

Comprehensive Annual Financial Report



**City of Medford
Oregon**

**For the Fiscal Year Ended
June 30, 2014**

CITY OF MEDFORD, OREGON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Prepared by:
City Finance Department

CITY OF MEDFORD

June 30, 2014

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INTRODUCTORY SECTION



OFFICE OF
THE CITY MANAGER
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December 30, 2014

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, 2014 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, 2014 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 75,000. The City operates under the Council-Manager form of government. Policy-making and legislative authority are vested in a governing council (Council) consisting of the mayor and eight council members, all elected on a non-partisan basis. The Council appoints the City Manager, who in turn appoints the heads of various departments. Council

Continuous Improvement – Customer Service

members, elected by ward, serve four-year terms, with four members elected every two years. The Mayor is elected at large for a four-year term.

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

After several difficult years the City of Medford is experiencing improved revenues which can be directly tied to the improving economy. Existing businesses continue to lead job creation with 85% net new jobs coming from existing business growth. Medford continues to have increasing numbers of inquiries from businesses considering relocation and expansion. The City's Electronic Commerce Zone is the most active in the State and has eleven times the national average of electronic commerce businesses. This thriving sector has contributed to our ability to weather the national and state economic downturn as well as leading the economic recovery. Medford had an increase in revenues from property taxes due to a 3% increase in tax assessed values and an improvement in the collection rate. Since the largest share of City revenues comes from property taxes, any change is significant and is closely monitored. Continued increases to assessed values were received this fall when tax assessed values increased by 6%.

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 is the largest employer in the area with 2,000 employees. Transient lodging tax revenues increased noticeably from the prior year and that growth has continued into this fall. Even during the economic downturn, transient lodging tax revenue was consistently stable. The amount of money spent by visitors and business travelers to Jackson County and Medford continues to be a solid revenue factor for the region. The tourism industry accounts for over 4,200 jobs and sports tourism continues to grow in Jackson County and Medford.

Long-term financial planning:

The economic climate in Medford is improving. Development activity is strong and Medford continues to have increased inquiries from businesses considering relocation and expansion. The City makes the best use of taxpayer dollars by the City focusing on ways to conserve its existing assets while improving livability. The City accomplishes this goal by maintaining a three month contingency fund for personnel and operating expenses and continued upkeep and maintenance of buildings, facilities and infrastructure in order to avoid increased future costs resulting from deferred maintenance.

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 safe sidewalk project approved by voters in the fall of 2004 and work is nearing completion on the identified 17 street projects. In December of 2013 the City of Medford issued bonds for \$38.155 million. The proceeds from which are being used for the following projects:

1. Build a Police Headquarters and secure parking on city owned property – with scheduled ground breaking in April 2015
2. Build a new Fire Station 2 at a new location and build new fire stations at the current location of Fire Station 3 and Fire Station 4 – with anticipated ground breaking in the spring of 2015
3. Build three additional ball fields and the associated parking at the USCC Sports Park – with project completed in the late 2014

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, 2013. 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 City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Medford's finances.

Respectfully submitted,


P. Eric Swanson
City Manager



Government Finance Officers Association

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

Presented to

**City of Medford
Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

CITY OF MEDFORD

Officials of the City

June 30, 2014

CITY COUNCIL

Term Expires December 31

Gary Wheeler	Mayor	2016
Chris Corcoran	Council member Ward 3	2016
Tim Jackle	Council member Ward 1	2014
Dick Gordon	Council member Ward 1	2016
Daniel Bunn	Council member Ward 4, President	2016
Eli Mathews	Council member Ward 2, Vice President	2016
Bob Strosser	Council member Ward 4	2014
Vacant	Council member Ward 2	2014
John Michaels	Council member Ward 3	2014

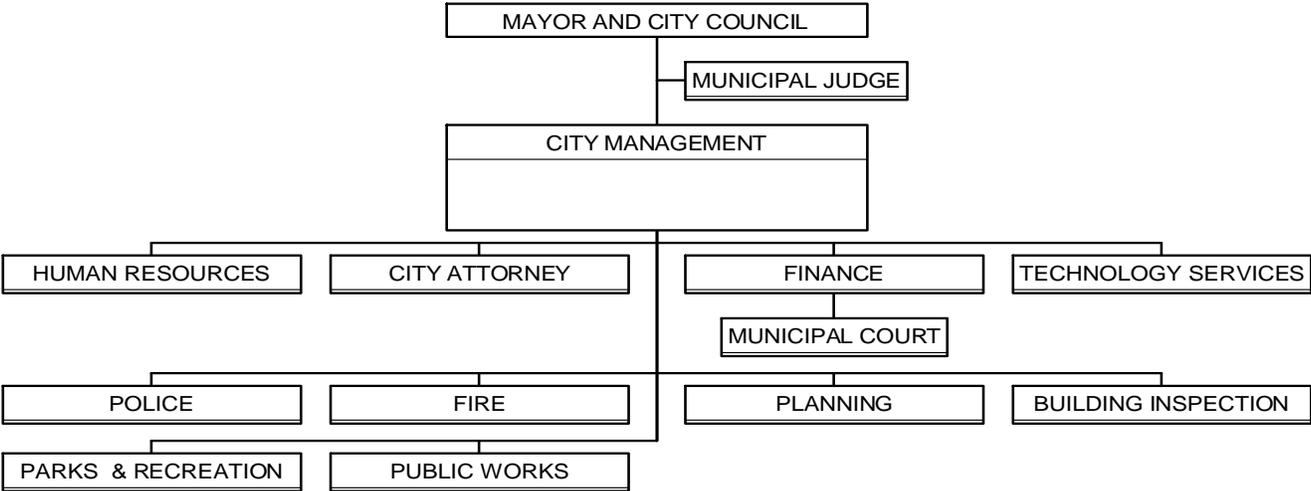
PRINCIPAL OFFICIALS

P. 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 AUDITOR'S REPORT

An Independently Owned Member
MCGLADREY ALLIANCE |  McGladrey

Honorable Mayor and City Council Members
City of Medford, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Medford (City), Oregon, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government 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.

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

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

Opinions

In our opinion, 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, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the budgetary comparison information, and the Schedule of Other Post-Employment Benefits (OPEB) funding progress as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the Management's Discussion and Analysis and the Schedule of Other Post-Employment Benefits in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedules for the General Fund and Street Utility Fund 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, 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 basic 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 basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2014 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards of Audits of Oregon Municipal Corporations, we have issued our report dated December 31, 2014 on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

ISLER CPA

A handwritten signature in black ink that reads "Paul R. Nielson". The signature is written in a cursive style with a prominent initial "P".

By Paul R Nielson, CPA, a member of the firm
December 31, 2014

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 \$412.7 million at June 30, 2014, consisting of \$275.7 million in net capital assets, \$107.4 million in cash and investments and \$29.6 million in receivables and other assets. The City's governmental activities liabilities totaled \$123.9 million at June 30, 2014, consisting of \$115.2 million in noncurrent liabilities and \$8.7 million in accounts payable and other liabilities. Total net position was \$288.8 million of which \$233.3 million were invested in capital assets, net of related debt, \$34.1 million were restricted and the remaining \$21.4 million were unrestricted. The increase in cash and investments and the increase in long-term debt are attributable to the issuance of \$38.1 million of debt in December of 2013. The debt was issued to construct a new police headquarters with secure parking, 3 new fire stations and 3 new ball fields with additional parking at the USSCP Sports Park.

The City's governmental activities net position increased by \$3.9 million or 1 percent. Overall governmental activities revenue decreased by \$5.0 million or 6 percent. The decrease was most noticeable in the capital grants and contributions, which decreased by \$11.2 million. The \$11.2 decline was a reflection of the prior year being unusually high. In the prior year a large road project was completed by the state and upon completion the city assumed ownership of the road and all the improvements. Operating grants and contributions decreased by \$3.0 million. Other revenues had an overall increase of \$6.5 million as a result of an improving economy and increases to several city fees.

The City's business-type activities assets totaled \$104.8 million at June 30, 2014, consisting of \$82.0 million in capital assets, \$21.6 million in cash and investments and \$1.2 million in receivables and other assets. The City's business-type activities liabilities totaled \$1.4 million at June 30, 2014, consisting of \$0.3 million in noncurrent liabilities and \$1.1 million in accounts payable and other liabilities. Total net position was \$103.4 million of which \$82.0 million was invested in capital, \$6.8 million was restricted and the remaining \$14.6 million was unrestricted. The moderate increase to the net position is attributable the overall improvement of the economy.

The City's business-type activities net position increased by \$2.9 million or 3 percent. Business-type activities total revenue increased by \$2.4 million or 18 percent. The increase is attributable to an improving economy and new city fees.

Report Layout:

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

- ◆ **Management's Discussion and Analysis.** This section of the report provides financial highlights and overviews.
- ◆ **Basic Financial Statements.** Includes Statement of Net Position, Statement of Activities, Fund Financial Statements, the Notes to the Financial Statements and Required Supplementary Information. Statements of Net Position and Activities focus on an entity-wide presentation using the accrual basis of accounting. They are designed to be more corporate-like in that all activities are consolidated into a total for the City.
 - The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of the assets the community owns, the liabilities it owes and the net difference.
 - The Statement of Activities focuses on gross and net costs of city programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues

**MANAGEMENT'S
DISCUSSION AND ANALYSIS (continued)**

- 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 POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014 AND 2013
(in millions)**

	Governmental Activities		Business-type Activities		Total Government	
	2014	2013	2014	2013	2014	2013
Cash and investments	\$ 107.4	\$ 66.2	\$ 21.6	\$ 18.5	\$ 129.0	\$ 84.7
Other assets	29.6	31.6	1.2	1.2	30.8	32.8
Capital assets, net of depreciation	275.7	274.7	82.0	82.4	357.7	357.1
Total assets	412.7	372.5	104.8	102.1	517.5	474.6
Other liabilities	\$ 8.7	\$ 7.7	\$ 1.1	\$ 1.4	\$ 9.8	\$ 9.1
Long-term debt outstanding	115.2	79.9	0.3	0.2	115.5	80.1
Total liabilities	123.9	87.6	1.4	1.6	125.3	89.2
Net position:						
Net investment in capital assets	233.3	238.3	82.0	82.4	315.3	320.7
Restricted	34.1	31.4	6.8	6.0	40.9	37.4
Unrestricted	21.4	15.2	14.6	12.1	36.0	27.3
Total net position	\$ 288.8	\$ 284.9	\$ 103.4	\$ 100.5	\$ 392.2	\$ 385.4

**MANAGEMENT'S
DISCUSSION AND ANALYSIS (continued)**

**TABLE 2
CITY OF MEDFORD - STATEMENT OF ACTIVITIES
FOR FISCAL YEAR ENDING JUNE 30, 2014 AND 2013
(in millions)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
REVENUES						
General revenues:						
Taxes	\$ 45.8	\$ 43.8	\$ -	\$ -	\$ 45.8	\$ 43.8
Other	0.5	0.5	0.1	0.1	0.6	0.6
Program revenues:						
Charges for services	23.5	17.6	13.9	13.0	37.4	30.6
Operating grants and contributions	8.8	10.4	-	-	8.8	10.4
Capital grants and contributions	3.3	14.5	1.2	1.0	4.5	15.5
Total revenues	<u>81.9</u>	<u>86.8</u>	<u>15.2</u>	<u>14.1</u>	<u>97.1</u>	<u>100.9</u>
EXPENSES						
General government	9.2	8.6	-	-	9.2	8.6
Public safety	34.5	30.8	-	-	34.5	30.8
Highways and streets	15.8	15.8	-	-	15.8	15.8
Culture and recreation	8.6	8.3	-	-	8.6	8.3
Community development	6.2	7.2	-	-	6.2	7.2
Interest on long-term debt	4.4	4.4	-	-	4.4	4.4
Sewer services	-	-	11.2	10.6	11.2	10.6
Parking services	-	-	0.4	0.4	0.4	0.4
Total expenses	<u>78.7</u>	<u>75.1</u>	<u>11.6</u>	<u>11.0</u>	<u>90.3</u>	<u>86.1</u>
Increase (decrease) in net position before transfers	3.2	11.7	3.6	3.1	6.8	14.8
Transfers	<u>0.7</u>	<u>0.8</u>	<u>(0.7)</u>	<u>(0.8)</u>	<u>-</u>	<u>-</u>
Change in net position	3.9	12.5	2.9	2.3	6.8	14.8
Beginning net position	<u>284.9</u>	<u>272.4</u>	<u>100.5</u>	<u>98.2</u>	<u>385.4</u>	<u>370.6</u>
Ending net position restated	<u>\$ 288.8</u>	<u>\$ 284.9</u>	<u>\$ 103.4</u>	<u>\$ 100.5</u>	<u>\$ 392.2</u>	<u>\$ 385.4</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 \$101.2 million, an increase from the prior year of \$40.0 million. Approximately \$5.3 million or 5 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 37 percent of the total General Fund expenditures. The unassigned fund balance of the City's General Fund increased \$0.8 million or 5 percent from the prior year.

The Street Utility Fund had a \$1.0 million increase in fund balance during the current fiscal year. This is due to the street development fees exceeding the current year street projects.

The MURA Debt Service fund had a \$3.7 million increase in fund balance. This primarily due to this fund paying down its interfund advance from the General fund and property tax collections made for future debt service payments.

The MURA Capital Projects Fund had an expected decrease in fund balance. The decrease was \$6.1 million. This fund is using bond proceeds from a previous year to fund downtown revitalization projects.

**MANAGEMENT'S
DISCUSSION AND ANALYSIS (continued)**

Proprietary Funds. The City has two enterprise funds: the Sewer Utility Fund and the Parking Facilities Fund. As of the end of the current year, the Sewer Utility Fund had unrestricted net position of \$14.2 million, restricted net position of \$6.8 million and invested in capital assets of \$80.9 million. Net position increased \$2.9 million to \$101.9 million. The Parking Facilities Fund had unrestricted net position of \$0.4 million and net position had no significant change at \$1.6 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 \$4.5 million. There were several items that generated the \$4.5 million change. The largest was the unbudgeted sale of property for \$1.6 million. It was purchased by the City at the very end of the 2012 fiscal year, and then sold to the Medford Urban Renewal Agency in 2013 for the same price. The other significant transactions were two transfers from the Medford Urban Renewal Agency that totaled \$2.5 million. The transfers were for two projects, the renovation of Hawthorne Park and to build a new parking lot on South Riverside. The remaining \$400,000 of revenues was other unbudgeted revenues and grants.

The City of Medford issued \$38.2 million in bonds during December of 2013. The bond proceeds are being used to build a new Police Headquarters with parking, build 3 new fire stations and substantially complete the USCCP sports park by building 3 more ball fields and additional parking. The bond sale was not anticipated in the 2013-2015 budget. A supplemental budget recognized the bond proceeds and appropriated them for the capital projects. The impacted funds were the Public Safety Fund (10) and Park Dedication Fund (15).

Capital Assets and Debt Administration:

Capital Assets. As of June 30, 2014, the City had \$357.7 million in capital assets, net of depreciation as reflected in the following table, which represents a net increase (additions, deductions and depreciation) of \$0.6 million.

**TABLE 3
CITY OF MEDFORD - CAPITAL ASSETS
FOR FISCAL YEAR ENDING JUNE 30, 2014 AND 2013
(in millions)**

	Governmental Activities		Business-Type Activities		Total Government	
	2014	2013	2014	2013	2014	2013
Land	\$ 29.9	\$ 26.3	\$ 1.2	\$ 1.2	\$ 31.1	\$ 27.5
Land rights of way	82.5	82.5	-	-	82.5	82.5
Construction in progress	7.3	13.5	0.5	0.6	7.8	14.1
Buildings	17.2	18.0	3.7	3.8	20.9	21.8
Improvements	22.9	24.5	14.8	15.4	37.7	39.9
Equipment	4.9	5.3	13.7	14.2	18.6	19.5
Sewers	-	-	16.4	16.1	16.4	16.1
Storm drains	-	-	31.7	31.1	31.7	31.1
Infrastructure	111.0	104.6	-	-	111.0	104.6
Total	\$ 275.7	\$ 274.7	\$ 82.0	\$ 82.4	\$ 357.7	\$ 357.1

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)**

	Governmental Activities	Business-type Activities	Total
Beginning balance	\$ 274.7	\$ 82.4	\$ 357.1
Additions	28.6	6.0	34.6
Transfers and deletions	(14.8)	(2.9)	(17.7)
Depreciation	(12.8)	(3.5)	(16.3)
Ending balance	\$ 275.7	\$ 82.0	\$ 357.7

**MANAGEMENT'S
DISCUSSION AND ANALYSIS (continued)**

Capital assets, net of depreciation for governmental activities increased \$1.0 million. Additions included acquisition of land of \$3.6 million, buildings and building improvements of \$0.1 million, equipment purchases \$1.2 million, infrastructure \$15.3 million, and construction in progress of \$8.4 million. Offsetting these additions were depreciation of \$12.8 and transfers and deletions of \$14.8 million.

Business-type activities capital assets, net of depreciation decreased \$0.4 million. Additions included sewers of \$0.8 million, storm drains of \$1.5 million, equipment and other additions of \$0.8 million, and construction in progress of \$2.8 million. Offsetting these additions were depreciation of \$3.5 million and transfers and dispositions of \$80.1 million. For more detailed information on the City's capital asset activity, refer to Note III (E) of the financial statements.

Debt Administration. As of year-end, the City had \$115.6 million in debt outstanding compared to \$80.1 million last year. For more detailed information, refer to Note III (F) 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	\$ 108.6	\$ -	\$ 108.6
Unamortized premium	2.3	-	2.3
Compensated absences	2.6	0.3	2.9
Other post-employment benefits	1.8	-	1.8
Total	<u>\$ 115.3</u>	<u>\$ 0.3</u>	<u>\$ 115.6</u>

Economic Factors and the Biennium Budget:

The slow economy has had a negative impact on the City's revenues; however the City is seeing increased tax valuations in the second year of the biennium and increasing revenues in several other funds. The results from the first year of the biennium are such that a revision of the second year of the biennium is not anticipated. The following are the major assumptions used in developing the 2013-2015 budget:

2014 assessed tax valuation for property taxes were projected to be \$6.02 billion. The assessed tax valuation for the first year (2014) came in at \$5.87 billion. Property tax collection rate was budgeted to be 94.5%. This is less than the 10 year average of 94.8% but greater than the low of 93.6% experienced in 2010. The collection results for the first year of the biennium (2014) were 95.3%. The better than budgeted collection rate helped to offset the less than budgeted assessed tax valuation. The net result was \$30.8 million in actual tax collections verses a budget of \$31.0 million.

2015 assessed tax valuation for property taxes were projected to be \$6.16 billion. The assessed tax valuation for the second year 2015 came in at \$6.23 billion. Property tax collection rate was budgeted to be 94.5%. If the tax collection rate stays the same as last year at 95.3%, the City will be on track to exceed the property tax revenue budget by \$600,000.

Wages and salaries for the seven unions were budgeted to increase by the amounts agreed upon in the union contracts or 2% if the contracts didn't cover the budget period. The non-represented group was budgeted at 2% increases in each year of the biennium.

PERS costs were budgeted to be 15.4% of payroll in each year of the biennium. In late June of 2013, changes to PERS were discussed at the Legislature and a limited amount of change was enacted. That resulted in the rates remaining at the previous blended rate of 11.4%. Due to the late change and the probability that the changes would be challenged in the courts, the budgeted PERS rates remained at 15.4%.

Financial Contact:

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

BASIC FINANCIAL STATEMENTS

CITY OF MEDFORD

Statement of Net Position

June 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Medford Water Commission
ASSETS				
Cash and investments	\$ 107,375,150	\$ 21,605,041	\$ 128,980,191	\$ 19,133,952
Receivables:				
Accounts	5,121,166	1,106,303	6,227,469	1,261,823
Taxes	2,506,525	-	2,506,525	-
Other	185,656	-	185,656	-
Due from Medford Water Commission	34,251	-	34,251	-
Due from City of Medford	-	-	-	60,108
Inventory	715,833	73,195	789,028	686,800
Prepaid pension expense	20,763,166	-	20,763,166	2,046,983
Other assets	23,062	-	23,062	335,994
Restricted cash and cash equivalents	262,219	-	262,219	517,600
Capital assets not being depreciated	119,662,778	1,699,892	121,362,670	11,132,177
Depreciable capital assets, net	<u>156,028,069</u>	<u>80,326,471</u>	<u>236,354,540</u>	<u>100,552,989</u>
Total assets	<u>\$ 412,677,875</u>	<u>\$ 104,810,902</u>	<u>\$ 517,488,777</u>	<u>\$ 135,728,426</u>
LIABILITIES				
Accounts payable	\$ 5,360,901	\$ 529,060	\$ 5,889,961	\$ 1,496,400
Payroll and related accruals	1,952,570	199,381	2,151,951	-
Deposits	-	354,502	354,502	377,960
Accrued interest payable	974,457	-	974,457	-
Due to Medford Water Commission	60,108	-	60,108	-
Due to City of Medford	-	-	-	34,251
Unearned revenue	202,363	-	202,363	-
Claims Payable	180,499	-	180,499	-
Other liabilities	11,296	-	11,296	-
Long term liabilities:				
Due within one year:				
Bonds payable	4,031,000	-	4,031,000	-
Compensated absences	514,429	52,846	567,275	348,270
Due in more than one year:				
Bonds payable, including unamortized premium of \$2,221,532	106,763,532	-	106,763,532	-
Compensated absences	2,058,367	211,385	2,269,752	71,332
Other post-employment benefits	<u>1,782,677</u>	<u>-</u>	<u>1,782,677</u>	<u>-</u>
Total liabilities	<u>123,892,199</u>	<u>1,347,174</u>	<u>125,239,373</u>	<u>2,328,213</u>
NET POSITION				
Net investment in capital assets	233,292,847	82,026,363	315,319,210	111,685,166
Restricted for:				
Future system development	-	6,811,138	6,811,138	517,600
Public safety	1,122,668	-	1,122,668	-
Highways and streets	18,475,789	-	18,475,789	-
Culture and recreation	8,119,399	-	8,119,399	-
Community development	6,208,364	-	6,208,364	-
Debt service	192,619	-	192,619	-
Unrestricted	<u>21,373,990</u>	<u>14,626,227</u>	<u>36,000,217</u>	<u>21,197,447</u>
Total net position	<u>288,785,676</u>	<u>103,463,728</u>	<u>392,249,404</u>	<u>133,400,213</u>
Total liabilities and net position	<u>\$ 412,677,875</u>	<u>\$ 104,810,902</u>	<u>\$ 517,488,777</u>	<u>\$ 135,728,426</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, 2014

