,866 |

Parks Revenue Bonds

| Fiscal Year Ended June 30, | Gross Revenues ³ | Operating Expenses | Net | Total Parks Bonds | | Coverage Actual Debt Service |
|----------------------------------|--------------------------------|-----------------------|---|-------------------|--------------|------------------------------------|
| | | | Revenue Available For Debt Service | Paid during year | | |
| | | | | Principal | Interest | |
| 2003 | 1,316,862 | - | 1,316,862 | 175,000 | 270,344 | 2.96 |
| 2004 | 1,399,986 | - | 1,399,986 | 200,000 | 244,299 | 3.15 |
| 2005 | 3,716,665 | 101,365 | 3,615,300 | 205,000 | 238,299 | 8.16 |
| 2006 | 2,669,132 | 266,302 | 2,402,830 | 210,000 | 232,149 | 5.43 |
| 2007 ⁵ | 3,851,761 | 183,109 | 3,668,652 | 215,000 | 223,749 | 8.36 |
| 2008 | 4,143,944 | 311,782 | 3,832,162 | 705,000 | 1,125,434 | 2.09 |
| 2009 | 3,531,259 | 340,506 | 3,190,752 | 895,000 | 947,280 | 1.73 |
| 2010 ⁶ | 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 ⁷ | 2,901,938 | 500,107 | 2,401,831 | 4,528,000 | 926,641 | 0.44 |
| | | \$ 2,077,009 | \$ 27,172,886 | \$ 9,028,000 | \$ 5,993,342 | |

Source: City of Medford Finance Department

Notes:

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

¹ Gross Revenues include bond proceeds of \$2,010,000 for Gas Tax refunding & payoff of \$2,350,000.

² Gross Revenues includes ODOT Grant for McAndrews Bridge of \$8,346,000

³ Parks revenue comes from a portion of the Transient Lodging Tax (25%) and Car Rental Tax and a Parks Utility Fee. Bond proceeds of \$3,673,000 are not included

⁴ An Additional bonds test is required per Ordinance 1999-04. This requires the coverage calculation to be calculated using Maximum Annual Debt Service for each issue. The 1999 bond was refunded during FY11/12 and this skewed the additional bonds test coverage.

⁵ Gross Revenues do not include Bond proceeds of \$18,965,000

⁶ Gross Revenues were higher in FY09 due to receipt of grants for the Santo Center & the Sports Park.

⁷ The 2002 Parks bond was defeased in FY11/12 and \$3,673,000 was reissued.

City of Medford, Oregon
Schedule 14
Demographic and Economic Statistics
 Last Ten Fiscal Years - Unaudited

Significant Dates/Form of Government

Date of Incorporation - as a Town 1885
 Date of Incorporation - as a City 1901
 Form of Government Council-City Manager

| Fiscal Year Ended June 30, | Population (1) | School Enrollment (2) | # of Teachers (2) | # 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) | |
|----------------------------------|-------------------|-----------------------------|-------------------------|------------------------|--------------------------|--------------------|---|---|---------------------------------|-------------------------|---------------------------------|-------------------------|
| | | | | | | | | | # of Units (in thousands) | Value (in thousands) | # of Units (in thousands) | Value (in thousands) |
| 2003 | 68,080 | 12,854 | 672 | 18 | 8.6 | 34,126 | 5,214 | 27,491 | 399 | 68,866 | 623 | 89,351 |
| 2004 | 69,220 | 12,759 | 573 | 18 | 7.4 | 34,150 | 5,202 | 28,658 | 402 | 117,302 | 747 | 88,134 |
| 2005 | 70,860 | 12,705 | 562 | 19 | 6.1 | 35,668 | 5,860 | 30,133 | 407 | 68,255 | 655 | 88,136 |
| 2006 | 73,960 | 12,853 | 531 | 19 | 5.7 | 36,256 | 6,322 | 31,785 | 414 | 74,011 | 465 | 108,564 |
| 2007 | 75,675 | 12,490 | 512 | 20 | 5.3 | 36,735 | 6,670 | 33,516 | 458 | 91,063 | 385 | 103,895 |
| 2008 | 75,705 | 12,408 | 568 | 20 | 7.2 | 36,982 | 6,849 | 34,051 | 413 | 103,975 | 141 | 24,963 |
| 2009 | 76,867 | 12,252 | 555 | 21 | 13.2 | 37,715 | 6,849 | 34,051 | 382 | 146,729 | 107 | 18,930 |
| 2010 | 74,907 | 12,201 | 530 | 21 | 11.9 | 37,105 | 6,911 | 34,506 | 263 | 23,444 | 115 | 21,702 |
| 2011 | 74,980 | 12,583 | n/a | 23 | 11.7 | 37,851 | 7,073 | 34,314 | 348 | 56,595 | 98 | 17,257 |
| 2012 | 75,545 | 11,181 | n/a | 17 | 11.1 | 102,500 | 6,951 | 34,168 | 438 | 100,539 | 100 | 21,096 |

(1) Portland State University - 3/28/12 - 2011 Annual Population Reports
 (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 was 2010 & per capita personal income was 2010 available by BEA economic area
 (4) US Department of Labor Bureau of Labor Statistics Data (www.bls.gov) (Local Area Unemployment Statistics)
 (5) City Building Dept.
 (6) US Department of Labor, Bureau of Labor Statistics

