



# Comprehensive Annual Financial Report

Year Ended June 30, 2009

**CITY OF MEDFORD, OREGON**  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Prepared by:  
City Finance Department

**CITY OF MEDFORD**

For the Year ended June 30, 2009

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INTRODUCTORY SECTION



OFFICE OF  
THE CITY MANAGER  
E-mail: [citymanager@ci.medford.or.us](mailto:citymanager@ci.medford.or.us)

**CITY OF MEDFORD**  
411 WEST 8TH STREET  
MEDFORD, OREGON 97501

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[www.ci.medford.or.us](http://www.ci.medford.or.us)

December 9, 2009

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, 2009 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, 2009 and has issued an unqualified ("clean") opinion. Their opinion is located in the Financial Section.

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

### **Profile of the City:**

The City of Medford, incorporated in 1885, is located in the southwestern part of Oregon. It currently occupies 26 square miles and serves a population of 76,867. 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.

Continuous Improvement – Customer Service

The City of Medford provides a full range of services, including police and fire protection; the construction and maintenance of streets and other infrastructure; and recreational activities. 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 five of the past six years, Medford's economic growth has kept pace with the rest of the State. Because of Medford's diversity, it has been able to maintain its position as the economic engine for Southern Oregon. Existing businesses continue to lead job creation with 85% net new jobs coming from existing business growth but at a lesser rate than in the past few years. Medford continues to receive inquiries from businesses considering relocation and expansion. Medford's Electronic Commerce Zone being the most active in the State has contributed to our ability to weather the national and state economic downturn. Medford has increased revenues from property taxes due to increased tax assessed values. Since the largest share of City revenues comes from property taxes, any increase is significant to City government and its ability to provide services.

Local, State and Federal governments continue to be major area employers. Outside of government, health care is still the largest single category of employment in Medford with Asante Health Systems being the largest in the category. Not considering categories, Harry and David Operations is the largest employer in the area with 3,500 employees. Although transient lodging tax revenues are down 6% 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%-3%. Population for the region is projected to grow by 2% through 2010. 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:**

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

Unreserved, undesignated fund balance in the general fund falls within the policy guidelines set by Council. As a part of the vision plan for the City 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 were used to substantially complete the Medford Sports and Community Park, as well as to build a gymnasium at the Santo Community Center.

### **Awards and Acknowledgements:**

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

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Medford for its comprehensive annual financial report for the fiscal year ended June 30, 2008. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



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, 2008

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.



A stylized, handwritten signature in black ink, appearing to be "J.R. Emer".

President

A handwritten signature in black ink, appearing to be "Jeffrey R. Emer".

Executive Director

City of Medford, Oregon  
Officials of the City  
June 30, 2009

**City Council**

	<u>Term Expires December 31</u>
Gary Wheeler, Mayor	2012
Al Densmore	2010
Dick Gordon	2012
James Kuntz	2012
Ben Truwe	2010
Chris Corcoran	2012
Jill Stout	2010
Greg Jones	2012
Bob Strosser	2010

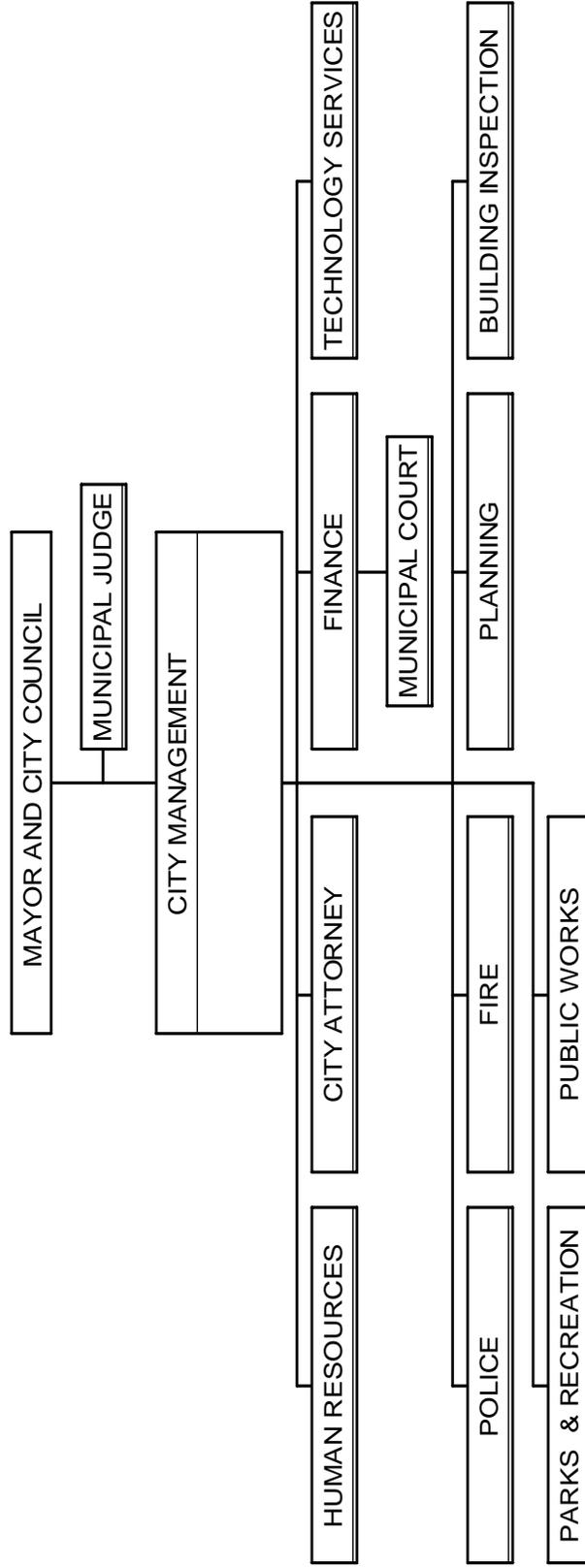
**Principal Officials**

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

**City Address**

City of Medford  
411 West 8<sup>th</sup> Street  
Medford, Oregon 97501

# CITY OPERATIONS SUMMARY



FINANCIAL SECTION



## Independent Auditors' Report

Honorable Mayor and City Council Members  
City of Medford

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Medford (City), Oregon, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2009, 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 9, 2009 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 40 through 44 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, is 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 9, 2009

## **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 \$339.2 million at June 30, 2009, consisting of \$255.5 million in net capital assets, \$47.3 million in cash and cash equivalents and \$36.4 million in receivables and other assets. The City's governmental activities liabilities totaled \$85.6 million at June 30, 2009, consisting of \$78.6 million in noncurrent liabilities and \$7.0 million in accounts payable and other liabilities. Total net assets were \$253.5 million of which \$208.8 million were invested in capital assets, net of related debt, \$18.1 million were restricted and the remaining \$26.6 million were unrestricted.

The City's governmental activities net assets increased by \$5.3 million or 2 percent. Overall governmental activities revenue decreased by \$5.8 million or 7 percent. The decrease was most noticeable in the other category, which had decreased revenues of \$3.7 million. This decline is due to contributed capital from other governments.

The City's business-type activities assets totaled \$95.3 million at June 30, 2009, consisting of \$73.2 million in capital assets, \$21.0 million in cash and cash equivalents and \$1.1 million in receivables and other assets. The City's business-type activities liabilities totaled \$0.9 million at June 30, 2009, consisting of \$0.2 million in noncurrent liabilities and \$0.7 million in accounts payable and other liabilities. Total net assets were \$94.3 million of which \$73.2 million was invested in capital, \$13.3 million was restricted and the remaining \$7.8 million was unrestricted.

The City's business-type activities net assets decreased by \$0.7 million or 1 percent. Business-type activities revenue decreased by \$4.9 million or 3 percent. The decrease was a result of a decrease of \$3.0 million in capital grants and contributions as a result of decreased development which has led to decreased developer contributions. The other category also declined by \$2.6 million. This decline is due to the abandonment of several capital projects that had been previously capitalized as construction in progress.

### **Report Layout:**

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

- ❑ **Management's Discussion and Analysis.** This section of the report provides financial highlights and overviews.
- ❑ **Basic Financial Statements.** Includes Statement of Net Assets, Statement of Activities, Fund Financial Statements and the Notes to the Financial Statements. Statements of Net Assets and Activities focus on an entity-wide presentation using the accrual basis of accounting. They are designed to be more corporate-like in that all activities are consolidated into a total for the City.
  - The Statement of Net Assets focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of the assets the community owns, the liabilities it owes and the net difference.

- The Statement of Activities focuses on gross and net costs of city programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
  - Fund Financial Statements focus separately on major governmental funds and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The City's major governmental funds are presented in their own column and the remaining funds are combined into a column titled "Other Governmental Funds."
  - The Notes to the Financial Statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the City's financial condition.
  - Required Supplementary Information contains budgetary comparison statements for the major governmental fund types, presented in a biennium format.
- **Supplementary Information.** Readers desiring additional information can find it in the Supplementary Information section of this report. Components within this section include:
- Major Fund Budgetary Schedules
  - Special Revenue Funds (non major)
  - Debt Service Funds (non major)
  - Capital Projects Funds (non major)
  - Enterprise Funds (non major)
  - Internal Service Funds
  - Schedule of Property tax transactions
- **Statistical Section.** This section includes trend information and demographics.
- **Reports by independent certified public accountants.** Supplemental communication on the City's compliance and internal controls as required by Oregon statutes.

**Government-Wide Financial Statements:**

**TABLE 1**  
**CITY OF MEDFORD - STATEMENT OF NET ASSETS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009 AND 2008**  
(in millions)

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Government</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Cash and investments	\$ 47.3	\$ 61.5	\$ 21.0	\$ 19.6	\$ 68.3	\$ 81.1
Other assets	36.3	41.4	1.1	1.0	37.5	42.4
Capital assets, net of						
Depreciation	255.5	242.4	73.2	75.6	328.7	318.0
Total assets	339.1	345.3	95.3	96.2	434.5	441.5
Other liabilities	7.0	12.9	0.7	1.0	7.7	13.9
Long term debt outstanding	78.6	84.2	0.2	0.2	78.8	84.4
Total liabilities	85.6	97.1	0.9	1.2	86.5	98.3
Net assets:						
Invested in capital assets, net of						
Debt	208.8	195.6	73.2	75.6	279.7	236.3
Restricted	18.1	25.8	13.4	13.0	31.4	38.8
Unrestricted	26.6	26.8	7.8	6.4	36.7	68.1
Total net assets	\$ 253.5	\$ 248.2	\$ 94.3	\$ 95.0	\$ 347.8	\$ 343.2

**TABLE 2**  
**CITY OF MEDFORD - STATEMENT OF ACTIVITIES**  
**FOR FISCAL YEAR ENDING JUNE 30, 2009 AND 2008**  
(in millions)

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Government</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
<b>REVENUES</b>						
General revenues:						
Taxes	\$ 42.7	\$ 42.1	\$ -	\$ -	\$ 42.7	\$ 42.1
Other	(0.2)	3.5	(1.8)	0.8	(2.0)	4.3
Program revenues:						
Charges for Services	19.9	20.8	10.2	9.8	30.1	30.6
Operating Grants and Contributions	5.8	5.1	0.4	0.1	6.2	5.2
Capital Grants and Contributions	4.7	7.2	1.7	4.7	6.4	11.9
<b>Total Revenues</b>	<b>\$ 72.9</b>	<b>\$ 78.7</b>	<b>\$ 10.5</b>	<b>\$ 15.4</b>	<b>\$ 83.4</b>	<b>\$ 94.1</b>
<b>EXPENSES</b>						
General government	11.1	9.7	-	-	11.1	9.7
Public safety	30.6	28.7	-	-	30.6	28.7
Highways and streets	14.4	25.7	-	-	14.4	25.7
Culture and recreation	8.3	8.2	-	-	8.3	8.2
Interest on long-term debt and fiscal charges	3.9	4.2	-	-	3.9	4.2
Sewer services	-	-	10.1	9.6	10.1	9.6
Parking services	-	-	0.4	0.4	0.4	0.4
<b>Total expenses</b>	<b>68.3</b>	<b>76.5</b>	<b>10.5</b>	<b>10.0</b>	<b>78.8</b>	<b>86.5</b>
Increase (decrease) in net assets before transfers	4.6	2.2	-	5.4	4.6	7.6
Transfers	0.7	0.7	(0.7)	(0.7)	-	-
Change in net assets	5.3	2.9	(0.7)	4.7	4.6	7.6
Beginning net assets	\$ 248.2	245.3	95.0	90.3	343.2	335.6
Ending net assets	<b>\$ 253.5</b>	<b>\$ 248.2</b>	<b>\$ 94.3</b>	<b>\$ 95.0</b>	<b>\$ 347.8</b>	<b>\$ 343.2</b>

**Financial Analysis:**

**Governmental Funds.** As of the end of the current year, the City's governmental funds reported a combined ending fund balance of \$43.6 million, a decrease from the prior year of \$13.1 million. Approximately \$25.5 million or 59 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 \$16.7 million. Unreserved, undesignated fund balance represents 37 percent of the total General Fund expenditures. The unrestricted fund balance of the City's General Fund decreased \$2.9 million or 15 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 \$1.9 million. Fund balance represents 17 percent of the total Park Dedication Fund expenditures. The reserved fund balance decreased \$10.0 million from the prior year. As of June 30, 2009, completion of the Medford Sports and Community Park and the Santo Community Center consumed a significant amount of the fund balance.

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 \$7.1 million. The reserved fund balance increased \$1.9 million from the prior year. The increase was a result of the General Fund transferring \$1.1 million to the fund on behalf of the Medford Urban Renewal Agency (MURA) for the remaining amount owed by MURA to the fund for the south Medford interchange project.

**Proprietary Funds.** The City has 2 enterprise funds: the Sewer Utility Fund and the Parking Facilities Fund. As of the end of the current year, the Sewer Utility Fund unrestricted net assets of \$7.6 million, restricted net assets of \$13.3 million. Net assets declined \$0.6 million to \$93.0 million. The Parking Facilities Fund had unrestricted net assets of \$0.2 million and net assets declined \$0.1 million to \$1.3 million.

**Budgetary Highlights:**

The City's final budget differs from the original budget in that it contains supplemental appropriations approved during the fiscal year. The budget for the General Fund expenditures was increased by \$1.3 million. The primary reasons for the increases are as follows:

- \$0.9 million increase to parks and recreation, including \$0.7 million for grant-funded activities
- \$0.2 million increase to police for grant-funded activities
- \$0.2 million increase to neighborhood resources for grant-funded activities

The City's actual fiscal year operating costs, within the General Fund, was 88 percent of the final biennial budget. This generated an increase to the General Fund balance over the biennium of \$14.5 million. Actual revenues for the biennium were \$0.5 million greater than budget. The two largest factors were franchise revenues being \$2.0 million greater than budget offset by property taxes being \$1.0 million under budget. On the expenditure side, \$12.3 million of appropriation remained unspent at the end of the biennium. The largest was unspent contingency of \$7.2 million. Additionally, departments under spent their biennial budgets by a total of \$5.1 million. The departments that significantly under spent their biennial budget were Fire \$1.2 million, Police \$0.8 million, Planning and Technology Services each with \$0.6 million unspent.

**Capital Assets and Debt Administration:**

**Capital Assets.** As of June 30, 2009, the City had invested \$328.7 million in capital assets as reflected in the following table, which represents a net increase (additions, deductions and depreciation) of \$10.7 million.

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

	Governmental Activities		Business-type Activities		Total Government	
	2009	2008	2009	2008	2009	2008
Land	\$ 19.1	\$ 17.2	\$ 1.2	\$ 1.2	\$ 20.3	\$ 18.4
Land Rights of Way	82.5	82.5	-	-	82.5	82.5
Buildings	14.8	11.0	4.2	4.3	19.0	15.3
Improvements	28.8	8.1	18.0	18.7	46.8	26.8
Equipment	5.0	4.9	3.7	3.8	8.7	8.7
Sewers	-	-	15.6	15.8	15.6	15.8
Storm Drains	-	-	29.7	29.2	29.7	29.2
Parking structures	3.6	4.0	-	-	3.6	4.0
Road network	95.8	97.4	-	-	95.8	97.4
Work in progress	5.9	17.3	0.8	2.6	6.7	19.9
<b>Total</b>	<b>\$ 255.5</b>	<b>\$ 242.4</b>	<b>\$ 73.2</b>	<b>\$ 75.6</b>	<b>\$ 328.7</b>	<b>\$ 318.0</b>

**Capital Assets and Debt Administration, continued:**

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)

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total Government</b>
Beginning Balance	\$ 242.4	\$ 75.6	\$ 318.0
Additions	42.2	3.3	45.5
Transfers	(18.2)	(2.6)	(20.8)
Depreciation	(10.9)	(3.1)	(14.0)
Ending balance	<u>\$ 255.5</u>	<u>\$ 73.2</u>	<u>\$ 328.7</u>

Assets from governmental activities increased \$13.1 million. Additions included acquisition of land of \$2.8 million, buildings and building improvements of \$26.3 million, equipment purchases \$1.9 million, infrastructure \$5.4 million, and construction in progress of \$5.8 million. Offsetting these additions were depreciation and transfers of \$29.1 million.

Business-type activities assets decreased \$2.4 million. Additions included equipment of \$0.8 million, sewers of \$0.4 million, storm drains of \$1.3 million, and construction in progress of \$0.8 million. Offsetting these additions were depreciation and transfers of \$5.7 million. For more detailed information on the City's capital asset activity, refer to Note III (E) on page 27 - 29 of the financial statements.