Functions/Programs	Expenses	Program Revenues			Net revenue (expense) and changes in net position			Component Unit
		Fines, Fees and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Medford Water Commission	
					Governmental Activities	Business-type Activities		Total
Primary Government								
Governmental activities:								
General government	\$ 9,147,201	\$ 5,761,672	\$ 4,429,715	\$ -	\$ 1,044,186	\$ -	\$ 1,044,186	\$ -
Public safety	34,509,062	3,523,187	-	-	(30,985,875)	-	(30,985,875)	-
Highways and streets	15,847,096	9,468,041	4,342,965	2,115,707	79,617	-	79,617	-
Culture and recreation	8,589,430	2,851,023	-	1,177,600	(4,560,807)	-	(4,560,807)	-
Community development	6,161,258	1,847,670	-	-	(4,313,588)	-	(4,313,588)	-
Interest on long-term debt	4,444,205	-	-	-	(4,444,205)	-	(4,444,205)	-
Total governmental activities	<u>78,698,252</u>	<u>23,451,593</u>	<u>8,772,680</u>	<u>3,293,307</u>	<u>(43,180,672)</u>	<u>-</u>	<u>(43,180,672)</u>	<u>-</u>
Business-type activities:								
Sewer services	11,184,462	13,405,162	4,624	1,272,724	-	3,498,048	3,498,048	-
Parking services	388,584	517,155	-	-	-	128,571	128,571	-
Total business-type activities	<u>11,573,046</u>	<u>13,922,317</u>	<u>4,624</u>	<u>1,272,724</u>	<u>-</u>	<u>3,626,619</u>	<u>3,626,619</u>	<u>-</u>
Total primary government	<u>\$ 90,271,298</u>	<u>\$ 37,373,910</u>	<u>\$ 8,777,304</u>	<u>\$ 4,566,031</u>	<u>(43,180,672)</u>	<u>3,626,619</u>	<u>(39,554,053)</u>	<u>-</u>
Component unit:								
Medford Water Commission	<u>\$ 11,001,922</u>	<u>\$ 11,395,395</u>	<u>\$ -</u>	<u>\$ 1,755,355</u>	-	-	-	<u>\$ 2,148,828</u>
General Revenues:								
Property taxes - City of Medford					30,269,799	-	30,269,799	-
Property taxes - Medford Urban Renewal Agency					5,739,427	-	5,739,427	-
Use taxes					9,847,977	-	9,847,977	-
Unrestricted investment earnings					675,501	110,179	785,680	173,792
Gain (loss) on capital asset sales					(190,062)	-	(190,062)	-
Transfers					<u>722,390</u>	<u>(722,390)</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers					<u>47,065,032</u>	<u>(612,211)</u>	<u>46,452,821</u>	<u>173,792</u>
Change in net position					3,884,360	3,014,408	6,898,768	2,322,620
Net position - beginning					<u>284,901,316</u>	<u>100,449,320</u>	<u>385,350,636</u>	<u>131,077,593</u>
					<u>\$ 288,785,676</u>	<u>\$ 103,463,728</u>	<u>\$ 392,249,404</u>	<u>\$ 133,400,213</u>

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

CITY OF MEDFORD
Balance Sheet
Governmental Funds
June 30, 2014

	<u>General Fund</u>	<u>Street Utility Fund</u>	<u>MURA Debt Service Fund</u>	<u>MURA Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
ASSETS						
Cash and investments	\$ 21,432,271	\$ 5,178,021	\$ 5,458,658	\$ 4,192,356	\$ 67,753,227	\$ 104,014,533
Receivables						
Accounts	2,888,110	685,459	-	7,100	1,494,924	5,075,593
Taxes	2,110,586	-	353,138	-	42,801	2,506,525
Loans	-	-	-	185,656	-	185,656
Inventories	53,840	-	-	-	-	53,840
Due from other funds	155,654	-	-	-	-	155,654
Due from Medford Water Commission	34,251	-	-	-	-	34,251
Prepays	23,062	-	-	-	-	23,062
Restricted cash and cash equivalents	74,447	-	-	-	72,892	147,339
Advances to other funds	18,355,000	-	-	-	-	18,355,000
Total assets	<u>\$ 45,127,221</u>	<u>\$ 5,863,480</u>	<u>\$ 5,811,796</u>	<u>\$ 4,385,112</u>	<u>\$ 69,363,844</u>	<u>\$ 130,551,453</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 668,921	\$ 357,485	\$ -	\$ 124,461	\$ 3,995,111	\$ 5,145,978
Payroll and related accruals	1,598,217	95,070	-	6,847	140,661	1,840,795
Due to other funds	-	-	-	-	155,654	155,654
Due to Medford Water Commission	60,108	-	-	-	-	60,108
Customer deposits	-	11,296	-	-	-	11,296
Unearned revenue	202,363	-	-	-	-	202,363
Advances from other funds	-	-	18,355,000	-	-	18,355,000
Total liabilities	<u>2,529,609</u>	<u>463,851</u>	<u>18,355,000</u>	<u>131,308</u>	<u>4,291,426</u>	<u>25,771,194</u>
Deferred inflows of resources						
Unavailable revenue - property taxes	1,613,810	-	294,346	-	33,374	1,941,530
Unavailable revenue - municipal court	1,448,892	-	-	-	-	1,448,892
Unavailable revenue - notes receivable	-	-	-	185,656	3,554	189,210
Total deferred inflows of resources	<u>3,062,702</u>	<u>-</u>	<u>294,346</u>	<u>185,656</u>	<u>36,928</u>	<u>3,579,632</u>
Fund balances:						
Nonspendable:						
Inventory	53,840	-	-	-	-	53,840
Advances to other funds	18,355,000	-	-	-	-	18,355,000
Restricted for:						
Public safety	-	-	-	-	1,122,668	1,122,668
Highways and streets	-	-	-	-	18,475,790	18,475,790
Culture and recreation	-	-	-	-	8,119,399	8,119,399
Community development	-	-	-	4,068,148	2,140,216	6,208,364
Debt service	-	-	-	-	192,619	192,619
Committed for:						
Public Safety	-	-	-	-	34,456,786	34,456,786
Highways and streets	-	5,399,629	-	-	-	5,399,629
Culture and recreation	-	-	-	-	528,012	528,012
PERS debt	3,028,488	-	-	-	-	3,028,488
Unassigned	18,097,582	-	(12,837,550)	-	-	5,260,032
Total fund balances	<u>39,534,910</u>	<u>5,399,629</u>	<u>(12,837,550)</u>	<u>4,068,148</u>	<u>65,035,490</u>	<u>101,200,627</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 45,127,221</u>	<u>\$ 5,863,480</u>	<u>\$ 5,811,796</u>	<u>\$ 4,385,112</u>	<u>\$ 69,363,844</u>	<u>\$ 130,551,453</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 Position
 June 30, 2014

Fund balances - total governmental funds		\$ 101,200,627
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental capital assets, cost	420,982,012	
Less accumulated depreciation	<u>(145,626,012)</u>	275,356,000
A portion of the City's receivables 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.		
		3,579,632
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.		
		20,763,166
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	(974,457)	
Compensated absences	(2,540,424)	
Other post employment benefits	(1,782,677)	
Bonds payable	(108,573,000)	
Unamortized bond premium	<u>(2,221,532)</u>	(116,092,090)
Internal service funds are used by management to charge costs of insurance, risk management, and fleet management services to individual funds. Their assets and liabilities are included in the Statement of Net Position.		
		<u>3,978,341</u>
Net position of governmental activities		<u>\$ 288,785,676</u>

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

CITY OF MEDFORD
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year ended June 30, 2014

	<u>General Fund</u>	<u>Street Utility Fund</u>	<u>MURA Debt Service Fund</u>	<u>MURA Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
REVENUES						
Taxes						
Property	\$ 30,759,799	\$ -	\$ 5,276,149	\$ -	\$ 463,278	\$ 36,499,226
Franchise and lodging	9,847,977	-	-	-	1,464,269	11,312,246
Fuel	-	-	-	-	4,328,786	4,328,786
Other	-	-	-	-	702,932	702,932
Special assessments	6,534	-	-	-	-	6,534
Charges for services	1,422,519	11,007	-	-	310,799	1,744,325
Fines and penalties	1,348,188	-	-	-	-	1,348,188
Intergovernmental	3,716,008	14,179	-	-	9,915	3,740,102
Licenses, permits and fees	655,321	8,543,718	-	-	4,326,818	13,525,857
Investment earnings	143,163	28,938	14,629	215,938	272,833	675,501
Grants and contributions	713,707	-	-	-	1,869,739	2,583,446
Other revenue	<u>2,470,421</u>	<u>28,964</u>	<u>-</u>	<u>210,241</u>	<u>161,299</u>	<u>2,870,925</u>
Total revenues	<u>51,083,637</u>	<u>8,626,806</u>	<u>5,290,778</u>	<u>426,179</u>	<u>13,910,668</u>	<u>79,338,068</u>
EXPENDITURES						
Current						
General government	7,098,188	-	-	-	-	7,098,188
Public safety	30,727,771	-	-	-	2,200,008	32,927,779
Highways and streets	263,322	5,612,923	-	-	1,991,085	7,867,330
Culture and recreation	5,742,936	-	-	-	320,044	6,062,980
Community development	1,942,200	-	-	177,301	2,575,689	4,695,190
Debt service:						
Debt service principal	-	-	344,000	-	4,086,000	4,430,000
Debt service - interest	-	-	934,301	-	3,267,006	4,201,307
Capital outlay	<u>2,823,038</u>	<u>1,510,519</u>	<u>-</u>	<u>6,693,460</u>	<u>4,819,409</u>	<u>15,846,426</u>
Total expenditures	<u>48,597,455</u>	<u>7,123,442</u>	<u>1,278,301</u>	<u>6,870,761</u>	<u>19,259,241</u>	<u>83,129,200</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,486,182</u>	<u>1,503,364</u>	<u>4,012,477</u>	<u>(6,444,582)</u>	<u>(5,348,573)</u>	<u>(3,791,132)</u>
OTHER FINANCING SOURCES (USES)						
Contributions	-	-	-	-	3,293,306	3,293,306
Debt proceeds	-	-	-	-	38,155,000	38,155,000
Premium related to debt issuance	-	-	-	-	1,437,143	1,437,143
Transfers in	2,709,308	142,618	-	300,000	7,302,019	10,453,945
Transfers out	<u>(5,276,761)</u>	<u>(624,685)</u>	<u>(300,000)</u>	<u>-</u>	<u>(3,333,556)</u>	<u>(9,535,002)</u>
Total other financing sources (uses)	<u>(2,567,453)</u>	<u>(482,067)</u>	<u>(300,000)</u>	<u>300,000</u>	<u>46,853,912</u>	<u>43,804,392</u>
Net change in fund balances	(81,271)	1,021,297	3,712,477	(6,144,582)	41,505,339	40,013,260
Beginning fund balances	<u>39,616,181</u>	<u>4,378,332</u>	<u>(16,550,027)</u>	<u>10,212,730</u>	<u>23,530,151</u>	<u>61,187,367</u>
Ending fund balances	<u>\$ 39,534,910</u>	<u>\$ 5,399,629</u>	<u>\$ (12,837,550)</u>	<u>\$ 4,068,148</u>	<u>\$ 65,035,490</u>	<u>\$101,200,627</u>

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 Funds to the Statement of Activities
For the Year Ended June 30, 2014

Net change in fund balance - total governmental funds \$ 40,013,260

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	11,820,082	
Contributed capital assets	2,013,172	
Less current year depreciation	<u>(12,847,434)</u>	985,820

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. (190,062)

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. (1,106,834)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. The change in unavailable revenue increases/decreases revenue in the Statement of Net Position. (598,682)

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. 165,728

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 position. 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	(427,352)	
Amortization of premium	184,454	
Accrual of other post employment benefits which are not reported as an expenditure in governmental funds	(456,766)	
Bond Proceeds	(38,155,000)	
Premium on issuance of bond	(1,437,143)	
Principal payments	<u>4,430,000</u>	(35,861,807)

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. 476,937

Change in net position of governmental activities \$ 3,884,360

CITY OF MEDFORD
Balance Sheet
Proprietary Funds
June 30, 2014

	Business - type Activities - Enterprise Funds			Governmental Activities
	Sewer Utility Fund	Parking Facilities Fund	Total	Internal Service Funds
ASSETS				
Current assets:				
Cash and investments	\$ 21,147,725	\$ 457,316	\$ 21,605,041	\$ 3,360,617
Receivables	1,106,303	-	1,106,303	45,573
Inventories	73,195	-	73,195	661,993
Total current assets	<u>22,327,223</u>	<u>457,316</u>	<u>22,784,539</u>	<u>4,068,183</u>
Noncurrent assets:				
Restricted cash and cash equivalents	-	-	-	114,880
Capital assets:				
Land and construction in progress	593,272	1,106,620	1,699,892	-
Capital assets, net of accumulated depreciation	<u>80,280,730</u>	<u>45,741</u>	<u>80,326,471</u>	<u>334,846</u>
Total noncurrent assets	<u>80,874,002</u>	<u>1,152,361</u>	<u>82,026,363</u>	<u>449,726</u>
Total assets	<u>\$ 103,201,225</u>	<u>\$ 1,609,677</u>	<u>\$ 104,810,902</u>	<u>\$ 4,517,909</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 515,925	\$ 13,135	\$ 529,060	\$ 214,922
Payroll and related accruals	198,239	1,142	199,381	111,775
Customer deposits	354,502	-	354,502	-
Compensated absences, due within one year	52,846	-	52,846	6,344
Claims payable	-	-	-	180,499
Total current liabilities	<u>1,121,512</u>	<u>14,277</u>	<u>1,135,789</u>	<u>513,540</u>
Long-term liabilities:				
Compensated absences, due in more than one year	<u>211,385</u>	<u>-</u>	<u>211,385</u>	<u>26,028</u>
Total liabilities	<u>1,332,897</u>	<u>14,277</u>	<u>1,347,174</u>	<u>539,568</u>
NET POSITION				
Net investment in capital assets	80,874,002	1,152,361	82,026,363	334,846
Restricted for:				
Future system development	6,811,138	-	6,811,138	-
Employee section 125 plan	-	-	-	114,880
Unrestricted	<u>14,183,188</u>	<u>443,039</u>	<u>14,626,227</u>	<u>3,528,615</u>
Total net position	<u>101,868,328</u>	<u>1,595,400</u>	<u>103,463,728</u>	<u>3,978,341</u>
Total liabilities and net position	<u>\$ 103,201,225</u>	<u>\$ 1,609,677</u>	<u>\$ 104,810,902</u>	<u>\$ 4,517,909</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 Position
Proprietary Funds
For the Year ended June 30, 2014

	Business - type Activities - Enterprise Funds			Governmental Activities
	Sewer Utility Fund	Parking Facilities Fund	Total	Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 12,490,863	\$ 516,699	\$ 13,007,562	\$ 2,720,305
Other revenue	914,299	456	914,755	4,587
Total operating revenues	<u>13,405,162</u>	<u>517,155</u>	<u>13,922,317</u>	<u>2,724,892</u>
OPERATING EXPENSES				
Salaries and fringe benefits	5,548,117	32,500	5,580,617	1,175,511
Operating supplies	607,854	16,963	624,817	624,081
Professional services	781,504	208,012	989,516	103,062
Repairs and maintenance	265,199	10,100	275,299	4,968
Premiums and claims	90,910	20,100	111,010	107,222
Utilities	285,620	50,876	336,496	2,588
General, administrative, and engineering	180,222	24,163	204,385	31,276
Depreciation	<u>3,425,036</u>	<u>25,870</u>	<u>3,450,906</u>	<u>20,250</u>
Total operating expenses	<u>11,184,462</u>	<u>388,584</u>	<u>11,573,046</u>	<u>2,068,958</u>
Operating income (loss)	<u>2,220,700</u>	<u>128,571</u>	<u>2,349,271</u>	<u>655,934</u>
NONOPERATING REVENUES (EXPENSES)				
Grants and contracts	4,624	-	4,624	-
Investment earnings	<u>108,235</u>	<u>1,944</u>	<u>110,179</u>	<u>17,556</u>
Total nonoperating revenues (expenses)	<u>112,859</u>	<u>1,944</u>	<u>114,803</u>	<u>17,556</u>
Income (loss) before contributions and transfers	2,333,559	130,515	2,464,074	673,490
CONTRIBUTIONS AND TRANSFERS				
Contributions	1,272,724	-	1,272,724	-
Transfers in	142,560	-	142,560	-
Transfers out	<u>(844,850)</u>	<u>(20,100)</u>	<u>(864,950)</u>	<u>(196,553)</u>
Total contributions and transfers	<u>570,434</u>	<u>(20,100)</u>	<u>550,334</u>	<u>(196,553)</u>
Change in net position	2,903,993	110,415	3,014,408	476,937
Beginning net position	<u>98,964,335</u>	<u>1,484,985</u>	<u>100,449,320</u>	<u>3,501,404</u>
Ending net position	<u>\$ 101,868,328</u>	<u>\$ 1,595,400</u>	<u>\$ 103,463,728</u>	<u>\$ 3,978,341</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, 2014

	Business - type Activities - Enterprise Funds			Governmental Activities
	Sewer Utility Fund	Parking Facilities Fund	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 13,356,828	\$ 542,271	\$ 13,899,099	\$ 2,744,719
Payments to suppliers	(2,883,844)	(329,089)	(3,212,933)	(1,233,791)
Payments to employees	(5,498,969)	(31,450)	(5,530,419)	(1,169,545)
Other revenue	-	-	-	15
Net cash provided (used) by operating activities	<u>4,974,015</u>	<u>181,732</u>	<u>5,155,747</u>	<u>341,398</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer from other finds	142,560	-	142,560	-
Transfers to other funds	(844,850)	(20,100)	(864,950)	(196,553)
Grants received	4,624	-	4,624	-
Net cash provided (used) by noncapital financing activities	<u>(697,666)</u>	<u>(20,100)</u>	<u>(717,766)</u>	<u>(196,553)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions (system development charges)	1,272,724	-	1,272,724	-
Acquisition and construction of capital assets	(2,729,315)	-	(2,729,315)	(227,891)
Net cash provided (used) by capital and related financing activities	<u>(1,456,591)</u>	<u>-</u>	<u>(1,456,591)</u>	<u>(227,891)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends received	108,235	1,944	110,179	17,556
Increase (decrease) in cash	2,927,993	163,576	3,091,569	(65,490)
Cash at beginning of year	18,219,732	293,740	18,513,472	3,540,987
Cash at end of year	<u>\$ 21,147,725</u>	<u>\$ 457,316</u>	<u>\$ 21,605,041</u>	<u>\$ 3,475,497</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 2,220,700	\$ 128,571	\$ 2,349,271	\$ 655,934
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	3,425,036	25,870	3,450,906	20,250
(Increase) decrease in accounts receivable	(48,334)	25,116	(23,218)	19,841
(Increase) decrease in inventories	-	-	-	64,033
Increase (decrease) in accounts payable	(821,450)	1,125	(820,325)	(97,029)
Increase (decrease) in accrued payroll and related expenses	(3,905)	1,050	(2,855)	5,312
Increase (decrease) in compensated absences	53,053	-	53,053	653
Increase (decrease) in Customer deposits payable	148,915	-	148,915	(327,596)
Total adjustments	<u>2,753,315</u>	<u>53,161</u>	<u>2,806,476</u>	<u>(314,536)</u>
Net cash provided (used) by operating activities	<u>\$ 4,974,015</u>	<u>\$ 181,732</u>	<u>\$ 5,155,747</u>	<u>\$ 341,398</u>

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

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2014

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 units, although legally separate entities, are, in substance, part of the government's operations. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the City.

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

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

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

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

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2014

Note I - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements, continued

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

The fund financial statements provide information about the City's governmental and proprietary funds. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining funds are aggregated and reported as other nonmajor funds.

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 position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both *measurable* and *available*. The City considers property tax revenue reported in the governmental funds to be available if they are collected within 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 Utility Fund* accounts for street utility fees to be expended on street improvements and maintenance.

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

The *MURA Capital Projects Fund* accounts for the expenditure of resources for the Medford Urban Renewal Agency.

The government reports the following major proprietary fund:

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

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2014

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 and/or outside agency receiving the service.

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

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.

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

1. Cash and cash equivalents

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

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2014

Note I - Summary of significant accounting policies (continued)

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

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 unearned revenues and, accordingly, have not been recorded as revenue.

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

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

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

3. Inventories

Inventories in the general fund and in the proprietary fund types are stated at the lower of cost or market, using the first-in/first-out (FIFO) method, or market.

4. Restricted cash

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

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2014

Note I - Summary of significant accounting policies (continued)

E. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance, 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, 2014, 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. Deferred outflows/inflows of resources

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

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

7. Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Earned but unpaid sick leave does not vest, for the majority of employees, and is therefore not accrued. However, some employees whose sick leave bank exceeds a set amount are permitted to sell back their sick leave in excess of these hours. Management receives a 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 as a result of employee resignations and retirements.

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2014

Note I - Summary of significant accounting policies (continued)

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

8. Long-term obligations

In the government-wide financial statement and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, 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 expenditures.

9. 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.

10. 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 biennial budget. The City's Finance Director uses that information to determine whether those resources should be assigned or unassigned for presentation in the City's Comprehensive Annual Financial Report.

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

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

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2014

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, materials and services, capital outlay, debt service and operating contingency.

The budget document contains more detailed expenditure categories than the authorizing appropriation ordinance. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations ordinance. Supplemental budgets less than 10% of the fund's original budget may be adopted by the City Council or the Agency's Board of Directors at a regular meeting. A supplemental budget greater than 10% of the fund's original budget requires hearings before the public, publication in newspapers and approval by the City Council or the Agency's Board of Directors. Original and supplemental budgets may be modified by use of appropriation transfers between levels of control. Such transfers require approval by the City Council or the Board of Directors for the City and the Agency, respectively. The City Council approved various transfer resolutions during the current biennium budget period 2013-2015.

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 Debt Service Fund had a deficit fund balance of \$12,837,550. This was caused by the interfund advance from the General Fund and will be replenished as the advance is repaid.

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2014

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 Position as "Cash and investments".

As of June 30, 2014, the City's cash and investment balances were reported as follows:

	Primary Government	Weighted average maturity in years
Subject to interest rate risk:		
U.S. agency securities	\$ 43,506,125	3.090
Corporate bonds	3,003,028	2.324
Commercial paper	2,497,867	0.013
Not subject to interest rate risk or maturities are less than one month:		
Petty cash	7,459	
LGIP	56,117,293	
Deposits with financial institutions	24,110,638	
Total cash and investments	\$ 129,242,410	
Cash and investments are reported as follows:		
Cash and investments	\$ 128,980,191	
Restricted cash and cash equivalents	262,219	
Total cash and investments	\$ 129,242,410	

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, 2014, the City's deposits, with a bank balance of \$22,915,002, were covered by the FDIC or collateralized as required by and in compliance with ORS 295.

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:

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

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2014

Note III - Detailed notes on all funds, continued

A. Cash and investments, continued

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, 2014, 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	\$ 5,504,347	AA+	5.24 %
Federal Home Loan Bank	10,817,025	AA+	10.29 %
Federal Home Loan Mortgage Corp.	5,968,955	AA+	5.68 %
Treasury Note	10,068,512	N/A	9.58 %
Federal National Mortgage Assoc.	<u>11,147,286</u>	AA+	10.60 %
Total U.S. agency securities	<u>43,506,125</u>		
Corporate bonds:			
General Electric Capital Corp.	1,002,772	AA+	0.95 %
Johnson & Johnson	<u>2,000,256</u>	AAA	1.90 %
Total Corporate bonds	<u>3,003,028</u>		
LGIP	<u>56,117,293</u>	Not rated	53.38 %
Commercial Paper	<u>2,497,867</u>		<u>2.38 %</u>
Total investments	<u>\$ 105,124,313</u>		<u>100.00 %</u>

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

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

B. Loan receivables

MURA enters into loan agreements whereby the Agency provides local businesses in downtown Medford monies for rehabilitation construction costs. On December 16, 2013, Agency renegotiated a 10 year loan with Mountain Development Company, LLC to be paid off in three years. The loan bears an interest rate of 4% through the first year; 6% through the second year; and 8% through the third year and is collateralized by a deed of trust. No allowance has been established by the Agency because the note receivable is considered entirely collectible.

