

CITY OF MEDFORD
FINANCIAL STATEMENTS AND SUPPLEMENTAL
INFORMATION
YEAR ENDED JUNE 30, 2007
WITH
INDEPENDENT AUDITORS' REPORT

Prepared by:
City Finance Department

CITY OF MEDFORD

For the Year ended June 30, 2007

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INTRODUCTORY SECTION



OFFICE OF
THE CITY MANAGER
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MEDFORD, OREGON 97501

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December 11, 2007

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, 2007 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, 2007 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 complement 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 23 square miles and serves a population of 76,000. The City of Medford operates under the council-manager form of government. Policy-making and legislative authority are vested in a governing council (Council) consisting of the mayor and eight council members, all elected on a non-partisan basis. The Council appoints the city manager, who in turn appoints the heads of various departments. Council members serve four-year terms, with four members elected every two years. The mayor is elected for a four-year term. The mayor is elected at large and Council members are elected by ward.

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

Local Economy:

For four of the past five years, Medford's economic growth has outpaced much of the rest of the State. Its diversity has enabled it to weather the national and statewide economic downturn and to maintain its position as the economic engine for Southern Oregon. Existing businesses continue to lead job creation with 85% net

new jobs coming from existing business growth. New businesses coming into the area continue to be as diverse as our existing businesses. With Medford's Electronic Commerce Zone being the most active in the State, our region is predicted to be one of the fastest growing areas in the State for the next five years. The increased growth in Medford has led to increased revenues from property taxes that have grown due to two factors: increased property values and increased assessed values due to new developments. Since the largest share of City revenues comes from property taxes, these changes are significant to City government and its ability to provide services.

Local, State and Federal governments continue to be major area employers. Outside of government, health care constitutes the largest single category of employment in Medford with Asante Health Systems being the largest in the category. The amount of money spent by visitors to Jackson County and Medford continues to be a solid revenue factor for the region. The tourism industry accounts for over 4,200 jobs in Jackson County and Medford.

Medford continues to grow at a rate of 2.0%-3% with the forces that drove the population growth during the late 1990s still in place today. Population growth for the region is projected to grow by 2% through 2009. Based on past trends, Medford is expected to capture a significant share of this population increase and is expected to surpass 80,000 citizens by 2010.

Long-term financial planning:

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 of Medford, work continues on the 17 street projects identified in years past as well as the safe sidewalk project approved by voters in the fall of 2004. In March of 2007 the City of Medford issues bonds for \$18.9 million. The proceeds from the bond issuance are being used to substantially complete the Medford Sports and Community Park as well as to build a gymnasium at the Santo Community Center.

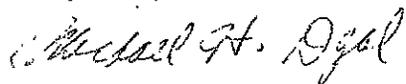
Awards and Acknowledgements:

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

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Medford for its comprehensive annual financial report for the fiscal year ended June 30, 2006. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Michael H. Dyal
City Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Medford
Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

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



Oliver S. Cox

President

Jeffrey R. Emer

Executive Director

City of Medford, Oregon
Officials of the City
June 30, 2007

City Council

	<u>Term Expires December 31</u>
Gary Wheeler, Mayor	2008
Jason Anderson	2008
Al Densmore	2010
Greg Jones	2008
James Kuntz	2008
John Statler	2008
Jill Stout	2010
Bob Strosser	2010
Ben Truwe	2010

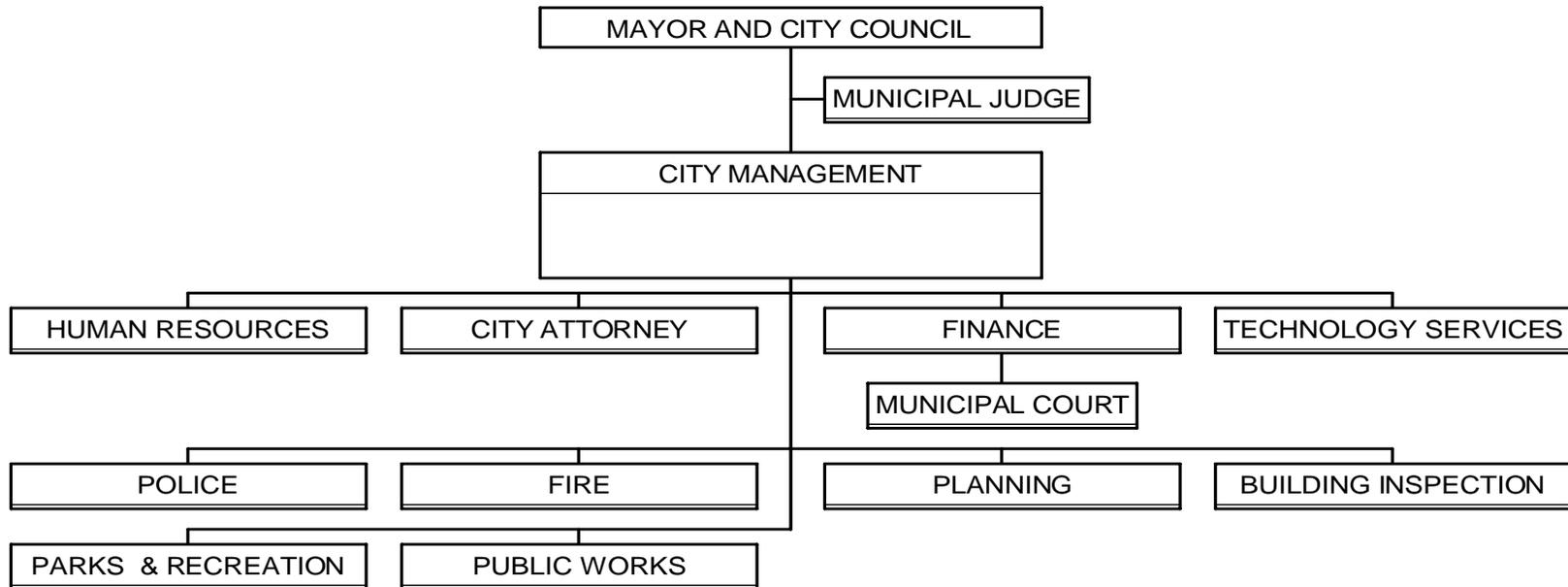
Principal Officials

Michael H. Dyal, City Manager
 John Huttl, City Attorney
 Alison Chan, Finance Director

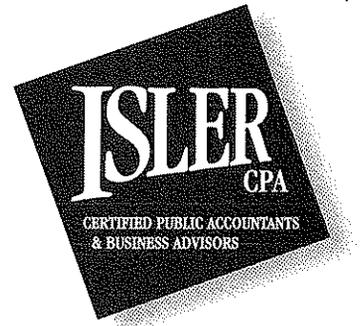
City Address

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

CITY OPERATIONS SUMMARY



FINANCIAL SECTION



Independent Auditors' Report

Honorable Mayor and City Council Members
City of Medford

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Medford (City) as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2007 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3 through 8 and the budgetary comparison information on pages 36 through 41 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed 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 financial schedules, statistical tables 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 also 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 not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, other financial schedules, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section, 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 express no opinion on them.

ISLER CPA

Paul R. Nielson

by Paul Nielson, a member of the firm
Eugene, Oregon
December 11, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis presents the highlights of the financial position for the City of Medford, Oregon (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 \$345.7 million at June 30, 2007, consisting of \$226.8 million in net capital assets, \$73.4 million in cash and investments and \$45.5 million in receivables and other assets. The City's governmental activities liabilities totaled \$96.1 million at June 30, 2007, consisting of \$88.5 million in long term debt and \$7.6 million in accounts payable and other liabilities. Total net assets were \$249.6 million of which \$140.6 million were invested in capital assets net of related debt, \$53.1 million were restricted and the remaining \$55.9 million were unrestricted.

The City's governmental activities net assets increased by \$16.0 million or 7 percent. Governmental activities revenue increased by \$4.2 million or 6 percent. The increase was most noticeable in taxes category, which had increased revenues of \$3.2 million. This growth is due to increase assessed values as well as increased development. Interest revenue had increased revenue of \$1.3 million. This is due to higher investment returns as well as a larger investment portfolio.

The City's business-type activities assets totaled \$91.5 million at June 30, 2007, consisting of \$72.0 million in capital assets, \$18.6 million in cash and investments and \$0.9 million in receivables and other assets. The City's business-type activities liabilities totaled \$1.2 million at June 30, 2007, consisting of \$0.1 million in long term debt and \$1.1 million in accounts payable and other liabilities. Business-type activities net assets totaled \$90.3 million of which \$72.0 million was invested in capital assets net of related debt, \$12.8 million was restricted and the remaining \$5.5 million was unrestricted.

The City's business-type activities net assets increased by \$5.5 million or 6 percent. Business-Type activities revenue decreased by \$3.6 million or 21 percent. The decrease was a result of a decrease in capital grants and contributions of \$4.5 million. All other revenue categories increased by \$0.9 million. The decrease in capital grants and contributions is due to developer contributions in 2006 of sewer improvements and none in 2007.

Report Layout

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

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

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

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

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

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

Government-Wide Financial Statements

TABLE 1
CITY OF MEDFORD - STATEMENT OF NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007 AND 2006
(in millions)

	Governmental Activities		Business-Type Activities		Total Government	
	2007	2006	2007	2006	2007	2006
Cash and investments	\$ 73.4	\$ 55.9	\$ 18.6	\$ 15.3	\$ 92.0	\$ 71.2
Other assets	45.5	40.8	0.9	1.2	46.4	42.0
Capital assets, net of depreciation	226.8	216.5	72.0	69.1	298.8	285.6
Total assets	345.7	313.2	91.5	85.6	437.2	398.8
Other liabilities	7.6	6.7	1.1	0.7	8.7	7.4
Long term debt outstanding	88.5	72.9	0.1	0.2	88.6	73.1
Total liabilities	96.1	79.6	1.2	0.9	97.3	80.5
Net assets:						
Invested in capital assets, net of Debt	169.9	145.9	72.0	69.2	212.6	215.1
Restricted	53.1	36.6	12.8	11.6	65.9	48.2
Unrestricted	26.6	51.1	5.5	4.0	61.4	55.1
Total net assets	\$ 249.6	\$ 233.6	\$ 90.3	\$ 84.8	\$ 339.9	\$ 318.4

TABLE 2
CITY OF MEDFORD - STATEMENT OF ACTIVITIES
FOR FISCAL YEAR ENDING JUNE 30, 2007 AND 2006
(in millions)

	Governmental Activities		Business-Type Activities		Total Government	
	2007	2006	2007	2006	2007	2006
REVENUES						
General revenues:						
Taxes	\$ 38.9	\$ 35.7	\$ -	\$ -	\$ 38.9	\$ 35.7
Interest	3.8	2.5	0.9	0.5	4.7	3.0
Other	-	0.6	-	-	-	0.6
Program revenues:						
Charges for Services	20.2	19.3	9.4	11.6	29.6	30.9
Operating Grants and Contributions	5.8	6.6	0.1	-	5.9	6.6
Capital Grants and Contributions	7.3	3.6	5.3	4.5	12.6	8.1
Total Revenues	\$ 76.0	68.3	15.7	16.6	91.7	84.9
EXPENSES						
General government	10.6	9.0	-	-	10.6	9.0
Public safety	26.0	25.4	-	-	26.0	25.4
Highways and streets	14.0	5.0	-	-	14.0	5.0
Culture and recreation	6.1	6.5	-	-	6.1	6.5
Interest on long-term debt and fiscal charges	3.9	3.4	-	-	3.9	3.4
Sewer services	-	-	9.2	9.1	9.2	9.1
Parking services	-	-	0.4	0.3	0.4	0.3
Total expenses	60.6	49.3	9.6	9.4	70.2	58.7
Transfers	0.6	0.7	(0.6)	(0.7)	-	-
Change in net assets	16.0	19.7	5.5	6.5	21.5	26.2
Beginning net assets (net of prior period adjustments)	233.6	213.9	84.8	78.3	318.4	292.2
Ending net assets	\$ 249.6	\$ 233.6	\$ 90.3	\$ 84.8	\$ 339.9	\$ 318.4

Financial Analysis

Governmental Funds. As of the end of the current year, the City's governmental funds reported a combined ending fund balance of \$79.2 million, an increase from the prior year of \$22.0 million. Approximately \$26.2 million or 33 percent of this total constitutes unreserved, undesignated 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 unreserved, undesignated fund balance of the general fund was \$17.9 million. Unreserved, undesignated fund balance represents 46 percent of the total General Fund expenditures. The unrestricted fund balance of the City's General Fund increased \$1.5 million or 9 percent from the prior year.

The Park Dedication Fund accounts for specific resources to be expended on park and recreation improvements and new construction. At the end of the current fiscal year the fund balance was \$21.9 million, which represents more than 6 times the annual expenditures. The reserved fund balance increased \$18.3 million from the prior year. This was a result of the March 2007 \$18.9 bond issuance. During the next 2 years the fund balance will decline as the Medford Sports and Community Park is substantially completed and as a gymnasium is built at the Santo Community Center.

The Street System Development Charge (SDC) Fund accounts for the street SDCs collected for street improvements and maintenance. At the end of the current fiscal year the fund balance was \$16.7 million. A payment of \$7.5 million was made to a restricted account that the Oregon Department of Transportation (ODOT) had access to. The amount is shown as restricted cash. In the next fiscal year an additional \$5.3 million will be transferred into the restricted ODOT account. These funds are for the new interstate interchange in south Medford.

The Street Improvement Fund accounts for outside funds received and used for street improvements and maintenance. At the end of the current fiscal year the fund balance decreased by \$1.3 million.

Proprietary Funds. The City has 2 proprietary funds: the Sewer Utility Fund and the Parking Facilities Fund. As of the end of the current year, the Sewer Utility Fund had an unreserved, undesignated fund balance of \$5.1 million, restricted fund balance of \$12.9 million and growth in net assets was \$5.5 million. The Parking Facilities Fund had an unreserved, undesignated fund balance of \$0.4 million and net assets remained unchanged at \$1.5 million.

Budgetary Highlights

The City's actual fiscal year operating costs, within the General Fund, were 51 percent of the final biennial budget. This generated an increase to the General Fund balance over the biennium of \$1.7 million. The final budget was increased over the original budget by \$1.0 million to reflect additional intergovernmental revenues, increased charges for services and grant revenues.

Capital Assets and Debt Administration

Capital Assets. As of June 30, 2007 the City had invested \$298.8 million in capital assets as reflected in the following table, which represents a net increase (additions, deductions and depreciation) of \$13.2 million.

TABLE 3
CITY OF MEDFORD - CAPITAL ASSETS AT FISCAL YEAR-END
(NET OF DEPRECIATION)
(in millions)

	Governmental Activities		Business-type Activities		Total Government	
	2007	2006	2007	2006	2007	2006
Land	\$ 17.2	\$ 16.9	\$ 1.2	\$ 2.3	\$ 18.4	\$ 19.2
Land Rights of Way	82.5	78.7	-	-	82.5	78.7
Buildings	10.2	10.4	4.5	3.3	14.7	13.7
Improvements	8.0	4.5	16.5	14.5	24.5	19.0
Equipment	4.6	5.4	4.3	4.5	8.9	9.9
Sewers	-	-	15.4	14.8	15.4	14.8
Storm Drains	-	-	27.7	25.3	27.7	25.3
Road network	74.8	70.2	-	-	74.8	70.2
Work in progress	29.5	30.1	2.4	4.7	31.9	34.8
Total	\$ 226.8	\$ 216.2	\$ 72.0	\$ 69.4	\$ 298.8	\$ 285.6

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 MEDFORD - CHANGE IN CAPITAL ASSETS
(in millions)

	Governmental Activities	Business-Type Activities	Total Government
Beginning Balance	\$ 216.2	\$ 69.4	\$ 285.6
Additions	19.6	6.7	26.3
Retirement	(0.7)	(1.1)	(1.8)
Depreciation	(8.3)	(3.0)	(11.3)
Ending balance	\$ 226.8	\$ 72.0	\$ 298.8

Assets from governmental activities increased \$19.6 million. Additions included acquisition of land and right of way \$4.2 million, street improvements \$4.3 million, equipment purchases \$1.9 million, infrastructure \$9.8 million and a decrease in construction in progress of \$0.6 million. Offsetting these additions were depreciation and retirements of \$9.0 million.

Business-type activities assets increased \$6.7 million. Offsetting this increase was depreciation and retirements of \$4.1 million. For more detailed information on the City's capital asset activity, refer to Note III (E) on page 27 of the financial statements.

Debt Administration. As of year-end, the City had \$89.5 million in debt outstanding compared to \$73.6 million last year. The City issued \$18.9 million in bonds during the year and the Medford Urban Renewal Agency issued \$2.6 million in bonds during the year. For more detailed information, refer to Note III (G) on page 30-31 of the financial statements.

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

	Governmental Activities	Business-Type Activities	Total Government
General obligation	\$ 87.4	\$ -	\$ 87.4
Compensated absences	1.9	0.2	2.1
Total	<u>\$ 89.3</u>	<u>\$ 0.2</u>	<u>\$ 89.5</u>

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 541-774-2033 or Room 358, 411 West 8th Street, Medford, Oregon 97501.

BASIC FINANCIAL STATEMENTS

CITY OF MEDFORD
Statement of Net Assets
June 30, 2007

	Primary Government			Component Unit
	Governmental Activities	Business-type activities	Total	Medford Water Commission
ASSETS				
Cash and cash equivalents	\$ 73,415,989	\$ 18,630,631	\$ 92,046,620	\$ 23,434,634
Receivables				
Taxes	1,628,216	-	1,628,216	-
Accounts	3,162,119	872,780	4,034,899	1,743,058
Due from Medford Water Commission	1,221,239	-	1,221,239	-
Due from the City of Medford	-	-	-	101,551
Inventories	674,469	81,803	756,272	720,460
Prepaid pension expense	28,511,000	-	28,511,000	2,784,363
Other assets	74,601	-	74,601	-
Notes receivable	508,096	-	508,096	137,394
Investments	-	-	-	4,024,885
Restricted assets:				
Cash and cash equivalents	9,656,649	-	9,656,649	-
Capital assets:				
Land	99,728,793	1,173,026	100,901,819	2,990,095
Construction in progress	29,533,987	2,366,044	31,900,031	1,169,276
Other capital assets, net of accumulated depreciation	97,532,395	68,409,591	165,941,986	75,877,582
Total assets	<u>\$ 345,647,553</u>	<u>\$ 91,533,875</u>	<u>\$ 437,181,428</u>	<u>\$ 112,983,298</u>
LIABILITIES				
Current liabilities				
Accounts payable	\$ 5,058,978	\$ 920,673	\$ 5,979,651	\$ 694,251
Due to Medford Water Commission	101,551	-	101,551	-
Due to the City of Medford	-	-	-	1,221,239
Payroll and related accruals	1,750,889	143,635	1,894,524	282,311
Accrued interest payable	654,901	-	654,901	-
Customer deposits	-	-	-	636,085
Noncurrent liabilities:				
Due within one year:				
Bonds payable	5,271,000	-	5,271,000	-
Loan from state	58,517	-	58,517	-
Capital leases payable	17,645	-	17,645	-
Compensated absences	379,311	27,123	406,434	-
Due in more than one year:				
Bonds payable, net of unamortized discount of \$831,640	80,857,360	-	80,857,360	-
Loan from state	424,688	-	424,688	-
Compensated absences	1,517,244	133,472	1,650,716	-
Total liabilities	<u>96,092,084</u>	<u>1,224,903</u>	<u>97,316,987</u>	<u>2,833,886</u>
NET ASSETS				
Invested in capital assets, net of related debt	169,854,170	71,948,661	241,802,831	80,036,953
Restricted for:				
Future system development	-	12,880,115	12,880,115	-
Highways and streets	27,600,775	-	27,600,775	-
Community development	21,951,083	-	21,951,083	-
Debt service	3,481,140	-	3,481,140	-
Capital outlay	-	-	-	14,363,014
Unrestricted	26,668,301	5,480,196	32,148,497	15,749,445
Total net assets	<u>249,555,469</u>	<u>90,308,972</u>	<u>339,864,441</u>	<u>110,149,412</u>
Total liabilities and net assets	<u>\$ 345,647,553</u>	<u>\$ 91,533,875</u>	<u>\$ 437,181,428</u>	<u>\$ 112,983,298</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, 2007

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets			Medford Water Commission
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary Government								
Governmental activities:								
General government	\$ 10,576,931	\$ 7,280,852	\$ 741,660	-	\$ (2,554,419)	\$ -	\$ (2,554,419)	\$ -
Public safety	26,002,825	1,787,839	327,586	-	(23,887,400)	-	(23,887,400)	-
Highways and streets	14,056,956	9,521,470	3,451,650	7,334,881	6,251,045	-	6,251,045	-
Culture and recreation	6,069,022	1,579,967	1,239,844	-	(3,249,211)	-	(3,249,211)	-
Interest on long-term debt and fiscal charges	3,893,996	-	-	-	(3,893,996)	-	(3,893,996)	-
Total governmental activities	<u>60,599,730</u>	<u>20,170,128</u>	<u>5,760,740</u>	<u>7,334,881</u>	<u>(27,333,981)</u>	<u>-</u>	<u>(27,333,981)</u>	<u>-</u>
Business-type activities:								
Sewer services	9,244,339	9,073,831	96,599	5,313,696	-	5,239,787	5,239,787	-
Parking services	356,165	347,283	-	-	-	(8,882)	(8,882)	-
Total business-type activities	<u>9,600,504</u>	<u>9,421,114</u>	<u>96,599</u>	<u>5,313,696</u>	<u>-</u>	<u>5,230,905</u>	<u>5,230,905</u>	<u>-</u>
Total primary government	<u>\$ 70,200,234</u>	<u>\$ 29,591,242</u>	<u>\$ 5,857,339</u>	<u>\$ 12,648,577</u>	<u>\$ (27,333,981)</u>	<u>\$ 5,230,905</u>	<u>\$ (22,103,076)</u>	<u>\$ -</u>
Component units:								
Medford Water Commission	<u>\$ 7,688,016</u>	<u>\$ 9,111,637</u>	<u>\$ -</u>	<u>\$ 5,133,226</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,556,847</u>
General revenues:								
Property taxes					29,176,985	-	29,176,985	-
Other taxes					9,682,089	-	9,682,089	-
Unrestricted investment earnings					3,776,148	862,844	4,638,992	1,280,932
Gain (loss) on disposal of capital assets					48,064	11,000	59,064	635,674
Miscellaneous					-	-	-	121,727
Transfers					587,400	(587,400)	-	-
Total general revenues and transfers					<u>43,270,686</u>	<u>286,444</u>	<u>43,557,130</u>	<u>2,038,333</u>
Change in net assets					15,936,705	5,517,349	21,454,054	8,595,180
Net assets - beginning, as restated (see note IV F)					233,618,764	84,791,623	318,410,387	101,554,232
Net assets - ending					<u>\$ 249,555,469</u>	<u>\$ 90,308,972</u>	<u>\$ 339,864,441</u>	<u>\$ 110,149,412</u>

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

CITY OF MEDFORD
Balance Sheet
Governmental Funds
June 30, 2007

	General Fund	Park Dedication Fund	Street System Development Charges Fund	Street Improvement Fund	MURA General Fund	Other Governmental Funds	Total
ASSETS							
Cash and cash equivalents	\$ 18,212,213	\$ 22,560,581	\$ 9,237,247	\$ 3,346,172	\$ 4,447,588	\$ 14,309,980	\$ 72,113,781
Receivables							
Accounts	2,646,845	304,665	-	26,922	15,555	1,345,091	4,339,078
Property taxes	1,361,354	-	-	-	66,747	196,647	1,624,748
Loans	-	-	-	-	508,096	-	508,096
Other	-	-	-	-	-	3,468	3,468
Inventory	51,116	-	-	-	-	-	51,116
Due from other funds	105,460	-	-	-	-	-	105,460
Other current assets	55,851	-	-	-	-	18,750	74,601
Restricted cash	294,776	-	7,500,000	-	-	1,809,080	9,603,856
Total assets	<u>\$ 22,727,615</u>	<u>\$ 22,865,246</u>	<u>\$ 16,737,247</u>	<u>\$ 3,373,094</u>	<u>\$ 5,037,986</u>	<u>\$ 17,683,016</u>	<u>\$ 88,424,204</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 1,706,419	\$ 909,372	\$ 68,506	\$ 1,264,748	\$ 98,162	\$ 941,955	\$ 4,989,162
Accrued payroll and related expenses	1,537,186	4,791	713	13,925	-	170,353	1,726,968
Due to other funds	-	-	-	-	64,414	41,046	105,460
Deferred revenue	1,618,245	-	-	-	549,465	227,250	2,394,960
Total liabilities	<u>4,861,850</u>	<u>914,163</u>	<u>69,219</u>	<u>1,278,673</u>	<u>712,041</u>	<u>1,380,604</u>	<u>9,216,550</u>
Fund Balances:							
Reserved for:							
Highways and streets	-	-	16,668,028	2,094,421	-	8,838,326	27,600,775
Culture and recreation	-	21,951,083	-	-	-	-	21,951,083
Debt service	-	-	-	-	-	3,481,140	3,481,140
Unreserved, undesignated reported in:							
General fund	17,865,765	-	-	-	-	-	17,865,765
MURA general fund	-	-	-	-	4,325,945	-	4,325,945
Special revenue funds	-	-	-	-	-	3,926,002	3,926,002
Capital project funds	-	-	-	-	-	56,944	56,944
Total fund balances	<u>17,865,765</u>	<u>21,951,083</u>	<u>16,668,028</u>	<u>2,094,421</u>	<u>4,325,945</u>	<u>16,302,412</u>	<u>79,207,654</u>
Total liabilities and fund balances	<u>\$ 22,727,615</u>	<u>\$ 22,865,246</u>	<u>\$ 16,737,247</u>	<u>\$ 3,373,094</u>	<u>\$ 5,037,986</u>	<u>\$ 17,683,016</u>	<u>\$ 88,424,204</u>

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

CITY OF MEDFORD
 Reconciliation of Governmental Funds Balance Sheet
 to Statement of Net Assets
 June 30, 2007

Fund Balances - Governmental Funds		\$ 79,207,654
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
Governmental capital assets, cost	299,617,971	
Less accumulated depreciation	<u>(72,826,223)</u>	226,791,748
<p>A portion of the City's property taxes and assessments receivable are collected after year-end, but are not available soon enough to pay for current year's operations, and therefore are not reported as revenues in the governmental funds</p>		
		2,394,960
<p>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.</p>		
		28,511,000
<p>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:</p>		
Accrued interest payable	(654,901)	
Compensated absences	(1,871,297)	
Bonds payable	(86,960,000)	
Unamortized bond discount	831,640	
Loan from State of Oregon	(483,205)	
Capital leases	<u>(17,645)</u>	(89,155,408)
<p>Internal service funds are used by management to charge costs of insurance, risk management, and fleet management services to individual funds. Their assets and liabilities are included in the Statement of Net Assets.</p>		
		<u>1,805,515</u>
Net assets of governmental activities		<u>\$ 249,555,469</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 Balance
Governmental Funds
For the Year Ended June 30, 2007