**Debt Administration.** As of year-end, the City had \$78.5 million in debt outstanding compared to \$84.4 million last year. For more detailed information, refer to Note III (F) on pages 30 - 33 of the financial statements.

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

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total Government</b>
General obligation	\$ 76.3	\$ -	\$ 76.3
Compensated absences	2.0	0.2	2.2
Total	<u>\$ 78.3</u>	<u>\$ 0.2</u>	<u>\$ 78.5</u>

**Economic Factors and the Next Biennium Budget and Rates:**

During the preparation of the budget for the 2009-2011 biennium, the long-term impacts of the local economy were examined in conjunction with business decisions made by the City. The following are the major assumptions used in developing the 2009-2011 biennial budget:

- Increases in assessed tax valuation for property taxes projections is budgeted to remain a 10 year low of 4% in each year of the biennium
- Property tax collection rate is budgeted to remain at a 10 year low of 93% in each year of the biennium
- Wages and salaries for the seven unions and the non-represented employees are budgeted to increase between 2.5% - 4.3% in each year of the biennium
- PERS costs are budgeted to be 7.5% of payroll in each year of the biennium. If the PERS pension bond payments are added as a cost, PERS costs as a percent of payroll increases to 19% in each year of the biennium

During the 2009-2011 biennium, budgeted unappropriated fund balance in the General Fund decreased to \$0.5 million, a decrease of \$16.0 million over the prior year. Bear in mind that a contingency appropriation of \$16.3 million in the 2009-2011 biennial budget, reduced the unappropriated fund balance. A three month operating contingency, \$11.7 million, is consistent with council policy. Contingency appropriation was increased by an additional \$4.6 million during the budget process. During the first five months of the 2009-2011 biennium \$0.3 million has been transferred from contingency to two departments.

**Financial Contact:**

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

BASIC FINANCIAL STATEMENTS

**CITY OF MEDFORD**  
Statement of Net Assets  
June 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Medford Water Commission
<b>ASSETS</b>				
Cash and cash equivalents	\$ 47,276,779	\$ 21,025,919	\$ 68,302,698	\$ 14,294,290
Receivables				
Taxes	2,420,801	-	2,420,801	-
Accounts	4,161,833	1,004,878	5,166,711	1,790,620
Due from City of Medford	-	-	-	75,884
Due from Medford Water Commission	32,394	-	32,394	-
Inventory	633,511	81,803	715,314	1,124,108
Work in progress	-	-	-	303,581
Prepaid bond issuance costs	669,595	-	669,595	-
Prepaid pension expense	26,297,334	-	26,297,334	2,573,683
Other assets	15,600	-	15,600	150,286
Loan receivables	455,596	-	455,596	102,138
Restricted assets:				
Cash and cash equivalents	1,687,490	-	1,687,490	11,384,086
Capital assets:				
Land	101,600,115	1,938,841	103,538,956	3,290,095
Construction in progress	5,893,584	-	5,893,584	7,635,747
Other capital assets, net of accumulated depreciation	148,034,588	71,226,830	219,261,418	82,463,051
Total assets	<u>\$ 339,179,220</u>	<u>\$ 95,278,271</u>	<u>\$ 434,457,491</u>	<u>\$ 125,187,569</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	\$ 4,449,447	\$ 519,028	\$ 4,968,475	\$ 2,973,305
Retainage payable	-	-	-	16,013
Due to the City of Medford	-	-	-	32,394
Due to Medford Water Commission	44,640	31,244	75,884	-
Payroll and related accruals	2,007,291	163,843	2,171,134	-
Accrued interest payable	510,604	-	510,604	-
Customer deposits	-	-	-	101,165
Noncurrent liabilities:				
Due within one year:				
Bonds payable	6,026,000	-	6,026,000	-
Loan from state	59,693	-	59,693	-
Compensated absences	410,323	41,251	451,574	370,820
Due in more than one year:				
Bonds payable, including unamortized premium of \$52,381	69,958,381	-	69,958,381	-
Loan from state	305,894	-	305,894	-
Compensated absences	1,638,672	191,070	1,829,742	-
Other postemployment benefits	223,012	-	223,012	-
Total liabilities	<u>85,633,957</u>	<u>946,436</u>	<u>86,580,393</u>	<u>3,493,697</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	208,801,287	73,165,671	281,966,958	93,388,893
Restricted for:				
Future system development	-	13,343,828	13,343,828	11,384,086
Employee section 125 plan	58,002	-	58,002	-
Highways and streets	12,059,374	-	12,059,374	-
Culture and recreation	1,934,604	-	1,934,604	-
Debt service	4,082,382	-	4,082,382	-
Unrestricted	26,609,614	7,822,336	34,431,950	16,920,893
Total net assets	<u>253,545,263</u>	<u>94,331,835</u>	<u>347,877,098</u>	<u>121,693,872</u>
Total liabilities and net assets	<u>\$ 339,179,220</u>	<u>\$ 95,278,271</u>	<u>\$ 434,457,491</u>	<u>\$ 125,187,569</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, 2009

Functions / Programs Primary Government	Program Revenues				Net (Expense) Revenue and Change in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Governmental activities:								
General government	\$ 11,067,765	\$ 7,840,536	\$ 1,110,204	\$ -	\$ (2,117,025)	\$ -	\$ (2,117,025)	\$ -
Public safety	30,638,676	2,485,855	7,072	-	(28,145,749)	-	(28,145,749)	-
Highways and streets	14,435,178	7,323,231	3,828,824	4,704,449	1,421,326	-	1,421,326	-
Culture and recreation	8,349,507	2,292,263	886,523	-	(5,170,721)	-	(5,170,721)	-
Interest on long-term debt	3,883,346	-	-	-	(3,883,346)	-	(3,883,346)	-
Total governmental activities	68,374,472	19,941,885	5,832,623	4,704,449	(37,895,515)	-	(37,895,515)	-
Business-type activities:								
Sewer services	10,150,933	9,939,154	350,809	1,706,725	-	1,845,755	1,845,755	-
Parking services	386,800	293,815	-	-	-	(92,985)	(92,985)	-
Total business-type activities	10,537,733	10,232,969	350,809	1,706,725	-	1,752,770	1,752,770	-
Total primary government	\$ 78,912,205	\$ 30,174,854	\$ 6,183,432	\$ 6,411,174	\$ (37,895,515)	\$ 1,752,770	\$ (36,142,745)	\$ -
Component unit:								
Medford Water Commission	\$ 12,729,757	\$ 13,895,523	\$ -	\$ 3,109,477	\$ -	\$ -	\$ -	\$ 4,275,243
General revenues:								
Property taxes					33,227,657	-	33,227,657	-
User taxes					9,501,990	-	9,501,990	-
Unrestricted investment earnings					1,224,645	418,642	1,643,287	612,389
Gain (loss) on disposal of capital assets					59,150	6,272	65,422	(76,578)
Loss on abandonment of capital assets					-	(2,184,718)	(2,184,718)	-
Contributed capital to other governments					(1,468,189)	-	(1,468,189)	-
Transfers					708,943	(708,943)	-	-
Total general revenues and transfers					43,254,196	(2,468,747)	40,785,449	535,811
Change in net assets					5,358,681	(715,977)	4,642,704	4,811,054
Net assets - beginning					248,186,582	95,047,812	343,234,394	116,882,818
Net assets - ending					\$ 253,545,263	\$ 94,331,835	\$ 347,877,098	\$ 121,693,872

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

**CITY OF MEDFORD**  
Balance Sheet  
Governmental Funds  
June 30, 2009

	General Fund	Park Dedication Fund	Street System Development Charges Fund	MURA General Fund	Nonmajor Governmental Funds	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 17,786,553	\$ 2,492,647	\$ 7,125,702	\$ 1,216,133	\$ 16,530,309	\$ 45,151,344
Receivables						
Accounts	2,612,901	70,384	5,000	7,741	1,453,396	4,149,422
Property taxes	1,954,019	-	-	81,921	384,861	2,420,801
Loans	-	-	-	455,596	-	455,596
Other	-	-	-	-	4,807	4,807
Inventory	61,978	-	-	-	-	61,978
Due from other funds	354,348	-	-	-	-	354,348
Due from Medford Water Commission	19,845	-	-	-	-	19,845
Other current assets	15,600	-	-	-	-	15,600
Restricted cash	229,318	-	-	-	1,400,170	1,629,488
Total assets	<u>\$ 23,034,562</u>	<u>\$ 2,563,031</u>	<u>\$ 7,130,702</u>	<u>\$ 1,761,391</u>	<u>\$ 19,773,543</u>	<u>\$ 54,263,229</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 1,470,099	\$ 625,708	\$ 2,150	\$ 32,225	\$ 2,184,015	\$ 4,314,197
Accrued payroll and related expenses	1,691,941	2,719	1,019	-	228,858	1,924,537
Due to other funds	-	-	-	93,208	261,140	354,348
Due to Medford Water Commission	27,589	-	-	-	17,051	44,640
Deferred revenue	3,144,313	-	5,000	523,096	358,364	4,030,773
Total liabilities	<u>6,333,942</u>	<u>628,427</u>	<u>8,169</u>	<u>648,529</u>	<u>3,049,428</u>	<u>10,668,495</u>
Fund Balances:						
Reserved for:						
Highways and streets	-	-	7,122,533	-	4,936,841	12,059,374
Culture and recreation	-	1,934,604	-	-	-	1,934,604
Debt service	-	-	-	-	4,082,382	4,082,382
Unreserved, undesignated reported in:						
General fund	16,700,620	-	-	-	-	16,700,620
MURA general fund	-	-	-	1,112,862	-	1,112,862
Special revenue funds	-	-	-	-	3,825,743	3,825,743
Capital project funds	-	-	-	-	3,879,149	3,879,149
Total fund balances	<u>16,700,620</u>	<u>1,934,604</u>	<u>7,122,533</u>	<u>1,112,862</u>	<u>16,724,115</u>	<u>43,594,734</u>
Total liabilities and fund balances	<u>\$ 23,034,562</u>	<u>\$ 2,563,031</u>	<u>\$ 7,130,702</u>	<u>\$ 1,761,391</u>	<u>\$ 19,773,543</u>	<u>\$ 54,263,229</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, 2009

Fund Balances - Governmental Funds		\$	43,594,734
<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	350,820,300		
Less accumulated depreciation	<u>(95,328,910)</u>		255,491,390
<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>			
			4,030,773
<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>			
			669,595
<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>			
			26,297,334
<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	(510,604)		
Compensated absences	(2,031,582)		
Other postemployment benefits	(223,012)		
Bonds payable	(75,932,000)		
Unamortized bond premium	(52,381)		
Loan from State of Oregon	<u>(365,587)</u>		(79,115,166)
<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>2,576,603</u>
Net assets of governmental activities		\$	<u><u>253,545,263</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, 2009

	General Fund	Park Dedication Fund	Street System Development Charges Fund	MURA General Fund	Nonmajor Governmental Funds	Total
<b>REVENUES</b>						
Taxes						
Property	\$ 27,501,003	\$ -	\$ -	\$ 833,939	\$ 4,382,025	\$ 32,716,967
Franchise and lodging	8,640,205	570,635	-	-	570,633	9,781,473
State gas tax	-	-	-	-	2,938,714	2,938,714
User	-	291,150	-	-	-	291,150
Special assessments	-	-	-	-	13,988	13,988
Charges for services	1,092,980	97,500	1,502,448	-	6,944,173	9,637,101
Fines and penalties	1,303,508	-	-	-	-	1,303,508
Intergovernmental	4,599,208	-	60,000	52,892	21,785	4,733,885
Licenses, permits and fees	655,417	295,992	-	-	2,347,219	3,298,628
Investment earnings	479,370	133,432	136,216	76,876	366,473	1,192,367
Grants and contributions	283,745	886,523	-	-	1,701,596	2,871,864
Miscellaneous	97,997	-	4,000	74,031	80,281	256,309
Rental Income	-	-	-	72,220	-	72,220
Total revenues	<u>44,653,433</u>	<u>2,275,232</u>	<u>1,702,664</u>	<u>1,109,958</u>	<u>19,366,887</u>	<u>69,108,174</u>
<b>EXPENDITURES</b>						
Current						
General government	6,458,350	-	-	-	1,473,460	7,931,810
Public safety	28,704,473	-	-	-	943,244	29,647,717
Highways and streets	649,424	-	54,180	-	6,112,644	6,816,248
Culture and recreation	6,174,364	186,121	-	-	154,465	6,514,950
Community development	-	-	-	579,063	570,633	1,149,696
Debt service						
Principal	-	-	-	59,101	5,757,000	5,816,101
Interest	-	-	-	4,248	3,926,636	3,930,884
Capital outlay	<u>4,028,226</u>	<u>11,264,422</u>	<u>860,400</u>	<u>2,387,348</u>	<u>2,753,545</u>	<u>21,293,941</u>
Total expenditures	<u>46,014,837</u>	<u>11,450,543</u>	<u>914,580</u>	<u>3,029,760</u>	<u>21,691,627</u>	<u>83,101,347</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,361,404)</u>	<u>(9,175,311)</u>	<u>788,084</u>	<u>(1,919,802)</u>	<u>(2,324,740)</u>	<u>(13,993,173)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Sale of capital assets	36,788	-	-	-	20,572	57,360
Transfers in	1,810,343	-	1,126,944	-	5,630,478	8,567,765
Transfers out	<u>(3,412,828)</u>	<u>(778,345)</u>	<u>(530)</u>	<u>-</u>	<u>(3,578,633)</u>	<u>(7,770,336)</u>
Total other financing sources (uses)	<u>(1,565,697)</u>	<u>(778,345)</u>	<u>1,126,414</u>	<u>-</u>	<u>2,072,417</u>	<u>854,789</u>
Net change in fund balances	<u>(2,927,101)</u>	<u>(9,953,656)</u>	<u>1,914,498</u>	<u>(1,919,802)</u>	<u>(252,323)</u>	<u>(13,138,384)</u>
Fund balance - beginning	<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>
Fund balance - ending	<u>\$ 16,700,620</u>	<u>\$ 1,934,604</u>	<u>\$ 7,122,533</u>	<u>\$ 1,112,862</u>	<u>\$ 16,724,115</u>	<u>\$ 43,594,734</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, 2009

Net change in fund balance - governmental funds \$ (13,138,384)

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

Governmental funds report capital outlay as expenditures. However in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlays exceeds depreciation in the current period is:

Capital outlay	20,814,762	
Contributed capital assets	4,704,449	
Contributed capital assets to other governments	(1,468,189)	
Less current year depreciation	<u>(10,908,004)</u>	13,143,018

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

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. (76,920)

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

Change in deferred revenue		510,690
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Change in compensated absences		(19,086)
--------------------------------	--	----------

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

Change in accrued interest	47,538	
Amortization of premium	(15,851)	
Accrual of other postemployment benefits which are not reported as an expenditure in governmental funds	(223,012)	
Principal payments	<u>5,816,102</u>	5,624,777

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. 421,419

Change in net assets of governmental activities		<u>\$ 5,358,681</u>
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The notes to the financial statements are an integral part of this statement.