<u>Issue Date</u>	<u>Monthly Payment</u>	<u>Final Payment Date</u>	<u>Balance 6/30/2014</u>
December 16, 2013	\$ 1,967	December 15, 2016	\$ 185,656

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2014

Note III - Detailed notes on all funds, continued

C. 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 \$20,763,166 and \$2,046,983 for the City and the Commission, respectively.

D. Deferred inflows of resources

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

<u>Deferred inflows of resources</u>	<u>2014</u>
Property taxes	\$ 1,941,530
Municipal court receivable	1,448,892
Notes receivable	<u>189,210</u>
Total	<u>\$ 3,579,632</u>

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2014

Note III - Detailed notes on all funds, continued

E. Capital assets

Capital asset activity for the year ended June 30, 2014 was as follows:

Primary Government	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Transfers</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 26,298,765	\$ 3,595,635	\$ -	\$ 29,894,400
Land - rights of way	82,502,755	-	-	82,502,755
Construction in progress	<u>13,503,666</u>	<u>8,360,040</u>	<u>(14,598,083)</u>	<u>7,265,623</u>
Total capital assets, not being depreciated	<u>122,305,186</u>	<u>11,955,675</u>	<u>(14,598,083)</u>	<u>119,662,778</u>
Capital assets, being depreciated:				
Buildings	26,313,747	113,562	(57,271)	26,370,038
Improvements	39,169,895	82,089	(55,599)	39,196,385
Equipment	28,382,833	1,177,450	(8,246,238)	21,314,045
Infrastructure	<u>200,008,149</u>	<u>15,310,202</u>	<u>-</u>	<u>215,318,351</u>
Total capital assets, being depreciated	<u>293,874,624</u>	<u>16,683,303</u>	<u>(8,359,108)</u>	<u>302,198,819</u>
Less accumulated depreciation for:				
Buildings	(8,391,624)	(807,689)	53,249	(9,146,064)
Improvements	(14,643,806)	(1,665,970)	37,013	(16,272,763)
Equipment	(23,046,096)	(1,429,045)	8,078,784	(16,396,357)
Infrastructure	<u>(95,410,836)</u>	<u>(8,944,730)</u>	<u>-</u>	<u>(104,355,566)</u>
Total accumulated depreciation	<u>(141,492,362)</u>	<u>(12,847,434)</u>	<u>8,169,046</u>	<u>(146,170,750)</u>
Total capital assets, being depreciated, net	<u>152,382,262</u>	<u>3,835,869</u>	<u>(190,062)</u>	<u>156,028,069</u>
Governmental activities capital assets, net	<u>\$ 274,687,448</u>	<u>\$ 15,791,544</u>	<u>\$ (14,788,145)</u>	<u>\$ 275,690,847</u>

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2014

Note III - Detailed notes on all funds, continued

E. Capital assets, continued

Primary Government	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases/ Transfers</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,173,026	\$ 11,342	\$ -	\$ 1,184,368
Construction in progress	<u>588,188</u>	<u>2,781,381</u>	<u>(2,854,045)</u>	<u>515,524</u>
Total capital assets, not being depreciated	<u>1,761,214</u>	<u>2,792,723</u>	<u>(2,854,045)</u>	<u>1,699,892</u>
Capital assets, being depreciated:				
Buildings	6,856,394	122,284	-	6,978,678
Improvements	27,236,719	104,410	-	27,341,129
Equipment	28,757,870	613,212	(269,342)	29,101,740
Sewers	27,973,511	810,461	-	28,783,972
Storm drains	<u>42,146,739</u>	<u>1,518,437</u>	<u>-</u>	<u>43,665,176</u>
Total capital assets, being depreciated	<u>132,971,233</u>	<u>3,168,804</u>	<u>(269,342)</u>	<u>135,870,695</u>
Less accumulated depreciation for:				
Buildings	(3,055,463)	(182,809)	-	(3,238,272)
Improvements	(11,797,779)	(674,551)	-	(12,472,330)
Equipment	(14,589,317)	(1,131,338)	269,342	(15,451,313)
Sewers	(11,852,551)	(556,535)	-	(12,409,086)
Storm drains	<u>(11,067,550)</u>	<u>(905,673)</u>	<u>-</u>	<u>(11,973,223)</u>
Total accumulated depreciation	<u>(52,362,660)</u>	<u>(3,450,906)</u>	<u>269,342</u>	<u>(55,544,224)</u>
Total capital assets, being depreciated, net	<u>80,608,573</u>	<u>(282,102)</u>	<u>-</u>	<u>80,326,471</u>
Business-type activities capital assets, net	<u>\$ 82,369,787</u>	<u>\$ 2,510,621</u>	<u>\$ (2,854,045)</u>	<u>\$ 82,026,363</u>

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

Governmental activities:	
General government	\$ 364,977
Public safety	897,173
Highways and streets	7,816,313
Culture and recreation	2,400,485
Community development	<u>1,368,486</u>
Total depreciation expense - governmental activities	<u>\$ 12,847,434</u>
Business-type activities:	
Sewer	\$ 3,425,036
Parking services	<u>25,870</u>
Total depreciation expense - business-type activities	<u>\$ 3,450,906</u>

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2014

Note III - Detailed notes on all funds, continued

E. 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	\$ 4,152,389	\$ 449,994	\$ -	\$ 4,602,383
Construction in progress	<u>5,821,269</u>	<u>4,679,522</u>	<u>(3,970,997)</u>	<u>6,529,794</u>
Total capital assets, not being depreciated	<u>9,973,658</u>	<u>5,129,516</u>	<u>(3,970,997)</u>	<u>11,132,177</u>
Capital assets, being depreciated:				
Buildings, supply and distribution system	136,740,159	2,031,309	(129,412)	138,642,056
Equipment	<u>5,626,420</u>	<u>2,568,036</u>	<u>(96,784)</u>	<u>8,097,672</u>
Total capital assets, being depreciated	<u>142,366,579</u>	<u>4,599,345</u>	<u>(226,196)</u>	<u>146,739,728</u>
Less accumulated depreciation for:				
Buildings, supply and distribution system	(39,670,162)	(2,451,627)	97,503	(42,024,286)
Equipment	<u>(4,011,016)</u>	<u>(230,907)</u>	<u>79,470</u>	<u>(4,162,453)</u>
Total accumulated depreciation	<u>(43,681,178)</u>	<u>(2,682,534)</u>	<u>176,973</u>	<u>(46,186,739)</u>
Total capital assets, being depreciated, net	<u>98,685,401</u>	<u>1,916,811</u>	<u>(49,223)</u>	<u>100,552,989</u>
Medford Water Commission capital assets, net	<u>\$ 108,659,059</u>	<u>\$ 7,046,327</u>	<u>\$ (4,020,220)</u>	<u>\$ 111,685,166</u>

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2014

Note III - Detailed notes on all funds, continued

F. Long-term debt

General Obligation and Full Faith and Credit Bonds

General Obligation bonds are backed by the full faith and credit of the City and are serviced by general property tax revenues. The City's G.O. bonded debt is subject to a debt margin of 3% of real market value per Oregon Revised Statutes 287A.050. For the year ended June 30, 2014 the City had 99% of capacity available. 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 %	\$ 27,975,000
Full faith and credit bonds			
2. 2006 Sidewalk Series maturing 2021	4,600,000	4.00 to 4.50 %	2,515,000
3. Series 2011C bonds for MURA maturing 2025	20,950,000	3.25 to 5.00%	<u>18,355,000</u>
Total bonds outstanding			<u>\$ 48,845,000</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 2025.

The following schedule shows the debt service requirements as of June 30, 2014:

<u>Year ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 2,325,000	\$ 2,438,054
2016	2,540,000	2,319,872
2017	2,775,000	2,188,354
2018	3,035,000	2,042,837
2019	3,330,000	1,912,940
2020-2024	20,540,000	7,074,932
2024-2028	<u>14,300,000</u>	<u>1,822,940</u>
Total	<u>\$ 48,845,000</u>	<u>\$ 19,799,929</u>

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2014

Note III - Detailed notes on all funds, continued

F. 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%	\$ 14,115,000
2007 Urban redevelopment bonds Series A, maturing 2022	2,570,000	4.65%	1,641,000
2009 Urban redevelopment bonds Series A, maturing 2024	3,000,000	4.75%	2,822,000
2011B Limited tax revenue refunding bonds, maturing 2022	3,673,000	3.24%	2,995,000
2013 Police, Fire, and Parks limited tax revenue bonds, maturing 2043	38,155,000	3.00 - 5.00%	<u>38,155,000</u>
Total revenue bonds outstanding:			<u>\$ 59,728,000</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 2011B series bond was issued on December 15, 2011 to advance refund the remaining amounts due on the 2002 Parks limited tax revenue bonds, maturing 2022. The City advance refunded the aforementioned bond to reduce its total debt service payments over the next 13 years by \$500,000 and to obtain an economic gain (the difference between the present values of the debt service payments on the old and new debt) of \$470,000.

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

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2014

Note III - Detailed notes on all funds, continued

F. Long-term debt, continued

The following schedule shows the debt service requirements for revenue bonds as of June 30, 2014:

Year ending June 30,	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 1,706,000	\$ 2,776,116
2016	1,795,000	2,576,376
2017	1,864,000	2,506,513
2018	1,943,000	2,432,737
2019	2,023,000	2,354,792
2020-2024	14,377,000	10,012,331
2025-2029	10,490,000	6,960,848
2030-2034	8,195,000	4,956,078
2035-2039	7,690,000	3,077,088
2040-2044	<u>9,645,000</u>	<u>1,123,989</u>
Total	<u>\$ 59,728,000</u>	<u>\$ 38,776,868</u>

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2014, 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/full faith bonds	\$ 50,985,000	\$ -	\$ (2,140,000)	\$ 48,845,000	\$ 2,325,000
Revenue bonds	<u>23,863,000</u>	<u>38,155,000</u>	<u>(2,290,000)</u>	<u>59,728,000</u>	<u>1,706,000</u>
Total bonds payable	74,848,000	38,155,000	(4,430,000)	108,573,000	4,031,000
Other Post Employment Benefits	1,325,911	456,766	-	1,782,677	-
Compensated absences	<u>2,737,871</u>	<u>3,362,861</u>	<u>(3,527,936)</u>	<u>2,572,796</u>	<u>514,429</u>
Governmental activities long- term liabilities	<u>\$ 78,911,782</u>	<u>\$ 41,974,627</u>	<u>\$ (7,957,936)</u>	<u>\$112,928,473</u>	<u>\$ 4,545,429</u>
Business-type activities:					
Compensated absences	<u>\$ 211,178</u>	<u>\$ 349,773</u>	<u>\$ (296,720)</u>	<u>\$ 264,231</u>	<u>\$ 52,846</u>

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2014

Note III - Detailed notes on all funds, continued

F. Long-term debt, continued

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

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

Bonds payable ending balance	\$ 108,573,000
Less: current portion	(4,031,000)
Add: unamortized premium	<u>2,221,532</u>
Bonds payable, due in more than one year	<u>\$ 106,763,532</u>

G. Governmental Activities net investment in capital assets

Net investment in capital assets for Governmental Activities as presented in the Statement of Net Position as of June 30, 2014 is determined as follows:

Capital assets, net	\$ 275,690,847
Less outstanding principal on capital asset related debt:	
General obligation bonds, excluding PERS bond \$27,975,000	(20,870,000)
Revenue bonds, excluding unspent \$38,200,000 2013 Police, Fire , Parks revenue bond.	<u>(21,528,000)</u>
Governmental Activities net position invested in capital assets, net of related debt	<u>\$ 233,292,847</u>

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2014

Note III - Detailed notes on all funds, continued

H. Interfund receivables, payables, advances and transfers

Interfund Receivables and Payables

Interfund balances consist of cash advances of \$155,654 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 reflects a negative cash balance in the the Community Development Block Grant Fund.

Interfund Advances

During the 2012 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, 2014 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>\$19,700,000</u>	<u>\$ -</u>	<u>\$(1,345,000)</u>	<u>\$ 18,355,000</u>	<u>\$ 1,370,000</u>

Interfund transfers:

	<u>Transfers In:</u>					<u>Total Transfers Out</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Street Utility Fund</u>	<u>Sewer Fund</u>	<u>MURA Capital Projects Fund</u>	
<u>Transfers Out:</u>						
General Fund	\$ 394,000	\$ 4,634,583	\$ 105,618	\$ 142,560	\$ -	\$ 5,276,761
Street Utility Fund	624,685	-	-	-	-	624,685
MURA Debt Service Fund	-	-	-	-	300,000	300,000
Nonmajor Governmental Funds	629,120	2,667,436	37,000	-	-	3,333,556
Sewer Utility Fund	844,850	-	-	-	-	844,850
Parking Facilities Fund	20,100	-	-	-	-	20,100
Internal Service Funds	<u>196,553</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>196,553</u>
Total transfers in	<u>\$2,709,308</u>	<u>\$ 7,302,019</u>	<u>\$ 142,618</u>	<u>\$ 142,560</u>	<u>\$ 300,000</u>	<u>\$10,596,505</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 the Financial Statements
June 30, 2014

Note III - Detailed notes on all funds, continued

I. 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,	
	2013	2014
Workers' compensation		
Unpaid claims, beginning of year	\$ 241,798	\$ 230,824
Incurred claims (including IBNR)	359,888	118,013
Claim payments	<u>(370,862)</u>	<u>(282,165)</u>
Unpaid claims, end of year	<u>\$ 230,824</u>	<u>\$ 66,672</u>
Liability		
Unpaid claims, beginning of year	\$ 304,336	\$ 277,271
Incurred claims (including IBNR)	77,157	45,800
Claim payments	<u>(104,222)</u>	<u>(209,294)</u>
Unpaid claims, end of year	<u>\$ 277,271</u>	<u>\$ 113,777</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.

J. Related party transactions

The Commission pays the City for legal counsel, other services, and materials and supplies. During the year, the Commission paid the City \$155,155 for these items. The Commission also paid the City a franchise tax amounting to \$143,594 in fiscal year 2014 and garage charges of \$141,300. The Commission's water sales to the City were \$160,987 during the year ended June 30, 2014.

K. Deferred compensation plan

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

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 \$419,887,500 as of June 30, 2014. 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 the Financial Statements
June 30, 2014

Note III - Detailed notes on all funds, continued

M. 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.

N. 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 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 12.27% was based on a December 31, 2013 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 6.90% for general service employees and 9.63% for police and fire employees.

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2014

Note III - Detailed notes on all funds, continued

N. Pension plans, continued

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, 2014. The City's 6% "pick-up" contributions for the years ending June 30, 2014, 2013, and 2012 were \$1,849,768, \$1,839,910, and \$1,798,893. 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 12.27% of covered payroll for PERS tier one and tier two and 6.90% for general service and 9.63% for police and fire of covered payroll for OPSRP for the fiscal year ended 2014. 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, 2014, 2013, and 2012 were \$3,315,068, \$3,390,132, and \$3,363,355 respectively, equal to the required contributions for each year.

The City's portion of PERS net Unfunded Actuarial Liability for June 30, 2013 and 2012 were as follows:

<u>Fiscal year ending June 30</u>	
2011	\$ 30,955,648
2013	\$ 2,903,265

O. Other Post Employment Benefits

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.

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, 2014, the City's combined plan contributions were \$181,123.

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2014

Note III - Detailed notes on all funds, continued

O. Other Post Employment Benefits, continued

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, 2014, the implicit benefit payments (contributions made), and changes in the City's net OPEB obligation:

Annual required contribution	\$ 674,746
Interest on net OPEB obligation	53,036
Adjustment to the annual required contribution	<u>(89,893)</u>
Annual OPEB cost (expense)	637,889
Contributions made	<u>(181,123)</u>
Increase in net OPEB obligation	456,766
Net OPEB obligation, beginning of year	<u>1,325,911</u>
Net OPEB obligation, end of year	<u><u>\$1,782,677</u></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 2014 and the preceding two years were as follows:

<u>Fiscal year</u> <u>ending June 30</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Contribution</u>	<u>Percentage of</u> <u>annual OPEB</u> <u>cost contributed</u>	<u>Net OPEB</u> <u>obligation</u>
2012	\$ 473,616	\$ 151,868	32%	\$ 875,295
2013	\$ 626,028	\$ 175,412	28%	\$ 1,325,911
2014	\$ 637,889	\$ 181,123	29%	\$ 1,782,677

Funded Status and Funding Progress

As of June 30, 2013, the actuarial accrued liability for benefits was \$4,732,007 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,732,007. For the fiscal year ending June 30, 2014, 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 \$32,299,346, and the ratio of the UAAL to the covered payroll was 14.7%.

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.

The June 30, 2013 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 8.0% in the first year, 7.5% in the second year, 7.0% in the third year, 6.5% for the 4th year, dropping by 0.1 for the 15 years 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. Actuarial evaluations are completed on every odd year.

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, 2014

	Biennium Budget		First Year Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 62,807,000	\$ 62,807,000	\$ 30,759,799	\$ (32,047,201)
Franchise taxes	17,232,000	17,232,000	8,383,706	(8,848,294)
Lodging taxes	2,900,000	2,900,000	1,464,271	(1,435,729)
Special assessments	-	-	6,534	6,534
Licenses, permits and fees	1,350,000	1,350,000	655,321	(694,679)
Intergovernmental	7,485,150	9,959,150	3,716,008	(6,243,142)
Charges for services	2,707,300	2,824,740	1,422,519	(1,402,221)
Fines and penalties	3,078,000	3,078,000	1,348,188	(1,729,812)
Investment earnings	320,400	320,400	143,163	(177,237)
Contributions and donations	49,000	79,000	217,677	138,677
Other revenue	4,200,910	5,817,230	3,815,421	(2,001,809)
Grants and contracts	250,000	515,400	496,029	(19,371)
Total revenues	102,379,760	106,882,920	52,428,636	(54,454,284)
Expenditures:				
Mayor and council	1,454,490	1,507,310	635,511	871,799
Neighborhood resources	89,700	89,700	32,092	57,608
Municipal court	2,350,490	2,390,390	1,107,029	1,283,361
Police	40,057,680	40,107,680	19,257,024	20,850,656
Fire	25,633,910	25,536,170	12,125,052	13,411,118
Parks and recreation:				
Parks and recreation	8,670,770	8,693,770	4,109,593	4,584,177
City tree program	297,490	297,950	118,094	179,856
Facilities maintenance	5,281,880	10,595,060	3,340,080	7,254,980
Parks special projects	257,900	257,900	133,338	124,562
Emergency management	338,540	338,540	94,175	244,365
Planning	3,947,530	4,014,070	1,798,079	2,215,991
Public works - engineering	505,170	505,170	263,322	241,848
City managers office	2,211,130	2,211,130	974,365	1,236,765
Technology services	5,960,640	5,960,640	1,995,488	3,965,152
Legal	1,215,890	1,215,890	575,066	640,824
Human resources	1,106,280	1,252,280	626,511	625,769
Finance	4,524,300	4,304,300	1,356,347	2,947,953
Building Safety	-	125,000	56,287	68,713
Contingency	12,424,500	11,449,500	-	11,449,500
Total expenditures	116,328,290	120,852,450	48,597,453	72,254,997
Excess revenues over (under) expenditures	(13,948,530)	(13,969,530)	3,831,183	17,800,713
Other financing sources (uses):				
Transfers in	5,499,800	5,736,800	2,709,308	(3,027,492)
Transfers out	(9,861,400)	(10,077,400)	(5,276,761)	4,800,639
Total other financing sources (uses)	(4,361,600)	(4,340,600)	(2,567,453)	1,773,147
Net change in fund balance	(18,310,130)	(18,310,130)	1,263,730	19,573,860
Fund Balance:				
Beginning	21,817,390	21,817,390	19,916,180	(1,901,210)
Ending	\$ 3,507,260	\$ 3,507,260	\$ 21,179,910	\$ 17,672,650

CITY OF MEDFORD

Notes to Required Supplementary Information

June 30, 2014

Note 1 - Basis of Budgeting

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

Reconciliation to budgetary basis from modified accrual:

	<u>Fund Balance</u>	<u>Net Change in Fund Balance</u>
Budgetary amount	\$ 21,179,910	\$ 1,263,730
Balance due on interfund loan	18,355,000	-
Principal payments received budgeted in other revenue	-	<u>(1,345,000)</u>
Total net position - end of year	<u>\$ 39,534,910</u>	<u>\$ (81,270)</u>

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>
6/30/2013	\$ -	\$ 4,732,007	\$ 4,732,007	-	\$ 32,299,346	N/A

The City's other post-employment benefits include retiree healthcare. The actuarial cost method for retiree healthcare benefits is entry age normal. Actuarial valuations are completed on every odd year.