	General Fund	Park Dedication Fund	Street System Development Charges Fund	Street Improvement Fund	MURA General Fund	Other Governmental Funds	Total
REVENUES							
Taxes							
Property	\$ 24,449,388	\$ -	\$ -	\$ -	\$ 1,148,073	\$ 3,410,691	\$ 29,008,152
Franchise and lodging	7,464,550	602,430	-	-	-	602,428	8,669,408
State gas tax	-	-	-	-	-	3,389,522	3,389,522
Other	1,303,663	311,446	-	-	-	-	1,615,109
Special assessments	-	-	-	-	-	49,630	49,630
Charges for services	971,541	-	4,139,557	-	-	5,258,124	10,369,222
Fines and penalties	1,285,286	-	-	-	-	-	1,285,286
Intergovernmental	2,544,456	-	-	-	-	2,775	2,547,231
Licenses, permits and fees	652,912	1,154,447	-	-	-	2,982,214	4,789,573
Investment earnings	1,116,110	533,493	770,407	184,490	348,648	773,653	3,726,801
Grants and contributions	348,253	861,238	-	59,353	75,885	644,788	1,989,517
Miscellaneous	581,591	6,822	60,000	26,104	190,260	43,682	908,459
Total revenues	<u>40,717,750</u>	<u>3,469,876</u>	<u>4,969,964</u>	<u>269,947</u>	<u>1,762,866</u>	<u>17,157,507</u>	<u>68,347,910</u>
EXPENDITURES							
Current							
General government	5,867,152	-	-	-	581,080	2,139,675	8,587,907
Public safety	25,082,758	-	-	-	-	180,705	25,263,463
Highways and streets	740,778	-	33,169	230,420	-	4,895,978	5,900,345
Culture and recreation	5,362,491	56,635	-	-	-	128,881	5,548,007
Debt service							
Principal	-	-	-	-	56,828	5,695,150	5,751,978
Interest	-	-	-	-	6,521	3,502,402	3,508,923
Issuance costs	-	125,330	-	-	1,885	-	127,215
Capital outlay	2,166,528	3,509,527	1,394,642	1,492,271	958,875	4,458,375	13,980,218
Total expenditures	<u>39,219,707</u>	<u>3,691,492</u>	<u>1,427,811</u>	<u>1,722,691</u>	<u>1,605,189</u>	<u>21,001,166</u>	<u>68,668,056</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,498,043</u>	<u>(221,616)</u>	<u>3,542,153</u>	<u>(1,452,744)</u>	<u>157,677</u>	<u>(3,843,659)</u>	<u>(320,146)</u>
OTHER FINANCING SOURCES (USES)							
Issuance of debt	-	18,965,000	-	-	2,570,000	-	21,535,000
Sale of capital assets	23,065	-	-	-	-	30,171	53,236
Transfers in	1,398,750	-	-	170,310	-	3,358,184	4,927,244
Transfers out	(1,434,951)	(442,649)	(1,069)	(26,200)	-	(2,270,376)	(4,175,245)
Total other financing sources (uses)	<u>(13,136)</u>	<u>18,522,351</u>	<u>(1,069)</u>	<u>144,110</u>	<u>2,570,000</u>	<u>1,117,979</u>	<u>22,340,235</u>
Net change in fund balances	1,484,907	18,300,735	3,541,084	(1,308,634)	2,727,677	(2,725,680)	22,020,089
Fund balance - beginning	16,380,858	3,650,348	13,126,944	3,403,055	1,598,268	19,028,092	57,187,565
Fund balance - ending	<u>\$ 17,865,765</u>	<u>\$ 21,951,083</u>	<u>\$ 16,668,028</u>	<u>\$ 2,094,421</u>	<u>\$ 4,325,945</u>	<u>\$ 16,302,412</u>	<u>\$ 79,207,654</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, 2007

Net change in fund balance - governmental funds \$ 22,020,089

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	18,946,555	
Less current year depreciation	<u>(8,298,886)</u>	10,647,669

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. This amount is being amortized over the estimated useful life for the Statement of Activities. (1,106,833)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Change in deferred revenue		168,833
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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.

Change in compensated absences		(120,668)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of those differences in the treatment of long-term debt and related items:

Change in accrued interest	(259,743)	
Amortization of issuance cost	43,239	
Issuance of debt	(21,535,000)	
Payments on capital leases	126,799	
Principal payments	<u>5,751,978</u>	(15,872,727)

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. 200,342

Change in net assets of governmental activities		<u>\$ 15,936,705</u>
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CITY OF MEDFORD
Balance Sheet
Proprietary Funds
June 30, 2007

	Business-type Activities - Enterprise Funds			Governmental Activities
	Sewer Utility Fund	Parking Facilities Fund	Total	Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 18,222,928	\$ 407,703	\$ 18,630,631	\$ 1,302,208
Accounts receivable, net	851,055	21,725	872,780	44,280
Inventories	81,803	-	81,803	623,353
Total current assets	<u>19,155,786</u>	<u>429,428</u>	<u>19,585,214</u>	<u>1,969,841</u>
Restricted cash	-	-	-	52,793
Capital assets:				
Land and construction in progress	2,432,450	1,106,620	3,539,070	-
Capital assets, net of accumulated depreciation	68,387,671	21,920	68,409,591	3,427
Total capital assets	<u>70,820,121</u>	<u>1,128,540</u>	<u>71,948,661</u>	<u>3,427</u>
Total assets	<u>\$ 89,975,907</u>	<u>\$ 1,557,968</u>	<u>\$ 91,533,875</u>	<u>\$ 2,026,061</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 866,143	\$ 54,530	\$ 920,673	\$ 171,367
Accrued payroll and related expenses	143,635	-	143,635	23,921
Total current liabilities	<u>1,009,778</u>	<u>54,530</u>	<u>1,064,308</u>	<u>195,288</u>
Noncurrent liabilities:				
Compensated absences, due within one year	32,119	-	32,119	5,052
Compensated absences, due in more than one year	128,476	-	128,476	20,206
Total liabilities	<u>1,170,373</u>	<u>54,530</u>	<u>1,224,903</u>	<u>220,546</u>
NET ASSETS				
Invested in capital assets, net of related debt	70,820,121	1,128,540	71,948,661	3,427
Restricted for:				
Plant expansion	12,880,115	-	12,880,115	-
Employee section 125 plan	-	-	-	52,793
Unrestricted	5,105,298	374,898	5,480,196	1,749,295
Total net assets	<u>88,805,534</u>	<u>1,503,438</u>	<u>90,308,972</u>	<u>1,805,515</u>
Total liabilities and net assets	<u>\$ 89,975,907</u>	<u>\$ 1,557,968</u>	<u>\$ 91,533,875</u>	<u>\$ 2,026,061</u>

CITY OF MEDFORD
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2007

	Business-type Activities - Enterprise Funds			Governmental Activities
	Sewer Utility Fund	Parking Facilities Fund	Total	Internal Service Funds
Operating revenues:				
Charges for services	\$ 9,039,349	\$ 347,283	\$ 9,386,632	\$ -
Intergovernmental revenues	-	-	-	1,782,624
Miscellaneous	34,482	-	34,482	124,964
Total operating revenues	<u>9,073,831</u>	<u>347,283</u>	<u>9,421,114</u>	<u>1,907,588</u>
Operating expenses:				
Salaries and fringe benefits	3,015,875	-	3,015,875	1,026,802
Operating supplies	1,800,754	135	1,800,889	185,699
Professional services	850,036	269,082	1,119,118	17,661
Repairs and maintenance	224,682	24,912	249,594	7,043
Premiums and claims	72,055	7,500	79,555	324,195
Utilities	223,443	43,152	266,595	-
General, administrative, and engineering	70,331	7,875	78,206	28,158
Depreciation	2,987,163	3,509	2,990,672	5,375
Total operating expenses	<u>9,244,339</u>	<u>356,165</u>	<u>9,600,504</u>	<u>1,594,933</u>
Operating income (loss)	<u>(170,508)</u>	<u>(8,882)</u>	<u>(179,390)</u>	<u>312,655</u>
Nonoperating revenues:				
Gain on sale of capital assets	11,000	-	11,000	2,940
Grants and contracts	96,599	-	96,599	-
Investment earnings	842,837	20,007	862,844	49,347
Total nonoperating revenues	<u>950,436</u>	<u>20,007</u>	<u>970,443</u>	<u>52,287</u>
Income before transfers and contributions	779,928	11,125	791,053	364,942
Contributions	5,313,696	-	5,313,696	-
Transfers in	2,173,481	-	2,173,481	-
Transfers out	<u>(2,750,781)</u>	<u>(10,100)</u>	<u>(2,760,881)</u>	<u>(164,600)</u>
Change in net assets	5,516,324	1,025	5,517,349	200,342
Total net assets - beginning, as restated	83,289,210	1,502,413	84,791,623	1,605,173
Total net assets - ending	<u>\$ 88,805,534</u>	<u>\$ 1,503,438</u>	<u>\$ 90,308,972</u>	<u>\$ 1,805,515</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, 2007

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Sewer Utility Fund</u>	<u>Parking Facilities Fund</u>	<u>Total</u>	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 9,264,522	\$ 372,509	\$ 9,637,031	\$ -
Receipt from interfund services provided	-	-	-	1,880,709
Payments to suppliers	(3,123,648)	(332,826)	(3,456,474)	(527,051)
Payments to employees	(2,994,742)	-	(2,994,742)	(1,027,923)
Net cash provided (used) by operating activities	<u>3,146,132</u>	<u>39,683</u>	<u>3,185,815</u>	<u>325,735</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating Grant	96,599	-	96,599	-
Transfers from other funds	2,173,481	-	2,173,481	-
Transfers to other funds	(2,750,781)	(10,100)	(2,760,881)	(164,600)
Net cash provided (used) by noncapital financing activities	<u>(480,701)</u>	<u>(10,100)</u>	<u>(490,801)</u>	<u>(164,600)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Sale of capital assets	11,000	-	11,000	2,940
Capital contributions	2,633,081	-	2,633,081	-
Acquisition and construction of capital assets	(2,873,231)	-	(2,873,231)	-
Net cash provided (used) by capital and related financing activities	<u>(229,150)</u>	<u>-</u>	<u>(229,150)</u>	<u>2,940</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends received	842,837	20,007	862,844	49,347
Net change in cash and cash equivalents	3,279,118	49,590	3,328,708	213,422
Cash and cash equivalents - beginning	14,943,810	358,113	15,301,923	1,141,579
Cash and cash equivalents - ending	<u>\$ 18,222,928</u>	<u>\$ 407,703</u>	<u>\$ 18,630,631</u>	<u>\$ 1,355,001</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (170,508)	\$ (8,882)	\$ (179,390)	\$ 312,655
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	2,987,163	3,509	2,990,672	5,375
(Increase) decrease in accounts receivable	32,881	25,226	58,107	(26,879)
(Increase) decrease in inventories	9,555	-	9,555	8,535
Increase (decrease) in accounts payable	265,908	19,830	285,738	23,527
Increase (decrease) in accrued payroll and related expenses	8,443	-	8,443	(1,121)
Increase (decrease) in compensated absences	12,690	-	12,690	3,643
Total adjustments	<u>3,316,640</u>	<u>48,565</u>	<u>3,365,205</u>	<u>13,080</u>
Net cash provided (used) by operating activities	<u>\$ 3,146,132</u>	<u>\$ 39,683</u>	<u>\$ 3,185,815</u>	<u>\$ 325,735</u>
Noncash capital activity:				
Contributions of capital assets from developers	<u>\$ 2,680,615</u>	<u>\$ -</u>	<u>\$ 2,680,615</u>	<u>\$ -</u>

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

Notes to the Financial Statements

June 30, 2007

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 separate columns 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 comprised of the members appointed and governed by the Council. The Agency was formed by the City to implement various public improvement programs in the revitalization plan of the City. Projects are funded through tax increment financing. The Agency is reported as a governmental fund type. Separate financial statements for the Agency may be obtained at the Agency's administrative office, which is located at 45 South Holly Street, Medford, Oregon 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. The Commission is reported as a business-type activity. Separate financial statements for the commission may be obtained at the Commission's administrative office, which is located at 200 South Ivy Street, Medford, Oregon 97501.

B. Government-wide and fund financial statements

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

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

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

Notes to the Financial Statements

June 30, 2007

Note I - Summary of significant accounting policies, continued**C. Measurement focus, basis of accounting, and financial statement presentation**

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both *measurable* and *available*. The City considers all revenues 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 *Park Dedication Fund* accounts for specified revenues from hotel/motel and car rental taxes to be expended on park and recreation improvements and maintenance.

The *Street System Development Charges Fund* accounts for the street development fees to expand on street improvements and maintenance.

The *Street Improvement Fund* accounts for the construction of arterial streets.

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

The government reports the following major proprietary funds:

Sewer Utility Funds account for the City's sewer utility maintenance, operation, improvements, and expansion of the City's drain and sewer infrastructure. These funds are comprised of several funds, but are considered a single enterprise fund under accounting principles generally accepted in the United States of America.

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

Additionally, the government reports the following fund types:

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.

Notes to the Financial Statements

June 30, 2007

Note I - Summary of significant accounting policies, continued**C. Measurement focus, basis of accounting, and financial statement presentation, continued**

Debt service funds account for the payment of principal and interest on tax allocation development and urban renewal bonds, certificates of participation, and general obligation improvement bonds.

Capital projects funds account for revenue derived primarily from property taxes and state gas tax apportionments which are designated for the construction of specific projects.

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

The City's government-wide and proprietary fund accounting and financial reporting practices are based on all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements. The City has elected not to apply FASB guidance issued subsequent to November 30, 1989 to business-type activities and to enterprise funds.

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.

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

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 and net assets**1. Cash and cash equivalents**

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

2. Receivables and payables

Activity between funds that are 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

Notes to the Financial Statements

June 30, 2007

Note I - Summary of significant accounting policies, continued**E. Assets, liabilities and net assets, continued****2. Receivables and payables, continued**

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

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

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

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

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

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

3. Inventories

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

4. Restricted cash

Certain cash accounts are restricted primarily for construction and bonded debt service by City Charter, the Council, the Board of Commissioners of the Commission, the Agency's board, bonded debt indentures, and related liabilities are segregated on the statement of net assets.

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.

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, 2007, the City and Commission did not capitalize any interest.

In the entity-wide and proprietary fund financial statements, disposal of capital assets are 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.

Notes to the Financial Statements

June 30, 2007

Note I - Summary of significant accounting policies, continued**E. Assets, liabilities and net assets, continued****5. Capital assets, continued**

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

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

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

6. Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave. Earned but unpaid sick leave does not vest, for the majority of employees, and is therefore not accrued. However, some employees who's sick leave bank exceeds a set amount, do get to sell back their sick leave in excess of these hours. Management receives a pay out for the amount in excess of 520 hours upon termination of employment. No amount has been accrued for these pay outs, as management considers the amount to be immaterial. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured; for example, as a result of employee resignations and retirements.

7. Long-term obligations

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

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

8. Pension plan

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

9. Fund equity

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

Notes to the Financial Statements

June 30, 2007

Note II - Stewardship, compliance, and accountability**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 functional expense level.

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 year ended June 30, 2007.

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.

The budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All City appropriations lapse at the end of the biennial period, and all Agency appropriations lapse at the end of the fiscal period.

For the biennium budget period ended June 30, 2007, the Fleet Maintenance Fund had an expenditure of \$72,376 in excess of budgeted amounts for the public works service center appropriations line item.

Notes to the Financial Statements

June 30, 2007

Note III - Detailed notes on all funds**A. Cash and investments**

The City, as well as the Commission, maintain a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is displayed on the statement of net assets as "Cash and cash equivalents."

Oregon Revised Statutes, Chapter 294, authorizes the City to invest in obligations of the U.S. Treasury, U.S. Government agencies and instrumentalities, bankers' acceptances guaranteed by a qualified financial institution, commercial paper, corporate bonds, repurchase agreements, and various interest bearing bonds of Oregon municipalities.

The City is also authorized to invest in the State of Oregon Local Government Investment Pool ("LGIP"), an external investment pool, within prescribed limits. The LGIP investments are recorded at cost, which approximates fair value. The LGIP investments are governed by a written investment policy that is comprised of members of local government and private investment professionals, who are appointed by the Governor of the State of Oregon.

As of June 30, 2007, the City's cash and investment balances were reported as follows:

	Primary Government	Component Unit Medford Water Commission	Total Reporting Entity
Petty cash	\$ 3,850	\$ 1,100	\$ 4,950
Deposits with financial institutions	70,285,705	399,230	70,684,935
Certificates of deposit	-	23,034,304	23,034,304
Investments in LGIP	<u>31,413,714</u>	<u>4,024,885</u>	<u>35,438,599</u>
Total cash and investments	<u>\$ 101,703,269</u>	<u>\$ 27,459,519</u>	<u>\$129,162,788</u>

Cash and investments are reported as follows:

Unrestricted cash and cash equivalents	\$ 92,046,620	\$ 23,434,634	\$115,481,254
Unrestricted investments	-	4,024,885	4,024,885
Restricted:			
Cash and cash equivalents	<u>9,656,649</u>	<u>-</u>	<u>9,656,649</u>
Total cash and investments	<u>\$ 101,703,269</u>	<u>\$ 27,459,519</u>	<u>\$129,162,788</u>

Custodial credit risk - Deposits. This is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial risk, but follows the requirements of ORS 295. As required by the Statute, City officials obtain, from its depositories, certificates of participation in the State Collateral Pool for the full amount of The City's deposits. The depositories, throughout the period of its possession of public fund deposits, are to maintain securities having a value of not less than 25 percent of the certificates of participation issued by its pool manager. The City has no deposits in excess of FDIC and the security held by the depositories

Interest rate risk. As means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits short-term investments to maturities not exceeding 18 months. All funds must be invested in short-term investments except for reserves for capital projects, funded depreciation, funds held for debt retirement, claims and endowment funds. These funds are limited to maturities not exceeding 7 years. At year end, the City's investments consisted LGIP and Certificates of deposit. As of June 30, 2007, 78% of the investments in LGIP mature within 93 days, 9% mature within 94 days to one year and 13% mature within one to three years.

Credit risk. The City's investment policy complies with State statutes authorizing the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, municipal bonds, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

Notes to the Financial Statements

June 30, 2007

Note III - Detailed notes on all funds, continued**A. Cash and investments, continued**

The Oregon State Treasurer maintains the Oregon Short Term Fund, of which the LGIP is a part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, funds are invested using the prudent investor standard, exercising reasonable care, skill and caution. LGIP was created to offer a short-term investment alternative to Oregon local governments. The investments are regulated by the Oregon Short Term Fund Board and approved by the Oregon Investment Council. Separate financial statements for the Oregon Short Term Fund are available from the Oregon State Treasurer.

B. Notes receivable

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

<u>Loan Date</u>	<u>Monthly Installments</u>	<u>Due Date</u>	<u>Balance 6/30/2007</u>
8/11/2003	\$ 1,733	Jun. 2013	\$ 296,118
12/1/2003	759	Dec. 2013	127,086
5/1/2005	506	Oct. 2023	<u>84,892</u>
Total			<u>\$ 508,096</u>

C. Prepaid expenses

The City and the Commission made advanced payments to 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 \$28,511,000 and \$2,784,363 for the City and the Commission, respectively.

D. Deferred revenue

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

	<u>2007</u>
Property taxes	\$ 1,777,950
Notes receivable	508,096
Assessments receivable	<u>108,914</u>
Total	<u>\$ 2,394,960</u>

Notes to the Financial Statements

June 30, 2007

Note III - Detailed notes on all funds, continued**E. Capital assets**

Capital asset activity for the year ended June 30, 2007 was as follows:

Primary Government, Governmental activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 16,861,038	\$ 365,000	\$ -	\$ 17,226,038
Land - rights of way	78,681,292	3,821,463	-	82,502,755
Construction in progress	<u>30,124,095</u>	<u>14,946,904</u>	<u>(15,537,012)</u>	<u>29,533,987</u>
Total capital assets, not being depreciated	<u>125,666,425</u>	<u>19,133,367</u>	<u>(15,537,012)</u>	<u>129,262,780</u>
Capital assets, being depreciated:				
Buildings	14,394,057	140,353	-	14,534,410
Improvements	10,271,695	4,264,048	(40,466)	14,495,277
Equipment	19,248,862	1,867,296	(688,939)	20,427,219
Infrastructure	<u>111,590,342</u>	<u>9,794,008</u>	<u>-</u>	<u>121,384,350</u>
Total capital assets, being depreciated	155,504,956	16,065,705	(729,405)	170,841,256
Less accumulated depreciation for:				
Buildings	(3,996,107)	(342,268)	-	(4,338,375)
Improvements, as restated	(5,812,666)	(669,810)	-	(6,482,476)
Equipment	(13,834,149)	(1,978,167)	13,900	(15,798,416)
Infrastructure	<u>(41,375,578)</u>	<u>(5,314,016)</u>	<u>-</u>	<u>(46,689,594)</u>
Total accumulated depreciation	<u>(65,018,500)</u>	<u>(8,304,261)</u>	<u>13,900</u>	<u>(73,308,861)</u>
Total capital assets, being depreciated, net	<u>90,486,456</u>	<u>7,761,444</u>	<u>(715,505)</u>	<u>97,532,395</u>
Governmental activities capital assets, net	<u>\$ 216,152,881</u>	<u>\$ 26,894,811</u>	<u>\$ (16,252,517)</u>	<u>\$ 226,795,175</u>

Capital assets beginning accumulated depreciation was restated as follows:

	<u>Beginning Balance, as Previously Reported</u>	<u>Restatement</u>	<u>Beginning Balance, as Restated</u>
Governmental activities:			
Accumulated Depreciation for Improvements	(\$5,472,108)	(\$340,558)	(\$5,812,666)
Business-type activities:			
Accumulated Depreciation for Equipment	(\$8,725,599)	\$55,638	(\$8,669,961)

Notes to the Financial Statements

June 30, 2007

Note III - Detailed notes on all funds, continued**E. Capital assets, continued**

Primary Government, Business-type activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 2,288,136	\$ -	\$ (1,115,110)	\$ 1,173,026
Construction in progress	<u>4,733,552</u>	<u>2,366,044</u>	<u>(4,733,552)</u>	<u>2,366,044</u>
Total capital assets, not being depreciated	<u>7,021,688</u>	<u>2,366,044</u>	<u>(5,848,662)</u>	<u>3,539,070</u>
Capital assets, being depreciated:				
Buildings	5,070,970	1,405,386	-	6,476,356
Improvements	21,267,650	2,870,827	-	24,138,477
Equipment	13,203,253	554,339	(39,981)	13,717,611
Sewers	23,100,749	1,054,861	-	24,155,610
Storm drains	<u>30,826,770</u>	<u>3,151,051</u>	<u>-</u>	<u>33,977,821</u>
Total capital assets, being depreciated	93,469,392	9,036,464	(39,981)	102,465,875
Less accumulated depreciation for:				
Buildings	(1,822,404)	(141,558)	-	(1,963,962)
Improvements	(6,751,750)	(868,785)	-	(7,620,535)
Equipment, as restated	(8,669,961)	(830,055)	39,981	(9,460,035)
Sewers	(8,304,958)	(476,475)	-	(8,781,433)
Storm drains	<u>(5,556,520)</u>	<u>(673,799)</u>	<u>-</u>	<u>(6,230,319)</u>
Total accumulated depreciation	<u>(31,105,593)</u>	<u>(2,990,672)</u>	<u>39,981</u>	<u>(34,056,284)</u>
Total capital assets, being depreciated, net	<u>62,363,799</u>	<u>6,045,792</u>	<u>-</u>	<u>68,409,591</u>
Business-type activities capital assets, net	<u>\$ 69,385,487</u>	<u>\$ 8,411,836</u>	<u>\$ (5,848,662)</u>	<u>\$ 71,948,661</u>

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

Governmental activities:	
General government	\$ 1,247,706
Public safety	739,362
Highways and streets	5,796,178
Culture and recreation	<u>521,015</u>
Total depreciation expense - governmental activities	<u>\$ 8,304,261</u>
Business-type activities:	
Sewer	\$ 2,987,162
Parking services	<u>3,510</u>
Total depreciation expense - business-type activities	<u>\$ 2,990,672</u>

Notes to the Financial Statements

June 30, 2007

Note III - Detailed notes on all funds, continued**E. Capital assets, continued**

Medford Water Commission:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land and right-of-way	\$ 2,990,095	\$ -	\$ -	\$ 2,990,095
Construction in progress	<u>4,663,391</u>	<u>1,883,531</u>	<u>(5,377,646)</u>	<u>1,169,276</u>
Total capital assets, not being depreciated	<u>7,653,486</u>	<u>1,883,531</u>	<u>(5,377,646)</u>	<u>4,159,371</u>
Capital assets, being depreciated:				
Buildings, supply and distribution system	92,370,281	8,371,379	-	100,741,660
Equipment	<u>4,307,137</u>	<u>956,875</u>	<u>(16,221)</u>	<u>5,247,791</u>
Total capital assets, being depreciated	96,677,418	9,328,254	(16,221)	105,989,451
Less accumulated depreciation for:				
Buildings, supply and distribution system	(25,791,033)	(1,584,834)	-	(27,375,867)
Equipment	<u>(2,389,521)</u>	<u>(362,702)</u>	<u>16,221</u>	<u>(2,736,002)</u>
Total accumulated depreciation	<u>(28,180,554)</u>	<u>(1,947,536)</u>	<u>16,221</u>	<u>(30,111,869)</u>
Total capital assets, being depreciated, net	<u>68,496,864</u>	<u>7,380,718</u>	<u>-</u>	<u>75,877,582</u>
Medford Water Commission capital assets, net	<u>\$ 76,150,350</u>	<u>\$ 9,264,249</u>	<u>\$ (5,377,646)</u>	<u>\$ 80,036,953</u>

Notes to the Financial Statements

June 30, 2007

Note III - Detailed notes on all funds, continued**F. Leases**Operating Leases

MURA leases building and office facilities and other equipment under noncancelable operating leases. Total costs for such leases were \$19,200 for the year ended June 30, 2007. The future minimum lease payment for these leases are as follows:

Year ending June 30,	Amount
2008	\$ 19,200
2009	19,200
2010	19,200
2011	19,200
2012	19,200
Thereafter	<u>28,800</u>
Total	<u>\$ 124,800</u>

Capital Leases

The City has entered into lease agreements as lessee for financing equipment acquisitions. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Equipment	\$ 109,420
Less: accumulated depreciation	<u>(76,594)</u>
Total	<u>\$ 32,826</u>

The lease terminates during the year ended June 30, 2008. Future lease payments of \$17,909 have a net present value of \$17,645.

