

CITY OF MEDFORD, OREGON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Prepared by:
City Finance Department

CITY OF MEDFORD

For the Year ended June 30, 2008

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INTRODUCTORY SECTION



OFFICE OF
THE CITY MANAGER
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www.ci.medford.or.us

December 12, 2008

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, 2008 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, 2008 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 77,000. 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 kept pace with the rest of the State. Because of Medford's diversity, it has been able 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 but at a lesser rate than in the past few years. In spite of the current economic condition, Medford continues to receive numerous inquiries from businesses considering relocation and expansion. With Medford's Electronic Commerce Zone being the most active in the State, our region is still 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 is still the largest single category of employment in Medford with Asante Health Systems being the largest in the category. Although revenues are down 5% from projections, 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%. 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 2011.

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 issued 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, 2007. 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 unflinching 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, 2007

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, 2008

City Council

Term Expires December 31

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

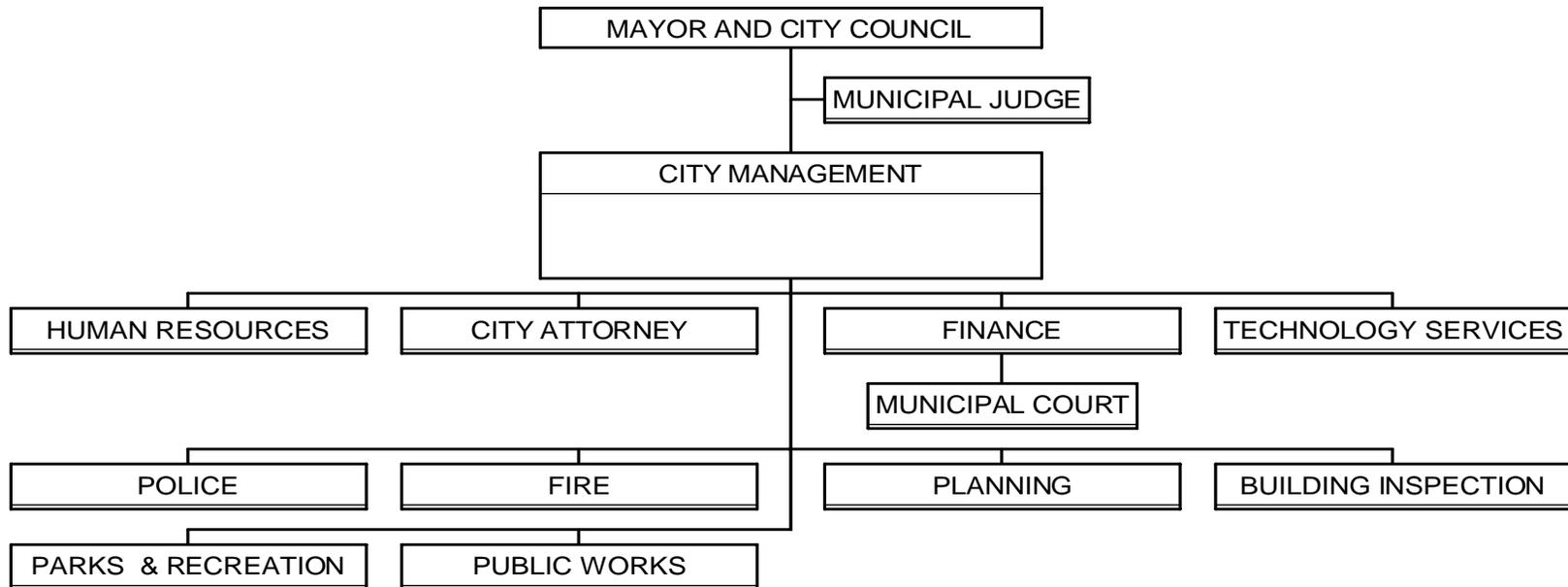
Principal Officials

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

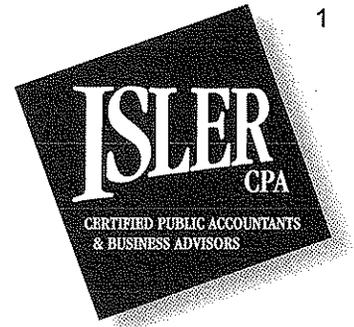
City Address

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 units, each major fund, and the aggregate remaining fund information of the City of Medford (City), Oregon, as of and for the year ended June 30, 2008, 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 units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2008, 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 12, 2008 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 8 and the budgetary comparison information on pages 35 through 38 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 to the management's discussion and analysis, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The budgetary comparison information has 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, other supplemental budgetary comparison schedules, other financial schedules, statistical 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 supplemental budgetary comparison schedules, 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 12, 2008

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 \$345.3 million at June 30, 2008, consisting of \$242.4 million in net capital assets, \$61.5 million in cash and cash equivalents and \$41.4 million in receivables and other assets. The City's governmental activities liabilities totaled \$97.1 million at June 30, 2008, consisting of \$84.2 million in noncurrent liabilities and \$12.9 million in accounts payable and other liabilities. Total net assets were \$248.2 million of which \$195.6 million were invested in capital assets, net of related debt, \$25.8 million were restricted and the remaining \$26.8 million were unrestricted.

The City's governmental activities net assets increased by \$2.9 million or 1 percent. Overall governmental activities revenue increased by \$2.6 million or 4 percent. The increase was most noticeable in the taxes category, which had increased revenues of \$3.2 million. This growth is due to increase assessed values as well as increased development. This was partially offset by decreases in interest earnings and grants and contributions.

The City's business-type activities assets totaled \$96.2 million at June 30, 2008, consisting of \$75.6 million in capital assets, \$19.6 million in cash and cash equivalents and \$1.0 million in receivables and other assets. The City's business-type activities liabilities totaled \$1.2 million at June 30, 2008, consisting of \$0.2 million in noncurrent liabilities and \$1.0 million in accounts payable and other liabilities. Business-type activities net assets totaled \$95.0 million of which \$75.6 million was invested in capital assets net of related debt, \$13.0 million was restricted and the remaining \$6.4 million was unrestricted.

The City's business-type activities net assets increased by \$4.7 million or 5 percent. Business-type activities revenue decreased by \$0.3 million or 0.2 percent. The decrease was a result of a decrease in capital grants and contributions, and interest earnings of \$.7 million. Charges for services increased by \$.4 million during the period. The decrease in capital grants and contributions was \$.6 million and was due to decreased development which has lead to decreased developer contributions.

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, 2008 AND 2007
(in millions)

	Governmental Activities		Business-Type Activities		Total Government	
	2008	2007	2008	2007	2008	2007
Cash and investments	\$ 61.5	\$ 73.4	\$ 19.6	\$ 18.6	\$ 81.1	\$ 92.0
Other assets	41.4	46.2	1.0	0.9	42.4	47.1
Capital assets, net of depreciation	242.4	222.6	75.6	71.9	318.0	294.5
Total assets	345.3	342.2	96.2	91.4	441.5	433.6
Other liabilities	12.9	7.6	1.0	1.1	13.9	8.7
Long term debt outstanding	84.2	89.4	0.2	0.1	84.4	89.5
Total liabilities	97.1	97.0	1.2	1.2	98.3	98.2
Net assets:						
Invested in capital assets, net of Debt	195.6	183.9	75.6	72.0	236.3	237.4
Restricted	25.8	53.1	13.0	12.8	38.8	65.8
Unrestricted	26.8	8.3	6.4	5.5	68.1	32.2
Total net assets	\$ 248.2	\$ 245.3	\$ 95.0	\$ 90.3	\$ 343.2	\$ 335.4

TABLE 2
CITY OF MEDFORD - STATEMENT OF ACTIVITIES
FOR FISCAL YEAR ENDING JUNE 30, 2008 AND 2007
(in millions)

	Governmental Activities		Business-Type Activities		Total Government	
	2008	2007	2008	2007	2008	2007
REVENUES						
General revenues:						
Taxes	\$ 42.1	\$ 38.9	\$ -	\$ -	\$ 42.1	\$ 38.9
Interest	3.5	3.8	0.8	0.9	4.3	4.7
Program revenues:						
Charges for Services	20.8	20.2	9.8	9.4	30.6	29.6
Operating Grants and Contributions	5.1	5.8	0.1	0.1	5.2	5.9
Capital Grants and Contributions	7.2	7.3	4.7	5.3	11.9	12.6
Total Revenues	\$ 78.7	\$ 76.0	\$ 15.4	\$ 15.7	\$ 94.1	\$ 91.7
EXPENSES						
General government	9.7	10.6	-	-	9.7	10.6
Public safety	28.7	26.0	-	-	28.7	26.0
Highways and streets	25.7	14.0	-	-	25.7	14.0
Culture and recreation	8.2	6.1	-	-	8.2	6.1
Interest on long-term debt and fiscal charges	4.2	3.9	-	-	4.2	3.9
Sewer services	-	-	9.6	9.2	9.6	9.2
Parking services	-	-	0.4	0.4	0.4	0.4
Total expenses	76.5	60.6	10.0	9.6	86.5	70.2
Transfers	0.7	0.6	(0.7)	(0.6)	-	-
Change in net assets	2.9	16.0	4.7	5.5	7.6	21.5
Beginning net assets (net of prior period adjustments)	245.3	229.3	90.3	84.8	335.6	314.1
Ending net assets	\$ 248.2	\$ 245.3	\$ 95.0	\$ 90.3	\$ 343.2	\$ 335.6

Financial Analysis

Governmental Funds. As of the end of the current year, the City's governmental funds reported a combined ending fund balance of \$56.7 million, a decrease from the prior year of \$22.5 million. Approximately \$30.9 million or 55 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 \$19.6 million. Unreserved, undesignated fund balance represents 47 percent of the total General Fund expenditures. The unrestricted fund balance of the City's General Fund increased \$1.8 million or 10 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 \$11.9 million, which nearly equals the annual expenditures. The reserved fund balance decreased \$10.1 million from the prior year. In March of 2007 \$18.9 million in bond proceeds increased the fund balance. As of June 30, 2008, substantial work at the Medford Sports and Community Park and the Santo Community Center had consumed a significant amount of the fund balance. Both projects are anticipated to be completed in 2009.

The Street System Development Charge (SDC) Fund accounts for the street SDC's collected for street improvements and maintenance. At the end of the current fiscal year the fund balance was \$5.2 million. The reserved fund balance decreased \$11.5 million from the prior year. The decrease was a result of a large payment to Oregon Department of Transportation (ODOT) for the new interstate interchange in south Medford. While the City helped fund the project, ODOT retains ownership of the interchange.

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 \$6.1 million, restricted fund balance of \$13.0 million and growth in net assets was \$4.8 million. The Parking Facilities Fund had an unreserved, undesignated fund balance of \$0.3 million and net assets declined \$0.1 million to \$1.4 million.

Budgetary Highlights

The City's actual fiscal year operating costs, within the General Fund, were 42 percent of the final biennial budget. This generated an increase to the General Fund balance over the biennium of \$3.2 million. The final budget was increased over the original budget by \$1.3 million to reflect additional intergovernmental revenues, increased charges for services and grant revenues.

Capital Assets and Debt Administration

Capital Assets. As of June 30, 2008, the City had invested \$318 million in capital assets as reflected in the following table, which represents a net increase (additions, deductions and depreciation) of \$23.5 million.

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

	Governmental Activities		Business-type Activities		Total Government	
	2008	2007	2008	2007	2008	2007
Land	\$ 17.2	\$ 12.7	\$ 1.2	\$ 1.2	\$ 18.4	\$ 13.9
Land Rights of Way	82.5	82.5	-	-	82.5	82.5
Buildings	11.0	10.2	4.3	4.5	15.3	14.7
Improvements	8.1	8.0	18.7	16.5	26.8	24.5
Equipment	4.9	4.6	3.8	4.3	8.7	8.9
Sewers	-	-	15.8	15.4	15.8	15.4
Storm Drains	-	-	29.2	27.7	29.2	27.7
Road network	101.4	77.4	-	-	101.4	77.4
Work in progress	17.3	27.2	2.6	2.3	19.9	29.5
Total	\$ 242.4	\$ 222.6	\$ 75.6	\$ 71.9	\$ 318.0	\$ 294.5

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, as restated	\$ 222.6	\$ 71.9	\$ 294.5
Additions	56.8	9.0	65.8
Transfers	(27.2)	(2.3)	(29.5)
Depreciation	(9.8)	(3.0)	(12.8)
Ending balance	\$ 242.4	\$ 75.6	\$ 318.0

Assets from governmental activities increased \$19.8 million. Additions included acquisition of land of \$4.6 million, buildings and building improvements of \$1.9 million, equipment purchases \$2.1 million, infrastructure \$30.9 million and a decrease in construction in progress of \$9.8 million. Offsetting these additions were depreciation and transfers of \$37.0 million.

Business-type activities assets increased \$3.7 million. Offsetting this increase was depreciation and transfers of \$5.3 million. For more detailed information on the City's capital asset activity, refer to Note III (E) on page 26 - 28 of the financial statements.

Debt Administration. As of year-end, the City had \$84.4 million in debt outstanding compared to \$89.5 million last year. For more detailed information, refer to Note III (F) on pages 29 - 30 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	\$ 82.2	\$ -	\$ 82.2
Compensated absences	2.0	0.2	2.2
Total	\$ 84.2	\$ 0.2	\$ 84.4

Financial Contact

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City's finances and to demonstrate Medford's accountability. If you have questions about the report or need additional financial information, please contact the City's Finance Director at 541-774-2030 or Room 358, 411 West 8th Street, Medford, Oregon 97501.

BASIC FINANCIAL STATEMENTS

CITY OF MEDFORD
Statement of Net Assets
June 30, 2008

	Primary Government			Component Units	
	Governmental Activities	Business-type activities	Total	Medford Water Commission	Parks Foundation
ASSETS					
Cash and cash equivalents	\$ 61,488,698	\$ 19,616,502	\$ 81,105,200	\$ 14,447,677	\$ 62,054
Receivables					
Taxes	1,932,356	-	1,932,356	-	-
Accounts	3,383,038	318,633	3,701,671	1,642,892	-
Due from City of Medford	-	-	-	156,481	-
Due from Medford Water Commission	679,030	615,147	1,294,177	-	-
Due from business-type activity	2,463	-	2,463	-	-
Inventories	705,423	81,803	787,226	1,000,058	-
Work in progress	-	-	-	438,468	-
Prepaid bond issuance costs	746,515	-	746,515	-	-
Prepaid pension expense	27,404,167	-	27,404,167	2,679,023	-
Other assets	24,895	-	24,895	40,345	-
Notes receivable	482,136	-	482,136	120,436	-
Restricted assets:					
Cash and cash equivalents	6,041,054	-	6,041,054	14,940,893	-
Capital assets:					
Land	99,742,927	3,757,417	103,500,344	2,990,095	-
Construction in progress	17,321,346	-	17,321,346	2,201,573	-
Other capital assets, net of accumulated depreciation	125,312,711	71,837,099	197,149,810	80,226,149	-
Total assets	<u>\$ 345,266,759</u>	<u>\$ 96,226,601</u>	<u>\$ 441,493,360</u>	<u>\$ 120,884,090</u>	<u>\$ 62,054</u>
LIABILITIES					
Current liabilities					
Accounts payable	\$ 10,224,900	\$ 754,911	\$ 10,979,811	\$ 1,580,893	\$ 11,380
Due to the City of Medford	-	-	-	1,294,177	-
Due to Medford Water Commission	99,527	56,954	156,481	-	-
Due to governmental-type activity	-	2,463	2,463	-	-
Payroll and related accruals	1,919,107	160,743	2,079,850	366,085	-
Accrued interest payable	558,142	-	558,142	-	-
Customer deposits	99,527	-	99,527	760,117	-
Noncurrent liabilities:					
Due within one year:					
Bonds payable	5,757,000	-	5,757,000	-	-
Loan from state	59,102	-	59,102	-	-
Compensated absences	405,751	40,743	446,494	-	-
Due in more than one year:					
Bonds payable, including unamortized premium of \$36,530	75,968,530	-	75,968,530	-	-
Loan from state	365,587	-	365,587	-	-
Compensated absences	1,623,004	162,974	1,785,978	-	-
Total liabilities	<u>97,080,177</u>	<u>1,178,788</u>	<u>98,258,965</u>	<u>4,001,272</u>	<u>11,380</u>
NET ASSETS					
Invested in capital assets, net of related debt	195,552,099	75,594,516	271,146,615	85,417,817	-
Restricted for:					
Future system development	-	13,011,448	13,011,448	14,940,893	-
Employee section 125 plan	39,850	-	39,850	-	-
Highways and streets	10,227,655	-	10,227,655	-	-
Community development	11,888,260	-	11,888,260	-	-
Debt service	3,681,053	-	3,681,053	-	-
Parks and recreation	-	-	-	-	40,320
Unrestricted	26,797,665	6,441,849	33,239,514	16,524,108	10,354
Total net assets	<u>248,186,582</u>	<u>95,047,813</u>	<u>343,234,395</u>	<u>116,882,818</u>	<u>50,674</u>
Total liabilities and net assets	<u>\$ 345,266,759</u>	<u>\$ 96,226,601</u>	<u>\$ 441,493,360</u>	<u>\$ 120,884,090</u>	<u>\$ 62,054</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, 2008

Functions / Programs	Program Revenues				Net (Expense) Revenue and Change in Net Assets				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	Medford Water Commission	Parks Foundation
Primary Government									
Governmental activities:									
General government	\$ 9,650,054	\$ 8,253,978	\$ 1,693,151	\$ -	\$ 297,075	\$ -	\$ 297,075	\$ -	\$ -
Public safety	28,741,920	2,535,764	-	-	(26,206,156)	-	(26,206,156)	-	-
Highways and streets	25,716,151	7,718,496	3,319,986	5,827,494	(8,850,175)	-	(8,850,175)	-	-
Culture and recreation	8,155,051	2,298,502	96,023	1,347,500	(4,413,026)	-	(4,413,026)	-	-
Interest on long-term debt	4,202,157	-	-	-	(4,202,157)	-	(4,202,157)	-	-
Total governmental activities	<u>76,465,333</u>	<u>20,806,740</u>	<u>5,109,160</u>	<u>7,174,994</u>	<u>(43,374,439)</u>	<u>-</u>	<u>(43,374,439)</u>	<u>-</u>	<u>-</u>
Business-type activities:									
Sewer services	9,592,039	9,409,181	61,727	4,769,355	-	4,648,224	4,648,224	-	-
Parking services	416,670	349,748	-	-	-	(66,922)	(66,922)	-	-
Total business-type activities	<u>10,008,709</u>	<u>9,758,929</u>	<u>61,727</u>	<u>4,769,355</u>	<u>-</u>	<u>4,581,302</u>	<u>4,581,302</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 86,474,042</u>	<u>\$ 30,565,669</u>	<u>\$ 5,170,887</u>	<u>\$ 11,944,349</u>	<u>\$ (43,374,439)</u>	<u>\$ 4,581,302</u>	<u>\$ (38,793,137)</u>	<u>\$ -</u>	<u>\$ -</u>
Component units:									
Medford Water Commission	<u>\$ 7,792,778</u>	<u>\$ 9,123,521</u>	<u>\$ -</u>	<u>\$ 3,589,491</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,920,234</u>	<u>\$ -</u>
Parks Foundation	<u>\$ 350,854</u>	<u>\$ -</u>	<u>\$ 725,878</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 375,024</u>
General revenues:									
Property taxes					32,063,487	-	32,063,487	-	-
Other taxes					10,034,787	-	10,034,787	-	-
Unrestricted investment earnings					3,519,750	820,268	4,340,018	1,325,862	4,950
Gain (loss) on disposal of capital assets					17,161	-	17,161	-	-
Donated capital assets					-	-	-	-	(1,517,500)
Transfers					662,729	(662,729)	-	-	-
Total general revenues and transfers					<u>46,297,914</u>	<u>157,539</u>	<u>46,455,453</u>	<u>1,325,862</u>	<u>(1,512,550)</u>
Change in net assets					2,923,475	4,738,841	7,662,316	6,246,096	(1,137,526)
Net assets - beginning, as restated (see note IV G)					<u>245,263,107</u>	<u>90,308,972</u>	<u>335,572,079</u>	<u>110,636,722</u>	<u>1,188,200</u>
Net assets - ending					<u>\$ 248,186,582</u>	<u>\$ 95,047,813</u>	<u>\$ 343,234,395</u>	<u>\$ 116,882,818</u>	<u>\$ 50,674</u>

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

CITY OF MEDFORD
Balance Sheet
Governmental Funds
June 30, 2008

	General Fund	Park Dedication Fund	Street System Development Charges Fund	MURA General Fund	Other Governmental Funds	Total
ASSETS						
Cash and cash equivalents	\$ 21,222,362	\$ 12,853,877	\$ 5,057,402	\$ 3,708,099	\$ 16,949,210	\$ 59,790,950
Receivables						
Accounts	2,456,444	81,344	-	35,000	801,139	3,373,927
Property taxes	1,565,929	-	-	65,853	296,297	1,928,079
Loans	-	-	-	482,136	-	482,136
Other	-	-	-	-	4,277	4,277
Inventory	52,718	-	-	-	-	52,718
Due from other funds	79,988	-	-	2,463	-	82,451
Due from Medford Water Commission	16,111	-	-	-	649,308	665,419
Other current assets	24,895	-	-	-	-	24,895
Restricted cash	179,290	-	4,374,942	-	1,446,972	6,001,204
Total assets	<u>\$ 25,597,737</u>	<u>\$ 12,935,221</u>	<u>\$ 9,432,344</u>	<u>\$ 4,293,551</u>	<u>\$ 20,147,203</u>	<u>\$ 72,406,056</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 1,624,292	\$ 1,015,877	\$ 4,223,232	\$ 684,398	\$ 2,572,984	\$ 10,120,783
Accrued payroll and related expenses	1,626,520	6,224	1,058	-	218,755	1,852,557
Due to other funds	-	-	-	42,641	37,347	79,988
Due to Medford Water Commission	49,337	24,860	19	-	25,311	99,527
Deferred revenue	2,669,867	-	-	533,848	316,368	3,520,083
Total liabilities	<u>5,970,016</u>	<u>1,046,961</u>	<u>4,224,309</u>	<u>1,260,887</u>	<u>3,170,765</u>	<u>15,672,938</u>
Fund Balances:						
Reserved for:						
Highways and streets	-	-	5,208,035	-	5,019,620	10,227,655
Culture and recreation	-	11,888,260	-	-	-	11,888,260
Debt service	-	-	-	-	3,681,053	3,681,053
Unreserved, undesignated reported in:						
General fund	19,627,721	-	-	-	-	19,627,721
MURA general fund	-	-	-	3,032,664	-	3,032,664
Special revenue funds	-	-	-	-	3,810,465	3,810,465
Capital project funds	-	-	-	-	4,465,300	4,465,300
Total fund balances	<u>19,627,721</u>	<u>11,888,260</u>	<u>5,208,035</u>	<u>3,032,664</u>	<u>16,976,438</u>	<u>56,733,118</u>
Total liabilities and fund balances	<u>\$ 25,597,737</u>	<u>\$ 12,935,221</u>	<u>\$ 9,432,344</u>	<u>\$ 4,293,551</u>	<u>\$ 20,147,203</u>	<u>\$ 72,406,056</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, 2008