**CITY OF MEDFORD**  
Statement of Net Assets  
Proprietary Funds  
June 30, 2009

	Business-type Activities - Enterprise Funds			Governmental Activities
	Sewer Utility Fund	Parking Facilities Fund	Total	Internal Service Funds
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 20,794,318	\$ 231,601	\$ 21,025,919	\$ 2,125,435
Accounts receivable, net	980,786	24,092	1,004,878	7,604
Inventories	81,803	-	81,803	571,533
Due from Medford Water Commission	-	-	-	12,549
Total current assets	<u>21,856,907</u>	<u>255,693</u>	<u>22,112,600</u>	<u>2,717,121</u>
Noncurrent assets:				
Restricted cash	-	-	-	58,002
Capital assets:				
Land and construction in progress	832,221	1,106,620	1,938,841	-
Capital assets, net of accumulated depreciation	<u>71,211,930</u>	<u>14,900</u>	<u>71,226,830</u>	<u>36,897</u>
Total noncurrent assets	<u>72,044,151</u>	<u>1,121,520</u>	<u>73,165,671</u>	<u>94,899</u>
Total assets	<u>\$ 93,901,058</u>	<u>\$ 1,377,213</u>	<u>\$ 95,278,271</u>	<u>\$ 2,812,020</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 483,405	\$ 35,623	\$ 519,028	\$ 135,250
Accrued payroll and related expenses	163,843	-	163,843	82,754
Due to Medford Water Commission	30,281	963	31,244	-
Compensated absences, due within one year	<u>41,251</u>	<u>-</u>	<u>41,251</u>	<u>3,252</u>
Total current liabilities	<u>718,780</u>	<u>36,586</u>	<u>755,366</u>	<u>221,256</u>
Noncurrent liabilities:				
Compensated absences, due in more than one year	<u>191,070</u>	<u>-</u>	<u>191,070</u>	<u>14,161</u>
Total liabilities	<u>909,850</u>	<u>36,586</u>	<u>946,436</u>	<u>235,417</u>
<b>NET ASSETS</b>				
Invested in capital assets	72,044,151	1,121,520	73,165,671	36,897
Restricted for:				
Future system development	13,343,828	-	13,343,828	-
Employee section 125 plan	-	-	-	58,002
Unrestricted	<u>7,603,229</u>	<u>219,107</u>	<u>7,822,336</u>	<u>2,481,704</u>
Total net assets	<u>92,991,208</u>	<u>1,340,627</u>	<u>94,331,835</u>	<u>2,576,603</u>
Total liabilities and net assets	<u>\$ 93,901,058</u>	<u>\$ 1,377,213</u>	<u>\$ 95,278,271</u>	<u>\$ 2,812,020</u>

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

**CITY OF MEDFORD**  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2009

	<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	\$ 9,889,856	\$ 293,815	\$ 10,183,671	\$ 77,658
Intergovernmental revenues	7,592	-	7,592	1,936,492
Miscellaneous	41,706	-	41,706	70,638
Total operating revenues	<u>9,939,154</u>	<u>293,815</u>	<u>10,232,969</u>	<u>2,084,788</u>
Operating expenses:				
Salaries and fringe benefits	4,718,539	-	4,718,539	886,694
Operating supplies	922,189	307	922,496	286,706
Professional services	674,686	285,135	959,821	22,290
Repairs and maintenance	271,998	28,208	300,206	9,817
Premiums and claims	48,075	14,530	62,605	368,965
Utilities	289,620	48,463	338,083	1,808
General, administrative, and engineering	126,756	6,647	133,403	24,933
Depreciation	3,099,070	3,510	3,102,580	7,738
Total operating expenses	<u>10,150,933</u>	<u>386,800</u>	<u>10,537,733</u>	<u>1,608,951</u>
Operating income (loss)	<u>(211,779)</u>	<u>(92,985)</u>	<u>(304,764)</u>	<u>475,837</u>
Nonoperating revenues (expenses):				
Gain on sale of capital assets	6,272	-	6,272	1,790
Loss on abandonment of capital assets	(2,184,718)	-	(2,184,718)	-
Grants and contracts	350,809	-	350,809	-
Investment earnings	412,989	5,653	418,642	32,278
Total nonoperating revenues	<u>(1,414,648)</u>	<u>5,653</u>	<u>(1,408,995)</u>	<u>34,068</u>
Income before contributions and transfers	(1,626,427)	(87,332)	(1,713,759)	509,905
Contributions and transfers:				
Contributions	1,706,725	-	1,706,725	-
Transfers out	(697,043)	(11,900)	(708,943)	(88,486)
Total contributions and transfers	<u>1,009,682</u>	<u>(11,900)</u>	<u>997,782</u>	<u>(88,486)</u>
Change in net assets	(616,745)	(99,232)	(715,977)	421,419
Total net assets - beginning	<u>93,607,953</u>	<u>1,439,859</u>	<u>95,047,812</u>	<u>2,155,184</u>
Total net assets - ending	<u>\$ 92,991,208</u>	<u>\$ 1,340,627</u>	<u>\$ 94,331,835</u>	<u>\$ 2,576,603</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, 2009

	Business-type Activities - Enterprise Funds			Governmental Activities
	Sewer Utility Fund	Parking Facilities Fund	Total	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 9,854,380	\$ 307,492	\$ 10,161,872	\$ 80,619
Receipt from interfund services provided	-	-	-	2,006,738
Payments to suppliers	(2,368,080)	(384,496)	(2,752,576)	(701,741)
Payments to employees	(4,686,835)	-	(4,686,835)	(869,336)
Net cash provided (used) by operating activities	<u>2,799,465</u>	<u>(77,004)</u>	<u>2,722,461</u>	<u>516,280</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Operating grant	350,809	-	350,809	-
Transfers to other funds	(697,043)	(11,900)	(708,943)	(88,486)
Net cash provided (used) by noncapital financing activities	<u>(346,234)</u>	<u>(11,900)</u>	<u>(358,134)</u>	<u>(88,486)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from sale of capital assets	6,272	-	6,272	-
Capital contributions	904,461	-	904,461	-
Acquisition and construction of capital assets	(2,284,285)	-	(2,284,285)	(14,233)
Net cash provided (used) by capital and related financing activities	<u>(1,373,552)</u>	<u>-</u>	<u>(1,373,552)</u>	<u>(14,233)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends received	412,989	5,653	418,642	32,278
Net change in cash and cash equivalents	1,492,668	(83,251)	1,409,417	445,839
Cash and cash equivalents - beginning	19,301,650	314,852	19,616,502	1,737,598
Cash and cash equivalents - ending	<u>\$ 20,794,318</u>	<u>\$ 231,601</u>	<u>\$ 21,025,919</u>	<u>\$ 2,183,437</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (211,779)	\$ (92,985)	\$ (304,764)	\$ 475,837
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	3,099,070	3,510	3,102,580	7,738
(Increase) decrease in accounts receivable	(84,774)	13,676	(71,098)	2,569
(Increase) decrease in inventories	-	-	-	88,682
Increase (decrease) in accounts payable	(34,756)	(1,205)	(35,961)	(75,904)
Increase (decrease) in accrued payroll and related expenses	3,100	-	3,100	16,204
Increase (decrease) in compensated absences	28,604	-	28,604	1,154
Total adjustments	3,011,244	15,981	3,027,225	40,443
Net cash provided (used) by operating activities	<u>\$ 2,799,465</u>	<u>\$ (77,004)</u>	<u>\$ 2,722,461</u>	<u>\$ 516,280</u>
<b>Noncash capital activity:</b>				
Contributions of capital assets from developers	\$ 802,264	\$ -	\$ 802,264	\$ -
Loss on abandonment of previously capitalized project	\$ 2,184,718	\$ -	\$ 2,184,718	\$ -
Capital assets costs included in accounts payable	\$ 228,095	\$ -	\$ 228,095	\$ -

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

## CITY OF MEDFORD

### Notes to the Financial Statements

June 30, 2009

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

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

##### **B. Government-wide and fund financial statements**

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

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

CITY OF MEDFORD

Notes to the Financial Statements

June 30, 2009

**Note I - Summary of significant accounting policies, continued**

**B. Government-wide and fund financial statements, continued**

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

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

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both *measurable* and *available*. The City considers 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 expend 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, 2009

**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 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.

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

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. Investments are valued at fair value.

CITY OF MEDFORD

Notes to the Financial Statements

June 30, 2009

**Note I - Summary of significant accounting policies, continued**

**E. Assets, liabilities and net assets, continued**

**2. Receivables and payables**

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

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

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

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

Assessment liens receivable are recorded as receivables at the time property owners are assessed for property improvements. Assessment lien installments which are expected to be collected in the following year in accordance with the modified accrual basis of accounting are considered measurable and available and are recognized as revenues. All other assessment liens receivable are offset by 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, 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, 2009

**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, 2009, the City and Commission did not capitalize any interest.

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

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

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

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

**6. Compensated absences**

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

**7. Long-term obligations**

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

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

**CITY OF MEDFORD**

Notes to the Financial Statements

June 30, 2009

**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 biennium budget period ended June 30, 2009.

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

**CITY OF MEDFORD**

Notes to the Financial Statements

June 30, 2009

**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, 2009, the City's cash and investment balances were reported as follows:

	<u>Component Unit</u>		
	<u>Primary Government</u>	<u>Medford Water Commission</u>	<u>Total Reporting Entity</u>
Petty cash	\$ 4,610	\$ -	\$ 4,610
Deposits with financial institutions	33,933,253	4,480,317	38,413,570
Local government investment pool	24,113,868	21,198,059	45,311,927
Investments	<u>11,938,457</u>	<u>-</u>	<u>11,938,457</u>
Total cash and investments	<u>\$ 69,990,188</u>	<u>\$ 25,678,376</u>	<u>\$ 95,668,564</u>

Cash and investments are reported as follows:

Unrestricted cash and cash equivalents	\$ 68,302,698	\$ 14,294,290	\$ 82,596,988
Restricted:			
Cash and cash equivalents	<u>1,687,490</u>	<u>11,384,086</u>	<u>13,071,576</u>
Total cash and investments	<u>\$ 69,990,188</u>	<u>\$ 25,678,376</u>	<u>\$ 95,668,564</u>

*Deposits.* At June 30, 2009, the City's deposits with various financial institutions had a bank value of \$45,724,209. All deposits not covered by FDIC insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon. The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. On October 14, 2008 the Transaction Account Guarantee Program (TLGP) was created. The TLGP provides depositors with unlimited coverage for noninterest-bearing transaction accounts if their bank is a participant in the FDIC's TLGP, including interest-bearing checking accounts including DDA's and low-interest NOW accounts cannot earn more than 0.5% interest. This program is scheduled to end on December 31, 2009.

*Custodial credit risk.* Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At June 30, 2009, the City's deposits were fully insured.

*Investments.* As of June 30, 2009, the City held the following investments and maturities:

<u>Investment type</u>	<u>Carrying Value</u>	<u>Weighted average maturity in years</u>	<u>% of investment portfolio</u>
US agency securities	<u>\$ 11,938,457</u>	<u>1.100</u>	<u>33.1 %</u>

The "weighted average maturity in years" calculation assumes that all investments are held until maturity.

**CITY OF MEDFORD**

Notes to the Financial Statements

June 30, 2009

**Note III - Detailed notes on all funds, continued**

**A. Cash and investments, continued**

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

<u>Investment type</u>	<u>Maximum % of portfolio</u>	<u>Maximum length to maturity</u>
Banker's acceptance	25 %	180 days
Time certificates of deposit	25 %	1 year
Obligations of the states of Oregon, California, Idaho, and Washington,	25 %	3 years
Commercial paper	35 %	270 days
Corporate indebtedness	35 %	3 years
U.S. treasury obligations	100 %	5 years
Federal instrumentality securities	100 %	5 years
Local government investment pool	100 %	1 day
Repurchase agreement	100 %	90 days

With the exception of pass-through funds, the maximum amount of pooled investments to be placed in the Local Government Investment Pool is limited by Oregon Statute to \$42,523,082, which will increase proportionately to the Portland Consumer Price Index. The limit can be temporarily exceeded for ten business days and does not apply either to pass-through funds or to funds invested on behalf of another governmental unit. As of June 30, 2009, 75% of the investments in LGIP mature within 93 days, 12% mature within 94 days to one year, and 13% mature within one to three years.

At all times, the City shall maintain the following investment amounts with regard to maturities in the portfolio:

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

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

At June 30, 2009, the City's investments were rated as follows:

<u>Investment type</u>	<u>Highest Rating From</u>		
	<u>Moody's Investors Service or Standard &amp; Poor's Corporation</u>		
	<u>Total</u>	<u>Aaa/AAA</u>	<u>Not Rated</u>
US agency securities	<u>\$ 11,938,457</u>	<u>\$ 11,938,457</u>	<u>\$ -</u>

The Oregon State Treasurer maintains the Oregon Short Term Fund (OSTF), of which the Local Government Investment Pool (LGIP) is a part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. LGIP was created to offer a short-term investment alternative to Oregon local governments and it is not registered with the U.S. Securities and Exchange Commission. The investments are regulated by the OSTF and approved by the Oregon Investment Council (ORS 294.805 to 294.895). At June 30, 2009, the fair value of the City's deposits with the LGIP approximates cost. The OSTF financial statements are available at <http://www.ost.state.or.us>.

**CITY OF MEDFORD**

Notes to the Financial Statements

June 30, 2009

**Note III - Detailed notes on all funds, continued**

**A. Cash and investments, continued**

The LGIP's portfolio concentration of credit risk at June 30, 2009 included: U.S. Agency securities (43.7%), Corporate bonds (26.8%), Commercial Paper (16.6%), Bank Notes (0.9%), Temporary Liquidity Guarantee (11.0%), and Certificates of Deposits (1.0%). The credit risk associated with the investments was: AAA rating (55.5%), AA rating (26.1%), A rating (16.5%), BBB rating (0.8%), and not rated (1.1%).

*Concentration of Credit Risk.* The City's policy for investing in individual issuers varies depending on the type of investments. Agency securities are restricted to no more than 33% for any one issuer. No more than 10% of the total portfolio of investments may be invested in a single issuer of banker's acceptances. Investments in commercial paper or corporate bonds of any one issuer may not exceed 5% of the investment portfolio. Repurchase agreements may not exceed 25% per issuer. Obligations of the states of Oregon, California, Idaho, and Washington are restricted to no more than 10% for any one issuer.

**B. Loan receivables**

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

Issue Date	Monthly Payment	Final Payment Date	Balance 6/30/2009
December 1, 2003	\$ 759	December 1, 2013	\$ 113,767
August 11, 2003	506	October 1, 2013	75,976
March 15, 2005	1,733	June 1, 2013	<u>265,853</u>
Total			<u>\$ 455,596</u>

**C. Prepaid expenses**

The City and the Commission made advance payments to the Oregon Public Employees Retirement System to reduce the outstanding unfunded actuarial liability. The payments were made in September 2000 and May 2004. These amounts have been recorded as a prepaid expense, and are being amortized over 30 years on a straight-line basis. The balances, net of accumulated amortization, at year end were \$26,297,334 and \$2,573,683 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:

Deferred revenue	2009
Property taxes	\$ 1,897,903
Municipal court receivable	1,064,615
Franchise agreement	533,173
Notes receivable	455,596
Assessments receivable	<u>79,486</u>
Total	<u>\$ 4,030,773</u>

**CITY OF MEDFORD**

Notes to the Financial Statements

June 30, 2009

**Note III - Detailed notes on all funds, continued**

**E. Capital assets**

Capital asset activity for the year ended June 30, 2009 was as follows:

<b>Primary Government</b>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Transfers</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 17,240,172	\$ 2,752,751	\$ (895,563)	\$ 19,097,360
Land - rights of way	82,502,755	-	-	82,502,755
Construction in progress	<u>17,321,346</u>	<u>5,845,066</u>	<u>(17,272,828)</u>	<u>5,893,584</u>
Total capital assets, not being depreciated	<u>117,064,273</u>	<u>8,597,817</u>	<u>(18,168,391)</u>	<u>107,493,699</u>
Capital assets, being depreciated:				
Buildings	15,595,794	4,324,724	-	19,920,518
Improvements	15,319,559	22,030,559	-	37,350,118
Equipment	22,400,122	1,848,049	-	24,248,171
Parking structures	6,704,335	-	-	6,704,335
Infrastructure	<u>150,199,602</u>	<u>5,434,287</u>	<u>-</u>	<u>155,633,889</u>
Total capital assets, being depreciated	210,219,412	33,637,619	-	243,857,031
Less accumulated depreciation for:				
Buildings	(4,702,963)	(452,960)	-	(5,155,923)
Improvements	(7,223,565)	(1,286,202)	-	(8,509,767)
Equipment	(17,467,096)	(1,737,337)	-	(19,204,433)
Parking structures	(2,749,757)	(335,221)	-	(3,084,978)
Infrastructure	<u>(52,763,320)</u>	<u>(7,104,022)</u>	<u>-</u>	<u>(59,867,342)</u>
Total accumulated depreciation	<u>(84,906,701)</u>	<u>(10,915,742)</u>	<u>-</u>	<u>(95,822,443)</u>
Total capital assets, being depreciated, net	<u>125,312,711</u>	<u>22,721,877</u>	<u>-</u>	<u>148,034,588</u>
Governmental activities capital assets, net	<u>\$ 242,376,984</u>	<u>\$ 31,319,694</u>	<u>\$ (18,168,391)</u>	<u>\$ 255,528,287</u>

**CITY OF MEDFORD**

Notes to the Financial Statements

June 30, 2009

**Note III - Detailed notes on all funds, continued**

**E. Capital assets, continued**

<b>Primary Government</b>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Transfers</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,173,026	\$ -	\$ -	\$ 1,173,026
Construction in progress	<u>2,584,390</u>	<u>765,815</u>	<u>(2,584,390)</u>	<u>765,815</u>
Total capital assets, not being depreciated	<u>3,757,416</u>	<u>765,815</u>	<u>(2,584,390)</u>	<u>1,938,841</u>
Capital assets, being depreciated:				
Buildings	6,480,341	-	-	6,480,341
Improvements	27,054,939	-	-	27,054,939
Equipment	14,168,254	782,947	-	14,951,201
Sewers	25,028,705	405,128	-	25,433,833
Storm drains	<u>36,119,101</u>	<u>1,304,235</u>	<u>-</u>	<u>37,423,336</u>
Total capital assets, being depreciated	108,851,340	2,492,310	-	111,343,650
Less accumulated depreciation for:				
Buildings	(2,125,218)	(161,322)	-	(2,286,540)
Improvements	(8,329,316)	(753,050)	-	(9,082,366)
Equipment	(10,339,240)	(931,716)	-	(11,270,956)
Sewers	(9,270,753)	(501,852)	-	(9,772,605)
Storm drains	<u>(6,949,713)</u>	<u>(754,640)</u>	<u>-</u>	<u>(7,704,353)</u>
Total accumulated depreciation	<u>(37,014,240)</u>	<u>(3,102,580)</u>	<u>-</u>	<u>(40,116,820)</u>
Total capital assets, being depreciated, net	<u>71,837,100</u>	<u>(610,270)</u>	<u>-</u>	<u>71,226,830</u>
Business-type activities capital assets, net	<u>\$ 75,594,516</u>	<u>\$ 155,545</u>	<u>\$ (2,584,390)</u>	<u>\$ 73,165,671</u>

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

Governmental activities:	
General government	\$ 1,640,078
Public safety	971,873
Highways and streets	7,618,930
Culture and recreation	<u>684,861</u>
Total depreciation expense - governmental activities	<u>\$ 10,915,742</u>
Business-type activities:	
Sewer	\$ 3,099,070
Parking services	<u>3,510</u>
Total depreciation expense - business-type activities	<u>\$ 3,102,580</u>

**CITY OF MEDFORD**

Notes to the Financial Statements

June 30, 2009

**Note III - Detailed notes on all funds, continued**

**E. Capital assets, continued**

<b>Medford Water Commission:</b>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Transfers</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land and right-of-way	\$ 2,990,095	\$ 300,000	\$ -	\$ 3,290,095
Construction in progress	<u>2,201,573</u>	<u>7,812,640</u>	<u>(2,378,466)</u>	<u>7,635,747</u>
Total capital assets, not being depreciated	<u>5,191,668</u>	<u>8,112,640</u>	<u>(2,378,466)</u>	<u>10,925,842</u>
Capital assets, being depreciated:				
Buildings, supply and distribution system	106,416,947	4,990,607	(168,813)	111,238,741
Equipment	<u>5,891,114</u>	<u>149,884</u>	<u>(650,133)</u>	<u>5,390,865</u>
Total capital assets, being depreciated	112,308,061	5,140,491	(818,946)	116,629,606
Less accumulated depreciation for:				
Buildings, supply and distribution system	(29,040,456)	(1,930,329)	92,235	(30,878,550)
Equipment	<u>(3,041,456)</u>	<u>(313,962)</u>	<u>67,413</u>	<u>(3,288,005)</u>
Total accumulated depreciation	<u>(32,081,912)</u>	<u>(2,244,291)</u>	<u>159,648</u>	<u>(34,166,555)</u>
Total capital assets, being depreciated, net	<u>80,226,149</u>	<u>2,896,200</u>	<u>(659,298)</u>	<u>82,463,051</u>
Medford Water Commission capital assets, net	<u>\$ 85,417,817</u>	<u>\$ 11,008,840</u>	<u>\$ (3,037,764)</u>	<u>\$ 93,388,893</u>

**CITY OF MEDFORD**

Notes to the Financial Statements

June 30, 2009

**Note III - Detailed notes on all funds, continued**

**F. Long-term debt**

General Obligation Bonds

General obligation bonds at year end are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
General obligation bonds:		
1. City Hall remodel bonds, maturing 2010	4.25 to 4.65 %	\$ 545,000
2. PERS actuarial bonds, maturing 2028	4.91 to 6.10 %	29,205,000
3. 2006 Sidewalk Series maturing on 2021	4.00 to 4.50 %	<u>3,920,000</u>
Total general obligation bonds:		<u>\$ 33,670,000</u>

The City Hall remodel bonds were issued to renovate City Hall. Interest rates were 4.25% in 2002, 4.3% in 2003, 4.375% in 2004, 4.4% in 2005, 4.45% in 2006, 4.5% in 2007, 4.55% in 2008, 4.625% in 2009, and 4.65% in 2010.