OTHER SUPPLEMENTARY INFORMATION

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, 2014

	<u>Biennium Budget</u>			
	<u>Original</u>	<u>Final</u>	<u>First Year Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Licenses, permits and fees	\$ 15,329,870	\$ 15,403,310	\$ 8,543,718	\$ (6,859,592)
Intergovernmental	12,000	12,000	14,179	2,179
Charges for services	-	-	11,007	11,007
Investment earnings	44,800	44,800	28,938	(15,862)
Other	50,000	50,000	28,964	(21,036)
Grants and contracts	-	<u>500,000</u>	-	<u>(500,000)</u>
Total revenues	<u>15,436,670</u>	<u>16,010,110</u>	<u>8,626,806</u>	<u>(7,383,304)</u>
Expenditures:				
Highways and streets	<u>16,145,140</u>	<u>16,680,740</u>	<u>7,123,442</u>	<u>9,557,298</u>
Total expenditures	<u>16,145,140</u>	<u>16,680,740</u>	<u>7,123,442</u>	<u>9,557,298</u>
Excess revenues over (under) expenditures	<u>(708,470)</u>	<u>(670,630)</u>	<u>1,503,364</u>	<u>2,173,994</u>
Other financing sources (uses):				
Transfers in	174,000	247,440	142,618	(104,822)
Transfers out	<u>(1,267,900)</u>	<u>(1,267,900)</u>	<u>(624,685)</u>	<u>643,215</u>
Total other financing sources (uses)	<u>(1,093,900)</u>	<u>(1,020,460)</u>	<u>(482,067)</u>	<u>538,393</u>
Net change in fund balance	(1,802,370)	(1,691,090)	1,021,297	2,712,387
Fund Balance:				
Beginning	<u>3,803,690</u>	<u>3,803,690</u>	<u>4,378,333</u>	<u>574,643</u>
Ending	<u>\$ 2,001,320</u>	<u>\$ 2,112,600</u>	<u>\$ 5,399,630</u>	<u>\$ 3,287,030</u>

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, 2014

	<u>Biennium Budget</u>		<u>First Year</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:				
Property taxes	\$ 4,768,000	\$ 4,768,000	\$ 5,276,149	\$ 508,149
Investment earnings	<u>15,000</u>	<u>15,000</u>	<u>14,629</u>	<u>(371)</u>
Total revenues	<u>4,783,000</u>	<u>4,783,000</u>	<u>5,290,778</u>	<u>507,778</u>
Expenditures:				
Debt service	<u>2,625,000</u>	<u>2,625,000</u>	<u>2,623,301</u>	<u>1,699</u>
Excess revenues over (under) expenditures	<u>2,158,000</u>	<u>2,158,000</u>	<u>2,667,477</u>	<u>509,477</u>
Other financing sources (uses):				
Transfers out	<u>(300,000)</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>
Net change in fund balance	1,858,000	1,858,000	2,367,477	509,477
Fund Balance:				
Beginning	<u>3,193,600</u>	<u>3,193,600</u>	<u>3,149,973</u>	<u>(43,627)</u>
Ending	<u>\$ 5,051,600</u>	<u>\$ 5,051,600</u>	<u>\$ 5,517,450</u>	<u>\$ 465,850</u>
Reconciliation to modified accrual basis:				
Budgetary fund balance			5,517,450	
Balance due to General fund on interfund advance			<u>(18,355,000)</u>	
Total net position - end of year			<u>\$ (12,837,550)</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, 2014

	<u>Annual Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Rental income	\$ 20,000	\$ 20,000	\$ -	\$ (20,000)
Investment earnings	48,000	48,000	57,101	9,101
Miscellaneous	-	183,550	210,241	26,691
Loan repayments	<u>166,000</u>	<u>166,000</u>	<u>158,837</u>	<u>(7,163)</u>
Total revenues	<u>234,000</u>	<u>417,550</u>	<u>426,179</u>	<u>8,629</u>
Expenditures:				
Capital outlay	<u>10,588,000</u>	<u>10,771,550</u>	<u>6,870,761</u>	<u>3,900,789</u>
Total expenditures	<u>10,588,000</u>	<u>10,771,550</u>	<u>6,870,761</u>	<u>3,900,789</u>
Excess revenues over (under) expenditures	<u>(10,354,000)</u>	<u>(10,354,000)</u>	<u>(6,444,582)</u>	<u>3,909,418</u>
Other financing sources (uses):				
Transfers in	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Total other financing sources (uses)	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Net change in fund balance	(10,054,000)	(10,054,000)	(6,144,582)	3,909,418
Fund Balance:				
Beginning	<u>10,054,000</u>	<u>10,054,000</u>	<u>10,212,730</u>	<u>158,730</u>
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,068,148</u>	<u>\$ 4,068,148</u>

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF MEDFORD

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2014

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Fund</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 62,407,427	\$ 183,192	\$ 5,162,608	\$ 67,753,227
Receivables				
Accounts	1,432,465	-	62,459	1,494,924
Taxes	-	42,801	-	42,801
Restricted cash and cash equivalents	<u>72,892</u>	<u>-</u>	<u>-</u>	<u>72,892</u>
Total assets	<u>\$ 63,912,784</u>	<u>\$ 225,993</u>	<u>\$ 5,225,067</u>	<u>\$ 69,363,844</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,515,430	\$ -	\$ 1,479,681	\$ 3,995,111
Payroll and related accruals	130,934	-	9,727	140,661
Due to other funds	<u>155,654</u>	<u>-</u>	<u>-</u>	<u>155,654</u>
Total liabilities	<u>2,802,018</u>	<u>-</u>	<u>1,489,408</u>	<u>4,291,426</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	-	33,374	-	33,374
Unavailable revenue - notes receivable	<u>3,554</u>	<u>-</u>	<u>-</u>	<u>3,554</u>
Total deferred inflows of resources	<u>3,554</u>	<u>33,374</u>	<u>-</u>	<u>36,928</u>
Fund balances:				
Restricted for:				
Public safety	1,122,668	-	-	1,122,668
Highways and streets	14,741,971	-	3,733,819	18,475,790
Culture and recreation	8,117,559	-	1,840	8,119,399
Community development	2,140,216	-	-	2,140,216
Debt service	-	192,619	-	192,619
Committed for:				
Public safety	34,456,786	-	-	34,456,786
Culture and recreation	<u>528,012</u>	<u>-</u>	<u>-</u>	<u>528,012</u>
Total fund balances	<u>61,107,212</u>	<u>192,619</u>	<u>3,735,659</u>	<u>65,035,490</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 63,912,784</u>	<u>\$ 225,993</u>	<u>\$ 5,225,067</u>	<u>\$ 69,363,844</u>

CITY OF MEDFORD

Nonmajor Governmental Funds

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

Year ended June 30, 2014

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Fund</u>	<u>Total</u>
REVENUES				
Taxes				
Property	\$ -	\$ 463,278	\$ -	\$ 463,278
Franchise and lodging	1,464,269	-	-	1,464,269
Fuel	4,328,786	-	-	4,328,786
Other	702,932	-	-	702,932
Charges for services	310,799	-	-	310,799
Intergovernmental	9,915	-	-	9,915
Licenses, permits and fees	4,326,818	-	-	4,326,818
Investment earnings	235,544	7,576	29,713	272,833
Grants and contributions	1,561,730	-	308,009	1,869,739
Other revenue	<u>94,409</u>	<u>-</u>	<u>66,890</u>	<u>161,299</u>
Total revenues	<u>13,035,202</u>	<u>470,854</u>	<u>404,612</u>	<u>13,910,668</u>
EXPENDITURES				
Current				
Public safety	2,200,008	-	-	2,200,008
Highways and streets	1,699,479	-	291,606	1,991,085
Culture and recreation	320,044	-	-	320,044
Community development	2,575,689	-	-	2,575,689
Debt service:				
Principal	-	4,086,000	-	4,086,000
Interest	-	3,267,006	-	3,267,006
Capital outlay	<u>4,538,594</u>	<u>-</u>	<u>280,815</u>	<u>4,819,409</u>
Total expenditures	<u>11,333,814</u>	<u>7,353,006</u>	<u>572,421</u>	<u>19,259,241</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,701,388</u>	<u>(6,882,152)</u>	<u>(167,809)</u>	<u>(5,348,573)</u>
OTHER FINANCING SOURCES (USES)				
Contributions and donations	3,293,306	-	-	3,293,306
Debt proceeds	39,592,143	-	-	39,592,143
Transfers in	376,269	6,925,750	-	7,302,019
Transfers out	<u>(3,302,779)</u>	<u>-</u>	<u>(30,777)</u>	<u>(3,333,556)</u>
Total other financing source (uses)	<u>39,958,939</u>	<u>6,925,750</u>	<u>(30,777)</u>	<u>46,853,912</u>
Net change in fund balances	41,660,327	43,598	(198,586)	41,505,339
Beginning fund balances	<u>19,446,885</u>	<u>149,021</u>	<u>3,934,245</u>	<u>23,530,151</u>
Ending fund balances	<u>\$ 61,107,212</u>	<u>\$ 192,619</u>	<u>\$ 3,735,659</u>	<u>\$ 65,035,490</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.
- 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 Forfeiture/ Grant Fund - Accounts for forfeiture and 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, 2014

	<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>
ASSETS						
Cash and cash equivalents	\$ 34,661,179	\$ 7,712,895	\$ 8,962,153	\$ 15,280	\$ 2,430,374	\$ 6,881,173
Receivables						
Accounts	161,004	404,168	178,172	-	746	164,990
Restricted cash and cash equivalents	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,892</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 34,822,183</u>	<u>\$ 8,117,063</u>	<u>\$ 9,140,325</u>	<u>\$ 38,172</u>	<u>\$ 2,431,120</u>	<u>\$ 7,046,163</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 330,530	\$ 333,269	\$ 1,075,675	\$ 5	\$ 258,294	\$ 26,816
Payroll and related accruals	34,867	51,964	3,855	-	32,610	5,652
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>365,397</u>	<u>385,233</u>	<u>1,079,530</u>	<u>5</u>	<u>290,904</u>	<u>32,468</u>
Deferred inflows of resources:						
Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,554</u>
Fund balances:						
Restricted						
Public safety	-	-	-	-	-	-
Highways and streets	-	7,731,830	-	-	-	7,010,141
Culture and recreation	-	-	8,060,795	-	-	-
Community development	-	-	-	-	2,140,216	-
Committed to:						
Public safety	34,456,786	-	-	-	-	-
Culture and recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,167</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>34,456,786</u>	<u>7,731,830</u>	<u>8,060,795</u>	<u>38,167</u>	<u>2,140,216</u>	<u>7,010,141</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 34,822,183</u>	<u>\$ 8,117,063</u>	<u>\$ 9,140,325</u>	<u>\$ 38,172</u>	<u>\$ 2,431,120</u>	<u>\$ 7,046,163</u>

Community Promotions Fund - 030	Community Development Block Grant Fund - 037	Police Forfeiture/ 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
\$ 77,501	\$ -	\$ 1,214,032	\$ 12,489	\$ 36,682	\$ 293,656	\$ 7,593	\$ 102,420	\$ 62,407,427
76,875	331,586	-	-	-	114,924	-	-	1,432,465
-	-	50,000	-	-	-	-	-	72,892
<u>\$ 154,376</u>	<u>\$ 331,586</u>	<u>\$ 1,264,032</u>	<u>\$ 12,489</u>	<u>\$ 36,682</u>	<u>\$ 408,580</u>	<u>\$ 7,593</u>	<u>\$ 102,420</u>	<u>\$ 63,912,784</u>
\$ 154,376	\$ 174,695	\$ 141,364	\$ -	\$ -	\$ 20,406	\$ -	\$ -	\$ 2,515,430
-	1,237	-	-	-	749	-	-	130,934
-	155,654	-	-	-	-	-	-	155,654
<u>154,376</u>	<u>331,586</u>	<u>141,364</u>	<u>-</u>	<u>-</u>	<u>21,155</u>	<u>-</u>	<u>-</u>	<u>2,802,018</u>
-	-	-	-	-	-	-	-	3,554
-	-	1,122,668	-	-	-	-	-	1,122,668
-	-	-	-	-	-	-	-	14,741,971
-	-	-	12,489	36,682	-	7,593	-	8,117,559
-	-	-	-	-	-	-	-	2,140,216
-	-	-	-	-	-	-	-	34,456,786
-	-	-	-	-	387,425	-	102,420	528,012
-	-	1,122,668	12,489	36,682	387,425	7,593	102,420	61,107,212
<u>\$ 154,376</u>	<u>\$ 331,586</u>	<u>\$ 1,264,032</u>	<u>\$ 12,489</u>	<u>\$ 36,682</u>	<u>\$ 408,580</u>	<u>\$ 7,593</u>	<u>\$ 102,420</u>	<u>\$ 63,912,784</u>

CITY OF MEDFORD

Nonmajor Special Revenue Funds

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

Year ended June 30, 2014

	<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>
REVENUES						
Taxes						
Franchise and lodging	\$ -	\$ -	\$ 732,136	\$ -	\$ -	\$ -
Fuel	-	4,328,786	-	-	-	-
Other	-	-	702,932	-	-	-
Other services	-	180,674	112,500	-	-	-
Intergovernmental	-	-	-	-	9,915	-
Licenses, permits and fees	1,489,889	-	-	-	1,556,306	-
Investment earnings	108,381	36,867	30,993	215	11,111	37,224
Grants and contributions	-	319,566	3,640	-	-	-
Other revenue	-	4,893	1,533	6,325	48,653	4,320
Total revenues	<u>1,598,270</u>	<u>4,870,786</u>	<u>1,583,734</u>	<u>6,540</u>	<u>1,625,985</u>	<u>41,544</u>
EXPENDITURES						
Current						
Public safety	1,972,073	-	-	-	-	-
Highways and streets	-	1,461,255	-	-	-	238,224
Culture and recreation	-	-	199,837	2,436	-	-
Community development	-	-	-	-	988,748	-
Capital outlay	<u>61,223</u>	<u>331,069</u>	<u>2,161,669</u>	<u>3,270</u>	<u>-</u>	<u>1,981,363</u>
Total expenditures	<u>2,033,296</u>	<u>1,792,324</u>	<u>2,361,506</u>	<u>5,706</u>	<u>988,748</u>	<u>2,219,587</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(435,026)</u>	<u>3,078,462</u>	<u>(777,772)</u>	<u>834</u>	<u>637,237</u>	<u>(2,178,043)</u>
OTHER FINANCING SOURCES (USES)						
Contributions and donations	-	-	1,177,600	-	-	2,115,402
Debt proceeds	32,001,822	-	6,153,178	-	-	-
Premium on issuance of debt	1,205,378	-	231,765	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	<u>(93,399)</u>	<u>(1,017,736)</u>	<u>(746,308)</u>	<u>-</u>	<u>(265,689)</u>	<u>(19,700)</u>
Total other financing source (uses)	<u>33,113,801</u>	<u>(1,017,736)</u>	<u>6,816,235</u>	<u>-</u>	<u>(265,689)</u>	<u>2,095,702</u>
Net change in fund balances	32,678,775	2,060,726	6,038,463	834	371,548	(82,341)
Beginning fund balances	<u>1,778,011</u>	<u>5,671,104</u>	<u>2,022,332</u>	<u>37,333</u>	<u>1,768,668</u>	<u>7,092,482</u>
Ending fund balances	<u>\$ 34,456,786</u>	<u>\$ 7,731,830</u>	<u>\$ 8,060,795</u>	<u>\$ 38,167</u>	<u>\$ 2,140,216</u>	<u>\$ 7,010,141</u>

Community Promotions Fund - 030	Community Development Block Grant Fund - 037	Police Forfeiture/ 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
\$ 732,133	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,464,269
-	-	-	-	-	-	-	-	4,328,786
-	-	-	-	-	-	-	-	702,932
-	-	-	-	-	-	-	17,625	310,799
-	-	-	-	-	-	-	-	9,915
-	-	6,211	69	202	1,280,623	-	-	4,326,818
-	898,971	339,553	-	-	3,722	42	507	235,544
-	-	28,685	-	-	-	-	-	1,561,730
-	-	-	-	-	-	-	-	94,409
<u>732,133</u>	<u>898,971</u>	<u>374,449</u>	<u>69</u>	<u>202</u>	<u>1,284,345</u>	<u>42</u>	<u>18,132</u>	<u>13,035,202</u>
-	-	227,935	-	-	-	-	-	2,200,008
-	-	-	-	-	-	-	-	1,699,479
-	-	-	-	-	117,771	-	-	320,044
732,133	854,808	-	-	-	-	-	-	2,575,689
-	-	-	-	-	-	-	-	4,538,594
<u>732,133</u>	<u>854,808</u>	<u>227,935</u>	<u>-</u>	<u>-</u>	<u>117,771</u>	<u>-</u>	<u>-</u>	<u>11,333,814</u>
-	44,163	146,514	69	202	1,166,574	42	18,132	1,701,388
-	-	-	-	305	-	-	-	3,293,307
-	-	-	-	-	-	-	-	38,155,000
-	-	-	-	-	-	-	-	1,437,143
-	-	376,269	-	-	-	-	-	376,269
-	(44,163)	-	-	-	(1,115,785)	-	-	(3,302,780)
-	(44,163)	376,269	-	305	(1,115,785)	-	-	39,958,939
-	-	522,783	69	507	50,789	42	18,132	41,660,327
-	-	599,885	12,420	36,175	336,636	7,551	84,288	19,446,885
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,122,668</u>	<u>\$ 12,489</u>	<u>\$ 36,682</u>	<u>\$ 387,425</u>	<u>\$ 7,593</u>	<u>\$ 102,420</u>	<u>\$ 61,107,212</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, 2014

	Biennium Budget			
	Original	Final	First Year Actual	Variance with Final Budget
Revenues:				
Licenses, permits and fees	\$ 2,235,600	\$ 3,839,940	\$ 1,489,889	\$ (2,350,051)
Investment earnings	<u>21,200</u>	<u>21,200</u>	<u>108,381</u>	<u>87,181</u>
Total revenues	<u>2,256,800</u>	<u>3,861,140</u>	<u>1,598,270</u>	<u>(2,262,870)</u>
Expenditures:				
Police	1,675,110	24,158,550	871,665	23,286,885
Fire	1,800,640	12,588,670	1,161,631	11,427,039
Contingency	<u>142,340</u>	<u>142,340</u>	<u>-</u>	<u>142,340</u>
Total expenditures	<u>3,618,090</u>	<u>36,889,560</u>	<u>2,033,296</u>	<u>34,856,264</u>
Excess revenues over (under) expenditures	<u>(1,361,290)</u>	<u>(33,028,420)</u>	<u>(435,026)</u>	<u>32,593,394</u>
Other financing sources (uses):				
Transfers out	(191,500)	(1,795,840)	(93,399)	1,702,441
Debt proceeds	<u>-</u>	<u>33,207,210</u>	<u>33,207,200</u>	<u>(10)</u>
Net change in fund balances	(1,552,790)	(1,617,050)	32,678,775	34,295,825
Fund Balance:				
Beginning	<u>1,552,790</u>	<u>1,617,050</u>	<u>1,778,011</u>	<u>160,961</u>
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,456,786</u>	<u>\$ 34,456,786</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, 2014

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State gas tax	\$ 8,823,000	\$ 8,823,000	\$ 4,328,786	\$ (4,494,214)
Charges for services	50,000	50,000	180,674	130,674
Investment earnings	38,000	38,000	36,867	(1,133)
Other revenue	-	-	4,893	4,893
Grants and contracts	-	-	319,566	319,566
Total revenues	<u>8,911,000</u>	<u>8,911,000</u>	<u>4,870,786</u>	<u>(4,040,214)</u>
Expenditures:				
Street maintenance and construction	11,670,790	11,670,790	1,792,324	9,878,466
Contingency	472,400	472,400	-	472,400
Total expenditures	<u>12,143,190</u>	<u>12,143,190</u>	<u>1,792,324</u>	<u>10,350,866</u>
Excess revenues over (under) expenditures	<u>(3,232,190)</u>	<u>(3,232,190)</u>	<u>3,078,462</u>	<u>6,310,652</u>
Other financing sources (uses):				
Transfers out	<u>(1,202,640)</u>	<u>(1,202,640)</u>	<u>(1,017,736)</u>	<u>184,904</u>
Total other financing sources (uses)	<u>(1,202,640)</u>	<u>(1,202,640)</u>	<u>(1,017,736)</u>	<u>184,904</u>
Net change in fund balance	<u>(4,434,830)</u>	<u>(4,434,830)</u>	<u>2,060,726</u>	<u>6,495,556</u>
Fund Balance:				
Beginning	<u>5,568,100</u>	<u>5,568,100</u>	<u>5,671,104</u>	<u>103,004</u>
Ending	<u>\$ 1,133,270</u>	<u>\$ 1,133,270</u>	<u>\$ 7,731,830</u>	<u>\$ 6,598,560</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, 2014

	Biennium Budget			
	Original	Final	First Year Actual	Variance with Final Budget
Revenues:				
Lodging taxes	\$ 1,450,000	\$ 1,450,000	\$ 732,136	\$ (717,864)
Other taxes	600,000	1,078,060	702,932	(375,128)
Charges for services	205,000	205,000	112,500	(92,500)
Investment earnings	17,800	17,800	30,993	13,193
Contributions and donations	1,120,000	1,120,000	1,177,600	57,600
Other revenue	-	-	1,533	1,533
Grants and contracts	-	-	3,640	3,640
Total revenues	<u>3,392,800</u>	<u>3,870,860</u>	<u>2,761,334</u>	<u>(1,109,526)</u>
Expenditures:				
Park development	8,264,560	9,177,490	2,361,506	6,815,984
Contingency	283,100	283,100	-	283,100
Total expenditures	<u>8,547,660</u>	<u>9,460,590</u>	<u>2,361,506</u>	<u>7,099,084</u>
Excess revenues over (under) expenditures	<u>(5,154,860)</u>	<u>(5,589,730)</u>	<u>399,828</u>	<u>5,989,558</u>
Other financing sources (uses):				
Transfers out	(1,491,300)	(2,206,360)	(746,308)	1,460,052
Debt proceeds	6,000,000	6,384,950	6,384,943	(7)
Sale of capital assets	100,000	100,000	-	(100,000)
Total other financing sources (uses)	<u>4,608,700</u>	<u>4,278,590</u>	<u>5,638,635</u>	<u>1,360,045</u>
Net change in fund balance	<u>(546,160)</u>	<u>(1,311,140)</u>	<u>6,038,463</u>	<u>7,349,603</u>
Fund Balance:				
Beginning	1,257,350	2,022,330	2,022,332	2
Ending	<u>\$ 711,190</u>	<u>\$ 711,190</u>	<u>\$ 8,060,795</u>	<u>\$ 7,349,605</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, 2014

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ 800	\$ 800	\$ 215	\$ (585)
Other revenue	8,000	8,000	6,325	(1,675)
Grants and contracts	400	400	-	(400)
Total revenues	<u>9,200</u>	<u>9,200</u>	<u>6,540</u>	<u>(2,660)</u>
Expenditures:				
Parks special projects	21,000	21,000	5,706	15,294
Contingency	<u>2,000</u>	<u>2,000</u>	-	<u>2,000</u>
Total expenditures	<u>23,000</u>	<u>23,000</u>	<u>5,706</u>	<u>17,294</u>
Excess revenues over (under) expenditures	<u>(13,800)</u>	<u>(13,800)</u>	<u>834</u>	<u>14,634</u>
Net change in fund balance	(13,800)	(13,800)	834	14,634
Fund Balance:				
Beginning	<u>34,520</u>	<u>34,520</u>	<u>37,333</u>	<u>2,813</u>
Ending	<u>\$ 20,720</u>	<u>\$ 20,720</u>	<u>\$ 38,167</u>	<u>\$ 17,447</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, 2014

	Biennium Budget			
	Original	Final	First Year Actual	Variance with Final Budget
Revenues:				
Licenses, permits and fees	\$ 2,360,000	\$ 2,360,000	\$ 1,556,306	\$ (803,694)
Intergovernmental	8,800	8,800	9,915	1,115
Investment earnings	23,600	23,600	11,111	(12,489)
Other revenue	<u>3,200</u>	<u>3,200</u>	<u>48,653</u>	<u>45,453</u>
Total revenues	<u>2,395,600</u>	<u>2,395,600</u>	<u>1,625,985</u>	<u>(769,615)</u>
Expenditures:				
Building safety	2,272,060	2,272,060	988,748	1,283,312
Contingency	<u>284,000</u>	<u>284,000</u>	<u>-</u>	<u>284,000</u>
Total expenditures	<u>2,556,060</u>	<u>2,556,060</u>	<u>988,748</u>	<u>1,567,312</u>
Excess revenues over (under) expenditures	<u>(160,460)</u>	<u>(160,460)</u>	<u>637,237</u>	<u>797,697</u>
Other financing sources (uses):				
Transfers out	<u>(535,000)</u>	<u>(535,000)</u>	<u>(265,689)</u>	<u>269,311</u>
Net change in fund balance	(695,460)	(695,460)	371,548	1,067,008
Fund Balance:				
Beginning	<u>1,699,840</u>	<u>1,699,840</u>	<u>1,768,668</u>	<u>68,828</u>
Ending	<u>\$ 1,004,380</u>	<u>\$ 1,004,380</u>	<u>\$ 2,140,216</u>	<u>\$ 1,135,836</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, 2014

	<u>Biennium Budget</u>			
	<u>Original</u>	<u>Final</u>	<u>First Year Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Investment earnings	\$ 88,800	\$ 88,800	\$ 37,224	\$ (51,576)
Contributions and donations	5,828,000	5,828,000	2,115,402	(3,712,598)
Other revenue	-	-	4,320	4,320
Total revenues	<u>5,916,800</u>	<u>5,916,800</u>	<u>2,156,946</u>	<u>(3,759,854)</u>
Expenditures:				
Street development	11,530,040	11,530,040	2,219,587	9,310,453
Contingency	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>500,000</u>
Total expenditures	<u>12,030,040</u>	<u>12,030,040</u>	<u>2,219,587</u>	<u>9,810,453</u>
Excess revenues over (under) expenditures	<u>(6,113,240)</u>	<u>(6,113,240)</u>	<u>(62,641)</u>	<u>6,050,599</u>
Other financing sources (uses):				
Transfers out	<u>(45,900)</u>	<u>(45,900)</u>	<u>(19,700)</u>	<u>26,200</u>
Net change in fund balance	(6,159,140)	(6,159,140)	(82,341)	6,076,799
Fund Balance:				
Beginning	<u>6,328,480</u>	<u>6,328,480</u>	<u>7,092,482</u>	<u>764,002</u>
Ending	<u>\$ 169,340</u>	<u>\$ 169,340</u>	<u>\$ 7,010,141</u>	<u>\$ 6,840,801</u>