Fund Balances - Governmental Funds	\$	56,733,118
<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	326,769,278	
Less accumulated depreciation	<u>(84,420,906)</u>	242,348,372
<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>		
		3,520,083
<p>In a prior year the City paid bond issuance costs, this transaction was recorded as an expenditure in the governmental funds when the transaction occurred.</p>		
		746,515
<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>		
		27,404,167
<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	(558,142)	
Compensated absences	(2,012,496)	
Bonds payable	(81,689,000)	
Unamortized bond premium	(36,530)	
Loan from State of Oregon	<u>(424,689)</u>	(84,720,857)
<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>2,155,184</u>
Net assets of governmental activities	\$	<u><u>248,186,582</u></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, 2008

	General Fund	Park Dedication Fund	Street System Development Charges Fund	MURA General Fund	Other Governmental Funds	Total
REVENUES						
Taxes						
Property	\$ 26,090,032	\$ -	\$ -	\$ 767,881	\$ 4,080,451	\$ 30,938,364
Franchise and lodging	9,082,346	638,375	-	-	638,372	10,359,093
State gas tax	-	-	-	-	3,256,822	3,256,822
Other	-	314,066	-	-	-	314,066
Special assessments	-	-	-	-	27,084	27,084
Charges for services	1,036,743	-	2,146,447	57,700	6,677,816	9,918,706
Fines and penalties	1,376,390	-	-	-	-	1,376,390
Intergovernmental	4,474,260	-	-	-	19,077	4,493,337
Licenses, permits and fees	736,784	538,114	-	-	2,612,559	3,887,457
Investment earnings	962,796	855,432	545,202	359,881	744,832	3,468,143
Grants and contributions	494,148	96,023	-	174,000	1,068,810	1,832,981
Miscellaneous	99,665	17,450	60,000	73,207	73,650	323,972
Rental Income	-	-	-	80,733	-	80,733
Total revenues	<u>44,353,164</u>	<u>2,459,460</u>	<u>2,751,649</u>	<u>1,513,402</u>	<u>19,199,473</u>	<u>70,277,148</u>
EXPENDITURES						
Current						
General government	6,120,334	-	-	-	1,750,006	7,870,340
Public safety	27,123,581	-	-	-	604,733	27,728,314
Highways and streets	713,605	-	12,477,674	-	5,685,695	18,876,974
Culture and recreation	6,024,618	164,806	-	-	150,513	6,339,937
Community development	-	-	-	561,972	638,372	1,200,344
Debt service						
Principal	-	-	-	58,516	5,271,000	5,329,516
Interest	-	-	-	4,833	4,294,083	4,298,916
Capital outlay	<u>1,730,127</u>	<u>12,238,278</u>	<u>1,736,192</u>	<u>1,856,362</u>	<u>4,308,530</u>	<u>21,869,489</u>
Total expenditures	<u>41,712,265</u>	<u>12,403,084</u>	<u>14,213,866</u>	<u>2,481,683</u>	<u>22,702,932</u>	<u>93,513,830</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,640,899</u>	<u>(9,943,624)</u>	<u>(11,462,217)</u>	<u>(968,281)</u>	<u>(3,503,459)</u>	<u>(23,236,682)</u>
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	9,431	-	2,730	-	5,000	17,161
Transfers in	1,697,081	435,800	-	-	5,609,331	7,742,212
Transfers out	<u>(2,585,455)</u>	<u>(554,999)</u>	<u>(506)</u>	<u>(325,000)</u>	<u>(3,531,267)</u>	<u>(6,997,227)</u>
Total other financing sources (uses)	<u>(878,943)</u>	<u>(119,199)</u>	<u>2,224</u>	<u>(325,000)</u>	<u>2,083,064</u>	<u>762,146</u>
Net change in fund balances	1,761,956	(10,062,823)	(11,459,993)	(1,293,281)	(1,420,395)	(22,474,536)
Fund balance - beginning	<u>17,865,765</u>	<u>21,951,083</u>	<u>16,668,028</u>	<u>4,325,945</u>	<u>18,396,833</u>	<u>79,207,654</u>
Fund balance - ending	<u>\$ 19,627,721</u>	<u>\$ 11,888,260</u>	<u>\$ 5,208,035</u>	<u>\$ 3,032,664</u>	<u>\$ 16,976,438</u>	<u>\$ 56,733,118</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, 2008

Net change in fund balance - governmental funds		\$ (22,474,536)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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:</p>		
Capital outlay	22,425,555	
Contributed capital assets	7,174,994	
Less current year depreciation	<u>(9,795,423)</u>	19,805,126
<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. This amount is being amortized over the estimated useful life for the Statement of Activities.</p>		
		(1,106,833)
<p>In a prior year the City paid bond issuance costs, this transaction was recorded as an expenditure in the governmental funds. This amount is being amortized over the estimated bond payback period for the Statement of Activities.</p>		
		(77,043)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>		
Change in deferred revenue		1,125,123
<p>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.</p>		
Change in compensated absences		(141,199)
<p>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:</p>		
Change in accrued interest	96,759	
Amortization of premium	(752)	
Payments on capital leases	17,645	
Principal payments	<u>5,329,516</u>	5,443,168
<p>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.</p>		
		349,669
Change in net assets of governmental activities		<u>\$ 2,923,475</u>

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

CITY OF MEDFORD
Balance Sheet
Proprietary Funds
June 30, 2008

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Sewer Utility Fund</u>	<u>Parking Facilities Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 19,301,650	\$ 314,852	\$ 19,616,502	\$ 1,697,748
Accounts receivable, net	280,865	37,768	318,633	9,111
Inventories	81,803	-	81,803	652,705
Due from Medford Water Commission	615,147	-	615,147	13,611
Total current assets	<u>20,279,465</u>	<u>352,620</u>	<u>20,632,085</u>	<u>2,373,175</u>
Noncurrent assets:				
Restricted cash	-	-	-	39,850
Capital assets:				
Land and construction in progress	2,650,797	1,106,620	3,757,417	-
Capital assets, net of accumulated depreciation	<u>71,818,688</u>	<u>18,411</u>	<u>71,837,099</u>	<u>28,612</u>
Total noncurrent assets	74,469,485	1,125,031	75,594,516	68,462
Total assets	<u>\$ 94,748,950</u>	<u>\$ 1,477,651</u>	<u>\$ 96,226,601</u>	<u>\$ 2,441,637</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 721,469	\$ 33,442	\$ 754,911	\$ 203,644
Accrued payroll and related expenses	160,743	-	160,743	66,550
Due to other funds	-	2,463	2,463	-
Due to Medford Water Commission	55,068	1,886	56,954	-
Compensated absences, due within one year	<u>40,743</u>	<u>-</u>	<u>40,743</u>	<u>3,252</u>
Total current liabilities	978,023	37,791	1,015,814	273,446
Noncurrent liabilities:				
Compensated absences, due in more than one year	162,974	-	162,974	13,007
Total liabilities	<u>1,140,997</u>	<u>37,791</u>	<u>1,178,788</u>	<u>286,453</u>
NET ASSETS				
Invested in capital assets, net of related debt	74,469,485	1,125,031	75,594,516	28,612
Restricted for:				
Future system development	13,011,448	-	13,011,448	-
Employee section 125 plan	-	-	-	39,850
Unrestricted	<u>6,127,020</u>	<u>314,829</u>	<u>6,441,849</u>	<u>2,086,722</u>
Total net assets	93,607,953	1,439,860	95,047,813	2,155,184
Total liabilities and net assets	<u>\$ 94,748,950</u>	<u>\$ 1,477,651</u>	<u>\$ 96,226,601</u>	<u>\$ 2,441,637</u>

CITY OF MEDFORD
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2008

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Sewer Utility Fund</u>	<u>Parking Facilities Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
Operating revenues:				
Charges for services	\$ 9,334,246	\$ 349,748	\$ 9,683,994	\$ 80,046
Intergovernmental revenues	13,509	-	13,509	1,847,356
Miscellaneous	61,426	-	61,426	105,168
Total operating revenues	<u>9,409,181</u>	<u>349,748</u>	<u>9,758,929</u>	<u>2,032,570</u>
Operating expenses:				
Salaries and fringe benefits	4,410,263	-	4,410,263	944,435
Operating supplies	919,003	179	919,182	300,019
Professional services	664,576	280,055	944,631	21,415
Repairs and maintenance	249,765	65,151	314,916	4,362
Premiums and claims	48,862	13,850	62,712	339,921
Utilities	227,774	47,358	275,132	1,735
General, administrative, and engineering	117,349	6,568	123,917	37,208
Depreciation	2,954,447	3,509	2,957,956	3,157
Total operating expenses	<u>9,592,039</u>	<u>416,670</u>	<u>10,008,709</u>	<u>1,652,252</u>
Operating income (loss)	<u>(182,858)</u>	<u>(66,922)</u>	<u>(249,780)</u>	<u>380,318</u>
Nonoperating revenues:				
Grants and contracts	61,727	-	61,727	-
Investment earnings	805,324	14,944	820,268	51,607
Total nonoperating revenues	<u>867,051</u>	<u>14,944</u>	<u>881,995</u>	<u>51,607</u>
Income before contributions and transfers	684,193	(51,978)	632,215	431,925
Contributions and transfers:				
Contributions	4,769,355	-	4,769,355	-
Transfers out	(651,129)	(11,600)	(662,729)	(82,256)
Total contributions and transfers	<u>4,118,226</u>	<u>(11,600)</u>	<u>4,106,626</u>	<u>(82,256)</u>
Change in net assets	4,802,419	(63,578)	4,738,841	349,669
Total net assets - beginning	<u>88,805,534</u>	<u>1,503,438</u>	<u>90,308,972</u>	<u>1,805,515</u>
Total net assets - ending	<u>\$ 93,607,953</u>	<u>\$ 1,439,860</u>	<u>\$ 95,047,813</u>	<u>\$ 2,155,184</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, 2008

	Business-type Activities - Enterprise Funds			Governmental Activities
	Sewer Utility Fund	Parking Facilities Fund	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 9,364,224	\$ 333,705	\$ 9,697,929	\$ -
Receipt from interfund services provided	-	-	-	2,054,128
Payments to suppliers	(2,704,869)	(429,900)	(3,134,769)	(701,735)
Payments to employees	(4,350,033)	-	(4,350,033)	(910,805)
Net cash provided (used) by operating activities	<u>2,309,322</u>	<u>(96,195)</u>	<u>2,213,127</u>	<u>441,588</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating Grant	61,727	-	61,727	-
Transfers to other funds	(651,129)	(11,600)	(662,729)	(82,256)
Net cash provided (used) by noncapital financing activities	<u>(589,402)</u>	<u>(11,600)</u>	<u>(601,002)</u>	<u>(82,256)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions	2,168,143	-	2,168,143	-
Acquisition and construction of capital assets	(3,614,665)	-	(3,614,665)	(28,342)
Net cash provided (used) by capital and related financing activities	<u>(1,446,522)</u>	<u>-</u>	<u>(1,446,522)</u>	<u>(28,342)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends received	805,324	14,944	820,268	51,607
Net change in cash and cash equivalents	1,078,722	(92,851)	985,871	382,597
Cash and cash equivalents - beginning	18,222,928	407,703	18,630,631	1,355,001
Cash and cash equivalents - ending	<u>\$ 19,301,650</u>	<u>\$ 314,852</u>	<u>\$ 19,616,502</u>	<u>\$ 1,737,598</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (182,858)	\$ (66,922)	\$ (249,780)	\$ 380,318
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	2,954,447	3,509	2,957,956	3,157
(Increase) decrease in accounts receivable	(44,957)	(16,043)	(61,000)	21,558
(Increase) decrease in inventories	-	-	-	(29,352)
Increase (decrease) in accounts payable	(477,540)	(16,739)	(494,279)	32,277
Increase (decrease) in accrued payroll and related expenses	17,108	-	17,108	42,629
Increase (decrease) in compensated absences	43,122	-	43,122	(8,999)
Total adjustments	2,492,180	(29,273)	2,462,907	61,270
Net cash provided (used) by operating activities	<u>\$ 2,309,322</u>	<u>\$ (96,195)</u>	<u>\$ 2,213,127</u>	<u>\$ 441,588</u>
Noncash capital activity:				
Contributions of capital assets from developers	<u>\$ 2,601,212</u>	<u>\$ -</u>	<u>\$ 2,601,212</u>	<u>\$ -</u>

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

CITY OF MEDFORD

Notes to the Financial Statements

June 30, 2008

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 units are reported in separate columns in the government-wide financial statements (see note below for description) to emphasize that they are legally separate from the City.

Blended component unit. The Medford Urban Renewal Agency ("Agency" or "MURA") provides services almost entirely to the City and is governed by a Board comprised of members appointed and governed by the Council. The services MURA provides are the beautification and revitalization of the MURA district which is primarily downtown Medford. Upon completion, all projects constructed become assets of the City of Medford. Primary projects are constructing parking garages and parking lots. Additionally, MURA has completed many streetscape projects which entail improving sidewalks, adding landscaping to the sidewalks, adding benches and pedestrian friendly street lighting. The Agency was formed by the City, as a separate legal entity, to implement these programs in the revitalization plan of the City. The goal is to eliminate blight and attract aesthetically pleasing, job producing private investments that will improve and stabilize property values. Projects are funded through tax increment financing. The Agency 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 units. 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.

Medford Parks and Recreation Foundation ("Foundation") was founded in 2005 to preserve, promote, and support the providing of access to a variety of park and recreational experiences to the citizens of the City of Medford, including athletics and the preservation of the natural environment within areas of existing and potential future growth of the City of Medford and Jackson County. Separate financial statements for the foundation may be obtained at the Foundation's administrative office which is located as 701 North Columbus Avenue, Medford, Oregon 97501.

B. Government-wide and fund financial statements

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

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

CITY OF MEDFORD

Notes to the Financial Statements

June 30, 2008

Note I - Summary of significant accounting policies, continued**B. Government-wide and fund financial statements, continued**

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

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

The government reports the following major proprietary funds:

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

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

CITY OF MEDFORD

Notes to the Financial Statements

June 30, 2008

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

Additionally, the government reports the following fund types:

Special revenue funds account for 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.

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."

CITY OF MEDFORD

Notes to the Financial Statements

June 30, 2008

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

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

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

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

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

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

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

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

3. Inventories

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

4. Restricted cash

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

CITY OF MEDFORD

Notes to the Financial Statements

June 30, 2008

Note I - Summary of significant accounting policies, continued

E. Assets, liabilities and net assets, continued

5. Capital assets

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

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, 2008, the City and Commission did not capitalize any interest.

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

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

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

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

6. Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. 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 whose sick leave bank exceeds a set amount, are permitted to sell back their sick leave in excess of these hours. Management receives a pay out for the amount in excess of 520 hours upon termination of employment. No amount has been accrued for these pay outs, as management considers the amount to be immaterial. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured; for example, as a result of employee resignations and retirements.

7. Long-term obligations

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

CITY OF MEDFORD

Notes to the Financial Statements

June 30, 2008

Note I - Summary of significant accounting policies, continued**E. Assets, liabilities and net assets, continued****8. Pension plan**

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

9. Fund 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.

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, 2008.

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.

CITY OF MEDFORD

Notes to the Financial Statements

June 30, 2008

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."

As of June 30, 2008, the City's cash and investment balances were reported as follows:

	<u>Component Units</u>			Total Reporting Entity
	Primary Government	Medford Water Commission	Parks Foundation	
Petty cash	\$ 5,028	\$ -	\$ -	\$ 5,028
Deposits with financial institutions	23,678,245	635,228	62,054	24,375,527
Certificates of deposit	31,207,208	4,075,287	-	35,282,495
Investments in LGIP	<u>32,255,773</u>	<u>24,678,055</u>	<u>-</u>	<u>56,933,828</u>
Total cash and investments	<u>\$ 87,146,254</u>	<u>\$ 29,388,570</u>	<u>\$ 62,054</u>	<u>\$116,596,878</u>

Cash and investments are reported as follows:

Unrestricted cash and cash equivalents	\$ 81,105,200	\$ 14,447,677	\$ 62,054	\$ 95,614,931
Restricted:				
Cash and cash equivalents	<u>6,041,054</u>	<u>14,940,893</u>	<u>-</u>	<u>20,981,947</u>
Total cash and investments	<u>\$ 87,146,254</u>	<u>\$ 29,388,570</u>	<u>\$ 62,054</u>	<u>\$116,596,878</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 securities held by the depositories.

Investments. The City's investment in the State of Oregon Local Government Investment Pool ("Pool") is valued at the Pool's share price which is the price the investment could be sold for on June 30, 2008, the fair market value under GASB Statement 31.

Interest rate risk. As a 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 of LGIP and certificates of deposit. As of June 30, 2008, 77% of the investments in LGIP mature within 93 days, 3% mature within 94 days to one year and 20% mature within one to three years.

Concentration of Credit Risk. The City has a concentration in the investments in the Pool.

Credit risk -- Investments. State statutes authorize the City to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers acceptances, certain commercial papers and the State Treasurer's Investment Pool, among others.

The Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the Pool's investment policies. The State Treasurer is the investment officer for the Pool and is responsible for all funds in the Pool. These funds must be invested and the investments managed as a prudent investor would, exercising reasonable care, skill and caution. Investments in the fund are further governed by portfolio guidelines issued by the Oregon Short Term

CITY OF MEDFORD

Notes to the Financial Statements

June 30, 2008

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

Funds Board, which establish diversification percentages and specify the types of maturities of investments. The Oregon Audits Division of the Secretary of State's Office audits the Pool annually.

The LGIP's portfolio concentration of credit risk at June 30, 2008 included: U.S. Agency securities (52.7%), Corporate bonds (26.2%), Commercial Paper (16.4%), Bank Notes (3.2%) and Certificates of Deposits (1.5%). The credit risk associated with the investments was: AAA rating (53.6%), AA rating (24.9%), A rating (18.4%), and not rated (3.1%).

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 6/30/2008</u>
8/11/2003	\$ 1,733	Jun. 2013	\$ 281,168
12/1/2003	759	Dec. 2013	120,490
5/1/2005	506	Oct. 2013	<u>80,478</u>
Total			<u>\$ 482,136</u>

C. Prepaid expenses

The City and the Commission made advanced payments to the Oregon Public Employees Retirement System to reduce the outstanding unfunded actuarial liability. The payments were made in September 2000 and May 2004. These amounts have been recorded as a prepaid expense, and are being amortized over 30 years on a straight-line basis. The balances, net of accumulated amortization, at year end were \$27,404,167 and \$2,679,023 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>Deferred revenue</u>	<u>2008</u>
Property taxes	\$ 1,443,003
Municipal court receivable	906,568
Franchise agreement	604,764
Notes receivable	482,136
Assessments receivable	<u>83,612</u>
Total	<u>\$ 3,520,083</u>

CITY OF MEDFORD

Notes to the Financial Statements

June 30, 2008

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

Capital asset activity for the year ended June 30, 2008 was as follows:

Primary Government, Governmental activities:	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
Capital assets, not being depreciated:				
Land, as restated	\$ 12,641,099	\$ 4,599,073	\$ -	\$ 17,240,172
Land - rights of way	82,502,755	-	-	82,502,755
Construction in progress, as restated	<u>27,163,645</u>	<u>17,321,346</u>	<u>(27,163,645)</u>	<u>17,321,346</u>
Total capital assets, not being depreciated	<u>122,307,499</u>	<u>21,920,419</u>	<u>(27,163,645)</u>	<u>117,064,273</u>
Capital assets, being depreciated:				
Buildings	14,534,410	1,061,384	-	15,595,794
Improvements	14,495,277	824,282	-	15,319,559
Equipment	20,427,219	2,063,191	(90,288)	22,400,122
Parking structures, as restated	6,704,335	-	-	6,704,335
Infrastructure, as restated	<u>119,276,342</u>	<u>30,923,260</u>	<u>-</u>	<u>150,199,602</u>
Total capital assets, being depreciated	175,437,583	34,872,117	(90,288)	210,219,412
Less accumulated depreciation for:				
Buildings, as restated	(4,342,310)	(360,653)	-	(4,702,963)
Improvements, as restated	(6,489,258)	(734,307)	-	(7,223,565)
Equipment	(15,798,416)	(1,758,968)	90,288	(17,467,096)
Parking structures, as restated	(2,414,541)	(335,216)	-	(2,749,757)
Infrastructure, as restated	<u>(46,153,884)</u>	<u>(6,609,436)</u>	<u>-</u>	<u>(52,763,320)</u>
Total accumulated depreciation	<u>(75,198,409)</u>	<u>(9,798,580)</u>	<u>90,288</u>	<u>(84,906,701)</u>
Total capital assets, being depreciated, net	<u>100,239,174</u>	<u>25,073,537</u>	<u>-</u>	<u>125,312,711</u>
Governmental activities capital assets, net	<u>\$ 222,546,673</u>	<u>\$ 46,993,956</u>	<u>\$ (27,163,645)</u>	<u>\$ 242,376,984</u>

Capital assets beginning accumulated depreciation was restated as follows:

Governmental activities:	Beginning Balance, as Previously Reported	Restatement	Beginning Balance, as Restated
Capital assets			
Land	\$ 17,226,038	\$ (4,584,939)	\$ 12,641,099
CIP	29,533,987	(2,370,342)	27,163,645
Parking Structures	6,327,309	377,026	6,704,335
Infrastructure	115,057,041	4,219,301	119,276,342
Accumulated depreciation			
Buildings	(4,338,375)	(3,935)	(4,342,310)
Improvements	(6,482,476)	(6,782)	(6,489,258)
Parking structures	(1,069,209)	(1,345,332)	(2,414,541)
Infrastructure	(45,620,385)	(533,499)	(46,153,884)