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

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

The following schedule shows the debt service requirements for general obligation bonds as of June 30, 2009:

<u>Year ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 825,000	\$ 1,948,958
2011	395,000	1,911,583
2012	515,000	1,893,612
2013	650,000	1,869,375
2014	795,000	1,837,790
2015-2019	6,685,000	8,375,732
2020-2024	11,575,000	5,906,357
2025-2028	<u>12,230,000</u>	<u>1,755,665</u>
Total	<u>\$ 33,670,000</u>	<u>\$ 25,499,072</u>

**CITY OF MEDFORD**

Notes to the Financial Statements

June 30, 2009

**Note III - Detailed notes on all funds, continued**

**F. Long-term debt, continued**

Revenue Bonds

Revenue bonds at year end are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Revenue bonds:		
Gas tax, street revenue bonds, maturing 2010 through 2014	4.00 to 4.40 %	\$ 3,750,000
Gas tax, revenue bonds, maturing through 2012	3.00 to 4.15 %	1,685,000
2002 Parks limited tax revenue bonds, maturing 2010 through 2022	3.00 to 5.00 %	4,235,000
2007 Parks limited tax revenue bonds, maturing 2022	3.50 to 4.16 %	17,825,000
1994A Urban renewal redevelopment bonds, maturing 2012	2.75 to 5.30 %	325,000
1994B Urban redevelopment bonds, maturing 2012	2.75 to 5.30 %	605,000
1996A Urban redevelopment bonds, maturing 2011	4.00 to 5.88 %	740,000
2002A Refunding bonds, maturing 2013	3.00 to 4.50 %	3,785,000
2004 Urban redevelopment bonds, maturing 2013	3.55 %	4,530,000
2005 Series A, maturing 2013	3.73 %	2,380,000
2007 Series A , maturing 2022	4.65%	<u>2,402,000</u>
Total revenue bonds:		<u>\$ 42,262,000</u>

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. The Gas Tax revenue bond maturing 2010 through 2014 has an interest rate of 4.0% from 2000 to 2008, 4.1% in 2009, 4.2% in 2010 and 2011, 4.25% in 2012, 4.3% in 2013, and 4.4% in 2014. The Gas Tax revenue bond maturing in 2012 has an interest rate of 3.0% from 2002 to 2004, 3.15% in 2005, 3.4% in 2006, 3.65% in 2007, 3.9% in 2008, 4.0% in 2009, 4.1% in 2010, and 4.15% in 2011.

The 2002 and 2007 Parks limited tax revenue bonds were issued for the acquisition and improvement of parks facilities. Principal and interest on the Parks limited tax revenue bonds are to be paid from transient room tax revenues, occupational license fees, parks system development charges, or parks utility fees. The 2002 Parks limited tax revenue bond has an interest rate of 3.0% from 2003 to 2005, 4.0% from 2006 to 2009, 4.25% from 2010 to 2013, 4.4% in 2014, 4.5% in 2015, 4.6% in 2016, 4.75% in 2017 and 2018, 4.875% in 2019 and 2020, and 5.0% in 2021 and 2022.

The 2007 Parks limited tax revenue bond has an interest rate of 4.00% from 2008 to 2026 and 4.125% in 2027.

The Urban Renewal bonds were issued to finance public improvement projects to revitalize downtown Medford. The 2002 Urban Renewal bond has an interest rate of 3.00% from 2002 to 2005, 3.60% from 2006 to 2007, 4.00% in 2008, 4.125% in 2009, and 4.50% from 2010 to 2013.

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

**CITY OF MEDFORD**

Notes to the Financial Statements

June 30, 2009

**Note III - Detailed notes on all funds, continued**

**F. Long-term debt, continued**

The following schedule shows the debt service requirements for revenue bonds as of June 30, 2009:

Year ending June 30,	Governmental Activities	
	Principal	Interest
2010	\$ 5,201,000	\$ 1,735,925
2011	5,417,000	1,513,896
2012	5,645,000	1,293,659
2013	5,257,000	1,082,315
2014	2,081,000	871,186
2015-2019	7,175,000	3,331,653
2020-2024	7,506,000	1,683,700
2025-2028	3,980,000	328,194
Total	<u>\$ 42,262,000</u>	<u>\$ 11,840,528</u>

Loans

Loans at year end are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
Loan		
Oregon Housing loan, maturing 2013	1.00 %	<u>\$ 365,587</u>

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

The following schedule shows the debt service requirements for loans as of June 30, 2009:

Year ending June 30,	Governmental Activities	
	Principal	Interest
2010	\$ 59,694	\$ 3,656
2011	60,291	3,059
2012	60,894	2,456
2013	61,502	1,847
2014	62,117	1,232
2015	61,089	611
Total	<u>\$ 365,587</u>	<u>\$ 12,861</u>

**CITY OF MEDFORD**

Notes to the Financial Statements

June 30, 2009

**Note III - Detailed notes on all funds, continued**

**F. Long-term debt, continued**

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2009, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 34,430,000	\$ -	\$ (760,000)	\$ 33,670,000	\$ 825,000
Revenue bonds	<u>47,259,000</u>	<u>-</u>	<u>(4,997,000)</u>	<u>42,262,000</u>	<u>5,201,000</u>
Total bonds payable	81,689,000	-	(5,757,000)	75,932,000	6,026,000
Oregon housing loan	<u>424,689</u>	<u>-</u>	<u>(59,102)</u>	<u>365,587</u>	<u>59,693</u>
Total bonds and notes payable	82,113,689	-	(5,816,102)	76,297,587	6,085,693
Compensated absences	<u>2,028,755</u>	<u>3,143,644</u>	<u>(3,123,404)</u>	<u>2,048,995</u>	<u>410,323</u>
Governmental activity long- term liabilities	<u>\$ 84,142,444</u>	<u>\$ 3,143,644</u>	<u>\$ (8,939,506)</u>	<u>\$ 78,346,582</u>	<u>\$ 6,496,016</u>
Business-type activities:					
Compensated absences	<u>\$ 203,717</u>	<u>\$ 349,294</u>	<u>\$ (320,690)</u>	<u>\$ 232,321</u>	<u>\$ 41,251</u>

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

**G. Net assets invested in capital assets, net of related debt**

Net assets invested in capital assets, net of related debt for Governmental Activities as presented in the Statement of Net Assets as of June 30, 2009 is determined as follows:

Capital assets, net	\$ 255,528,287
Less outstanding principal on capital asset related debt:	
General obligation bonds, excluding PERS bond \$29,205,000	(4,465,000)
Revenue bonds	<u>(42,262,000)</u>
Net assets invested in capital assets, net of related debt	<u>\$ 208,801,287</u>

**H. Leases**

Operating Leases

MURA leases building and office facilities and other equipment under noncancelable operating leases. Total costs for such leases were \$17,600 for the year ended June 30, 2009. The future minimum lease payments for these leases are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2010	\$ 19,200
2011	19,200
2012	19,200
2013	19,200
2014	<u>6,400</u>
Total	<u>\$ 83,200</u>

**CITY OF MEDFORD**

Notes to the Financial Statements

June 30, 2009

**Note III - Detailed notes on all funds, continued**

**I. Interfund receivables, payables and transfers**

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

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 354,348	\$ -
MURA General Fund	-	(93,208)
Nonmajor Governmental Funds	-	(261,140)
Total	<u>\$ 354,348</u>	<u>\$ (354,348)</u>

**Interfund transfers:**

	<u>Transfers In:</u>			<u>Total Transfers Out</u>
	<u>General Fund</u>	<u>Street System Development Charge Fund</u>	<u>Nonmajor Governmental Funds</u>	
<u>Transfers Out:</u>				
General Fund	\$ -	\$ 1,070,000	\$ 2,342,828	\$ 3,412,828
Park Dedication Fund	17,196	-	761,149	778,345
Street System Development Charge Fund	530	-	-	530
Nonmajor Governmental Funds	995,188	56,944	2,526,501	3,578,633
Sewer Utility Fund	697,043	-	-	697,043
Parking Facilities Fund	11,900	-	-	11,900
Internal Service Funds	88,486	-	-	88,486
Total transfers in	<u>\$ 1,810,343</u>	<u>\$ 1,126,944</u>	<u>\$ 5,630,478</u>	<u>\$ 8,567,765</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.

**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 \$514,178 for processing and collecting \$15,305,702 in sewer, drainage, street fee billings, park utility fees, and public safety fees. Water sales to the City were \$131,020 the year ended June 30, 2009.

The Commission pays the City for legal counsel, other services, and materials and supplies. During the year, the Commission paid the City \$162,500 for these items. The Commission also paid the City a franchise tax amounting to \$90,000 in fiscal year 2009 and garage charges of \$139,515.

**CITY OF MEDFORD**

Notes to the Financial Statements

June 30, 2009

**Note IV - Other information, continued**

**C. Conduit debt**

The Hospital Facilities Authority of the City of Medford issued refunding bonds in 2005, 2006, 2007, and 2009. The balance of these bonds was \$479,156,0896 as of June 30, 2009. 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 (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.

**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, 2009, 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.

CITY OF MEDFORD

Notes to the Financial Statements

June 30, 2009

**Note IV - Other information, continued**

**F. Pension plans, continued**

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, 2005 actuarial evaluation. Up through December 31, 2005, covered employees were also required by state statute to contribute 6% of their annual salary to the PERS plan.
- OPSRP (Oregon Public Service Retirement Plan) is a hybrid retirement plan with two components: a defined benefit pension plan and a defined contribution pension plan.

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

The defined contribution pension plan (called the Individual Account Program, or IAP) is provided to all members or their beneficiaries who are PERS or OPSRP eligible. State statutes require covered employees to contribute 6% of their annual covered salary to the IAP plan effective January 1, 2004. The City has elected to contribute the 6% "pick-up" for the year ended June 30, 2009. The City's 6% "pick-up" contributions for the years ending June 30, 2009, 2008, and 2007 were \$1,826,894, \$1,735,379, and \$1,579,071. 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, 2009. 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, 2009, 2008, and 2007 were \$2,478,048, \$2,383,431, and \$2,554,161, respectively, equal to the required contributions for each year.

**CITY OF MEDFORD**

Notes to the Financial Statements

June 30, 2009

**Note IV - Other information, continued**

**G. Other Post-employment Benefits (OPEB)**

*City Healthcare Plan*

Plan Description

The City administers a single-employer defined benefit healthcare plan per the requirements of collective bargaining agreements. The healthcare plan provides for the IAFS and ASCME bargaining units post-retirement medical, dental, and vision coverage for eligible retirees, their spouses, domestic partners, and dependents on a self-pay basis. Benefit provisions are susceptible to change as they are established through negotiations between the City and representatives of collective bargaining units. Eligible participants may select from one of two deductible levels of the City's health insurance care plan. The level of benefits provided by the plans are the same as those afforded to active employees. Coverage is provided to retirees, spouses, and domestic partners until they become eligible for Medicare, typically age 65, and to eligible dependents until age 18. The City's post-retirement healthcare plan was established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulate that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. Due to the effect of age, retiree claim costs are generally higher than claim costs for all members as a whole. The difference between retiree claims costs and the amount of retiree healthcare premiums represents the City's implicit employer contribution.

Funding Policy

The City has the authority to establish and amend contribution requirements. The required contribution is based on projected pay-as-you-go financing requirements. For the fiscal year ending June 30, 2009, the City's combined plan contributions were \$30,840.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other post-employment benefit cost (expense) is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance within the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the fiscal year ending June 30, 2009, the amount actually contributed to the plans, and changes in the City's net OPEB obligation:

Annual required contribution	\$	253,852
Interest on net OPEB obligation		-
Adjustment to the annual required contribution		-
Annual OPEB cost (expense)		253,852
Contributions made		30,840
Increase in net OPEB obligation		223,012
Net OPEB obligation, beginning of year		-
Net OPEB obligation, end of year	\$	223,012

The City's annual OPEB cost, the contribution, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligation for 2009 and the preceding year were as follows:

<u>Fiscal year</u> <u>ending June 30</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Contribution</u>	<u>Percentage of</u> <u>annual OPEB</u> <u>cost contributed</u>	<u>Net OPEB</u> <u>obligation</u>
2009	\$ 253,852	\$ 30,840	12 %	\$ 223,012

**CITY OF MEDFORD**

Notes to the Financial Statements

June 30, 2009

**Note IV - Other information, continued**

**G. Other Post-employment Benefits (OPEB), continued**

Funded Status and Funding Progress

As of August 1, 2008, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$1,514,015, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$1,514,015. For the fiscal year ending June 30, 2009, the City has set aside \$0 to pay for future post-employment life insurance benefits for disabled employees.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

The August 1, 2008 actuarial valuation for the healthcare plan was based on the entry age normal and the projected unit credit actuarial cost methods, respectively. The actuarial assumptions for both valuations included an investment return of 4.5%. The healthcare plan actuarial valuation included a healthcare cost inflation trend rate of 8.0% in the first year, 7.0% in the second year, 6.5% in the third year, 6.0% for the 4th through 14th year, 5.5% for the 15th through 29th year, and 5.0% thereafter. The unfunded actuarially accrued liability and the gains and losses for both plans are amortized as a level dollar amount over an open period of 30 years.

CITY OF MEDFORD

Notes to the Financial Statements

June 30, 2009

**Note IV - Other information, continued**

**H. Recently issued accounting guidance**

Management is determining the effect on its financial statements of the following recently issued accounting statements:

The Governmental Accounting Standards Board (GASB) Statement 51, Accounting and Financial Reporting for Intangible Asset, is effective for periods beginning after June 15, 2009. The Statement establishes accounting and financial reporting requirements for intangible assets. It defines intangible assets as capital assets and provides guidance for capitalization and amortization. Existing authoritative guidance relating to capital assets (such as GASB 42 relating to impairment) should be applied to these assets.

GASB Statement 53, Accounting and Financial Reporting for Derivative Instruments, is effective for periods beginning after June 15, 2009. Early implementation is encouraged. The Statement requires fair value accounting and reporting for derivatives. Changes in fair value are generally reported in the activity statement. Certain derivative transactions that reduce exposures to financial risks may be effective hedges and reported using hedge accounting wherein the change in fair value is reported as either deferred inflows or deferred outflows in the statement of net assets instead of the activity statement.

GASB Statement 54, Fund balance Reporting and Governmental Fund Type Definitions, is effective for periods beginning after June 15, 2010. Early implementation is encouraged. The Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. Governments are required to disclose information about the processes through which constraints are imposed. Governmental fund type definitions are modified and clarified which may affect the activities governments choose to report in governmental funds.

GASB No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The Statement identifies the sources of accounting principles and provides a consistent framework, or hierarchy, for selecting the accounting principles to be used in preparing financial statements that are presented in conformity with U.S. generally accepted accounting principles for governmental entities. The hierarchy of accounting principles within GASB No. 55 is consistent with that previously defined in the AICPA Statement on Auditing Standards (SAS) No. 69, The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles. GASB No. 55 became effective April 2, 2009. The City had previously utilized the guidance within SAS No. 69, and, therefore, does not expect the adoption of GASB No. 55 to have a material effect on the financial statements.