City of Medford, Oregon
Schedule 15
Largest Employers
2010 and 8 years ago
6/30/2012

| <u>Employer</u> | <u>2010 ¹</u> | | | <u>Feb 2002 ²</u> | | |
|------------------------------|--------------------------|-------------|--|------------------------------|-------------|--|
| | <u>Employees (1)</u> | <u>Rank</u> | <u>Percentage of Total City Employment</u> | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total City Employment</u> |
| Asante (RV Medical) | 3,676 | 1 | 9.94% | 3,700 | 1 | 11.24% |
| Harry & David Operations | 2,000 | 2 | 5.41% | 2,700 | 2 | 8.21% |
| Providence Medical Center | 1,288 | 3 | 3.48% | | | 0.00% |
| Pacific Retirement Services | 650 | 4 | 1.76% | | | |
| Lithia Motors | 609 | 5 | 1.65% | | | |
| Boise Building Solutions | 600 | 6 | 1.62% | | | 0.00% |
| Timber Products | 425 | 7 | 1.15% | | | 0.00% |
| City of Medford | 421 | 8 | 1.14% | 864 | 5 | 2.63% |
| Regency Bluecross Blueshield | 325 | 9 | 0.88% | 425 | 6 | 1.29% |
| Carestream Health | 300 | 10 | 0.81% | 500 | | 1.52% |
| Century Link | 300 | 11 | 0.81% | | | |
| Costco | 274 | 12 | 0.74% | 1000 | 3 | 3.04% |
| Boise Cascade Corp | | | 0.00% | 900 | 4 | 2.74% |

Note: Information regarding the top ten employers nine years ago was unavailable. Information regarding the top ten employers in 2002 is from a variety of sources.

Source

(1) Per SOREDI annual account calls and survey data (2010) estimates only

(2) Per City of Medford Economic Development Department, Oregon Economic & Community Development Program,

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

| | (2) | (2) | (2) | (3) | (3) | (3) | (3) | (3) | 3, 4 | 3 |
|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | <u>02-03</u> | <u>03-04</u> | <u>04-05</u> | <u>05-06</u> | <u>06-07</u> | <u>07-08</u> | <u>08-09</u> | <u>09-10</u> | <u>10-11</u> | <u>11-12</u> |
| City Manager | 9.0 | 9.0 | 10.0 | 11.0 | 11.0 | 9.3 | 8.0 | 8.0 | 9.0 | 8.0 |
| Information Services | 11.0 | 11.0 | 11.0 | 11.0 | 10.8 | 12.0 | 13.5 | 13.0 | 12.0 | 11.0 |
| Recorder | 1.0 | 1.0 | 1.0 | 1.1 | 1.0 | 1.0 | 1.0 | 1.0 | - | - |
| Human Resources | 3.0 | 3.0 | 3.0 | 3.8 | 3.5 | 4.4 | 4.2 | 4.0 | 4.0 | 4.0 |
| Print Shop | - | - | - | - | - | - | - | - | - | - |
| Finance | 10.0 | 11.0 | 11.0 | 10.4 | 11.4 | 11.4 | 11.3 | 11.2 | 10.2 | 11.4 |
| Planning | 12.0 | 18.0 | 18.0 | 19.4 | 18.5 | 17.0 | 16.0 | 16.5 | 17.0 | 17.0 |
| Building Inspection | 12.0 | 14.0 | 14.0 | 16.4 | 16.0 | 14.6 | 11.2 | 11.2 | 9.0 | 8.0 |
| Public Works | | | | | | | | | | |
| Engineering | 24.0 | 27.0 | 28.0 | 32.7 | 32.7 | 34.7 | 34.0 | 32.5 | 32.6 | 32.4 |
| Maintenance | 43.0 | 46.0 | 47.0 | 56.0 | 56.5 | 57.1 | 57.6 | 58.0 | 52.8 | 57.0 |
| WRD | 22.0 | 23.0 | 22.0 | 23.4 | 23.8 | 25.7 | 25.5 | 24.9 | 23.0 | 24.8 |
| City Attorney | 4.0 | 3.0 | 3.0 | 3.0 | 3.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Municipal Court | 8.0 | 8.0 | 8.0 | 8.0 | 7.5 | 7.5 | 7.5 | 7.5 | 7.5 | 7.9 |
| Police | - | - | - | - | - | - | - | - | - | 133.0 |
| Sworn Officers | 92.0 | 91.0 | 92.0 | 96.0 | 99.0 | 99.0 | 99.0 | 101.0 | 101.3 | 4.8 |
| Civilians | 50.0 | 50.0 | 52.0 | 61.1 | 63.8 | 69.3 | 68.1 | 68.7 | 41.6 | 10.5 |
| Fire | - | - | - | - | - | - | - | - | - | - |
| Firefighters/officers | 72.0 | 70.0 | 68.0 | 69.7 | 67.0 | 67.0 | 72.0 | 73.0 | 66.0 | 72.0 |
| Civilians | 1.0 | 2.0 | 2.0 | 2.0 | 7.9 | 7.9 | 7.2 | 6.3 | 8.9 | 9.5 |
| - | - | - | - | - | - | - | - | - | - | - |
| Parks & Recreation | 24.0 | 26.0 | 32.0 | 46.3 | 48.5 | 53.7 | 55.7 | 56.7 | 60.5 | 61.6 |
| Urban Renewal | 4.0 | 4.0 | 4.0 | 4.0 | 4.3 | 4.0 | 4.0 | 1.0 | - | - |
| TOTAL | 402.0 | 417.0 | 426.0 | 475.3 | 486.2 | 499.6 | 499.8 | 498.6 | 459.5 | 477.0 |

Source: City Finance Department

(1) FY00/01 reflects total authorized positions (not filled positions). Filled position information is unavailable.