CITY OF MEDFORD

Notes to the Financial Statements

June 30, 2008

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/ Transfers</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 1,173,026	\$ -	\$ -	\$ 1,173,026
Construction in progress	<u>2,366,044</u>	<u>2,584,390</u>	<u>(2,366,044)</u>	<u>2,584,390</u>
Total capital assets, not being depreciated	<u>3,539,070</u>	<u>2,584,390</u>	<u>(2,366,044)</u>	<u>3,757,416</u>
Capital assets, being depreciated:				
Buildings	6,476,356	3,985	-	6,480,341
Improvements	24,138,477	2,916,462	-	27,054,939
Equipment	13,717,611	450,643	-	14,168,254
Sewers	24,155,610	873,095	-	25,028,705
Storm drains	<u>33,977,821</u>	<u>2,141,280</u>	<u>-</u>	<u>36,119,101</u>
Total capital assets, being depreciated	102,465,875	6,385,465	-	108,851,340
Less accumulated depreciation for:				
Buildings	(1,963,962)	(161,256)	-	(2,125,218)
Improvements	(7,620,535)	(708,781)	-	(8,329,316)
Equipment, as restated	(9,460,035)	(879,205)	-	(10,339,240)
Sewers	(8,781,433)	(489,320)	-	(9,270,753)
Storm drains	<u>(6,230,319)</u>	<u>(719,394)</u>	<u>-</u>	<u>(6,949,713)</u>
Total accumulated depreciation	<u>(34,056,284)</u>	<u>(2,957,956)</u>	<u>-</u>	<u>(37,014,240)</u>
Total capital assets, being depreciated, net	<u>68,409,591</u>	<u>3,427,509</u>	<u>-</u>	<u>71,837,100</u>
Business-type activities capital assets, net	<u>\$ 71,948,661</u>	<u>\$ 6,011,899</u>	<u>\$ (2,366,044)</u>	<u>\$ 75,594,516</u>

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

Governmental activities:	
General government	\$ 1,472,226
Public safety	872,407
Highways and streets	6,839,177
Culture and recreation	<u>614,770</u>
Total depreciation expense - governmental activities	<u>\$ 9,798,580</u>
Business-type activities:	
Sewer	\$ 2,954,447
Parking services	<u>3,509</u>
Total depreciation expense - business-type activities	<u>\$ 2,957,956</u>

CITY OF MEDFORD

Notes to the Financial Statements

June 30, 2008

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

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
Medford Water Commission:				
Capital assets, not being depreciated:				
Land and right-of-way	\$ 2,990,095	\$ -	\$ -	\$ 2,990,095
Construction in progress	<u>1,169,276</u>	<u>4,825,048</u>	<u>(3,792,751)</u>	<u>2,201,573</u>
Total capital assets, not being depreciated	<u>4,159,371</u>	<u>4,825,048</u>	<u>(3,792,751)</u>	<u>5,191,668</u>
Capital assets, being depreciated:				
Buildings, supply and distribution system	100,741,660	5,675,287	-	106,416,947
Equipment	<u>5,247,791</u>	<u>749,991</u>	<u>(106,668)</u>	<u>5,891,114</u>
Total capital assets, being depreciated	105,989,451	6,425,278	(106,668)	112,308,061
Less accumulated depreciation for:				
Buildings, supply and distribution system	(27,375,867)	(1,664,589)	-	(29,040,456)
Equipment	<u>(2,736,002)</u>	<u>(408,954)</u>	<u>103,500</u>	<u>(3,041,456)</u>
Total accumulated depreciation	<u>(30,111,869)</u>	<u>(2,073,543)</u>	<u>103,500</u>	<u>(32,081,912)</u>
Total capital assets, being depreciated, net	<u>75,877,582</u>	<u>4,351,735</u>	<u>(3,168)</u>	<u>80,226,149</u>
Medford Water Commission capital assets, net	<u>\$ 80,036,953</u>	<u>\$ 9,176,783</u>	<u>\$ (3,795,919)</u>	<u>\$ 85,417,817</u>
Parks Foundation:				
Capital assets, not being depreciated:				
Land and improvements	<u>\$ 965,000</u>	<u>\$ 552,500</u>	<u>\$ 1,517,500</u>	<u>\$ -</u>

CITY OF MEDFORD

Notes to the Financial Statements

June 30, 2008

Note III - Detailed notes on all funds, continued**F. 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 %	\$ 1,060,000
PERS actuarial bonds, maturing 2028	4.91 to 6.10 %	29,205,000
2006 Sidewalk Series maturing on 2021	4.00 to 4.50 %	4,165,000
Revenue bonds:		
Gas tax, street revenue bonds, maturing 2010 through 2014	4.00 to 4.40 %	4,410,000
Gas tax, revenue bonds, maturing through 2012	3.00 to 4.15 %	2,205,000
2002 Parks limited tax revenue bonds, maturing 2010 through 2022	3.00 to 5.00 %	4,470,000
2007 Parks limited tax revenue bonds, maturing 2022	3.50 to 4.16 %	18,485,000
1994A Urban renewal redevelopment bonds, maturing 2012	2.75 to 5.30 %	420,000
1994B Urban redevelopment bonds, maturing 2012	2.75 to 5.30 %	785,000
1996 A Urban redevelopment bonds, maturing 2011	4.00 to 5.88 %	1,075,000
2002A Refunding bonds, maturing 2013	3.00 to 4.50 %	4,635,000
2004 Urban redevelopment bonds, maturing 2013	3.55 %	5,570,000
2005 Series A, maturing 2013	3.17 %	2,669,000
2007 Series A , maturing 2022	4.65%	2,535,000
Loans:		
Oregon housing loan, maturing 2013	1.00 %	424,689
Total bonds and loans		82,113,689
Unamortized bond premium		36,530
Total bonds, loans and unamortized premium		\$ 82,150,219

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.

CITY OF MEDFORD

Notes to the Financial Statements

June 30, 2008

Note III - Detailed notes on all funds, continued**F. 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
2009	\$ 5,816,102	\$ 3,930,883
2010	6,085,693	3,688,539
2011	5,872,290	3,428,538
2012	6,220,893	3,189,727
2013	5,968,502	2,953,537
2014 - 2018	13,540,209	12,344,184
2019 - 2023	18,440,000	8,541,819
2024 - 2028	20,170,000	3,206,116
Total	<u>\$ 82,113,689</u>	<u>\$ 41,283,343</u>

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2008, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 35,155,000	\$ -	\$ (725,000)	\$ 34,430,000	\$ 760,000
Special obligation bonds	20,400,000	-	(2,711,000)	17,689,000	2,922,000
Revenue bonds	<u>31,405,000</u>	-	<u>(1,835,000)</u>	<u>29,570,000</u>	<u>2,075,000</u>
Total bonds payable	86,960,000	-	(5,271,000)	81,689,000	5,757,000
Oregon housing loan	<u>483,205</u>	-	<u>(58,516)</u>	<u>424,689</u>	<u>59,102</u>
Total bonds and notes payable	87,443,205	-	(5,329,516)	82,113,689	5,816,102
Capital leases	17,645	-	(17,645)	-	-
Compensated absences	<u>1,896,555</u>	<u>3,384,236</u>	<u>(3,252,036)</u>	<u>2,028,755</u>	<u>405,751</u>
Governmental activity long-term liabilities	<u>\$ 89,357,405</u>	<u>\$ 3,384,236</u>	<u>\$ (8,599,197)</u>	<u>\$ 84,142,444</u>	<u>\$ 6,221,853</u>
Business-type activities:					
Compensated absences	<u>\$ 160,596</u>	<u>\$ 364,751</u>	<u>\$ (321,630)</u>	<u>\$ 203,717</u>	<u>\$ 40,743</u>

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

CITY OF MEDFORD

Notes to the Financial Statements

June 30, 2008

Note III - Detailed notes on all funds, continued**G. 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, 2008. The future minimum lease payments for these leases are as follows:

Year ending June 30,	Amount
2009	\$ 19,200
2010	19,200
2011	19,200
2012	19,200
2013	19,200
2014	<u>6,400</u>
Total	<u>\$ 102,400</u>

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	\$ 79,988	\$ -
MURA General Fund	2,463	(42,641)
Parking Facilities Fund	-	(2,463)
Nonmajor Governmental Funds	<u>-</u>	<u>(37,347)</u>
Total	<u>\$ 82,451</u>	<u>\$ (82,451)</u>

Interfund transfers:

	Transfers In:			
	General Fund	Park Dedication Fund	Nonmajor Governmental Funds	Total Transfers Out
<u>Transfers Out:</u>				
General Fund	\$ -	\$ 435,800	\$ 2,149,655	\$2,585,455
Park Dedication Fund	15,650	-	539,349	554,999
Street System Development Charge Fund	506	-	-	506
MURA General Fund	-	-	325,000	325,000
Nonmajor Governmental Funds	935,940	-	2,595,327	3,531,267
Sewer Utility Fund	651,129	-	-	651,129
Parking Facilities Fund	11,600	-	-	11,600
Internal Service Funds	<u>82,256</u>	<u>-</u>	<u>-</u>	<u>82,256</u>
Total transfers in	<u>\$1,697,081</u>	<u>\$ 435,800</u>	<u>\$ 5,609,331</u>	<u>\$7,742,212</u>

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

CITY OF MEDFORD

Notes to the Financial Statements

June 30, 2008

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 \$475,709 for processing and collecting \$13,302,015 in sewer, drainage, street fee billings, park utility fees, and public safety fees. Water sales to the City were \$114,536 the year ended June 30, 2008.

The Commission pays the City for legal counsel, other services and materials and supplies. During the year, the Commission paid the City \$137,591 for these items. The Commission also paid the City a franchise tax amounting to \$90,000 in fiscal year 2008.

During the year ended June 30, 2008, the City donated \$530,000 to the Foundation and the Foundation donated \$35,200 to the City. In addition the Foundation donated land and a constructed park to the City at an estimated value of \$1,347,500.

C. Conduit debt

The Hospital Facilities Authority of the City of Medford issued refunding bonds in 2005, 2006 and 2007. The balance of these bonds was \$442,625,686 as of June 30, 2008. 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.

D. 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.

CITY OF MEDFORD

Notes to the Financial Statements

June 30, 2008

Note IV - Other information, continued**E. Commitments and contingencies**

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

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

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

MURA is involved in a number of urban renewal projects involving commitments to complete the projects in the future. At June 30, 2008, total commitments were \$14.1 million.

F. 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" of PERS benefits for persons who established PERS membership on or after January 1, 1996. These Tier Two members do not have the Tier One assumed earnings rate guarantee, and have a higher normal retirement age of 60, compared to 58 for Tier One. Employer contributions to PERS are required by state statute and are made at actuarially determined rates as adopted by the OPERB. The City's current annual required contribution rate of 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.

CITY OF MEDFORD

Notes to the Financial Statements

June 30, 2008

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

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, 2008. The City's 6% "pick-up" contributions for the years ending June 30, 2008, 2007, and 2006 were \$1,735,379, \$1,579,071 and \$1,489,098. 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 8.25% of covered payroll for PERS tier one and tier two and 7.55% for general service and 10.82% for police and fire of covered payroll for OPSRP for the fiscal year ended June 30, 2008. 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, 2008, 2007, and 2006 were \$2,383,431, \$2,554,161, and \$2,524,583 respectively, equal to the required contributions for each year.

G. Prior period adjustments

The City's beginning net assets were adjusted to properly report capital assets, accumulated depreciation, prepaid bond issuance costs and bond premium at June 30, 2007. The Commission's beginning net assets were adjusted to properly report the work in progress amounts at June 30, 2007. The adjustments are as follows:

Governmental-type Activities

Net assets at June 30, 2007	\$249,555,469
Adjustments to correct	<u>(4,292,362)</u>
Net assets at July 1, 2007, as restated	<u>\$245,263,107</u>

Component Unit - Medford Water Commission

Net assets at June 30, 2007	\$110,149,412
Adjustments to correct	<u>487,310</u>
Net assets at July 1, 2007, as restated	<u>\$110,636,722</u>

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, 2008

	Biennium Budget		First Year Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 54,546,000	\$ 54,546,000	\$ 26,090,032	\$(28,455,968)
Franchise taxes	13,320,000	13,320,000	7,805,598	(5,514,402)
Lodging taxes	2,580,000	2,580,000	1,276,748	(1,303,252)
Licenses and permits	1,472,000	1,472,000	736,784	(735,216)
Intergovernmental revenues	9,323,100	9,400,550	4,474,260	(4,926,290)
Charges for services	2,118,800	2,124,800	1,036,743	(1,088,057)
Fines and penalties	2,638,000	2,638,000	1,376,390	(1,261,610)
Investment earnings	1,544,500	1,544,500	962,796	(581,704)
Contributions	5,000	23,130	22,533	(597)
Other revenue	51,500	51,500	99,665	48,165
Grants and contracts	75,200	221,690	471,615	249,925
Total revenues	87,674,100	87,922,170	44,353,164	(43,569,006)
Expenditures:				
Mayor and council	880,200	841,200	317,919	523,281
Neighborhood resources	842,670	839,670	402,913	436,757
Debt service	1,385,930	1,396,930	642,600	754,330
Police	35,559,790	36,864,780	18,014,195	18,850,585
Fire	20,498,490	20,788,990	9,775,654	11,013,336
Parks and recreations:				
Parks and recreation	6,263,140	6,472,120	3,241,015	3,231,105
City tree program	253,770	255,970	117,790	138,180
Building maintenance	3,799,790	3,837,030	1,649,782	2,187,248
Planning	3,761,480	3,820,480	1,675,348	2,145,132
Public Works - Engineering	1,600,940	1,662,340	713,605	948,735
CMO	2,402,200	2,435,700	1,059,224	1,376,476
Technology services	4,962,970	4,970,970	2,154,661	2,816,309
Legal	918,470	918,470	411,886	506,584
Human resources	903,450	909,450	425,355	484,095
Finance	4,365,520	3,578,520	1,110,318	2,468,202
Contingency	10,381,000	10,509,060	-	10,509,060
Total expenditures	98,779,810	100,101,680	41,712,265	58,389,415
Excess revenues over (under) expenditures	(11,105,710)	(12,179,510)	2,640,899	14,820,409
Other financing sources (uses):				
Transfers in	3,662,430	3,662,430	1,697,081	(1,965,349)
Transfers out	(5,972,250)	(5,984,850)	(2,585,455)	3,399,395
Sale of capital assets	-	-	9,431	9,431
Total other financing sources (uses)	(2,309,820)	(2,322,420)	(878,943)	1,443,477
Net change in fund balances	(13,415,530)	(14,501,930)	1,761,956	16,263,886
Fund Balance:				
Beginning	16,241,200	17,264,760	17,865,765	601,005
Ending	\$ 2,825,670	\$ 2,762,830	\$ 19,627,721	\$ 16,864,891

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, 2008

	Biennium Budget		First Year Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Lodging taxes	\$ 1,290,000	\$ 1,290,000	\$ 638,374	\$ (651,626)
Other taxes	820,000	820,000	314,068	(505,932)
System development charges	1,775,000	1,775,000	538,114	(1,236,886)
Charges for services	10,000	10,000	-	(10,000)
Investment earnings	328,900	328,900	855,431	526,531
Contributions	100,000	125,500	68,400	(57,100)
Other revenue	300,000	300,000	17,450	(282,550)
Grants and contracts	198,000	247,000	27,623	(219,377)
Total revenues	<u>4,821,900</u>	<u>4,896,400</u>	<u>2,459,460</u>	<u>(2,436,940)</u>
Expenditures:				
Park development	22,638,120	26,224,950	12,403,084	13,821,866
Contingency	141,380	44,250	-	44,250
Total expenditures	<u>22,779,500</u>	<u>26,269,200</u>	<u>12,403,084</u>	<u>13,866,116</u>
Excess revenues under expenditures	<u>(17,957,600)</u>	<u>(21,372,800)</u>	<u>(9,943,624)</u>	<u>11,429,176</u>
Other financing sources (uses):				
Transfers in	435,800	435,800	435,800	-
Transfers out	(914,800)	(1,014,000)	(554,999)	459,001
Total other financing sources (uses)	<u>(479,000)</u>	<u>(578,200)</u>	<u>(119,199)</u>	<u>459,001</u>
Net change in fund balances	(18,436,600)	(21,951,000)	(10,062,823)	11,888,177
Fund Balance:				
Beginning	<u>18,436,600</u>	<u>21,951,000</u>	<u>21,951,083</u>	<u>83</u>
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,888,260</u>	<u>\$ 11,888,260</u>

CITY OF MEDFORD
 Street System Development Charges Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 7,759,000	\$ 7,759,000	\$ 2,146,447	\$ (5,612,553)
Investment earnings	700,700	700,700	545,202	(155,498)
Other revenue	-	-	60,000	60,000
Total revenues	<u>8,459,700</u>	<u>8,459,700</u>	<u>2,751,649</u>	<u>(5,708,051)</u>
Expenditures:				
Street development	22,095,560	22,095,560	14,213,866	7,881,694
Contingency	2,761,900	2,761,900	-	2,761,900
Total expenditures	<u>24,857,460</u>	<u>24,857,460</u>	<u>14,213,866</u>	<u>10,643,594</u>
Excess revenues under expenditures	<u>(16,397,760)</u>	<u>(16,397,760)</u>	<u>(11,462,217)</u>	<u>4,935,543</u>
Other financing sources (uses):				
Transfers in	1,070,000	1,070,000	-	(1,070,000)
Transfers out	(1,060)	(1,060)	(506)	554
Sale of capital assets	-	-	2,730	2,730
Total other financing sources (uses)	<u>1,068,940</u>	<u>1,068,940</u>	<u>2,224</u>	<u>(1,066,716)</u>
Net change in fund balances	<u>(15,328,820)</u>	<u>(15,328,820)</u>	<u>(11,459,993)</u>	<u>3,868,827</u>
Fund Balance:				
Beginning	<u>15,958,500</u>	<u>15,958,500</u>	<u>16,668,028</u>	<u>709,528</u>
Ending	<u>\$ 629,680</u>	<u>\$ 629,680</u>	<u>\$ 5,208,035</u>	<u>\$ 4,578,355</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, 2008

	<u>Annual Budget</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Property taxes	\$ 788,530	\$ 788,530	\$ 767,881	\$ (20,649)
Charges for services	57,700	57,700	57,700	-
Investment earnings	281,900	281,900	359,881	77,981
Other revenue	18,800	18,800	73,207	54,407
Grants and contracts	469,000	469,000	174,000	(295,000)
Rental Income	70,400	70,400	80,733	10,333
Total revenues	<u>1,686,330</u>	<u>1,686,330</u>	<u>1,513,402</u>	<u>(172,928)</u>
Expenditures:				
Personal services	339,800	339,800	299,092	40,708
Materials and Services	467,700	467,700	262,880	204,820
Capital outlay	5,489,800	5,489,800	1,856,362	3,633,438
Debt service	63,500	63,500	63,349	151
Contingency	186,130	186,130	-	186,130
Total expenditures	<u>6,546,930</u>	<u>6,546,930</u>	<u>2,481,683</u>	<u>4,065,247</u>
Excess revenues over (under) expenditures	<u>(4,860,600)</u>	<u>(4,860,600)</u>	<u>(968,281)</u>	<u>3,892,319</u>
Other financing sources (uses):				
Transfers out	(325,000)	(325,000)	(325,000)	-
Special assessment bonds	3,250,000	3,250,000	-	(3,250,000)
Net change in fund balances	(1,935,600)	(1,935,600)	(1,293,281)	642,319
Fund Balance:				
Beginning of year	<u>1,935,600</u>	<u>1,935,600</u>	<u>4,325,945</u>	<u>2,390,345</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,032,664</u>	<u>\$ 3,032,664</u>

OTHER SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF MEDFORD
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
ASSETS				
Cash and cash equivalents	\$ 7,994,870	\$ 3,057,091	\$ 5,897,249	\$ 16,949,210
Receivables				
Taxes	-	296,297	-	296,297
Accounts	684,933	101,581	14,625	801,139
Other	4,277	-	-	4,277
Due from Medford Water Commission	649,308	-	-	649,308
Restricted Cash	904,520	542,452	-	1,446,972
Total assets	<u>\$ 10,237,908</u>	<u>\$ 3,997,421</u>	<u>\$ 5,911,874</u>	<u>\$ 20,147,203</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,138,183	\$ -	\$ 1,434,801	\$ 2,572,984
Accrued payroll and related expenses	206,998	-	11,757	218,755
Due to other funds	62,642	-	16	62,658
Deferred revenues	-	316,368	-	316,368
Total liabilities	<u>1,407,823</u>	<u>316,368</u>	<u>1,446,574</u>	<u>3,170,765</u>
Fund Balances:				
Reserved for:				
Highways and streets	5,019,620	-	-	5,019,620
Debt service	-	3,681,053	-	3,681,053
Unreserved	3,810,465	-	4,465,300	8,275,765
Total fund balances	<u>8,830,085</u>	<u>3,681,053</u>	<u>4,465,300</u>	<u>16,976,438</u>
Total liabilities and fund balances	<u>\$ 10,237,908</u>	<u>\$ 3,997,421</u>	<u>\$ 5,911,874</u>	<u>\$ 20,147,203</u>

CITY OF MEDFORD
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2008

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
REVENUES				
Taxes				
Property	\$ -	\$ 4,080,451	\$ -	\$ 4,080,451
Franchise and lodging	638,372	-	-	638,372
State gas tax	3,256,822	-	-	3,256,822
Special assessments	-	27,084	-	27,084
Charges for services	6,677,816	-	-	6,677,816
Intergovernmental	19,077	-	-	19,077
Licenses, permits and fees	2,612,559	-	-	2,612,559
Investment earnings	411,333	57,510	275,989	744,832
Grants and contributions	1,044,463	-	24,347	1,068,810
Miscellaneous	34,202	280	39,168	73,650
Total revenues	<u>14,694,644</u>	<u>4,165,325</u>	<u>339,504</u>	<u>19,199,473</u>
EXPENDITURES				
Current				
General government	1,750,006	-	-	1,750,006
Public safety	604,733	-	-	604,733
Highways and streets	5,487,947	-	197,748	5,685,695
Culture and recreation	150,513	-	-	150,513
Community Development	638,372	-	-	638,372
Debt service				
Principal	-	5,271,000	-	5,271,000
Interest	-	4,294,083	-	4,294,083
Capital outlay	2,743,576	-	1,564,954	4,308,530
Excess (deficiency) of revenues over (under) expenditures	<u>3,319,497</u>	<u>(5,399,758)</u>	<u>(1,423,198)</u>	<u>(3,503,459)</u>
OTHER FINANCING SOURCES				
Sale of capital assets	5,000	-	-	5,000
Transfers in	9,660	5,599,671	-	5,609,331
Transfers out	(3,504,235)	-	(27,032)	(3,531,267)
Total other financing sources (uses)	<u>(3,489,575)</u>	<u>5,599,671</u>	<u>(27,032)</u>	<u>2,083,064</u>
Net change in fund balances	(170,078)	199,913	(1,450,230)	(1,420,395)
Fund balance - beginning	9,000,163	3,481,140	5,915,530	18,396,833
Fund balance - ending	<u>\$ 8,830,085</u>	<u>\$ 3,681,053</u>	<u>\$ 4,465,300</u>	<u>\$ 16,976,438</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 inspections.