**I. Subsequent events**

On August 5, 2009, Medford Urban Renewal Agency issued Series 2009 Tax Exempt Second Lien Renewal Bonds in the amount of \$3,000,000 maturing June 15, 2024. The bonds bear interest at a rate of 4.75% payable annually on June 15. Principal payments begin June 15, 2014.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ -	\$ 122,708
2011	-	142,500
2012	-	142,500
2013	-	142,500
2014	178,000	142,500
2015 - 2019	1,021,000	577,648
2020 - 2024	<u>1,801,000</u>	<u>299,060</u>
Total	<u>\$ 3,000,000</u>	<u>\$ 1,569,416</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, 2009

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	Original	Final				
<b>Revenues:</b>						
Property taxes	\$ 54,546,000	\$ 54,546,000	\$ 26,090,032	\$ 27,501,003	\$ 53,591,035	\$ (954,965)
Franchise taxes	13,320,000	13,320,000	7,805,598	7,498,935	15,304,533	1,984,533
Lodging taxes	2,580,000	2,580,000	1,276,748	1,141,270	2,418,018	(161,982)
Licenses and permits	1,472,000	1,472,000	736,784	655,417	1,392,201	(79,799)
Intergovernmental revenues	9,323,100	9,400,550	4,474,260	4,599,208	9,073,468	(327,082)
Charges for services	2,118,800	2,356,800	1,036,743	1,092,980	2,129,723	(227,077)
Fines and penalties	2,638,000	2,638,000	1,376,390	1,303,508	2,679,898	41,898
Investment earnings	1,544,500	1,544,500	962,796	479,370	1,442,166	(102,334)
Contributions	5,000	45,780	22,533	28,402	50,935	5,155
Other revenue	51,500	52,000	99,665	97,997	197,662	145,662
Grants and contracts	75,200	508,240	471,615	255,343	726,958	218,718
<b>Total revenues</b>	<b>87,674,100</b>	<b>88,463,870</b>	<b>44,353,164</b>	<b>44,653,433</b>	<b>89,006,597</b>	<b>542,727</b>
<b>Expenditures:</b>						
Mayor and council	880,200	820,200	317,919	369,288	687,207	132,993
Neighborhood resources	842,670	994,670	402,913	497,014	899,927	94,743
Municipal court	1,385,930	1,396,930	642,600	662,382	1,304,982	91,948
Police	35,559,790	37,744,160	18,014,195	18,924,330	36,938,525	805,635
Fire	20,498,490	21,029,490	9,775,654	10,084,795	19,860,449	1,169,041
Parks and recreations:						
Parks and recreation	6,263,140	6,683,010	3,241,015	3,424,507	6,665,522	17,488
City tree program	253,770	259,720	117,790	129,104	246,894	12,826
Building maintenance	3,799,790	6,569,410	1,649,782	4,595,709	6,245,491	323,919
Planning	3,761,480	3,830,480	1,675,348	1,546,967	3,222,315	608,165
Public Works - Engineering	1,600,940	1,662,340	713,605	649,424	1,363,029	299,311
CMO	2,402,200	2,199,670	1,059,224	794,868	1,854,092	345,578
Technology services	4,962,970	4,964,840	2,154,661	2,169,195	4,323,856	640,984
Legal	918,470	914,480	411,886	453,312	865,198	49,282
Human resources	903,450	907,020	425,355	438,802	864,157	42,863
Finance	4,365,520	2,826,520	1,110,318	1,275,140	2,385,458	441,062
Contingency	10,381,000	7,238,610	-	-	-	7,238,610
<b>Total expenditures</b>	<b>98,779,810</b>	<b>100,041,550</b>	<b>41,712,265</b>	<b>46,014,837</b>	<b>87,727,102</b>	<b>12,314,448</b>
Excess revenues over (under) expenditures	(11,105,710)	(11,577,680)	2,640,899	(1,361,404)	1,279,495	12,857,175
<b>Other financing sources (uses):</b>						
Transfers in	3,662,430	3,662,430	1,697,081	1,810,343	3,507,424	(155,006)
Transfers out	(5,972,250)	(6,009,850)	(2,585,455)	(3,412,828)	(5,998,283)	11,567
Sale of capital assets	-	-	9,431	36,788	46,219	46,219
<b>Total other financing sources (uses)</b>	<b>(2,309,820)</b>	<b>(2,347,420)</b>	<b>(878,943)</b>	<b>(1,565,697)</b>	<b>(2,444,640)</b>	<b>(97,220)</b>
<b>Net change in fund balances</b>	<b>(13,415,530)</b>	<b>(13,925,100)</b>	<b>1,761,956</b>	<b>(2,927,101)</b>	<b>(1,165,145)</b>	<b>12,759,955</b>
<b>Fund Balance:</b>						
Beginning	16,241,200	16,241,200	17,865,765	19,627,721	17,865,765	1,624,565
Ending	\$ 2,825,670	\$ 2,316,100	\$ 19,627,721	\$ 16,700,620	\$ 16,700,620	\$ 14,384,520

**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, 2009

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	Original	Final				
<b>Revenues:</b>						
Lodging taxes	\$ 1,290,000	\$ 1,290,000	\$ 638,374	\$ 570,635	\$ 1,209,009	\$ (80,991)
Other taxes	820,000	820,000	314,068	291,150	605,218	(214,782)
System development charges	1,775,000	1,775,000	538,114	295,992	834,106	(940,894)
Charges for services	10,000	10,000	-	97,500	97,500	87,500
Investment earnings	328,900	328,900	855,431	133,432	988,863	659,963
Contributions	100,000	125,500	68,400	-	68,400	(57,100)
Other revenue	300,000	300,000	17,450	-	17,450	(282,550)
Grants and contracts	198,000	934,880	27,623	886,523	914,146	(20,734)
<b>Total revenues</b>	<b>4,821,900</b>	<b>5,584,280</b>	<b>2,459,460</b>	<b>2,275,232</b>	<b>4,734,692</b>	<b>(849,588)</b>
<b>Expenditures:</b>						
Park development	22,638,120	26,637,080	12,403,084	11,450,543	23,853,627	2,783,453
Contingency	141,380	-	-	-	-	-
<b>Total expenditures</b>	<b>22,779,500</b>	<b>26,637,080</b>	<b>12,403,084</b>	<b>11,450,543</b>	<b>23,853,627</b>	<b>2,783,453</b>
Excess revenues under expenditures	(17,957,600)	(21,052,800)	(9,943,624)	(9,175,311)	(19,118,935)	1,933,865
<b>Other financing sources (uses):</b>						
Transfers in	435,800	435,800	435,800	-	435,800	-
Transfers out	(914,800)	(1,334,000)	(554,999)	(778,345)	(1,333,344)	656
<b>Total other financing sources (uses)</b>	<b>(479,000)</b>	<b>(898,200)</b>	<b>(119,199)</b>	<b>(778,345)</b>	<b>(897,544)</b>	<b>656</b>
<b>Net change in fund balances</b>	<b>(18,436,600)</b>	<b>(21,951,000)</b>	<b>(10,062,823)</b>	<b>(9,953,656)</b>	<b>(20,016,479)</b>	<b>1,934,521</b>
<b>Fund Balance:</b>						
Beginning	18,436,600	21,951,000	21,951,083	11,888,260	21,951,083	83
Ending	\$ -	\$ -	\$ 11,888,260	\$ 1,934,604	\$ 1,934,604	\$ 1,934,604

**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, 2009

	<u>Biennium Budget</u>		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	<u>Original</u>	<u>Final</u>				
<b>Revenues:</b>						
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ 60,000	\$ 60,000	\$ 60,000
System Development						
Charges	7,759,000	7,759,000	2,146,447	1,502,448	3,648,895	(4,110,105)
Investment earnings	700,700	700,700	545,202	136,216	681,418	(19,282)
Other revenue	-	-	60,000	4,000	64,000	64,000
<b>Total revenues</b>	<b><u>8,459,700</u></b>	<b><u>8,459,700</u></b>	<b><u>2,751,649</u></b>	<b><u>1,702,664</u></b>	<b><u>4,454,313</u></b>	<b><u>(4,005,387)</u></b>
<b>Expenditures:</b>						
Street development	22,095,560	22,100,560	14,213,866	914,580	15,128,446	6,972,114
Contingency	2,761,900	2,756,900	-	-	-	2,756,900
<b>Total expenditures</b>	<b><u>24,857,460</u></b>	<b><u>24,857,460</u></b>	<b><u>14,213,866</u></b>	<b><u>914,580</u></b>	<b><u>15,128,446</u></b>	<b><u>9,729,014</u></b>
Excess revenues over (under) expenditures	<u>(16,397,760)</u>	<u>(16,397,760)</u>	<u>(11,462,217)</u>	<u>788,084</u>	<u>(10,674,133)</u>	<u>5,723,627</u>
<b>Other financing sources (uses):</b>						
Transfers in	1,070,000	1,070,000	-	1,126,944	1,126,944	56,944
Transfers out	(1,060)	(1,060)	(506)	(530)	(1,036)	24
Sale of capital assets	-	-	2,730	-	2,730	2,730
<b>Total other financing sources (uses)</b>	<b><u>1,068,940</u></b>	<b><u>1,068,940</u></b>	<b><u>2,224</u></b>	<b><u>1,126,414</u></b>	<b><u>1,128,638</u></b>	<b><u>59,698</u></b>
Net change in fund balances	(15,328,820)	(15,328,820)	(11,459,993)	1,914,498	(9,545,495)	5,783,325
<b>Fund Balance:</b>						
Beginning	<u>15,958,500</u>	<u>15,958,500</u>	<u>16,668,028</u>	<u>5,208,035</u>	<u>16,668,028</u>	<u>709,528</u>
Ending	<b><u>\$ 629,680</u></b>	<b><u>\$ 629,680</u></b>	<b><u>\$ 5,208,035</u></b>	<b><u>\$ 7,122,533</u></b>	<b><u>\$ 7,122,533</u></b>	<b><u>\$ 6,492,853</u></b>

**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, 2009

	<u>Annual Budget</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Property taxes	\$ 813,200	\$ 813,200	\$ 833,939	\$ 20,739
Intergovernmental	57,700	57,700	52,892	(4,808)
Investment earnings	264,500	264,500	76,876	(187,624)
Other revenue	20,300	20,300	74,031	53,731
Grants and contracts	100,000	100,000	-	(100,000)
Rental Income	67,100	67,100	72,220	5,120
Total revenues	<u>1,322,800</u>	<u>1,322,800</u>	<u>1,109,958</u>	<u>(212,842)</u>
Expenditures:				
Personal services	398,400	398,400	340,409	57,991
Materials and services	456,000	456,000	238,654	217,346
Capital outlay	5,172,300	5,172,300	2,387,348	2,784,952
Debt service	63,500	63,500	63,349	151
Contingency	213,600	213,600	-	213,600
Total expenditures	<u>6,303,800</u>	<u>6,303,800</u>	<u>3,029,760</u>	<u>3,274,040</u>
Excess revenues over (under) expenditures	<u>(4,981,000)</u>	<u>(4,981,000)</u>	<u>(1,919,802)</u>	<u>3,061,198</u>
Other financing sources (uses):				
Transfers out	(55,800)	(55,800)	-	55,800
Special assessment bonds	2,500,000	2,500,000	-	(2,500,000)
Net change in fund balances	(2,536,800)	(2,536,800)	(1,919,802)	616,998
Fund Balance:				
Beginning of year	<u>2,536,800</u>	<u>2,536,800</u>	<u>3,032,664</u>	<u>495,864</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,112,862</u>	<u>\$ 1,112,862</u>

**CITY OF MEDFORD**

Notes to Required Supplementary Information

June 30, 2009

Note 1 - Basis of Budgeting

The basis of budgeting is the same as GAAP for the General Fund and major special revenue funds that have been presented as Required Supplementary Information.

Note 2 - Schedule of Funding Progress - OPEB

Other Post Employment Benefits schedule of funding progress:

<u>Actuarial valuation date</u>	<u>Actuarial value of assets</u>	<u>Actuarial accrued liability</u>	<u>Unfunded actuarial accrued liability</u>	<u>Funded ratio</u>	<u>Covered payroll</u>	<u>Unfunded actuarial accrued liability as a percentage of covered payroll</u>
8/1/2009	-	1,514,015	1,514,015	-	N/A	N/A

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

OTHER SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

**CITY OF MEDFORD**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2009

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 7,674,288	\$ 3,418,237	\$ 5,437,784	\$ 16,530,309
Receivables				
Taxes	-	384,861	-	384,861
Accounts	1,367,512	85,884	-	1,453,396
Other	4,807	-	-	4,807
Restricted cash	848,406	551,764	-	1,400,170
Total assets	<u>\$ 9,895,013</u>	<u>\$ 4,440,746</u>	<u>\$ 5,437,784</u>	<u>\$ 19,773,543</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 642,381	\$ -	\$ 1,541,634	\$ 2,184,015
Accrued payroll and related expenses	211,857	-	17,001	228,858
Due to other funds	261,140	-	-	261,140
Due to Medford Water Commission	17,051	-	-	17,051
Deferred revenues	-	358,364	-	358,364
Total liabilities	<u>1,132,429</u>	<u>358,364</u>	<u>1,558,635</u>	<u>3,049,428</u>
Fund Balances:				
Reserved for:				
Highways and streets	4,936,841	-	-	4,936,841
Debt service	-	4,082,382	-	4,082,382
Unreserved	3,825,743	-	3,879,149	7,704,892
Total fund balances	<u>8,762,584</u>	<u>4,082,382</u>	<u>3,879,149</u>	<u>16,724,115</u>
Total liabilities and fund balances	<u>\$ 9,895,013</u>	<u>\$ 4,440,746</u>	<u>\$ 5,437,784</u>	<u>\$ 19,773,543</u>

**CITY OF MEDFORD**  
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2009

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
<b>REVENUES</b>				
Taxes				
Property	\$ -	\$ 4,382,025	\$ -	\$ 4,382,025
Franchise and lodging	570,633	-	-	570,633
State gas tax	2,938,714	-	-	2,938,714
Special assessments	-	13,988	-	13,988
Charges for services	6,944,173	-	-	6,944,173
Intergovernmental	21,785	-	-	21,785
Licenses, permits and fees	2,347,219	-	-	2,347,219
Investment earnings	173,909	83,214	109,350	366,473
Grants and contributions	833,271	-	868,325	1,701,596
Miscellaneous	48,178	260	31,843	80,281
Total revenues	<u>13,877,882</u>	<u>4,479,487</u>	<u>1,009,518</u>	<u>19,366,887</u>
<b>EXPENDITURES</b>				
Current				
General government	1,473,460	-	-	1,473,460
Public safety	943,244	-	-	943,244
Highways and streets	5,813,417	-	299,227	6,112,644
Culture and recreation	154,465	-	-	154,465
Community development	570,633	-	-	570,633
Debt service				
Principal	-	5,757,000	-	5,757,000
Interest	-	3,926,636	-	3,926,636
Capital outlay	1,543,840	-	1,209,705	2,753,545
Total expenditures	<u>10,499,059</u>	<u>9,683,636</u>	<u>1,508,932</u>	<u>21,691,627</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,378,823</u>	<u>(5,204,149)</u>	<u>(499,414)</u>	<u>(2,324,740)</u>
<b>OTHER FINANCING SOURCES</b>				
Sale of capital assets	20,572	-	-	20,572
Transfers in	25,000	5,605,478	-	5,630,478
Transfers out	(3,491,896)	-	(86,737)	(3,578,633)
Total other financing sources (uses)	<u>(3,446,324)</u>	<u>5,605,478</u>	<u>(86,737)</u>	<u>2,072,417</u>
Net change in fund balances	(67,501)	401,329	(586,151)	(252,323)
Fund balance - beginning	8,830,085	3,681,053	4,465,300	16,976,438
Fund balance - ending	<u>\$ 8,762,584</u>	<u>\$ 4,082,382</u>	<u>\$ 3,879,149</u>	<u>\$ 16,724,115</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, 2009