Notes to the Financial Statements

June 30, 2007

Note III - Detailed notes on all funds, continued**G. Long-term debt**

Bonds and loans at year end are as follows:

Purpose:	Interest Rates	Amount
General obligation bonds:		
City Hall remodel bonds, maturing 2010	4.25 to 4.65%	\$ 1,550,000
PERS actuarial bonds, maturing 2028	4.91 to 6.10%	29,205,000
2006 Sidewalk Series maturing on 2021	4.00 to 4.50 %	4,400,000
Revenue bonds:		
Gas tax, street revenue bonds, maturing 2010 through 2014	4.00 to 4.40%	5,040,000
Gas tax, revenue bonds, maturing through 2012	3.00 to 4.15%	2,705,000
2002 Parks limited tax revenue bonds, maturing 2010 through 2022	3.00 to 5.00%	4,695,000
2007 Parks limited tax revenue bonds, maturing 2022	3.50 to 4.125%	18,965,000
1994A Urban renewal redevelopment bonds, maturing 2012	2.75 to 5.30%	510,000
1994B Urban redevelopment bonds, maturing 2012	2.75 to 5.30%	960,000
1996A Urban redevelopment bonds, maturing 2011	4.00 to 5.875%	1,395,000
2002A Refunding bonds, maturing 2013	3.00 to 4.50%	5,450,000
2004 Urban redevelopment bonds, maturing 2013	3.55%	6,570,000
2005 Series A, maturing 2013	3.17%	2,945,000
2006 Sidewalk Series, maturing 2021	4.65%	2,570,000
Loans:		
Oregon housing loan, maturing 2013	1.00%	483,205
Total bonds and loans		87,443,205
Unamortized bond discount		(831,640)
Total net of unamortized bond discount		\$ 86,611,565

The City Hall Remodel Bonds were issued to renovate City Hall.

The PERS bonds were issued to enable the City to prepay its unfunded actuarial liability to Oregon Public Employees Retirement System.

The Gas Tax Revenue Bonds were issued to finance street improvement and construction projects. Principal and interest on Gas Tax Revenue Bonds are payable first from gas tax revenues and second, if necessary, from general tax revenues.

Notes to the Financial Statements

June 30, 2007

Note III - Detailed notes on all funds, continued**G. Long-term debt, continued**

The 2002 and 2007 Parks limited tax revenues 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 2006 Sidewalk series bonds were voter approved bonds, issued for construction of new sidewalks.

The Urban renewal bonds were issued to finance public improvement projects to revitalize downtown Medford.

The 2004 Urban redevelopment bonds were issued to finance further development of the areas in the Urban Renewal District boundaries.

The Oregon Housing loan was issued to help finance housing construction in downtown Medford.

Annual debt service requirements to maturity at year end are as follows:

Year ending June 30,	Governmental Activities	
	Principal	Interest
2008	\$ 5,329,517	\$ 4,298,916
2009	5,816,085	3,930,883
2010	6,085,688	3,688,539
2011	5,872,288	3,428,538
2012	6,220,893	3,189,727
2013 - 2017	16,489,734	13,073,583
2018 - 2022	17,864,000	9,450,935
2023 - 2027	21,985,000	4,412,647
2028 - 2029	1,780,000	108,491
Total	<u>\$ 87,443,205</u>	<u>\$ 45,582,259</u>

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2007, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 35,820,000	\$ -	\$ (665,000)	\$ 35,155,000	\$ 725,000
Special obligation bonds	20,398,000	2,570,000	(2,568,000)	20,400,000	2,711,000
Revenue bonds	13,745,000	18,965,000	(1,305,000)	31,405,000	1,835,000
Special assessment debt with government commitment	1,157,150	-	(1,157,150)	-	-
Total bonds payable	71,120,150	21,535,000	(5,695,150)	86,960,000	5,271,000
Oregon housing loan	540,033	-	(56,828)	483,205	58,517
Total bonds and notes payable	71,660,183	21,535,000	(5,751,978)	87,443,205	5,329,517
Capital leases	144,444	-	(126,799)	17,645	-
Compensated absences	1,772,244	3,424,540	(3,300,229)	1,896,555	379,311
Governmental activity long-term liabilities	<u>\$ 73,576,871</u>	<u>\$ 24,959,540</u>	<u>\$ (9,179,006)</u>	<u>\$ 89,357,405</u>	<u>\$ 5,708,828</u>
Business-type activities:					
Compensated absences	<u>\$ 147,905</u>	<u>\$ 292,147</u>	<u>\$ (279,456)</u>	<u>\$ 160,596</u>	<u>\$ 32,119</u>

The General Fund and debt service funds have been used to liquidate other long-term liabilities in prior years.

Notes to the Financial Statements

June 30, 2007

Note III - Detailed notes on all funds, continued**H. Interfund receivables, payables and transfers**

Interfund balances consist of cash advances by the general fund to other nonmajor governmental funds with deficit cash balances. The interfund balance between the City's General fund and MURA's General fund consists of payroll and PERS debt expenses that MURA reimburses the City for.

	Due From Other Funds	Due To Other Funds
General fund	\$ 105,460	\$ -
MURA General fund	-	64,414
Nonmajor governmental funds	-	41,046
Total	<u>\$ 105,460</u>	<u>\$ 105,460</u>

Interfund transfers:

	Transfers In:				
	General Fund	Street Improvement Fund	Sewer Utility Fund	Nonmajor Governmental Funds	Total Transfers Out
Transfers Out:					
General Fund	\$ -	\$ -	\$ -	\$ 1,434,951	\$1,434,951
Park Dedication Fund	3,900	-	-	438,749	442,649
Street System Development Charge Fund	200	-	-	868	1,068
Street Improvement Fund	26,200	-	-	-	26,200
Nonmajor Governmental Funds	618,850	170,310	-	1,481,216	2,270,376
Sewer Utility Fund	577,300	-	2,173,481	-	2,750,781
Parking Facilities Fund	10,100	-	-	-	10,100
Internal Service Funds	162,200	-	-	2,400	164,600
Total transfers in	<u>\$1,398,750</u>	<u>\$ 170,310</u>	<u>\$2,173,481</u>	<u>\$ 3,358,184</u>	<u>\$7,100,725</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.

I. Restricted net assets

A portion of the Sewer Utility Fund net assets are restricted for the future development of sewer fund facilities. The restricted amount is \$12,880,115.

Notes to the Financial Statements

June 30, 2007

Note IV - Other information**A. Risk management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. In prior years, the City had participated in a limited risk management program for workers' compensation. During the current year, the City participated in a standard premium plan. Settlements have not exceeded insurance coverage for the past three years. Since City management is in the process of evaluating various insurance options, they have elected to continue operating the Risk Management Fund as an internal service fund which administers and accounts for workers' compensation and other insurance programs for the City.

B. Related party transactions

The Commission acts as an agent for the sewer drainage and street utilities owned by the City by billing and collecting their customer accounts. These customer accounts are included in the Commission's accounts receivable, with a corresponding payable to the City. Collections of billings of the sewer, drainage and street fee accounts are remitted on a monthly basis. The Commission charged the City \$436,743 for processing and collecting \$11,996,696 in sewer, drainage, street fee billings, park utility fees, and public safety fees. Water sales to the City were \$218,200 the year ended June 30, 2007.

The Commission pays the City for legal counsel, other services and materials and supplies. During the year, the Commission paid the City \$427,739 for these items. The Commission also paid the City a franchise tax amounting to \$83,650 in the fiscal year 2007.

C. Deferred compensation plan

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

D. 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 unit.

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.

The Hospital Facilities Authority of the City of Medford issued refunding bonds in 2005 and 2006. The balance of these bonds was \$381,230,000 as of June 30, 2007. 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.

MURA is involved in a number of urban renewal projects involving commitments to complete the projects in the future. At June 30, 2007, total commitments were \$14.1 million.

Notes to the Financial Statements

June 30, 2007

Note IV - Other information, continued**E. Pension plans**

The City is a participating employer in the Oregon Public Employees Retirement System (OPERS), which 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.

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" or 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 8.25% was based on a December 31, 2003 actuarial evaluation. Up through December 31, 2003, covered employees were also required by state statute to contribute 6% of their annual salary to the PERS plan.
- OPSRP (Oregon Public Service Retirement Plan) is a hybrid retirement plan with two components: a defined benefit pension plan and a defined contribution pension plan.

The defined benefit pension plan is provided to members or their beneficiaries who were hired on or after August 29, 2003. Employer contributions are required by state statute and are made at actuarially determined rates as adopted by the OPERB. The City's current required contribution rates for the OPSRP defined benefit pension plan are 7.55% for general service employees and 10.82% for police and fire employees.

The defined contribution pension plan (called the Individual Account Program, or IAP) is provided to all members or their beneficiaries who are PERS or OPSRP eligible. State statutes require covered employees to contribute 6% of their annual covered salary to the IAP plan effective January 1, 2004. The City has elected to contribute the 6% "pick-up" for the year ended June 30, 2007. 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 10.28% of covered payroll for PERS tier one and tier two and 4.29% for general service and 7.92% for police and fire of covered payroll for OPSRP for the fiscal year ended June 30, 2007. 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, 2007, 2006 and 2005 were \$2,313,299, \$2,290,501, \$1,255,882, respectively, equal to the required contributions for each year.

Notes to the Financial Statements

June 30, 2007

Note IV - Other information, continued**F. Prior period adjustments**

The City's beginning fund balance and net assets were adjusted to properly report prepaid expenses, accumulated depreciation and accounts payable at June 30, 2006. The effects on beginning fund balance and net assets, as applicable, was as follows: Internal Service Funds - net decrease of \$39,325; Sewer Utility Fund and business-type activities (government wide statement of net assets) - net decrease of \$102,172; and the governmental activities (government wide statement of net assets) - net increase of \$25,943,942.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MEDFORD

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2007

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	Original	Final				
Revenues:						
Property taxes	\$ 48,484,000	\$ 48,484,000	\$ 23,514,230	\$ 24,449,388	\$ 47,963,618	\$ (520,382)
Franchise taxes	10,379,000	10,379,000	5,217,635	6,259,690	11,477,325	1,098,325
Alcohol and tobacco taxes	1,558,000	1,558,000	924,001	916,645	1,840,646	282,646
Lodging taxes	1,847,000	1,847,000	1,073,875	1,204,860	2,278,735	431,735
Other taxes	704,000	704,000	291,448	387,018	678,466	(25,534)
Licenses and permits	1,133,000	1,133,000	631,805	652,912	1,284,717	151,717
Intergovernmental revenues	4,696,600	4,849,600	2,433,960	2,544,456	4,978,416	128,816
Charges for services	1,787,500	1,879,470	1,178,511	971,541	2,150,052	270,582
Fines and penalties	2,344,000	2,344,000	1,391,214	1,285,286	2,676,500	332,500
Investment earnings	884,500	884,500	774,244	1,116,110	1,890,354	1,005,854
Other revenue	186,200	523,570	147,585	581,591	729,176	205,606
Grants and contracts	846,800	2,121,970	1,124,873	348,253	1,473,126	(648,844)
Total revenues	74,850,600	76,708,110	38,703,381	40,717,750	79,421,131	2,713,021
Expenditures:						
Mayor and Council	994,940	985,380	434,317	436,700	871,017	114,363
Technical services	6,334,390	6,133,380	2,720,621	3,028,151	5,748,772	384,608
City management	2,365,660	2,409,650	962,331	1,125,077	2,087,408	322,242
City attorney	842,500	855,400	353,072	377,485	730,557	124,843
Municipal court	1,324,850	1,378,950	608,076	671,683	1,279,759	99,191
Human resources	633,760	644,660	303,860	337,209	641,069	3,591
Finance	1,888,540	1,928,340	907,571	945,044	1,852,615	75,725
City grants	550,000	550,000	412,500	137,500	550,000	-
General expense	649,700	642,110	218,212	158,873	377,085	265,025
Bond interest & redemption	21,740	21,740	7,002	12,395	19,397	2,343
Police	32,005,280	33,703,668	15,968,163	16,701,510	32,669,673	1,033,995
Fire	17,622,160	18,758,900	8,801,087	9,137,508	17,938,595	820,305
Engineering and development	1,875,950	1,910,350	712,516	740,778	1,453,294	457,056
Planning	3,125,130	3,206,450	1,410,753	1,526,414	2,937,167	269,283
Parks - administration	7,798,410	8,123,870	3,620,337	3,883,380	7,503,717	620,153
Contingency	6,102,180	3,915,422	-	-	-	3,915,422
Total expenditures	84,135,190	85,168,270	37,440,418	39,219,707	76,660,125	8,508,145
Excess revenues over (under) expenditures	(9,284,590)	(8,460,160)	1,262,963	1,498,043	2,761,006	11,221,166
Other financing sources (uses):						
Transfers in	3,517,000	3,293,450	1,634,983	1,398,750	3,033,733	(259,717)
Transfers out	(4,618,800)	(5,625,640)	(3,311,492)	(1,434,951)	(4,746,443)	879,197
Sale of capital assets	340,000	518,500	583,852	23,065	606,917	88,417
Total other financing sources (uses)	(761,800)	(1,813,690)	(1,092,657)	(13,136)	(1,105,793)	707,897
Net change in fund balances	(10,046,390)	(10,273,850)	170,306	1,484,907	1,655,213	11,929,063
Fund Balance:						
Beginning	14,036,660	14,036,660	16,210,552	16,380,858	16,210,552	2,173,892
Ending	\$ 3,990,270	\$ 3,762,810	\$ 16,380,858	\$ 17,865,765	\$ 17,865,765	\$ 14,102,955

CITY OF MEDFORD

Park Dedication Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2007

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	Original	Final				
Revenues:						
Lodging taxes	\$ 1,159,000	\$ 1,159,000	\$ 536,938	\$ 602,430	\$ 1,139,368	\$ (19,632)
Other taxes	225,000	225,000	203,736	311,446	515,182	290,182
Licenses and permits	2,789,600	2,789,600	796,063	1,154,447	1,950,510	(839,090)
Investment earnings	188,300	188,300	163,476	533,493	696,969	508,669
Contributions	-	1,278,380	968,581	555,080	1,523,661	245,281
Other revenue	-	-	338	6,822	7,160	7,160
Grants and contracts	-	300,000	-	306,158	306,158	6,158
Total revenues	<u>4,361,900</u>	<u>5,940,280</u>	<u>2,669,132</u>	<u>3,469,876</u>	<u>6,139,008</u>	<u>198,728</u>
Expenditures:						
Parks	11,896,690	13,475,070	3,891,928	3,691,492	7,583,420	5,891,650
Contingency	100,000	100,000	-	-	-	100,000
Total expenditures	<u>11,996,690</u>	<u>13,575,070</u>	<u>3,891,928</u>	<u>3,691,492</u>	<u>7,583,420</u>	<u>5,991,650</u>
Excess revenues under expenditures	<u>(7,634,790)</u>	<u>(7,634,790)</u>	<u>(1,222,796)</u>	<u>(221,616)</u>	<u>(1,444,412)</u>	<u>6,190,378</u>
Other financing sources (uses):						
Transfers out	(888,750)	(888,750)	(446,049)	(442,649)	(888,698)	52
Issuance of debt	5,300,000	5,300,000	-	18,965,000	18,965,000	13,665,000
Total other financing sources (uses)	<u>4,411,250</u>	<u>4,411,250</u>	<u>(446,049)</u>	<u>18,522,351</u>	<u>18,076,302</u>	<u>13,665,052</u>
Net change in fund balances	<u>(3,223,540)</u>	<u>(3,223,540)</u>	<u>(1,668,845)</u>	<u>18,300,735</u>	<u>16,631,890</u>	<u>19,855,430</u>
Fund Balance:						
Beginning	<u>3,984,850</u>	<u>3,984,850</u>	<u>5,319,193</u>	<u>3,650,348</u>	<u>5,319,193</u>	<u>1,334,343</u>
Ending	<u>\$ 761,310</u>	<u>\$ 761,310</u>	<u>\$ 3,650,348</u>	<u>\$ 21,951,083</u>	<u>\$ 21,951,083</u>	<u>\$ 21,189,773</u>

CITY OF MEDFORD

STREET SDC FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2007

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	Original	Final				
Revenues:						
Charges for services	\$ 5,335,700	\$ 5,335,700	\$ 3,431,361	\$ 4,139,557	\$ 7,570,918	\$ 2,235,218
Investment earnings	401,300	401,300	435,199	770,407	1,205,606	804,306
Other revenue	-	8,980,310	-	60,000	60,000	(8,920,310)
Total revenues	<u>5,737,000</u>	<u>14,717,310</u>	<u>3,866,560</u>	<u>4,969,964</u>	<u>8,836,524</u>	<u>(5,880,786)</u>
Expenditures:						
Engineering and development	4,735,140	17,500,140	829,167	1,427,811	2,256,978	15,243,162
Contingency	<u>2,262,960</u>	<u>262,960</u>	-	-	-	<u>262,960</u>
Total expenditures	<u>6,998,100</u>	<u>17,763,100</u>	<u>829,167</u>	<u>1,427,811</u>	<u>2,256,978</u>	<u>15,506,122</u>
Excess revenues over (under) expenditures	<u>(1,261,100)</u>	<u>(3,045,790)</u>	<u>3,037,393</u>	<u>3,542,153</u>	<u>6,579,546</u>	<u>9,625,336</u>
Other financing sources (uses):						
Transfers out	<u>(400)</u>	<u>(1,270)</u>	<u>(200)</u>	<u>(1,069)</u>	<u>(1,269)</u>	<u>1</u>
Net change in fund balances	<u>(1,261,500)</u>	<u>(3,047,060)</u>	<u>3,037,193</u>	<u>3,541,084</u>	<u>6,578,277</u>	<u>9,625,337</u>
Fund Balance:						
Beginning	<u>8,305,060</u>	<u>10,089,750</u>	<u>10,089,751</u>	<u>13,126,944</u>	<u>10,089,751</u>	<u>1</u>
Ending	<u>\$ 7,043,560</u>	<u>\$ 7,042,690</u>	<u>\$ 13,126,944</u>	<u>\$ 16,668,028</u>	<u>\$ 16,668,028</u>	<u>\$ 9,625,338</u>

CITY OF MEDFORD

MURA (General Fund)

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2007

	Annual Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 1,359,830	\$ 757,950	\$ 1,148,073	\$ 390,123
Investment earnings	296,440	296,440	348,648	52,208
Other revenue	147,890	147,890	190,260	42,370
Grants and contracts	-	270,000	75,885	(194,115)
Total revenues	<u>1,804,160</u>	<u>1,472,280</u>	<u>1,762,866</u>	<u>290,586</u>
Expenditures:				
Personnel services	481,600	481,600	301,050	180,550
Materials and services	333,800	416,300	280,030	136,270
Capital outlay	2,740,000	4,506,600	958,875	3,547,725
Debt service	63,500	65,500	65,234	266
Contingency	170,560	170,560	-	170,560
Total expenditures	<u>3,789,460</u>	<u>5,640,560</u>	<u>1,605,189</u>	<u>4,035,371</u>
Excess revenues over (under) expenditures	<u>(1,985,300)</u>	<u>(4,168,280)</u>	<u>157,677</u>	<u>4,325,957</u>
Other financing sources (uses):				
Bond proceeds	-	2,570,000	2,570,000	-
Net change in fund balances	<u>(1,985,300)</u>	<u>(1,598,280)</u>	<u>2,727,677</u>	<u>4,325,957</u>
Fund Balance:				
Beginning of year	<u>1,985,300</u>	<u>1,598,280</u>	<u>1,598,268</u>	<u>(12)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,325,945</u>	<u>\$ 4,325,945</u>

OTHER SUPPLEMENTARY INFORMATION

CITY OF MEDFORD
Street Improvement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2007

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual for Budget Period</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Intergovernmental revenues	\$ 1,000,000	\$ 1,000,000	\$ 461,000	\$ -	\$ 461,000	\$ (539,000)
Investment earnings	196,600	196,600	144,746	184,490	329,236	132,636
General government	80,000	480,000	473,273	26,104	499,377	19,377
Grants and contracts	<u>1,221,000</u>	<u>1,221,000</u>	<u>48,430</u>	<u>59,353</u>	<u>107,783</u>	<u>(1,113,217)</u>
Total revenues	<u>2,497,600</u>	<u>2,897,600</u>	<u>1,127,449</u>	<u>269,947</u>	<u>1,397,396</u>	<u>(1,500,204)</u>
Expenditures:						
Capital improvements -						
Engineering	5,496,610	5,896,610	1,247,523	1,722,691	2,970,214	2,926,396
Contingency	<u>486,500</u>	<u>486,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>486,500</u>
Total expenditures	<u>5,983,110</u>	<u>6,383,110</u>	<u>1,247,523</u>	<u>1,722,691</u>	<u>2,970,214</u>	<u>3,412,896</u>
Excess revenues under expenditures	<u>(3,485,510)</u>	<u>(3,485,510)</u>	<u>(120,074)</u>	<u>(1,452,744)</u>	<u>(1,572,818)</u>	<u>1,912,692</u>
Other financing sources (uses):						
Transfers in	-	170,310	-	170,310	170,310	-
Transfers out	<u>(52,400)</u>	<u>(52,400)</u>	<u>(26,200)</u>	<u>(26,200)</u>	<u>(52,400)</u>	<u>-</u>
Net change in fund balances	<u>(3,537,910)</u>	<u>(3,367,600)</u>	<u>(146,274)</u>	<u>(1,308,634)</u>	<u>(1,454,908)</u>	<u>1,912,692</u>
Fund Balance:						
Beginning	<u>3,537,910</u>	<u>3,537,910</u>	<u>3,549,329</u>	<u>3,403,055</u>	<u>3,549,329</u>	<u>11,419</u>
Ending	<u>\$ -</u>	<u>\$ 170,310</u>	<u>\$ 3,403,055</u>	<u>\$ 2,094,421</u>	<u>\$ 2,094,421</u>	<u>\$ 1,924,111</u>

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF MEDFORD
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2007

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
ASSETS				
Cash and cash equivalents	\$ 7,899,212	\$ 2,563,444	\$ 3,847,324	\$ 14,309,980
Receivables				
Taxes	-	196,647	-	196,647
Accounts	1,216,915	128,176	-	1,345,091
Other	3,468	-	-	3,468
Other assets	18,750	-	-	18,750
Restricted Cash	988,957	820,123	-	1,809,080
Total assets	<u>10,127,302</u>	<u>3,708,390</u>	<u>3,847,324</u>	<u>17,683,016</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 918,178	\$ -	\$ 23,777	\$ 941,955
Accrued payroll and related expenses	167,915	-	2,438	170,353
Due to other funds	41,046	-	-	41,046
Deferred revenues	-	227,250	-	227,250
Total liabilities	<u>1,127,139</u>	<u>227,250</u>	<u>26,215</u>	<u>1,380,604</u>
Fund Balances:				
Reserved for:				
Highways and streets	5,074,161	-	3,764,165	8,838,326
Debt service	-	3,481,140	-	3,481,140
Unreserved	3,926,002	-	56,944	3,982,946
Total fund balances	<u>9,000,163</u>	<u>3,481,140</u>	<u>3,821,109</u>	<u>16,302,412</u>
Total liabilities and fund balances	<u>\$ 10,127,302</u>	<u>\$ 3,708,390</u>	<u>\$ 3,847,324</u>	<u>\$ 17,683,016</u>

CITY OF MEDFORD
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2007

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
REVENUES				
Taxes				
Property	\$ -	\$ 3,410,691	\$ -	\$ 3,410,691
Franchise and lodging	602,428	-	-	602,428
State gas tax	3,389,522	-	-	3,389,522
Special assessments	-	49,630	-	49,630
Charges for services	5,258,124	-	-	5,258,124
Intergovernmental	2,775	-	-	2,775
Licenses, permits and fees	2,982,214	-	-	2,982,214
Investment earnings	466,710	109,262	197,681	773,653
Grants and contributions	644,788	-	-	644,788
Miscellaneous	43,362	320	-	43,682
Total revenues	<u>13,389,923</u>	<u>3,569,903</u>	<u>197,681</u>	<u>17,157,507</u>
EXPENDITURES				
Current				
General government	2,139,675	-	-	2,139,675
Public safety	180,705	-	-	180,705
Highways and streets	4,895,978	-	-	4,895,978
Culture and recreation	128,881	-	-	128,881
Debt service				
Principal	-	5,695,150	-	5,695,150
Interest	-	3,502,402	-	3,502,402
Interest	-	-	-	-
Capital outlay	4,280,713	-	177,662	4,458,375
Total expenditures	<u>11,625,952</u>	<u>9,197,552</u>	<u>177,662</u>	<u>21,001,166</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,763,971</u>	<u>(5,627,649)</u>	<u>20,019</u>	<u>(3,843,659)</u>
OTHER FINANCING SOURCES				
Sale of capital assets	30,171	-	-	30,171
Transfers in	2,655	3,298,585	56,944	3,358,184
Transfers out	(2,100,066)	-	(170,310)	(2,270,376)
Total other financing sources (uses)	<u>(2,067,240)</u>	<u>3,298,585</u>	<u>(113,366)</u>	<u>1,117,979</u>
Net change in fund balances	(303,269)	(2,329,064)	(93,347)	(2,725,680)
Fund balance - beginning	<u>9,303,432</u>	<u>5,810,204</u>	<u>3,914,456</u>	<u>19,028,092</u>
Fund balance - ending	<u>\$ 9,000,163</u>	<u>\$ 3,481,140</u>	<u>\$ 3,821,109</u>	<u>\$ 16,302,412</u>

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 – 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.

Cemetery Trust Fund – Accounts for the principal balance of the cemetery trust and for special projects at the cemetery.

Building Code Services Fund - Accounts for monies received as licenses and permits for the purpose of building inspection.

Street Utility Fund - Accounts for street development fees to be expended on street improvements and maintenance.

Community Promotions Fund - Accounts for Hotel-Motel room tax to be expended on projects that promote the community.

Community Development Block Grant Fund - Accounts for federal community block grant funds to be expended on various revitalization projects.

Police Grant Fund - Accounts for COPS grant funds to be expended on local law enforcement.

Bear Creek Construction 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.