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, 2014

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Lodging taxes	\$ 1,450,000	\$ 1,450,000	\$ 732,133	\$ (717,867)
Expenditures:				
Community promotion	<u>1,450,000</u>	<u>1,450,000</u>	<u>732,133</u>	<u>717,867</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, 2014

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Grants and contracts	\$ 1,597,990	\$ 1,597,990	\$ 898,971	\$ (699,019)
Expenditures:				
Community development	<u>1,508,090</u>	<u>1,508,090</u>	<u>854,808</u>	<u>653,282</u>
Excess revenues over (under) expenditures	89,900	89,900	44,163	(45,737)
Other financing sources (uses):				
Transfers out	<u>(89,900)</u>	<u>(89,900)</u>	<u>(44,163)</u>	<u>45,737</u>
Fund Balance:				
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MEDFORD

Police Forfeiture/ Grant Fund - 039

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2014

	<u>Biennium Budget</u>			
	<u>Original</u>	<u>Final</u>	<u>First Year Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Investment earnings	\$ 2,600	\$ 2,600	\$ 6,211	\$ 3,611
Other revenue	-	-	28,685	28,685
Grants and contracts	-	-	339,553	339,553
Total revenues	<u>2,600</u>	<u>2,600</u>	<u>374,449</u>	<u>371,849</u>
Expenditures:				
Police	516,000	516,000	227,935	288,065
Contingency	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Total expenditures	<u>616,000</u>	<u>616,000</u>	<u>227,935</u>	<u>388,065</u>
Excess revenues over (under) expenditures	<u>(613,400)</u>	<u>(613,400)</u>	<u>146,514</u>	<u>759,914</u>
Other financing sources (uses):				
Transfers in	<u>376,270</u>	<u>376,270</u>	<u>376,269</u>	<u>(1)</u>
Total other financing sources (uses)	<u>376,270</u>	<u>376,270</u>	<u>376,269</u>	<u>(1)</u>
Net change in fund balance	(237,130)	(237,130)	522,783	759,913
Fund Balance:				
Beginning	<u>324,780</u>	<u>324,780</u>	<u>599,885</u>	<u>275,105</u>
Ending	<u>\$ 87,650</u>	<u>\$ 87,650</u>	<u>\$ 1,122,668</u>	<u>\$ 1,035,018</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, 2014

	<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>\$ 69</u>	<u>\$ 69</u>
Expenditures:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>69</u>	<u>69</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>69</u>	<u>69</u>
Fund Balance:				
Beginning	<u>12,440</u>	<u>12,440</u>	<u>12,420</u>	<u>(20)</u>
Ending	<u>\$ 12,440</u>	<u>\$ 12,440</u>	<u>\$ 12,489</u>	<u>\$ 49</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, 2014

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ 800	\$ 800	\$ 202	\$ (598)
Contributions and donations	-	310	305	(5)
Total revenues	<u>800</u>	<u>1,110</u>	<u>507</u>	<u>(603)</u>
Expenditures:				
Park maintenance	4,000	4,310	-	4,310
Contingency	<u>1,000</u>	<u>1,000</u>	-	<u>1,000</u>
Total expenditures	<u>5,000</u>	<u>5,310</u>	-	<u>5,310</u>
Excess revenues over (under) expenditures	<u>(4,200)</u>	<u>(4,200)</u>	<u>507</u>	<u>4,707</u>
Net change in fund balance	(4,200)	(4,200)	507	4,707
Fund Balance:				
Beginning	<u>35,560</u>	<u>35,560</u>	<u>36,175</u>	<u>615</u>
Ending	<u>\$ 31,360</u>	<u>\$ 31,360</u>	<u>\$ 36,682</u>	<u>\$ 5,322</u>

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, 2014

	<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	\$ 2,523,300	\$ 2,523,300	\$ 1,280,623	\$ (1,242,677)
Investment earnings	<u>6,000</u>	<u>6,000</u>	<u>3,722</u>	<u>(2,278)</u>
Total revenues	<u>2,529,300</u>	<u>2,529,300</u>	<u>1,284,345</u>	<u>(1,244,955)</u>
Expenditures:				
Park maintenance	329,620	329,620	117,771	211,849
Contingency	<u>41,200</u>	<u>41,200</u>	<u>-</u>	<u>41,200</u>
Total expenditures	<u>370,820</u>	<u>370,820</u>	<u>117,771</u>	<u>253,049</u>
Excess revenues over (under) expenditures	<u>2,158,480</u>	<u>2,158,480</u>	<u>1,166,574</u>	<u>(991,906)</u>
Other financing sources (uses):				
Transfers out	<u>(2,232,400)</u>	<u>(2,232,400)</u>	<u>(1,115,785)</u>	<u>1,116,615</u>
Net change in fund balance	(73,920)	(73,920)	50,789	124,709
Fund Balance:				
Beginning	<u>279,200</u>	<u>279,200</u>	<u>336,636</u>	<u>57,436</u>
Ending	<u>\$ 205,280</u>	<u>\$ 205,280</u>	<u>\$ 387,425</u>	<u>\$ 182,145</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, 2014

	<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>\$ 42</u>	<u>\$ 42</u>
Expenditures:				
Park maintenance	<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>42</u>	<u>1,042</u>
Net change in fund balance	<u>(1,000)</u>	<u>(1,000)</u>	<u>42</u>	<u>1,042</u>
Fund Balance:				
Beginning	<u>7,920</u>	<u>7,920</u>	<u>7,551</u>	<u>(369)</u>
Ending	<u>\$ 6,920</u>	<u>\$ 6,920</u>	<u>\$ 7,593</u>	<u>\$ 673</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, 2014

	<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	\$ 30,000	\$ 30,000	\$ 17,625	\$ (12,375)
Investment earnings	800	800	507	(293)
Total revenues	<u>30,800</u>	<u>30,800</u>	<u>18,132</u>	<u>(12,668)</u>
Expenditures:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess revenues over (under) expenditures	<u>30,800</u>	<u>30,800</u>	<u>18,132</u>	<u>(12,668)</u>
Net change in fund balance	30,800	30,800	18,132	(12,668)
Fund Balance:				
Beginning	<u>86,210</u>	<u>86,210</u>	<u>84,288</u>	<u>(1,922)</u>
Ending	<u>\$ 117,010</u>	<u>\$ 117,010</u>	<u>\$ 102,420</u>	<u>\$ (14,590)</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 the Parks, Public Safety bonds and the City bonds loaned to MURA loan payments. The resource for those payments comes from transfers in from other funds for which the bond proceeds were used.
- Revenue Bond Fund - Accounts for the payment of principal and interest on the Gas Tax Revenue Bonds. The resource for those payments come from transfers in from other funds for which the bonds proceeds were used.

CITY OF MEDFORD

Nonmajor Debt Service Funds

Combining Balance Sheet

June 30, 2014

	General Debt Service Fund - 060	Revenue Bond Fund - 062	Total
ASSETS			
Cash and cash equivalents	\$ 183,192	\$ -	\$ 183,192
Receivables			
Taxes	<u>42,801</u>	<u>-</u>	<u>42,801</u>
Total assets	<u>\$ 225,993</u>	<u>\$ -</u>	<u>\$ 225,993</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Deferred inflows of resources:			
Restricted for	<u>33,374</u>	<u>-</u>	<u>33,374</u>
Fund balances:			
Restricted for			
Debt service	<u>192,619</u>	<u>-</u>	<u>192,619</u>
Total fund balances	<u>192,619</u>	<u>-</u>	<u>192,619</u>
 Total liabilities, deferred inflows of resources and fund balances	<u>\$ 225,993</u>	<u>\$ -</u>	<u>\$ 225,993</u>

CITY OF MEDFORD

Nonmajor Debt Service Funds

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

Year ended June 30, 2014

	General Debt Service Fund - 060	Revenue Bond Fund - 062	Total
REVENUES			
Property taxes	\$ 463,278	\$ -	\$ 463,278
Investment earnings	<u>7,568</u>	<u>8</u>	<u>7,576</u>
Total revenues	<u>470,846</u>	<u>8</u>	<u>470,854</u>
EXPENDITURES			
Debt service:			
Principal	795,000	3,291,000	4,086,000
Interest	<u>1,837,790</u>	<u>1,429,216</u>	<u>3,267,006</u>
Total expenditures	<u>2,632,790</u>	<u>4,720,216</u>	<u>7,353,006</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,161,944)</u>	<u>(4,720,208)</u>	<u>(6,882,152)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>2,205,543</u>	<u>4,720,207</u>	<u>6,925,750</u>
Net change in fund balances	43,599	(1)	43,598
Beginning fund balances	<u>149,020</u>	<u>1</u>	<u>149,021</u>
Ending fund balances	<u>\$ 192,619</u>	<u>\$ -</u>	<u>\$ 192,619</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, 2014

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 851,800	\$ 851,800	\$ 463,278	\$ (388,522)
Investment earnings	<u>2,600</u>	<u>2,600</u>	<u>7,568</u>	<u>4,968</u>
Total revenues	<u>854,400</u>	<u>854,400</u>	<u>470,846</u>	<u>(383,554)</u>
Expenditures:				
Debt service	<u>5,385,340</u>	<u>5,385,340</u>	<u>2,632,790</u>	<u>2,752,550</u>
Excess revenues over (under) expenditures	<u>(4,530,940)</u>	<u>(4,530,940)</u>	<u>(2,161,944)</u>	<u>2,368,996</u>
Other financing sources (uses):				
Transfers in	<u>4,533,820</u>	<u>4,533,820</u>	<u>2,205,543</u>	<u>(2,328,277)</u>
Net change in fund balance	2,880	2,880	43,599	40,719
Fund Balance:				
Beginning	<u>163,370</u>	<u>163,370</u>	<u>149,020</u>	<u>(14,350)</u>
Ending	<u>\$ 166,250</u>	<u>\$ 166,250</u>	<u>\$ 192,619</u>	<u>\$ 26,369</u>

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, 2014

	<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>\$ 2,600</u>	<u>\$ 2,600</u>	<u>\$ 8</u>	<u>\$ (2,592)</u>
Expenditures:				
Debt service	<u>8,560,160</u>	<u>10,642,560</u>	<u>4,720,216</u>	<u>5,922,344</u>
Excess revenues over (under) expenditures	<u>(8,557,560)</u>	<u>(10,639,960)</u>	<u>(4,720,208)</u>	<u>5,919,752</u>
Other financing sources (uses):				
Transfers in	<u>8,560,150</u>	<u>10,642,550</u>	<u>4,720,207</u>	<u>(5,922,343)</u>
Net change in fund balance	2,590	2,590	(1)	(2,591)
Fund Balance:				
Beginning	<u>400</u>	<u>400</u>	<u>1</u>	<u>(399)</u>
Ending	<u>\$ 2,990</u>	<u>\$ 2,990</u>	<u>\$ -</u>	<u>\$ (2,990)</u>

NONMAJOR CAPITAL PROJECTS FUNDS

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

- Greenway Construction Fund - Accounts for construction of Bear Creek Greenway.
- Special Sidewalk Fund – Accounts for the expenditure of the proceeds of the Sidewalk Bonds.
- The Street Improvement Fund – Accounts for the construction of arterial streets.

CITY OF MEDFORD

Nonmajor Capital Project Funds

Combining Balance Sheet

June 30, 2014

	<u>Greenway Construction Fund - 041</u>	<u>Special Sidewalk Fund - 044</u>	<u>Street Improvement Fund - 042</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 1,840	\$ 613,829	\$ 4,546,939	\$ 5,162,608
Receivables				
Accounts	<u>-</u>	<u>-</u>	<u>62,459</u>	<u>62,459</u>
Total assets	<u>\$ 1,840</u>	<u>\$ 613,829</u>	<u>\$ 4,609,398</u>	<u>\$ 5,225,067</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 1,479,681	\$ 1,479,681
Payroll and related accruals	<u>-</u>	<u>-</u>	<u>9,727</u>	<u>9,727</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>1,489,408</u>	<u>1,489,408</u>
Fund Balances:				
Restricted for:				
Highways and streets	-	613,829	3,119,990	3,733,819
Culture and recreation	<u>1,840</u>	<u>-</u>	<u>-</u>	<u>1,840</u>
Total fund balances	<u>1,840</u>	<u>613,829</u>	<u>3,119,990</u>	<u>3,735,659</u>
Total liabilities and fund balances	<u>\$ 1,840</u>	<u>\$ 613,829</u>	<u>\$ 4,609,398</u>	<u>\$ 5,225,067</u>

CITY OF MEDFORD

Nonmajor Capital Project Funds

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

Year ended June 30, 2014

	<u>Greenway Construction Fund - 041</u>	<u>Special Sidewalk Fund - 044</u>	<u>Street Improvement Fund - 042</u>	<u>Total</u>
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Investment earnings	10	3,417	26,286	29,713
Grants and contributions	-	-	308,009	308,009
Other revenue	-	-	66,890	66,890
Total revenues	<u>10</u>	<u>3,417</u>	<u>401,185</u>	<u>404,612</u>
EXPENDITURES				
Current:				
Highways and streets	\$ -	\$ -	\$ 291,606	\$ 291,606
Capital outlay	-	-	280,815	280,815
Total expenditures	<u>-</u>	<u>-</u>	<u>572,421</u>	<u>572,421</u>
Excess (deficiency) of revenues over (under) expenditures	10	3,417	(171,236)	(167,809)
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>-</u>	<u>(6,278)</u>	<u>(24,499)</u>	<u>(30,777)</u>
Net change in fund balances	10	(2,861)	(195,735)	(198,586)
Beginning fund balances	<u>1,830</u>	<u>616,690</u>	<u>3,315,725</u>	<u>3,934,245</u>
Ending fund balances	<u>\$ 1,840</u>	<u>\$ 613,829</u>	<u>\$ 3,119,990</u>	<u>\$ 3,735,659</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, 2014

	<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>\$ 10</u>	<u>\$ 10</u>
Expenditures:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>10</u>	<u>10</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>10</u>	<u>10</u>
Fund Balance:				
Beginning	<u>1,830</u>	<u>1,830</u>	<u>1,830</u>	<u>-</u>
Ending	<u>\$ 1,830</u>	<u>\$ 1,830</u>	<u>\$ 1,840</u>	<u>\$ 10</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, 2014

	<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>\$ 18,600</u>	<u>\$ 18,600</u>	<u>\$ 3,417</u>	<u>\$ (15,183)</u>
Expenditures:				
Sidewalk projects	640,000	640,000	-	640,000
Contingency	<u>39,550</u>	<u>39,550</u>	<u>-</u>	<u>39,550</u>
Excess revenues over (under) expenditures	<u>(660,950)</u>	<u>(660,950)</u>	<u>3,417</u>	<u>664,367</u>
Other financing sources (uses):				
Transfers out	<u>(13,900)</u>	<u>(13,900)</u>	<u>(6,278)</u>	<u>7,622</u>
Net change in fund balance	(674,850)	(674,850)	(2,861)	671,989
Fund Balance:				
Beginning	<u>674,850</u>	<u>674,850</u>	<u>616,690</u>	<u>(58,160)</u>
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 613,829</u>	<u>\$ 613,829</u>

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, 2014

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	\$ 990,000	\$ -	\$ (990,000)
Investment earnings	58,400	58,400	26,286	(32,114)
Other revenue	192,000	192,000	66,890	(125,110)
Grants and contracts	<u>3,750,000</u>	<u>3,750,000</u>	<u>308,009</u>	<u>(3,441,991)</u>
Total revenues	<u>4,000,400</u>	<u>4,990,400</u>	<u>401,185</u>	<u>(4,589,215)</u>
Expenditures:				
Street Development	<u>3,325,000</u>	<u>4,315,000</u>	<u>572,421</u>	<u>3,742,579</u>
Excess revenues over (under) expenditures	<u>675,400</u>	<u>675,400</u>	<u>(171,236)</u>	<u>(846,636)</u>
Other financing sources (uses):				
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(24,499)</u>	<u>25,501</u>
Net change in fund balance	625,400	625,400	(195,735)	(821,135)
Fund Balance:				
Beginning	<u>5,279,250</u>	<u>5,279,250</u>	<u>3,315,725</u>	<u>(1,963,525)</u>
Ending	<u>\$ 5,904,650</u>	<u>\$ 5,904,650</u>	<u>\$ 3,119,990</u>	<u>\$ (2,784,660)</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.

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

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

CITY OF MEDFORD
Sewer Utility Fund
Combining Balance Sheet
June 30, 2014

	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	\$ 1,984,985	\$ 6,607,245	\$ 5,016,103	\$ 353,598	\$ 2,735,056	\$ 4,450,738	\$ 21,147,725
Receivables	-	365,875	406,857	3,969	299,270	30,332	1,106,303
Inventories	-	-	73,195	-	-	-	73,195
Total current assets	<u>1,984,985</u>	<u>6,973,120</u>	<u>5,496,155</u>	<u>357,567</u>	<u>3,034,326</u>	<u>4,481,070</u>	<u>22,327,223</u>
Noncurrent assets:							
Capital assets:							
Land and construction in progress	-	55,019	428,121	-	110,132	-	593,272
Capital assets, net of accumulated depreciation	-	30,554,147	32,662,722	-	17,063,861	-	80,280,730
Total noncurrent liabilities	<u>-</u>	<u>30,609,166</u>	<u>33,090,843</u>	<u>-</u>	<u>17,173,993</u>	<u>-</u>	<u>80,874,002</u>
Total assets	<u>\$ 1,984,985</u>	<u>\$ 37,582,286</u>	<u>\$ 38,586,998</u>	<u>\$ 357,567</u>	<u>\$ 20,208,319</u>	<u>\$ 4,481,070</u>	<u>\$ 103,201,225</u>
LIABILITIES							
Current liabilities:							
Accounts payable	\$ -	\$ 82,062	\$ 223,189	\$ 6,246	\$ 204,103	\$ 325	\$ 515,925
Payroll and related accruals	3,859	55,687	85,152	277	51,487	1,777	198,239
Customer deposits	-	354,502	-	-	-	-	354,502
Compensated absences, due within one year	-	13,386	25,568	-	13,892	-	52,846
Total current liabilities	<u>3,859</u>	<u>505,637</u>	<u>333,909</u>	<u>6,523</u>	<u>269,482</u>	<u>2,102</u>	<u>1,121,512</u>
Noncurrent liabilities:							
Compensated absences, due in more than one year	-	53,542	102,274	-	55,569	-	211,385
Total liabilities	<u>3,859</u>	<u>559,179</u>	<u>436,183</u>	<u>6,523</u>	<u>325,051</u>	<u>2,102</u>	<u>1,332,897</u>
NET POSITION							
Net investment in capital assets	-	30,609,166	33,090,843	-	17,173,993	-	80,874,002
Restricted for future development	1,981,126	-	-	351,044	-	4,478,968	6,811,138
Unrestricted	-	6,413,941	5,059,972	-	2,709,275	-	14,183,188
Total net position	<u>1,981,126</u>	<u>37,023,107</u>	<u>38,150,815</u>	<u>351,044</u>	<u>19,883,268</u>	<u>4,478,968</u>	<u>101,868,328</u>
Total liabilities and fund balances	<u>\$ 1,984,985</u>	<u>\$ 37,582,286</u>	<u>\$ 38,586,998</u>	<u>\$ 357,567</u>	<u>\$ 20,208,319</u>	<u>\$ 4,481,070</u>	<u>\$ 103,201,225</u>

CITY OF MEDFORD

Sewer Utility Fund

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

Year ended June 30, 2014

	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	\$ -	\$ 4,559,735	\$ 4,562,055	\$ -	\$ 3,369,073	\$ -	\$ -	\$ 12,490,863
Other revenue	-	5,744	899,073	567	8,915	-	-	914,299
Total operating revenues	-	4,565,479	5,461,128	567	3,377,988	-	-	13,405,162
OPERATING EXPENSES								
Salaries and fringe benefits	150,316	1,594,730	2,345,547	72,383	1,365,161	19,980	-	5,548,117
Operating supplies	2,298	3,938	362,504	15,965	223,127	22	-	607,854
Professional services	-	11,117	532,290	168,401	-	69,696	-	781,504
Repairs and maintenance	-	43,441	173,872	-	47,886	-	-	265,199
Premiums and claims	-	7,420	74,730	-	8,760	-	-	90,910
Utilities	-	4,752	271,634	-	9,234	-	-	285,620
General, administrative, and engineering	-	22,011	111,137	-	47,074	-	-	180,222
Depreciation	-	1,028,325	1,722,120	-	674,591	-	-	3,425,036
Total operating expenses	152,614	2,715,734	5,593,834	256,749	2,375,833	89,698	-	11,184,462
Operating income (loss)	(152,614)	1,849,745	(132,706)	(256,182)	1,002,155	(89,698)	-	2,220,700
NONOPERATING REVENUE (EXPENSES)								
Grants and contracts	-	-	-	2,312	2,312	-	-	4,624
Investment earnings	9,967	33,409	25,493	2,319	14,421	22,626	-	108,235
Total nonoperating revenues (expenses)	9,967	33,409	25,493	4,631	16,733	22,626	-	112,859
Income (loss) before contributions and transfers	(142,647)	1,883,154	(107,213)	(251,551)	1,018,888	(67,072)	-	2,333,559
CONTRIBUTIONS AND TRANSFERS								
Contributions	281,688	-	-	137,173	-	853,863	-	1,272,724
Transfers in	-	71,280	-	-	71,280	-	-	142,560
Transfers out	(9,676)	(276,993)	(274,599)	(3,183)	(269,299)	(11,100)	-	(844,850)
Total contributions and transfers	272,012	(205,713)	(274,599)	133,990	(198,019)	842,763	-	570,434
Change in net position	129,365	1,677,441	(381,812)	(117,561)	820,869	775,691	-	2,903,993
Beginning net position	1,851,761	35,345,666	38,532,627	468,605	19,062,399	3,703,277	-	98,964,335
Ending net position	\$ 1,981,126	\$ 37,023,107	\$ 38,150,815	\$ 351,044	\$ 19,883,268	\$ 4,478,968	\$ -	\$ 101,868,328

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, 2014

	<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	\$ 140,000	\$ 140,000	\$ 281,688	\$ 141,688
Investment earnings	<u>26,200</u>	<u>26,200</u>	<u>9,967</u>	<u>(16,233)</u>
Total revenues	166,200	166,200	291,655	125,455
Expenditures:				
Storm drain system development	<u>490,220</u>	<u>490,220</u>	<u>152,614</u>	<u>337,606</u>
Excess revenues over (under) expenditures	(324,020)	(324,020)	139,041	463,061
Other financing sources (uses):				
Transfers out	<u>(20,400)</u>	<u>(20,400)</u>	<u>(9,676)</u>	<u>10,724</u>
Net change in fund balance	(344,420)	(344,420)	129,365	473,785
Fund Balance:				
Beginning	<u>1,707,610</u>	<u>1,707,610</u>	<u>1,851,761</u>	<u>144,151</u>
Ending	<u>\$ 1,363,190</u>	<u>\$ 1,363,190</u>	<u>\$ 1,981,126</u>	<u>\$ 617,936</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, 2014