(2) FY02/03 through FY 04/05 are for actual full time employees as of 6/30/XX

(3) FY05/06 and forward includes both full time employees and calculated full time equivalent employees

(4) FY10/11 A new entity was created combining County and City disptach services creating a reduction in police of 29 employees

A full-time (FT) employee is scheduled to work 2,080 hours per year (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

| Function | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 ¹ |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------------|
| Fiscal Year Ending 6/30/XX | | | | | | | | | | |
| Police | | | | | | | | | | |
| Part I - Major Crimes | 5,766 | 6,050 | 5,511 | 5,450 | 4,898 | 4,379 | 4,285 | 4,706 | 5,510 | 5,999 |
| Part II - Other Crimes | 8,633 | 8,641 | 7,769 | 7,707 | 8,633 | 10,525 | 11,087 | 11,903 | 14,093 | 15,964 |
| Total Part I & II | 13,399 | 14,691 | 13,280 | 13,157 | 13,531 | 14,904 | 15,372 | 16,609 | 19,603 | 21,963 |
| Clearance Rate Part I & II | 45.97% | 46.76% | 45.44% | 47.40% | 57.25% | 73.53% | 77.49% | 79.28% | 73.15% | 73.10% |
| Cases Cleared Part I & II | 6,162 | 6,870 | 6,027 | 6,224 | 7,826 | 6,434 | 6,675 | 12,749 | 14,085 | 15,082 |
| # of Juvenile Charges Part I & II | 2,667 | 2,154 | 1,787 | 1,718 | 1,818 | 2,098 | 1,219 | 1,819 | 1,500 | 1,366 |
| # of Adult Arrest Charges Part I & II | 7,606 | 8,633 | 7,795 | 8,030 | 9,001 | 9,065 | 5,250 | 9,390 | 11,909 | 14,049 |
| Traffic Accidents - Fatal | 1 | 3 | 5 | 2 | 3 | 3 | 2 | 1 | 2 | 2 |
| Traffic Accidents - Injury | 236 | 269 | 239 | 255 | 199 | 180 | 324 | 370 | 377 | 329 |
| Traffic Accidents - Prop Damage | 1,556 | 1,439 | 1,484 | 1,477 | 1,232 | 1,241 | 1,161 | 1,184 | 1,141 | 1,132 |
| Total Accidents | 1,793 | 1,711 | 1,728 | 1,734 | 1,434 | 1,424 | 1,487 | 1,555 | 1,520 | 1,463 |
| Fire | | | | | | | | | | |
| Number of Fires | 399 | 384 | 341 | 625 | 369 | 362 | 348 | 288 | 270 | 328 |
| Overpressure, heat, explosion | 7 | 21 | 10 | 15 | 20 | 13 | 14 | 14 | 16 | 20 |
| EMS, Rescue, MVA | 4,920 | 5,088 | 6,230 | 7,438 | 5,471 | 5,665 | 5,496 | 5,189 | 5,501 | 5,872 |
| Hazardous Conditions | 145 | 176 | 183 | 259 | 179 | 160 | 132 | 134 | 124 | 119 |
| Service Call | 353 | 257 | 336 | 369 | 296 | 261 | 272 | 218 | 210 | 267 |
| Good Intent Calls | 832 | 907 | 850 | 1,256 | 3,008 | 3,170 | 1,226 | 953 | 933 | 922 |
| False Alarm | 605 | 655 | 1,606 | 1,018 | 617 | 529 | 444 | 457 | 437 | 468 |
| Severe Weather | 6 | 2 | 6 | 8 | - | 3 | 2 | 7 | 4 | 2 |
| Special Incident | 21 | 14 | 13 | 25 | 7 | 13 | 17 | 9 | 9 | 10 |
| Uncategorized | - | - | - | - | 8 | 9 | - | - | - | - |
| Total Incident Responses | 7,288 | 7,514 | 9,575 | 11,013 | 9,975 | 10,185 | 7,951 | 7,269 | 8,078 | 8,626 |
| Total City only | 6,553 | 6,776 | 8,747 | 9,762 | - | 553 | 6,897 | 6,899 | 7,108 | 7,552 |
| Total Rural Only | 741 | 739 | 828 | 1,251 | - | 9,461 | 725 | 616 | 703 | 687 |
| Mutual Aid Received | - | - | - | - | - | - | 62 | 52 | 44 | 71 |
| Mutual Aid Given | - | - | - | - | - | - | 115 | 118 | 107 | 96 |
| Highways and streets | | | | | | | | | | |
| Miles of Streets Added | 5,07 | 6,35 | 3,63 | 8,27 | 5,80 | 5,59 | 2,74 | 2,58 | 0,98 | 0,12 |
| Streetslights added | 252 | 293 | 409 | 340 | 247 | 233 | 54 | 87 | 56 | -171 |
| Culture and recreation (2) | | | | | | | | | | |
| Aquatics | - | - | - | - | 30,043 | 35,665 | 30,260 | 27,434 | 28,639 | 29,000 |
| Youth & Adult Sports | - | - | - | - | 5,928 | 6,811 | 8,740 | 9,614 | 19,043 | 10,000 |
| Youth Programs/Day Camps | - | - | - | - | 736 | 1,641 | 1,856 | 2,146 | 3,046 | 2,000 |
| Community Recreation | - | - | - | - | 15,050 | 18,200 | 9,717 | 10,623 | 25,950 | 15,000 |
| Special Interest Classes | - | - | - | - | 2,396 | 3,040 | 1,429 | 1,571 | 1,791 | 2,000 |
| Wastewater | | | | | | | | | | |
| Miles of Sanitary Sewers Added | 3 | 4 | 3 | 7 | 3 | 3,65 | 0,77 | 0,42 | 0,18 | 0,32 |
| Miles of Storm Sewers Added | 6 | 7 | 6 | 8 | 6 | 5,7 | 2,17 | 1,69 | 1,08 | 0,05 |
| Average Daily Million Gallons Treated | 18,900 | 17,900 | 17,300 | 21,000 | 19,000 | 18,850 | 16,800 | 16,700 | 19,480 | 17,500 |
| Building/Planning/Engineering | | | | | | | | | | |
| Total Permits | 8,238 | 9,314 | 9,189 | 8,711 | 7,904 | 5,491 | 3,998 | 3,631 | 3,861 | 4,107 |
| Commercial Building Permits Issued | 398 | 401 | 407 | 414 | 458 | 413 | 382 | 263 | 348 | 438 |
| Value Commercial Construction | 68,866,000 | 117,302,000 | 68,245,000 | 74,011,081 | 91,033,057 | 103,975,011 | 146,729,009 | 23,444,266 | 56,595,164 | 100,538,768 |
| Single Family Residence Issued | 623 | 747 | 655 | 465 | 385 | 141 | 107 | 115 | 98 | 100 |
| Value Residential | 89,351,000 | 88,134,000 | 88,136,787 | 82,849,082 | 73,424,688 | 24,963,894 | 18,930,470 | 21,702,285 | 17,257,053 | 21,095,566 |
| Square miles Added to City | 0.88 | 0.50 | 0.10 | 1.36 | 0.62 | 0.32 | 0.10 | 0.10 | - | - |