CITY OF MEDFORD
 Combining Balance Sheet
 Special Revenue Funds
 June 30, 2007

	Public Safety Fund	Gas Tax Fund	Cemetery Trust Fund	Building Code Services Fund	Street Utility Fund
ASSETS					
Cash and cash equivalents	\$ 223,820	\$ 2,023,661	\$ 5,377	\$ 3,364,338	\$ 1,982,563
Receivables					
Accounts	89,583	278,806	-	16,761	432,431
Other	-	-	-	-	3,468
Other assets	-	-	-	-	-
Restricted cash	-	944,847	44,110	-	-
Total assets	<u>\$ 313,403</u>	<u>\$ 3,247,314</u>	<u>\$ 49,487</u>	<u>\$ 3,381,099</u>	<u>\$ 2,418,462</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 18,629	\$ 205,391	\$ 2,028	\$ 18,592	\$ 334,183
Accrued payroll and related expenses	12,744	36,040	-	51,927	61,947
Due to other funds	-	-	-	-	-
Total liabilities	<u>31,373</u>	<u>241,431</u>	<u>2,028</u>	<u>70,519</u>	<u>396,130</u>
Fund Balances:					
Reserved for:					
Highways and streets	-	3,005,883	-	-	2,022,332
Unreserved	282,030	-	47,459	3,310,580	-
Total fund balances	<u>282,030</u>	<u>3,005,883</u>	<u>47,459</u>	<u>3,310,580</u>	<u>2,022,332</u>
Total liabilities and fund balances	<u>\$ 313,403</u>	<u>\$ 3,247,314</u>	<u>\$ 49,487</u>	<u>\$ 3,381,099</u>	<u>\$ 2,418,462</u>

Community Promotions Fund	Community Development Block Grant Fund	Bear Creek Construction Fund	Bear Creek Maintenance Fund	Parks Utility Fund	Veteran's Park Fund	Total
\$ 40,295	\$ -	\$ 11,272	\$ 34,674	\$ 205,610	\$ 7,602	\$ 7,899,212
60,313	240,135	-	-	98,886	-	1,216,915
-	-	-	-	-	-	3,468
-	18,750	-	-	-	-	18,750
-	-	-	-	-	-	988,957
<u>\$ 100,608</u>	<u>\$ 258,885</u>	<u>\$ 11,272</u>	<u>\$ 34,674</u>	<u>\$ 304,496</u>	<u>\$ 7,602</u>	<u>\$ 10,127,302</u>
\$ 100,608	\$ 212,582	\$ -	\$ -	\$ 26,165	\$ -	\$ 918,178
-	5,257	-	-	-	-	167,915
-	41,046	-	-	-	-	41,046
<u>100,608</u>	<u>258,885</u>	<u>-</u>	<u>-</u>	<u>26,165</u>	<u>-</u>	<u>1,127,139</u>
-	-	11,272	34,674	-	-	5,074,161
-	-	-	-	278,331	7,602	3,926,002
-	-	11,272	34,674	278,331	7,602	9,000,163
<u>\$ 100,608</u>	<u>\$ 258,885</u>	<u>\$ 11,272</u>	<u>\$ 34,674</u>	<u>\$ 304,496</u>	<u>\$ 7,602</u>	<u>\$ 10,127,302</u>

CITY OF MEDFORD

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
 Special Revenue Funds
 For the Year Ended June 30, 2007

	Public Safety Fund	Gas Tax Fund	Cemetery Trust Fund	Building Code Services Fund	Street Utility Fund
REVENUES					
Taxes					
Franchise and lodging	\$ -	\$ -	\$ -	\$ -	\$ -
State gas tax	-	3,389,522	-	-	-
Charges for services	-	248,961	50	-	5,009,113
Intergovernmental	-	-	-	-	2,775
Licenses, permits and fees	442,351	-	-	2,161,257	-
Investment earnings	2,227	228,243	2,336	153,965	73,961
Grants and contributions	-	-	-	-	-
Miscellaneous	-	123	4,500	1,127	37,612
Total revenues	444,578	3,866,849	6,886	2,316,349	5,123,461
EXPENDITURES					
Current					
General government	-	2,738	-	1,346,878	263
Public safety	162,548	-	-	18,157	-
Highways and streets	-	1,107,076	-	-	3,788,902
Culture and recreation	-	-	2,407	-	-
Capital outlay	-	3,629,240	-	22,073	170,426
Total expenditures	162,548	4,739,054	2,407	1,387,108	3,959,591
Excess (deficiency) of revenues over (under) expenditures	282,030	(872,205)	4,479	929,241	1,163,870
OTHER FINANCING SOURCES					
Sale of capital assets	-	-	-	-	30,171
Transfers in	-	-	-	200	2,200
Transfers out	-	(1,586,516)	-	(186,350)	(313,750)
Total other financing sources (uses)	-	(1,586,516)	-	(186,150)	(281,379)
Net change in fund balances	282,030	(2,458,721)	4,479	743,091	882,491
Fund balance - beginning	-	5,464,604	42,980	2,567,489	1,139,841
Fund balance - ending	\$ 282,030	\$ 3,005,883	\$ 47,459	\$ 3,310,580	\$ 2,022,332

Community Promotions Fund	Community Development Block Grant Fund	Bear Creek Construction Fund	Bear Creek Maintenance Fund	Parks Utility Fund	Veteran's Park Fund	Total
\$ 602,428	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 602,428
-	-	-	-	-	-	3,389,522
-	-	-	-	-	-	5,258,124
-	-	-	-	-	-	2,775
-	-	-	-	378,606	-	2,982,214
-	-	568	1,748	3,279	383	466,710
-	644,788	-	-	-	-	644,788
-	-	-	-	-	-	43,362
602,428	644,788	568	1,748	381,885	383	13,389,923
602,428	187,368	-	-	-	-	2,139,675
-	-	-	-	-	-	180,705
-	-	-	-	-	-	4,895,978
-	-	-	-	126,474	-	128,881
-	443,970	-	-	15,004	-	4,280,713
602,428	631,338	-	-	141,478	-	11,625,952
-	13,450	568	1,748	240,407	383	1,763,971
-	-	-	-	-	-	30,171
-	255	-	-	-	-	2,655
-	(13,450)	-	-	-	-	(2,100,066)
-	(13,195)	-	-	-	-	(2,067,240)
-	255	568	1,748	240,407	383	(303,269)
-	(255)	10,704	32,926	37,924	7,219	9,303,432
\$ -	\$ -	\$ 11,272	\$ 34,674	\$ 278,331	\$ 7,602	\$ 9,000,163

CITY OF MEDFORD
Public Safety Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2007

	<u>Biennium Budget</u>		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	<u>Original</u>	<u>Final</u>				
Revenues:						
Licenses, permits and fees	\$ -	\$ 336,000	\$ -	\$ 442,351	\$ 442,351	\$ 106,351
Investment earnings	-	-	-	2,227	2,227	2,227
Total revenues	<u>-</u>	<u>336,000</u>	<u>-</u>	<u>444,578</u>	<u>444,578</u>	<u>108,578</u>
Expenditures:						
Police	-	168,000	-	107,415	107,415	60,585
Fire	-	168,000	-	55,133	55,133	112,867
Total expenditures	<u>-</u>	<u>336,000</u>	<u>-</u>	<u>162,548</u>	<u>162,548</u>	<u>173,452</u>
Excess revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>282,030</u>	<u>282,030</u>	<u>282,030</u>
Other financing sources (uses):						
Net change in fund balances	-	-	-	282,030	282,030	282,030
Fund Balance:						
Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 282,030</u>	<u>\$ 282,030</u>	<u>\$ 282,030</u>

CITY OF MEDFORD

Gas Tax Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2007

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	Original	Final				
Revenues:						
Fuel taxes	\$ 6,873,000	\$ 6,873,000	\$ 3,394,786	\$ 3,389,522	\$ 6,784,308	\$ (88,692)
Intergovernmental revenues	30,000	30,000	-	-	-	(30,000)
Charges for services	367,100	367,100	78,086	248,961	327,047	(40,053)
Investment earnings	753,500	753,500	396,709	228,243	624,952	(128,548)
Other revenue	-	-	499	123	622	622
Grants and contracts	-	-	5,000	-	5,000	5,000
Total revenues	8,023,600	8,023,600	3,875,080	3,866,849	7,741,929	(281,671)
Expenditures:						
Technical services	17,160	17,160	4,949	2,738	7,687	9,473
PW engineering	15,478,310	15,460,410	9,194,763	4,486,009	13,680,772	1,779,638
PW service center	483,430	501,330	233,911	250,307	484,218	17,112
Contingency	260,180	260,180	-	-	-	260,180
Total expenditures	16,239,080	16,239,080	9,433,623	4,739,054	14,172,677	2,066,403
Excess revenues under expenditures	<u>(8,215,480)</u>	<u>(8,215,480)</u>	<u>(5,558,543)</u>	<u>(872,205)</u>	<u>(6,430,748)</u>	<u>1,784,732</u>
Other financing sources (uses):						
Transfers out	(3,148,000)	(3,261,620)	(1,644,639)	(1,586,516)	(3,231,155)	30,465
Sale of capital assets	-	-	4,100	-	4,100	4,100
Total other financing sources (uses)	(3,148,000)	(3,261,620)	(1,640,539)	(1,586,516)	(3,227,055)	34,565
Net change in fund balances	(11,363,480)	(11,477,100)	(7,199,082)	(2,458,721)	(9,657,803)	1,819,297
Fund Balance:						
Beginning	<u>12,227,370</u>	<u>12,227,370</u>	<u>12,663,686</u>	<u>5,464,604</u>	<u>12,663,686</u>	<u>436,316</u>
Ending	<u>\$ 863,890</u>	<u>\$ 750,270</u>	<u>\$ 5,464,604</u>	<u>\$ 3,005,883</u>	<u>\$ 3,005,883</u>	<u>\$ 2,255,613</u>

CITY OF MEDFORD
 Cemetery Trust Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2007

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual for Budget Period</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Charges for services	\$ -	\$ -	\$ 23	\$ 50	\$ 73	\$ 73
Investment earnings	-	-	126	2,336	2,462	2,462
Other revenue	-	-	1,500	4,500	6,000	6,000
Total revenues	<u>-</u>	<u>-</u>	<u>1,649</u>	<u>6,886</u>	<u>8,535</u>	<u>8,535</u>
Expenditures:						
Parks - special restricted funds	-	3,390	-	2,407	2,407	983
Other financing sources (uses):						
Transfers in	-	43,000	41,331	-	41,331	(1,669)
Net change in fund balances	-	39,610	42,980	4,479	47,459	7,849
Fund Balance:						
Beginning of year	-	-	-	42,980	-	-
End of year	<u>\$ -</u>	<u>\$ 39,610</u>	<u>\$ 42,980</u>	<u>\$ 47,459</u>	<u>\$ 47,459</u>	<u>\$ 7,849</u>

CITY OF MEDFORD
 Building Code Services Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2007

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual for Budget Period</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Licenses and permits	\$ 2,903,800	\$ 2,903,800	\$ 2,011,282	\$ 2,161,257	\$ 4,172,539	\$ 1,268,739
Investment earnings	98,300	98,300	92,081	153,965	246,046	147,746
Other revenue	-	-	1,102	1,127	2,229	2,229
Total revenues	<u>3,002,100</u>	<u>3,002,100</u>	<u>2,104,465</u>	<u>2,316,349</u>	<u>4,420,814</u>	<u>1,418,714</u>
Expenditures:						
Technical services	30,490	30,490	11,555	3,439	14,994	15,496
Fire	104,200	104,200	18,415	18,157	36,572	67,628
Building safety	2,964,140	3,301,400	1,496,188	1,365,512	2,861,700	439,700
Contingency	365,230	207,230	-	-	-	207,230
Total expenditures	<u>3,464,060</u>	<u>3,643,320</u>	<u>1,526,158</u>	<u>1,387,108</u>	<u>2,913,266</u>	<u>730,054</u>
Excess revenues over (under) expenditures	<u>(461,960)</u>	<u>(641,220)</u>	<u>578,307</u>	<u>929,241</u>	<u>1,507,548</u>	<u>866,328</u>
Other financing sources (uses):						
Transfers in	-	200	-	200	200	-
Transfers out	(436,800)	(436,800)	(218,600)	(186,350)	(404,950)	31,850
Sale of capital assets	-	4,000	4,000	-	4,000	-
Total other financing sources (uses)	<u>(436,800)</u>	<u>(432,600)</u>	<u>(214,600)</u>	<u>(186,150)</u>	<u>(400,750)</u>	<u>31,850</u>
Net change in fund balances	<u>(898,760)</u>	<u>(1,073,820)</u>	<u>363,707</u>	<u>743,091</u>	<u>1,106,798</u>	<u>2,180,618</u>
Fund Balance:						
Beginning	<u>2,028,520</u>	<u>2,203,780</u>	<u>2,203,782</u>	<u>2,567,489</u>	<u>2,203,782</u>	<u>2</u>
Ending	<u>\$ 1,129,760</u>	<u>\$ 1,129,960</u>	<u>\$ 2,567,489</u>	<u>\$ 3,310,580</u>	<u>\$ 3,310,580</u>	<u>\$ 2,180,620</u>

CITY OF MEDFORD

Street Utility Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2007

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	Original	Final				
Revenues:						
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ 2,775	\$ 2,775	\$ 2,775
Charges for services	9,491,100	9,491,100	4,721,658	5,009,113	9,730,771	239,671
Investment earnings	90,100	90,100	63,256	73,961	137,217	47,117
Other revenue	60,000	60,000	18,275	37,612	55,887	(4,113)
Total revenues	9,641,200	9,641,200	4,803,189	5,123,461	9,926,650	285,450
Expenditures:						
Technical services	1,000	1,000	-	262	262	738
Engineering and development	610,020	610,020	379,843	179,079	558,922	51,098
Public works service center	9,576,120	9,621,120	4,694,318	3,780,250	8,474,568	1,146,552
Contingency	213,230	213,230	-	-	-	213,230
Total expenditures	10,400,370	10,445,370	5,074,161	3,959,591	9,033,752	1,411,618
Excess revenues under expenditures	(759,170)	(804,170)	(270,972)	1,163,870	892,898	1,697,068
Other financing sources (uses):						
Transfers in	-	4,500	2,300	2,200	4,500	-
Transfers out	(709,600)	(709,600)	(355,100)	(313,750)	(668,850)	40,750
Sale of capital assets	-	45,000	18,100	30,171	48,271	3,271
Total other financing sources (uses)	(709,600)	(660,100)	(334,700)	(281,379)	(616,079)	44,021
Net change in fund balances	(1,468,770)	(1,464,270)	(605,672)	882,491	276,819	1,741,089
Fund Balance:						
Beginning	1,468,770	1,468,770	1,745,513	1,139,841	1,745,513	276,743
Ending	\$ -	\$ 4,500	\$ 1,139,841	\$ 2,022,332	\$ 2,022,332	\$ 2,017,832

CITY OF MEDFORD
 Community Development Block Grant Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2007

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual for Budget Period</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Grants and contracts	<u>2,036,100</u>	<u>2,036,100</u>	<u>1,014,141</u>	<u>644,788</u>	<u>1,658,929</u>	<u>\$ (377,171)</u>
Expenditures:						
City management	1,835,400	1,835,400	913,741	562,738	1,476,479	358,921
City grants	<u>152,000</u>	<u>152,000</u>	<u>76,000</u>	<u>68,600</u>	<u>144,600</u>	<u>7,400</u>
Total expenditures	<u>1,987,400</u>	<u>1,987,400</u>	<u>989,741</u>	<u>631,338</u>	<u>1,621,079</u>	<u>366,321</u>
Excess revenues over expenditures	<u>48,700</u>	<u>48,700</u>	<u>24,400</u>	<u>13,450</u>	<u>37,850</u>	<u>(10,850)</u>
Other financing sources (uses):						
Transfers in	-	260	-	255	255	(5)
Transfers out	<u>(48,700)</u>	<u>(48,700)</u>	<u>(24,400)</u>	<u>(13,450)</u>	<u>(37,850)</u>	<u>10,850</u>
Net change in fund balances	-	260	-	255	255	(5)
Fund Balance:						
Beginning	<u>-</u>	<u>-</u>	<u>(255)</u>	<u>(255)</u>	<u>(255)</u>	<u>(255)</u>
Ending	<u>\$ -</u>	<u>\$ 260</u>	<u>\$ (255)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (260)</u>

CITY OF MEDFORD

Police Grant Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2007

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	Original	Final				
Revenues:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:	-	-	-	-	-	-
Other financing sources (uses):	-	-	-	-	-	-
Transfers out	-	(3,650)	(3,619)	-	(3,619)	31
Net change in fund balances	-	(3,650)	(3,619)	-	(3,619)	31
Fund Balance:						
Beginning	-	3,650	3,619	-	3,619	(31)
Ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF MEDFORD
 Bear Creek Construction Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2007

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual for Budget Period</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Investment earnings	\$ -	\$ -	\$ 377	\$ 568	\$ 945	\$ 945
Expenditures:						
Contingency	10,160	10,160	-	-	-	10,160
Net change in fund balances	(10,160)	(10,160)	377	568	945	11,105
Fund Balance:						
Beginning	10,160	10,160	10,327	10,704	10,327	167
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,704</u>	<u>\$ 11,272</u>	<u>\$ 11,272</u>	<u>\$ 11,272</u>

CITY OF MEDFORD
 Bear Creek Maintenance Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2007

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual for Budget Period</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Investment earnings	\$ -	\$ -	\$ 1,159	\$ 1,748	\$ 2,907	\$ 2,907
Expenditures:						
Contingency	31,250	31,250	-	-	-	31,250
Net change in fund balances	(31,250)	(31,250)	1,159	1,748	2,907	34,157
Fund Balance:						
Beginning	31,250	31,250	31,767	32,926	31,767	517
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,926</u>	<u>\$ 34,674</u>	<u>\$ 34,674</u>	<u>\$ 34,674</u>

CITY OF MEDFORD
Parks Utility Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2007

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Licenses and permits	\$ -	\$ 208,000	\$ 99,718	\$ 378,606	\$ 478,324	\$ 270,324
Investment earnings	-	-	1,177	3,279	4,456	4,456
Contributions	-	-	2,624	-	2,624	2,624
Total revenues	<u>-</u>	<u>208,000</u>	<u>103,519</u>	<u>381,885</u>	<u>485,404</u>	<u>277,404</u>
Expenditures:						
Parks	-	208,000	65,595	141,478	207,073	927
Total expenditures	<u>-</u>	<u>208,000</u>	<u>65,595</u>	<u>141,478</u>	<u>207,073</u>	<u>927</u>
Excess revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>37,924</u>	<u>240,407</u>	<u>278,331</u>	<u>278,331</u>
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,924</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,924</u>	<u>\$ 278,331</u>	<u>\$ 278,331</u>	<u>\$ 278,331</u>

CITY OF MEDFORD
 Veteran's Park Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2007

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Investment earnings	\$ -	\$ -	\$ 197	\$ 383	\$ 580	\$ 580
Contributions	-	7,000	7,022	-	7,022	22
Total revenues	-	7,000	7,219	383	7,602	602
Expenditures:						
Parks	-	2,000	-	-	-	2,000
Net change in fund balances	-	5,000	7,219	383	7,602	2,602
Fund Balance:						
Beginning of year	-	-	-	7,219	-	-
End of year	\$ -	\$ 5,000	\$ 7,219	\$ 7,602	\$ 7,602	\$ 2,602

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:

Bancroft Bond Fund - Accounts for payment of principal and interest on special assessment improvement bonds. The principal source of revenue is the collection of bonded assessment liens and interest.

General Debt Service Fund - Accounts for payment of principal and interest on general obligation debt. The principal source of revenue is property taxes.

Revenue Bond Fund - Accounts for the payment of principal and interest on the Gas Tax Revenue Bonds. The principal source of revenue is the collection of street system development charges through interfund transfers.

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

CITY OF MEDFORD
Combining Balance Sheet
Nonmajor Debt Service Fund
June 30,2007

	Bancroft Bond Fund	General Debt Service Fund	Revenue Bond Fund	MURA Debt Service Fund	Total
ASSETS					
Cash and cash equivalents	\$ 59,072	\$ 29,481	\$ -	\$ 2,474,891	\$ 2,563,444
Receivables					
Taxes	-	20,170	-	176,477	196,647
Accounts	128,176	-	-	-	128,176
Restricted Cash	-	168,444	651,679	-	820,123
Total assets	<u>\$ 187,248</u>	<u>\$ 218,095</u>	<u>\$ 651,679</u>	<u>\$ 2,651,368</u>	<u>\$ 3,708,390</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Deferred revenue	\$ 108,914	\$ 11,958	\$ -	\$ 106,378	\$ 227,250
Fund Balances:					
Reserved for debt service	78,334	206,137	651,679	2,544,990	3,481,140
Total liabilities and fund balances	<u>\$ 187,248</u>	<u>\$ 218,095</u>	<u>\$ 651,679</u>	<u>\$ 2,651,368</u>	<u>\$ 3,708,390</u>

CITY OF MEDFORD
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Debt Service Funds
For the Year Ended June 30, 2007

	Bancroft Bond Fund	General Debt Service Fund	Revenue Bond Fund	MURA Debt Service Fund	Total
REVENUES					
Property taxes	\$ -	\$ 378,471	\$ -	\$ 3,032,220	\$ 3,410,691
Special assessments	49,630	-	-	-	49,630
Investment earnings	20,976	56,296	24,936	7,054	109,262
Miscellaneous	320	-	-	-	320
Total revenues	<u>70,926</u>	<u>434,767</u>	<u>24,936</u>	<u>3,039,274</u>	<u>3,569,903</u>
EXPENDITURES					
Debt service					
Principal	1,157,150	880,000	1,090,000	2,568,000	5,695,150
Interest	35,058	2,247,871	352,368	867,105	3,502,402
Total expenditures	<u>1,192,208</u>	<u>3,127,871</u>	<u>1,442,368</u>	<u>3,435,105</u>	<u>9,197,552</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,121,282)</u>	<u>(2,693,104)</u>	<u>(1,417,432)</u>	<u>(395,831)</u>	<u>(5,627,649)</u>
OTHER FINANCING SOURCES					
Transfers in	-	1,873,444	1,425,141	-	3,298,585
Net change in fund balances	(1,121,282)	(819,660)	7,709	(395,831)	(2,329,064)
Fund balance - beginning	1,199,616	1,025,797	643,970	2,940,821	5,810,204
Fund balance - ending	<u>\$ 78,334</u>	<u>\$ 206,137</u>	<u>\$ 651,679</u>	<u>\$ 2,544,990</u>	<u>\$ 3,481,140</u>

CITY OF MEDFORD

Bancroft Bond Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2007

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	Original	Final				
Revenues:						
Special assessments	\$ 176,100	\$ 176,100	\$ 106,174	\$ 49,630	\$ 155,804	\$ (20,296)
Investment earnings	126,000	126,000	53,255	20,976	74,231	(51,769)
Other revenue	-	-	440	320	760	760
Total revenues	<u>302,100</u>	<u>302,100</u>	<u>159,869</u>	<u>70,926</u>	<u>230,795</u>	<u>(71,305)</u>
Expenditures:						
Debt service	<u>331,800</u>	<u>1,459,350</u>	<u>162,575</u>	<u>1,192,208</u>	<u>1,354,783</u>	<u>104,567</u>
Excess revenues under expenditures	<u>(29,700)</u>	<u>(1,157,250)</u>	<u>(2,706)</u>	<u>(1,121,282)</u>	<u>(1,123,988)</u>	<u>33,262</u>
Other financing sources (uses):						
Transfers in	-	230,040	230,032	-	230,032	(8)
Interfund Loans	<u>-</u>	<u>45,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(45,000)</u>
Net change in fund balances	(29,700)	(882,210)	227,326	(1,121,282)	(893,956)	(11,746)
Fund Balance:						
Beginning	<u>882,210</u>	<u>882,210</u>	<u>972,290</u>	<u>1,199,616</u>	<u>972,290</u>	<u>90,080</u>
Ending	<u>\$ 852,510</u>	<u>\$ -</u>	<u>\$ 1,199,616</u>	<u>\$ 78,334</u>	<u>\$ 78,334</u>	<u>\$ 78,334</u>

CITY OF MEDFORD
 General Debt Service Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2007

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual for Budget Period</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Property taxes	\$ -	\$ 377,120	\$ -	\$ 378,471	\$ 378,471	\$ 1,351
Investment earnings	-	-	34,954	56,296	91,250	91,250
Expenditures:						
Bond interest & redemption	5,499,800	5,876,920	2,748,737	3,127,871	5,876,608	312
Excess revenues under expenditures	(5,499,800)	(5,499,800)	(2,713,783)	(2,693,104)	(5,406,887)	92,913
Other financing sources (uses):						
Transfers in	5,499,750	6,459,870	3,708,849	1,873,444	5,582,293	(877,577)
Net change in fund balances	(50)	960,070	995,066	(819,660)	175,406	(784,664)
Fund Balance:						
Beginning	1,144,500	1,144,500	30,731	1,025,797	30,731	(1,113,769)
Ending	<u>\$ 1,144,450</u>	<u>\$ 2,104,570</u>	<u>\$ 1,025,797</u>	<u>\$ 206,137</u>	<u>\$ 206,137</u>	<u>\$ (1,898,433)</u>

CITY OF MEDFORD
 Revenue Bond Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2007

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual for Budget Period</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Investment earnings	\$ -	\$ -	\$ 36,469	\$ 24,936	\$ 61,405	\$ 61,405
Expenditures:						
Bond interest & redemption	2,883,800	2,883,800	1,441,215	1,442,368	2,883,583	217
Excess revenues under expenditures	(2,883,800)	(2,883,800)	(1,404,746)	(1,417,432)	(2,822,178)	61,622
Other financing sources (uses):						
Transfers in	2,899,700	2,957,240	1,520,339	1,425,141	2,945,480	(11,760)
Net change in fund balances	15,900	73,440	115,593	7,709	123,302	49,862
Fund Balance:						
Beginning	528,460	528,460	528,377	643,970	528,377	(83)
Ending	<u>\$ 544,360</u>	<u>\$ 601,900</u>	<u>\$ 643,970</u>	<u>\$ 651,679</u>	<u>\$ 651,679</u>	<u>\$ 49,779</u>

CITY OF MEDFORD
MURA Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2007

	<u>Annual Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 3,553,730	\$ 3,750,850	\$ 3,032,220	\$ (718,630)
Investment earnings	-	-	7,054	7,054
Total revenues	<u>3,553,730</u>	<u>3,750,850</u>	<u>3,039,274</u>	<u>(711,576)</u>
Expenditures:				
Debt service	<u>3,395,870</u>	<u>3,435,870</u>	<u>3,435,105</u>	<u>765</u>
Net change in fund balances	157,860	314,980	(395,831)	(710,811)
Fund Balance:				
Beginning of year	<u>2,840,940</u>	<u>2,940,820</u>	<u>2,940,821</u>	<u>1</u>
End of year	<u>\$ 2,998,800</u>	<u>\$ 3,255,800</u>	<u>\$ 2,544,990</u>	<u>\$ (710,810)</u>

CAPITAL PROJECTS FUNDS

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

Greenway Construction Fund - Accounts for construction of Bear Creek greenways.

Street Bond Construction Fund - Accounts for the proceeds from the issuance of state gas tax apportionments for the expansion of arterial streets.

Special Sidewalk Fund – Accounts for the expenditure of the proceeds of the Sidewalk Bonds and Sidewalk grants.