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

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

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

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

Bear Creek Reconstruction Fund - Accounts for amounts, held in a fiduciary capacity, set aside for reconstruction projects within the Bear Creek Area.

Bear Creek Maintenance Fund - Accounts for amounts, held in a fiduciary capacity, set aside for maintaining the Bear Creek Area.

Parks Utility Fund - Accounts for operation, maintenance and construction of parks facilities and beautification for right of way strip maintenance.

Veteran's Park Fund – Accounts for the betterment of Veterans Memorial in Medford's Veteran's Park.

Community Park Reserve Fund – Accounts for the betterment of community parks in the City of Medford.

CITY OF MEDFORD
Combining Balance Sheet
Special Revenue Funds
June 30, 2008

	Public Safety Fund	Gas Tax Fund	Cemetery Trust Fund	Building Code Services Fund	Street Utility Fund
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 769,581	\$ 2,815,214	\$ 7,389	\$ 2,837,255	\$ 1,447,735
Receivables					
Accounts	-	278,051	-	52,958	21,683
Other	-	-	-	-	4,277
Due from other funds	91,637	-	-	-	453,698
Restricted cash	-	855,810	48,710	-	-
Total assets	<u>\$ 861,218</u>	<u>\$ 3,949,075</u>	<u>\$ 56,099</u>	<u>\$ 2,890,213</u>	<u>\$ 1,927,393</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 7,470	\$ 147,561	\$ -	\$ 11,736	\$ 617,690
Accrued payroll and related expenses	36,514	43,866	-	41,804	77,740
Due to other funds	3,522	-	-	17	17,844
Total liabilities	<u>47,506</u>	<u>191,427</u>	<u>-</u>	<u>53,557</u>	<u>713,274</u>
Fund Balances:					
Reserved for:					
Highways and streets	-	3,757,648	-	-	1,214,119
Unreserved	813,712	-	56,099	2,836,656	-
Total fund balances	<u>813,712</u>	<u>3,757,648</u>	<u>56,099</u>	<u>2,836,656</u>	<u>1,214,119</u>
Total liabilities and fund balances	<u>\$ 861,218</u>	<u>\$ 3,949,075</u>	<u>\$ 56,099</u>	<u>\$ 2,890,213</u>	<u>\$ 1,927,393</u>

Community Promotions Fund	Community Development Block Grant Fund	Police Grant Fund	Bear Creek Reconstruction Fund	Bear Creek Maintenance Fund	Parks Utility Fund	Veteran's Park Fund	Community Park Reserve Fund	Total
\$ 50,641	\$ -	\$ 6,531	\$ 11,781	\$ 36,136	\$ 1,533	\$ 7,945	\$ 3,129	\$ 7,994,870
65,775	266,466	-	-	-	-	-	-	684,933
-	-	-	-	-	-	-	-	4,277
-	-	-	-	-	103,973	-	-	649,308
-	-	-	-	-	-	-	-	904,520
<u>\$ 116,416</u>	<u>\$ 266,466</u>	<u>\$ 6,531</u>	<u>\$ 11,781</u>	<u>\$ 36,136</u>	<u>\$ 105,506</u>	<u>\$ 7,945</u>	<u>\$ 3,129</u>	<u>\$ 10,237,908</u>
\$ 116,416	\$ 225,521	\$ -	\$ -	\$ 64	\$ 11,725	\$ -	\$ -	1,138,183
-	3,598	-	-	-	3,476	-	-	206,998
-	37,347	-	-	-	3,912	-	-	62,642
<u>116,416</u>	<u>266,466</u>	<u>-</u>	<u>-</u>	<u>64</u>	<u>19,113</u>	<u>-</u>	<u>-</u>	<u>1,407,823</u>
-	-	-	11,781	36,072	-	-	-	5,019,620
-	-	6,531	-	-	86,393	7,945	3,129	3,810,465
-	-	6,531	11,781	36,072	86,393	7,945	3,129	8,830,085
<u>\$ 116,416</u>	<u>\$ 266,466</u>	<u>\$ 6,531</u>	<u>\$ 11,781</u>	<u>\$ 36,136</u>	<u>\$ 105,506</u>	<u>\$ 7,945</u>	<u>\$ 3,129</u>	<u>\$ 10,237,908</u>

CITY OF MEDFORD

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
 Special Revenue Funds
 For the Year Ended June 30, 2008

	Public Safety Fund	Gas Tax Fund	Cemetery Trust Fund	Building Code Services Fund	Street Utility Fund
REVENUES					
Taxes					
Franchise and lodging	\$ -	\$ -	\$ -	\$ -	\$ -
State gas tax	-	3,256,822	-	-	-
Charges for services	-	192,145	-	-	5,253,114
Intergovernmental	-	-	-	-	19,077
Licenses, permits and fees	1,091,217	-	-	1,521,342	-
Investment earnings	19,932	141,592	2,368	143,437	85,459
Grants and contributions	-	19,740	3,000	-	-
Miscellaneous	-	-	6,580	-	27,622
Total revenues	1,111,149	3,610,299	11,948	1,664,779	5,385,272
EXPENDITURES					
Current					
General government	-	32,475	-	1,473,088	40,775
Public safety	579,467	-	-	25,266	-
Highways and streets	-	1,222,372	-	-	4,265,575
Culture and recreation	-	-	3,308	-	-
Community Development	-	-	-	-	-
Capital outlay	-	165,570	-	317,814	1,459,267
Total expenditures	579,467	1,420,417	3,308	1,816,168	5,765,617
Excess (deficiency) of revenues over (under) expenditures	531,682	2,189,882	8,640	(151,389)	(380,345)
OTHER FINANCING SOURCES					
Sale of capital assets	-	-	-	-	5,000
Transfers in	-	-	-	-	-
Transfers out	-	(1,438,117)	-	(322,535)	(432,868)
Total other financing sources (uses)	-	(1,438,117)	-	(322,535)	(427,868)
Net change in fund balances	531,682	751,765	8,640	(473,924)	(808,213)
Fund balance - beginning	282,030	3,005,883	47,459	3,310,580	2,022,332
Fund balance - ending	\$ 813,712	\$ 3,757,648	\$ 56,099	\$ 2,836,656	\$ 1,214,119

Community Promotions Fund	Community Development Block Grant Fund	Police Grant Fund	Bear Creek Reconstruction Fund	Bear Creek Maintenance Fund	Parks Utility Fund	Veteran's Park Fund	Community Park Reserve Fund	Total
\$ 638,372	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 638,372
-	-	-	-	-	-	-	-	3,256,822
-	-	-	-	-	1,232,557	-	-	6,677,816
-	-	-	-	-	-	-	-	19,077
-	-	-	-	-	-	-	-	2,612,559
-	-	-	509	1,564	16,129	343	-	411,333
-	1,021,723	-	-	-	-	-	-	1,044,463
-	-	-	-	-	-	-	-	34,202
638,372	1,021,723	-	509	1,564	1,248,686	343	-	14,694,644
-	203,668	-	-	-	-	-	-	1,750,006
-	-	-	-	-	-	-	-	604,733
-	-	-	-	-	-	-	-	5,487,947
-	-	-	-	166	147,039	-	-	150,513
638,372	-	-	-	-	-	-	-	638,372
-	800,925	-	-	-	-	-	-	2,743,576
638,372	1,004,593	-	-	166	147,039	-	-	11,375,147
-	17,130	-	509	1,398	1,101,647	343	-	3,319,497
-	-	-	-	-	-	-	-	5,000
-	-	6,531	-	-	-	-	3,129	9,660
-	(17,130)	-	-	-	(1,293,585)	-	-	(3,504,235)
-	(17,130)	6,531	-	-	(1,293,585)	-	3,129	(3,489,575)
-	-	6,531	509	1,398	(191,938)	343	3,129	(170,078)
-	-	-	11,272	34,674	278,331	7,602	-	9,000,163
\$ -	\$ -	\$ 6,531	\$ 11,781	\$ 36,072	\$ 86,393	\$ 7,945	\$ 3,129	\$ 8,830,085

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, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Licenses, permits and fees	\$ 2,090,000	\$ 2,090,000	\$ 1,091,217	\$ (998,783)
Investment earnings	-	-	19,932	19,932
Total revenues	<u>2,090,000</u>	<u>2,090,000</u>	<u>1,111,149</u>	<u>(978,851)</u>
Expenditures:				
Police	1,021,170	1,021,170	262,917	758,253
Fire	<u>1,276,400</u>	<u>1,276,400</u>	<u>316,550</u>	<u>959,850</u>
Total expenditures	<u>2,297,570</u>	<u>2,297,570</u>	<u>579,467</u>	<u>1,718,103</u>
Net change in fund balances	(207,570)	(207,570)	531,682	739,252
Fund Balance:				
Beginning	<u>207,570</u>	<u>207,570</u>	<u>282,030</u>	<u>74,460</u>
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 813,712</u>	<u>\$ 813,712</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, 2008

	Biennium Budget		First Year Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Fuel taxes	\$ 7,000,000	\$ 7,000,000	\$ 3,256,822	\$ (3,743,178)
Charges for services	480,000	480,000	192,145	(287,855)
Investment earnings	1,315,700	1,315,700	141,592	(1,174,108)
Grants and contracts	-	19,740	19,740	-
Total revenues	8,795,700	8,815,440	3,610,299	(5,205,141)
Expenditures:				
Street maintenance and construction	7,138,110	7,157,850	1,420,417	5,737,433
Contingency	260,180	260,180	-	260,180
Total expenditures	7,398,290	7,418,030	1,420,417	5,997,613
Excess revenues over expenditures	1,397,410	1,397,410	2,189,882	792,472
Other financing sources (uses):				
Transfers out	(3,071,330)	(3,071,330)	(1,438,117)	1,633,213
Net change in fund balances	(1,673,920)	(1,673,920)	751,765	2,425,685
Fund Balance:				
Beginning	3,313,000	3,313,000	3,005,883	(307,117)
Ending	\$ 1,639,080	\$ 1,639,080	\$ 3,757,648	\$ 2,118,568

CITY OF MEDFORD

Cemetery Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ 4,160	\$ 4,160	\$ 2,368	\$ (1,792)
Contributions	-	3,000	3,000	-
Other revenue	-	-	6,580	6,580
Total revenues	<u>4,160</u>	<u>7,160</u>	<u>11,948</u>	<u>4,788</u>
Expenditures:				
Cemetery special projects	<u>2,000</u>	<u>5,000</u>	<u>3,308</u>	<u>1,692</u>
Net change in fund balances	2,160	2,160	8,640	6,480
Fund Balance:				
Beginning of year	<u>44,100</u>	<u>44,100</u>	<u>47,459</u>	<u>3,359</u>
End of year	<u>\$ 46,260</u>	<u>\$ 46,260</u>	<u>\$ 56,099</u>	<u>\$ 9,839</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, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Licenses and permits	\$ 4,284,000	\$ 4,284,000	\$ 1,521,342	\$ (2,762,658)
Investment earnings	<u>171,700</u>	<u>171,700</u>	<u>143,437</u>	<u>(28,263)</u>
Total revenues	<u>4,455,700</u>	<u>4,455,700</u>	<u>1,664,779</u>	<u>(2,790,921)</u>
Expenditures:				
Building safety	3,768,570	3,768,570	1,816,168	1,952,402
Contingency	<u>416,200</u>	<u>416,200</u>	<u>-</u>	<u>416,200</u>
Total expenditures	<u>4,184,770</u>	<u>4,184,770</u>	<u>1,816,168</u>	<u>2,368,602</u>
Excess revenues over (under) expenditures	<u>270,930</u>	<u>270,930</u>	<u>(151,389)</u>	<u>(422,319)</u>
Other financing sources (uses):				
Transfers out	<u>(668,800)</u>	<u>(668,800)</u>	<u>(322,535)</u>	<u>346,265</u>
Net change in fund balances	(397,870)	(397,870)	(473,924)	(76,054)
Fund Balance:				
Beginning	<u>3,155,000</u>	<u>3,155,000</u>	<u>3,310,580</u>	<u>155,580</u>
Ending	<u>\$ 2,757,130</u>	<u>\$ 2,757,130</u>	<u>\$ 2,836,656</u>	<u>\$ 79,526</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, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenues	\$ 16,800	\$ 16,800	\$ 19,077	\$ 2,277
Charges for services	11,250,400	11,250,400	5,253,114	(5,997,286)
Investment earnings	157,300	157,300	85,459	(71,841)
Other revenue	<u>30,500</u>	<u>30,500</u>	<u>27,622</u>	<u>(2,878)</u>
Total revenues	<u>11,455,000</u>	<u>11,455,000</u>	<u>5,385,272</u>	<u>(6,069,728)</u>
Expenditures:				
Street maintenance	11,163,510	11,233,270	5,765,617	5,467,653
Contingency	<u>1,023,590</u>	<u>1,023,590</u>	<u>-</u>	<u>1,023,590</u>
Total expenditures	<u>12,187,100</u>	<u>12,256,860</u>	<u>5,765,617</u>	<u>6,491,243</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(732,100)</u>	<u>(801,860)</u>	<u>(380,345)</u>	<u>421,515</u>
Other financing sources (uses):				
Transfers out	(896,700)	(896,700)	(432,868)	463,832
Sale of capital assets	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>
Total other financing sources (uses)	<u>(896,700)</u>	<u>(896,700)</u>	<u>(427,868)</u>	<u>468,832</u>
Net change in fund balances	(1,628,800)	(1,698,560)	(808,213)	890,347
Fund Balance:				
Beginning	<u>1,698,560</u>	<u>1,698,560</u>	<u>2,022,332</u>	<u>323,772</u>
Ending	<u>\$ 69,760</u>	<u>\$ -</u>	<u>\$ 1,214,119</u>	<u>\$ 1,214,119</u>

CITY OF MEDFORD
 Community Promotions Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Lodging taxes	\$ 1,290,000	\$ 1,290,000	\$ 638,372	\$ (651,628)
Expenditures:				
Community promotion	1,290,000	1,290,000	638,372	651,628
Net change in fund balances	-	-	-	-
Fund Balance:				
Beginning	-	-	-	-
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Grants and contracts	<u>1,700,000</u>	<u>1,700,000</u>	<u>1,021,723</u>	<u>\$ (678,277)</u>
Expenditures:				
Community development block grant	<u>1,473,360</u>	<u>1,473,360</u>	<u>1,004,593</u>	<u>468,767</u>
Excess revenues over expenditures	<u>226,640</u>	<u>226,640</u>	<u>17,130</u>	<u>(209,510)</u>
Other financing sources (uses):				
Transfers out	<u>(36,700)</u>	<u>(36,700)</u>	<u>(17,130)</u>	<u>19,570</u>
Net change in fund balances	<u>189,940</u>	<u>189,940</u>	<u>-</u>	<u>(189,940)</u>
Fund Balance:				
Beginning	<u>71,200</u>	<u>71,200</u>	<u>-</u>	<u>(71,200)</u>
Ending	<u>\$ 261,140</u>	<u>\$ 261,140</u>	<u>\$ -</u>	<u>\$ (261,140)</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, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:	\$ -	\$ -	\$ -	\$ -
Expenditures:	-	-	-	-
Police grants	-	6,600	-	6,600
Other financing sources (uses):				
Transfers in	-	6,600	6,531	(69)
Net change in fund balances	-	-	6,531	6,531
Fund Balance:				
Beginning	-	-	-	-
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,531</u>	<u>\$ 6,531</u>

CITY OF MEDFORD
 Bear Creek Reconstruction Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ -	\$ -	\$ 509	\$ 509
Expenditures:				
Contingency	10,700	10,700	-	10,700
Net change in fund balances	(10,700)	(10,700)	509	11,209
Fund Balance:				
Beginning	10,700	10,700	11,272	572
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,781</u>	<u>\$ 11,781</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, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ -	\$ -	\$ 1,564	\$ 1,564
Expenditures:				
Bear Creek playground maintenance	4,000	4,000	166	3,834
Contingency	<u>28,900</u>	<u>28,900</u>	<u>-</u>	<u>28,900</u>
Total expenditures	<u>32,900</u>	<u>32,900</u>	<u>166</u>	<u>32,734</u>
Net change in fund balances	(32,900)	(32,900)	1,398	34,298
Fund Balance:				
Beginning	<u>32,900</u>	<u>32,900</u>	<u>34,674</u>	<u>1,774</u>
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,072</u>	<u>\$ 36,072</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, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 2,310,500	\$ 2,310,500	\$ 1,232,557	\$ (1,077,943)
Investment earnings	<u>830,000</u>	<u>830,000</u>	<u>16,129</u>	<u>(813,871)</u>
Total revenues	<u>3,140,500</u>	<u>3,140,500</u>	<u>1,248,686</u>	<u>(1,891,814)</u>
Expenditures:				
Park maintenance	335,760	335,760	147,039	188,721
Contingency	<u>42,000</u>	<u>17,600</u>	<u>-</u>	<u>17,600</u>
Total expenditures	<u>377,760</u>	<u>353,360</u>	<u>147,039</u>	<u>206,321</u>
Excess revenues over expenditures	<u>2,762,740</u>	<u>2,787,140</u>	<u>1,101,647</u>	<u>(1,685,493)</u>
Other financing sources (uses):				
Transfers out	<u>(2,654,660)</u>	<u>(2,743,460)</u>	<u>(1,293,585)</u>	<u>1,449,875</u>
Net change in fund balances	108,080	43,680	(191,938)	(235,618)
Fund Balance:				
Beginning of year	<u>213,900</u>	<u>278,300</u>	<u>278,331</u>	<u>31</u>
End of year	<u>\$ 321,980</u>	<u>\$ 321,980</u>	<u>\$ 86,393</u>	<u>\$ (235,587)</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, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 343</u>	<u>\$ 343</u>
Expenditures:				
Veterans park special projects	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Net change in fund balances	(2,000)	(2,000)	343	2,343
Fund Balance:				
Beginning of year	<u>7,200</u>	<u>7,200</u>	<u>7,602</u>	<u>402</u>
End of year	<u>\$ 5,200</u>	<u>\$ 5,200</u>	<u>\$ 7,945</u>	<u>\$ 2,745</u>

CITY OF MEDFORD

Community Parks Reserve Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ (20,000)</u>
Expenditures:				
Parks - parks maintenance	<u>26,000</u>	<u>26,000</u>	<u>-</u>	<u>26,000</u>
Other financing sources (uses):				
Transfers in	<u>6,000</u>	<u>6,000</u>	<u>3,129</u>	<u>(2,871)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>3,129</u>	<u>3,129</u>
Fund Balance:				
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,129</u>	<u>\$ 3,129</u>

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 30,2008

	Bancroft Bond Fund	General Debt Service Fund	Revenue Bond Fund	MURA Debt Service Fund	Total
ASSETS					
Cash and cash equivalents	\$ 99,006	\$ 17,898	\$ -	\$ 2,940,187	\$ 3,057,091
Receivables					
Taxes	-	81,320	-	214,977	296,297
Accounts	101,581	-	-	-	101,581
Restricted Cash	-	-	542,452	-	542,452
Total assets	<u>\$ 200,587</u>	<u>\$ 99,218</u>	<u>\$ 542,452</u>	<u>\$ 3,155,164</u>	<u>\$ 3,997,421</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Deferred revenue	\$ 83,612	\$ 74,344	\$ -	\$ 158,412	\$ 316,368
Fund Balances:					
Reserved for debt service	<u>116,975</u>	<u>24,874</u>	<u>542,452</u>	<u>2,996,752</u>	<u>3,681,053</u>
Total liabilities and fund balances	<u>\$ 200,587</u>	<u>\$ 99,218</u>	<u>\$ 542,452</u>	<u>\$ 3,155,164</u>	<u>\$ 3,997,421</u>

CITY OF MEDFORD
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Debt Service Funds
For the Year Ended June 30, 2008

	Bancroft Bond Fund	General Debt Service Fund	Revenue Bond Fund	MURA Debt Service Fund	Total
REVENUES					
Property taxes	\$ -	\$ 403,143	\$ -	\$ 3,677,308	\$ 4,080,451
Special assessments	27,084	-	-	-	27,084
Investment earnings	11,277	14,870	27,329	4,034	57,510
Miscellaneous	280	-	-	-	280
Total revenues	<u>38,641</u>	<u>418,013</u>	<u>27,329</u>	<u>3,681,342</u>	<u>4,165,325</u>
EXPENDITURES					
Debt service					
Principal	-	950,000	1,610,000	2,711,000	5,271,000
Interest	-	2,229,420	1,221,083	843,580	4,294,083
Total expenditures	<u>-</u>	<u>3,179,420</u>	<u>2,831,083</u>	<u>3,554,580</u>	<u>9,565,083</u>
Excess (deficiency) of revenues over (under) expenditures	<u>38,641</u>	<u>(2,761,407)</u>	<u>(2,803,754)</u>	<u>126,762</u>	<u>(5,399,758)</u>
OTHER FINANCING SOURCES					
Transfers in	<u>-</u>	<u>2,580,144</u>	<u>2,694,527</u>	<u>325,000</u>	<u>5,599,671</u>
Net change in fund balances	38,641	(181,263)	(109,227)	451,762	199,913
Fund balance - beginning	78,334	206,137	651,679	2,544,990	3,481,140
Fund balance - ending	<u>\$ 116,975</u>	<u>\$ 24,874</u>	<u>\$ 542,452</u>	<u>\$ 2,996,752</u>	<u>\$ 3,681,053</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, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Special assessments	\$ 102,600	\$ 102,600	\$ 27,084	\$ (75,516)
Investment earnings	-	-	11,277	11,277
Other revenue	-	-	280	280
Total revenues	102,600	102,600	38,641	(63,959)
Other financing (uses):				
Transfers out	(110,000)	(110,000)	-	110,000
Net change in fund balances	(7,400)	(7,400)	38,641	46,041
Fund Balance:				
Beginning	7,400	7,400	78,334	70,934
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 116,975</u>	<u>\$ 116,975</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, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 847,000	\$ 847,000	\$ 403,143	\$ (443,857)
Investment earnings	-	-	14,870	14,870
Total revenues	<u>847,000</u>	<u>847,000</u>	<u>418,013</u>	<u>(428,987)</u>
Expenditures:				
Debt service	<u>6,363,170</u>	<u>6,363,170</u>	<u>3,179,420</u>	<u>3,183,750</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,516,170)</u>	<u>(5,516,170)</u>	<u>(2,761,407)</u>	<u>2,754,763</u>
Other financing sources (uses):				
Transfers in	<u>5,347,740</u>	<u>5,347,740</u>	<u>2,580,144</u>	<u>(2,767,596)</u>
Net change in fund balances	(168,430)	(168,430)	(181,263)	(12,833)
Fund Balance:				
Beginning	<u>176,500</u>	<u>176,500</u>	<u>206,137</u>	<u>29,637</u>
Ending	<u>\$ 8,070</u>	<u>\$ 8,070</u>	<u>\$ 24,874</u>	<u>\$ 16,804</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, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,329</u>	<u>\$ 27,329</u>
Expenditures:				
Debt service	<u>5,536,700</u>	<u>5,724,700</u>	<u>2,831,083</u>	<u>2,893,617</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,536,700)</u>	<u>(5,724,700)</u>	<u>(2,803,754)</u>	<u>2,920,946</u>
Other financing sources (uses):				
Transfers in	<u>5,436,790</u>	<u>5,624,790</u>	<u>2,694,527</u>	<u>(2,930,263)</u>
Net change in fund balances	<u>(99,910)</u>	<u>(99,910)</u>	<u>(109,227)</u>	<u>(9,317)</u>
Fund Balance:				
Beginning	<u>651,600</u>	<u>651,600</u>	<u>651,679</u>	<u>79</u>
Ending	<u>\$ 551,690</u>	<u>\$ 551,690</u>	<u>\$ 542,452</u>	<u>\$ (9,238)</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, 2008

	<u>Annual Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 3,884,070	\$ 3,884,070	\$ 3,677,308	\$ (206,762)
Investment earnings	-	-	4,034	4,034
Total revenues	<u>3,884,070</u>	<u>3,884,070</u>	<u>3,681,342</u>	<u>(202,728)</u>
Expenditures:				
Debt service	<u>3,884,070</u>	<u>3,884,070</u>	<u>3,554,580</u>	<u>329,490</u>
Excess revenues over expenditures	<u>-</u>	<u>-</u>	<u>126,762</u>	<u>126,762</u>
Other financing sources:				
Transfers in	<u>325,000</u>	<u>325,000</u>	<u>325,000</u>	<u>-</u>
Net change in fund balances	325,000	325,000	451,762	3,681,342
Fund Balance:				
Beginning of year	<u>3,255,800</u>	<u>3,255,800</u>	<u>2,544,990</u>	<u>(710,810)</u>
End of year	<u>\$ 3,580,800</u>	<u>\$ 3,580,800</u>	<u>\$ 2,996,752</u>	<u>\$ (584,048)</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 Improvement Fund - Accounts for construction of streets and is primarily financed from funds from the State of Oregon and Jackson County.