Sources: Various City departments

(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

| | <u>Fiscal Year Ending 6/30/XX</u> | | | | | | | | | |
|--------------------------|-----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| 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 | 237 | 241 | 244 | 251 | 253 | 257 | 258 | 258 | 258 | 259 |
| Miles of Storm Sewers | 129 | 136 | 142 | 150 | 156 | 162 | 164 | 166 | 167 | 167 |
| Public Works | | | | | | | | | | |
| Area -- Square Miles | (1) | 23.94 | 24.44 | 24.54 | 25.30 | 25.62 | 25.72 | 25.72 | 25.72 | 25.72 |
| Miles of Streets | (1) | 222.97 | 229.32 | 232.95 | 247.02 | 252.61 | 255.35 | 257.93 | 258.91 | 259.03 |
| Number of Street Lights | (1) | 4,818 | 5,111 | 5,520 | 6,107 | 6,340 | 6,394 | 6,481 | 6,537 | 6,366 |
| Culture and recreation: | (4) | | | | | | | | | |
| Number of Parks | (6, 7) | 42 | 42 | 40 | 39 | 48 | 48 | 45 | 46 | 46 |
| Total Park Acreage | | 2,410 | 2,410 | 2,403 | 2,364 | 2,393 | 2,393 | 2,393 | 2,399 | 2,392 |
| Number of Libraries | | 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) City Human Resource Department
 - (5) City Human Resource Department
 - (6) Previous Number of Parks included school areas maintained by the City.
 - (7) The total number of parks includes 18 Developed Parks and 6 Undeveloped Parks. It also includes Greens and Bike Trails.
- 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.



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.

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| Table 2 - Debt Information | 110 |
| Table 3 - Overlapping Debt | 111 |
| Table 4 - Future Debt Service for obligations guaranteed to be paid from the General Fund | 112 |
| Table 5 - Real Market Value of Taxable Property, Tax collection Record and Impact of Tax Limitation on the City | 113 - 114 |
| Table 6 - Representative consolidated Tax Rates for Levy Code Area 49-01 | 115 |

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 - UNAUDITED
Table 1 as of 6/30/12

Outstanding Obligations

Continuing Disclosure for the following:
Series 2006 Sidewalk Bonds Table 12

| | Issue Date | Maturity Date | Amount Issued | Amount Outstanding as of 6/30/12 |
|---|-------------------|----------------------|----------------------|---|
| General Obligation Bonds | | | | |
| General Obligation Bonds, Series 2006 | 6/29/2006 | 6/1/2026 | 4,600,000 | 3,110,000 |
| Total G.O. bonds | | | 4,600,000 | 3,110,000 |
| Full Faith & Credit Obligations or Limited Tax Bonds Paid from Tax Sources (NOT subject to annual appropriation) | | | | |
| Limited Tax Revenue Bonds, Series 2011B (Parks) | 8/4/2011 | 6/1/2022 | 3,673,000 | 3,620,000 |
| General Obligation Bonds, Series 2011C | 12/15/2011 | 1/10/2025 | 20,950,000 | 20,950,000 |
| Pension Obligations, Series (2004) (Taxable) ⁽¹⁾ | 5/27/2004 | 6/1/2028 | 29,205,000 | 28,825,000 |
| Limited Tax Revenue Bonds, Series 2007 (Parks) | 3/20/2007 | 6/1/2027 | 18,965,000 | 15,690,000 |
| Total FF&C Obligations & Limited Tax Bonds | | | 72,793,000 | 69,085,000 |
| Total Net Direct Debt (Including Pension Obligations) ⁽²⁾ | | | 77,393,000 | 72,195,000 |
| Total Net Direct Debt (Excluding Pension Obligations) ⁽²⁾ | | | 48,188,000 | 43,370,000 |
| Revenue Obligations (Self-Supporting, not included in Net direct Debt) | | | | |
| Gas Tax Revenue Bonds, Series 2011A | 8/4/2011 | 2/1/2014 | 2,010,000 | 1,623,000 |
| Total Self-Supporting Revenue Obligations | | | 2,010,000 | 1,623,000 |
| 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⁾ | | | 79,403,000 | 73,818,000 |
| Total Gross direct Debt (excluding Pension Obligations) ⁽³⁾ | | | 50,198,000 | 44,993,000 |

1. This debt was issued as part of a \$126,260,000 pooled pension obligation financing involving multiple Oregon cities & 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, 2012 the total outstanding debt of the Medford Urban Renewal Agency (MURA) was \$4,966,000. However, the City issued the 2011C bonds on behalf of MURA and MURA will repay these bonds.