Special Assessments Construction Fund - Accounts for construction of improvements associated with local improvement districts. Revenues are primarily from assessment collections and interest.

CITY OF MEDFORD
 Combining Balance Sheet
 Capital Project Funds
 June 30, 2007

	Greenway Construction Fund	Street Bond Construction Fund	Special Sidewalk Fund	Total
ASSETS				
Cash and cash equivalents	\$ 1,683	\$ 56,944	\$ 3,788,697	\$ 3,847,324
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 23,777	\$ 23,777
Accrued payroll and related expenses	-	-	2,438	2,438
Total liabilities	-	-	26,215	26,215
Fund Balances:				
Reserved for:				
Highways and streets	1,683	-	3,762,482	3,764,165
Unreserved	-	56,944	-	56,944
Total fund balances	1,683	56,944	3,762,482	3,821,109
Total liabilities and fund balances	\$ 1,683	\$ 56,944	\$ 3,788,697	\$ 3,847,324

CITY OF MEDFORD
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Capital Projects Funds
For the Year Ended June 30, 2007

	Greenway Construction Fund	Street Bond Construction Fund	Special Sidewalk Fund	Total
REVENUES				
Investment earnings	\$ 182	\$ -	\$ 197,499	\$ 197,681
EXPENDITURES				
Current				
Capital outlay	14,000	-	163,662	177,662
Total expenditures	14,000	-	163,662	177,662
Excess (deficiency) of revenues over (under) expenditures	(13,818)	-	33,837	20,019
OTHER FINANCING SOURCES				
Transfers in	-	56,944	-	56,944
Transfers out	-	-	(170,310)	(170,310)
Total other financing sources (uses)	-	56,944	(170,310)	(113,366)
Net change in fund balances	(13,818)	56,944	(136,473)	(93,347)
Fund balance - beginning	15,501	-	3,898,955	3,914,456
Fund balance - ending	<u>\$ 1,683</u>	<u>\$ 56,944</u>	<u>\$ 3,762,482</u>	<u>\$ 3,821,109</u>

CITY OF MEDFORD
Greenway Construction Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2007

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual for Budget Period</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Investment earnings	\$ -	\$ -	\$ 552	\$ 182	\$ 734	\$ 734
Expenditures:						
Capital improvements - Parks	14,000	14,000	-	14,000	14,000	-
Excess revenues over (under) expenditures	(14,000)	(14,000)	552	(13,818)	(13,266)	734
Other financing sources (uses):						
Net change in fund balances	(14,000)	(14,000)	552	(13,818)	(13,266)	734
Fund Balance:						
Beginning	14,710	14,710	14,949	15,501	14,949	239
Ending	<u>\$ 710</u>	<u>\$ 710</u>	<u>\$ 15,501</u>	<u>\$ 1,683</u>	<u>\$ 1,683</u>	<u>\$ 973</u>

CITY OF MEDFORD
 Street Bond Construction Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2007

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual for Budget Period</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Investment earnings	\$ 49,100	\$ 49,100	\$ 670	\$ -	\$ 670	\$ (48,430)
Expenditures:						
PW engineering	666,000	666,000	645,299	-	645,299	20,701
Contingency	<u>23,730</u>	<u>23,730</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,730</u>
Total expenditures	<u>689,730</u>	<u>689,730</u>	<u>645,299</u>	<u>-</u>	<u>645,299</u>	<u>44,431</u>
Excess revenues under expenditures	(640,630)	(640,630)	(644,629)	-	(644,629)	(3,999)
Other financing sources (uses):						
Transfers in	-	56,950	-	56,944	56,944	(6)
Transfers out	<u>(41,200)</u>	<u>(41,200)</u>	<u>(6,864)</u>	<u>-</u>	<u>(6,864)</u>	<u>34,336</u>
Total other financing sources (uses)	<u>(41,200)</u>	<u>15,750</u>	<u>(6,864)</u>	<u>56,944</u>	<u>50,080</u>	<u>34,330</u>
Net change in fund balances	(681,830)	(624,880)	(651,493)	56,944	(594,549)	30,331
Fund Balance:						
Beginning	<u>681,830</u>	<u>681,830</u>	<u>651,493</u>	<u>-</u>	<u>651,493</u>	<u>(30,337)</u>
Ending	<u>\$ -</u>	<u>\$ 56,950</u>	<u>\$ -</u>	<u>\$ 56,944</u>	<u>\$ 56,944</u>	<u>\$ (6)</u>

CITY OF MEDFORD
Special Sidewalk Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2007

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual for Budget Period</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Investment earnings	\$ -	\$ -	\$ -	\$ 197,499	\$ 197,499	\$ 197,499
Other revenue	500,000	500,000	-	-	-	(500,000)
Expenditures:						
PW engineering	4,650,540	4,650,540	701,045	163,662	864,707	3,785,833
Contingency	449,460	279,150	-	-	-	279,150
Total expenditures	5,100,000	4,929,690	701,045	163,662	864,707	4,064,983
Excess revenues under expenditures	(4,600,000)	(4,429,690)	(701,045)	33,837	(667,208)	3,762,482
Other financing sources (uses):						
Transfers out	-	(170,310)	-	(170,310)	(170,310)	-
Issuance of debt	4,600,000	4,600,000	4,600,000	-	4,600,000	-
Net change in fund balances	-	-	3,898,955	(136,473)	3,762,482	3,762,482
Fund Balance:						
Beginning	-	-	-	3,898,955	-	-
Ending	\$ -	\$ -	\$ 3,898,955	\$ 3,762,482	\$ 3,762,482	\$ 3,762,482

ENTERPRISE FUNDS BUDGET AND ACTUAL SCHEDULES

Sewer Utility Funds account for the City's sewer utility maintenance, operation, improvements, and expansion of the City's drain and sewer infrastructure. These funds are comprised of several funds, but are considered a single enterprise fund under accounting principles generally accepted in the United States of America.

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

CITY OF MEDFORD
Storm Drain Systems Development Charges Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2007

	<u>Biennium Budget</u>		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	<u>Original</u>	<u>Final</u>				
Revenues:						
Charges for services	\$ 863,400	\$ 863,400	\$ 689,573	\$ 761,522	\$ 1,451,095	\$ 587,695
Investment earnings	<u>49,100</u>	<u>49,100</u>	<u>34,775</u>	<u>74,330</u>	<u>109,105</u>	<u>60,005</u>
Total revenues	<u>912,500</u>	<u>912,500</u>	<u>724,348</u>	<u>835,852</u>	<u>1,560,200</u>	<u>647,700</u>
Expenditures:						
Capital improvements - Engineering	1,206,000	1,311,930	670,874	196,197	867,071	444,859
Contingency	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Total expenditures	<u>1,306,000</u>	<u>1,411,930</u>	<u>670,874</u>	<u>196,197</u>	<u>867,071</u>	<u>544,859</u>
Excess revenues over (under) expenditures	(393,500)	(499,430)	53,474	639,655	693,129	1,192,559
Other financing sources (uses):						
Transfers out	<u>(1,000)</u>	<u>(1,000)</u>	<u>(500)</u>	<u>(500)</u>	<u>(1,000)</u>	<u>-</u>
Net change in fund balances	(394,500)	(500,430)	52,974	639,155	692,129	1,192,559
Fund Balance:						
Beginning	<u>936,770</u>	<u>1,042,700</u>	<u>1,042,699</u>	<u>1,095,673</u>	<u>1,042,699</u>	<u>(1)</u>
Ending	<u>\$ 542,270</u>	<u>\$ 542,270</u>	<u>\$ 1,095,673</u>	<u>\$ 1,734,828</u>	<u>\$ 1,734,828</u>	<u>\$ 1,192,558</u>

CITY OF MEDFORD
Storm Drain Utility Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2007

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual for Budget Period</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Charges for services	\$ 4,338,300	\$ 4,338,300	\$ 2,073,600	\$ 2,477,198	\$ 4,550,798	\$ 212,498
Investment earnings	41,000	41,000	28,759	48,485	77,244	36,244
Other revenue	800	800	1,337	7,624	8,961	8,161
Grants and contracts	-	-	-	26,138	26,138	26,138
Total revenues	<u>4,380,100</u>	<u>4,380,100</u>	<u>2,103,696</u>	<u>2,559,445</u>	<u>4,663,141</u>	<u>283,041</u>
Expenditures:						
Public Works:						
Engineering	1,773,390	1,764,750	638,840	534,792	1,173,632	591,118
Service center	2,993,180	3,021,820	1,413,590	1,412,251	2,825,841	195,979
Contingency	18,340	18,340	-	-	-	18,340
Total expenditures	<u>4,784,910</u>	<u>4,804,910</u>	<u>2,052,430</u>	<u>1,947,043</u>	<u>3,999,473</u>	<u>805,437</u>
Excess revenues over (under) expenditures	<u>(404,810)</u>	<u>(424,810)</u>	<u>51,266</u>	<u>612,402</u>	<u>663,668</u>	<u>1,088,478</u>
Other financing sources (uses):						
Transfers in	-	1,160	1,160	-	1,160	-
Transfers out	(409,000)	(409,000)	(204,700)	(174,800)	(379,500)	29,500
Sale of capital assets	-	20,000	12,000	11,000	23,000	3,000
Total other financing sources (uses)	<u>(409,000)</u>	<u>(387,840)</u>	<u>(191,540)</u>	<u>(163,800)</u>	<u>(355,340)</u>	<u>32,500</u>
Net change in fund balances	<u>(813,810)</u>	<u>(812,650)</u>	<u>(140,274)</u>	<u>448,602</u>	<u>308,328</u>	<u>1,120,978</u>
Fund Balance:						
Beginning, as restated	<u>813,810</u>	<u>813,810</u>	<u>3,281,720</u>	<u>3,141,446</u>	<u>3,281,720</u>	<u>2,467,910</u>
Ending	<u>\$ -</u>	<u>\$ 1,160</u>	<u>\$ 3,141,446</u>	<u>\$ 3,590,048</u>	<u>\$ 3,590,048</u>	<u>\$ 3,588,888</u>

CITY OF MEDFORD
Sewage Treatment Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2007

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual for Budget Period</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Charges for services	\$ 3,963,000	\$ 3,963,000	\$ 2,358,729	\$ 2,395,035	\$ 4,753,764	\$ 790,764
Investment earnings	106,400	106,400	81,901	153,212	235,113	128,713
Other revenue	8,000	8,000	2,874	4,780	7,654	(346)
Grants and contracts	<u>2,765,400</u>	<u>2,765,400</u>	<u>169,486</u>	<u>70,461</u>	<u>239,947</u>	<u>(2,525,453)</u>
Total revenues	<u>6,842,800</u>	<u>6,842,800</u>	<u>2,612,990</u>	<u>2,623,488</u>	<u>5,236,478</u>	<u>(1,606,322)</u>
Expenditures:						
Technical services	28,740	28,740	4,623	9,319	13,942	14,798
Water reclamation division	6,162,060	6,446,260	2,727,206	3,083,837	5,811,043	635,217
Capital improvements - Water reclamation	11,177,000	10,892,800	1,844,047	391,159	2,235,206	8,657,594
Contingency	<u>21,580</u>	<u>21,580</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,580</u>
Total expenditures	<u>17,389,380</u>	<u>17,389,380</u>	<u>4,575,876</u>	<u>3,484,315</u>	<u>8,060,191</u>	<u>9,329,189</u>
Excess revenues under expenditures	<u>(10,546,580)</u>	<u>(10,546,580)</u>	<u>(1,962,886)</u>	<u>(860,827)</u>	<u>(2,823,713)</u>	<u>7,722,867</u>
Other financing sources (uses):						
Transfers in	4,046,000	4,346,000	2,140,777	2,173,481	4,314,258	(31,742)
Transfers out	(602,200)	(602,200)	(301,500)	(244,550)	(546,050)	56,150
Sale of capital assets	-	-	5,200	-	5,200	5,200
Issuance of debt	<u>6,700,000</u>	<u>6,700,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,700,000)</u>
Total other financing sources (uses)	<u>10,143,800</u>	<u>10,443,800</u>	<u>1,844,477</u>	<u>1,928,931</u>	<u>3,773,408</u>	<u>(6,670,392)</u>
Net change in fund balances	(402,780)	(102,780)	(118,409)	1,068,104	949,695	1,052,475
Fund Balance:						
Beginning	<u>916,780</u>	<u>916,780</u>	<u>1,035,395</u>	<u>916,986</u>	<u>1,035,395</u>	<u>118,615</u>
Ending	<u>\$ 514,000</u>	<u>\$ 814,000</u>	<u>\$ 916,986</u>	<u>\$ 1,985,090</u>	<u>\$ 1,985,090</u>	<u>\$ 1,171,090</u>

CITY OF MEDFORD
Sewer Collection System - Systems Development Charges Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2007

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual for Budget Period</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Charges for services	\$ 497,300	\$ 497,300	\$ 221,271	\$ 250,490	\$ 471,761	\$ (25,539)
Investment earnings	<u>24,600</u>	<u>24,600</u>	<u>24,483</u>	<u>40,709</u>	<u>65,192</u>	<u>40,592</u>
Total revenues	<u>521,900</u>	<u>521,900</u>	<u>245,754</u>	<u>291,199</u>	<u>536,953</u>	<u>15,053</u>
Expenditures:						
Capital improvements - Engineering	500,000	500,000	5,459	341,848	347,307	152,693
Contingency	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Total expenditures	<u>600,000</u>	<u>600,000</u>	<u>5,459</u>	<u>341,848</u>	<u>347,307</u>	<u>252,693</u>
Excess revenues over (under) expenditures	(78,100)	(78,100)	240,295	(50,649)	189,646	267,746
Other financing sources (uses):						
Transfers out	<u>(25,400)</u>	<u>(25,400)</u>	<u>(12,700)</u>	<u>(12,700)</u>	<u>(25,400)</u>	<u>-</u>
Net change in fund balances	(103,500)	(103,500)	227,595	(63,349)	164,246	267,746
Fund Balance:						
Beginning	<u>623,410</u>	<u>623,410</u>	<u>546,865</u>	<u>774,460</u>	<u>546,865</u>	<u>(76,545)</u>
Ending	<u>\$ 519,910</u>	<u>\$ 519,910</u>	<u>\$ 774,460</u>	<u>\$ 711,111</u>	<u>\$ 711,111</u>	<u>\$ 191,201</u>

CITY OF MEDFORD
Sanitary Sewer Maintenance Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2007

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual for Budget Period</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Charges for services	\$ 8,414,400	\$ 8,714,400	\$ 3,963,145	\$ 4,167,116	\$ 8,130,261	\$ (584,139)
Investment earnings	16,400	16,400	5,790	11,592	17,382	982
Other revenue	-	-	-	22,078	22,078	22,078
Total revenues	<u>8,430,800</u>	<u>8,730,800</u>	<u>3,968,935</u>	<u>4,200,786</u>	<u>8,169,721</u>	<u>(561,079)</u>
Expenditures:						
Technical services	500	500	149	-	149	351
Public Works:						
Engineering	1,567,800	1,552,050	486,496	510,519	997,015	555,035
Service Center	2,606,160	2,621,910	1,137,740	1,224,424	2,362,164	259,746
Contingency	65,700	65,700	-	-	-	65,700
Total expenditures	<u>4,240,160</u>	<u>4,240,160</u>	<u>1,624,385</u>	<u>1,734,943</u>	<u>3,359,328</u>	<u>880,832</u>
Excess revenues over expenditures	<u>4,190,640</u>	<u>4,490,640</u>	<u>2,344,550</u>	<u>2,465,843</u>	<u>4,810,393</u>	<u>319,753</u>
Other financing sources (uses):						
Transfers out	(4,372,600)	(4,672,600)	(2,304,277)	(2,314,531)	(4,618,808)	53,792
Sale of capital assets	-	-	2,800	-	2,800	2,800
Total other financing sources (uses)	<u>(4,372,600)</u>	<u>(4,672,600)</u>	<u>(2,301,477)</u>	<u>(2,314,531)</u>	<u>(4,616,008)</u>	<u>56,592</u>
Net change in fund balances	(181,960)	(181,960)	43,073	151,312	194,385	376,345
Fund Balance:						
Beginning	<u>181,960</u>	<u>181,960</u>	<u>639,577</u>	<u>682,650</u>	<u>639,577</u>	<u>457,617</u>
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 682,650</u>	<u>\$ 833,962</u>	<u>\$ 833,962</u>	<u>\$ 833,962</u>

CITY OF MEDFORD
 Sewage Treatment Systems Development Charges Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2007

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual for Budget Period</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Charges for services	\$ 3,543,700	\$ 3,543,700	\$ 1,957,189	\$ 1,621,069	\$ 3,578,258	\$ 34,558
Investment earnings	<u>335,800</u>	<u>335,800</u>	<u>330,455</u>	<u>514,509</u>	<u>844,964</u>	<u>509,164</u>
Total revenues	<u>3,879,500</u>	<u>3,879,500</u>	<u>2,287,644</u>	<u>2,135,578</u>	<u>4,423,222</u>	<u>543,722</u>
Expenditures:						
Capital improvements water reclamation	1,950,000	2,200,000	645,537	1,404,187	2,049,724	150,276
Contingency	<u>243,750</u>	<u>243,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>243,750</u>
Total expenditures	<u>2,193,750</u>	<u>2,443,750</u>	<u>645,537</u>	<u>1,404,187</u>	<u>2,049,724</u>	<u>394,026</u>
Excess revenues over (under) expenditures	<u>1,685,750</u>	<u>1,435,750</u>	<u>1,642,107</u>	<u>731,391</u>	<u>2,373,498</u>	<u>937,748</u>
Other financing sources (uses):						
Transfers out	<u>(7,400)</u>	<u>(7,400)</u>	<u>(3,700)</u>	<u>(3,700)</u>	<u>(7,400)</u>	<u>-</u>
Net change in fund balances	1,678,350	1,428,350	1,638,407	727,691	2,366,098	937,748
Fund Balance:						
Beginning	<u>7,482,000</u>	<u>7,732,000</u>	<u>8,068,078</u>	<u>9,706,485</u>	<u>8,068,078</u>	<u>336,078</u>
Ending	<u>\$ 9,160,350</u>	<u>\$ 9,160,350</u>	<u>\$ 9,706,485</u>	<u>\$ 10,434,176</u>	<u>\$ 10,434,176</u>	<u>\$ 1,273,826</u>

CITY OF MEDFORD

Reconciliation of the Net Change in Fund Balances to Change in Net Assets of Sewer Utility Fund
For the Year Ended June 30, 2007

Net change in fund balance:	
Storm Drain Systems Development Charges Fund	\$ 639,155
Storm Drain Utility Fund	448,602
Sewage Treatment Fund	1,068,104
Sewer Collection System - Systems Development Charges Fund	(63,349)
Sanitary Sewer Maintenance Fund	151,312
Sewage Treatment Systems Development Charges Fund	727,691
Total	<u>2,971,515</u>
Adjustments to reconcile fund balance to change in net assets:	
Expenditures capitalized	5,553,845
Change in accrued compensation	(12,687)
Change in inventory	(9,186)
Depreciation	<u>(2,987,163)</u>
Change in net assets of Sewer Utility Fund	<u><u>\$ 5,516,324</u></u>

CITY OF MEDFORD
 Parking Facilities Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2007

	<u>Biennium Budget</u>		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	<u>Original</u>	<u>Final</u>				
Revenues:						
Charges for services	\$ 306,800	\$ 306,800	\$ 130,259	\$ 125,325	\$ 255,584	\$ (51,216)
Fines and penalties	-	-	75	225	300	300
Investment earnings	16,400	16,400	12,314	20,007	32,321	15,921
Rental Income	<u>449,200</u>	<u>449,200</u>	<u>216,168</u>	<u>221,734</u>	<u>437,902</u>	<u>(11,298)</u>
Total revenues	<u>772,400</u>	<u>772,400</u>	<u>358,816</u>	<u>367,291</u>	<u>726,107</u>	<u>(46,293)</u>
Expenditures:						
Downtown parking district	727,660	727,660	319,027	352,656	671,683	55,977
Contingency	<u>90,960</u>	<u>90,960</u>	-	-	-	<u>90,960</u>
Total expenditures	<u>818,620</u>	<u>818,620</u>	<u>319,027</u>	<u>352,656</u>	<u>671,683</u>	<u>146,937</u>
Excess revenues over (under) expenditures	<u>(46,220)</u>	<u>(46,220)</u>	<u>39,789</u>	<u>14,635</u>	<u>54,424</u>	<u>100,644</u>
Other financing sources (uses):						
Transfers out	<u>(20,200)</u>	<u>(20,200)</u>	<u>(10,100)</u>	<u>(10,100)</u>	<u>(20,200)</u>	<u>-</u>
Net change in fund balances	(66,420)	(66,420)	29,689	4,535	34,224	100,644
Fund Balance:						
Beginning	<u>275,570</u>	<u>275,570</u>	<u>340,674</u>	<u>370,363</u>	<u>340,674</u>	<u>65,104</u>
Ending	<u>\$ 209,150</u>	<u>\$ 209,150</u>	<u>\$ 370,363</u>	<u>\$ 374,898</u>	<u>\$ 374,898</u>	<u>\$ 165,748</u>
Reconciliation to GAAP Basis:						
Ending fund balance					374,898	
Capital assets, net of accumulated depreciation					<u>1,128,540</u>	
GAAP Fund Balance - Ending					<u>\$ 1,503,438</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
Combining Balance Sheet
Internal Service Funds
June 30, 2007

	Risk Management Fund	Fleet Maintenance Fund	Total
ASSETS			
Cash and cash equivalents	\$ 959,164	\$ 343,044	\$ 1,302,208
Accounts receivable, net	24,900	19,380	44,280
Inventories	-	623,353	623,353
Total current assets	<u>984,064</u>	<u>985,777</u>	<u>1,969,841</u>
Restricted cash	52,793	-	52,793
Capital assets, net of accumulated depreciation	-	3,427	3,427
Total assets	<u><u>\$ 1,036,857</u></u>	<u><u>\$ 989,204</u></u>	<u><u>\$ 2,026,061</u></u>
LIABILITIES			
Current liabilities			
Accounts payable	\$ 78,915	\$ 92,452	\$ 171,367
Accrued payroll and related expenses	11,092	12,829	23,921
Compensated absences	-	25,258	25,258
Total current liabilities	<u>90,007</u>	<u>130,539</u>	<u>220,546</u>
NET ASSETS			
Invested in capital assets, net of related debt	-	3,427	3,427
Restricted	52,793	-	52,793
Unrestricted	894,057	855,238	1,749,295
Total net assets	<u>946,850</u>	<u>858,665</u>	<u>1,805,515</u>
Total liabilities and net assets	<u><u>\$ 1,036,857</u></u>	<u><u>\$ 989,204</u></u>	<u><u>\$ 2,026,061</u></u>

CITY OF MEDFORD
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2007

	Risk Management Fund	Fleet Maintenance Fund	Total
Operating revenues:			
Intergovernmental revenues	\$ 1,010,959	\$ 771,665	\$ 1,782,624
Miscellaneous	42,776	82,188	124,964
Total operating revenues	<u>1,053,735</u>	<u>853,853</u>	<u>1,907,588</u>
Operating expenses:			
Salaries and fringe benefits	645,944	380,858	1,026,802
Operating supplies	10,214	175,485	185,699
Professional services	10,279	7,382	17,661
Repairs and maintenance	-	7,043	7,043
Premiums and claims	322,075	2,120	324,195
General, administrative, and engineering	18,978	9,180	28,158
Depreciation	-	5,375	5,375
Total operating expenses	1,007,490	587,443	1,594,933
Operating income (loss)	46,245	266,410	312,655
Nonoperating revenues			
Gain on sale of capital assets	-	2,940	2,940
Investment earnings	38,228	11,119	49,347
Income before contributions and transfers	84,473	280,469	364,942
Transfers out	(10,100)	(154,500)	(164,600)
Change in net assets	74,373	125,969	200,342
Total net assets - beginning, as restated	872,477	732,696	1,605,173
Total net assets - ending	<u>\$ 946,850</u>	<u>\$ 858,665</u>	<u>\$ 1,805,515</u>

CITY OF MEDFORD
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2007

	Risk Management Fund	Fleet Maintenance Fund	Total
CASH FLOWS FROM OPERATING ACTIVIITES			
Receipts from interfund services provided	\$ 1,028,835	\$ 851,874	\$ 1,880,709
Payments to employees	(360,463)	(166,588)	(527,051)
Payments to suppliers	(646,678)	(381,245)	(1,027,923)
Net cash provided (used) by operating activities	<u>21,694</u>	<u>304,041</u>	<u>325,735</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVIITES			
Transfers to other funds	(10,100)	(154,500)	(164,600)
Net cash provided (used) by noncapital financing activities	<u>(10,100)</u>	<u>(154,500)</u>	<u>(164,600)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of fixed assets	-	2,940	2,940
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends received	<u>38,228</u>	<u>11,119</u>	<u>49,347</u>
Net change in cash and cash equivalents	49,822	163,600	213,422
Cash and cash equivalents - beginning	962,135	179,444	1,141,579
Cash and cash equivalents - ending	<u>\$ 1,011,957</u>	<u>\$ 343,044</u>	<u>\$ 1,355,001</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	<u>\$ 46,245</u>	<u>\$ 266,410</u>	<u>\$ 312,655</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	-	5,375	5,375
(Increase) decrease in accounts receivable	(24,900)	(1,979)	(26,879)
(Increase) decrease in inventories	-	8,535	8,535
Increase (decrease) in accounts payable	1,083	22,444	23,527
Increase (decrease) in accrued payroll and related expenses	(734)	(387)	(1,121)
Increase in compensated absences	-	3,643	3,643
Total adjustments	<u>(24,551)</u>	<u>37,631</u>	<u>13,080</u>
Net cash provided (used) by operating activities	<u>\$ 21,694</u>	<u>\$ 304,041</u>	<u>\$ 325,735</u>

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CITY OF MEDFORD
Risk Management Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2007