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.

CITY OF MEDFORD
Combining Balance Sheet
Capital Project Funds
June 30, 2008

	Greenway Construction Fund	Street Improvement Fund	Street Bond Construction Fund	Special Sidewalk Fund	Total
ASSETS					
Cash and cash equivalents	\$ 1,759	\$ 3,404,771	\$ 56,944	\$ 2,433,775	\$ 5,897,249
Receivables					
Accounts	-	14,625	-	-	14,625
Total assets	<u>\$ 1,759</u>	<u>\$ 3,419,396</u>	<u>\$ 56,944</u>	<u>\$ 2,433,775</u>	<u>\$ 5,911,874</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 1,431,299	\$ -	\$ 3,502	\$ 1,434,801
Accrued payroll and related expenses	-	4,181	-	7,576	11,757
Due to other funds	-	16	-	-	16
Total liabilities	<u>-</u>	<u>1,435,496</u>	<u>-</u>	<u>11,078</u>	<u>1,446,574</u>
Fund Balances:					
Highways and streets	1,759	1,983,900	56,944	2,422,697	4,465,300
Total liabilities and fund balances	<u>\$ 1,759</u>	<u>\$ 3,419,396</u>	<u>\$ 56,944</u>	<u>\$ 2,433,775</u>	<u>\$ 5,911,874</u>

CITY OF MEDFORD
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Capital Projects Funds
For the Year Ended June 30, 2008

	Greenway Construction Fund	Street Improvement Fund	Street Bond Construction Fund	Special Sidewalk Fund	Total
REVENUES					
Investment earnings	\$ 76	\$ 133,218	\$ -	\$ 142,695	\$ 275,989
Grants and contributions	-	24,347	-	-	24,347
Miscellaneous	-	39,168	-	-	39,168
Total revenues	<u>76</u>	<u>196,733</u>	<u>-</u>	<u>142,695</u>	<u>339,504</u>
EXPENDITURES					
Current					
Highways and streets	-	197,748	-	-	197,748
Capital outlay	-	90,412	-	1,474,542	1,564,954
Total expenditures	<u>-</u>	<u>288,160</u>	<u>-</u>	<u>1,474,542</u>	<u>1,762,702</u>
Excess (deficiency) of revenues over (under) expenditures	<u>76</u>	<u>(91,427)</u>	<u>-</u>	<u>(1,331,847)</u>	<u>(1,423,198)</u>
OTHER FINANCING SOURCES					
Transfers out	-	(19,094)	-	(7,938)	(27,032)
Net change in fund balances	76	(110,521)	-	(1,339,785)	(1,450,230)
Fund balance - beginning	1,683	2,094,421	56,944	3,762,482	5,915,530
Fund balance - ending	<u>\$ 1,759</u>	<u>\$ 1,983,900</u>	<u>\$ 56,944</u>	<u>\$ 2,422,697</u>	<u>\$ 4,465,300</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, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ -	\$ -	\$ 76	\$ 76
Expenditures:				
Greenway improvement projects	<u>15,500</u>	<u>15,500</u>	<u>-</u>	<u>15,500</u>
Net change in fund balances	(15,500)	(15,500)	76	15,576
Fund Balance:				
Beginning	<u>15,500</u>	<u>15,500</u>	<u>1,683</u>	<u>(13,817)</u>
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,759</u>	<u>\$ 1,759</u>

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, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ 343,200	\$ 343,200	\$ 133,218	\$ (209,982)
General government	4,743,000	4,743,000	39,168	(4,703,832)
Grants and contracts	<u>181,700</u>	<u>639,320</u>	<u>24,347</u>	<u>(614,973)</u>
Total revenues	<u>5,267,900</u>	<u>5,725,520</u>	<u>196,733</u>	<u>(5,528,787)</u>
Expenditures:				
Street improvement projects	5,492,500	6,002,500	288,160	5,714,340
Contingency	<u>686,600</u>	<u>634,220</u>	<u>-</u>	<u>634,220</u>
Total expenditures	<u>6,179,100</u>	<u>6,636,720</u>	<u>288,160</u>	<u>6,348,560</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(911,200)</u>	<u>(911,200)</u>	<u>(91,427)</u>	<u>819,773</u>
Other financing sources (uses):				
Transfers out	<u>(41,100)</u>	<u>(41,100)</u>	<u>(19,094)</u>	<u>22,006</u>
Net change in fund balances	(952,300)	(952,300)	(110,521)	841,779
Fund Balance:				
Beginning	<u>1,709,500</u>	<u>1,709,500</u>	<u>2,094,421</u>	<u>384,921</u>
Ending	<u>\$ 757,200</u>	<u>\$ 757,200</u>	<u>\$ 1,983,900</u>	<u>\$ 1,226,700</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, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ 300,000	\$ 300,000	\$ 142,695	\$ (157,305)
Other revenue	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>(1,000,000)</u>
Total revenues	<u>1,300,000</u>	<u>1,300,000</u>	<u>142,695</u>	<u>(1,157,305)</u>
Expenditures:				
Sidewalk projects	4,799,580	4,799,580	1,474,542	3,325,038
Contingency	<u>273,620</u>	<u>273,620</u>	<u>-</u>	<u>273,620</u>
Total expenditures	<u>5,073,200</u>	<u>5,073,200</u>	<u>1,474,542</u>	<u>3,598,658</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,773,200)</u>	<u>(3,773,200)</u>	<u>(1,331,847)</u>	<u>2,441,353</u>
Other financing sources (uses):				
Transfers out	<u>(16,800)</u>	<u>(16,800)</u>	<u>(7,938)</u>	<u>8,862</u>
Net change in fund balances	<u>(3,790,000)</u>	<u>(3,790,000)</u>	<u>(1,339,785)</u>	<u>2,450,215</u>
Fund Balance:				
Beginning	<u>3,790,000</u>	<u>3,790,000</u>	<u>3,762,482</u>	<u>(27,518)</u>
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,422,697</u>	<u>\$ 2,422,697</u>

ENTERPRISE FUNDS BUDGET AND ACTUAL SCHEDULES

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

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

CITY OF MEDFORD
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, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 1,250,000	\$ 1,250,000	\$ 336,923	\$ (913,077)
Investment earnings	<u>85,800</u>	<u>85,800</u>	<u>86,963</u>	<u>1,163</u>
Total revenues	<u>1,335,800</u>	<u>1,335,800</u>	<u>423,886</u>	<u>(911,914)</u>
Expenditures:				
Storm drain system development	2,001,000	2,001,000	78,058	1,922,942
Contingency	<u>250,100</u>	<u>250,100</u>	<u>-</u>	<u>250,100</u>
Total expenditures	<u>2,251,100</u>	<u>2,251,100</u>	<u>78,058</u>	<u>2,173,042</u>
Excess (deficiency) of revenues over (under) expenditures	(915,300)	(915,300)	345,828	1,261,128
Other financing sources (uses):				
Transfers out	<u>(1,510)</u>	<u>(1,510)</u>	<u>(721)</u>	<u>789</u>
Net change in fund balances	(916,810)	(916,810)	345,107	1,261,917
Fund Balance:				
Beginning	<u>1,497,800</u>	<u>1,497,800</u>	<u>1,734,828</u>	<u>237,028</u>
Ending	<u>\$ 580,990</u>	<u>\$ 580,990</u>	<u>\$ 2,079,935</u>	<u>\$ 1,498,945</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, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenues	\$ 4,000	\$ 4,000	\$ 13,509	\$ 9,509
Charges for services	5,823,200	5,823,200	2,672,079	(3,151,121)
Investment earnings	71,500	71,500	50,505	(20,995)
Other revenue	400	400	2,295	1,895
Total revenues	<u>5,899,100</u>	<u>5,899,100</u>	<u>2,738,388</u>	<u>(3,160,712)</u>
Expenditures:				
Storm drain system maintenance	5,473,870	5,830,760	2,687,360	3,143,400
Contingency	495,200	170,200	-	170,200
Total expenditures	<u>5,969,070</u>	<u>6,000,960</u>	<u>2,687,360</u>	<u>3,313,600</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(69,970)</u>	<u>(101,860)</u>	<u>51,028</u>	<u>152,888</u>
Other financing sources (uses):				
Transfers out	<u>(485,100)</u>	<u>(485,100)</u>	<u>(233,328)</u>	<u>251,772</u>
Net change in fund balances	(555,070)	(586,960)	(182,300)	404,660
Fund Balance:				
Beginning	<u>1,147,400</u>	<u>1,147,400</u>	<u>3,590,048</u>	<u>2,442,648</u>
Ending	<u>\$ 592,330</u>	<u>\$ 560,440</u>	<u>\$ 3,407,748</u>	<u>\$ 2,847,308</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, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 4,973,800	\$ 4,973,800	\$ 2,355,663	\$ (2,618,137)
Investment earnings	185,900	185,900	175,252	(10,648)
Other revenue	5,000	5,000	5,858	858
Grants and contracts	<u>3,283,900</u>	<u>3,283,900</u>	<u>61,727</u>	<u>(3,222,173)</u>
Total revenues	<u>8,448,600</u>	<u>8,448,600</u>	<u>2,598,500</u>	<u>(5,850,100)</u>
Expenditures:				
Sewage treatment maintenance	11,586,790	11,586,790	3,352,312	8,234,478
Contingency	<u>2,657,390</u>	<u>2,657,390</u>	-	<u>2,657,390</u>
Total expenditures	<u>14,244,180</u>	<u>14,244,180</u>	<u>3,352,312</u>	<u>10,891,868</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,795,580)</u>	<u>(5,795,580)</u>	<u>(753,812)</u>	<u>5,041,768</u>
Other financing sources (uses):				
Transfers in	4,464,380	4,464,380	2,174,222	(2,290,158)
Transfers out	<u>(463,600)</u>	<u>(463,600)</u>	<u>(218,382)</u>	<u>245,218</u>
Total other financing sources (uses)	<u>4,000,780</u>	<u>4,000,780</u>	<u>1,955,840</u>	<u>(2,044,940)</u>
Net change in fund balances	(1,794,800)	(1,794,800)	1,202,028	2,996,828
Fund Balance:				
Beginning	<u>1,794,800</u>	<u>1,794,800</u>	<u>1,985,090</u>	<u>190,290</u>
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,187,118</u>	<u>\$ 3,187,118</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, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 507,000	\$ 507,000	\$ 158,166	\$ (348,834)
Investment earnings	<u>42,900</u>	<u>42,900</u>	<u>35,766</u>	<u>(7,134)</u>
Total revenues	<u>549,900</u>	<u>549,900</u>	<u>193,932</u>	<u>(355,968)</u>
Expenditures:				
Sewer collection system development	1,130,000	1,130,000	12,058	1,117,942
Contingency	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Total expenditures	<u>1,230,000</u>	<u>1,230,000</u>	<u>12,058</u>	<u>1,217,942</u>
Excess (deficiency) of revenues over (under) expenditures	(680,100)	(680,100)	181,874	861,974
Other financing sources (uses):				
Transfers out	<u>(1,360)</u>	<u>(1,360)</u>	<u>(646)</u>	<u>714</u>
Net change in fund balances	(681,460)	(681,460)	181,228	862,688
Fund Balance:				
Beginning	<u>689,900</u>	<u>689,900</u>	<u>711,111</u>	<u>21,211</u>
Ending	<u>\$ 8,440</u>	<u>\$ 8,440</u>	<u>\$ 892,339</u>	<u>\$ 883,899</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, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 9,381,600	\$ 9,381,600	\$ 4,306,504	\$ (5,075,096)
Investment earnings	28,600	28,600	13,649	(14,951)
Other revenue	<u>51,000</u>	<u>51,000</u>	<u>53,273</u>	<u>2,273</u>
Total revenues	<u>9,461,200</u>	<u>9,461,200</u>	<u>4,373,426</u>	<u>(5,087,774)</u>
Expenditures:				
Sewer system maintenance and construction	4,886,580	4,886,580	1,959,298	2,927,282
Contingency	<u>192,740</u>	<u>192,740</u>	<u>-</u>	<u>192,740</u>
Total expenditures	<u>5,079,320</u>	<u>5,079,320</u>	<u>1,959,298</u>	<u>3,120,022</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,381,880</u>	<u>4,381,880</u>	<u>2,414,128</u>	<u>(1,967,752)</u>
Other financing sources (uses):				
Transfers out	<u>(4,869,580)</u>	<u>(4,869,580)</u>	<u>(2,369,010)</u>	<u>2,500,570</u>
Net change in fund balances	(487,700)	(487,700)	45,118	532,818
Fund Balance:				
Beginning	<u>487,700</u>	<u>487,700</u>	<u>833,962</u>	<u>346,262</u>
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 879,080</u>	<u>\$ 879,080</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, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 2,911,000	\$ 2,911,000	\$ 1,673,054	\$ (1,237,946)
Investment earnings	<u>586,300</u>	<u>586,300</u>	<u>443,189</u>	<u>(143,111)</u>
Total revenues	<u>3,497,300</u>	<u>3,497,300</u>	<u>2,116,243</u>	<u>(1,381,057)</u>
Expenditures:				
Sewage treatment SDC	4,441,680	4,441,680	2,507,981	1,933,699
Contingency	<u>4,781,060</u>	<u>4,781,060</u>	<u>-</u>	<u>4,781,060</u>
Total expenditures	<u>9,222,740</u>	<u>9,222,740</u>	<u>2,507,981</u>	<u>6,714,759</u>
Excess revenues under expenditures	<u>(5,725,440)</u>	<u>(5,725,440)</u>	<u>(391,738)</u>	<u>5,333,702</u>
Other financing sources (uses):				
Transfers out	<u>(7,000)</u>	<u>(7,000)</u>	<u>(3,264)</u>	<u>3,736</u>
Net change in fund balances	(5,732,440)	(5,732,440)	(395,002)	5,337,438
Fund Balance:				
Beginning	<u>9,958,300</u>	<u>9,958,300</u>	<u>10,434,176</u>	<u>475,876</u>
Ending	<u>\$ 4,225,860</u>	<u>\$ 4,225,860</u>	<u>\$ 10,039,174</u>	<u>\$ 5,813,314</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, 2008

Net change in fund balance:	
Storm Drain Systems Development Charges Fund	\$ 345,107
Storm Drain Utility Fund	(182,300)
Sewage Treatment Fund	1,202,028
Sewer Collection System - Systems Development Charges Fund	181,228
Sanitary Sewer Maintenance Fund	45,118
Sewage Treatment Systems Development Charges Fund	<u>(395,002)</u>
Total	1,196,179
Adjustments to reconcile fund balance to change in net assets:	
Expenditures capitalized	6,603,811
Change in accrued compensation	(43,124)
Depreciation	<u>(2,954,447)</u>
Change in net assets of Sewer Utility Fund	<u><u>\$ 4,802,419</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, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 749,000	\$ 749,000	\$ 349,748	\$ (399,252)
Investment earnings	<u>28,600</u>	<u>28,600</u>	<u>14,944</u>	<u>(13,656)</u>
Total revenues	<u>777,600</u>	<u>777,600</u>	<u>364,692</u>	<u>(412,908)</u>
Expenditures:				
Parking facilities maintenance and construction	900,400	900,400	413,161	487,239
Contingency	<u>107,600</u>	<u>107,600</u>	<u>-</u>	<u>107,600</u>
Total expenditures	<u>1,008,000</u>	<u>1,008,000</u>	<u>413,161</u>	<u>594,839</u>
Excess revenues under expenditures	<u>(230,400)</u>	<u>(230,400)</u>	<u>(48,469)</u>	<u>181,931</u>
Other financing sources (uses):				
Transfers out	<u>(23,500)</u>	<u>(23,500)</u>	<u>(11,600)</u>	<u>11,900</u>
Net change in fund balances	(253,900)	(253,900)	(60,069)	193,831
Fund Balance:				
Beginning	<u>350,800</u>	<u>350,800</u>	<u>374,898</u>	<u>24,098</u>
Ending	<u>\$ 96,900</u>	<u>\$ 96,900</u>	<u>\$ 314,829</u>	<u>\$ 217,929</u>
Reconciliation to GAAP Basis:				
Change in fund balance			(60,069)	
Depreciation expense			<u>(3,509)</u>	
Change in Net Assets			<u>\$ (63,578)</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, 2008

	Risk Management Fund	Fleet Maintenance Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,203,926	\$ 493,822	\$ 1,697,748
Accounts receivable, net	-	9,111	9,111
Due from other fund		13,611	13,611
Inventories	-	652,705	652,705
Total current assets	<u>1,203,926</u>	<u>1,169,249</u>	<u>2,373,175</u>
Noncurrent assets:			
Restricted cash	39,850	-	39,850
Capital assets, net of accumulated depreciation	-	28,612	28,612
Total noncurrent assets	<u>39,850</u>	<u>28,612</u>	<u>68,462</u>
Total assets	<u>\$ 1,243,776</u>	<u>\$ 1,197,861</u>	<u>\$ 2,441,637</u>
LIABILITIES			
Current liabilities			
Accounts payable	\$ 49,445	\$ 154,199	\$ 203,644
Accrued payroll and related expenses	53,279	13,271	66,550
Compensated absences	-	16,259	16,259
Total current liabilities	<u>102,724</u>	<u>183,729</u>	<u>286,453</u>
NET ASSETS			
Invested in capital assets, net of related debt	-	28,612	28,612
Restricted for employee section 125 plan	39,850	-	39,850
Unrestricted	1,101,202	985,520	2,086,722
Total net assets	<u>1,141,052</u>	<u>1,014,132</u>	<u>2,155,184</u>
Total liabilities and net assets	<u>\$ 1,243,776</u>	<u>\$ 1,197,861</u>	<u>\$ 2,441,637</u>

CITY OF MEDFORD
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2008

	Risk Management Fund	Fleet Maintenance Fund	Total
Operating revenues:			
Charges for services	\$ -	\$ 80,046	\$ 80,046
Intergovernmental revenues	1,142,351	705,005	1,847,356
Miscellaneous	23,512	81,656	105,168
Total operating revenues	<u>1,165,863</u>	<u>866,707</u>	<u>2,032,570</u>
Operating expenses:			
Salaries and fringe benefits	566,948	377,487	944,435
Operating supplies	5,409	294,610	300,019
Professional services	10,240	11,175	21,415
Repairs and maintenance	-	4,362	4,362
Premiums and claims	338,211	1,710	339,921
Utilities		1,735	1,735
General, administrative, and engineering	26,253	10,955	37,208
Depreciation	-	3,157	3,157
Total operating expenses	<u>947,061</u>	<u>705,191</u>	<u>1,652,252</u>
Operating income	218,802	161,516	380,318
Nonoperating revenues			
Investment earnings	36,307	15,300	51,607
Income before transfers	255,109	176,816	431,925
Transfers out	(60,907)	(21,349)	(82,256)
Change in net assets	194,202	155,467	349,669
Total net assets - beginning, as restated	946,850	858,665	1,805,515
Total net assets - ending	<u>\$ 1,141,052</u>	<u>\$ 1,014,132</u>	<u>\$ 2,155,184</u>

CITY OF MEDFORD
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2008

	Risk Management Fund	Fleet Maintenance Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ 1,190,763	\$ 863,365	\$ 2,054,128
Payments to suppliers	(409,583)	(292,152)	(701,735)
Payments to employees	(524,761)	(386,044)	(910,805)
Net cash provided (used) by operating activities	<u>256,419</u>	<u>185,169</u>	<u>441,588</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	<u>(60,907)</u>	<u>(21,349)</u>	<u>(82,256)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	<u>-</u>	<u>(28,342)</u>	<u>(28,342)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends received	<u>36,307</u>	<u>15,300</u>	<u>51,607</u>
Net change in cash and cash equivalents	231,819	150,778	382,597
Cash and cash equivalents - beginning	1,011,957	343,044	1,355,001
Cash and cash equivalents - ending	<u>\$ 1,243,776</u>	<u>\$ 493,822</u>	<u>\$ 1,737,598</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	<u>\$ 218,802</u>	<u>\$ 161,516</u>	<u>\$ 380,318</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	-	3,157	3,157
(Increase) decrease in accounts receivable	24,900	(3,342)	21,558
(Increase) decrease in inventories	-	(29,352)	(29,352)
Increase (decrease) in accounts payable	(29,470)	61,747	32,277
Increase (decrease) in accrued payroll and related expenses	42,187	442	42,629
Increase in compensated absences	-	(8,999)	(8,999)
Total adjustments	<u>37,617</u>	<u>23,653</u>	<u>61,270</u>
Net cash provided (used) by operating activities	<u>\$ 256,419</u>	<u>\$ 185,169</u>	<u>\$ 441,588</u>