	Biennium Budget		First Year	Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Charges for services	\$ 9,011,190	\$ 9,082,470	\$ 4,559,735	\$ (4,522,735)
Investment earnings	38,000	38,000	33,409	(4,591)
Other revenue	<u>4,000</u>	<u>4,000</u>	<u>5,744</u>	<u>1,744</u>
Total revenues	9,053,190	9,124,470	4,598,888	(4,525,582)
Expenditures:				
Storm drain system maintenance	<u>11,497,270</u>	<u>11,530,570</u>	<u>3,305,770</u>	<u>8,224,800</u>
Excess revenues over (under) expenditures	(2,444,080)	(2,406,100)	1,293,118	3,699,218
Other financing sources (uses):				
Transfers in	-	71,280	71,280	-
Transfers out	<u>(565,500)</u>	<u>(565,500)</u>	<u>(276,993)</u>	<u>288,507</u>
Net change in fund balance	(3,009,580)	(2,900,320)	1,087,405	3,987,725
Fund Balance:				
Beginning	<u>5,026,950</u>	<u>5,026,950</u>	<u>5,393,464</u>	<u>366,514</u>
Ending	<u>\$ 2,017,370</u>	<u>\$ 2,126,630</u>	\$ 6,480,869	<u>\$ 4,354,239</u>
Reconciliation to GAAP Basis:				
Capital assets, net			30,609,166	
Compensated absences			<u>(66,928)</u>	
Total net position - end of year			<u>\$ 37,023,107</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, 2014

	<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	\$ 4,880,000	\$ 4,880,000	\$ 4,562,055	\$ (317,945)
Investment earnings	65,200	65,200	25,493	(39,707)
Other revenue	8,900	892,600	899,073	6,473
Grants and contracts	<u>225,000</u>	<u>225,000</u>	<u>-</u>	<u>(225,000)</u>
Total revenues	<u>5,179,100</u>	<u>6,062,800</u>	<u>5,486,621</u>	<u>(576,179)</u>
Expenditures:				
Sewage treatment maintenance	<u>11,413,070</u>	<u>12,293,070</u>	<u>4,405,094</u>	<u>7,887,976</u>
Total expenditures	<u>11,413,070</u>	<u>12,293,070</u>	<u>4,405,094</u>	<u>7,887,976</u>
Excess revenues over (under) expenditures	<u>(6,233,970)</u>	<u>(6,230,270)</u>	<u>1,081,527</u>	<u>7,311,797</u>
Other financing sources (uses):				
Transfers in	4,360,000	4,360,000	-	(4,360,000)
Transfers out	<u>(553,900)</u>	<u>(553,900)</u>	<u>(274,599)</u>	<u>279,301</u>
Total other financing sources (uses)	<u>3,806,100</u>	<u>3,806,100</u>	<u>(274,599)</u>	<u>(4,080,699)</u>
Net change in fund balance	(2,427,870)	(2,424,170)	806,928	3,231,098
Fund Balance:				
Beginning	<u>4,167,120</u>	<u>4,167,120</u>	<u>4,307,691</u>	<u>140,571</u>
Ending	<u>\$ 1,739,250</u>	<u>\$ 1,742,950</u>	<u>\$ 5,114,619</u>	<u>\$ 3,371,669</u>
Reconciliation to GAAP Basis (Fund Balance to Net Position):				
Inventory			73,195	
Capital assets, net			33,090,843	
Compensated absences			<u>(127,842)</u>	
Total net position - end of year			<u>\$ 38,150,815</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, 2014

	Biennium Budget			
	Original	Final	First Year Actual	Variance with Final Budget
Revenues:				
Charges for services	\$ 175,000	\$ 175,000	\$ 137,173	\$ (37,827)
Investment earnings	6,000	6,000	2,319	(3,681)
Other revenue	-	-	567	567
Grants and contracts	<u>155,000</u>	<u>155,000</u>	<u>2,312</u>	<u>(152,688)</u>
Total revenues	<u>336,000</u>	<u>336,000</u>	<u>142,371</u>	<u>(193,629)</u>
Expenditures:				
Sewer collection system development	<u>250,800</u>	<u>250,800</u>	<u>256,749</u>	<u>(5,949)</u>
Excess revenues over (under) expenditures	<u>85,200</u>	<u>85,200</u>	<u>(114,378)</u>	<u>(199,578)</u>
Other financing sources (uses):				
Transfers out	<u>(7,600)</u>	<u>(7,600)</u>	<u>(3,183)</u>	<u>4,417</u>
Net change in fund balance	77,600	77,600	(117,561)	(195,161)
Fund Balance:				
Beginning	<u>260,480</u>	<u>260,480</u>	<u>468,605</u>	<u>208,125</u>
Ending	<u>\$ 338,080</u>	<u>\$ 338,080</u>	<u>\$ 351,044</u>	<u>\$ 12,964</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, 2014

	<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	\$ 11,005,750	\$ 11,077,030	\$ 3,369,073	\$ (7,707,957)
Investment earnings	19,400	19,400	14,421	(4,979)
Other revenue	115,000	115,000	8,915	(106,085)
Grants and contracts	<u>-</u>	<u>-</u>	<u>2,312</u>	<u>2,312</u>
Total revenues	<u>11,140,150</u>	<u>11,211,430</u>	<u>3,394,721</u>	<u>(7,816,709)</u>
Expenditures:				
Sewer system maintenance and construction	<u>7,749,930</u>	<u>7,749,930</u>	<u>2,603,928</u>	<u>5,146,002</u>
Excess revenues over (under) expenditures	<u>3,390,220</u>	<u>3,461,500</u>	<u>790,793</u>	<u>(2,670,707)</u>
Other financing sources (uses):				
Transfers in	-	71,280	71,280	-
Transfers out	<u>(4,910,500)</u>	<u>(4,910,500)</u>	<u>(269,299)</u>	<u>4,641,201</u>
Total other financing sources (uses)	<u>(4,910,500)</u>	<u>(4,839,220)</u>	<u>(198,019)</u>	<u>4,641,201</u>
Net change in fund balance	(1,520,280)	(1,377,720)	592,774	1,970,494
Fund Balance:				
Beginning	<u>2,199,560</u>	<u>2,199,560</u>	<u>2,185,962</u>	<u>(13,598)</u>
Ending	<u>\$ 679,280</u>	<u>\$ 821,840</u>	<u>\$ 2,778,736</u>	<u>\$ 1,956,896</u>
Reconciliation to GAAP Basis:				
Capital assets, net			17,173,993	
Compensated absences			<u>(69,461)</u>	
Total net position - end of year			<u>\$ 19,883,268</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, 2014

	<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	\$ 1,100,000	\$ 1,100,000	\$ 853,863	\$ (246,137)
Investment earnings	<u>83,000</u>	<u>83,000</u>	<u>22,626</u>	<u>(60,374)</u>
Total revenues	<u>1,183,000</u>	<u>1,183,000</u>	<u>876,489</u>	<u>(306,511)</u>
Expenditures:				
Sewage treatment SDC	<u>605,000</u>	<u>605,000</u>	<u>89,698</u>	<u>515,302</u>
Excess revenues over (under) expenditures	<u>578,000</u>	<u>578,000</u>	<u>786,791</u>	<u>208,791</u>
Other financing sources (uses):				
Transfers out	<u>(22,600)</u>	<u>(22,600)</u>	<u>(11,100)</u>	<u>11,500</u>
Net change in fund balance	555,400	555,400	775,691	220,291
Fund Balance:				
Beginning	<u>1,871,830</u>	<u>1,871,830</u>	<u>3,703,277</u>	<u>1,831,447</u>
Ending	<u>\$ 2,427,230</u>	<u>\$ 2,427,230</u>	<u>\$ 4,478,968</u>	<u>\$ 2,051,738</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, 2014

	<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	\$ 1,030,000	\$ 1,030,000	\$ 516,699	\$ (513,301)
Investment earnings	2,600	2,600	1,944	(656)
Other revenue	-	-	456	456
Total revenues	<u>1,032,600</u>	<u>1,032,600</u>	<u>519,099</u>	<u>(513,501)</u>
Expenditures:				
Parking facilities maintenance and construction	<u>988,860</u>	<u>988,860</u>	<u>362,714</u>	<u>626,146</u>
Total expenditures	<u>988,860</u>	<u>988,860</u>	<u>362,714</u>	<u>626,146</u>
Excess revenues over (under) expenditures	<u>43,740</u>	<u>43,740</u>	<u>156,385</u>	<u>112,645</u>
Other financing sources (uses):				
Transfers out	<u>(39,800)</u>	<u>(39,800)</u>	<u>(20,100)</u>	<u>19,700</u>
Total other financing sources (uses)	<u>(39,800)</u>	<u>(39,800)</u>	<u>(20,100)</u>	<u>19,700</u>
Net change in fund balance	3,940	3,940	136,285	132,345
Fund Balance:				
Beginning	<u>255,560</u>	<u>255,560</u>	<u>306,754</u>	<u>51,194</u>
Ending	<u>\$ 259,500</u>	<u>\$ 259,500</u>	<u>\$ 443,039</u>	<u>\$ 183,539</u>
Reconciliation to GAAP Basis:				
Capital assets, net			<u>1,152,361</u>	
Total net position - end of year			<u>\$ 1,595,400</u>	

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, 2014

	Risk Management Fund - 003	Fleet Maintenance Fund - 082	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,600,588	\$ 760,029	\$ 3,360,617
Receivables	-	45,573	45,573
Inventories	-	661,993	661,993
Total current assets	<u>2,600,588</u>	<u>1,467,595</u>	<u>4,068,183</u>
Noncurrent assets:			
Restricted cash and cash equivalents	114,880	-	114,880
Capital assets, net of accumulated depreciation	-	334,846	334,846
Total noncurrent assets	<u>114,880</u>	<u>334,846</u>	<u>449,726</u>
Total assets	<u>\$ 2,715,468</u>	<u>\$ 1,802,441</u>	<u>\$ 4,517,909</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 111,729	\$ 103,193	\$ 214,922
Payroll and related accruals	92,590	19,185	111,775
Compensated absences, due within one year	-	6,344	6,344
Claims payable	180,499	-	180,499
Total current liabilities	384,818	128,722	513,540
Noncurrent liabilities:			
Compensated absences, due in more than one year	-	26,028	26,028
Total liabilities	<u>384,818</u>	<u>154,750</u>	<u>539,568</u>
NET POSITION			
Net investment in capital assets	-	334,846	334,846
Restricted for employee section 125 plan	114,880	-	114,880
Unrestricted	2,215,770	1,312,845	3,528,615
Total net position	<u>2,330,650</u>	<u>1,647,691</u>	<u>3,978,341</u>
Total liabilities and net position	<u>\$ 2,715,468</u>	<u>\$ 1,802,441</u>	<u>\$ 4,517,909</u>

CITY OF MEDFORD

Internal Service Funds

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

Year ended June 30, 2014

	Risk Management Fund - 003	Fleet Maintenance Fund - 082	Total
OPERATING REVENUES			
Charges for services	\$ 1,407,385	\$ 1,312,920	\$ 2,720,305
Other revenue	15	4,572	4,587
Total operating revenues	<u>1,407,400</u>	<u>1,317,492</u>	<u>2,724,892</u>
OPERATING EXPENSES			
Salaries and fringe benefits	630,244	545,267	1,175,511
Operating supplies	17,433	606,648	624,081
Professional services	87,472	15,590	103,062
Repairs and maintenance	-	4,968	4,968
Premiums and claims	100,352	6,870	107,222
Utilities	-	2,588	2,588
General, administrative, and engineering	20,277	10,999	31,276
Depreciation	-	20,250	20,250
Total operating expenses	<u>855,778</u>	<u>1,213,180</u>	<u>2,068,958</u>
Operating income (loss)	<u>551,622</u>	<u>104,312</u>	<u>655,934</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	<u>12,860</u>	<u>4,696</u>	<u>17,556</u>
Income before contributions and transfers	564,482	109,008	673,490
CONTRIBUTIONS AND TRANSFERS			
Transfers out	<u>(142,153)</u>	<u>(54,400)</u>	<u>(196,553)</u>
Change in net position	422,329	54,608	476,937
Beginning net position	<u>1,908,321</u>	<u>1,593,083</u>	<u>3,501,404</u>
Ending net position	<u>\$ 2,330,650</u>	<u>\$ 1,647,691</u>	<u>\$ 3,978,341</u>

CITY OF MEDFORD
Internal Service Funds
Combining Statement of Cash Flows
Year ended June 30, 2014

	Risk Management Fund - 003	Fleet Maintenance Fund - 082	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,407,386	\$ 1,337,333	\$ 2,744,719
Payments to suppliers	(581,560)	(652,231)	(1,233,791)
Payments to employees	(625,388)	(544,157)	(1,169,545)
Other operating revenue	<u>15</u>	<u>-</u>	<u>15</u>
Net cash provided (used) by operating activities	<u>200,453</u>	<u>140,945</u>	<u>341,398</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	<u>(142,153)</u>	<u>(54,400)</u>	<u>(196,553)</u>
Net cash provided (used) by noncapital financing activities	<u>(142,153)</u>	<u>(54,400)</u>	<u>(196,553)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	<u>-</u>	<u>(227,891)</u>	<u>(227,891)</u>
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(227,891)</u>	<u>(227,891)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends received	<u>12,860</u>	<u>4,696</u>	<u>17,556</u>
Increase (decrease) in cash	71,160	(136,650)	(65,490)
Cash at beginning of year	<u>2,644,308</u>	<u>896,679</u>	<u>3,540,987</u>
Cash at end of year	<u>\$ 2,715,468</u>	<u>\$ 760,029</u>	<u>\$ 3,475,497</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 551,622	\$ 104,312	\$ 655,934
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	-	20,250	20,250
(Increase) decrease in accounts receivable	-	19,841	19,841
(Increase) decrease in inventories	-	64,033	64,033
Increase (decrease) in accounts payable	(28,429)	(68,600)	(97,029)
Increase (decrease) in accrued payroll and related expenses	4,856	456	5,312
Increase (decrease) in compensated absences	-	653	653
Increase (decrease) in claims payable	<u>(327,596)</u>	<u>-</u>	<u>(327,596)</u>
Total adjustments	<u>(351,169)</u>	<u>36,633</u>	<u>(314,536)</u>
Net cash provided (used) by operating activities	<u>\$ 200,453</u>	<u>\$ 140,945</u>	<u>\$ 341,398</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, 2014

	<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	\$ 2,667,590	\$ 2,667,590	\$ 1,407,385	\$ (1,260,205)
Investment earnings	19,400	19,400	12,860	(6,540)
Other revenue	<u>10,000</u>	<u>10,000</u>	<u>15</u>	<u>(9,985)</u>
Total revenues	<u>2,696,990</u>	<u>2,696,990</u>	<u>1,420,260</u>	<u>(1,276,730)</u>
Expenditures:				
Risk management	<u>3,653,830</u>	<u>3,653,830</u>	<u>1,183,374</u>	<u>2,470,456</u>
Total expenditures	<u>3,653,830</u>	<u>3,653,830</u>	<u>1,183,374</u>	<u>2,470,456</u>
Excess revenues over (under) expenditures	<u>(956,840)</u>	<u>(956,840)</u>	<u>236,886</u>	<u>1,193,726</u>
Other financing sources (uses):				
Transfers out	<u>(289,300)</u>	<u>(289,300)</u>	<u>(142,153)</u>	<u>147,147</u>
Net change in fund balance	(1,246,140)	(1,246,140)	94,733	1,340,873
Fund Balance:				
Beginning	<u>2,193,370</u>	<u>2,193,370</u>	<u>2,416,416</u>	<u>223,046</u>
Ending	<u>\$ 947,230</u>	<u>\$ 947,230</u>	<u>\$ 2,511,149</u>	<u>\$ 1,563,919</u>
Reconciliation to GAAP Basis:				
Claims payable			<u>(180,499)</u>	
Total net position - end of year			<u>\$ 2,330,650</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, 2014

	<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	\$ 2,138,500	\$ 2,138,500	\$ 1,312,920	\$ (825,580)
Investment earnings	10,200	10,200	4,696	(5,504)
Other revenue	-	-	4,572	4,572
Total revenues	<u>2,148,700</u>	<u>2,148,700</u>	<u>1,322,188</u>	<u>(826,512)</u>
Expenditures:				
Fleet maintenance and operations	<u>2,395,720</u>	<u>2,489,220</u>	<u>1,420,168</u>	<u>1,069,052</u>
Total expenditures	<u>2,395,720</u>	<u>2,489,220</u>	<u>1,420,168</u>	<u>1,069,052</u>
Excess revenues over (under) expenditures	<u>(247,020)</u>	<u>(340,520)</u>	<u>(97,980)</u>	<u>242,540</u>
Other financing sources (uses):				
Transfers out	<u>(112,600)</u>	<u>(112,600)</u>	<u>(54,400)</u>	<u>58,200</u>
Total other financing sources (uses)	<u>(112,600)</u>	<u>(112,600)</u>	<u>(54,400)</u>	<u>58,200</u>
Net change in fund balance	(359,620)	(453,120)	(152,380)	300,740
Fund Balance:				
Beginning	<u>970,150</u>	<u>970,150</u>	<u>1,497,597</u>	<u>527,447</u>
Ending	<u>\$ 610,530</u>	<u>\$ 517,030</u>	<u>\$ 1,345,217</u>	<u>\$ 828,187</u>
Reconciliation to GAAP Basis:				
Capital assets, net			334,846	
Compensated absences			<u>(32,372)</u>	
Total net position - end of year			<u>\$ 1,647,691</u>	

OTHER FINANCIAL SCHEDULES

CITY OF MEDFORD
Schedule of Expenditures by Division
Budget and Actual
For the Year Ended June 30, 2014

	Biennium Budget		First Year Actual	Variance with Final Budget
	Original	Final		
Expenditures:				
Mayor and council	\$ 745,890	\$ 745,890	\$ 317,566	\$ 428,324
Community promotion	3,285,000	3,327,080	1,754,358	1,572,722
Advisory services	28,100	24,100	3,864	20,236
Special events	155,500	159,500	62,558	96,942
Vision implementation	20,000	20,000	4,704	15,296
Technology services	5,318,910	5,318,910	2,090,380	3,228,530
Technology services - capital improvements	978,250	978,250	63,718	914,532
City management	1,704,960	1,715,700	759,533	956,167
Economic development	305,980	305,980	112,028	193,952
Neighborhood resources	89,700	89,700	32,092	57,608
City recorder	378,280	378,280	182,206	196,074
Emergency management	338,540	338,540	94,175	244,365
City attorney	1,215,890	1,215,890	575,066	640,824
Municipal court	2,350,490	2,390,390	1,107,029	1,283,361
Human resources	1,106,280	1,252,280	626,511	625,769
Finance	2,716,570	2,591,570	1,180,301	1,411,269
Bond interest & redemption	13,945,500	16,027,900	7,353,005	8,674,895
Insurance	2,358,930	2,358,930	1,183,374	1,175,556
Downtown parking enforcement	692,550	692,550	263,160	429,390
General expense	1,807,730	1,262,730	176,046	1,086,684
Police - administration	3,604,170	4,043,310	2,087,783	1,955,527
Police - technical support	3,154,420	3,143,420	1,374,732	1,768,688
Police - patrol	20,575,160	20,564,280	9,660,465	10,903,815
Police - operations support	4,089,300	4,369,300	1,974,261	2,395,039
Police - police investigation	5,281,210	5,259,710	2,587,417	2,672,293
Police - grants	286,000	286,000	227,935	58,065
Police - administrative support	5,028,530	5,026,170	2,417,478	2,608,692
Police - capital improvements	-	22,082,700	26,551	22,056,149
Fire - administration	453,000	542,570	195,313	347,257
Fire - operations	24,160,300	24,129,560	11,836,800	12,292,760
Fire - prevention	1,553,320	1,553,320	659,746	893,574
Fire - training	450,760	450,760	163,402	287,358
Fire - capital improvements	817,170	11,448,630	431,423	11,017,207
Engineering and development	8,376,460	8,362,960	3,012,049	5,350,911
Engineering - capital improvements	30,108,000	31,213,700	4,836,527	26,377,173
PW - administration	1,671,210	1,671,210	750,674	920,536
PW - traffic maintenance	4,327,240	4,327,240	2,023,860	2,303,380
PW - street maintenance	5,964,890	5,964,890	3,040,102	2,924,788
PW - sewer maintenance	3,205,120	3,205,120	1,485,319	1,719,801
PW - storm drain maintenance	3,802,340	3,802,340	1,477,506	2,324,834
PW - fleet maintenance	2,153,100	2,246,600	1,202,952	1,043,648
PW - capital improvements	5,680,000	6,180,000	1,738,129	4,441,871
Water reclamation division	8,569,770	8,569,770	3,480,290	5,089,480
Water reclamation - capital improvements	3,427,500	4,307,500	1,006,043	3,301,457
Planning	3,947,530	4,014,070	1,798,079	2,215,991

Continued on next page

CITY OF MEDFORD
Schedule of Expenditures by Division, continued
Budget and Actual
For the Year Ended June 30, 2014

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Parks - administration	862,820	862,820	399,295	463,525
Parks - general recreation	2,898,920	2,909,420	1,288,079	1,621,341
Parks - arts & cultural events	87,380	99,880	39,577	60,303
Parks - park maintenance	5,094,250	5,151,680	2,478,508	2,673,172
Parks - special restricted funds	69,720	70,030	24,374	45,656
Parks - city tree program	297,490	297,950	118,094	179,856
Parks - building maintenance	3,655,790	3,655,790	1,640,453	2,015,337
Parks - capital improvements	10,430,260	17,120,790	4,163,958	12,956,832
Parks - UCC special events	235,440	235,440	127,721	107,719
Parks-Street banner program	22,460	22,460	-	22,460
Building safety	2,253,060	2,378,060	1,037,635	1,340,425
Contingency	<u>20,823,060</u>	<u>19,656,060</u>	<u>-</u>	<u>19,656,060</u>
Total expenditures	236,960,200	280,419,680	88,754,204	191,665,476
Other financing sources:				
Transfers out	<u>23,504,040</u>	<u>26,039,440</u>	<u>10,296,505</u>	<u>15,742,935</u>
Total appropriations	<u>\$ 260,464,240</u>	<u>\$ 306,459,120</u>	<u>\$ 99,050,709</u>	<u>\$ 207,408,411</u>

CITY OF MEDFORD
Schedule of Property Tax Transactions
Year Ended June 30, 2014

City:	Tax Year	Uncollected as of July 1, 2013	Levy as Extended by Assessor	Discounts Allowed	Adjustments	Collections	Uncollected as of June 30, 2014
Current year	2014	\$ -	\$ 31,739,061	\$ (787,021)	\$ (91,858)	\$ (29,821,378)	\$ 1,038,804
Prior years	2013	1,135,418	-	714	(35,821)	(563,973)	536,338
	2012	617,664	-	58	(6,076)	(290,211)	321,435
	2011	322,046	-	10	(3,575)	(205,338)	113,143
	2010	140,442	-	2	(5,088)	(93,190)	42,166
	prior	159,348	-	(5)	(5,422)	(52,420)	101,501
Total primary government		<u>\$ 2,374,918</u>	<u>\$ 31,739,061</u>	<u>\$ (786,242)</u>	<u>\$ (147,840)</u>	<u>\$ (31,026,510)</u>	<u>\$ 2,153,387</u>
<u>Medford Urban Renewal Agency:</u>							
Current year	2014	\$ -	\$ 5,403,537	\$ (133,989)	\$ (15,639)	\$ (5,077,054)	\$ 176,855
Prior years	2013	183,474	-	121	(5,658)	(93,228)	84,709
	2012	95,862	-	10	(943)	(45,042)	49,887
	2011	50,758	-	2	(564)	(32,363)	17,833
	2010	22,406	-	-	(778)	(14,901)	6,727
	prior	27,768	-	(3)	(2,338)	(8,300)	17,127
Total component unit		<u>\$ 380,268</u>	<u>\$ 5,403,537</u>	<u>\$ (133,859)</u>	<u>\$ (25,920)</u>	<u>\$ (5,270,888)</u>	<u>\$ 353,138</u>
Total all funds		<u>\$ 2,755,186</u>	<u>\$ 37,142,598</u>	<u>\$ (920,101)</u>	<u>\$ (173,760)</u>	<u>\$ (36,297,398)</u>	<u>\$ 2,506,525</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.