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual for Budget Period</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Intergovernmental revenues	\$ 1,904,840	\$ 1,904,840	\$ 1,018,103	\$ 1,010,959	\$ 2,029,062	\$ 124,222
Investment earnings	24,600	24,600	25,482	38,228	63,710	39,110
Other revenue	<u>80,000</u>	<u>80,000</u>	<u>25,014</u>	<u>42,776</u>	<u>67,790</u>	<u>(12,210)</u>
Total revenues	<u>2,009,440</u>	<u>2,009,440</u>	<u>1,068,599</u>	<u>1,091,963</u>	<u>2,160,562</u>	<u>151,122</u>
Expenditures:						
Technical services	400	400	83	36	119	281
Risk management	1,995,810	1,995,810	880,886	1,007,454	1,888,340	107,470
Contingency	<u>249,530</u>	<u>249,530</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>249,530</u>
Total expenditures	<u>2,245,740</u>	<u>2,245,740</u>	<u>880,969</u>	<u>1,007,490</u>	<u>1,888,459</u>	<u>357,281</u>
Excess revenues over (under) expenditures	<u>(236,300)</u>	<u>(236,300)</u>	<u>187,630</u>	<u>84,473</u>	<u>272,103</u>	<u>508,403</u>
Other financing sources (uses):						
Transfers out	<u>(15,800)</u>	<u>(21,000)</u>	<u>(7,900)</u>	<u>(10,100)</u>	<u>(18,000)</u>	<u>3,000</u>
Total other financing sources (uses)	<u>(15,800)</u>	<u>(21,000)</u>	<u>(7,900)</u>	<u>(10,100)</u>	<u>(18,000)</u>	<u>3,000</u>
Net change in fund balances	(252,100)	(257,300)	179,730	74,373	254,103	511,403
Fund Balance:						
Beginning	<u>577,470</u>	<u>577,470</u>	<u>692,747</u>	<u>872,477</u>	<u>692,747</u>	<u>115,277</u>
Ending	<u>\$ 325,370</u>	<u>\$ 320,170</u>	<u>\$ 872,477</u>	<u>\$ 946,850</u>	<u>\$ 946,850</u>	<u>\$ 626,680</u>

CITY OF MEDFORD
Fleet Maintenance Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2007

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual for Budget Period</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Intergovernmental revenues	\$ 1,227,600	\$ 1,227,600	\$ 740,367	\$ 771,665	\$ 1,512,032	\$ 284,432
Investment earnings	-	-	2,670	11,119	13,789	13,789
Other revenue	<u>121,800</u>	<u>121,800</u>	<u>89,676</u>	<u>82,188</u>	<u>171,864</u>	<u>50,064</u>
Total revenues	<u>1,349,400</u>	<u>1,349,400</u>	<u>832,713</u>	<u>864,972</u>	<u>1,697,685</u>	<u>348,285</u>
Expenditures:						
Technical services	4,310	4,310	245	237	482	3,828
PW fleet maintenance	1,104,090	1,104,090	594,635	581,831	1,176,466	(72,376)
Contingency	<u>138,550</u>	<u>138,550</u>	-	-	-	<u>138,550</u>
Total expenditures	<u>1,246,950</u>	<u>1,246,950</u>	<u>594,880</u>	<u>582,068</u>	<u>1,176,948</u>	<u>70,002</u>
Excess revenues over expenditures	<u>102,450</u>	<u>102,450</u>	<u>237,833</u>	<u>282,904</u>	<u>520,737</u>	<u>418,287</u>
Other financing sources (uses):						
Transfers out	(334,200)	(334,200)	320,731	(154,500)	166,231	500,431
Sale of capital assets	<u>-</u>	<u>-</u>	<u>2,781</u>	<u>2,940</u>	<u>5,721</u>	<u>5,721</u>
Total other financing sources (uses)	<u>(334,200)</u>	<u>(334,200)</u>	<u>323,512</u>	<u>(151,560)</u>	<u>171,952</u>	<u>506,152</u>
Net change in fund balances	(231,750)	(231,750)	561,345	131,344	692,689	924,439
Fund Balance:						
Beginning	<u>232,000</u>	<u>232,000</u>	<u>162,548</u>	<u>723,893</u>	<u>162,548</u>	<u>(69,452)</u>
Ending	<u>\$ 250</u>	<u>\$ 250</u>	<u>\$ 723,893</u>	<u>\$ 855,237</u>	<u>\$ 855,237</u>	<u>\$ 854,987</u>
Reconciliation to GAAP Basis:						
Ending fund balance				855,237		
Capital Assets, net of accumulated depreciation				<u>3,428</u>		
GAAP Fund Balance - Ending				<u>\$ 858,665</u>		

OTHER FINANCIAL SCHEDULES

CITY OF MEDFORD
 Schedule of Expenditures by Division
 Budget and Actual
 For the Year Ended June 30, 2007

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	Original	Final				
Expenditures:						
Mayor and Council	\$ 753,180	\$ 758,080	\$ 344,694	\$ 342,003	\$ 686,697	\$ 71,383
Advisory services	81,700	66,680	30,138	22,488	52,626	14,054
Capital improvements - Mayor & Council	120,060	120,620	47,792	43,908	91,700	28,920
Vision implementation	40,000	40,000	11,693	28,300	39,993	7
Community promotion	1,002,000	1,202,000	536,936	602,428	1,139,364	62,636
Technical services	6,416,990	6,215,980	2,742,225	3,044,182	5,786,407	429,573
City management	1,188,370	1,204,070	558,878	605,961	1,164,839	39,231
Economic development	334,480	344,780	31,025	38,271	69,296	275,484
Neighborhood resources/Code enforcement	1,031,720	1,039,070	415,840	478,571	894,411	144,659
City recorder	236,380	247,020	110,781	120,554	231,335	15,685
City attorney	842,500	855,400	353,072	377,485	730,557	124,843
Municipal court	1,324,850	1,378,950	608,076	671,683	1,279,759	99,191
Human resources	633,760	644,660	303,860	337,209	641,069	3,591
Finance administration	1,888,540	1,928,340	907,571	945,044	1,852,615	75,725
Bond interest & redemption	8,737,140	10,241,810	4,359,528	5,774,842	10,134,370	107,440
Risk management	1,995,810	1,995,810	880,885	1,007,453	1,888,338	107,472
City grants	702,000	702,000	488,500	206,100	694,600	7,400
Capital improvements - Neighborhood resources	1,410,110	1,410,110	759,548	444,459	1,204,007	206,103
Downtown parking district	727,660	727,660	319,027	352,656	671,683	55,977
General expense	649,700	642,110	218,212	158,873	377,085	265,025
Police	32,005,280	33,871,668	15,968,163	16,808,925	32,777,088	1,094,580
Fire	17,726,360	19,031,100	8,806,123	9,210,797	18,016,920	1,014,180
Engineering and development	6,487,120	6,479,230	2,432,590	2,614,489	5,047,079	1,432,151
Capital improvements - Engineering	32,072,640	45,343,570	12,926,310	7,688,893	20,615,203	24,728,367

Continued on next page

CITY OF MEDFORD
 Schedule of Expenditures by Division
 Budget and Actual (continued)
 For the Year Ended June 30, 2007

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	Original	Final				
Expenditures:						
PW service center	\$ 16,762,980	\$ 16,870,270	\$ 8,070,636	\$ 7,249,061	\$ 15,319,697	\$ 1,550,573
Water reclamation division	6,162,060	6,446,260	2,727,206	3,083,837	5,811,043	635,217
Capital improvements -						
Water reclamation	13,127,000	13,092,800	2,489,584	1,795,346	4,284,930	8,807,870
Planning	3,125,130	3,206,450	1,410,753	1,526,414	2,937,167	269,283
Capital improvements -						
Planning	177,000	356,260	206,404	22,073	228,477	127,783
Parks - administration	600,070	660,270	290,580	295,604	586,184	74,086
Parks - general recreation	1,268,640	1,319,090	591,688	675,345	1,267,033	52,057
Parks - art & cultural events	61,920	63,170	20,228	20,692	40,920	22,250
Parks - parks maintenance	3,495,790	3,735,930	1,728,882	1,942,563	3,671,445	64,485
Parks - special restricted						
funds	71,000	116,600	30,829	37,302	68,131	48,469
Parks - city tree program	222,840	231,780	85,601	109,983	195,584	36,196
Parks - building						
maintenance	1,661,150	1,757,210	788,835	882,652	1,671,487	85,723
Capital improvements -						
Parks	12,327,690	13,942,280	4,041,216	3,768,615	7,809,831	6,132,449
Building safety	2,787,140	2,945,140	1,289,784	1,343,439	2,633,223	311,917
Contingency	11,333,290	6,818,222	-	-	-	6,818,222
Total expenditures	191,592,050	208,052,450	77,933,693	74,678,500	152,612,193	55,440,257
Other financing sources:						
Transfers out	15,962,450	17,562,980	9,279,772	7,100,725	16,380,497	1,182,483
Total appropriations	<u>\$207,554,500</u>	<u>\$225,615,430</u>	<u>\$ 87,213,465</u>	<u>\$ 81,779,225</u>	<u>\$168,992,690</u>	<u>\$ 56,622,740</u>

CITY OF MEDFORD
 Schedule of Property Tax Transactions
 Year ended June 30, 2007

City:	Tax Year	Uncollected as of July 1, 2006	Levy as Extended by Assessor	Discounts Allowed	Interest	Adjustments	Collections	Uncollected as of June 30, 2007
Current year:	2007	-	26,134,383	(621,857)	13,923	-	(24,621,974)	890,552
Prior years	2006	638,762	-	-	25,653	44,818	(420,774)	262,806
	2005	229,370	-	-	18,147	(3,139)	(115,501)	110,730
	2004	122,351	-	-	17,838	(3,511)	(68,187)	50,653
	2003	65,489	-	-	8,535	(17,505)	(26,594)	21,390
	prior	63,986	-	-	3,894	(12,865)	(5,728)	45,393
Total primary government		<u>1,119,958</u>	<u>26,134,383</u>	<u>(621,857)</u>	<u>87,990</u>	<u>7,798</u>	<u>(25,258,758)</u>	<u>1,381,524</u>
Medford Urban Renewal Agency:								
Current year:	2007	-	4,387,559	(149,510)	2,337	-	(4,088,539)	149,510
Prior years	2006	117,632	-	-	4,715	8,008	(77,337)	48,303
	2005	47,028	-	-	3,722	(635)	(23,686)	22,707
	2004	26,668	-	-	3,576	(2,843)	(13,670)	10,155
	2003	13,789	-	-	1,697	(4,246)	(5,289)	4,254
	prior	12,920	-	-	729	(3,536)	(1,089)	8,295
Total component unit		<u>218,037</u>	<u>4,387,559</u>	<u>(149,510)</u>	<u>16,776</u>	<u>(3,252)</u>	<u>(4,209,610)</u>	<u>243,224</u>
Total all funds		<u><u>1,337,995</u></u>	<u><u>30,521,942</u></u>	<u><u>(771,367)</u></u>	<u><u>104,766</u></u>	<u><u>4,546</u></u>	<u><u>(29,468,368)</u></u>	<u><u>1,624,748</u></u>

STATISTICAL SECTION

City of Medford, Oregon

Schedule 1**Net Assets by Component**

Last Four Fiscal Years - Unaudited

(Amounts in dollars)

(Accrual basis of accounting)

	2004 ¹	2005 ²	2006	2007
Governmental activities				
Investment in capital assets, net of related debt	92,264,542	109,036,350	145,908,922	169,854,170
Restricted				
Highways and streets	17,702,349	19,140,045	27,149,474	27,600,775
Community development	4,670,631	15,408,944	3,650,348	21,951,083
Debt service	4,507,260	4,710,314	5,810,204	3,481,140
Capital outlays	241,064	244,981	-	-
Unrestricted	<u>(2,369,662)</u>	<u>(3,729,579)</u>	<u>51,099,816</u>	<u>26,668,301</u>
Total governmental activities	117,016,184	144,811,055	233,618,764	249,555,469
Business type activities				
Invested in capital assets, net of related debt	61,571,888	64,736,383	69,329,849	71,948,661
Restricted				
Future system development	7,555,465	9,657,641	11,576,619	12,880,115
Unrestricted	<u>6,491,818</u>	<u>3,966,311</u>	<u>3,885,155</u>	<u>5,480,196</u>
Total business-type activities net assets	75,619,171	78,360,335	84,791,623	90,308,972
Primary Government				
Invested in capital assets, net of related debt	153,836,430	173,772,733	215,238,771	241,802,831
Restricted				
Future system development	7,555,465	9,657,641	11,576,619	12,880,115
Highways and streets	17,702,349	19,140,045	27,149,474	27,600,775
Community development	4,670,631	15,408,944	3,650,348	21,951,083
Debt service	4,507,260	4,710,314	5,810,204	3,481,140
Capital outlays	241,064	244,981	-	-
Unrestricted	<u>4,122,156</u>	<u>236,732</u>	<u>54,984,971</u>	<u>32,148,497</u>
Total primary government net assets	192,635,355	223,171,390	318,410,387	339,864,441

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

¹ Medford Urban Renewal is reflected as a Discretely Presented Component Unit. Assets have been included here for presentation purpose

² Medford Urban Renewal is treated as a Blended Component Unit as of FY2005.

Schedule 2

Change in Net Assets

Last Four Fiscal Years - Unaudited

(Amounts in dollars)

(Accrual basis of accounting)

	2004 ¹	2005 ¹	2006 ^{1,3}	2007
Expenses				
Governmental Activities				
General government	\$ 35,938,249	\$ 1,451,546	\$ 8,990,378	\$ 10,576,931
Public safety	21,092,223	23,838,311	25,380,369	26,002,825
Highways and streets	4,353,372	7,405,949	5,005,308	14,056,956
Culture and recreation	3,520,076	6,646,821	6,549,582	6,069,022
Capital outlay	-	-	-	-
Interest on long-term debt and fiscal charges	1,564,061	3,370,143	3,414,026	3,893,996
Total governmental activities expenses	66,467,981	42,712,770	49,339,663	60,599,730
Business type activities				
Sewer services	7,296,062	9,113,949	9,146,805	9,244,339
Dispatch services	797,376	279,127	-	-
Parking services	302,333	263,643	312,553	356,165
Misc	-	-	-	-
Total business-type activities expenses	8,395,771	9,656,719	9,459,358	9,600,504
Total primary Government expenses	\$ 74,863,752	\$ 52,369,489	\$ 58,799,021	\$ 70,200,234

	2004	2005	2006	2007
Program Revenues				
Governmental Activities				
Charges for Services				
General government	\$ 4,536,149	\$ 5,515,734	\$ 5,510,986	\$ 7,280,852
Public safety	3,314,021	2,378,599	2,621,104	1,787,839
Highways and streets	9,169,425	8,783,803	9,232,582	9,521,470
Culture and recreations	1,366,887	3,765,631	1,898,738	1,579,967
Interest on long term debt and fiscal charges	-	-	-	-
Operating Grants and Contributions				
General government	1,297,132	880,780	1,193,627	741,660
Public safety	70,509	403,457	1,068,539	327,586
Highways and streets	3,580,451	11,673,689	3,399,786	3,451,650
Culture and recreations	-	-	971,205	1,239,844
Capital Grants and Contributions				
Highways and streets	-	-	3,626,598	7,334,881
Total governmental activities program revenue	23,334,574	33,401,693	29,523,165	33,265,749
Business type activities				
Sewer services				
Charges for services	9,949,000	10,803,187	11,279,195	9,073,831
Capital grants and contributions	2,301,933	2,246,724	4,532,182	96,599
Misc	134,383	-	-	-
Dispatch services				
Charges for services	239,700	-	-	-
Capital grants and contributions	-	-	-	5,313,696
Parking services				
Charges for services	256,916	297,687	346,502	347,283
Misc	-	-	-	-
Capital grants and contributions	-	-	-	-
Total business type activities program revenues	\$ 12,881,932.00	\$ 13,347,598	\$ 16,157,879	\$ 14,831,409
Total primary government program revenues	\$ 36,216,506	\$ 46,749,291	\$ 45,681,044	\$ 48,097,158

Net (expense)/revenue				
Governmental activities	\$ (43,133,407)	\$ (9,311,077)	\$ (19,816,498)	\$ (27,333,981)
Business Type activities	4,486,161	3,690,879	6,698,521	5,230,905
Total primary government net expenses	\$ (38,647,246)	\$ (5,620,198)	\$ (13,117,977)	\$ (22,103,076)

General Revenues and Other Changes in

Net Assets				
Governmental activities:				
Property Taxes	24,114,295	26,579,516	28,130,450	29,176,985
Other taxes	7,138,876	6,699,138	7,506,959	9,682,089
Unrestricted investment earnings	535,337	1,470,217	2,518,036	3,776,148
Gain (Loss) on disposal of capital assets	261,115	855,820	612,833	48,064
Issuance of Debt	-	-	-	-
Capital Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Transfers	509,711	1,146,139	695,538	587,400
Total Governmental Activities	32,559,334	36,750,830	39,463,816	43,270,686
Prior period adjustment	-	355,118	-	-
Total Governmental Activities	-	37,105,948	-	-
Business type activities				
Investment earnings	119,455	196,424	518,477	862,844
Gain (Loss) on disposal of capital assets	-	-	12,000	11,000
Transfers	(509,711)	(1,146,139)	(695,538)	(587,400)
Total Business type activities	(390,256)	(949,715)	(165,061)	286,444
Total primary government	\$ 32,169,078	\$ 36,156,233	\$ (165,061)	\$ 286,444
Change in Net Assets				
Governmental activities	\$ (10,574,073)	\$ 27,439,753	\$ 19,647,318	\$ 15,936,705
Business type activities	4,095,905	2,741,164	6,533,460	5,517,349
Total Primary Government	\$ (6,478,168)	\$ 30,180,917	\$ 26,180,778	\$ 21,454,054
Prior period adjustment	-	355,118	-	-
		\$ 30,536,035		

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.

² The City bonded its unfunded PERS liability and made a lump sum payment of \$29,205,000 to PERS.

³ City Dispatch Services are now reported in the General Fund

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	1998	1999	2000	2001	2002 ⁵	2003 ¹	2004 ^{2,4,6}	2005 ^{2,3}	2006	2007
General Fund										
Reserved										
Inventory	15,190	43,806	40,614	53,453	62,709	49,924	71,385			
Unreserved	4,702,627	14,238,225	14,891,148	16,771,625	16,066,701	14,899,650	16,397,586	16,210,552	16,380,858	17,865,765
Total General Fund	\$ 4,717,817	\$ 14,282,031	\$ 14,931,762	\$ 16,825,078	\$ 16,129,410	\$ 14,949,574	\$ 16,468,971	\$ 16,210,552	\$ 16,380,858	\$ 17,865,765
All Other Governmental Funds										
Reserved										
Highways and streets						1,678,125	17,702,349	29,229,796	27,149,474	27,600,775
Community development							4,670,631	-	-	-
Culture and recreation							3,018,217	5,319,193	3,650,348	21,951,083
Debt service	1,326,984	1,335,049	1,702,980	1,693,111	1,561,717	1,678,747	4,507,260	4,710,314	5,810,204	3,481,140
Capital outlay							241,064	244,981		
Unreserved, reported in:										
Special revenue funds	17,217,518	11,148,318	9,436,018	8,153,341	13,296,206	10,917,417	1,726,129	4,376,576	4,196,681	3,982,946
Capital projects funds	1,371,918	7,908,311	5,694,856	2,887,706	6,605,340	6,542,656		-		4,325,945
Total of all other governmental funds	\$ 19,916,420	\$ 20,391,678	\$ 16,833,854	\$ 12,734,158	\$ 21,463,263	\$ 20,816,945	\$ 31,865,650	\$ 43,880,860	\$ 40,806,707	\$ 61,341,889

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

¹ Medford Urban Renewal (MURA) is reflected as a Discretely Presented Component Unit. MURA's fund balance is not included in year 2003 and prior.

² Medford Urban Renewal is now treated as a Blended Component Unit (as of 2004)

³ The Gas Tax fund received \$8.3 million in OTIA Funds increasing the fund balance in 2005. Also the Street SDC fund was listed under Culture & Recreation in the 2005 CAFR. It has been moved to Highways and Streets for Comparison purposes in this schedule.

⁴ Medford Urban Renewal Fund Balance (Debt Service) was listed in our 2004 CAFR under Community Development. This has been moved to Debt service in the 2005 CAFR (\$3,178,916)

⁵ Prior to 2005 the Gas Tax and Street system Development Funds were reported as non major funds. As of 2004, the Street SDC fund has become a major fund and in 2005 the Gas Tax fund (13) received \$8.3 million in OTIA funds for bridges making it a major fund.

⁶ 2004 and later -- capital project fund balances are listed under the appropriate reserved governmental fund balance according to the fund restrictions.

Schedule 4**Changes in fund balances, Governmental Funds**

Last Ten Fiscal Years - Unaudited

(Amounts in dollars)

	1998 ¹	1999 ¹	2000 ¹	2001 ¹	2002 ¹	2003 ¹	2004	2005	2006	2007
Revenues										
Taxes										
Property	14,593,152	14,438,752	15,544,894	16,138,681	17,378,068	19,808,173	24,626,853	26,347,587	27,846,413	29,008,152
Franchise	3,290,395	4,569,339	3,839,926	4,278,116	4,494,243	4,568,077	4,918,416	4,903,064	5,217,635	6,259,689
Lodging ²	1,025,786	1,120,094	1,212,183	1,417,229	1,655,086	1,759,043	1,767,464	1,868,020	2,147,748	2,409,719
State gas tax	2,474,702	2,564,579	2,625,736	2,643,735	2,641,428	2,661,858	3,032,251	3,327,689	3,394,786	3,389,522
State Shared Revenues ⁵	950,805	859,772	890,474	971,260	1,328,319	1,369,401	1,463,758	1,560,775	1,710,047	1,303,663
Car Rental Tax ³									203,736	311,446
Special Assessments	226,689	80,236	572,376	278,269	152,756	146,143	440,165	168,175	106,174	49,630
System development charges	1,818,781	2,145,651	2,158,075	2,385,665	2,732,874	7,121,388	5,397,780	3,556,187	3,431,361	4,139,557
Charges for services	3,410,928	4,296,744	5,597,110	5,902,504	7,204,397	2,672,023	5,265,903	6,718,045	6,843,020	6,229,665
Fines and penalties	693,049	797,433	900,879	899,000	996,092	1,041,294	2,688,763	1,069,343	1,118,277	1,285,286
Intergovernmental	4,457,716	2,877,207	2,705,867	2,104,882	2,163,056	5,311,029	2,483,901	9,276,732	1,416,398	2,547,231
Licenses and permits	2,519,988	3,870,507	3,853,492	4,155,915	3,751,840	2,515,591	1,184,776	3,683,950	4,298,327	4,789,573
Investment earnings	1,864,380	1,869,149	2,359,546	2,762,412	1,255,491	743,210	534,527	1,458,759	2,492,554	3,726,801
Grants and contributions	11,347	5,201	4,630	718			1,384,741	3,710,005	3,240,393	1,989,517
Miscellaneous	3,544,784	1,725,276	1,256,598	2,143,128	2,036,767	1,561,661	508,504	547,011	426,264	908,459
	40,882,502	41,219,940	43,521,786	46,081,514	47,790,417	51,278,891	55,697,802	68,195,342	63,893,134	68,347,910
Expenditures										
General government	5,743,609	6,070,291	6,930,746	7,691,717	7,516,029	7,605,482	9,268,581	10,087,654	9,760,308	8,587,907
Public Safety	15,247,053	14,678,100	15,446,217	18,388,980	19,030,227	20,275,786	21,100,767	22,860,619	24,755,871	25,263,463
Highway and streets	2,908,617	2,797,038	2,632,647	3,563,952	4,498,496	5,072,160	5,567,372	3,770,867	5,007,887	5,954,938
Culture and recreation	2,375,856	2,326,254	2,757,487	3,525,046	3,945,223	4,289,333	4,125,955	5,957,859	6,009,908	5,548,007
Capital Outlay	17,802,281	11,909,440	16,796,351	10,260,396	12,870,209	21,010,233	8,238,323	18,809,063	22,546,636	13,925,625
Bond issuance costs										127,215
Debt service										
Principal	900,208	1,325,776	1,827,402	2,667,494	3,048,159	2,073,000	3,866,247	4,093,000	4,358,967	5,751,978
Interest	693,296	707,621	1,008,949	1,680,001	1,761,942	1,082,285	1,564,315	3,412,392	3,446,957	3,508,923
Total Expenditures	45,670,920	39,814,520	47,399,799	47,777,586	52,670,285	61,408,279	53,731,560	68,991,454	75,886,534	68,668,056
Excess of revenues over (under) expenditures	(4,788,418)	1,405,420	(3,878,013)	(1,696,072)	(4,879,868)	(10,129,388)	1,966,242	(796,112)	(11,993,400)	(320,146)
Other Financing sources (uses)										
Transfers in	6,627,004	4,704,362	1,610,338	1,646,828	1,722,256	2,658,310	3,804,505	6,246,428	7,137,833	4,927,244
Transfers out	(6,684,064)	(5,464,102)	(1,663,957)	(2,027,934)	(2,030,442)	(2,998,140)	(3,311,410)	(5,244,268)	(6,755,126)	(4,175,245)
PERS Unfunded liability payment ⁴				(4,000,000)			(29,205,000)			

Schedule 4**Changes in fund balances, Governmental Funds**

Last Ten Fiscal Years - Unaudited

(Amounts in dollars)

	1998 ¹	1999 ¹	2000 ¹	2001 ¹	2002 ¹	2003 ¹	2004	2005	2006	2007
Refunding bonds issued										
Issuance of Debt (Bonds)	2,800,000	9,300,000	1,355,130	13,407,404	10,514,195		29,376,688	9,500,000	8,088,000	21,535,000
Issuance of Debt (State Loan)								600,000		
Payments to refunded bond escrow agent ⁴							(427,260)			
Contributions	426,288					8,321,648				
Proceeds from contracts payable				244,000	470,605					
Capital Leases	1,975,190					281,108		178,545	8,793	
Sale of capital assets							278,057	917,076	610,053	53,236
Total other financing sources	5,144,418	8,540,260	1,301,511	9,270,298	10,676,614	8,262,926	515,580	12,197,781	9,089,553	22,340,235
Net change in fund balances	\$ 356,000	\$ 9,945,680	\$ (2,576,502)	\$ 7,574,226	\$ 5,796,746	\$ (1,866,462)	\$ 2,481,822	\$ 11,401,669	\$ (2,903,847)	\$ 22,020,089
Debt service as % of noncapital expenditures	5.72%	7.29%	9.27%	11.59%	12.09%	7.81%	11.94%	14.96%	14.63%	16.92%

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

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

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

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

Prior to 2003, some System Development charges were reported under "Charges for Services". From 2004 on they are under System Development Charges

4 PERS Unfunded Liability Payments (& escrow payments) have been reclassified from an expenditure (in the CAFR) to Other financing uses in this schedule.