	Public Safety Fund	Gas Tax Fund	Cemetery Trust Fund	Building Code Services Fund	Street Utility Fund
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 960,755	\$ 2,433,871	\$ 45,042	\$ 2,603,890	\$ 1,346,883
Receivables					
Accounts	92,477	280,229	-	13,968	489,429
Other	-	-	-	-	4,807
Restricted cash	-	828,106	20,300	-	-
Total assets	<u>\$ 1,053,232</u>	<u>\$ 3,542,206</u>	<u>\$ 65,342</u>	<u>\$ 2,617,858</u>	<u>\$ 1,841,119</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 3,068	\$ 186,366	\$ -	\$ 10,381	\$ 123,483
Accrued payroll and related expenses	47,136	45,365	-	34,616	80,878
Due to other funds	-	-	-	-	-
Due to Medford Water Commission	1,780	-	-	12	10,392
Total liabilities	<u>51,984</u>	<u>231,731</u>	<u>-</u>	<u>45,009</u>	<u>214,753</u>
Fund Balances:					
Reserved for:					
Highways and streets	-	3,310,475	-	-	1,626,366
Unreserved	1,001,248	-	65,342	2,572,849	-
Total fund balances	<u>1,001,248</u>	<u>3,310,475</u>	<u>65,342</u>	<u>2,572,849</u>	<u>1,626,366</u>
Total liabilities and fund balances	<u>\$ 1,053,232</u>	<u>\$ 3,542,206</u>	<u>\$ 65,342</u>	<u>\$ 2,617,858</u>	<u>\$ 1,841,119</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 Parks Reserve Fund	Total
\$ 54,360	\$ 132,339	\$ 13,822	\$ 12,027	\$ 36,826	\$ 15,278	\$ 8,111	\$ 11,084	\$ 7,674,288
61,900	324,583	-	-	-	104,926	-	-	1,367,512
-	-	-	-	-	-	-	-	4,807
-	-	-	-	-	-	-	-	848,406
<u>\$ 116,260</u>	<u>\$ 456,922</u>	<u>\$ 13,822</u>	<u>\$ 12,027</u>	<u>\$ 36,826</u>	<u>\$ 120,204</u>	<u>\$ 8,111</u>	<u>\$ 11,084</u>	<u>\$ 9,895,013</u>
\$ 116,260	\$ 194,416	\$ -	\$ -	\$ -	\$ 8,407	\$ -	\$ -	642,381
-	1,366	-	-	-	2,496	-	-	211,857
-	261,140	-	-	-	-	-	-	261,140
-	-	-	-	-	4,867	-	-	17,051
<u>116,260</u>	<u>456,922</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,770</u>	<u>-</u>	<u>-</u>	<u>1,132,429</u>
-	-	-	-	-	-	-	-	4,936,841
-	-	13,822	12,027	36,826	104,434	8,111	11,084	3,825,743
-	-	13,822	12,027	36,826	104,434	8,111	11,084	8,762,584
<u>\$ 116,260</u>	<u>\$ 456,922</u>	<u>\$ 13,822</u>	<u>\$ 12,027</u>	<u>\$ 36,826</u>	<u>\$ 120,204</u>	<u>\$ 8,111</u>	<u>\$ 11,084</u>	<u>\$ 9,895,013</u>

**CITY OF MEDFORD**

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

Special Revenue Funds

For the Year Ended June 30, 2009

	Public Safety Fund	Gas Tax Fund	Cemetery Trust Fund	Building Code Services Fund	Street Utility Fund
<b>REVENUES</b>					
Taxes					
Franchise and lodging	\$ -	\$ -	\$ -	\$ -	\$ -
State gas tax	-	2,938,714	-	-	-
Charges for services	-	92,676	-	-	5,592,156
Intergovernmental	-	-	-	-	21,785
Licenses, permits and fees	1,102,915	-	-	1,244,304	-
Investment earnings	18,317	70,650	1,253	59,218	18,445
Grants and contributions	-	-	-	-	-
Miscellaneous	-	-	8,070	-	40,108
<b>Total revenues</b>	<b>1,121,232</b>	<b>3,102,040</b>	<b>9,323</b>	<b>1,303,522</b>	<b>5,672,494</b>
<b>EXPENDITURES</b>					
Current					
General government	-	20,605	-	1,233,231	37,383
Public safety	933,696	-	-	9,548	-
Highways and streets	-	1,271,968	-	-	4,541,449
Culture and recreation	-	-	80	-	-
Community Development	-	-	-	-	-
Capital outlay	-	665,468	-	-	253,310
<b>Total expenditures</b>	<b>933,696</b>	<b>1,958,041</b>	<b>80</b>	<b>1,242,779</b>	<b>4,832,142</b>
Excess (deficiency) of revenues over (under) expenditures	187,536	1,143,999	9,243	60,743	840,352
<b>OTHER FINANCING SOURCES</b>					
Sale of capital assets	-	-	-	16,518	4,054
Transfers in	-	-	-	-	25,000
Transfers out	-	(1,591,172)	-	(341,068)	(457,159)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(1,591,172)</b>	<b>-</b>	<b>(324,550)</b>	<b>(428,105)</b>
<b>Net change in fund balances</b>	<b>187,536</b>	<b>(447,173)</b>	<b>9,243</b>	<b>(263,807)</b>	<b>412,247</b>
Fund balance - beginning	813,712	3,757,648	56,099	2,836,656	1,214,119
<b>Fund balance - ending</b>	<b>\$ 1,001,248</b>	<b>\$ 3,310,475</b>	<b>\$ 65,342</b>	<b>\$ 2,572,849</b>	<b>\$ 1,626,366</b>

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
\$ 570,633	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 570,633
-	-	-	-	-	-	-	-	2,938,714
-	-	-	-	-	1,251,386	-	7,955	6,944,173
-	-	-	-	-	-	-	-	21,785
-	-	-	-	-	-	-	-	2,347,219
-	-	219	246	754	4,641	166	-	173,909
-	826,199	7,072	-	-	-	-	-	833,271
-	-	-	-	-	-	-	-	48,178
570,633	826,199	7,291	246	754	1,256,027	166	7,955	13,877,882
-	182,241	-	-	-	-	-	-	1,473,460
-	-	-	-	-	-	-	-	943,244
-	-	-	-	-	-	-	-	5,813,417
-	-	-	-	-	154,385	-	-	154,465
570,633	-	-	-	-	-	-	-	570,633
-	625,062	-	-	-	-	-	-	1,543,840
570,633	807,303	-	-	-	154,385	-	-	10,499,059
-	18,896	7,291	246	754	1,101,642	166	7,955	3,378,823
-	-	-	-	-	-	-	-	20,572
-	-	-	-	-	-	-	-	25,000
-	(18,896)	-	-	-	(1,083,601)	-	-	(3,491,896)
-	(18,896)	-	-	-	(1,083,601)	-	-	(3,446,324)
-	-	7,291	246	754	18,041	166	7,955	(67,501)
-	-	6,531	11,781	36,072	86,393	7,945	3,129	8,830,085
\$ -	\$ -	\$ 13,822	\$ 12,027	\$ 36,826	\$ 104,434	\$ 8,111	\$ 11,084	\$ 8,762,584

**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, 2009

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual for Budget Period</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Licenses, permits and fees	\$ 2,090,000	\$ 2,090,000	\$ 1,091,217	\$ 1,102,915	\$ 2,194,132	\$ 104,132
Investment earnings	-	-	19,932	18,317	38,249	38,249
Total revenues	<u>2,090,000</u>	<u>2,090,000</u>	<u>1,111,149</u>	<u>1,121,232</u>	<u>2,232,381</u>	<u>142,381</u>
Expenditures:						
Police	1,021,170	1,021,170	262,917	455,641	718,558	302,612
Fire	<u>1,276,400</u>	<u>1,276,400</u>	<u>316,550</u>	<u>478,055</u>	<u>794,605</u>	<u>481,795</u>
Total expenditures	<u>2,297,570</u>	<u>2,297,570</u>	<u>579,467</u>	<u>933,696</u>	<u>1,513,163</u>	<u>784,407</u>
Excess revenues over (under) expenditures	<u>(207,570)</u>	<u>(207,570)</u>	<u>531,682</u>	<u>187,536</u>	<u>719,218</u>	<u>926,788</u>
Net change in fund balances	(207,570)	(207,570)	531,682	187,536	719,218	926,788
Fund Balance:						
Beginning	<u>207,570</u>	<u>207,570</u>	<u>282,030</u>	<u>813,712</u>	<u>282,030</u>	<u>74,460</u>
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 813,712</u>	<u>\$ 1,001,248</u>	<u>\$ 1,001,248</u>	<u>\$ 1,001,248</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, 2009

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	Original	Final				
<b>Revenues:</b>						
Fuel taxes	\$ 7,000,000	\$ 7,000,000	\$ 3,256,822	\$ 2,938,714	\$ 6,195,536	\$ (804,464)
Charges for services	480,000	480,000	192,145	92,676	284,821	(195,179)
Investment earnings	1,315,700	1,315,700	141,592	70,650	212,242	(1,103,458)
Grants and contracts	-	19,740	19,740	-	19,740	-
Total revenues	<u>8,795,700</u>	<u>8,815,440</u>	<u>3,610,299</u>	<u>3,102,040</u>	<u>6,712,339</u>	<u>(2,103,101)</u>
<b>Expenditures:</b>						
Street maintenance and construction	7,138,110	7,157,850	1,420,417	1,958,041	3,378,458	3,779,392
Contingency	260,180	260,180	-	-	-	260,180
Total expenditures	<u>7,398,290</u>	<u>7,418,030</u>	<u>1,420,417</u>	<u>1,958,041</u>	<u>3,378,458</u>	<u>4,039,572</u>
Excess revenues over expenditures	<u>1,397,410</u>	<u>1,397,410</u>	<u>2,189,882</u>	<u>1,143,999</u>	<u>3,333,881</u>	<u>1,936,471</u>
<b>Other financing sources (uses):</b>						
Transfers out	<u>(3,071,330)</u>	<u>(3,071,330)</u>	<u>(1,438,117)</u>	<u>(1,591,172)</u>	<u>(3,029,289)</u>	<u>42,041</u>
Net change in fund balances	<u>(1,673,920)</u>	<u>(1,673,920)</u>	<u>751,765</u>	<u>(447,173)</u>	<u>304,592</u>	<u>1,978,512</u>
<b>Fund Balance:</b>						
Beginning	<u>3,313,000</u>	<u>3,313,000</u>	<u>3,005,883</u>	<u>3,757,648</u>	<u>3,005,883</u>	<u>(307,117)</u>
Ending	<u>\$ 1,639,080</u>	<u>\$ 1,639,080</u>	<u>\$ 3,757,648</u>	<u>\$ 3,310,475</u>	<u>\$ 3,310,475</u>	<u>\$ 1,671,395</u>

**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, 2009

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	Original	Final				
<b>Revenues:</b>						
Investment earnings	\$ 4,160	\$ 4,160	\$ 2,368	\$ 1,253	\$ 3,621	\$ (539)
Contributions	-	3,000	3,000	-	3,000	-
Other revenue	500	500	6,580	8,070	14,650	14,150
Total revenues	<u>4,660</u>	<u>7,660</u>	<u>11,948</u>	<u>9,323</u>	<u>21,271</u>	<u>13,611</u>
<b>Expenditures:</b>						
Cemetery special projects	2,000	5,500	3,308	80	3,388	2,112
Excess revenues over expenditures	<u>2,660</u>	<u>2,160</u>	<u>8,640</u>	<u>9,243</u>	<u>17,883</u>	<u>15,723</u>
Net change in fund balances	2,660	2,160	8,640	9,243	17,883	15,723
<b>Fund Balance:</b>						
Beginning of year	<u>44,100</u>	<u>44,100</u>	<u>47,459</u>	<u>56,099</u>	<u>47,459</u>	<u>3,359</u>
End of year	<u>\$ 46,760</u>	<u>\$ 46,260</u>	<u>\$ 56,099</u>	<u>\$ 65,342</u>	<u>\$ 65,342</u>	<u>\$ 19,082</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, 2009

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual for Budget Period</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Licenses and permits	\$ 4,284,000	\$ 4,284,000	\$ 1,521,342	\$ 1,244,304	\$ 2,765,646	\$ (1,518,354)
Investment earnings	<u>171,700</u>	<u>171,700</u>	<u>143,437</u>	<u>59,218</u>	<u>202,655</u>	<u>30,955</u>
Total revenues	<u>4,455,700</u>	<u>4,455,700</u>	<u>1,664,779</u>	<u>1,303,522</u>	<u>2,968,301</u>	<u>(1,487,399)</u>
Expenditures:						
Building safety	3,768,570	3,768,570	1,816,168	1,242,779	3,058,947	709,623
Contingency	<u>416,200</u>	<u>416,200</u>	<u>-</u>	<u>-</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>1,242,779</u>	<u>3,058,947</u>	<u>1,125,823</u>
Excess revenues over (under) expenditures	<u>270,930</u>	<u>270,930</u>	<u>(151,389)</u>	<u>60,743</u>	<u>(90,646)</u>	<u>(361,576)</u>
Other financing sources (uses):						
Transfers out	(668,800)	(668,800)	(322,535)	(341,068)	(663,603)	5,197
Sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,518</u>	<u>16,518</u>	<u>16,518</u>
Net change in fund balances	<u>(397,870)</u>	<u>(397,870)</u>	<u>(473,924)</u>	<u>(263,807)</u>	<u>(737,731)</u>	<u>(339,861)</u>
Fund Balance:						
Beginning	<u>3,155,000</u>	<u>3,155,000</u>	<u>3,310,580</u>	<u>2,836,656</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>\$ 2,572,849</u>	<u>\$ 2,572,849</u>	<u>\$ (184,281)</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, 2009

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	Original	Final				
<b>Revenues:</b>						
Intergovernmental revenues	\$ 16,800	\$ 16,800	\$ 19,077	\$ 21,785	\$ 40,862	\$ 24,062
Charges for services	11,250,400	11,250,400	5,253,114	5,592,156	10,845,270	(405,130)
Investment earnings	157,300	157,300	85,459	18,445	103,904	(53,396)
Other revenue	30,500	30,500	27,622	40,108	67,730	37,230
<b>Total revenues</b>	<b>11,455,000</b>	<b>11,455,000</b>	<b>5,385,272</b>	<b>5,672,494</b>	<b>11,057,766</b>	<b>(397,234)</b>
<b>Expenditures:</b>						
Street maintenance	11,163,510	11,163,510	5,765,617	4,832,142	10,597,759	565,751
Contingency	1,023,590	1,023,590	-	-	-	1,023,590
<b>Total expenditures</b>	<b>12,187,100</b>	<b>12,187,100</b>	<b>5,765,617</b>	<b>4,832,142</b>	<b>10,597,759</b>	<b>1,589,341</b>
Excess revenues over (under) expenditures	(732,100)	(732,100)	(380,345)	840,352	460,007	1,192,107
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	25,000	25,000	25,000
Transfers out	(896,700)	(896,700)	(432,868)	(457,159)	(890,027)	6,673
Sale of capital assets	-	-	5,000	4,054	9,054	9,054
<b>Total other financing sources (uses)</b>	<b>(896,700)</b>	<b>(896,700)</b>	<b>(427,868)</b>	<b>(428,105)</b>	<b>(855,973)</b>	<b>40,727</b>
Net change in fund balances	(1,628,800)	(1,628,800)	(808,213)	412,247	(395,966)	1,232,834
<b>Fund Balance:</b>						
Beginning	1,628,800	1,628,800	2,022,332	1,214,119	2,022,332	393,532
Ending	\$ -	\$ -	\$ 1,214,119	\$ 1,626,366	\$ 1,626,366	\$ 1,626,366

**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, 2009

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual for Budget Period</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Lodging taxes	\$ 1,290,000	\$ 1,290,000	\$ 638,372	\$ 570,633	\$ 1,209,005	\$ (80,995)
Expenditures:						
Community promotion	1,290,000	1,290,000	638,372	570,633	1,209,005	80,995
Fund Balance:						
Beginning	-	-	-	-	-	-
Ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**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, 2009

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual for Budget Period</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Grants and contracts	<u>1,700,000</u>	<u>1,983,250</u>	<u>1,021,723</u>	<u>826,199</u>	<u>1,847,922</u>	<u>\$ (135,328)</u>
Expenditures:						
Community development block grant	<u>1,473,360</u>	<u>2,017,750</u>	<u>1,004,593</u>	<u>807,303</u>	<u>1,811,896</u>	<u>205,854</u>
Excess revenues over (under) expenditures	<u>226,640</u>	<u>(34,500)</u>	<u>17,130</u>	<u>18,896</u>	<u>36,026</u>	<u>70,526</u>
Other financing sources (uses):						
Transfers out	<u>(36,700)</u>	<u>(36,700)</u>	<u>(17,130)</u>	<u>(18,896)</u>	<u>(36,026)</u>	<u>674</u>
Net change in fund balances	189,940	(71,200)	-	-	-	71,200
Fund Balance:						
Beginning	<u>71,200</u>	<u>71,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(71,200)</u>
Ending	<u>\$ 261,140</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2009

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	Original	Final				
<b>Revenues:</b>						
Investment earnings	\$ -	\$ -	\$ -	\$ 219	\$ 219	\$ 219
Grants and contracts	-	-	-	7,072	7,072	7,072
Total revenues	-	-	-	7,291	7,291	7,291
<b>Expenditures:</b>						
Police	-	6,600	-	-	-	6,600
Excess revenues over (under) expenditures	-	(6,600)	-	7,291	7,291	13,891
<b>Other financing sources (uses):</b>						
Transfers in	-	6,600	6,531	-	6,531	(69)
Net change in fund balances	-	-	6,531	7,291	13,822	13,822
<b>Fund Balance:</b>						
Beginning	-	-	-	6,531	-	-
Ending	\$ -	\$ -	\$ 6,531	\$ 13,822	\$ 13,822	\$ 13,822

**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, 2009

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual for Budget Period</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Investment earnings	\$ -	\$ -	\$ 509	\$ 246	\$ 755	\$ 755
Expenditures:						
Contingency	10,700	10,700	-	-	-	10,700
Excess revenues over (under) expenditures	(10,700)	(10,700)	509	246	755	11,455
Net change in fund balances	(10,700)	(10,700)	509	246	755	11,455
Fund Balance:						
Beginning	10,700	10,700	11,272	11,781	11,272	572
Ending	\$ -	\$ -	\$ 11,781	\$ 12,027	\$ 12,027	\$ 12,027