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, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenues	\$ 2,252,300	\$ 2,252,300	\$ 1,142,351	\$ (1,109,949)
Investment earnings	42,900	42,900	36,307	(6,593)
Other revenue	<u>60,000</u>	<u>60,000</u>	<u>23,512</u>	<u>(36,488)</u>
Total revenues	<u>2,355,200</u>	<u>2,355,200</u>	<u>1,202,170</u>	<u>(1,153,030)</u>
Expenditures:				
Risk management	2,104,620	2,104,620	947,061	1,157,559
Contingency	<u>263,100</u>	<u>263,100</u>	<u>-</u>	<u>263,100</u>
Total expenditures	<u>2,367,720</u>	<u>2,367,720</u>	<u>947,061</u>	<u>1,420,659</u>
Excess revenues over (under) expenditures	<u>(12,520)</u>	<u>(12,520)</u>	<u>255,109</u>	<u>267,629</u>
Other financing sources (uses):				
Transfers out	<u>(125,200)</u>	<u>(125,200)</u>	<u>(60,907)</u>	<u>64,293</u>
Net change in fund balances	(137,720)	(137,720)	194,202	331,922
Fund Balance:				
Beginning	<u>776,300</u>	<u>776,300</u>	<u>946,850</u>	<u>170,550</u>
Ending	<u>\$ 638,580</u>	<u>\$ 638,580</u>	<u>\$ 1,141,052</u>	<u>\$ 502,472</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, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenues	\$ 1,303,000	\$ 1,389,000	\$ 705,005	\$ (683,995)
Charges for services	67,000	151,400	80,046	(71,354)
Investment earnings	8,000	8,000	15,300	7,300
Other revenue	<u>126,000</u>	<u>126,000</u>	<u>81,656</u>	<u>(44,344)</u>
Total revenues	<u>1,504,000</u>	<u>1,674,400</u>	<u>882,007</u>	<u>(792,393)</u>
Expenditures:				
Fleet maintenance and operations	1,313,030	1,537,630	739,376	798,254
Contingency	<u>158,100</u>	<u>158,100</u>	-	<u>158,100</u>
Total expenditures	<u>1,471,130</u>	<u>1,695,730</u>	<u>739,376</u>	<u>956,354</u>
Excess revenues over (under) expenditures	<u>32,870</u>	<u>(21,330)</u>	<u>142,631</u>	<u>163,961</u>
Other financing sources (uses):				
Transfers out	<u>(47,800)</u>	<u>(47,800)</u>	<u>(21,349)</u>	<u>26,451</u>
Net change in fund balances	(14,930)	(69,130)	121,282	190,412
Fund Balance:				
Beginning	<u>111,400</u>	<u>165,600</u>	<u>855,237</u>	<u>689,637</u>
Ending	<u>\$ 96,470</u>	<u>\$ 96,470</u>	<u>\$ 976,519</u>	<u>\$ 880,049</u>
Reconciliation to GAAP Basis:				
Net change in fund balance			121,282	
Expenditures capitalized			28,342	
Depreciation expense			(3,157)	
Change in accrued compensation			<u>9,000</u>	
Change in net assets			<u>\$ 155,467</u>	

OTHER FINANCIAL SCHEDULES

CITY OF MEDFORD
 Schedule of Expenditures by Division
 Budget and Actual
 For the Year Ended June 30, 2008

	<u>Biennium Budget</u>		First Year Actual	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Mayor and Council	\$ 665,700	\$ 655,700	\$ 244,439	\$ 411,261
Community promotion	1,290,000	1,290,000	638,372	651,628
Advisory services	54,500	49,500	13,930	35,570
Mayor & Council - capital improvements	120,000	115,000	59,121	55,879
Vision implementation	40,000	21,000	429	20,571
Technology services	4,519,590	4,527,590	1,882,296	2,645,294
Technology services - capital improvements	819,600	819,600	429,832	389,768
City management	1,070,030	1,081,030	514,122	566,908
Economic development	499,110	499,110	128,425	370,685
Neighborhood resources	538,530	535,530	248,313	287,217
Code enforcement	502,310	524,810	268,679	256,131
City management - capital improvements	1,064,200	1,064,200	800,925	263,275
City recorder	330,750	330,750	147,998	182,752
City attorney	918,470	918,470	411,886	506,584
Municipal court	1,385,930	1,396,930	642,600	754,330
Human resources	903,450	909,450	425,355	484,095
Finance administration	2,097,820	2,110,820	980,460	1,130,360
Bond interest & redemption	11,899,870	12,087,870	6,010,503	6,077,367
Insurance	2,104,220	2,104,220	947,037	1,157,183
Social services grants	713,300	713,300	358,269	355,031
Downtown parking enforcement	900,400	900,400	413,161	487,239
General expense	2,267,700	1,467,700	129,858	1,337,842
Police - administration	3,565,790	4,030,720	1,810,099	2,220,621
Police - technical support	2,354,850	2,354,850	1,057,702	1,297,148
Police - patrol	15,972,370	15,972,370	7,847,459	8,124,911
Police - operations support	3,520,280	3,520,280	1,625,846	1,894,434
Police - investigations	4,006,280	4,038,550	2,034,681	2,003,869
Police - grants	-	6,600	-	6,600
Police - administrative support	2,196,330	2,252,540	1,091,098	1,161,442
Police - central communications	4,779,660	4,857,110	2,253,429	2,603,681
Police - capital improvements	185,400	859,530	556,797	302,733
Fire - administration	490,570	785,570	192,808	592,762
Fire - operations	18,601,210	18,601,210	8,909,408	9,691,802
Fire - prevention	1,374,060	1,359,560	664,534	695,026
Fire - training	435,860	445,860	226,501	219,359
Fire - capital improvements	834,790	834,790	114,045	720,745
Fire - emergency management	95,360	95,360	10,174	85,186
Engineering and development	7,506,880	7,594,020	3,081,884	4,512,136
Engineering - capital improvements	40,459,060	41,288,060	16,821,038	24,467,022
PW - administration	1,243,170	1,243,170	591,486	651,684
PW - traffic maintenance	3,780,760	3,799,470	1,731,117	2,068,353
PW - street maintenance	4,464,370	4,515,420	2,121,419	2,394,001
PW - sewer maintenance	2,672,820	2,672,820	1,179,903	1,492,917
PW - storm drain maintenance	2,481,430	2,513,320	1,249,258	1,264,062
PW - fleet maintenance	1,305,790	1,530,390	736,526	793,864
Public works - capital improvements	2,890,000	2,890,000	1,711,253	1,178,747
Water reclamation division	6,870,120	6,870,120	2,989,536	3,880,584
Water reclamation - capital improvements	9,128,710	9,128,710	2,859,229	6,269,481
Planning	3,761,480	3,820,480	1,675,348	2,145,132

Continued on next page

CITY OF MEDFORD

Schedule of Expenditures by Division

Budget and Actual (continued)

For the Year Ended June 30, 2008

	Biennium Budget		First Year Actual	Variance with Final Budget
	Original	Final		
Expenditures:				
Parks - administration	626,980	630,230	307,058	323,172
Parks - general recreation	1,515,730	1,572,510	837,677	734,833
Parks - art & cultural events	58,890	58,890	34,926	23,964
Parks - parks maintenance	4,234,300	4,347,770	2,112,124	2,235,646
Parks - special restricted funds	54,000	118,480	34,890	83,590
Parks - city tree program	253,770	255,970	117,790	138,180
Parks - building maintenance	2,108,290	2,138,350	1,048,503	1,089,847
Parks - capital improvements	24,462,120	28,056,130	13,069,216	14,986,914
Building safety	3,330,830	3,330,830	1,455,538	1,875,292
Buildings - capital improvements	325,000	325,000	317,920	7,080
Contingency	<u>25,031,360</u>	<u>24,660,510</u>	-	<u>24,660,510</u>
Total expenditures	241,684,150	247,498,530	100,174,230	147,324,300
Other financing sources:				
Transfers out	<u>20,408,850</u>	<u>20,609,450</u>	<u>9,591,434</u>	<u>11,018,016</u>
Total appropriations	<u>\$262,093,000</u>	<u>\$268,107,980</u>	<u>\$109,765,664</u>	<u>\$158,342,316</u>

CITY OF MEDFORD
Schedule of Property Tax Transactions
Year ended June 30, 2008

City:	Tax Year	Uncollected as of July 1, 2007	Levy as Extended by Assessor	Discounts Allowed	Interest	Adjustments	Collections	Uncollected as of June 30, 2008
Current year:	2008	\$ -	\$ 27,576,161	\$ (654,792)	\$ 13,532	\$ 64,147	\$ (25,929,195)	\$ 1,056,321
Prior years	2007	890,552	-	-	33,750	9,428	(571,100)	328,880
	2006	262,806	-	-	17,432	(796)	(114,518)	147,492
	2005	110,730	-	-	17,004	(792)	(68,614)	41,324
	2004	50,653	-	-	8,699	(3,367)	(28,356)	18,930
	prior	66,783	-	-	5,040	(3,876)	(8,605)	54,302
Total primary government		<u>\$ 1,381,524</u>	<u>\$ 27,576,161</u>	<u>\$ (654,792)</u>	<u>\$ 95,457</u>	<u>\$ 64,744</u>	<u>\$ (26,720,388)</u>	<u>\$ 1,647,249</u>
Medford Urban Renewal Agency:								
Current year:	2008	\$ -	\$ 4,629,972	\$ (109,683)	\$ 2,267	\$ -	\$ (4,343,347)	\$ 176,942
Prior years	2007	149,510	-	-	5,666	1,583	(95,879)	55,214
	2006	48,303	-	-	3,204	(147)	(21,048)	27,108
	2005	22,707	-	-	3,487	(162)	(14,071)	8,474
	2004	10,155	-	-	1,744	(675)	(5,685)	3,795
	prior	12,549	-	-	923	(1,646)	(1,606)	9,297
Total component unit		<u>\$ 243,224</u>	<u>\$ 4,629,972</u>	<u>\$ (109,683)</u>	<u>\$ 17,291</u>	<u>\$ (1,047)</u>	<u>\$ (4,481,636)</u>	<u>\$ 280,830</u>
Total all funds		<u>\$ 1,624,748</u>	<u>\$ 32,206,133</u>	<u>\$ (764,475)</u>	<u>\$ 112,748</u>	<u>\$ 63,697</u>	<u>\$ (31,202,024)</u>	<u>\$ 1,928,079</u>

STATISTICAL SECTION

CITY OF MEDFORD, OREGON
INTRODUCTION TO THE STATISTICAL SECTION
(Unaudited)

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

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<u>Financial Trends</u>	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
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<u>Revenue Capacity</u>	
These schedules contain information to help the reader assess the factors affecting the city's ability to generate its own source revenue such as property taxes.	
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments	
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<u>Operating Information</u>	
These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it provides	
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Sources:

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

City of Medford, Oregon

Schedule 1**Net Assets by Component**

Last Four Fiscal Years - Unaudited

(Amounts in dollars)

(Accrual basis of accounting)

	2005 ¹	2006	2007 ²	2008
Governmental activities				
Investment in capital assets, net of related debt	\$ 109,036,350	\$ 145,908,922	\$ 183,862,786	\$ 195,552,099
Restricted				
Employee section 125 plan	-	-	52,793	39,850
Highways and streets	19,140,045	27,149,474	27,600,775	10,227,655
Community development	15,408,944	3,650,348	21,951,083	11,888,260
Debt service	4,710,314	5,810,204	3,481,140	3,681,053
Capital outlays	244,981	-	-	-
Unrestricted	(4,703,079)	25,155,874	8,314,530	26,797,665
Total governmental activities	143,837,555	207,674,822	245,263,107	248,186,582
Business type activities				
Invested in capital assets, net of related debt	64,736,383	69,329,849	71,948,661	75,594,516
Restricted				
Future system development	9,657,641	11,576,619	12,880,115	13,011,448
Unrestricted	3,966,311	3,987,327	5,480,196	6,441,849
Total business-type activities net assets	78,360,335	84,893,795	90,308,972	95,047,813
Primary Government				
Invested in capital assets, net of related debt	173,772,733	215,238,771	255,811,447	271,146,615
Restricted				
Future system development	9,657,641	11,576,619	12,880,115	13,011,448
Highways and streets	19,140,045	27,149,474	27,600,775	10,227,655
Community development	15,408,944	3,650,348	21,951,083	11,888,260
Debt service	4,710,314	5,810,204	3,481,140	3,681,053
Capital outlays	244,981	-	-	-
Unrestricted	(736,768)	29,143,201	13,794,726	33,239,514
Total primary government net assets	\$ 222,197,890	\$ 292,568,617	\$ 335,572,079	\$ 343,234,395

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

¹ Medford Urban Renewal is treated as a Blended Component Unit as of FY2005.

² Net assets reflect prior period adjustment.

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

	2005 ¹	2006 ^{1,3}	2007	2008
Expenses				
Governmental Activities				
General government	\$ 1,451,546	\$ 8,990,378	\$ 10,576,931	\$ 9,650,054
Public safety	23,838,311	25,380,369	26,002,825	28,741,920
Highways and streets	7,405,949	5,005,308	10,476,941	25,716,151
Culture and recreation	6,646,821	6,549,582	6,069,022	8,155,051
Interest on long-term debt	3,370,143	3,414,026	3,893,996	4,202,157
Total governmental activities expenses	42,712,770	49,339,663	57,019,715	76,465,333
Business type activities				
Sewer services	9,113,949	9,146,805	6,563,724	9,592,039
Dispatch services	279,127	-	-	-
Parking services	263,643	312,553	356,165	416,670
Total business-type activities expenses	9,656,719	9,459,358	6,919,889	10,008,709
Total primary Government expenses	\$ 52,369,489	\$ 58,799,021	\$ 63,939,604	\$ 86,474,042
Program Revenues				
Governmental Activities				
Charges for Services				
General government	\$ 5,515,734	\$ 5,510,986	\$ 7,280,852	\$ 8,253,978
Public safety	2,378,599	2,621,104	1,787,839	2,535,764
Highways and streets	8,783,803	9,232,582	9,521,470	7,718,496
Culture and recreations	3,765,631	1,898,738	1,579,967	2,298,502
Operating Grants and Contributions				
General government	880,780	1,193,627	741,660	1,693,151
Public safety	403,457	1,068,539	327,586	-
Highways and streets	11,673,689	3,399,786	3,451,650	3,319,986
Culture and recreations	-	971,205	1,239,844	96,023
Capital Grants and Contributions				
General government	-	-	3,754,866	-
Highways and streets	-	3,626,598	-	5,827,494
Culture and recreation	-	-	-	1,347,500
Total governmental activities program revenue	33,401,693	29,523,165	29,685,734	33,090,894
Business type activities				
Sewer services				
Charges for services	10,803,187	11,279,195	11,706,912	9,409,181
Operating grants and contributions	-	-	-	61,727
Capital grants and contributions	2,246,724	4,532,182	96,599	4,769,355
Parking services				
Charges for services	297,687	346,502	347,283	349,748
Total business type activities program revenues	\$ 13,347,598	\$ 16,157,879	\$ 12,150,794	\$ 14,590,011
Total primary government program revenues	\$ 46,749,291	\$ 45,681,044	\$ 41,836,528	\$ 47,680,905
Net (expense)/revenue				
Governmental activities	\$ (9,311,077)	\$ (19,816,498)	\$ (27,333,981)	\$ (43,374,439)
Business Type activities	3,690,879	6,698,521	5,230,905	4,581,302
Total primary government net expenses	\$ (5,620,198)	\$ (13,117,977)	\$ (22,103,076)	\$ (38,793,137)
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Property Taxes	\$ 26,579,516	\$ 28,130,450	\$ 29,184,039	\$ 32,063,487
Other taxes	6,699,138	7,506,959	9,682,089	10,034,787
Unrestricted investment earnings	1,470,217	2,518,036	3,769,094	3,519,750
Gain (Loss) on disposal of capital assets	855,820	612,833	48,064	17,161
Transfers	1,146,139	695,538	587,400	662,729
Total Governmental Activities	36,750,830	39,463,816	43,270,686	46,297,914
Prior period adjustment	355,118	-	-	-
Total Governmental Activities	37,105,948	-	-	-
Business type activities				
Investment earnings	196,424	518,477	862,844	820,268
Gain (Loss) on disposal of capital assets	-	12,000	11,000	-
Transfers	(1,146,139)	(695,538)	(587,400)	(662,729)
Total Business type activities	(949,715)	(165,061)	286,444	157,539
Total primary government	\$ 36,156,233	\$ 39,298,755	\$ 43,557,130	\$ 46,455,453
Change in Net Assets				
Governmental activities	\$ 27,439,753	\$ 19,647,318	\$ 15,936,705	\$ 2,923,475
Business type activities	2,741,164	6,533,460	5,517,349	4,738,841
Total Primary Government	\$ 30,180,917	\$ 26,180,778	\$ 21,454,054	\$ 7,662,316
Prior period adjustment	355,118	-	-	-
Total	\$ 30,536,035	\$ 26,180,778	\$ 21,454,054	\$ 7,662,316

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	1999	2000	2001	2002 ⁵	2003 ¹	2004 ^{2,4,6}	2005 ^{2,3}	2006	2007	2008
General Fund										
Reserved										
Inventory	43,806	40,614	53,453	62,709	49,924	71,385	-	-	-	-
Unreserved	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	19,627,721
Total General Fund	<u>\$ 14,282,031</u>	<u>\$ 14,931,762</u>	<u>\$ 16,825,078</u>	<u>\$ 16,129,410</u>	<u>\$ 14,949,574</u>	<u>\$ 16,468,971</u>	<u>\$ 16,210,552</u>	<u>\$ 16,380,858</u>	<u>\$ 17,865,765</u>	<u>\$ 19,627,721</u>
All Other Governmental Funds										
Reserved										
Highways and streets	-	-	-	-	1,678,125	17,702,349	29,229,796	27,149,474	27,600,775	10,227,655
Community development	-	-	-	-	-	4,670,631	-	-	-	-
Culture and recreation	-	-	-	-	-	3,018,217	5,319,193	3,650,348	21,951,083	11,888,260
Debt service	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	3,681,053
Capital outlay	-	-	-	-	-	241,064	244,981	-	-	-
Unreserved, reported in:										
Special revenue funds	11,148,318	9,436,018	8,153,341	13,296,206	10,917,417	1,726,129	4,376,576	4,196,681	3,926,002	3,810,465
Capital projects funds	7,908,311	5,694,856	2,887,706	6,605,340	6,542,656	-	-	-	4,382,889	7,497,964
Total of all other governmental funds	<u>\$ 20,391,678</u>	<u>\$ 16,833,854</u>	<u>\$ 12,734,158</u>	<u>\$ 21,463,263</u>	<u>\$ 20,816,945</u>	<u>\$ 31,865,650</u>	<u>\$ 43,880,860</u>	<u>\$ 40,806,707</u>	<u>\$ 61,341,889</u>	<u>\$ 37,105,397</u>

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.

City of Medford, Oregon

Schedule 4

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years - Unaudited

(Amounts in dollars)

	2001 ¹	2002 ¹	2003 ¹	2004	2005	2006	2007	2008
Revenues								
Taxes								
Property	16,138,681	17,378,068	19,808,173	24,626,853	26,347,587	27,846,413	29,015,206	30,938,364
Franchise	4,278,116	4,494,243	4,568,077	4,918,416	4,903,064	5,217,635	6,259,689	7,805,599
Lodging ²	1,417,229	1,655,086	1,759,043	1,767,464	1,868,020	2,147,748	2,409,719	2,553,494
State gas tax	2,643,735	2,641,428	2,661,858	3,032,251	3,327,689	3,394,786	3,389,522	3,256,822
State Shared Revenues ⁵	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	314,066
Special Assessments	278,269	152,756	146,143	440,165	168,175	106,174	49,630	27,084
System development charges	2,385,665	2,732,874	7,121,388	5,397,780	3,556,187	3,431,361	4,139,557	-
Charges for services	5,902,504	7,204,397	2,672,023	5,265,903	6,718,045	6,843,020	6,229,665	9,918,706
Fines and penalties	899,000	996,092	1,041,294	2,688,763	1,069,343	1,118,277	1,285,286	1,376,390
Intergovernmental	2,104,882	2,163,056	5,311,029	2,483,901	9,276,732	1,416,398	2,547,231	4,493,337
Licenses and permits	4,155,915	3,751,840	2,515,591	1,184,776	3,683,950	4,298,327	4,789,573	3,887,457
Investment earnings	2,762,412	1,255,491	743,210	534,527	1,458,759	2,492,554	3,719,747	3,468,143
Grants and contributions	718	-	-	1,384,741	3,710,005	3,240,393	1,989,517	1,832,981
Miscellaneous	2,143,128	2,036,767	1,561,661	508,504	547,011	426,264	908,459	323,972
Rental income								80,733
	46,081,514	47,790,417	51,278,891	55,697,802	68,195,342	63,893,134	68,347,910	70,277,148
Expenditures								
General government	7,691,717	7,516,029	7,605,482	9,268,581	10,087,654	9,760,308	8,587,907	7,314,274
Public Safety	18,388,980	19,030,227	20,275,786	21,100,767	22,860,619	24,755,871	25,263,463	27,728,314
Highway and streets	3,563,952	4,498,496	5,072,160	5,567,372	3,770,867	5,007,887	5,954,938	18,876,974
Culture and recreation	3,525,046	3,945,223	4,289,333	4,125,955	5,957,859	6,009,908	5,548,007	6,339,937
Community development								1,200,344
Capital Outlay	10,260,396	12,870,209	21,010,233	8,238,323	18,809,063	22,546,636	13,925,625	22,425,555 ⁶
Bond issuance costs	-	-	-	-	-	-	127,215	-
Debt service								
Principal	2,667,494	3,048,159	2,073,000	3,866,247	4,093,000	4,358,967	5,751,978	5,329,516
Interest	1,680,001	1,761,942	1,082,285	1,564,315	3,412,392	3,446,957	3,508,923	4,298,916
Total Expenditures	47,777,586	52,670,285	61,408,279	53,731,560	68,991,454	75,886,534	68,668,056	93,513,830
Excess of revenues over (under) expenditures	(1,696,072)	(4,879,868)	(10,129,388)	1,966,242	(796,112)	(11,993,400)	(320,146)	(23,236,682)

Continued on page 89

City of Medford, Oregon

Schedule 4

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years - Unaudited

(Amounts in dollars)

	2001 ¹	2002 ¹	2003 ¹	2004	2005	2006	2007	2008
Other Financing sources (uses)								
Transfers in	1,646,828	1,722,256	2,658,310	3,804,505	6,246,428	7,137,833	4,927,244	7,742,212
Transfers out	(2,027,934)	(2,030,442)	(2,998,140)	(3,311,410)	(5,244,268)	(6,755,126)	(4,175,245)	(6,997,227)
PERS Unfunded liability payment ⁴	(4,000,000)	-	-	(29,205,000)	-	-	-	-
Issuance of Debt (Bonds)	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	-	-	8,321,648	-	-	-	-	-
Proceeds from contracts payable	244,000	470,605	-	-	-	-	-	-
Capital Leases	-	-	281,108	-	178,545	8,793	-	-
Sale of capital assets	-	-	-	278,057	917,076	610,053	53,236	17,161
Total other financing sources	9,270,298	10,676,614	8,262,926	515,580	12,197,781	9,089,553	22,340,235	762,146
Net change in fund balances	<u>\$ 7,574,226</u>	<u>\$ 5,796,746</u>	<u>\$ (1,866,462)</u>	<u>\$ 2,481,822</u>	<u>\$ 11,401,669</u>	<u>\$ (2,903,847)</u>	<u>\$ 22,020,089</u>	<u>\$ (22,474,536)</u>
Debt service as % of noncapital expenditures	11.59%	12.09%	7.81%	11.94%	14.96%	14.63%	16.92%	13.54%

Note: The City has elected to prospectively report the information in schedule four, therefore, ten years of data not reported. 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.