Source: City of Medford

DEBT INFORMATION

Debt Ratios ⁽¹⁾

**Continuing Disclosure for the following:
 Series 2006 Sidewalk Bonds Table 11**

| | Including Pension Obligations | | | Excluding Pension Obligations | | |
|-----------------------------------|-------------------------------|------------|-------------|-------------------------------|------------|-------------|
| | Values | Per Capita | Percent RMV | Values | Per Capita | Percent RMV |
| 2012 Population | 75,180 | | | 75,180 | | |
| 2012 Real Market Value | 7,690,447,934 | \$ 102,294 | | 7,690,447,934 | \$ 102,294 | |
| Gross Direct Debt ⁽²⁾ | 73,818,000 | \$ 982 | 0.96% | 44,993,000 | \$ 598 | 0.59% |
| Net Direct Debt ⁽³⁾ | 72,195,000 | \$ 960 | 0.94% | 43,370,000 | \$ 577 | 0.56% |
| Net Overlapping Debt | 189,208,936 | \$ 2,517 | 2.46% | 189,208,936 | \$ 2,517 | 2.46% |
| Net Direct & Net Overlapping Debt | 261,403,936 | \$ 3,477 | 3.40% | 232,578,936 | \$ 3,094 | 3.02% |

(1) Outstanding Debt information is as of 6/30/12

(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.

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

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, 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

| | |
|------------------------------|---------------|
| 2012 Real Market Value | 7,690,447,934 |
| Debt limitation (3% of RMV) | 230,713,438 |
| Total Applicable bonded debt | 38,646,895 |
| Debt Margin | 192,066,543 |
| Percent of limit issued | 20.12% |

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

The Agency has outstanding tax increment debt which is not an obligation of the City. As of June 30, 2012 the total outstanding debt of the Medford Urban Renewal Agency (MURA) was \$4,966,000. However, the City issued \$20,950,000 in bonds on behalf of MURA and MURA will pay the scheduled bond payments. Both these amounts are included in the above calculations.

FUTURE DEBT PLANS

If the voters approve ballot measure #15-115 in the upcoming November election, the City will issue 14.5 million in bonds to finance an Aquatic Facility.

CITY OF MEDFORD - UNAUDITED

**Table 3
6/30/2012**

Overlapping Debt

**Continuing Disclosure for:
Series 2006 Sidewalk Bonds - Table 14**

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 | 21,316,601,666 | 35.8500% | 20,625,000 | 7,393,402 |
| Jackson County Housing Authority | 21,316,601,666 | 35.8500% | 3,737,583 | - |
| JC School District #4 (Phoenix-Talent) | 2,311,636,236 | 31.8200% | 25,390,000 | 8,079,453 |
| JC School District #549C (Medford) | 9,026,351,232 | 76.0100% | 218,270,000 | 165,896,114 |
| JC School District #6 (Central Point) | 2,662,366,020 | 1.7000% | 19,420,000 | 330,062 |
| Rogue Community College | 29,060,743,069 | 26.2900% | 19,410,000 | - |
| Rogue Community College (Jackson Cty Bond) | 21,316,601,666 | 35.8500% | 20,950,000 | 7,509,905 |
| Totals | | | 327,802,583 | 189,208,936 |

Notes:

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

Sources: State of Oregon, Debt Management Information System

CITY OF MEDFORD - UNAUDITED
Table 4. 06/30/12

Future Debt Service

Continuing Disclosure for the following:
Series 2007 Parks Bonds Table 11
Series 2006 Sidewalk Bonds Table 13