5 The CAFR from 1996-2003 included State Revenue Sharing under Intergovernmental. This schedule includes it under "State Revenue Sharing" along with Alcohol & Tobacco Taxes

City of Medford, Oregon

Schedule 5

Assessed and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years - Unaudited

(Amounts in dollars)

Fiscal Year Ended June 30,	Real Property		Personal Property		Other		Less	Total Taxable Assessed Value	Total Direct Tax Rate	(M5)		Taxable Assessed Value as a Percentage of Estiamted Actual Value
	Real Property	Real Manufactured Structures	Personal Manufactured Structures	Personal Properties	Utilities	Non Profit	UR Excess			Estimated Actual Value (RMV)	RMV	
1998	2,632,804,700	-	21,139,340	143,888,140	100,655,030	3,232,150	(106,696,724)	2,795,022,636	5.43	3,288,126,706	3,394,823,430	85.00%
1999	2,802,731,235	2,319,260	19,216,875	154,277,040	111,155,560	3,329,110	(117,469,796)	2,975,559,284	5.42	3,730,695,756	3,837,392,480	79.76%
2000	3,006,742,765	2,727,275	21,736,580	167,311,076	124,697,250	3,428,980	(128,764,786)	3,197,879,140	5.41	3,812,959,770	3,930,429,566	83.87%
2001	3,181,704,060	3,122,460	24,445,685	186,164,890	131,919,250	6,427,490	(142,093,096)	3,391,690,739	5.40	4,253,342,917	4,382,107,703	79.74%
2002	3,357,856,440	4,477,430	26,395,379	192,745,050	146,587,660	6,620,270	(149,882,896)	3,584,799,333	5.40	4,585,575,570	4,735,458,466	78.18%
2003	3,523,925,933	4,851,820	26,836,950	196,843,260	156,942,300	-	(160,674,796)	3,748,725,467	5.17	4,957,735,307	5,118,410,103	75.61%
2004	3,739,236,170	-	32,738,654	202,885,280	143,592,242	-	(159,229,415)	3,959,222,931	5.18	5,258,929,123	5,418,158,538	75.29%
2005	4,029,317,277	1,169,870	26,234,270	206,591,110	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%

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

(Amounts in dollars)

Fiscal Year Ended June 30,	City of Medford				Overlapping Rates							Total Direct & Overlapping Rates
	General Fund	Special Revenue Funds	Debt Service Fund	Total Direct Rate	Jackson County	Education Service District	Medford School District	Transpor- tation District	Community College	Vector Control	Urban Renewal District	
1998	0.98	4.32	0.13	5.43	2.00	0.35	5.13	0.18	0.51	0.04	0.64	14.28
1999	5.30	-	0.12	5.42	2.01	0.35	5.23	0.18	0.51	0.04	0.46	14.20
2000	5.30	-	0.11	5.41	2.00	0.35	5.21	0.18	0.51	0.04	0.42	14.12
2001	5.30		0.10	5.40	2.28	0.35	5.18	0.18	0.51	0.04	0.75	14.69
2002	5.30		0.10	5.40	2.39	0.35	5.14	0.18	0.51	0.04	0.74	14.75
2003	5.08		0.09	5.17	2.20	0.33	4.87	0.16	0.48	0.04	1.46	14.71
2004	5.09		0.09	5.18	2.33	0.33	4.77	0.16	0.48	0.04	1.38	14.67
2005	5.08		-	5.08	2.30	0.33	4.78	0.16	0.48	0.04	1.42	14.59
2006	5.10		-	5.10	2.12	0.33	4.80	0.16	0.60	0.04	1.30	14.47
2007	5.11	-	0.08	5.19	2.10	0.33	4.87	0.17	0.60	0.04	1.24	14.54

Data Source: Jackson county

The 2006-07 Taxable Assesed Value to compute the tax rate code area of 4901 is \$4,227,569,294 which is 85.21% of the Total Taxable Assesed Value of the City. 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)

		2006 Top 10 All Roll Taxpayers for City of Medford				1997		
Taxpayer	Type of Business	2006 Current Taxes Imposed	2006-07 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	1997 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Rogue Valley Manor	Retirement Housing	881,912	59,518,390	1	1.24%	24,176,710	4	0.79%
Rogue Valley Mall LLC	Shopping Mall	682,817	46,974,190	2	0.98%			
Qwest Corporation (US West in 97)	Telephone Utility	491,932	33,939,900	3	0.71%	33,073,190	2	1.08%
Haagen Alexander Properties	Shopping Mall	420,010	28,894,500	4	0.60%			
Avista Corp DBA Washington	Gas Utility	344,166	23,574,300	5	0.49%	14,955,110	6	0.49%
Key West Properties	Developer	343,732	21,758,906	6	0.45%			
Pacificorp (PP&L)	Electric Utility	343,220	23,660,000	7	0.49%	24,387,600	3	0.79%
Asante	Health Organization	298,913	20,471,740	8	0.43%			
Kogap Enterprises Inc	Electrical Contractor	298,616	20,068,507	9	0.42%			
Edge Wireless	Cell Utility	252,971	17,472,400	10	0.36%			
Fund A Rogue Valley Inc	Shopping Mall					35,901,030	1	1.17%
United Airlines	Aviation					15,716,000	5	0.51%
Medford Mail Tribune	Newspaper					13,287,460	7	0.43%
Bear Creek Plaza Ore Ltd	Shopping Mall					10,557,000	8	0.34%
Metropolitan Insurance co.	Insurance					9,883,280	9	0.32%
Merlin & Jo Ann Fjarli	Developer					9,568,470	10	0.31%
Total			296,332,833		6.18%	191,505,850		6.24%

Note: The 2006-07 Taxable Assessed Valuation for the City of Medford is: 4,792,108,010
The Taxable Assessed Valuation in 1997 was: 3,067,990,061

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)

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					
1998	17,930,067	16,444,983	91.7%	1,175,323	17,620,306	98.3%	1,864,313	10.4%
1999	19,206,490	17,711,161	92.2%	1,219,204	18,930,365	98.6%	1,747,880	9.1%
2000	20,469,386	18,981,778	92.7%	1,541,809	20,523,587	100.3%	1,693,679	8.3%
2001	22,040,101	20,349,280	92.3%	1,020,969	21,370,249	97.0%	1,801,586	8.2%
2002	23,299,845	21,638,784	92.9%	1,134,024	22,772,808	97.7%	1,815,328	7.8%
2003	24,363,248	22,577,611	92.7%	982,928	23,560,539	96.7%	1,963,475	8.1%
2004	25,797,358	24,148,239	93.6%	1,131,497	25,279,736	98.0%	1,724,336	6.7%
2005	27,309,341	25,546,960	93.5%	907,463	26,454,423	96.9%	1,732,845	6.3%
2006	28,814,021	27,538,210	95.6%	1,105,448	28,643,658	99.4%	1,339,390	4.6%
2007	30,521,942	28,710,513	94.1%	757,855	29,468,368	96.5%	1,624,748	5.3%

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)

Fiscal Year Ended June 30,	Governmental Activities					Business Type Activities			Total Primary Government	Per Capita ¹	Percentage Per Capita ¹	Percentage of Personal Income ¹
	General Obligation Bonds ²	Special Assessment Bonds ³	Capital Leases	Medford Urban Renewal (Mura) Bonds	Contract/ Loan (Mura)	Sewer Bonds	General Obligation Bonds	Capital Leases				
1996									-			
1997	1,955,000	1,845,000	12,652	7,340,000	415,965	1,324,360			12,892,977	222	0.45%	0.34%
1998	1,735,000	1,595,000	208,289	9,780,000	144,057	1,033,932		1,946,331	16,442,609	279	0.36%	0.41%
1999	10,800,000	1,355,000	-	9,005,000	68,279	717,368		1,590,009	23,535,656	392	0.25%	0.55%
2000	10,070,000	2,444,850	-	8,210,000	35,877	328,399	-	1,214,524	22,303,650	350	0.29%	0.49%
2001	13,310,000	2,137,150	-	16,215,000	221,398	-	-	818,844	32,702,392	505	0.20%	0.68%
2002	22,850,000	1,857,150	-	14,670,000	554,467	-	-	401,884	40,333,501	610	0.16%	0.82%
2003	21,025,000	1,609,150	227,448	13,370,000	500,317	-	-	-	36,731,915	540	0.19%	0.70%
2004	48,305,000	1,434,150	292,538	12,185,000	583,720	-	-	-	62,800,408	907	0.11%	1.12%
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%	-
2007	66,560,000	-	17,645	20,400,000	483,205	-	-	-	87,460,850	1,156	0.09%	-

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.
Personal Income data for the City was not available.
- 2 Includes general obligation revenue bonds in the amount of 31,405,000 at June 30, 2007.
- 3 The Bancroft (Special Assessment Bonds) were paid off in full September 2006.

City of Medford, Oregon

Schedule 10**Ratios of Net General Bonded Debt Outstanding**

Last Ten Fiscal Years - Unaudited

(Amounts in dollars)

Fiscal Year Ended June 30,	General Obligation Bonds ⁴	Medford Urban Ren. Bonds	Total General Obligation Bonds	Less Amounts Available in Debt Service Fund ³	Net General Bonded Debt Total	Percentage of Estimated Actual Taxable Value of Property ²	Per Capita ¹
1997	1,955,000	7,340,000	9,295,000	821,427	8,473,573	0.28%	146.19
1998	1,735,000	9,780,000	11,515,000	1,235,400	10,279,600	0.37%	174.54
1999	10,800,000	9,005,000	19,805,000	1,378,732	18,426,268	0.62%	307.16
2000	10,070,000	8,210,000	18,280,000	1,579,318	16,700,682	0.52%	262.09
2001	13,310,000	16,215,000	29,525,000	2,401,420	27,123,580	0.80%	419.03
2002	22,850,000	14,670,000	37,520,000	2,048,622	35,471,378	0.99%	536.71
2003	22,634,150	13,370,000	36,004,150	2,681,635	33,322,515	0.89%	489.46
2004	49,739,150	12,185,000	61,924,150	4,507,260	57,416,890	1.45%	829.48
2005	47,911,150	19,420,000	67,331,150	4,710,314	62,620,836	1.47%	883.73
2006	50,722,150	20,398,000	71,120,150	5,810,204	65,309,946	1.45%	883.04
2007	66,560,000	20,400,000	86,960,000	3,481,140	83,478,860	1.74%	1,103.12

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 \$31,405,000 as of 6/30/07.

City of Medford, Oregon

Schedule 11

Direct and Overlapping Governmental Activities Debt

As of June 30, 2007

(Amounts in dollars)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct & Overlapping Debt
Debt repaid with property taxes			
Jackson County	37,980,000	35.4276%	13,455,402
JC School District #4 (Phoenix-Talent)	30,030,000	29.1837%	8,763,865
JC School District #549C (Medford)	57,210,000	74.7634%	42,772,141
JC School District #6 (Central Point)	26,340,000	1.2125%	319,373
Rogue Community College	44,280,000	25.8490%	11,445,937
Subtotal Overlapping Debt	195,840,000		76,756,718
City Direct Debt			
City Gross Property Tax Backed Direct Debt	59,871,150		59,871,150
	255,711,150		136,627,868

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)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt Limit	98,310,868	117,391,371	123,520,075	135,961,584	141,865,146	153,552,303	162,544,756	199,001,207	236,298,537	285,914,705
Total net debt applicable to limit	1,726,855	10,500,167	9,749,225	4,917,646	4,233,255	3,500,991	32,735,823	31,700,892	28,852,646	31,673,860
Legal debt margin	96,584,013	106,891,204	113,770,850	131,043,938	137,631,891	150,051,312	129,808,933	167,300,315	207,445,891	254,240,845
Total net debt applicable to the limit as a percentage of debt limit	1.79%	9.82%	8.57%	3.75%	3.08%	2.33%	25.22%	18.95%	13.91%	12.46%

Legal Debt Margin Calculation for Fiscal Year 2007

Real Market Value	9,530,490,159
Add Back: exempt real property	-
Total Real Market Value (M5)	9,530,490,159
Debt Limit (3% of total Assessed Value)	285,914,705
Amount of debt applicable to debt limit	
Total Bonded Debt:	86,960,000
Deductions:	
Assets in debt service funds available for payment of principal	3,481,140
Special assessment bonds	-
Revenue bonds	31,405,000
Urban redevelopment bonds	20,400,000
Total deductions	55,286,140
Total net debt applicable to limit	31,673,860
Legal Debt Margin	<u><u>254,240,845</u></u>
Total net debt applicable to the limit as a percentage of the debt limit	<u><u>12.46%</u></u>

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

Last Ten Fiscal Years - Unaudited

(Amounts in dollars)

Fiscal Year Ended June 30,	Gas Tax Revenue Bonds						Coverage Actual Debt Service	Additional Bonds Test ⁽⁶⁾
	Gross Revenues ¹	Gas Tax State Revenue Only	Less: Operating Expenses ²	Net Revenue Available For Debt Service	Total Gas Tax bonds Paid during year			
					Principal	Interest		
1997	\$ -		\$ -	\$ -	\$ -	\$ -		
1998	-		-	-	-	-		
1999	-		-	-	-	-		
2000	2,804,669	2,625,736	1,470,037	1,334,632	470,000	382,955	1.56	3.00
2001	3,292,921	2,643,735	1,875,252	1,417,669	485,000	364,155	1.67	1.75
2002	2,757,265	2,641,428	1,365,874	1,391,391	500,000	344,755	1.65	1.77
2003	2,886,254	2,661,858	1,347,958	1,538,296	955,000	497,093	1.06	1.03
2004	3,153,484	3,032,251	635,103	2,518,381	985,000	463,093	1.74	1.05
2005 ⁴	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	605,000	352,368	2.88	1.34
	\$ 34,748,492	\$ 23,717,004	\$10,198,213	\$24,550,279	\$ 6,070,000	\$ 3,223,552		

Fiscal Year Ended June 30,	Parks Revenue Bonds						Coverage Actual Debt Service
	Gross Revenues ^{3, 5}	Operating Expenses ²	Net Revenue Available For Debt Service	Total Parks Bonds Paid during year			
				Principal	Interest		
1997	\$ -	\$ -	\$ -	\$ -	\$ -		
1998	-	-	-	-	-		
1999	-	-	-	-	-		
2000	-	-	-	-	-		
2001	-	-	-	-	-		
2002 ³	-	-	-	-	-		
2003	1,316,862	-	1,316,862	175,000	270,344	2.96	
2004	1,399,986	-	1,399,986	200,000	244,299	3.15	
2005	3,716,665	101,365	3,615,300	205,000	238,299	8.16	
2006	2,669,132	266,302	2,402,830	210,000	232,149	5.43	
2007 ⁷	3,851,761	183,109	3,668,652	215,000	223,749	8.36	
	\$ 12,954,406	\$ 550,776	\$12,403,630	\$ 1,005,000	\$ 1,208,840		

Fiscal Year Ended June 30,	Special Assessment bonds				Coverage Actual Debt Service
	Special Assessment Collections	Paid during year			
		Principal	Interest		
1997	283,445	150,000	77,940	1.24	
1998	217,972	155,000	69,523	0.97	
1999	182,416	155,000	60,781	0.85	
2000	964,952	175,000	60,781	4.09	
2001	285,586	185,000	51,000	1.21	
2002	247,085	280,000	120,739	0.62	
2003	187,355	248,000	106,001	0.53	
2004	166,740	175,000	93,700	0.62	
2005	168,175	188,000	83,016	0.62	
2006	135,716	89,000	73,575	0.83	
2007	49,630	1,157,150	35,058	0.04	

Source: City of Medford Finance Department

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements. The City did not have revenue bonds from 1997-1999.

¹ Total revenues include interest

² Operating expenses do not include capital outlay

³ Gross Revenues do not include Bond proceeds of \$5,626,006

⁴ Gross Revenues includes ODOT Grant for McAndrews Bridge of \$8,346,000

⁵ Parks revenue comes from a portion of the Transient Lodging Tax (25%) and Car Rental Tax and a Parks Utility Fee.

⁶ 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.

⁷ Gross Revenues do not include Bond proceeds of \$18,965,000

City of Medford, Oregon

Schedule 14**Demographic and Economic Statistics**

Last Ten Fiscal Years - Unaudited

Significant Dates/Form of Government

Date of Incorporation - as a Town 1885

Date of Incorporation - as a City 1901

Form of Government Council-City Manager

Fiscal Year Ended June 30,	Population (1)	School Enrollment (2)	# of Teachers (2)	# of Schools (2)	Unemployment Rate (4)	Labor Force (7)	Personal Income (Millions of Dollars (3)	Per Capita Personal Income (Dollars)	Commercial Construction (5)		Residential Construction (5)		Deposits (6) (in thousands)
									# of Units	Value (in thousands)	# of Units	Value	
1997	57,964	12,060	626	17	7.3	87,776	3,742	21,565	316	43,825	415	60,339	713,394
1998	58,895	12,357	650	18	7.2	89,398	4,001	22,649	296	42,996	478	49,626	788,053
1999	59,990	12,637	650	18	6.4	90,719	4,287	23,914	351	56,456	498	61,071	797,757
2000	63,720	12,678	690	18	5.6	90,558	4,531	24,914	345	53,721	403	46,822	811,696
2001	64,730	12,933	690	18	6.5	92,422	4,781	25,983	371	67,995	353	26,532	817,316
2002	66,090	13,074	658	18	7.4	93,811	4,940	26,146	322	49,116	404	46,932	842,826
2003	68,080	12,854	672	18	7.6	97,137	5,214	27,089	399	68,866	623	89,351	1,329,763
2004	69,220	12,759	573	18	7.1	98,873	5,599	28,531	402	117,302	747	88,134	1,298,662
2005	70,860	12,705	562	19	6.0	100,046	5,901	30,239	407	68,255	655	88,136	1,128,225
2006	73,960	12,853	531	19	5.8	100,965	-	-	414	74,011	551	108,564	1,510,651
2007	75,675	12,365	512	20	5.7	102,538	-	-	458	91,063	474	103,895	-

(1) Portland State University (3/2007)

(2) City School District 549C

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

The latest personal income & per capita personal income available by BEA economic area was 2005.

(4) US Department of Labor Bureau of Labor Statistics Data (www.bls.gov) (2007 is as of 8/07)

Per Capita Personal Income was not available for 2006 & 2007.

(5) City Building Dept.

(6) State of OR Banking division -- Deposits for FY06/07 was unavailable as of Dec 2007

(7) US Department of Labor, Bureau of Labor Statistics (2007 figures are as of Aug 2007)

City of Medford, Oregon

Schedule 15

Largest Employers

November 2005 and 3 years ago (Feb 2002)

Last Ten Fiscal Years - Unaudited

(Amounts in dollars)

<u>Employer</u>	<u>(Nov) 2005 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	3,782	1	3.78%	2,700	2	2.88%
Harry & David Operations	Fruit & Gifts	3,500	2	3.50%	3,700	1	3.94%
Providence Medical Center	Health Care	1,150	3	1.15%			0.00%
Medford School District	Education	1,083	4	1.08%			0.00%
Jackson County	Government	1,023	5	1.02%			0.00%
Boise Building Solutions	Secondary Wood	970	6	0.97%			0.00%
Timber Products	Secondary Wood	692	7	0.69%	864	5	0.92%
Lithia Motors	Auto Dealership	470	8	0.47%			0.00%
City of Medford	Government	433	9	0.43%	425	6	0.45%
Rogue Valley Manor	Health Care/Retirement	357	10	0.36%	500		0.53%
Boise Cascade Corp	Plywood, Lumber, LVL				1000	3	1.07%
Cascade Wood Products	Millwork				900	4	

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) Southern Oregon Regional Economic Development Inc (SORED) & Chamber of Medford/Jackson County & City Management
This information was last updated by SOREDI in November 2005.

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

Schedule 16**Number of Full Time (FT) Employees and FT Equivalent at end of each Fiscal Year**

Last Ten Fiscal Years - Unaudited

	(1)	(1)	(1)	(1)	(2)	(2)	(2)	(2)	(3)	(3)
	<u>97-98</u>	<u>98-99</u>	<u>99-00</u>	<u>00-01</u>	<u>01-02</u>	<u>02-03</u>	<u>03-04</u>	<u>04-05</u>	<u>05-06</u>	<u>06-07</u>
City Manager	5.0	5.0	6.0	8.0	9.0	9.0	9.0	10.0	11.0	11.0
Information Services	5.0	5.0	9.0	11.0	11.0	11.0	11.0	11.0	11.0	10.8
Recorder	1.0	1.0	1.0	2.0	2.0	1.0	1.0	1.0	1.1	1.0
Human Resources	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.8	3.5
Print Shop	1.0	1.0	1.0	1.0	1.0	-	-	-	-	-
Finance	10.0	10.0	11.0	11.0	11.0	10.0	11.0	11.0	10.4	11.4
Planning	14.0	14.0	14.0	14.0	14.0	12.0	18.0	18.0	19.4	18.5
Building Inspection	13.0	13.0	13.0	14.0	14.0	12.0	14.0	14.0	16.4	16.0
Public Works										
Engineering	22.0	24.0	25.0	27.0	28.0	24.0	27.0	28.0	32.7	32.7
Maintenance	44.0	41.0	40.0	42.0	42.0	43.0	46.0	47.0	56.0	56.5
WRD	21.0	23.0	23.0	24.0	24.0	22.0	23.0	22.0	23.4	23.8
City Attorney	3.0	3.0	3.0	3.0	4.0	4.0	3.0	3.0	3.0	3.0
Municipal Court	7.5	7.0	7.0	8.0	8.0	8.0	8.0	8.0	8.0	7.5
Parking Enforcement	0.5	1.3	1.3	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-	-	-
Sworn Officers	85.0	92.0	94.0	94.0	90.0	92.0	91.0	92.0	96.0	99.0
Civilians	47.0	44.0	46.0	47.0	49.0	50.0	50.0	52.0	61.1	63.8
Fire	72.0	72.0	75.0	75.0	-	-	-	-	-	-
Firefighters/officers					69.0	72.0	70.0	68.0	69.7	67.0
Civilians					1.0	1.0	2.0	2.0	2.0	7.9
Parks & Recreation	24.0	26.0	23.0	23.0	24.0	24.0	26.0	32.0	46.3	48.5
Urban Renewal					5.0	4.0	4.0	4.0	4.0	4.3
TOTAL	378.0	385.3	395.3	407.0	409.0	402.0	417.0	426.0	475.3	486.2

Source: City Finance Department

(1) **NOTE:** FY 98/99 through FY00/01 reflect total authorized positions (not filled positions). Filled position information is unavailable.

(2) FY01/02 through current year are for actual full time employees as of 6/30/XX

(3) FY05/06 and forward includes both full time employees and calculated full time equivalent employees as of 6/30/07.

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

Calendar Year Ending 12/31/XX	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	
Function											
Police ¹											
Part I - Major Crimes Reported	5,334	5,340	4,309	4,516	4,285	5,615	5,849	5,655	5,887	5,032	
Part II - Other Crimes	7,829	7,942	7,255	7,207	7,005	7,642	8,049	8,296	7,801	7,776	
Part III - Traffic & Other Crimes	33,283	36,956	36,419	19,266	12,477	14,738	15,092	15,317	14,816	13,195	
Total Reported	46,446	50,238	47,983	30,989	23,767	27,995	28,990	29,268	28,504	26,003	
# of Juvenile Arrest Charges		3,282	2,495	2,612	2,882	2,633	2,564	2,047	1,589	1,902	
# of Adult Arrest Charges		10,634	9,820	10,900	11,142	9,185	9,462	9,394	9,103	9,363	
Cases Cleared	10,243	11,355	10,641	10,235	10,589	9,656	10,411	10,816	10,900	10,788	
Clearance Rate	22.10%	22.60%	22.20%	33.30%	44.60%	34.50%	35.90%	37.00%	38.20%	41.50%	
Fiscal Year Ending 6/30/XX											
Fire											
Number of Fires				422	423	485	399	394	341	625	369
Overpressure, heat, explosion				6	9	9	7	21	10	15	20
EMS, Rescue, MVA				4,171	4,007	4,741	4,920	5,088	6,230	7,438	5,471
Hazardous Conditions				163	159	171	145	176	183	259	179
Service Call				187	236	265	353	257	336	369	296
Good Intent Calls				326	748	735	832	907	850	1,256	3,008
False Alarm				570	586	595	605	655	1,606	1,018	617
Severe Weather				4	1	11	6	2	6	8	-
Special Incident				18	20	13	21	14	13	25	7
Uncategorized											8
Total Incident Responses	4,551	5,200	5,296	5,867	6,189	7,025	7,288	7,514	9,575	11,013	9,975
Total City only				5,077	5,332	6,147	6,553	6,776	8,747	9,762	
Total Rural Only				790	857	878	741	739	828	1,251	
Highways and streets											
Miles of Streets Added		3.72	4.01	1.27	4.31	4.47	5.07	6.35	3.63	8.27	5.80
Streetslights added		195	99	97	147	129	252	293	409	340	247
Culture and Recreation (2)											
Aquatics											30,043
Youth & Adult Sports											2,116
Youth Education Programs	-										736
Community Recreation											15,050
Special Interest Classes											2,396
Wastewater											
Miles of Sanitary Sewers Added		3	2	1	3	1	3	4	3	7	3
Miles of Storm Sewers Added		3	4	2	6	3	6	7	6	8	6
Average Daily Million Gallons Treated		18,500	20,400	18,700	14,800	16,600	18,900	17,900	17,300	21,000	19,000
Building/Planning/Engineering											
Commercial Building Permits Issued	5,260	6,493	7,476	6,844	6,601	6,501	8,238	9,314	9,189	8,711	7,904
Value Commercial Construction	43,825,000	42,996,000	56,456,000	53,721,000	67,995,000	49,116,000	68,866,000	117,302,000	68,245,000	74,011,081	91,033,057
Single Family Residence Issued	415	478	498	403	353	404	623	747	655	465	385
Value Residential	60,339,000	49,626,000	61,071,000	46,822,000	26,532,000	46,932,000	89,351,000	88,134,000	88,136,787	82,849,082	73,424,688
Square miles Added to City	-	-	1.50	-	0.90	0.46	0.88	0.50	0.10	1.36	0.62

Sources: Various City departments

Notes: Detailed fire statistics from 1997-1999 are unavailable.

1 Police Statistics are on a calendar year basis

2 Culture & Recreation -- Prior to the implementation of new software in FY06/07, the gathering and reporting of the parks program information has changed significantly and is not comparable with prior year information.