6 The amount of capital outlay used to calculate the ratio of debt service expenditures to noncapital expenditures should be the same as the reconciling item for capital outlay in the reconciliation between the government-wide statement of activities and the statement of revenues, expenditures and change in fund balance. Therefore, the amount presented in this schedule differs from the amount reported as capital outlay on page 13 of CAFR 2008.

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) Estimated Actual Value (RMV)		Taxable Assessed Value as a Percentage of Estimated Actual Value
	Real Property	Real Manufactured Structures	Personal Manufactured Structures	Personal Properties	Utilities	Non Profit	UR Excess			Value (RMV)	RMV	
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%
2008	4,857,400,615	-	32,039,870	244,176,970	154,695,800	8,883,070	(184,855,860)	5,112,340,465	5.19	10,623,830,705	10,668,403,922	48.12%

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

Fiscal Year Ended June 30,	City of Medford				Overlapping Rates								Total Direct & Overlapping Rates
	General Fund	Special Revenue Funds	Debt Service Fund	Total Direct Rate	Jackson County	Education Service District	Medford School District	Transpor- tation District	Community College	Vector Control	JC Soil Wtr	Urban Renewal District	
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
2008	5.11	-	0.08	5.19	2.10	0.33	6.05	0.16	0.60	0.04	0.05	1.27	15.79

Data Source: Jackson county

The 2007-08 Taxable Assessed Value to compute the tax rate code area of 4901 is \$4,509,122,853 which is 88.20% of the Total Taxable Assessed 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 eight years ago
(Amounts in dollars)

		2007 Top 10 All Roll Taxpayers for City of Medford				1999/2000 ¹		
Taxpayer	Type of Business	2007	2007-08	Rank	Percentage of Total Taxable Assessed Value	1999/2000 Taxable	Rank	Percentage of Total Taxable Assessed Value
		Current Taxes Imposed	Taxable Assessed Value			Assessed Value		
Rogue Valley Manor	Retirement Housing	875,233	61,322,070	1	1.20%	44,674,140	1	1.40%
Rogue Valley Mall LLC	Shopping Mall	764,076	48,383,400	2	0.95%	-		0.00%
PK Sale LLC		708,073	44,837,180	3	0.88%	-		0.00%
Qwest Corporation (US West in 97)	Telephone Utility	547,614	34,853,300	4	0.68%	33,721,210	3	1.05%
Haagen Alexander Properties	Shopping Mall	-	-		0.00%	20,752,510	5	0.65%
Avista Corp DBA Washington	Gas Utility	369,885	23,538,500	5	0.46%	16,371,170	7	0.51%
Key West Properties	Developer	256,782	16,241,190	6	0.32%	-		0.00%
Pacificorp (PP&L)	Electric Utility	337,351	21,496,000	7	0.42%	28,793,900	4	0.90%
Asante	Health Organization	332,000	21,193,960	8	0.41%	-		0.00%
Kogap Enterprises Inc	Electrical Contractor	310,682	20,597,144	9	0.40%	-		0.00%
Edge Wireless	Cell Utility	359,147	22,814,300	10	0.45%	-		0.00%
Fund A Rogue Valley Inc	Shopping Mall	-	-		0.00%	37,923,090	2	1.19%
United Airlines	Aviation	-	-			17,849,000	6	0.56%
Sabroso Company	Fruit Processing	-	-			12,825,620	8	0.40%
Medford Mail Tribune	Newspaper	-	-			12,633,430	9	0.40%
Pan Pacific Retail Property Inc.	Property Management	-	-			11,901,130	10	0.37%
Total			315,277,044		6.17%	237,445,200		7.43%

Note: The 2007-08 Taxable Assessed Valuation for the City of Medford is: 5,112,340,465
 The Taxable Assessed Valuation in 1998/2000 was: 2,975,559,284

¹ Top Taxpayer information as of 9 years ago was unavailable.

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					
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%
2008	32,206,133	30,272,542	94.0%	929,482	31,202,024	96.9%	1,928,079	6.0%

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 ²
	General Obligation Bonds	Special Assessment Bonds ³	Capital Leases	Medford Urban Renewal (Mura) Bonds	Contract/ Loan (Mura)	Sewer Bonds	General Obligation Bonds	Capital Leases				
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%	1.21%
2005	46,665,000	1,246,150	309,272	19,420,000	600,000	-	-	-	68,240,422	963	0.10%	1.16%
2006	49,565,000	1,157,150	144,445	20,398,000	540,033	-	-	-	71,804,628	971	0.10%	1.15%
2007	66,560,000	-	17,645	20,400,000	483,205	-	-	-	87,460,850	1,156	0.09%	-
2008	64,000,000	-	-	17,689,000	424,689	-	-	-	82,113,689	1,085	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

2 Personal Income data for the City was not available.

3 The Bancroft (Special Assessment Bonds) were paid off in full September 2006.

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
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
2008	64,000,000	17,689,000	81,689,000	3,681,053	78,007,947	1.53%	1,030.42

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 \$29,570,000 as of 6/30/08.

Schedule 11

Direct and Overlapping Governmental Activities Debt

As of June 30, 2008

(Amounts in dollars)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct & Overlapping Debt
Debt repaid with property taxes			
Jackson County	34,445,000	36.1674%	12,457,861
Jackson County Housing Authority	4,116,021	36.1674%	1,488,658
JC School District #4 (Phoenix-Talent)	29,025,000	28.4506%	8,257,787
JC School District #549C (Medford)	204,470,000	76.2920%	155,994,252
JC School District #6 (Central Point)	25,200,000	1.2636%	318,427
Rogue Community College	43,615,000	26.5499%	11,579,739
 Subtotal Overlapping Debt	 340,871,021		 190,096,724
 City Direct Debt			
City Gross Property Tax Backed Direct Debt	57,385,000		57,385,000
	398,256,021		247,481,724

Sources: Oregon State Treasury, Debt Management Information System

Notes:

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

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values.

The Oregon State Treasury, acting on behalf of the Municipal Debt Advisory Commission maintains debt information to assist municipalities in debt related matters. The overlapping debt is based on information obtained from sources believed to be reliable, however, per Oregon State Treasury Debt Management Information System, its accuracy cannot be guaranteed .

"Gross Property-tax Backed Debt" includes all General Obligation (GO) bonds and Limited-tax GO bonds. Full faith and credit obligations, revenue bonds and special assessment bonds are not included in the Debt Outstanding and direct debt.

Schedule 12

Legal Debt Margin Information

Last Ten Fiscal Years - Unaudited

(Amounts in dollars)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt Limit	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	320,052,118
Total net debt applicable to limit	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	30,886,602
Legal debt margin	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	289,165,516
Total net debt applicable to the limit as a percentage of debt limit	9.82%	8.57%	3.75%	3.08%	2.33%	25.22%	18.95%	13.91%	12.46%	10.68%

Legal Debt Margin Calculation for Fiscal Year 2008

Real Market Value	10,668,403,922
Add Back: exempt real property	-
Total Real Market Value (M5)	<u>10,668,403,922</u>
Debt Limit (3% of total Assessed Value)	320,052,118
Amount of debt applicable to debt limit	
Total Bonded Debt:	81,689,000
Deductions:	
Assets in debt service funds available for payment of principal	3,681,053
Special assessment bonds	-
Revenue bonds	29,570,000
Urban redevelopment bonds	<u>17,689,000</u>
Total deductions	<u>50,940,053</u>
Total net debt applicable to limit	30,748,947
Legal Debt Margin	<u><u>289,303,171</u></u>
Total net debt applicable to the limit as a percentage of the debt limit	<u><u>10.63%</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			
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	
2008	3,610,299	3,256,822	1,104,406	2,505,893	1,130,000	310,798	1.74	1.34	
<hr/>									
	\$ 38,358,791	\$ 26,973,826	\$ 11,302,619	\$ 27,056,172	\$ 7,200,000	\$ 3,534,350			

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			
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		
2008	4,143,944	311,782	3,832,162	705,000	1,125,434	2.09		
<hr/>								
	\$ 17,098,350	\$ 862,558	\$ 16,235,791	\$ 1,710,000	\$ 2,334,274			

Fiscal Year Ended June 30,	Special Assessment bonds ⁸				Coverage Actual Debt Service
	Special Assessment Collections	Paid during year			
		Principal	Interest		
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	
2008	-	-	-	-	

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

⁸ Special Assessment Bonds (Bancroft bonds) were paid off in FY06/07

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 (Thousands of Dollars (3)	Per Capita Personal Income (Dollars) (3)	Commercial Construction (5)		Residential Construction (5)		Deposits (6) (in thousands)
									# of Units	Value (in thousands)	# of Units	Value (in thousands)	
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	6.6	92,422	4,781	26,004	371	67,995	353	26,532	817,316
2002	66,090	13,074	658	18	7.5	93,811	4,939	26,459	322	49,116	404	46,932	842,826
2003	68,080	12,854	672	18	7.7	97,137	5,214	27,491	399	68,866	623	89,351	1,329,763
2004	69,220	12,759	573	18	7.1	98,873	5,202	28,658	402	117,302	747	88,134	1,298,662
2005	70,860	12,705	562	19	6.2	100,046	5,860	30,133	407	68,255	655	88,136	1,128,225
2006	73,960	12,853	531	19	5.7	100,965	6,256	31,785	414	74,011	465	108,564	1,510,651
2007	75,675	12,490	512	20	5.7	102,538	-	-	458	91,063	385	103,895	1,723,630
2008	75,705	12,408	568	20	6.7	103,469	-	-	413	103,975	141	24,963	-

(1) Portland State University (3/2007)

(2) City School District 549C

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

The latest personal income & per capita personal income available by BEA economic area was 2006.

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

(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)

<u>Employer</u>	<u>2006-2008 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>	
Harry & David Operations	Fruit & Gifts	3,500	1	3.38%	3,700	1	3.94%
Asante (RV Medical)	Health Care	2,943	2	2.84%	2,700	2	2.88%
Providence Medical Center	Health Care	1,271	3	1.23%			0.00%
Lithia Motors	Auto Dealership	800	4	0.77%			0.00%
Boise Building Solutions	Secondary Wood	750	5	0.72%			0.00%
Timber Products	Secondary Wood	650	6	0.63%	864	5	0.92%
Regency Bluecross Blueshield	Health Care	460	7	0.44%			
City of Medford	Government	457	8	0.44%	425	6	0.45%
Rogue Valley Manor	Health Care/Retirement	436	9	0.42%	500		0.53%
Costco	Retail	309	10	0.30%			
Boise Cascade Corp	Plywood, Lumber, LVL			0.00%	1000	3	1.07%
Cascade Wood Products	Millwork			0.00%	900	4	0.96%

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

Source

(1) Per SOREDI website (www.soredi.org -- Account calls & survey data 2006-2008 estimates)

(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)	(2)	(2)	(2)	(2)	(3)	(3)	(3)
	<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>	<u>07-08</u>
City Manager	5.0	6.0	8.0	9.0	9.0	9.0	10.0	11.0	11.0	9.3
Information Services	5.0	9.0	11.0	11.0	11.0	11.0	11.0	11.0	10.8	12.0
Recorder	1.0	1.0	2.0	2.0	1.0	1.0	1.0	1.1	1.0	1.0
Human Resources	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.8	3.5	4.4
Print Shop	1.0	1.0	1.0	1.0	-	-	-	-	-	-
Finance	10.0	11.0	11.0	11.0	10.0	11.0	11.0	10.4	11.4	11.4
Planning	14.0	14.0	14.0	14.0	12.0	18.0	18.0	19.4	18.5	17.0
Building Inspection	13.0	13.0	14.0	14.0	12.0	14.0	14.0	16.4	16.0	14.6
Public Works										
Engineering	24.0	25.0	27.0	28.0	24.0	27.0	28.0	32.7	32.7	34.7
Maintenance	41.0	40.0	42.0	42.0	43.0	46.0	47.0	56.0	56.5	57.1
WRD	23.0	23.0	24.0	24.0	22.0	23.0	22.0	23.4	23.8	25.7
City Attorney	3.0	3.0	3.0	4.0	4.0	3.0	3.0	3.0	3.0	4.0
Municipal Court	7.0	7.0	8.0	8.0	8.0	8.0	8.0	8.0	7.5	7.5
Parking Enforcement	1.3	1.3	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-	-	-
Sworn Officers	92.0	94.0	94.0	90.0	92.0	91.0	92.0	96.0	99.0	99.0
Civilians	44.0	46.0	47.0	49.0	50.0	50.0	52.0	61.1	63.8	69.3
Fire	72.0	75.0	75.0	-	-	-	-	-	-	-
Firefighters/officers	-	-	-	69.0	72.0	70.0	68.0	69.7	67.0	67.0
Civilians	-	-	-	1.0	1.0	2.0	2.0	2.0	7.9	7.9
Parks & Recreation	26.0	23.0	23.0	24.0	24.0	26.0	32.0	46.3	48.5	53.7
Urban Renewal	-	-	-	5.0	4.0	4.0	4.0	4.0	4.3	4.0
TOTAL	385.3	395.3	407.0	409.0	402.0	417.0	426.0	475.3	486.2	499.5

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	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	
Function											
Police 1											
Part I - Major Crimes Reported	5,340	4,309	4,516	4,285	5,615	5,849	5,655	5,887	5,032	4,650	
Part II - Other Crimes	7,942	7,255	7,207	7,005	7,642	8,049	8,296	7,801	7,776	10,425	
Part III - Traffic & Other Crimes	36,956	36,419	19,266	12,477	14,738	15,092	15,317	14,816	13,195	9,588	
Total Reported	50,238	47,983	30,989	23,767	27,995	28,990	29,268	28,504	26,003	24,663	
# of Juvenile Arrest Charges	3,282	2,495	2,612	2,882	2,633	2,564	2,047	1,589	1,902	1,951	
# of Adult Arrest Charges	10,634	9,820	10,900	11,142	9,185	9,462	9,394	9,103	9,363	9,820	
Cases Cleared	11,355	10,641	10,235	10,589	9,656	10,411	10,816	10,900	10,788	18,866	
Clearance Rate	22.60%	22.20%	33.30%	44.60%	34.50%	35.90%	37.00%	38.20%	41.50%	76.50%	
Fiscal Year Ending 6/30/XX											
Fire											
Number of Fires	-	-	422	423	485	399	394	341	625	369	362
Overpressure, heat, explosion	-	-	6	9	9	7	21	10	15	20	13
EMS, Rescue, MVA	-	-	4,171	4,007	4,741	4,920	5,088	6,230	7,438	5,471	5,665
Hazardous Conditions	-	-	163	159	171	145	176	183	259	179	160
Service Call	-	-	187	236	265	353	257	336	369	296	261
Good Intent Calls	-	-	326	748	735	832	907	850	1,256	3,008	3,170
False Alarm	-	-	570	586	595	605	655	1,606	1,018	617	529
Severe Weather	-	-	4	1	11	6	2	6	8	-	3
Special Incident	-	-	18	20	13	21	14	13	25	7	13
Uncategorized	-	-	-	-	-	-	-	-	-	8	9
Total Incident Responses	5,200	5,296	5,867	6,189	7,025	7,288	7,514	9,575	11,013	9,975	10,185
Total City only	-	-	5,077	5,332	6,147	6,553	6,776	8,747	9,762	-	553
Total Rural Only	-	0	790	857	878	741	739	828	1,251	-	9,461
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	5.59
Streetlights added	195	99	97	147	129	252	293	409	340	247	233
Culture and Recreation (2)											
Aquatics	-	-	-	-	-	-	-	-	-	30,043	35,665
Youth & Adult Sports	-	-	-	-	-	-	-	-	-	5,928	6,811
Youth Programs/Day Camps	-	-	-	-	-	-	-	-	-	736	1,641
Community Recreation	-	-	-	-	-	-	-	-	-	15,050	18,200
Special Interest Classes	-	-	-	-	-	-	-	-	-	2,396	3,040
Wastewater											
Miles of Sanitary Sewers Added	3	2	1	3	1	3	4	3	7	3	3.65
Miles of Storm Sewers Added	3	4	2	6	3	6	7	6	8	6	5.7
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	18,850
Building/Planning/Engineering											
Total Permits	6,493	7,476	6,844	6,601	6,501	8,238	9,314	9,189	8,711	7,904	5,491
Commercial Building Permits Issued	336	593	385	351	322	398	401	407	414	458	413
Value Commercial Construction	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	103,975,011
Single Family Residence Issued	478	498	403	353	404	623	747	655	465	385	141
Value Residential	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	24,963,894
Square miles Added to City	-	1.50	-	0.90	0.46	0.88	0.50	0.10	1.36	0.62	0.32

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.

City of Medford, Oregon
Schedule 18
Capital Asset Statistics by Function
 Last Ten Fiscal Years - Unaudited

<u>Fiscal Year Ending 6/30/XX</u>		<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Public Safety											
Fire Protection:	(2)										
Number of Stations		4	5	5	5	5	5	5	5	5	5
Police Protection:	(3)										
Number of Stations		1	1	1	1	1	1	1	1	1	1
Sewers:	(1)										
Miles of Sanitary Sewers		229	230	233	234	237	241	244	251	253	257
Miles of Storm Sewers		112	114	120	123	129	136	142	150	156	162
Public Works											
Area -- Square Miles	(1)	21.70	21.70	22.60	23.06	23.94	24.44	24.54	24.92	25.30	25.62
Miles of Streets	(1)	207.85	209.12	213.43	217.90	222.97	229.32	232.95	241.22	247.02	252.61
Number of Street Lights	(1)	4,193	4,290	4,437	4,566	4,818	5,111	5,520	5,860	6,107	6,340
Recreation and Culture:											
Number of Parks	(4)	37	37	37	45	42	42	40	40	39	48
Total Park Acreage		2,198	2,198	2,198	2,386	2,410	2,410	2,403	2,403	2,364	2,393
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

Continuing Disclosure for the following:

Series 2006 Sidewalk Bonds Table 12

Series 2002 Parks Table 5

Series 2001 Gas Tax Table 5

Series 2000 City Hall Table 3

	Issue Date	Maturity Date	Amount Issued	Amount Outstanding as of 6/30/08
General Obligation Bonds				
General Obligation Bonds, Series 2006	6/29/2006	6/1/2026	4,600,000	4,165,000
Total G.O. bonds			4,600,000	4,165,000
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	1,060,000
Limited Tax Revenue Bonds, Series 2002 (Parks)	5/1/2002	6/1/2022	5,700,000	4,470,000
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	18,485,000
Total FF&C Obligations & Limited Tax Bonds			57,870,000	53,220,000
Contracts & Leases (paid from the General Fund)				
Mower Leases ⁽²⁾	4/17/2003	3/17/2008	109,420	-
Total Contracts & Leases (paid from the General Fund)			109,420	-
Total Net Direct Debt (Including Pension Obligations) ⁽³⁾			62,579,420	57,385,000
Total Net Direct Debt (Excluding Pension Obligations) ⁽³⁾			33,374,420	28,180,000
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	4,410,000
Gas Tax Revenue Bonds, Series 2001	12/1/2001	12/1/2011	5,000,000	2,205,000
Total Self-Supporting Revenue Obligations			14,300,000	6,615,000
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	64,000,000
Total Gross direct Debt (excluding Pension Obligations) ⁽⁴⁾			47,674,420	34,795,000

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, 2008 the total outstanding debt of the Medford Urban Renewal Agency (MURA) was \$17,689,000.00

Source: City of Medford

CITY OF MEDFORD - UNAUDITED

Table 2

DEBT INFORMATION

Debt Ratios ⁽¹⁾

Continuing Disclosure for the following:

Series 2006 Sidewalk Bonds Table 11

Series 2002 Parks Table 4

Series 2000 City Hall Bonds Table 2

	Including Pension Obligations			Excluding Pension Obligations		
	Values	Per Capita	Percent RMV	Values	Per Capita	Percent RMV
2008 Population	75,705			75,705		
2008 Real Market Value	10,668,403,922	\$ 140,921		10,668,403,922	\$ 140,921	
Gross Direct Debt ⁽²⁾	64,000,000	\$ 845	0.60%	34,795,000	\$ 460	0.33%
Net Direct Debt ⁽³⁾	57,385,000	\$ 758	0.54%	28,180,000	\$ 372	0.26%
Net Overlapping Debt	178,903,724	\$ 2,363	1.68%	178,903,724	\$ 2,363	1.68%
Net Direct & Net Overlapping Debt	236,288,724	\$ 3,121	2.21%	207,083,724	\$ 2,735	1.94%

(1). Outstanding Debt information is as of 6/30/08.

(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

2008 Real Market Value	10,668,403,922
Debt limitation (3% of RMV)	320,052,118
Total Applicable bonded debt	30,886,602
Debt Margin	289,165,516
Percent of limit issued	10.68%

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, 2008 the total outstanding debt of the Medford Urban Renewal Agency (MURA) was \$17,689,000. 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 Renewal Agency anticipates issuing Debt in the amount of \$6.25 million by 2010.