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<u>Financial Trends</u>	
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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Sources:

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

City of Medford, Oregon

Schedule 1

Net Position by Component

Last Ten Fiscal Years - Unaudited

(Amounts in dollars)

(Accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Investment in capital assets, net of related debt	109,036,350	145,908,922	183,862,786	195,552,099	208,801,287	214,648,301	225,070,486	214,017,088	230,304,448	233,292,847
Restricted										
Future System Development										
Public Safety							1,710,116	304,287	599,884	1,122,668
Employee section 125 plan	-	-	52,793	39,850	58,002	41,139	-	-	-	-
Highways and streets	19,140,045	27,149,474	27,600,775	10,227,655	12,059,374	17,995,987	18,355,893	12,367,765	16,696,007	18,475,789
Culture & recreation	15,408,944	3,650,348	21,951,083	11,888,260	1,934,604	1,741,936	1,847,405	1,308,384	2,004,134	8,119,399
Community development			4,325,945	3,032,664	1,112,862	3,703,587	3,766,736	1,688,873	11,981,400	6,208,364
Debt service	4,710,314	5,810,204	3,481,140	3,681,053	4,082,382	4,146,973	3,778,977	3,188,173	149,022	192,619
Unrestricted	(4,703,079)	25,155,874	3,988,585	23,765,001	25,496,752	19,541,765	15,924,254	40,285,396	23,166,428	21,373,990
Total governmental activities	143,592,574	207,674,822	245,263,107	248,186,582	253,545,263	261,819,688	270,453,867	273,159,966	284,901,323	288,785,676
Business type activities										
Invested in capital assets	64,736,383	69,329,849	71,948,661	75,594,516	73,165,671	73,620,645	76,190,298	80,445,022	82,369,791	82,026,363
Restricted										
Future system development	9,657,641	11,576,619	12,880,115	13,011,448	13,343,828	13,040,845	11,544,184	7,154,013	6,023,646	6,811,138
Unrestricted	3,966,311	3,987,327	5,480,196	6,441,849	7,822,336	8,912,358	8,994,238	10,571,254	12,055,882	14,626,227
Total business-type activities net position	78,360,335	84,893,795	90,308,972	95,047,813	94,331,835	95,573,848	96,728,720	98,170,289	100,449,319	103,463,728
Primary Government										
Net investment in capital assets	173,772,733	215,238,771	255,811,447	271,146,615	281,966,958	288,268,946	301,260,784	294,462,110	312,674,239	315,319,210
Restricted										
Future system development	9,657,641	11,576,619	12,880,115	13,011,448	13,343,828	13,040,845	11,544,184	7,154,013	6,023,646	6,811,138
Public Safety							1,710,116	304,287	599,884	1,122,668
Employee section 125 plan			52,793	39,850	58,002	41,139	-	-	-	-
Highways and streets	19,140,045	27,149,474	27,600,775	10,227,655	12,059,374	17,995,987	18,355,893	12,367,765	16,696,007	18,475,789
Culture & recreation			21,951,083	11,888,260	1,934,604	1,741,936	1,847,405	1,308,384	2,004,134	8,119,399
Community development	15,408,944	3,650,348	4,325,945	3,032,664	1,112,862	3,703,587	3,766,736	1,688,873	11,981,400	6,208,364
Debt service	4,710,314	5,810,204	3,481,140	3,681,053	4,082,382	4,146,973	3,778,977	3,188,173	149,022	192,619
Unrestricted	(736,768)	29,143,201	9,468,781	30,206,850	33,319,088	28,454,123	24,918,492	50,856,650	35,222,310	36,000,217
Total primary government net position	221,952,909	292,568,617	335,572,079	343,234,395	347,877,098	357,393,536	367,182,587	371,330,255	385,350,642	392,249,404

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

	2011	2012	2013	2014
Expenses				
Governmental Activities				
General government	\$ 7,943,745	\$ 8,930,685	\$ 8,641,807	\$ 9,147,201
Public safety	33,360,267	33,766,228	30,763,148	34,509,062
Highways and streets	14,115,089	14,330,802	15,769,938	15,847,096
Culture and recreation	7,573,132	8,373,605	8,324,613	8,589,430
Community development	6,044,328	6,103,180	7,230,916	6,161,258
Interest on long-term debt	3,294,488	3,697,765	4,449,492	4,444,205
Total governmental activities expenses	72,331,049	75,202,265	75,179,914	78,698,252
Business type activities				
Sewer services	12,485,964	10,433,372	10,661,977	11,184,462
Parking services	332,673	379,767	384,563	388,584
Total business-type activities expenses	12,818,637	10,813,139	11,046,540	11,573,046
Total primary Government expenses	\$ 85,149,686	\$ 86,015,404	\$ 86,226,454	\$ 90,271,298
Program Revenues				
Governmental Activities				
Charges for Services				
General government	\$ 4,921,821	\$ 3,617,405	\$ 5,127,014	\$ 5,761,672
Public safety	2,799,003	2,229,342	1,337,617	3,523,187
Highways and streets	7,241,299	8,132,177	7,907,387	9,468,041
Culture and recreations	3,123,140	2,354,531	1,337,631	2,851,023
Community development	1,716,297	630,913	1,921,074	1,847,670
Operating Grants and Contributions				
General government	54,660	4,180,320	4,586,629	4,429,715
Public safety	1,028,922	1,800,297	246,825	
Highways and streets	3,751,548	5,249,324	4,255,860	4,342,965
Culture and recreations	18,000	3,225	1,279,406	
Community development	1,890,849	505,809	8,983	
Capital Grants and Contributions				
Highways and streets	7,914,014	3,080,688	12,654,060	2,115,707
Culture and recreation	1,835,134	544,778	1,448,730	1,177,600
Community development	-	-	379,047	
Total governmental activities program revenue	36,294,687	32,328,809	42,490,263	35,517,580
Business type activities				
Sewer services				
Charges for services	10,740,971	11,599,953	12,507,099	13,405,162
Operating grants and contributions	228,961	7,320	18,278	4,624
Capital grants and contributions	1,110,753	802,288	1,004,292	1,272,724
Parking services				
Charges for services	272,916	371,022	499,970	517,155
Charges for services		54,404		
Total business type activities program revenues	\$ 12,353,601	\$ 12,834,987	\$ 14,029,639	\$ 15,199,665
Total primary government program revenues	\$ 48,648,288	\$ 45,163,796	\$ 56,519,902	\$ 50,717,245
Net (expense)/revenue				
Governmental activities	\$ (36,036,362)	\$ (42,873,456)	\$ (32,689,651)	\$ (43,180,672)
Business Type activities	(465,036)	2,021,848	2,983,099	3,626,619
Total primary government net expenses	\$ (36,501,398)	\$ (40,851,608)	\$ (29,706,552)	\$ (39,554,053)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property Taxes	34,837,199	34,777,008	34,374,090	36,009,226
Other taxes	8,840,324	9,354,732	9,458,020	9,847,977
Unrestricted investment earnings	343,150	565,817	474,987	675,501
Gain (Loss) on disposal of capital assets	(46,097)	103,858	10,889	(190,062)
Transfers	696,058	778,140	831,714	722,390
Total Governmental Activities	44,670,634	45,579,555	45,149,700	47,065,032
Business type activities				
Investment earnings	130,587	173,844	127,646	110,179
Gain (Loss) on disposal of capital assets		24,129		
Loss on abandonment of capital expenditures				
Transfers	(696,058)	(778,140)	(831,714)	(722,390)
Total Business type activities	(565,471)	(580,167)	(704,068)	(612,211)
Total primary government	\$ 44,105,163	\$ 44,999,388	\$ 44,445,632	\$ 46,452,821
Change in Net Position				
Governmental activities	\$ 8,634,272	\$ 2,706,099	\$ 12,460,049	\$ 3,884,360
Business type activities	(1,030,507)	1,441,681	2,279,031	3,014,408
Total Primary Government	\$ 7,603,765	\$ 4,147,780	\$ 14,739,080	\$ 6,898,768

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	2005 ^{1,3}	2006	2007	2008	2009	2010 ⁶	2011	2012	2013	2014
General Fund										
Reserved										
Inventory	-	-	-	-	-	-	56,353	66,104	57,553	53,840
Advances to other Funds								20,950,000	19,700,000	18,355,000
Unreserved	16,210,552	16,380,858	17,865,765	19,627,721	16,700,620	19,022,954	17,820,875	18,107,099	17,240,916	18,097,582
Committed for										
PERS Contributions							1,457,607	2,035,080	2,617,712	3,028,488
Total General Fund	<u>\$ 16,210,552</u>	<u>\$ 16,380,858</u>	<u>\$ 17,865,765</u>	<u>\$ 19,627,721</u>	<u>\$ 16,700,620</u>	<u>\$ 19,022,954</u>	<u>\$ 19,334,835</u>	<u>\$ 41,158,283</u>	<u>\$ 39,616,181</u>	<u>\$ 39,534,910</u>
All Other Governmental Funds										
Reserved										
Highways and streets	29,229,796	27,149,474	27,600,775	10,227,655	12,059,374	17,995,987				
Culture and recreation	5,319,193	3,650,348	21,951,083	11,888,260	1,934,604	1,741,936				
Community Development						3,703,587				
Debt service	4,710,314	5,810,204	3,481,140	3,681,053	4,082,382	4,146,970				
Capital outlay	244,981	-	-	-	-	-				
Unreserved, reported in:										
Special revenue funds	4,376,576	4,196,681	3,926,002	3,810,465	3,825,743	3,606,787				
Capital projects funds	-	-	4,382,889	7,497,964	4,992,011	-	-	-	-	-
Restricted for:										
Public safety							108,594	304,287	599,884	1,122,668
Highways and streets							9,867,064	12,367,765	16,696,007	18,475,790
Culture and recreation							1,504,922	1,308,384	2,044,134	8,119,399
Community development							3,766,736	1,688,873	11,981,400	6,208,364
Debt Service							3,778,977	3,188,173	149,022	192,619
Committed for:										
Public safety							1,601,522	1,578,026	1,778,011	34,456,786
Highways and streets							8,487,026	7,568,251	4,378,330	5,399,629
Culture and recreation							344,286	431,636	494,435	528,012
Unassigned							17,820,875	(4,868,989)	(16,550,028)	(12,837,550)
Total of all other governmental funds	<u>\$ 43,880,860</u>	<u>\$ 40,806,707</u>	<u>\$ 61,341,889</u>	<u>\$ 37,105,397</u>	<u>\$ 26,894,114</u>	<u>\$ 31,195,267</u>	<u>\$ 47,280,002</u>	<u>\$ 23,566,406</u>	<u>\$ 21,571,196</u>	<u>\$ 61,665,717</u>

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

¹ Medford Urban Renewal is now treated as a Blended Component Unit (as of 2004).

² 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.

³ 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)

⁴ 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.

⁵ 2004 and later -- capital project fund balances are listed under the appropriate reserved governmental fund balance according to the fund restrictions.

⁶ 2010 and later - Community Development was reported separately

Schedule 4**Changes in Fund Balances, Governmental Funds**

Last Ten Fiscal Years - Unaudited

(Amounts in dollars)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes										
Property ¹	26,347,587	27,846,413	29,015,206	30,938,364	32,716,967	33,550,863	34,558,484	34,817,095	34,685,616	36,499,226
Franchise	4,903,064	5,217,635	6,259,689	7,805,599	7,498,935	7,417,721	7,667,517	8,103,753	8,135,229	8,383,706
Lodging ²	1,868,020	2,147,748	2,409,719	2,553,494	2,282,538	2,273,219	2,373,254	2,501,953	2,645,582	2,928,540
State gas tax	3,327,689	3,394,786	3,389,522	3,256,822	2,938,714	3,201,504	3,751,548	4,089,443	4,122,907	4,328,786
Car Rental Tax ³	-	203,736	311,446	314,066	291,150	296,517	313,011	338,587	408,345	702,932
Special Assessments	168,175	106,174	49,630	27,084	13,988	2,122	11,533	88,037	33,955	6,534
System development charges	3,556,187	3,431,361	4,139,557	2,684,561	3,300,889	1,516,968	1,322,155	3,625,466	2,589,940	3,293,306
Charges for services	6,718,045	6,843,020	6,229,665	7,234,145	6,336,212	8,168,600	2,102,585	1,549,305	1,567,208	1,744,325
Fines and penalties	1,069,343	1,118,277	1,285,286	1,376,390	1,303,508	1,332,950	1,395,800	1,187,906	1,448,684	1,348,188
Intergovernmental	10,837,507	3,126,445	3,850,894	4,493,337	4,733,885	5,038,659	4,105,206	4,257,320	4,003,532	3,740,102
Licenses and permits	3,683,950	4,298,327	4,789,573	3,887,457	3,298,628	3,107,511	11,074,896	11,467,015	12,145,376	13,525,857
Investment earnings	1,458,759	2,492,554	3,719,747	3,468,143	1,192,367	604,692	330,493	479,874	493,331	675,501
Grants and contributions	3,710,005	3,240,393	1,989,517	1,832,981	2,871,864	7,342,141	9,092,639	3,390,654	1,865,169	2,583,446
Miscellaneous	547,011	426,264	908,459	323,972	256,309	227,260	246,902	747,399	1,949,911	2,870,925
Rental income				80,733	72,220		24,842	21,987		
	68,195,342	63,893,133	68,347,910	70,277,148	69,108,173	74,080,728	78,370,865	76,665,794	76,094,785	82,631,374
Expenditures										
General government	10,087,654	9,760,308	8,587,907	7,314,274	8,410,989	7,287,388	7,943,745	8,061,216	7,761,943	7,098,188
Public Safety	22,860,619	24,755,871	25,263,463	27,728,314	29,647,717	28,599,595	30,497,243	30,880,952	31,418,003	32,927,779
Highway and streets	3,770,867	5,007,887	5,954,938	18,876,974	6,816,248	6,876,039	6,756,904	7,397,912	8,104,918	7,867,330
Culture and recreation	5,957,859	6,009,908	5,548,007	6,339,937	6,514,950	4,874,990	5,116,189	5,780,817	5,806,654	6,062,980
Community development				1,200,344	1,149,696	4,350,674	4,386,927	3,976,038	5,687,988	4,695,190
Capital Outlay	18,809,063	22,546,636	13,925,625	22,425,555	20,814,762	9,384,274	16,897,242	14,879,091	12,744,837	15,846,426
Bond issuance costs	-	-	127,215	-	-					
Debt service										
Principal	4,093,000	4,358,967	5,751,978	5,329,516	5,816,101	6,085,693	6,202,289	14,673,892	4,120,801	4,430,000
Interest	3,412,392	3,446,957	3,508,923	4,298,916	3,930,884	3,811,248	3,562,294	3,353,562	4,551,366	4,201,307
Total Expenditures	68,991,454	75,886,534	68,668,056	93,513,830	83,101,347	71,269,901	81,362,833	89,003,480	80,196,510	83,129,200
Excess of revenues over (under) expenditures	(796,112)	(11,993,401)	(320,146)	(23,236,682)	(13,993,174)	2,810,827	(2,991,968)	(12,337,686)	(4,101,725)	(497,826)

Continued on next page

City of Medford, Oregon

Schedule 4

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years - Unaudited

(Amounts in dollars)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Other Financing sources (uses)										
Transfers in	6,246,428	7,137,833	4,927,244	7,742,212	8,567,765	8,311,152	9,587,321	16,283,175	11,302,403	10,453,945
Transfers out	(5,244,268)	(6,755,126)	(4,175,245)	(6,997,227)	(7,770,336)	(7,536,654)	(8,813,263)	(15,787,335)	(10,748,880)	(9,535,002)
Issuance of Debt (Bonds)	9,500,000	8,088,000	21,535,000	-	-	3,000,000	-	27,649,094	-	39,592,143
Issuance of Debt (State Loan)	600,000	-	-	-	-	-	-	-	-	-
Land purchase contract							375,175			
Capital Leases	178,545	8,793	-	-	-	-	-	-	-	-
Sale of capital assets	917,076	610,053	53,236	17,161	57,360	38,163	418,476	123,482	10,889	-
Total other financing sources	12,197,781	9,089,553	22,340,235	762,146	854,789	3,812,661	1,567,709	28,268,416	564,412	40,511,086
Net change in fund balances	\$ 11,401,669	\$ (2,903,848)	\$ 22,020,089	\$ (22,474,536)	\$ (13,138,385)	\$ 6,623,488	\$ (1,424,259)	\$ 15,930,730	\$ (3,537,313)	\$ 40,013,260
Debt service as % of noncapital expenditures	14.96%	14.63%	16.92%	13.54%	15.65%	15.99%	15.15%	24.32%	12.86%	12.10%

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. As of 11/1/13 the tax went from 5% to 12.5% per Council Bill 2013-137 in order to repay bonds sold to finish the Phase 4 of the Sports Park

City of Medford, Oregon

Schedule 5

Assessed and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years - Unaudited

(Amounts in dollars)

6/30/2014

Fiscal Year Ended June 30,	Real Property		Personal Property		Other		Less	Total Taxable Assessed Value	Total Direct Tax Rate	(M5)	Tax District totals RMV	Taxable Assessed Value as a Percentage of Estimated Actual Value
	Real Property	Real Manufactured Structures	Personal Manufactured Structures	Personal Properties	Utilities	Non Profit	UR Excess			Estimated Actual Value (RMV)		
2005	4,029,317,277	1,169,870	26,234,270	206,591,110	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%
2013	5,449,584,198	-	24,723,801	209,164,320	190,096,600	10,297,840	(187,851,764)	5,696,014,995	5.21	7,151,504,446	7,192,243,450	79.65%
2014	5,648,610,371	-	23,765,676	215,788,310	186,000,500	10,413,330	(206,805,088)	5,877,773,099	5.19	6,999,431,817	7,039,970,253	83.98%

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
6/30/2014

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	Transportation District	RCC Community College	Vector Control	JC Soil Wtr	Urban Renewal District	
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
2013	5.13	-	0.08	5.21	2.13	0.34	6.16	0.17	0.61	0.04	0.05	0.84	15.55
2014	5.11	-	0.08	5.19	2.12	0.34	6.20	0.17	0.61	0.04	0.05	0.91	15.62

Data Source: Jackson county

The 2013-14 Taxable Assessed Value to compute the tax rate code area of 4901 is \$5,158,176,731 which is 87.76% 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)
 6/30/2014

Taxpayer	Type of Business	2013 Top 14 All Roll Taxpayers for City of Medford			2004 Top Tax Payers			
		2013 Current Taxes Imposed	2013-14 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	6/30/2005 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Rogue Valley Manor	Retirement Housing	1,213,600	86,405,760	1	1.47%	52,774,530	5	1.33%
Charter Communications	Television	817,390	52,313,300	2	0.89%			
Rogue Valley Mall LLC (RV Partners in 2002)	Shopping Mall	813,318	51,762,330	3	0.88%	43,963,210	7	1.11%
Pacificorp (PP&L)	Electric Utility	589,550	37,650,000	4	0.64%	162,457,000	2	4.10%
Avista Corp DBA Washington	Gas Utility	537,146	34,256,000	5	0.58%	47,432,200	6	1.20%
Lithia Real Estate Inc.	Automobile Dealership	521,956	33,424,230	6	0.57%			
Kogap Enterprises	Commercial Contractor	495,008	33,072,373	7	0.56%	19,286,187	15	0.49%
KRC Medford Center	Shopping Center	487,902	31,334,490	8	0.53%			
Wal-Mart Real Estate Business	Shopping Center	391,373	24,997,860	9	0.43%			
Asante	Health Organization	324,871	21,248,320	10	0.36%	19,943,830	14	0.50%
Eastman Kodak Company						124,119,160	1	3.13%
Qwest Corporation	Telephone Utility					116,079,900	3	2.93%
Metropolitan Life Insurace Co.	Insurance	271,079	17,393,740	13	0.30%			
CenturyLink	Telephone Utility	301,704	19,234,900	11	0.33%			
Bear Creek Operations Inc		284,574	18,212,830	12	0.31%	67,930,960	4	1.72%
Certainteed Corporation						38,221,530	8	0.97%
Boise Cascade Corp						37,535,832	9	0.95%
BOC Group Inc						27,315,330	10	0.69%
Total		7,049,471	461,306,133		7.85%	757,059,669		19.12%

Note: The 2013-14 Taxable Assessed Valuation for the City of Medford is: 5,877,773,099
 The Taxable Assessed Valuation for year ended 6/30/2005 was: 4,247,828,959
 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)

6/30/2014

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					
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%
2013	35,504,544	33,129,361	93.3%	1,463,825	34,593,186	97.4%	2,755,186	7.8%
2014	37,192,244	35,005,928	94.1%	1,396,368	36,402,296	97.9%	2,506,525	6.7%

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

Data Source: Jackson County Assessors Office

City of Medford, Oregon

Schedule 9

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years - Unaudited

(Amounts in dollars)

6/30/2014

Fiscal Year Ended June 30,	Governmental Activities					Business Type Activities			Total Primary Government ⁵	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 ⁴	Contract/ Loan (Mura) ³	Sewer Bonds	General Obligation Bonds	Capital Leases				
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%
2013	70,041,000	-	-	4,807,000	-	-	-	-	74,848,000	996	0.10%	1.06%
2014	104,110,000	-	-	4,463,000	-	-	-	-	108,573,000	1,430	0.07%	1.45%

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. The balance of \$18,355,000 is contained in both the City's General Obligation Bonds and MURA Bonds.
- 5 The totals include the \$18,355,000 bonds borrowed by the City for MURA and the same \$18,355,000 owed by MURA to the City by contract

Schedule 10

Ratios of Net General Bonded Debt Outstanding

Last Ten Fiscal Years - Unaudited

(Amounts in dollars)

6/30/2014

Fiscal Year Ended June 30,	General Obligation Bonds⁴	Medford Urban Ren. Bonds	Total General Obligation Bonds	Less Amounts Available in Debt Service Fund³	Net General Bonded Debt Total	Percentage of Estimated Actual Taxable Value of Property²	Per Capita¹
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
2013	70,041,000	24,507,000	94,548,000	3,298,995	91,249,005	1.60%	1,213.74
2014	104,110,000	4,463,000	108,573,000	5,735,102	102,837,898	1.75%	1,354.56

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 \$55,265,000 as of 6/30/14.