| Year of Maturity | Parks Revenue, Series 2011B | | General Ob. (Mura) ² Revenue, Series 2011C | | Pers 2004 | | Sidewalk, Series 2006 | | Parks Revenue, Series 2007 | | Total Requirements | |
|------------------|-----------------------------|----------------|---|------------------|-------------------|-------------------|-----------------------|----------------|----------------------------|------------------|--------------------|-------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 12-13 | 306,000 | 117,288 | 1,250,000 | 834,465 | 360,000 | 1,734,811 | 290,000 | 134,564 | 770,000 | 629,331 | 2,976,000 | 3,450,458 |
| 13-14 | 319,000 | 107,373.6 | 1,345,000 | 707,775 | 490,000 | 1,715,551 | 305,000 | 122,239 | 805,000 | 598,531 | 3,264,000 | 3,251,469 |
| 14-15 | 331,000 | 97,038 | 1,370,000 | 640,525 | 640,000 | 1,688,253 | 315,000 | 109,276 | 835,000 | 566,331 | 3,491,000 | 3,101,423 |
| 15-16 | 343,000 | 86,314 | 1,410,000 | 572,025 | 800,000 | 1,651,958 | 330,000 | 95,889 | 870,000 | 532,931 | 3,753,000 | 2,939,117 |
| 16-17 | 355,000 | 75,200 | 1,455,000 | 501,525 | 975,000 | 1,605,790 | 345,000 | 81,039 | 905,000 | 498,131 | 4,035,000 | 2,761,686 |
| 17-18 | 365,000 | 63,698 | 1,510,000 | 428,775 | 1,170,000 | 1,548,548 | 355,000 | 65,514 | 945,000 | 461,931 | 4,345,000 | 2,568,467 |
| 18-19 | 381,000 | 51,872 | 1,575,000 | 383,475 | 1,380,000 | 1,479,039 | 375,000 | 50,426 | 985,000 | 424,131 | 4,696,000 | 2,388,943 |
| 19-20 | 390,000 | 39,528 | 1,635,000 | 336,225 | 1,610,000 | 1,396,032 | 390,000 | 34,489 | 1,030,000 | 384,731 | 5,055,000 | 2,191,005 |
| 20-21 | 409,000 | 26,892 | 1,700,000 | 287,175 | 1,860,000 | 1,299,190 | 405,000 | 17,719 | 1,070,000 | 343,531 | 5,444,000 | 1,974,507 |
| 21-22 | 421,000 | 13,640 | 1,785,000 | 236,175 | 2,135,000 | 1,187,311 | - | - | 1,115,000 | 300,731 | 5,456,000 | 1,737,858 |
| 22-23 | - | - | 1,875,000 | 182,625 | 2,430,000 | 1,068,891 | - | - | 1,165,000 | 256,131 | 5,470,000 | 1,497,647 |
| 23-24 | - | - | 1,970,000 | 126,375 | 2,745,000 | 912,726 | - | - | 1,215,000 | 209,531 | 5,930,000 | 1,248,633 |
| 24-25 | - | - | 2,070,000 | 67,275 | 3,095,000 | 745,419 | - | - | 1,270,000 | 160,931 | 6,435,000 | 973,625 |
| 25-26 | - | - | - | - | 3,475,000 | 586,778 | - | - | 1,325,000 | 110,131 | 4,800,000 | 666,910 |
| 26-27 | - | - | - | - | 3,880,000 | 344,977 | - | - | 1,385,000 | 57,131 | 5,265,000 | 402,108 |
| 27-28 | - | - | - | - | 1,780,000 | 108,491 | - | - | - | - | 1,780,000 | 108,491 |
| | 3,620,000 | 678,845 | 20,950,000 | 5,304,415 | 28,825,000 | 19,033,764 | 3,110,000 | 711,154 | 15,690,000 | 5,534,169 | 72,195,000 | 31,262,346 |

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

(1) The 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

CITY OF MEDFORD - UNAUDITED
Table 5
6/30/2012

Real Market Value of Taxable Property

Continuing disclosure for the following:
Series 2006 - Sidewalk Bonds Table 16

| FY Ended 6/30/XX | Real Market Value (RMV) | Percent Change | Total Assessed Value (AV) | Percent Change | AV as Percent of RMV |
|---------------------|----------------------------|-------------------|------------------------------|-------------------|----------------------------|
| 2003 | 5,142,421,378 | 3.1404% | 3,902,581,340 | 4.6812% | 75.89% |
| 2004 | 5,441,648,865 | 5.8188% | 4,118,452,346 | 5.5315% | 75.68% |
| 2005 | 6,670,433,915 | 22.5811% | 4,418,984,950 | 7.2972% | 66.25% |
| 2006 | 7,915,603,826 | 18.6670% | 4,654,783,741 | 5.3360% | 58.81% |
| 2007 | 9,530,490,159 | 20.4013% | 4,961,125,232 | 6.5812% | 52.06% |
| 2008 | 10,668,403,922 | 11.9397% | 5,297,196,325 | 6.7741% | 49.65% |
| 2009 | 10,652,766,542 | -0.1466% | 5,601,233,324 | 5.7396% | 52.58% |
| 2010 | 9,738,243,291 | -8.5848% | 5,774,972,038 | 3.1018% | 59.30% |
| 2011 | 8,579,118,921 | -11.9028% | 5,917,789,432 | 2.4730% | 68.98% |
| 2012 | 7,690,447,934 | -10.3585% | 5,934,059,095 | 0.2749% | 77.16% |

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.

Source: Jackson County Assessor and financial statements of the city of Medford

Tax Collection Record

Series 2006 Sidewalk Bonds Table 17

| FY Ended 6/30/XX | Taxable Assessed Valuation | Percent Change | Operating Levy | Bond Levy | Total Levy Per County | Permanent Tax Rate/ \$1,000 | % Collected Year of Levy (2) | % Collected as of 6/30/2012 |
|---------------------|-------------------------------|-------------------|-------------------|--------------|--------------------------|--------------------------------------|---------------------------------------|--------------------------------------|
| 2003 | 3,748,725,467 | 4.57% | 19,842,934 | 103,288 | 19,946,222 | 5.2953 | 0.98 | 0.9992 |
| 2004 | 3,959,222,931 | 5.62% | 20,965,596 | 53,395 | 21,018,991 | 5.2953 | 0.96 | 0.9991 |
| 2005 | 4,247,828,959 | 7.29% | 22,493,931 | 47,679 | 22,541,610 | 5.2953 | 0.96 | 0.9982 |
| 2006 | 4,492,708,015 | 5.76% | 23,790,437 | 120,222 | 23,910,659 | 5.2953 | 0.97 | 0.9939 |
| 2007 | 4,792,108,010 | 6.66% | 25,583,055 | 380,026 | 25,963,080 | 5.2953 | 0.97 | 0.9871 |
| 2008 | 5,112,340,465 | 6.68% | 27,152,233 | 423,929 | 27,576,161 | 5.2953 | 0.96 | 0.9611 |
| 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 | 30,921,766 | 5.2953 | 0.96 | 0.9605 |

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 6/30/12 are for City of Medford
Source: Jackson County Assessor and financial statements of the City

Continued on page 116

CITY OF MEDFORD - UNAUDITED
Table 5 (page 2)