**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, 2009

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual for Budget Period</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Investment earnings	\$ -	\$ -	\$ 1,564	\$ 754	\$ 2,318	\$ 2,318
Expenditures:						
Bear Creek playground maintenance	4,000	4,000	166	-	166	3,834
Contingency	<u>28,900</u>	<u>28,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,900</u>
Total expenditures	<u>32,900</u>	<u>32,900</u>	<u>166</u>	<u>-</u>	<u>166</u>	<u>32,734</u>
Excess revenues over (under) expenditures	<u>(32,900)</u>	<u>(32,900)</u>	<u>1,398</u>	<u>754</u>	<u>2,152</u>	<u>35,052</u>
Net change in fund balances	(32,900)	(32,900)	1,398	754	2,152	35,052
Fund Balance:						
Beginning	<u>32,900</u>	<u>32,900</u>	<u>34,674</u>	<u>36,072</u>	<u>34,674</u>	<u>1,774</u>
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,072</u>	<u>\$ 36,826</u>	<u>\$ 36,826</u>	<u>\$ 36,826</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, 2009

	Biennium Budget		First Year Actual	Second Year Actual	Actual	Variance with Final Budget
	Original	Final				
Revenues:						
Charges for services	\$ 2,310,500	\$ 2,310,500	\$ 1,232,557	\$ 1,251,386	\$ 2,483,943	\$ 173,443
Investment earnings	830,000	830,000	16,129	4,641	20,770	(809,230)
Total revenues	<u>3,140,500</u>	<u>3,140,500</u>	<u>1,248,686</u>	<u>1,256,027</u>	<u>2,504,713</u>	<u>(635,787)</u>
Expenditures:						
Park maintenance	335,760	335,760	147,039	154,385	301,424	34,336
Contingency	42,000	17,600	-	-	-	17,600
Total expenditures	<u>377,760</u>	<u>353,360</u>	<u>147,039</u>	<u>154,385</u>	<u>301,424</u>	<u>51,936</u>
Excess revenues over expenditures	<u>2,762,740</u>	<u>2,787,140</u>	<u>1,101,647</u>	<u>1,101,642</u>	<u>2,203,289</u>	<u>(583,851)</u>
Other financing sources (uses):						
Transfers out	<u>(2,654,660)</u>	<u>(2,743,460)</u>	<u>(1,293,585)</u>	<u>(1,083,601)</u>	<u>(2,377,186)</u>	<u>366,274</u>
Net change in fund balances	108,080	43,680	(191,938)	18,041	(173,897)	(217,577)
Fund Balance:						
Beginning of year	<u>213,900</u>	<u>213,900</u>	<u>278,331</u>	<u>86,393</u>	<u>278,331</u>	<u>64,431</u>
End of year	<u>\$ 321,980</u>	<u>\$ 257,580</u>	<u>\$ 86,393</u>	<u>\$ 104,434</u>	<u>\$ 104,434</u>	<u>\$ (153,146)</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, 2009

	Biennium Budget		First Year Actual	Second Year Actual	Actual	Variance with Final Budget
	Original	Final				
Revenues:						
Investment earnings	\$ -	\$ -	\$ 343	\$ 166	\$ 509	\$ 509
Expenditures:						
Veterans park special projects	2,000	2,000	-	-	-	2,000
Excess revenues over (under) expenditures	(2,000)	(2,000)	343	166	509	2,509
Net change in fund balances	(2,000)	(2,000)	343	166	509	2,509
Fund Balance:						
Beginning of year	7,200	7,200	7,602	7,945	7,602	402
End of year	\$ 5,200	\$ 5,200	\$ 7,945	\$ 8,111	\$ 8,111	\$ 2,911

**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, 2009

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Charges for services	\$ 20,000	\$ 20,000	\$ -	\$ 7,955	\$ 7,955	\$ (12,045)
Expenditures:						
Parks - parks maintenance	26,000	26,000	-	-	-	26,000
Excess revenues over (under) expenditures	(6,000)	(6,000)	-	7,955	7,955	13,955
Other financing sources (uses):						
Transfers in	6,000	6,000	3,129	-	3,129	(2,871)
Net change in fund balances	-	-	3,129	7,955	11,084	11,084
Fund Balance:						
Beginning of year	-	-	-	3,129	-	-
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,129</u>	<u>\$ 11,084</u>	<u>\$ 11,084</u>	<u>\$ 11,084</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 Funds  
June 30, 2009

	Bancroft Bond Fund	General Debt Service Fund	Revenue Bond Fund	MURA Debt Service Fund	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 129,394	\$ 2,764	\$ -	\$ 3,286,079	\$ 3,418,237
Receivables					
Taxes	-	110,465	-	274,396	384,861
Accounts	85,884	-	-	-	85,884
Restricted Cash	-	-	551,764	-	551,764
Total assets	<u>\$ 215,278</u>	<u>\$ 113,229</u>	<u>\$ 551,764</u>	<u>\$ 3,560,475</u>	<u>\$ 4,440,746</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Deferred revenue	\$ 74,486	\$ 71,589	\$ -	\$ 212,289	\$ 358,364
Fund Balances:					
Reserved for debt service	140,792	41,640	551,764	3,348,186	4,082,382
Total liabilities and fund balances	<u>\$ 215,278</u>	<u>\$ 113,229</u>	<u>\$ 551,764</u>	<u>\$ 3,560,475</u>	<u>\$ 4,440,746</u>

**CITY OF MEDFORD**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
Nonmajor Debt Service Funds  
For the Year Ended June 30, 2009

	Bancroft Bond Fund	General Debt Service Fund	Revenue Bond Fund	MURA Debt Service Fund	Total
<b>REVENUES</b>					
Property taxes	\$ -	\$ 436,816	\$ -	\$ 3,945,209	\$ 4,382,025
Special assessments	13,988	-	-	-	13,988
Investment earnings	9,569	4,698	10,275	58,672	83,214
Miscellaneous	260	-	-	-	260
Total revenues	<u>23,817</u>	<u>441,514</u>	<u>10,275</u>	<u>4,003,881</u>	<u>4,479,487</u>
<b>EXPENDITURES</b>					
Debt service					
Principal	-	995,000	1,840,000	2,922,000	5,757,000
Interest	-	2,188,725	1,007,464	730,447	3,926,636
Total expenditures	<u>-</u>	<u>3,183,725</u>	<u>2,847,464</u>	<u>3,652,447</u>	<u>9,683,636</u>
Excess (deficiency) of revenues over (under) expenditures	<u>23,817</u>	<u>(2,742,211)</u>	<u>(2,837,189)</u>	<u>351,434</u>	<u>(5,204,149)</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers in	<u>-</u>	<u>2,758,977</u>	<u>2,846,501</u>	<u>-</u>	<u>5,605,478</u>
Net change in fund balances	23,817	16,766	9,312	351,434	401,329
Fund balance - beginning	116,975	24,874	542,452	2,996,752	3,681,053
Fund balance - ending	<u>\$ 140,792</u>	<u>\$ 41,640</u>	<u>\$ 551,764</u>	<u>\$ 3,348,186</u>	<u>\$ 4,082,382</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, 2009

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	Original	Final				
<b>Revenues:</b>						
Special assessments	\$ 102,600	\$ 102,600	\$ 27,084	\$ 13,988	\$ 41,072	\$ (61,528)
Investment earnings	-	-	11,277	9,569	20,846	20,846
Other revenue	-	-	280	260	540	540
Total revenues	<u>102,600</u>	<u>102,600</u>	<u>38,641</u>	<u>23,817</u>	<u>62,458</u>	<u>(40,142)</u>
<b>Other financing (uses):</b>						
Transfers out	<u>(110,000)</u>	<u>(310,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>310,000</u>
Net change in fund balances	(7,400)	(207,400)	38,641	23,817	62,458	269,858
<b>Fund Balance:</b>						
Beginning	<u>7,400</u>	<u>7,400</u>	<u>78,334</u>	<u>116,975</u>	<u>78,334</u>	<u>70,934</u>
Ending	<u>\$ -</u>	<u>\$ (200,000)</u>	<u>\$ 116,975</u>	<u>\$ 140,792</u>	<u>\$ 140,792</u>	<u>\$ 340,792</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, 2009

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual for Budget Period</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Property taxes	\$ 847,000	\$ 847,000	\$ 403,143	\$ 436,816	\$ 839,959	\$ (7,041)
Investment earnings	-	-	14,870	4,698	19,568	19,568
Total revenues	<u>847,000</u>	<u>847,000</u>	<u>418,013</u>	<u>441,514</u>	<u>859,527</u>	<u>12,527</u>
Expenditures:						
Debt service	<u>6,363,170</u>	<u>6,363,170</u>	<u>3,179,420</u>	<u>3,183,725</u>	<u>6,363,145</u>	<u>25</u>
Excess revenues under expenditures	<u>(5,516,170)</u>	<u>(5,516,170)</u>	<u>(2,761,407)</u>	<u>(2,742,211)</u>	<u>(5,503,618)</u>	<u>12,552</u>
Other financing sources (uses):						
Transfers in	<u>5,347,740</u>	<u>5,347,740</u>	<u>2,580,144</u>	<u>2,758,977</u>	<u>5,339,121</u>	<u>(8,619)</u>
Net change in fund balances	(168,430)	(168,430)	(181,263)	16,766	(164,497)	3,933
Fund Balance:						
Beginning	<u>176,500</u>	<u>176,500</u>	<u>206,137</u>	<u>24,874</u>	<u>206,137</u>	<u>29,637</u>
Ending	<u>\$ 8,070</u>	<u>\$ 8,070</u>	<u>\$ 24,874</u>	<u>\$ 41,640</u>	<u>\$ 41,640</u>	<u>\$ 33,570</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, 2009

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	Original	Final				
Revenues:						
Investment earnings	\$ -	\$ -	\$ 27,329	\$ 10,275	\$ 37,604	\$ 37,604
Expenditures:						
Debt service	5,536,700	5,724,700	2,831,083	2,847,464	5,678,547	46,153
Excess revenues under expenditures	(5,536,700)	(5,724,700)	(2,803,754)	(2,837,189)	(5,640,943)	83,757
Other financing sources (uses):						
Transfers in	5,436,790	5,624,790	2,694,527	2,846,501	5,541,028	(83,762)
Net change in fund balances	(99,910)	(99,910)	(109,227)	9,312	(99,915)	(5)
Fund Balance:						
Beginning	651,600	651,600	651,679	542,452	651,679	79
Ending	\$ 551,690	\$ 551,690	\$ 542,452	\$ 551,764	\$ 551,764	\$ 74

**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, 2009

	<u>Annual Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 3,877,800	\$ 3,877,800	\$ 3,945,209	\$ 67,409
Investment earnings	-	-	58,672	58,672
Total revenues	<u>3,877,800</u>	<u>3,877,800</u>	<u>4,003,881</u>	<u>126,081</u>
Expenditures:				
Debt service	<u>3,877,800</u>	<u>3,877,800</u>	<u>3,652,447</u>	<u>225,353</u>
Excess revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>351,434</u>	<u>351,434</u>
Other financing sources:				
Transfers in	<u>55,800</u>	<u>55,800</u>	<u>-</u>	<u>(55,800)</u>
Net change in fund balances	55,800	55,800	351,434	295,634
Fund Balance:				
Beginning of year	<u>3,450,000</u>	<u>3,450,000</u>	<u>2,996,752</u>	<u>(453,248)</u>
End of year	<u>\$ 3,505,800</u>	<u>\$ 3,505,800</u>	<u>\$ 3,348,186</u>	<u>\$ (157,614)</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, 2009

	Greenway Construction Fund	Street Improvement Fund	Street Bond Construction Fund	Special Sidewalk Fund	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,772	\$ 3,279,102	\$ -	\$ 2,156,910	\$ 5,437,784
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ 1,481,831	\$ -	\$ 59,803	\$ 1,541,634
Accrued payroll and related expenses	-	7,167	-	9,834	17,001
Total liabilities	-	1,488,998	-	69,637	1,558,635
Fund Balances:					
Highways and streets	1,772	1,790,104	-	2,087,273	3,879,149
Total liabilities and fund balances	\$ 1,772	\$ 3,279,102	\$ -	\$ 2,156,910	\$ 5,437,784

**CITY OF MEDFORD**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
Capital Projects Funds  
For the Year Ended June 30, 2009

	Greenway Construction Fund	Street Improvement Fund	Street Bond Construction Fund	Special Sidewalk Fund	Total
<b>REVENUES</b>					
Investment earnings	\$ 36	\$ 62,162	\$ -	\$ 47,152	\$ 109,350
Grants and contributions	-	868,325	-	-	868,325
Miscellaneous	-	31,843	-	-	31,843
Total revenues	<u>36</u>	<u>962,330</u>	<u>-</u>	<u>47,152</u>	<u>1,009,518</u>
<b>EXPENDITURES</b>					
Current					
Highways and streets	23	135,286	-	163,918	299,227
Capital outlay	-	999,645	-	210,060	1,209,705
Total expenditures	<u>23</u>	<u>1,134,931</u>	<u>-</u>	<u>373,978</u>	<u>1,508,932</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13</u>	<u>(172,601)</u>	<u>-</u>	<u>(326,826)</u>	<u>(499,414)</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers out	-	(21,195)	(56,944)	(8,598)	(86,737)
Net change in fund balances	13	(193,796)	(56,944)	(335,424)	(586,151)
Fund balance - beginning	1,759	1,983,900	56,944	2,422,697	4,465,300
Fund balance - ending	<u>\$ 1,772</u>	<u>\$ 1,790,104</u>	<u>\$ -</u>	<u>\$ 2,087,273</u>	<u>\$ 3,879,149</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, 2009

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual for Budget Period</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Investment earnings	\$ -	\$ -	\$ 76	\$ 36	\$ 112	\$ 112
Expenditures:						
Greenway improvement projects	<u>15,500</u>	<u>15,500</u>	<u>-</u>	<u>23</u>	<u>23</u>	<u>15,477</u>
Excess revenues over (under) expenditures	<u>(15,500)</u>	<u>(15,500)</u>	<u>76</u>	<u>13</u>	<u>89</u>	<u>15,589</u>
Net change in fund balances	(15,500)	(15,500)	76	13	89	15,589
Fund Balance:						
Beginning	<u>15,500</u>	<u>15,500</u>	<u>1,683</u>	<u>1,759</u>	<u>1,683</u>	<u>(13,817)</u>
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,759</u>	<u>\$ 1,772</u>	<u>\$ 1,772</u>	<u>\$ 1,772</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, 2009

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	Original	Final				
<b>Revenues:</b>						
Investment earnings	\$ 343,200	\$ 343,200	\$ 133,218	\$ 62,162	\$ 195,380	\$ (147,820)
Intergovernmental	4,743,000	4,743,000	39,168	31,843	71,011	(4,671,989)
Grants and contracts	181,700	639,320	24,347	868,325	892,672	253,352
Total revenues	<u>5,267,900</u>	<u>5,725,520</u>	<u>196,733</u>	<u>962,330</u>	<u>1,159,063</u>	<u>(4,566,457)</u>
<b>Expenditures:</b>						
Street improvement projects	5,492,500	6,002,500	288,160	1,134,931	1,423,091	4,579,409
Contingency	686,600	634,220	-	-	-	634,220
Total expenditures	<u>6,179,100</u>	<u>6,636,720</u>	<u>288,160</u>	<u>1,134,931</u>	<u>1,423,091</u>	<u>5,213,629</u>
Excess revenues under expenditures	<u>(911,200)</u>	<u>(911,200)</u>	<u>(91,427)</u>	<u>(172,601)</u>	<u>(264,028)</u>	<u>647,172</u>
<b>Other financing sources (uses):</b>						
Transfers out	<u>(41,100)</u>	<u>(41,100)</u>	<u>(19,094)</u>	<u>(21,195)</u>	<u>(40,289)</u>	<u>811</u>
Net change in fund balances	<u>(952,300)</u>	<u>(952,300)</u>	<u>(110,521)</u>	<u>(193,796)</u>	<u>(304,317)</u>	<u>647,983</u>
<b>Fund Balance:</b>						
Beginning	<u>1,709,500</u>	<u>1,709,500</u>	<u>2,094,421</u>	<u>1,983,900</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>\$ 1,790,104</u>	<u>\$ 1,790,104</u>	<u>\$ 1,032,904</u>

**CITY OF MEDFORD**

Street Bond Construction Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2009

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	Original	Final				
Revenues:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:	-	-	-	-	-	-
Other financing sources (uses):						
Transfers out	-	(56,950)	-	(56,944)	(56,944)	6
Net change in fund balances	-	(56,950)	-	(56,944)	(56,944)	6
Fund Balance:						
Beginning	-	56,950	56,944	56,944	56,944	(6)
Ending	\$ -	\$ -	\$ 56,944	\$ -	\$ -	\$ -

**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, 2009

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	Original	Final				
<b>Revenues:</b>						
Investment earnings	\$ 300,000	\$ 300,000	\$ 142,695	\$ 47,152	\$ 189,847	\$ (110,153)
Other revenue	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>-</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>47,152</u>	<u>189,847</u>	<u>(1,110,153)</u>
<b>Expenditures:</b>						
Sidewalk projects	4,799,580	4,799,580	1,474,542	373,978	1,848,520	2,951,060
Contingency	<u>273,620</u>	<u>273,620</u>	<u>-</u>	<u>-</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>373,978</u>	<u>1,848,520</u>	<u>3,224,680</u>
Excess revenues over (under) expenditures	<u>(3,773,200)</u>	<u>(3,773,200)</u>	<u>(1,331,847)</u>	<u>(326,826)</u>	<u>(1,658,673)</u>	<u>2,114,527</u>
<b>Other financing sources (uses):</b>						
Transfers out	<u>(16,800)</u>	<u>(16,800)</u>	<u>(7,938)</u>	<u>(8,598)</u>	<u>(16,536)</u>	<u>264</u>
Net change in fund balances	(3,790,000)	(3,790,000)	(1,339,785)	(335,424)	(1,675,209)	2,114,791
<b>Fund Balance:</b>						
Beginning	<u>3,790,000</u>	<u>3,790,000</u>	<u>3,762,482</u>	<u>2,422,697</u>	<u>3,762,482</u>	<u>(27,518)</u>
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,422,697</u>	<u>\$ 2,087,273</u>	<u>\$ 2,087,273</u>	<u>\$ 2,087,273</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**  
Combining Statement of Net Assets  
Sewer Utility Fund  
June 30, 2009