CITY OF MEDFORD - UNAUDITED

Table 3
6/30/2008

Overlapping Debt

Continuing Disclosure for:
Series 2006 Sidewalk Bonds - Table 14

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	29,328,662,748	36.1674%	12,457,861	12,457,861
Jackson County Housing Authority	29,328,662,748	36.1674%	1,488,658	-
Jackson Cty SD 4 (Phoenix- Talent)	3,003,893,000	28.4506%	8,257,787	4,020,070
Jackson Cty SD 6 (Central Point)	3,702,263,161	1.2636%	318,427	318,427
Jackson Cty SD 549C (Medford)	12,722,175,057	76.2920%	155,994,252	155,994,252
Rogue Community College	39,952,809,668	26.5499%	11,579,739	6,113,114
Totals			190,096,724	178,903,724

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

CITY OF MEDFORD - UNAUDITED
Table 4

Future Debt Service

Continuing Disclosure for the following:
Series 2007 Parks Bonds Table 11
Series 2006 Sidewalk Bonds Table 13
Series 2002 Parks bonds Table 6
Series 2000 City Hall Table 4

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
08-09	515,000	49,161	235,000	206,149	245,000	178,789	660,000	741,131	1,655,000	1,175,230
09-10	545,000	25,343	245,000	196,749	260,000	168,989	685,000	714,731	1,735,000	1,105,812
10-11	-	-	255,000	186,336	270,000	157,939	710,000	687,331	1,235,000	1,031,606
11-12	-	-	265,000	175,499	280,000	146,464	740,000	658,931	1,285,000	980,894
12-13	-	-	275,000	164,236	290,000	134,564	770,000	629,331	1,335,000	928,131
13-14	-	-	290,000	152,549	305,000	122,239	805,000	598,531	1,400,000	873,319
14-15	-	-	305,000	139,789	315,000	109,276	835,000	566,331	1,455,000	815,396
15-16	-	-	320,000	126,064	330,000	95,889	870,000	532,931	1,520,000	754,884
16-17	-	-	335,000	111,344	345,000	81,039	905,000	498,131	1,585,000	690,514
17-18	-	-	350,000	95,431	355,000	65,514	945,000	461,931	1,650,000	622,876
18-19	-	-	370,000	78,806	375,000	50,426	985,000	424,131	1,730,000	553,363
19-20	-	-	385,000	60,769	390,000	34,489	1,030,000	384,731	1,805,000	479,989
20-21	-	-	410,000	42,000	405,000	17,719	1,070,000	343,531	1,885,000	403,250
21-22	-	-	430,000	21,500	-	-	1,115,000	300,731	1,545,000	322,231
22-23	-	-	-	-	-	-	1,165,000	256,131	1,165,000	256,131
23-24	-	-	-	-	-	-	1,215,000	209,531	1,215,000	209,531
24-25	-	-	-	-	-	-	1,270,000	160,931	1,270,000	160,931
25-26	-	-	-	-	-	-	1,325,000	110,131	1,325,000	110,131
26-27	-	-	-	-	-	-	1,385,000	57,131	1,385,000	57,131
27-28	-	-	-	-	-	-	-	-	-	-
	1,060,000	74,504	4,470,000	1,757,221	4,165,000	1,363,336	18,485,000	8,336,289	28,180,000	11,531,350

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

CITY OF MEDFORD - UNAUDITED

Table 5

Real Market Value of Taxable Property

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

FY Ended 6/30/XX	Real Market Value (RMV)	Percent Change	Total Assessed Value (AV)	Percent Change	AV as Percent of RMV
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%
2008	10,668,403,922	11.9397%	5,297,196,325	6.7741%	49.65%

1. Total Assessed Value of the City includes Medford Urban Renewal values and other offsets such as Non-Profit Housing Value. The Tax Collection Record Table which follows, reflects the Taxable Assessed Value (AV) which does not include Medford Urban Renewal excess value as calculated by the Jackson County Tax Assessor.

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

Tax Collection Record

Series 2006 Sidewalk Bonds Table 17
 Series 2002 Parks Table 8

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 6/30/2008
2002	3,584,799,333	5.69%	18,982,588	365,291	19,347,879	5.2953	0.95	0.9994
2003	3,748,725,467	4.57%	19,842,934	103,288	19,946,222	5.2953	0.98	0.9992
2004	3,959,222,931	5.62%	20,965,596	53,395	21,018,991	5.2953	0.96	0.9991
2005	4,247,828,959	7.29%	22,493,931	47,679	22,541,610	5.2953	0.96	0.9982
2006	4,492,708,015	5.76%	23,790,437	120,222	23,910,659	5.2953	0.97	0.9939
2007	4,792,108,010	6.66%	25,583,055	380,026	25,963,080	5.2953	0.97	0.9871
2008	5,112,340,465	6.68%	27,152,233	423,929	27,576,161	5.2953	0.96	0.9550

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 6/30/08 are for City of Medford
 Source: Jackson County Assessor and financial statements of the City.

Continued on page 109

IMPACT OF TAX LIMITATION ON THE CITY

Series 2006 Sidewalk Bonds Table 18

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

<u>FY Ended 6/30/XX</u>	<u>Levy Used to Compute Rate</u>	<u>Loss Due to Tax Limitation</u>	<u>Percent Loss</u>
2002	\$ 18,982,546.15	\$ 40.84	0.00022%
2003	19,842,934	7,827.76	0.03945%
2004	20,965,596	60.70	0.00029%
2005	22,493,931	66.33	0.00029%
2006	23,790,437	60.01	0.00025%
2007	25,375,596	61.06	0.00024%
2008	27,071,783	67.81	0.00025%

Table 6

Period Ending 6/30/08

Representative consolidated Tax Rates for Levy Code Area 49-01

Continuing Disclosure for:
Series 2006 - sidewalk Bonds Table 20

Area	Tax Rate For Operations	Tax Rate for Bonds	Tax Rate Total
Within the City of Medford			
Schools			
School District 549C	4.2424	1.806	6.0484
Education Service district	0.3289		0.3289
Rogue CC	0.4786	0.1195	0.5981
Total Education	\$ 5.0499	\$ 1.9255	\$ 6.9754
Local Government			
Jackson County	1.8754	0.2273	2.1027
Jackson County URA	0.1093	0.2726	0.3819
City of Medford	5.1106	0.0798	5.1904
Medford URA	0.4964	0.3938	0.8902
Vector	0.0402		0.0402
JC Soil Water	0.0467		0.0467
Rogue Valley TD	0.1646		0.1646
Total Local Government	\$ 7.8432	\$ 0.9735	\$ 8.8167
	\$ 12.8931	\$ 2.8990	\$ 15.7921

1. The 2007-08 Taxable Assessed Value to compute the tax rate code of 49-01 is \$4,774,837,214 which is 85.25 percent of the Total Taxable Assessed Value of the City.

Source: Jackson County, Department of Assessment

General Fund Financial Information
Continuing Disclosure for:
Series 2002 Parks Bond disclosure Table 2

5 year General Fund Statement of Revenue & Expenditures

	2003-04	2004-05	2005-06	2006-07	2007-08
Revenues					
Taxes					
Property	20,629,066	21,877,364	23,514,230	24,449,388	26,090,032
Franchise	4,791,386	4,909,358	6,291,510	6,259,690	7,805,598
Lodging ¹ /Other	2,347,490	2,077,952	1,215,449	2,508,523	1,276,748
Charges for services	822,393	2,100,498	1,984,242	971,541	1,036,743
Fines and penalties	1,184,776	1,069,343	1,118,277	1,285,286	1,376,390
Intergovernmental	2,157,663	880,566	950,398	2,544,456	4,474,260
Fees, licenses and permits	561,361	1,097,824	1,490,959	652,912	736,784
Investment earnings	231,571	370,505	774,244	1,116,110	962,796
Grants and contributions	460,695	525,526	1,229,525	348,253	494,148
Miscellaneous	127,902	210,610	134,547	581,591	99,665
Total Revenues	33,314,303	35,119,546	38,703,381	40,717,750	44,353,164
Expenditures					
General government	6,168,470	9,651,786	6,940,941	5,867,152	6,120,334
Public Safety	21,100,767	22,483,782	24,755,871	25,082,758	27,123,581
Highway and streets	-	-	-	740,778	713,605
Culture and recreation	3,209,369	3,371,125	5,743,606	5,362,491	6,024,618
Capital Outlay	1,806,717	668,661	-	2,166,528	1,730,127
Debt service	427,260	6,760	-	-	-
Total Expenditures	32,712,583	36,182,114	37,440,418	39,219,707	41,712,265
Excess of revenues over (under) expenditures	601,720	(1,062,568)	1,262,963	1,498,043	2,640,899

CITY OF MEDFORD - UNAUDITED
Table 7 (page 2)

	2003-04	2004-05	2005-06	2006-07	2007-08
Other Financing sources (uses)					
Transfers in	1,362,670	2,031,660	1,634,982	1,398,750	1,697,081
Transfers out	(854,422)	(2,598,951)	(3,311,492)	(1,434,951)	(2,585,455)
PERS Unfunded liability payment ²	(29,205,000)	-	-	-	-
Bond proceeds	29,376,688	178,545	-	-	-
Sale of capital assets	86,272	917,076	583,853	23,065	9,431
Total other financing sources	766,208	528,330	(1,092,657)	(13,136)	(878,943)
Excess of revenues and other sources over (under) expenditures & other uses	1,367,928	(534,238)	170,306	1,484,907	1,761,956
Fund Balance Beginning July 1	14,949,574	16,468,970	16,210,552	16,380,858	17,865,765
Residual Equity Transfer/Prior Period Adj	151,469	275,819	-	-	-
Fund Balance Ending June 30	16,468,971	16,210,551	16,380,858	17,865,765	19,627,721

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

CITY OF MEDFORD - UNAUDITED
Table 8

Continuing Disclosure For:
Parks Series 2002 Table 3

Five Year General Fund Consecutive Balance Sheets

	2003-04	2004-05	2005-06	2006-07	2007-08
ASSETS					
Cash and cash equivalents	15,308,863	15,972,515	16,266,051	10,712,213	21,222,362
Receivables					
Accounts	1,828,363	2,002,588	2,046,945	2,646,845	2,456,444
Property taxes	1,419,415	1,435,004	1,111,959	1,361,354	1,565,929
Other	78,073	-	-	-	-
Inventory	65,397	46,022	62,298	51,116	52,718
Due from other funds	311,260	122,640	660,073	105,460	96,099
Other current assets	-	-	14,478	55,851	24,895
Restricted Cash	989,741	1,001,877	-	7,794,776	179,290
Total assets	\$ 20,001,112	\$ 20,580,646	\$ 20,161,804	\$ 22,727,615	\$ 25,597,737
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	682,890	1,304,612	905,033	1,706,419	1,624,292
Accrued payroll and related expenses	1,250,450	1,398,263	1,494,235	1,537,186	1,626,520
Due to Medford Water Commission	84,110	-	-	-	49,337
Deferred revenue	1,514,691	1,667,219	1,381,678	1,618,245	2,669,867
Total liabilities	3,532,141	4,370,094	3,780,946	4,861,850	5,970,016
Fund Balances:					
Reserved for:					
Inventories	71,385	-	-	-	-
Unreserved	16,397,586	16,210,552	16,380,858	17,865,765	19,627,721
Total fund balances	16,468,971	16,210,552	16,380,858	17,865,765	19,627,721
Total liabilities and fund balances	\$ 20,001,112	\$ 20,580,646	\$ 20,161,804	\$ 22,727,615	\$ 25,597,737

Source: City of Medford financial statements

Continuing Disclosure as of 6/30/08:
Parks Series 2002 Table 7

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 Government 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 6/30/08.

Investments	Cost	Par Value
Local Government Investment Pool	32,255,773	32,255,773
Federal Agency Bonds & Discount Notes	-	-
Cash deposits & certificates of deposit	47,584,376	54,342,837
Investments Held by 3rd Party Trust	542,452	547,644
Total Cash and investments	80,382,600	87,146,254

CITY OF MEDFORD - UNAUDITED

Table 10

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

Continuing Disclosure for:

2001 Gas Tax Bonds Table 7

1999 Gas Tax Bonds Table 5

	Gas Tax Fund				
	2003-04	2004-05 (1)	2005-06	2006-07	2007-08
Revenues					
Taxes					
State Gas	3,032,251	3,327,689	3,394,786	3,389,522	3,256,822
Charges for services	50,227	41,390	37,402	248,961	192,145
Intergovernmental	6,450	8,346,000	5,000	-	-
Investment earnings	42,524	383,645	396,709	228,243	141,592
Miscellaneous	22,032	13,246	41,183	123	19,740
Total Revenues	3,153,484	12,111,970	3,875,080	3,866,849	3,610,299
Expenditures					
Technical Services	11,020	3,894	4,949	2,738	32,475
Engineering & Development	448,417	512,458	667,102	4,486,009	997,462
Capital Improvements - Engineering	1,016,912	1,052,323	8,470,717	-	161,564
Public Works Administration	175,666	151,365	221,271	-	224,911
Capital Improvements - Public Works	7,053	16,909	12,640	250,307	4,006
Total Expenditures	1,659,068	1,736,949	9,376,679	4,739,054	1,420,417
Excess revenues over (under) Expenditures	1,494,416	10,375,021	(5,501,599)	(872,205)	2,189,882
Other Financing sources (uses)					
Transfer Out	(1,542,539)	(1,577,038)	(2,132,570)	(1,586,516)	(1,438,117)
Sale of Capital Assets	-	-	4,100	-	-
Total other financing sources (uses)	(1,542,539)	(1,577,038)	(2,128,470)	(1,586,516)	(1,438,117)
Net Change in fund balances	(48,123)	8,797,983	(7,630,069)	(2,458,721)	751,764
Fund balance, beginning of year	4,182,578	4,353,634	13,151,617	5,464,604	3,005,883
Prior Period Adjustment	219,179	-	-	-	-
Fund Balance, end of year	\$ 4,353,634	\$ 13,151,617	\$ 5,521,548	\$ 3,005,883	\$ 3,757,647

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

CITY OF MEDFORD - UNAUDITED

Table 11

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

Continuing Disclosure for:

2001 Gas Tax Bonds Table 7

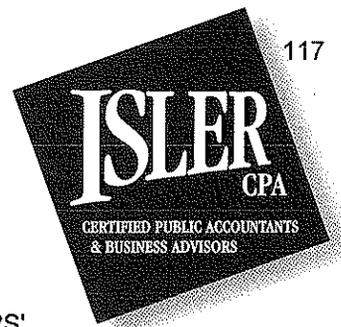
1999 Gas Tax Bonds Table 7

	Street System Development Charges Fund				
	2003-04	2004-05	2005-06	2006-07	2007-08
Revenues					
System development fees	4,604,791	3,556,187	3,431,361	4,139,557	2,146,447
Investment earnings	55,143	142,988	435,199	770,407	545,202
Miscellaneous	-	-	-	60,000	60,000
Total Revenues	4,659,934	3,699,175	3,866,560	4,969,964	2,751,649
Expenditures					
Engineering & Development	-	-	-	33,169	12,477,674
Capital Improvements - Engineering	415,891	636,360	829,167	1,394,642	1,736,192
Total Expenditures	415,891	636,360	829,167	1,427,811	14,213,866
Excess revenues over (under) Expenditures	4,244,043	3,062,815	3,037,393	3,542,153	(11,462,217)
Other Financing sources (uses)					
Transfer Out	(1,350)	(1,400)	(200)	(1,069)	(506)
Sale of Capital Assets (1)	191,785	-	-	-	2,760.00
Total other financing sources (uses)	190,435	(1,400)	(200)	(1,069)	2,254
Net Change in fund balances	4,434,478	3,061,415	3,037,193	3,541,084	(11,459,963)
Fund balance, beginning of year	2,593,857	7,028,336	10,089,751	13,126,944	16,668,028
Prior Period Adjustment					
Fund Balance, end of year	\$ 7,028,335	\$ 10,089,751	\$ 13,126,944	\$ 16,668,028	\$ 5,208,065

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, 2008, and have issued our report thereon dated December 12, 2008. 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.

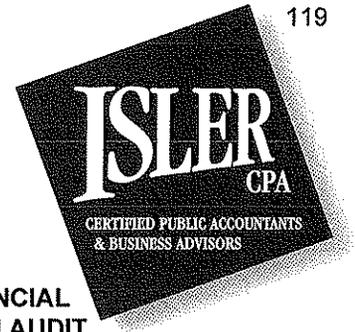
This report is intended for the information of the City Council and the Secretary of State Division of Audits of the State of Oregon. However, this report is a matter of public record and its distribution is not limited.

ISLER CPA

by: 

Paul Nielson, CPA, a member of the firm

Eugene, Oregon
December 12, 2008



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

Honorable Mayor and City Council
City of Medford
Medford, Oregon

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Medford, Oregon ("City") as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 12, 2008. 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described as 2008A and 2008B in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

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 entity'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 and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

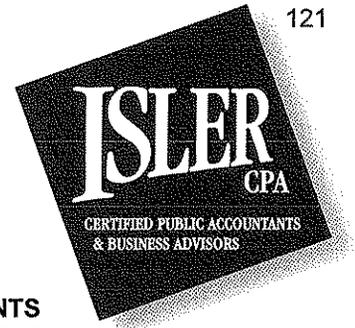
As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect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

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

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

ISLER CPA

Paul Nielson, CPA, a member of the firm
Eugene, Oregon
December 12, 2008



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

Honorable Mayor and City Council
City of Medford
Medford, Oregon

Compliance

We have audited the compliance of the City of Medford, Oregon ("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 each of its major federal programs for the year ended June 30, 2008. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

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 entity'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 any entity'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 those specified parties.

ISLER CPA

Paul R. Nielson

Paul Nielson, CPA, a member of the firm
Eugene, Oregon
December 12, 2008

CITY OF MEDFORD, OREGON
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2008

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. Two significant deficiencies disclosed during the audit of the financial statements are reported in the schedule of findings and questioned costs as items 2008A and 2008B. Neither of the conditions is reported as a material weakness.
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 controls over major programs were disclosed by the audit.
5. The auditor's report on compliance for the major federal award programs for the City of Medford expresses an unqualified opinion on all major federal programs.
6. The audit did not disclose any audit findings related to major programs that are required to be reported.
7. The programs tested as a major programs included:
 - i. Community Development Block Grant, CFDA 14.218
 - ii. Oregon Homeland Security Law Enforcement Terrorism Prevention Program CFDA 97.074.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The City was determined to be a low-risk auditee.

II. FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCY

2008-A

Criteria. Liabilities and revenues should be properly recorded in the appropriate period. Internal controls should exist to distinguish between deposit liabilities and revenues and to ensure recording in the proper period.

Statement of condition. The City's engineering department is responsible for the management of various deposits and other project related liabilities. During the year management found deposit liabilities were sometimes being recorded as revenues. As a result of our audit procedures, we noted that management corrected current year errors to properly record deposits as a liability. In addition, as a part of our audit procedures, with assistance from management, it was determined that adequate controls did not exist to monitor and refund deposits, which could result in deposits not being returned timely and remaining recorded on the City's books.

Effect. During the year deposits were incorrectly recorded as revenues resulting in an overstatement of revenue and understatement of liabilities. This was corrected in the audited financial statements.

2008A (continued)**Management's Response**

At the time of the audit, the engineering division was in the process of developing controls to better monitor and track deposits, including:

- *Accumulating deposit documentation in one place (currently filed in the project files).*
- *Establishing a tracking mechanism to ensure deposits are returned when requirements have been fulfilled.*
- *Establishing a standardized mechanism to determine amounts of deposit.*

2008-B**SIGNIFICANT DEFICIENCY**

Criteria. Internal control procedures should be sufficient to provide reasonable assurance that calculation errors are detected on a timely basis.

Condition. As a result of our audit procedures, we found the calculations used to determine various system development charges ("SDC") were incorrect in three out of the twenty-four applications tested. As part of the test we noted the errors were due to human input error and misuse of codes.

Effect. SDC revenue amounts were misstated.

Management's Response

We are aware of three calculation errors that were discovered during the course of the audit. Calculating SDC credits and fees is a manual process. The employee responsible has been counseled and the following steps are being taken to ensure accuracy of SDC calculations:

- *A Standard Operating Procedure (SOP) is being developed to document the process of calculating SDC fees and credits.*
- *Mathematical computations will be reviewed by the technician's supervisor.*
- *Options will be explored with Technology Services to program our computer system (H.T.E) to include basic calculations and code checks. For example, one of the errors would have been avoided had H.T.E. checked for valuation limits for data entry fields; the square footage was entered on the wrong line and exceeded the square footage limit for that rate. The ability for H.T.E. to calculate SDC fees and credits will also be explored.*

Work had already begun on several of these items before the audit; it is our intention to complete the above items by June 30, 2009.

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, 2007.

**CITY OF MEDFORD, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008**

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	\$ 2,182
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:		
Direct programs:		
Community Development Block Grant:		
B06-MC-410005	14.218	924,701
Housing Authority	14.218	97,022
B03-SP-OR-0625 - EDI	14.246	48,165
B06-SP-OR-8033 - EDI	14.246	10,000
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		1,079,888
DEPARTMENT OF JUSTICE:		
Pass through the OR Dept of State Police		
Edward Byrne Memorial State & Local Law Enforcement Assistance	16.580	53,770
Bullet Proof Vest Partnership Program	16.60	6,250
TOTAL U.S. DEPARTMENT OF JUSTICE		60,020
U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY		
Direct program:		
EPA - Water for Irrig Streams & Economy (WISE) Scoping/Feasibility Study	66.606	61,727
EPA - Nonpoint Source Implementation Program Grant	66.460	5,569
TOTAL U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY		67,296
Department of Homeland Security		
Passed through the OR Department of State Police		
Criminal Justice Services Division		
OR Homeland Security-Law Enforcement Terrorism Prevention Program	97.074	149,997
Passed through to OEM (Oregon Emergency Management)		
City of Medford Seismic Mitigation Project	97.017	128,773
TOTAL DEPARTMENT OF HOMELAND SECURITY		278,770
FHWA Highway Safety Funds		
Passed Through to OR Chiefs of Police & ODOT		
CMAQ Funds (Congestion Mitigation & Air Quality Project)	20.205	46,852
FHWA ODOT RV Safe Communities Program (SA-08-25-23)	20.601	7,755
TOTAL FHWA HIGHWAY SAFETY FUNDS		54,607
TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ 1,542,763

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 \$29,395.77 (CFDA 39.003). However, fair market value, which is 23.3% of acquisition value, is the amount the City recorded on its financial records.