IMPACT OF TAX LIMITATION ON THE CITY

Series 2006 Sidewalk Bonds Table 18

Historical Impact of the \$10/\$1,000 Tax Limitation on City Property Tax Revenues

| FY Ended 6/30/XX | Levy Used to Compute Rate | Loss Due to Tax Limitation | Percent Loss |
|---------------------|------------------------------|-------------------------------|-----------------|
| 2003 \$ | 19,842,934 | \$ 7,828 | 0.03945% |
| 2004 | 20,965,596 | 60.70 | 0.00029% |
| 2005 | 22,493,931 | 66.33 | 0.00029% |
| 2006 | 23,790,437 | 60.01 | 0.00025% |
| 2007 | 25,375,596 | 61.06 | 0.00024% |
| 2008 | 27,071,783 | 67.81 | 0.00025% |
| 2009 | 28,635,704 | 41.06 | 0.00014% |
| 2010 | 29,594,947 | 52.71 | 0.00018% |
| 2011 | 30,336,848 | 108.06 | 0.00036% |
| 2012 | 30,436,685 | 91.11 | 0.00030% |

CITY OF MEDFORD - UNAUDITED

Table 6

Period Ending 6/30/12

Representative consolidated Tax Rates for Levy Code Area 49-01

**Continuing Disclosure for:
Series 2006 - Sidewalk Bonds Table 20**

| Area | Tax Rate For Operations | Tax Rate for Bonds | Tax Rate Total |
|-----------------------------------|----------------------------|-----------------------|-------------------|
| Within the City of Medford | | | |
| Schools | | | |
| School District 549C | 4.2586 | 2.0326 | 6.2912 |
| Education Service district | 0.3414 | | 0.3414 |
| Rogue CC | 0.4968 | 0.1065 | 0.6033 |
| Total Education | \$ 5.0968 | \$ 2.1391 | \$ 7.2359 |
| Local Government | | | |
| Jackson County | 1.9469 | 0.1896 | 2.1365 |
| Jackson County URA | - | - | - |
| City of Medford | 5.1292 | 0.0800 | 5.2092 |
| Medford URA | 0.4456 | 0.3806 | 0.8262 |
| Vector | 0.0416 | | 0.0416 |
| JC Soil Water | 0.0485 | | 0.0485 |
| Rogue Valley TD | 0.1717 | | 0.1717 |
| Total Local Government | \$ 7.7835 | \$ 0.6502 | \$ 8.4337 |
| | \$ 12.8803 | \$ 2.7893 | \$ 15.6696 |

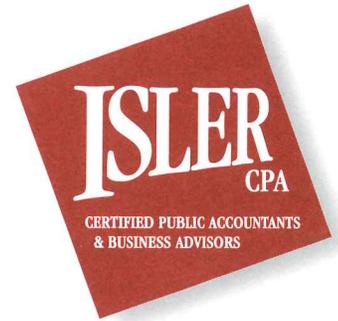
1. The 2011-12 Taxable Assessed Value to compute the tax rate code of 49-01 is \$5,049,197,292 which is 87.84 percent of the Total Taxable Assessed Value of the City.

Source: Jackson County, Department of Assessment



COMPLIANCE SECTION





INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

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

An Independently Owned Member

MCGLADREY ALLIANCE



We have audited the basic financial statements of City of Medford, Oregon (City) as of and for the year ended June 30, 2012, and have issued our report thereon dated January 18, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State, and Government Auditing Standards.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts and grants including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 to 162-10-320 of the Minimum Standards for Audit of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment**
- **Budgets legally required (ORS Chapter 294)**
- **Insurance and fidelity bonds in force or required by law**
- **Programs funded from outside sources**
- **Highway revenues used for public highways, roads, and streets**
- **Authorized investment of surplus funds (ORS Chapter 294)**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)**

In connection with our testing nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we 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.

Our reports on internal control are presented separately under this cover.

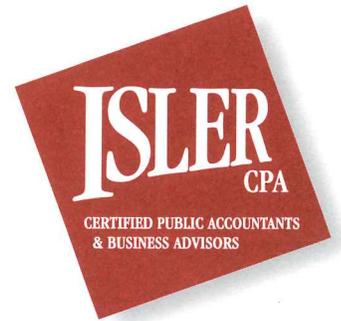
This report is intended solely for the information of the Honorable Mayor, members of the City Council, the City Manager, management for the City of Medford, and the Secretary of State, Division of Audits, of the State of Oregon. However, this report is a matter of public record and is not intended to be and should not be used by anyone other than those specified parties

ISLER CPA

By Paul Nielson, CPA, a member of the firm
January 18, 2013



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Medford, Oregon (City), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 18, 2013. 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.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective 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 opinions 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.

Compliance and Other Matters

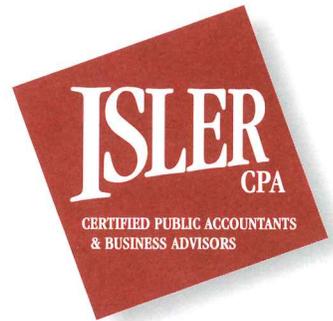
As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

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

ISLER CPA

Paul Nielson, CPA, a member of the firm
Eugene, Oregon
January 18, 2013





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McGLADREY ALLIANCE



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the City of Medford ("City"), Oregon's compliance with the types of compliance requirements described in the *OMB Circular A-133, Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the 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, 2012.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 the 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

ISLER CPA

A handwritten signature in black ink that reads "Paul R. Nielson". The signature is written in a cursive style with a long, sweeping tail on the letter "n".