Schedule 18

Capital Asset Statistics by Function

Last Ten Fiscal Years - Unaudited

		1998	1999	2000	2001	2002	2003	2004	2005	2006
Public Safety										
Fire Protection:	(2)									
Number of Stations		4	4	5	5	5	5	5	5	5
Police Protection:	(3)									
Number of Stations		1	1	1	1	1	1	1	1	1
Sewers:	(1)									
Miles of Sanitary Sewers		227	229	230	233	234	237	241	244	251
Miles of Storm Sewers		108	112	114	120	123	129	136	142	150
Public Works										
Area -- Square Miles	(1)	20.20	21.70	21.70	22.60	23.06	23.94	24.44	24.54	24.92
Miles of Streets	(1)	203.84	207.85	209.12	213.43	217.90	222.97	229.32	232.95	241.22
Number of Street Lights	(1)	4,094	4,193	4,290	4,437	4,566	4,818	5,111	5,520	5,860
Recreation and Culture:	(4)									
Number of Parks		37	37	37	37	45	42	42	40	40
Total Park Acreage		2,198	2,198	2,198	2,198	2,386	2,410	2,410	2,403	2,403
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) City Human Resource Department

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 SECTION

Outstanding Obligations unaudited

	Issue Date	Maturity Date	Amount Issued	Amount Outstanding as of 6/30/07
General Obligation Bonds				
General Obligation Bonds, Series 2006	6/29/2006	6/1/2026	4,600,000	4,400,000
Total G.O. bonds			4,600,000	4,400,000
Full Faith & Credit Obligations or Limited Tax Bonds Paid from Tax Sources (NOT subject to annual appropriation)				
Full Faith & Credit Obligations, Series 2000 (City Hall)	10/1/2000	6/1/2010	4,000,000	1,550,000
Limited Tax Revenue Bonds, Series 2002 (Parks)	5/1/2002	6/1/2022	5,700,000	4,695,000
Pension Obligations, Series (2004) (Taxable) ⁽¹⁾	5/27/2004	6/1/2028	29,205,000	29,205,000
Limited Tax Revenue Bonds, Series 2007 (Parks)	3/20/2007	6/1/2027	18,965,000	18,965,000
Total FF&C Obligations & Limited Tax Bonds			57,870,000	54,415,000
Contracts & Leases (paid from the General Fund)				
Mower Leases ⁽²⁾	4/17/2003	3/17/2008	109,420	17,645
Total Contracts & Leases (paid from the General Fund)			109,420	17,645
Total Net Direct Debt (Including Pension Obligations) ⁽³⁾			62,579,420	58,832,645
Total Net Direct Debt (Excluding Pension Obligations) ⁽³⁾			33,374,420	29,627,645
Revenue Obligations (Self-Supporting, not included in Net direct Debt)				
Gas Tax Revenue Bonds, Series 1999	2/1/1999	2/1/2014	9,300,000	5,040,000
Gas Tax Revenue Bonds, Series 2001	12/1/2001	12/1/2011	5,000,000	2,705,000
Total Self-Supporting Revenue Obligations			14,300,000	7,745,000
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) ⁽⁴⁾			76,879,420	66,577,645
Total Gross direct Debt (excluding Pension Obligations) ⁽⁴⁾			47,674,420	37,372,645

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

2. The City has one lease paid directly from the General Fund. The final lease payment will occur 3/17/08

3. Net Direct Debt is Gross Direct Debt less obligations or leases paid from non-tax sources.

4. 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.

5. The Limited Tax Bond Series A & B were paid off in full as of 9/1/2006.

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, 2007 the total outstanding debt of the Medford Urban Renewal Agency (MURA) was \$20,400,000.00

DEBT INFORMATION unaudited

Debt Ratios ⁽¹⁾

	Including Pension Obligations			Excluding Pension Obligations		
	Values	Per Capita	Percent RMV	Values	Per Capita	Percent RMV
2007 Population	75,675			75,675		
2007 Real Market Value	9,530,490,159	\$125,940		9,530,490,159	\$125,940	
Gross Direct Debt ⁽²⁾	66,577,645	\$ 880	0.70%	37,372,645	\$ 494	0.39%
Net Direct Debt ⁽³⁾	58,832,645	\$ 777	0.62%	29,627,645	\$ 392	0.31%
Net Overlapping Debt	67,048,724	\$ 886	0.70%	67,048,724	\$ 886	0.70%
Net Direct & Net Overlapping Debt	125,881,369	\$ 1,663	1.32%	96,676,369	\$ 1,278	1.01%

(1). Outstanding Debt information is as of 6/30/07.

(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

2007 Real Market Value	9,530,490,159
Debt limitation (3% of RMV)	285,914,705
Total Applicable bonded debt	31,629,518
Debt Margin	254,285,187
Percent of limit issued	12.44%

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, 2007 the total outstanding debt of the Medford Urban Renewal Agency (MURA) was \$20,400,000. This amount is not included in the above calculations

FUTURE DEBT PLANS

The City currently has no plans to issue debt secured by the General Fund in the next 3-5 years. The Medford Urban Renal Agency anticipates issuing Debt in the amount of \$6.25 million by 2010.

Overlapping Debt unaudited

The following table outlines the outstanding debt of overlapping entities.

Overlapping district	Real Market Value	Percent Overlapping	Gross Direct Debt	Net Direct Debt
Jackson County	26,712,217,583	35.4276%	13,455,402	13,455,402
Jackson Cty SD 4 (Phoenix- Talent)	2,693,174,762	29.1837%	8,763,865	4,416,953
Jackson Cty SD 6 (Central Point)	3,416,655,016	1.2125%	319,373	319,373
Jackson Cty SD 549C (Medford)	11,551,255,564	74.7634%	42,772,141	42,772,141
Rogue Community College	36,610,720,421	25.8490%	11,445,937	6,084,855
Totals			76,756,718	67,048,724

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

Future Debt Service unedited

Year of Maturity	City Hall, Series 2000		Parks Revenue, Series 2002		Sidewalk, Series 2006		Parks Revenue, Series 2007		Total Requirements	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
07-08	490,000	71,456	225,000	215,149	235,000	188,189	480,000	963,979	1,430,000	1,438,773
08-09	515,000	49,161	235,000	206,149	245,000	178,789	660,000	786,556	1,655,000	1,220,655
09-10	545,000	25,343	245,000	196,749	260,000	168,989	685,000	760,354	1,735,000	1,151,435
10-11			255,000	186,336	270,000	157,939	710,000	733,091	1,235,000	1,077,366
11-12			265,000	175,499	280,000	146,464	740,000	704,762	1,285,000	1,026,725
12-13			275,000	164,236	290,000	134,564	770,000	675,014	1,335,000	973,814
13-14			290,000	152,549	305,000	122,239	805,000	643,752	1,400,000	918,540
14-15			305,000	139,789	315,000	109,276	835,000	610,828	1,455,000	859,893
15-16			320,000	126,064	330,000	95,889	870,000	576,426	1,520,000	798,379
16-17			335,000	111,344	345,000	81,039	905,000	540,234	1,585,000	732,617
17-18			350,000	95,431	355,000	65,514	945,000	502,133	1,650,000	663,078
18-19			370,000	78,806	375,000	50,426	985,000	461,971	1,730,000	591,203
19-20			385,000	60,769	390,000	34,489	1,030,000	419,813	1,805,000	515,071
20-21			410,000	42,000	405,000	17,719	1,070,000	375,420	1,885,000	435,139
21-22			430,000	21,500			1,115,000	329,089	1,545,000	350,589
22-23							1,165,000	280,586	1,165,000	280,586
23-24							1,215,000	229,676	1,215,000	229,676
24-25							1,270,000	176,337	1,270,000	176,337
25-26							1,325,000	120,330	1,325,000	120,330
26-27							1,385,000	61,629	1,385,000	61,629
27-28									-	-
	1,550,000	145,960	4,695,000	1,972,370	4,400,000	1,551,523	18,965,000	9,951,980	29,610,000	13,621,833

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

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

Source: City of Medford

Real Market Value of Taxable Property unaudited

FY Ended 6/30/XX	Real Market Value (RMV)	Percent Change	Total Assessed Value (AV)	Percent Change	AV as Percent of RMV
2002	4,985,844,701	13.7773%	3,728,061,959	5.6900%	74.77%
2003	5,142,421,378	3.1404%	3,902,581,340	4.6812%	75.89%
2004	5,441,648,865	5.8188%	4,118,452,346	5.5315%	75.68%
2005	6,670,433,915	22.5811%	4,418,984,950	7.2972%	66.25%
2006	7,915,603,826	18.6670%	4,654,783,741	5.3360%	58.81%
2007	9,530,490,159	20.4013%	4,961,125,232	6.5812%	52.06%

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

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 6/30/2007
2002	3,584,799,333	5.69%	18,982,588	365,291	19,347,879	5.2953	0.95	1.0000
2003	3,748,725,467	4.57%	19,842,934	103,288	19,946,222	5.2953	0.98	1.0000
2004	3,959,222,931	5.62%	20,965,596	53,395	21,018,991	5.2953	0.96	1.0000
2005	4,247,828,959	7.29%	22,493,931	47,679	22,541,610	5.2953	0.96	1.0000
2006	4,492,708,015	5.76%	23,790,437	120,222	23,910,659	5.2953	0.97	1.0000
2007	4,792,108,010	6.66%	25,583,055	380,026	25,963,080	5.2953	0.97	1.0000

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

3. Collection percentages as of 6/30/07 are for City of Medford

Source: Jackson County Assessor and financial statements of the City.

IMPACT OF TAX LIMITATION ON THE CITY

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

<u>FY Ended</u> <u>6/30/XX</u>	<u>Levy Used to</u> <u>Compute Rate</u>	<u>Loss Due to Tax</u> <u>Limitation</u>	<u>Percent</u> <u>Loss</u>
2002	18,982,546	40.84	0.00022%
2003	19,842,934	7,827.76	0.03945%
2004	20,965,596	60.7	0.00029%
2005	22,493,931	66.33	0.00029%
2006	23,790,437	60.01	0.00025%
2007	25,375,596	61.06	0.00024%

Table 6
Period Ending 6/30/07

Representative consolidated Tax Rates for Levy Code Area 49-01 unaudited

Area	Tax Rate For Operations	Tax Rate for Bonds	Tax Rate Total
Within the City of Medford			
Schools			
School District 549C	4.2467	0.6187	4.8654
Education Service district	0.3303		0.3303
Rogue CC	0.4807	0.1237	0.6044
Total Education	\$ 5.0577	\$ 0.7424	\$ 5.8001
Local Government			
Jackson County	1.8833	0.2182	2.1015
Jackson County URA	0.0965	0.2456	0.3421
City of Medford	5.1149	0.0760	5.1909
Medford URA	0.4832	0.4129	0.8961
Vector	0.0403		0.0403
Rogue Valley TD	0.1650		0.1650
Total Local Government	\$ 7.7832	\$ 0.9527	\$ 8.7359
	\$ 12.8409	\$ 1.6951	\$14.5360

1. The 2006-07 Taxable Assessed Value to compute the tax rate code of 49-01 is \$4,227,569,294 which is 85.21 percent of the Total Taxable Assessed Value of the City.

Source: Jackson County, Department of Assessment

General Fund Financial Information unaudited

5 year General Fund Statement of Revenue & Expenditures

	2002-03	2003-04	2004-05	2005-06	2006-07
Revenues					
Taxes					
Property	19,423,383	20,629,066	21,877,364	23,514,230	24,449,388
Franchise		4,791,386	4,909,358	6,291,510	6,259,690
Lodging ¹ /Other	879,522	2,347,490	2,077,952	1,215,449	2,508,523
Special Assessments					
System development charges					
Charges for services	2,672,023	822,393	2,100,498	1,984,242	971,541
Fines and penalties	1,041,294	1,184,776	1,069,343	1,118,277	1,285,286
Intergovernmental	1,413,086	2,157,663	880,566	950,398	2,544,456
Fees, licenses and permits	5,135,441	561,361	1,097,824	1,490,959	652,912
Investment earnings	389,293	231,571	370,505	774,244	1,116,110
Grants and contributions		460,695	525,526	1,229,525	348,253
Miscellaneous	197,276	127,902	210,610	134,547	581,591
Charges to Other Funds	1,152,140				
Total Revenues	32,303,458	33,314,303	35,119,546	38,703,381	40,717,750
Expenditures					
General government	6,399,918	6,168,470	9,651,786	6,940,941	5,867,152
Public Safety	20,275,786	21,100,767	22,483,782	24,755,871	25,082,758
Highway and streets	921,754		-		740,778
Culture and recreation	3,276,410	3,209,369	3,371,125	5,743,606	5,362,491
PERS Unfunded Liability Payment					
Capital Outlay	10,381,072	1,806,717	668,661		2,166,528
Debt service		427,260	6,760		
Total Expenditures	41,254,940	32,712,583	36,182,114	37,440,418	39,219,707
Excess of revenues over (under) expenditures	(8,951,482)	601,720	(1,062,568)	1,262,963	1,498,043

Table 7 (page 2)	2002-03	2003-04	2004-05	2005-06	2006-07
Other Financing sources (uses)					
Transfers in		1,362,670	2,031,660	1,634,982	1,398,750
Transfers out	(831,110)	(854,422)	(2,598,951)	(3,311,492)	(1,434,951)
PERS Unfunded liability payment ²		(29,205,000)			
Refunding bonds issued					
Bond proceeds	-	29,376,688	178,545		
Contributions	8,321,648				
Capital Leases	281,108				
Sale of capital assets		86,272	917,076	583,853	23,065
Total other financing sources	7,771,646	766,208	528,330	(1,092,657)	(13,136)
Excess of revenues and other sources over (under) expenditures & other uses	(1,179,836)	1,367,928	(534,238)	170,306	1,484,907
Fund Balance Beginning July 1	16,129,410	14,949,574	16,468,970	16,210,552	16,380,858
Residual Equity Transfer/Prior Period Adj		151,469	275,819		
Fund Balance Ending June 30	14,949,574	16,468,971	16,210,551	16,380,858	17,865,765

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

- 1 Transient Lodging tax was 6% from 1997 through Jan 2001, 8% through December 2005, and 9% as of January 06.
- 2 PERS Unfunded Liability Payments (& escrow payments) have been reclassified from an expenditure (in the CAFR) to Other Financing Sources in this schedule

Five Year General Fund Consecutive Balance Sheets - unaudited

	2002-03	2003-04	2004-05	2005-06	2006-07
ASSETS					
Cash and cash equivalents	15,634,358	15,308,863	15,972,515	16,266,051	10,712,213
Receivables					
Accounts	1,495,875	1,828,363	2,002,588	2,046,945	2,646,845
Property taxes	1,598,625	1,419,415	1,435,004	1,111,959	1,361,354
Loans					
Other		78,073			
Inventory	49,924	65,397	46,022	62,298	51,116
Due from other funds	213,022	311,260	122,640	660,073	105,460
Other current assets	115,353			14,478	55,851
Restricted Cash	29,154	989,741	1,001,877		7,794,776
Total assets	\$19,136,311	\$20,001,112	\$20,580,646	\$20,161,804	\$22,727,615
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	877,190	682,890	1,304,612	905,033	1,706,419
Accrued payroll and related expenses	1,258,313	1,250,450	1,398,263	1,494,235	1,537,186
Other	549,144				
Due to other funds					
Deposits	74,287	84,110			
Deferred revenue	1,427,803	1,514,691	1,667,219	1,381,678	1,618,245
Total liabilities	4,186,737	3,532,141	4,370,094	3,780,946	4,861,850
Fund Balances:					
Reserved for:					
Inventories	49,924	71,385			
Highways and streets					
Culture and recreation					
Debt Service					
Unreserved	14,899,650	16,397,586	16,210,552	16,380,858	17,865,765
Total fund balances	14,949,574	16,468,971	16,210,552	16,380,858	17,865,765
Total liabilities and fund balances	\$19,136,311	\$20,001,112	\$20,580,646	\$20,161,804	\$22,727,615

Source: City of Medford financial statements

Table 9**DEPOSITS AND INVESTMENTS**

ORS Chapter 294 authorizes the City to invest in obligations of the US Treasury, US Government agencies and instrumentalities, bankers' acceptances guaranteed by an Oregon financial institution, commercial paper, repurchase agreements, State of Oregon Local Investment Pool and various interest-bearing bonds of Oregon municipalities. The City's investment policy prohibits the City from leveraging or borrowing funds to make investments.

The City's investment Policy specifies the City's investment objectives, required diversification, certain limitations and reporting requirements. The City and the Medford Urban Renewal Agency held the following cash deposits and investments as of 6/30/07

Investments	Fair Market Value
Local Government Investment Pool	\$ 31,413,714
Cash deposits & certificates of deposit	69,469,432
Investments Held by 3rd Party Trust	820,123
Total Cash and investments	<u><u>\$ 101,703,269</u></u>

Table 10
Historical State Tax Street Fund Revenues & Expenditures (Non-GAAP Basis)

	2002-03	2003-04	2004-05 ⁽¹⁾	2005-06	2006-07
Revenues					
Taxes					
State Gas	2,661,858	3,032,251	3,327,689	3,394,786	3,389,522
Charges for services	3,517	50,227	41,390	37,402	248,961
Intergovernmental	5,535	6,450	8,346,000	5,000	
Investment earnings	53,366	42,524	383,645	396,709	228,243
Miscellaneous	161,978	22,032	13,246	41,183	123
Total Revenues	2,886,254	3,153,484	12,111,970	3,875,080	3,866,849
Expenditures					
Technical Services	6,905	11,020	3,894	4,949	2,738
Engineering & Development	415,590	448,417	512,458	667,102	4,486,009
Capital Improvements - Engineering	420,112	1,016,912	1,052,323	8,470,717	-
Public Works Administration	136,061	175,666	151,365	221,271	
Capital Improvements - Public Works	19,790	7,053	16,909	12,640	250,307
Traffic Maintenance	789,402				
Contingency				-	-
Total Expenditures	1,787,860	1,659,068	1,736,949	9,376,679	4,739,054
Excess revenues over (under) Expenditures	1,098,394	1,494,416	10,375,021	(5,501,599)	(872,205)
Other Financing sources (uses)					
Transfer Out	(188,780)	(1,542,539)	(1,577,038)	(2,132,570)	(1,586,516)
Sale of Capital Assets				4,100	-
Total other financing sources (uses)	(188,780)	(1,542,539)	(1,577,038)	(2,128,470)	(1,586,516)
Net Change in fund balances	909,614	(48,123)	8,797,983	(7,630,069)	(2,458,721)
Fund balance, beginning of year	3,272,964	4,182,578	4,353,634	13,151,617	5,464,604
Prior Period Adjustment		219,179			-
Fund Balance, end of year	\$ 4,182,578	\$ 4,353,634	\$ 13,151,617	\$ 5,521,548	\$ 3,005,883

1. The City of Medford received \$8,346,000 in OTIA funds for bridges in FY04/05.

Table 11

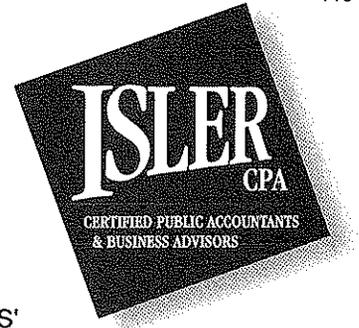
Historical Street System Development Fund Revenues & Expenditures (Non-GAAP Basis) unaudited

	2002-03	2003-04	2004-05	2005-06	2006-07
Revenues					
System development fees	3,354,753	4,604,791	3,556,187	3,431,361	4,139,557
Investment earnings	28,335	55,143	142,988	435,199	770,407
Miscellaneous					60,000
Total Revenues	3,383,088	4,659,934	3,699,175	3,866,560	4,969,964
Expenditures					
Engineering & Development					33,169
Capital Improvements - Engineering	917,283	415,891	636,360	829,167	1,394,642
Total Expenditures	917,283	415,891	636,360	829,167	1,427,811
Excess revenues over (under) Expenditures	2,465,805	4,244,043	3,062,815	3,037,393	3,542,153
Other Financing sources (uses)					
Transfer Out	(1,693,896)	(1,350)	(1,400)	(200)	(1,069)
Sale of Capital Assets ⁽¹⁾		191,785			
Total other financing sources (uses)	(1,693,896)	190,435	(1,400)	(200)	(1,069)
Net Change in fund balances	771,909	4,434,478	3,061,415	3,037,193	3,541,084
Fund balance, beginning of year Prior Period Adjustment	1,821,948	2,593,857	7,028,336	10,089,751	13,126,944
Fund Balance, end of year	\$2,593,857	\$7,028,335	\$10,089,751	\$13,126,944	\$16,668,028

1. Sale of property purchased for right of way.

Source: City of Medford financial statements

COMPLIANCE SECTION



COMMENTS AND DISCLOSURES OF INDEPENDENT AUDITORS'
REQUIRED BY STATE STATUTE

Honorable Mayor and City Council
City of Medford

We have audited the financial statements and schedules of the City of Medford, Oregon as of and for the year ended June 30, 2007, and have issued our report thereon dated December 11, 2007. We conducted our audit in accordance with Generally Accepted Auditing Standards and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State, and *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.

Compliance with laws, regulations, contracts and grants applicable to the City of Medford, Oregon is the responsibility of the City's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts and grants. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion. Certain areas covered, are required by Oregon Administrative Rules 162-10-230 through 162-10-320, included but were not limited to the following:

Accounting and Internal Control Structure - our report on the accounting and internal control structure is presented separately under this cover.

Programs Funded from Outside Sources - Reports related to such programs are presented separately under this cover.

Financial Reporting Requirements - Whether financial reports and related data filed with other governmental agencies in conjunction with programs funded wholly or partially by such agencies were in agreement with or supported by the accounting records.

Compliance with Legal or Other Requirements

Collateral - Pertaining to the amount and adequacy of collateral pledged by depositories to secure the deposit of public funds (see requirements for public fund deposits as specified in Oregon Revised Statutes (ORS) 295).

Indebtedness - Relating to debt and the limitation on the debt amount, liquidation of debt within the prescribed period of time, and compliance with provisions of indentures or agreements, including restrictions on the use of monies available to retire indebtedness.

Budget - Relating to the preparation, adoption and execution of the annual budget for the current fiscal year and the preparation and adoption of the budget for the next succeeding fiscal year (see ORS 294.305 to 294.565).

Taxes on Motor Vehicle Use and Fuel and the use of a Road Fund - Pertaining to (as contained in Article IX, Section 3a of the Oregon constitution) the use of revenue from taxes on motor vehicle use and fuel and the use of a road fund (as contained in ORS 294 and 373).

Insurance - Relating to insurance and fidelity bond coverage.

Investments - Pertaining to the investment of public funds (see ORS Chapter 294.035 to 294.046).

Public Contracts and Purchasing - Pertaining to (as contained in ORS Chapter 279) the awarding of public contracts and the construction of public improvements.

The results of our tests indicate that with respect to the items tested, the City of Medford, Oregon complied, in all material respects, with the provisions referred to above except for the following.

1. Over-expended as noted in footnote II of the City's financial statements.

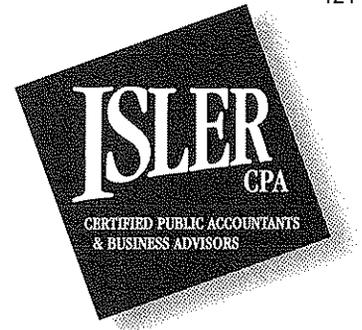
This report is intended for the information of the City Council and the Secretary of State Division of Audits of the State of Oregon. However, this report is a matter of public record and its distribution is not limited.

ISLER CPA

by: 

Paul Nielson, CPA, a member of the firm

Eugene, Oregon
December 11, 2007



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*

Honorable Mayor and City Council
City of Medford

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Medford, Oregon (the City) as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 11, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those

Compliance and Other Matters, continued

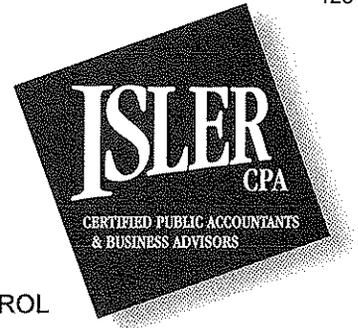
provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

ISLER CPA

Paul R. Nielson

Paul Nielson, CPA, a member of the firm
Eugene, Oregon
December 11, 2007



REPORT ON COMPLIANCE WITH REQUIREMENTS
 APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
 OVER COMPLIANCE IN ACCORDANCE WITH
 OMB CIRCULAR A-133

Honorable Mayor and City Council
 City of Medford

Compliance

We have audited the compliance of the City of Medford, (the City) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2007. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control.

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

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

ISLER CPA

by: 

Paul Nielson, CPA, a member of the firm

Eugene, Oregon
December 11, 2007

CITY OF MEDFORD, OREGON
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

I. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Medford.
2. No significant deficiencies in internal control were disclosed by the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the City of Medford were disclosed during the audit.
4. No significant deficiencies in internal control were disclosed by the audit of the financial statements.
5. No significant deficiencies in internal controls over major programs were disclosed by the audit.
6. The auditor's report on compliance for the major federal award program expresses an unqualified opinion.
7. The audit did not disclose any findings that are required to be reported.
8. The program tested as a major program was Community Development Block Grant, CFDA 14.218
9. The threshold for distinguishing between Type A and B programs was \$300,000.
10. The City was determined to be a low-risk auditee.

II. FINANCIAL STATEMENT FINDINGS

No findings related to the financial statements are reported for the year ended June 30, 2007.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

No matters were reported relating to significant deficiencies, material weaknesses, or instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

IV. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

There were no findings or questioned costs for the year ended June 30, 2006.

CITY OF MEDFORD, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
USDA FOREST SERVICE		
Direct programs:		
State grant Historic Preservation - IOF Cemetery	15.904	\$ 1,980
SWO Wildland Urban Fuels Reduction (Prescott Prk)449903-04	15.228	<u>12,395</u>
TOTAL USDA FOREST SERVICE		<u>14,375</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:		
Direct programs:		
Community Development Block Grant:		
B05-MC-410005	14.218	484,171
B06-MC-410005	14.218	<u>160,617</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		<u>644,788</u>
DEPARTMENT OF JUSTICE:		
Pass through the OR Dept of State Police		
Stop Violence Against Women Formula Grant Program	16.588	28,400
Drug Enforcement Overtime (DRE)	16.001	<u>12,723</u>
TOTAL U.S. DEPARTMENT OF JUSTICE		<u>41,123</u>
U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY		
Direct program:		
EPA - Water for Irrig Streams & Economy (WISE) Scoping/Feas. Study	66.606	<u>70,460</u>
Department of Homeland Security		
Direct programs:		
Bureau of Justice-Bulletproof Vest Partnership BVP	97.004	3,941
Passed through the OR Dept of State Police		
Criminal Justice Services Division		
OR Homeland Security-Law Enforcement Terrorism Prevention Prog.	97.074	250,003
Passed through to OEM (Oregon Emergency Management)		
City of Medford Seismic Mitigation Project	97.017	29,227
Infrastructure Contract 1632-DR-OR	97.036	<u>90,659</u>
TOTAL DEPARTMENT OF HOMELAND SECURITY		<u>373,830</u>
FHWA Highway Safety Funds		
Passed Through to OR Chiefs of Police & ODOT		
CMAQ Funds (Congestion Mitigation & Air Quality Project)	20.205	59,354
Safety Belt/Three Flags Traffic Safety Grant J2-06-46-08	20.609	3,260
Bicycle Transportation Alliance	20.600	1,400
Traffic Safety/DUII Grant	20.608	<u>5,960</u>
TOTAL FHWA HIGHWAY SAFETY FUNDS		<u>69,974</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 1,214,550</u>

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting.

NOTE B - SURPLUS PROPERTY

Total acquisition value of federal surplus property received in the current year was \$4976.00. However, fair market value, which is 23.3% of acquisition value, is the amount the City recorded on its financial records.