City of Medford, Oregon

Schedule 11

Direct and Overlapping Governmental Activities Debt

As of June 30, 2014

(Amounts in dollars)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct & Net Overlapping Debt
Debt repaid with property taxes			
Jackson County	22,470,305	34.6500%	7,786,365
Jackson County Housing Authority	3,537,522	34.6500%	1,225,815
JC School District #4 (Phoenix-Talent)	23,223,000	31.5800%	7,333,847
JC School District #549C (Medford)	206,170,000	75.3100%	155,259,411
JC School District #6 (Central Point)	17,080,000	1.7200%	293,571
Rogue Community College	18,410,000	24.6300%	4,533,702
Rogue Community College (Jackson Cty Bond)	18,960,000	34.6500%	6,569,981
Subtotal Overlapping Debt	309,850,827		183,002,692
City Direct Debt			
City Gross Property Tax Backed Direct Debt	104,110,000		104,110,000
	413,960,827		287,112,692

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.

City of Medford, Oregon

Schedule 12

Legal Debt Margin Information

Last Ten Fiscal Years - Unaudited

(Amounts in dollars)

6/30/2014

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	199,001,207	236,298,537	285,914,705	320,052,118	319,582,996	292,147,299	257,373,568	230,713,438	215,767,304	211,199,108
Total net debt applicable to limit	31,700,892	28,852,646	31,673,860	30,886,602	29,728,410	28,698,030	34,902,020	44,729,667	24,001,005	25,834,379
Legal debt margin	167,300,315	207,445,891	254,240,845	289,165,516	289,854,586	263,449,269	222,471,548	185,983,771	191,766,299	185,364,728
Total net debt applicable to the limit as a percentage of debt limit	18.95%	13.91%	12.46%	10.68%	10.26%	10.89%	15.69%	24.05%	12.52%	13.94%

Legal Debt Margin Calculation for Fiscal Year 2014

Real Market Value	7,039,970,253
Add Back: exempt real property	-
Total Real Market Value (M5)	7,039,970,253
Debt Limit (3% of total RMV Value)	211,199,108
Amount of debt applicable to debt limit	
Total Bonded Debt:	108,573,000
Deductions:	
Assets in debt service funds available for payment of principal	192,621
Special assessment bonds (Urban Renewal)	4,463,000
Revenue bonds	55,265,000
Urban redevelopment bonds	22,818,000
Total deductions	82,738,621
Total net debt applicable to limit	25,834,379
Legal Debt Margin	185,364,728
Total net debt applicable to the limit as a percentage of the debt limit	13.94%

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 06/30/14
 Last Ten Fiscal Years - Unaudited
 (Amounts in dollars)

Gas Tax Revenue Bonds ⁹

Fiscal Year Ended June 30,	Gross Revenues	Gas Tax State Revenue Only	Less: Operating	Net	Total Gas Tax bonds		Coverage Actual Debt Service	Additional Bonds Test ⁽⁴⁾
				Revenue Available For Debt Service	Paid during year			
					Principal	Interest		
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
2013	5,671,104	4,122,907	1,332,441	4,338,663	801,000	30,675	5.22	2.79
2014	4,870,785	4,328,786	1,454,202	3,416,583	822,000	15,536	4.08	2.79
					\$ 12,915,000	\$ 2,271,891		

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		
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 ⁶	3,531,259	340,506	3,190,752	895,000	947,280	1.73	
2010	2,828,662	178,369	2,650,292	930,000	911,480	1.44	
2011	2,889,686	195,467	2,694,219	965,000	873,667	1.47	
2012 ⁷	2,901,938	500,107	2,401,831	4,528,000	926,641	0.44	
2013 ⁸	4,068,145	185,455	3,882,689	1,076,000	746,619	2.13	
2014 ¹⁰	4,045,678	317,608	3,728,070	1,124,000	705,905	2.04	
		\$ 34,646,869	\$ 2,580,071	\$ 32,066,798	\$ 10,853,000	\$ 6,931,223	

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.

⁸ SDC revenue was up from prior year due to increased building. We also received a \$400,000 grant

⁹ The Gas Tax bonds were paid off in FY14.

¹⁰ The Gross revenues do not include bond proceeds of \$6,384,942.82

City of Medford, Oregon
Schedule 14
Demographic and Economic Statistics
 Last Ten Fiscal Years - Unaudited
 6/30/2014

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 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	Value (in thousands)	# of Units	Value (in thousands)
2005	70,860	12,705	19	6.1	35,668	5,860	30,133	407	68,255	655	88,136
2006	73,960	12,853	19	5.7	36,256	6,322	31,785	414	74,011	465	108,564
2007	75,675	12,490	20	5.3	36,735	6,670	33,516	458	91,063	385	103,895
2008	75,705	12,408	20	7.2	36,982	6,849	34,051	413	103,975	141	24,963
2009	76,867	12,252	21	13.2	37,715	6,849	34,051	382	146,729	107	18,930
2010	74,907	12,201	21	11.9	37,105	6,911	34,506	263	23,444	115	21,702
2011	74,980	12,583	23	11.7	37,851	7,073	34,314	348	56,595	98	17,257
2012	75,545	11,181	17	11.1	102,500	6,951	34,168	438	100,539	100	21,096
2013	75,180	12,681	19	9.8	97,500	7,087	34,602	668	130,699	209	45,103
2014	75,920	12,705	19	8	95,500	7,490	36,289	650	249,864	267	70,937

(1) Portland State University - Certified 2013 (4/15/14)

(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 & per capita personal income available was in 2012 (published 5/30/14) 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
2011 and 9 years ago
6/30/2014

<u>Employer</u>	<u>2011 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) Health Care	4,231	1	11.18%	3,700	1	11.24%
Harry & David Operations Gourmet Fruit & Gifts	2,000	2	5.28%	2,700	2	8.21%
Providence Medical Center Health Care	1,100	3	2.91%			0.00%
Boise Building Solutions Secondary Wood	745	4	1.97%	900	4	2.74%
Lithia Motors Auto Dealership	697	5	1.84%			
Pacific Retirement Services Retirement/Health Care	656	6	1.73%			
Timber Products Secondary Wood	535	7	1.41%			0.00%
City of Medford Government	450	8	1.19%	864	5	2.63%
Avamere Health Services Retirement/Health Care	350	9	0.92%			
Carestream Health Medical Imaging	300	10	0.79%	500		1.52%
Costco Retail	274	11	0.72%	1000	3	3.04%
Regency Bluecross Blueshield Health Care	245	12	0.65%	425	6	1.29%
Century Link Call center	238	13	0.63%			

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 - SO Area Profile 2011 and 2010 survey data (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

	(1) <u>04-05</u>	(2) <u>05-06</u>	(2) <u>06-07</u>	(2) <u>07-08</u>	(2) <u>08-09</u>	(2) <u>09-10</u>	2, 3 <u>10-11</u>	<u>11-12</u>	<u>12-13</u>	<u>13-14</u>
City Manager	10.0	11.0	11.0	9.3	8.0	8.0	9.0	8.0	7.0	9.0
Information Services	11.0	11.0	10.8	12.0	13.5	13.0	12.0	11.0	10.0	12.0
Recorder	1.0	1.1	1.0	1.0	1.0	1.0	-	-	-	-
Human Resources	3.0	3.8	3.5	4.4	4.2	4.0	4.0	4.0	4.3	5.4
Print Shop	-	-	-	-	-	-	-	-	-	-
Finance	11.0	10.4	11.4	11.4	11.3	11.2	10.2	11.4	11.2	10.2
Planning	18.0	19.4	18.5	17.0	16.0	16.5	17.0	17.0	16.0	17.0
Building Inspection	14.0	16.4	16.0	14.6	11.2	11.2	9.0	8.0	8.3	9.0
Public Works										
Engineering	28.0	32.7	32.7	34.7	34.0	32.5	32.6	32.4	33.1	34.2
Maintenance	47.0	56.0	56.5	57.1	57.6	58.0	52.8	57.0	55.6	56.0
WRD	22.0	23.4	23.8	25.7	25.5	24.9	23.0	24.8	24.7	25.0
City Attorney	3.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Municipal Court	8.0	8.0	7.5	7.5	7.5	7.5	7.5	7.9	7.5	7.6
Police										
Sworn Officers	92.0	96.0	99.0	99.0	99.0	101.0	101.3	103.8	102.8	103.0
Civilians	52.0	61.1	63.8	69.3	68.1	68.7	41.6	44.5	37.3	39.1
Fire										
Firefighters/officers	68.0	69.7	67.0	67.0	72.0	73.0	66.0	72.0	71.0	74.0
Civilians	2.0	2.0	7.9	7.9	7.2	6.3	8.9	9.5	6.4	3.5
Parks & Recreation	32.0	46.3	48.5	53.7	55.7	56.7	60.5	61.6	50.8	54.1
Urban Renewal	4.0	4.0	4.3	4.0	4.0	1.0	-	-	-	-
TOTAL	426.0	475.3	486.2	499.6	499.8	498.6	459.5	477.0	450.1	463.3

Source: City Finance Department

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

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

(3) The Risk Manager is now part of Human Resources instead of Finance

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

Fiscal Year Ending 6/30/XX	2005	2006	2007	2008	2009	2010	2011	2012 ¹	2013 ¹	2014
Function										
Police										
Part I - Major Crimes	5,511	5,450	4,898	4,379	4,285	4,706	5,510	5,999	6,698	6,892
Part II - Other Crimes	7,769	7,707	8,633	10,525	11,087	11,903	14,093	15,964	17,369	17,529
Total Part I & II	13,280	13,157	13,531	14,904	15,372	16,609	19,603	21,963	24,067	24,421
Clearance Rate Part I & II	45.44%	47.40%	57.25%	73.53%	77.49%	79.28%	73.15%	73.10%	73.10%	76.40%
Cases Cleared Part I & II	6,027	6,224	7,826	6,434	6,675	12,749	14,085	15,082	17,266	17,474
# of Juvenile Charges Part I & II	1,787	1,718	1,818	2,098	1,219	1,819	1,500	13,666	1,086	986
# of Adult Arrest Charges Part I & II	7,795	8,030	9,001	9,065	5,250	9,390	11,909	14,049	16,630	16,353
Traffic Accidents - Fatal	5	2	3	3	2	1	2	2	1	2
Traffic Accidents - Injury	239	255	199	180	324	370	377	329	325	387
Traffic Accidents - Prop Damage	1,484	1,477	1,232	1,241	1,161	1,184	1,141	1,132	1,089	1,063
Total Accidents	1,728	1,734	1,434	1,424	1,487	1,555	1,520	1,463	1,415	1,452
Fire										
Number of Fires	341	625	369	362	348	288	270	328	341	320
Overpressure, heat, explosion	10	15	20	13	14	14	16	20	20	13
EMS, Rescue, MVA	6,230	7,438	5,471	5,665	5,496	5,189	5,501	5,872	6,560	6819
Hazardous Conditions	183	259	179	160	132	134	124	119	140	117
Service Call	336	369	296	261	272	218	210	267	23	374
Good Intent Calls	850	1,256	3,008	3,170	1,226	953	933	922	1,232	1456
False Alarm	1,606	1,018	617	529	444	457	437	468	544	504
Severe Weather	6	8	-	3	2	7	4	2	-	5
Special Incident	13	25	7	13	17	9	9	10	10	15
Uncategorized	-	-	8	9	-	-	-	-	-	7
Total Incident Responses	9,575	11,013	9,975	10,185	7,951	7,269	8,078	8,626	9,268	9630
Total City only	8,747	9,762	-	553	6,897	6,899	7,108	7,552	6,180	8410
Total Rural Only	828	1,251	-	9,461	725	616	703	687	558	656
Out of District Responses										564
Mutual Aid Received					62	52	44	71	66	N/A
Mutual Aid Given					115	118	107	96	194	N/A
Highways and streets										
Miles of Streets Added	3.63	8.27	5.80	5.59	2.74	2.58	0.98	0.12	3.77	2.54
Streetlights added	409	340	247	233	54	87	56	-171	-190	276
Culture and recreation (2)										
Aquatics	-	-	30,043	35,665	30,260	27,434	28,639	29,000	22,000	22,000
Youth & Adult Sports	-	-	5,928	6,811	8,740	9,614	19,043	10,000	10,000	12,000
Youth Programs/Day Camps	-	-	736	1,641	1,856	2,146	3,046	2,000	2,000	2,000
Community Recreation	-	-	15,050	18,200	9,717	10,623	25,950	15,000	15,000	15,000
Special Interest Classes	-	-	2,396	3,040	1,429	1,571	1,791	2,000	2,000	2,000
Wastewater										
Miles of Sanitary Sewers Added	3	7	3	3.65	0.77	0.42	0.18	0.32	1	1.11
Miles of Storm Sewers Added	6	8	6	5.7	2.17	1.69	1.08	0.05	3.49	2.44
Average Daily Million Gallons Treated	17,300	21,000	19,000	18,850	16,800	16,700	19,480	17,500	18,100	16,500
Building/Planning/Engineering										
Total Permits	9,189	8,711	7,904	5,491	3,998	3,631	3,861	4107	5978	6515
Commercial Building Permits Issued	407	414	458	413	382	263	348	438	668	650
Value Commercial Construction	68,245,000	74,011,081	91,033,057	103,975,011	146,729,009	23,444,266	56,595,164	100,538,768	130,698,992	229,864,567
Single Family Residence Issued	655	465	385	141	107	115	98	100	209	267
Value Residential	88,136,787	82,849,082	73,424,688	24,963,894	18,930,470	21,702,285	17,257,053	21,095,566	45,102,560	70,936,549
Square miles Added to City	0.10	1.36	0.62	0.32	0.10	0.10	-	-	0.01	-

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>		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013 ⁶</u>	<u>2014 ⁶</u>
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		244	251	253	257	258	258	258	259	260	261
Miles of Storm Sewers		142	150	156	162	164	166	167	167	170	173
Public Works											
Area -- Square Miles	(1)	24.54	24.92	25.30	25.62	25.72	25.72	25.72	25.72	25.73	25.73
Miles of Streets	(1)	232.95	241.22	247.02	252.61	255.35	257.93	258.91	259.03	262.80	265.34
Number of Street Lights	(1)	5,520	5,860	6,107	6,340	6,394	6,481	6,537	6,366	6,176	6,452
Culture and recreation:											
Number of Parks	(5, 6)	40	40	39	48	48	45	46	46	37	36
Total Park Acreage		2,403	2,403	2,364	2,393	2,393	2,393	2,399	2,392	2,392	2,396
Number of Libraries		1	1	-	1	1	1	1	1	1	1

Sources:

- (1) City Public Works Department
- (2) City Fire Chief
- (3) City Police Department
- (4) City Parks Department
- (5) Previous Number of Parks included school areas maintained by the City.
- (6) The total number of parks includes 19 Developed Parks and 7 Undeveloped Parks.
 It also includes Greens and Bike Trails. Counts Previous to 2013 included traffic islands, areas along Bear Creek and I-5 and SE pathway property of varying sizes. The count of 36 includes developed and undeveloped parks only

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

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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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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 6/30/14

Outstanding Obligations

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

	Issue Date	Maturity Date	Amount Issued	Amount Outstanding as of 6/30/14
General Obligation Bonds				
General Obligation Bonds, Series 2006	6/27/2006	6/1/2026	4,600,000	2,515,000
Total G.O. bonds			4,600,000	2,515,000
Full Faith & Credit Obligations or Limited Tax Bonds Paid from Tax Sources (NOT subject to annual appropriation)				
General Obligation Bonds, Series 2011C	12/15/2011	1/10/2025	20,950,000	18,355,000
Pension Obligations, Series (2004) (Taxable) ⁽¹⁾	5/27/2004	6/1/2028	29,205,000	27,975,000
Total FF&C Obligations & Limited Tax Bonds			50,155,000	46,330,000
Total Net Direct Debt (Including Pension Obligations) ⁽²⁾			54,755,000	48,845,000
Total Net Direct Debt (Excluding Pension Obligations) ⁽²⁾			25,550,000	20,870,000
Revenue Obligations (Self-Supporting, not included in Net direct Debt)				
Parks Police Fire 2013	12/18/2013	7/1/2043	38,155,000	38,155,000
Limited Tax Revenue Bonds, Series 2011B (Parks)	8/4/2011	6/1/2022	3,673,000	2,995,000
Limited Tax Revenue Bonds, Series 2007 (Parks)	3/20/2007	6/1/2027	18,965,000	14,115,000
Gas Tax Revenue Bonds, Series 2011A	8/4/2011	2/1/2014	2,010,000	-
Total Self-Supporting Revenue Obligations			62,803,000	55,265,000
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⁾			117,558,000	104,110,000
Total Gross direct Debt (excluding Pension Obligations) ⁽³⁾			88,353,000	76,135,000

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, 2014 the total outstanding debt of the Medford Urban Renewal Agency (MURA) was \$4,463,000. However, the City issued the 2011C bonds on behalf of MURA and MURA will repay these bonds (the balance was \$18,355,000 as of 6/30/14).

Source: City of Medford

CITY OF MEDFORD - UNAUDITED
Table 2 as of 6/30/14

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
2014 Population	75,920			75,920		
2014 Real Market Value	7,039,970,253	\$ 92,729		7,039,970,253	\$ 92,729	
Gross Direct Debt ⁽²⁾	104,110,000	\$ 1,371	1.48%	76,135,000	\$ 1,003	1.08%
Net Direct Debt ⁽³⁾	55,265,000	\$ 728	0.79%	20,870,000	\$ 275	0.30%
Net Overlapping Debt	177,243,175	\$ 2,335	2.52%	177,243,175	\$ 2,335	2.52%
Net Direct & Net Overlapping Debt	232,508,175	\$ 3,063	3.30%	198,113,175	\$ 2,609	2.81%

(1) Outstanding Debt information is as of **06/30/14**

(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

2014 Real Market Value	7,039,970,253
Debt limitation (3% of RMV)	211,199,108
Total Applicable bonded debt	20,291,898
Debt Margin	190,907,210
Percent of limit issued	10.63%

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, 2014 the total outstanding debt of the Medford Urban Renewal Agency (MURA) was \$22,818,000.

FUTURE DEBT PLANS

The City of Medford plans on executing a loan with the State of Oregon (ODOT) for \$10,000,000 to widen Foothill Road from Hillcrest to McAndrews. The city will have a matching obligation of \$3,000,000.

CITY OF MEDFORD - UNAUDITED

Table 3
6/30/2014

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	20,199,313,902	34.6500%	22,470,305	7,786,365
Jackson County Housing Authority	20,199,313,902	34.6500%	3,537,522	-
JC School District #4 (Phoenix-Talent)	2,165,684,500	31.5800%	23,223,000	7,333,847
JC School District #549C (Medford)	8,328,446,940	75.3100%	206,170,000	155,259,411
JC School District #6 (Central Point)	2,539,218,445	1.7200%	17,080,000	293,571
Rogue Community College	28,422,546,746	24.6300%	18,410,000	-
Rogue Community College (Jackson Cty Bond)	20,199,313,902	34.6500%	18,960,000	6,569,981
Totals			309,850,827	177,243,175

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 5
6/30/2014

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
2005	6,670,433,915	22.58%	4,418,984,950	7.30%	66.25%
2006	7,915,603,826	18.67%	4,654,783,741	5.34%	58.81%
2007	9,530,490,159	20.40%	4,961,125,232	6.58%	52.06%
2008	10,668,403,922	11.94%	5,297,196,325	6.77%	49.65%
2009	10,652,766,542	-0.15%	5,601,233,324	5.74%	52.58%
2010	9,738,243,291	-8.58%	5,774,972,038	3.10%	59.30%
2011	8,579,118,921	-11.90%	5,917,789,432	2.47%	68.98%
2012	7,690,447,934	-10.36%	5,934,059,095	0.27%	77.16%
2013	7,192,243,450	-6.48%	5,696,014,995	-4.01%	79.20%
2014	7,039,970,253	-2.12%	6,074,164,857	6.64%	86.28%

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 6/30/2014
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
2013	5,696,014,995	-4.01%	31,304,017	477,467	31,781,484	5.2953	0.96	0.9637
2014	6,074,164,857	6.64%	32,993,860	474,656	33,468,516	5.2953	0.97	0.9685

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 6/30/14 are for City of Medford
- Source: Jackson County Assessor and financial statements of the City

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

<u>FY Ended 6/30/XX</u>	<u>Levy Used to Compute Rate</u>	<u>Loss Due to Tax Limitation</u>	<u>Percent Loss</u>
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%
2013	30,162,386	79.48	0.00026%
2014	32,980,912	119.97	0.00036%

CITY OF MEDFORD - UNAUDITED

Table 6

Period Ending 6/30/14

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	4.2433	1.9528	6.1961
Education Service district	0.3403		0.3403
Rogue CC	0.4952	0.1124	0.6076
Total Education	\$ 5.0788	\$ 2.0652	\$ 7.1440
Local Government			
Jackson County	1.9406	0.1824	2.1230
Jackson County URA	-	-	-
City of Medford	5.1128	0.0780	5.1908
Medford URA	0.4662	0.4400	0.9062
Vector	0.0415		0.0415
JC Soil Water	0.0483		0.0483
Rogue Valley TD	0.1711		0.1711
Total Local Government	\$ 7.7805	\$ 0.7004	\$ 8.4809
	\$ 12.8593	\$ 2.7656	\$ 15.6249

1. The 2013-14 Taxable Assessed Value to compute the tax rate code of 49-01 is \$5,158,176,731 which is 87.76 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 |  McGladrey

We have audited the basic financial statements of City of Medford, Oregon (City) as of and for the year ended June 30, 2014, and have issued our report thereon dated December 31, 2014. 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, except as follows:

1. Deficit fund balance as described in Note II. B. to the financial statements.

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 R Nielson, CPA, a member of the firm
December 31, 2014

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



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



We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of City of Medford ("City") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 31, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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".

Paul R Nielson, CPA, a member of the firm
Eugene, Oregon
December 31, 2014



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

An Independently Owned Member
MCGladrey ALLIANCE |  McGladrey

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

Report on Compliance for Each Major Federal Program

We have audited City of Medford'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 the City's major federal programs for the year ended June 30, 2014. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the City, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

ISLER CPA



By Paul R Nielson, CPA, a member of the firm
December 31, 2014

CITY OF MEDFORD
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2014

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued:	Unmodified
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 auditor’s report issued on compliance for major programs?	Unmodified
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 Grants/NSP3	14.218
Highway Planning and Construction	20.205

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

None

CITY OF MEDFORD
Schedule of Expenditures of Federal Awards
For the year ended 2014

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:		
Direct programs:		
Community Development Block Grant:		
B11-MC-410005	14.218	\$ 825,682
Program income	14.218	73,289
Passed through State of Oregon Housing and Community Services Department:		
Neighborhood Stabilization Program (NSP3) #1125	14.218	<u>259,759</u>
Total CDBG Entitlement Grants		<u>1,158,730</u>
U.S. DEPARTMENT OF JUSTICE		
Passed through OR Criminal Justice Commission:		
JAG/Byrne Grant (Gang Enforcement) (Madge/HIDTA)	95.001	<u>137,435</u>
TOTAL U.S. DEPARTMENT OF JUSTICE		<u>137,435</u>
DEPARTMENT OF TRANSPORTATION		
Passed through Oregon Department of Transportation:		
Highway Planning and Construction	20.205	384,674
Highway Safety (DUII & Seatbelt)	20.602	<u>13,143</u>
TOTAL DEPARTMENT OF TRANSPORTATION		<u>397,817</u>
DEPARTMENT OF HOMELAND SECURITY		
Direct Program:		
FEMA - Asst. to Firefighters - Fire Prevention/Safety	97.044	<u>37,256</u>
TOTAL DEPARTMENT OF HOMELAND SECURITY		<u>37,256</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 1,731,238</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, 2014. 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	\$501,290