By Paul Nielson, CPA, a member of the firm
January 18, 2013

CITY OF MEDFORD
 Schedule of Findings and Questioned Costs
 Year Ended 2012

Section I – Summary of Auditor’s Results

Financial Statements:

| | |
|--|-------------|
| Type of auditors' report issue: | Unqualified |
| Internal control over financial reporting: | |
| • Material weakness(es) identified? | No |
| • Significant deficiency(ies) that are not considered to be material weaknesses? | No |
| • Noncompliance material to financial statements noted? | No |

Federal Awards:

| | |
|--|-------------|
| Internal control over major programs: | |
| • Material weakness(es) identified? | No |
| • Significant deficiency(ies) that are not considered to be material weaknesses? | No |
| Type of auditors' report issued on compliance for major programs? | Unqualified |
| Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? | No |

Identification of Major Federal Award Programs:

| Name of Federal Program or Cluster | CFDA Number |
|--|-------------|
| Community Development Block Grant - Entitlement Grants Cluster: | |
| Community Development Block Grants/Entitlement Grants/NSP3 | 14.218 |
| Assistance to Firefighters Grant | 97.044 |
| Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| Auditee qualified as low-risk auditee? | Yes |

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Summary Schedule of Prior Audit Findings

Finding 2011-1

Program: Department of Justice, Edward Byrne Justice Assistance Grant, CFDA #16.804

Criteria: Section 1512 of the Recovery Act requires reporting on the use of Recovery Act funding by recipients on a quarterly basis. Aimed at providing transparency into the use of these funds, the recipient reports are required to include detailed information, including: the total amount of funds received; the amount spent on projects and activities; and details on sub-awards and other payments.

Condition: Through the quarter ended June 30, 2011, there were cumulative expenditures of \$231,960 and receipts of \$114,176. However, the City reported that there were no receipts or expenditures through that period.

Effect: Total receipts and expenditures were understated.

Cause: The employee designated to prepare the reports was not adequately trained. Also, there was no review of the report by any other employee.

Recommendation: We recommend that a knowledgeable employee review all reports before they are submitted.

Management's corrective action plan: Management immediately implemented improved procedures for grant reporting. To prevent further reports being submitted with incorrect data, the procedures include two levels of review, documented by signatures.

Status: Isler notes that Management has implemented their corrective action plan and no new findings were discovered in work performed for the year ended June 30, 2012.

CITY OF MEDFORD
Schedule of Expenditures of Federal Awards
For the year ended 2012

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Federal Expenditures |
|---|------------------------|-------------------------|
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT: | | |
| CDBG Entitlement Grants Cluster: | | |
| Direct programs: | | |
| Community Development Block Grant: | | |
| B09-MC-410005 | 14.218 | \$ 19,261 |
| B06-MC-410005 | 14.218 | 428,101 |
| Program income | 14.218 | 57,686 |
| Passed through State of Oregon Housing and Community Services Department (OHCS): | | |
| Neighborhood Stabilization Program (NSP3) #1125 | 14.218 | <u>963,643</u> |
| Total CDBG Entitlement Grants Cluster | | <u>1,468,691</u> |
| U.S. DEPARTMENT OF JUSTICE | | |
| JAG Program Cluster: | | |
| Direct programs: | | |
| ARRA - Edward Byrne Memorial Justice Assistance Grant | 16.804 | 11,075 |
| MADGE JAG/Byrne Grant (Gang Enforcement) LE11-07JAG & LE11-10JAG | 16.738 | 54,725 |
| Passed through OR Criminal Justice Commission: | | |
| MADGE JAG/Byrne Grant (Gang Enforcement) LE11-07JAG & LE11-10JAG | 16.738 | <u>105,900</u> |
| Total JAG Program Cluster | | 171,700 |
| Direct programs: | | |
| National Forfeiture - Equitable Sharing | 16.000 | 5,169 |
| Community Oriented Policing Services | 16.710 | 28,867 |
| Passed through OR Dept of Justice: | | |
| ARRA-Violence Against Women Formula Grant | 16.588 | <u>12,201</u> |
| TOTAL U.S. DEPARTMENT OF JUSTICE | | <u>217,937</u> |
| U.S. DEPARTMENT OF ENERGY | | |
| Direct program: | | |
| ARRA - Energy Efficiency Grant Agreement DE-SC00001901 | 81.128 | 70,435 |
| Passed through Oregon Department of Energy: | | |
| ARRA - Energy Efficiency Grant Agreement #11-1285 | 81.041 | <u>59,625</u> |
| TOTAL U.S. DEPARTMENT OF ENERGY | | <u>130,060</u> |
| DEPARTMENT OF TRANSPORTATION | | |
| Passed through Oregon Department of Transportation: | | |
| Highway Planning and Construction cluster: | | |
| Highway Planning and Construction | 20.205 | 289,180 |
| Occupant Protection Incentive Grants | 20.602 | <u>13,980</u> |
| TOTAL DEPARTMENT OF TRANSPORTATION | | <u>303,160</u> |
| Executive Office of the President | | |
| Passed through OR Dept of Justice: | | |
| High Intensity Drug Trafficking Areas Program | 95.001 | <u>95,808</u> |
| DEPARTMENT OF HOMELAND SECURITY | | |
| Passed through the Oregon Department of Forestry: | | |
| Assistance to Firefighters Grant | 97.044 | <u>194,196</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | <u>\$ 2,409,852</u> |

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Medford under programs of the federal government for the year ended June 30, 2012. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. The Schedule is prepared on the modified accrual basis of accounting.

2. Of the federal expenditures presented in the Schedule, the City provided federal funds to subrecipient as follows:

| <u>CFDA Number</u> | <u>Program Name</u> | <u>Amount provided to subrecipients</u> |
|--------------------|-----------------------------------|---|
| 14.218 | Community Development Block Grant | \$411,978 |