	Storm Drain Systems Development Charges Fund	Storm Drain Utility Fund	Storm Drain Sewage Treatment Fund	Sewer Collection System - Systems Development Charges Fund	Sanitary Sewer Maintenance Fund	Sewage Treatment - Systems Development Charges Fund	Total
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 2,348,248	\$ 1,563,045	\$ 5,481,666	\$ 947,108	\$ 379,400	\$ 10,074,851	\$ 20,794,318
Accounts receivable, net	-	284,817	303,114	-	372,343	20,512	980,786
Inventories	-	-	81,803	-	-	-	81,803
Due from other fund	-	-	-	-	-	-	-
Total current assets	<u>2,348,248</u>	<u>1,847,862</u>	<u>5,866,583</u>	<u>947,108</u>	<u>751,743</u>	<u>10,095,363</u>	<u>21,856,907</u>
Land and construction in process	-	106,073	681,575	-	44,573	-	832,221
Other capital assets, net of accumulated depreciation	-	29,503,909	25,686,823	-	16,021,198	-	71,211,930
Total capital assets	-	29,609,982	26,368,398	-	16,065,771	-	72,044,151
Total assets	<u>\$ 2,348,248</u>	<u>\$ 31,457,844</u>	<u>\$ 32,234,981</u>	<u>\$ 947,108</u>	<u>\$ 16,817,514</u>	<u>\$ 10,095,363</u>	<u>\$ 93,901,058</u>
<b>LIABILITIES</b>							
Current liabilities							
Accounts payable	\$ 5,373	\$ 118,950	\$ 237,482	\$ 196	\$ 84,477	\$ 36,927	483,405
Accrued payroll and related expenses	1,283	48,471	71,714	844	39,263	2,268	163,843
Compensated absences	-	56,741	121,019	-	54,561	-	232,321
Due to Medford Water Commission	-	11,637	256	-	18,388	-	30,281
Total current liabilities	<u>6,656</u>	<u>235,799</u>	<u>430,471</u>	<u>1,040</u>	<u>196,689</u>	<u>39,195</u>	<u>909,850</u>
<b>NET ASSETS</b>							
Invested in capital assets	-	29,609,982	26,368,398	-	16,065,771	-	72,044,151
Restricted	2,341,592	-	-	946,068	-	10,056,168	13,343,828
Unrestricted	-	1,612,063	5,436,112	-	555,054	-	7,603,229
Total net assets	<u>2,341,592</u>	<u>31,222,045</u>	<u>31,804,510</u>	<u>946,068</u>	<u>16,620,825</u>	<u>10,056,168</u>	<u>92,991,208</u>
Total liabilities and net assets	<u>\$ 2,348,248</u>	<u>\$ 31,457,844</u>	<u>\$ 32,234,981</u>	<u>\$ 947,108</u>	<u>\$ 16,817,514</u>	<u>\$ 10,095,363</u>	<u>\$ 93,901,058</u>

**City of Medford**  
 Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets  
 Sewer Utility Fund  
 For the Year Ended June 30, 2009

	Storm Drain Systems Development Charges Fund	Storm Drain Utility Fund	Sewage Treatment Fund	Sewer Collection System - Development Charges Fund	Sanitary Sewer Maintenance Fund	Sewage Treatment - Systems Development Charges Fund	Eliminate Internal Transfers	Total
Operating revenues:								
Charges for services	\$ -	\$ 3,003,061	\$ 2,431,199	\$ -	\$ 4,455,596	\$ -	\$ -	\$ 9,889,856
Intergovernmental	-	7,592	-	-	-	-	-	7,592
Miscellaneous	-	11,155	27,510	-	1,365	1,676	-	41,706
Total operating revenues	-	3,021,808	2,458,709	-	4,456,961	1,676	-	9,939,154
Operating expenses:								
Salaries and fringe benefits	32,902	1,402,633	2,121,175	16,166	1,108,476	37,187	-	4,718,539
Operating supplies	59,747	402,979	338,589	10,225	110,649	-	-	922,189
Professional services	-	156,362	132,059	-	386,265	-	-	674,686
Repairs and maintenance	-	23,552	225,750	-	22,696	-	-	271,998
Premiums and claims	-	5,955	36,550	-	5,570	-	-	48,075
Utilities	-	1,885	281,367	-	6,368	-	-	289,620
General, administrative, and engineering	-	10,088	106,665	-	10,003	-	-	126,756
Depreciation	-	881,521	1,604,013	-	613,536	-	-	3,099,070
Total operating expenses	92,649	2,884,975	4,846,168	26,391	2,263,563	37,187	-	10,150,933
Operating income (loss)	(92,649)	136,833	(2,387,459)	(26,391)	2,193,398	(35,511)	-	(211,779)
Nonoperating revenues (expenses)								
Gain on sale of capital assets	-	-	5,496	-	776	-	-	6,272
Loss on abandonment of capital assets	-	-	(2,184,718)	-	-	-	-	(2,184,718)
Grants and contracts	-	876	349,933	-	-	-	-	350,809
Investment earnings	47,565	25,671	103,257	19,213	7,149	210,134	-	412,989
Income (loss) before contributions and transfers	(45,084)	163,380	(4,113,491)	(7,178)	2,201,323	174,623	-	(1,626,427)
Contributions								
Transfers in	307,501	671,712	-	61,587	130,552	535,373	-	1,706,725
Transfers out	(760)	(247,473)	2,843,812	(680)	(2,361,186)	(693,002)	(2,843,812)	-
Change in net assets	261,657	587,619	(1,507,433)	53,729	(29,311)	16,994	-	(616,745)
Total net assets - beginning	2,079,935	30,634,426	33,311,943	892,339	16,650,136	10,039,174	-	93,607,953
Total net assets - ending	\$ 2,341,592	\$ 31,222,045	\$ 31,804,510	\$ 946,068	\$ 16,620,825	\$ 10,056,168	\$ -	\$ 92,991,208

**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, 2009

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual for Budget Period</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
<b>Revenues:</b>						
Charges for services	\$ 1,250,000	\$ 1,250,000	\$ 336,923	\$ 307,501	\$ 644,424	\$ (605,576)
Investment earnings	<u>85,800</u>	<u>85,800</u>	<u>86,963</u>	<u>47,565</u>	<u>134,528</u>	<u>48,728</u>
Total revenues	<u>1,335,800</u>	<u>1,335,800</u>	<u>423,886</u>	<u>355,066</u>	<u>778,952</u>	<u>(556,848)</u>
<b>Expenditures:</b>						
Storm drain system development	2,001,000	2,001,000	78,058	92,649	170,707	1,830,293
Contingency	<u>250,100</u>	<u>250,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,100</u>
Total expenditures	<u>2,251,100</u>	<u>2,251,100</u>	<u>78,058</u>	<u>92,649</u>	<u>170,707</u>	<u>2,080,393</u>
Excess of revenues over (under) expenditures	(915,300)	(915,300)	345,828	262,417	608,245	1,523,545
<b>Other financing sources (uses):</b>						
Transfers out	<u>(1,510)</u>	<u>(1,510)</u>	<u>(721)</u>	<u>(760)</u>	<u>(1,481)</u>	<u>29</u>
Net change in fund balances	(916,810)	(916,810)	345,107	261,657	606,764	1,523,574
<b>Fund Balance:</b>						
Beginning	<u>1,497,800</u>	<u>1,497,800</u>	<u>1,734,828</u>	<u>2,079,935</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>\$ 2,341,592</u>	<u>\$ 2,341,592</u>	<u>\$ 1,760,602</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, 2009

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	Original	Final				
Revenues:						
Intergovernmental revenues	\$ 4,000	\$ 4,000	\$ 13,509	\$ 7,592	\$ 21,101	\$ 17,101
Charges for services	5,823,200	5,823,200	2,672,079	3,003,061	5,675,140	(148,060)
Investment earnings	71,500	71,500	50,505	25,671	76,176	4,676
Other revenue	400	400	2,295	11,155	13,450	13,050
Grants and contracts	-	-	-	876	876	876
Total revenues	<u>5,899,100</u>	<u>5,899,100</u>	<u>2,738,388</u>	<u>3,048,355</u>	<u>5,786,743</u>	<u>(112,357)</u>
Expenditures:						
Storm drain system maintenance	5,473,870	5,798,870	2,687,360	2,136,628	4,823,988	974,882
Contingency	495,200	170,200	-	-	-	170,200
Total expenditures	<u>5,969,070</u>	<u>5,969,070</u>	<u>2,687,360</u>	<u>2,136,628</u>	<u>4,823,988</u>	<u>1,145,082</u>
Excess of revenues over (under) expenditures	<u>(69,970)</u>	<u>(69,970)</u>	<u>51,028</u>	<u>911,727</u>	<u>962,755</u>	<u>1,032,725</u>
Other financing sources (uses):						
Transfers out	<u>(485,100)</u>	<u>(485,100)</u>	<u>(233,328)</u>	<u>(247,473)</u>	<u>(480,801)</u>	<u>4,299</u>
Net change in fund balances	<u>(555,070)</u>	<u>(555,070)</u>	<u>(182,300)</u>	<u>664,254</u>	<u>481,954</u>	<u>1,037,024</u>
Fund Balance:						
Beginning	<u>1,147,400</u>	<u>1,147,400</u>	<u>1,186,850</u>	<u>1,004,550</u>	<u>1,186,850</u>	<u>39,450</u>
Ending	<u>\$ 592,330</u>	<u>\$ 592,330</u>	<u>\$ 1,004,550</u>	<u>\$ 1,668,804</u>	<u>\$ 1,668,804</u>	<u>\$ 1,076,474</u>
Reconciliation to GAAP Basis:						
Capital assets, net				29,609,982		
Compensated absences				(56,741)		
Total net assets - end of year				<u>\$ 31,222,045</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, 2009

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	Original	Final				
<b>Revenues:</b>						
Charges for services	\$ 4,973,800	\$ 4,973,800	\$ 2,355,663	\$ 2,431,199	\$ 4,786,862	\$ (186,938)
Investment earnings	185,900	185,900	175,252	103,257	278,509	92,609
Other revenue	5,000	5,000	5,858	27,510	33,368	28,368
Grants and contracts	<u>3,283,900</u>	<u>3,283,900</u>	<u>61,727</u>	<u>349,933</u>	<u>411,660</u>	<u>(2,872,240)</u>
Total revenues	<u>8,448,600</u>	<u>8,448,600</u>	<u>2,598,500</u>	<u>2,911,899</u>	<u>5,510,399</u>	<u>(2,938,201)</u>
<b>Expenditures:</b>						
Sewage treatment maintenance	11,586,790	11,586,790	3,352,312	4,095,433	7,447,745	4,139,045
Contingency	<u>2,657,390</u>	<u>2,657,390</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,657,390</u>
Total expenditures	<u>14,244,180</u>	<u>14,244,180</u>	<u>3,352,312</u>	<u>4,095,433</u>	<u>7,447,745</u>	<u>6,796,435</u>
Excess of revenues over (under) expenditures	<u>(5,795,580)</u>	<u>(5,795,580)</u>	<u>(753,812)</u>	<u>(1,183,534)</u>	<u>(1,937,346)</u>	<u>3,858,234</u>
<b>Other financing sources (uses):</b>						
Transfers in	4,464,380	4,464,380	2,174,222	2,154,409	4,328,631	(135,749)
Transfers out	<u>(463,600)</u>	<u>(463,600)</u>	<u>(218,382)</u>	<u>(237,754)</u>	<u>(456,136)</u>	<u>7,464</u>
Sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,496</u>	<u>5,496</u>	<u>5,496</u>
Total other financing sources (uses)	<u>4,000,780</u>	<u>4,000,780</u>	<u>1,955,840</u>	<u>1,922,151</u>	<u>3,877,991</u>	<u>(122,789)</u>
Net change in fund balances	(1,794,800)	(1,794,800)	1,202,028	738,617	1,940,645	3,735,445
<b>Fund Balance:</b>						
Beginning	<u>1,794,800</u>	<u>1,794,800</u>	<u>3,534,683</u>	<u>4,736,711</u>	<u>3,534,683</u>	<u>1,739,883</u>
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,736,711</u>	<u>\$ 5,475,328</u>	<u>\$ 5,475,328</u>	<u>\$ 5,475,328</u>
<b>Reconciliation to GAAP Basis:</b>						
Inventory				81,803		
Capital assets, net				26,368,398		
Compensated absences				<u>(121,019)</u>		
Total net assets - end of year				<u>\$ 31,804,510</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, 2009

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual for Budget Period</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
<b>Revenues:</b>						
Charges for services	\$ 507,000	\$ 507,000	\$ 158,166	\$ 61,587	\$ 219,753	\$ (287,247)
Investment earnings	<u>42,900</u>	<u>42,900</u>	<u>35,766</u>	<u>19,213</u>	<u>54,979</u>	<u>12,079</u>
Total revenues	<u>549,900</u>	<u>549,900</u>	<u>193,932</u>	<u>80,800</u>	<u>274,732</u>	<u>(275,168)</u>
<b>Expenditures:</b>						
Sewer collection system development	1,130,000	1,130,000	12,058	26,391	38,449	1,091,551
Contingency	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Total expenditures	<u>1,230,000</u>	<u>1,230,000</u>	<u>12,058</u>	<u>26,391</u>	<u>38,449</u>	<u>1,191,551</u>
Excess of revenues over (under) expenditures	(680,100)	(680,100)	181,874	54,409	236,283	916,383
<b>Other financing sources (uses):</b>						
Transfers out	<u>(1,360)</u>	<u>(1,360)</u>	<u>(646)</u>	<u>(680)</u>	<u>(1,326)</u>	<u>34</u>
Net change in fund balances	(681,460)	(681,460)	181,228	53,729	234,957	916,417
<b>Fund Balance:</b>						
Beginning	<u>689,900</u>	<u>689,900</u>	<u>711,111</u>	<u>892,339</u>	<u>711,111</u>	<u>21,211</u>
Ending	<u>\$ 8,440</u>	<u>\$ 8,440</u>	<u>\$ 892,339</u>	<u>\$ 946,068</u>	<u>\$ 946,068</u>	<u>\$ 937,628</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, 2009

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual for Budget Period</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
<b>Revenues:</b>						
Charges for services	\$ 9,381,600	\$ 9,381,600	\$ 4,306,504	\$ 4,455,596	\$ 8,762,100	\$ (619,500)
Investment earnings	28,600	28,600	13,649	7,149	20,798	(7,802)
Other revenue	<u>51,000</u>	<u>51,000</u>	<u>53,273</u>	<u>1,365</u>	<u>54,638</u>	<u>3,638</u>
<b>Total revenues</b>	<b><u>9,461,200</u></b>	<b><u>9,461,200</u></b>	<b><u>4,373,426</u></b>	<b><u>4,464,110</u></b>	<b><u>8,837,536</u></b>	<b><u>(623,664)</u></b>
<b>Expenditures:</b>						
Sewer system maintenance and construction	4,886,580	4,886,580	1,959,298	2,001,758	3,961,056	925,524
Public Works: Contingency	<u>192,740</u>	<u>192,740</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>192,740</u>
<b>Total expenditures</b>	<b><u>5,079,320</u></b>	<b><u>5,079,320</u></b>	<b><u>1,959,298</u></b>	<b><u>2,001,758</u></b>	<b><u>3,961,056</u></b>	<b><u>1,118,264</u></b>
<b>Excess of revenues     over expenditures</b>	<b><u>4,381,880</u></b>	<b><u>4,381,880</u></b>	<b><u>2,414,128</u></b>	<b><u>2,462,352</u></b>	<b><u>4,876,480</u></b>	<b><u>494,600</u></b>
<b>Other financing sources (uses):</b>						
Transfers out	(4,869,580)	(4,869,580)	(2,369,010)	(2,361,186)	(4,730,196)	139,384
Sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>776</u>	<u>776</u>	<u>776</u>
<b>Net change in     fund     balances</b>	<b><u>(487,700)</u></b>	<b><u>(487,700)</u></b>	<b><u>45,118</u></b>	<b><u>101,942</u></b>	<b><u>147,060</u></b>	<b><u>634,760</u></b>
<b>Fund Balance:</b>						
Beginning	<u>487,700</u>	<u>487,700</u>	<u>462,555</u>	<u>507,673</u>	<u>462,555</u>	<u>(25,145)</u>
Ending	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 507,673</u></b>	<b><u>\$ 609,615</u></b>	<b><u>\$ 609,615</u></b>	<b><u>\$ 609,615</u></b>
<b>Reconciliation to GAAP Basis:</b>						
Capital assets, net				16,065,771		
Compensated absences				<u>(54,561)</u>		
<b>Total net assets - end of year</b>				<b><u>\$ 16,620,825</u></b>		

**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, 2009

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual for Budget Period</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
<b>Revenues:</b>						
Charges for services	\$ 2,911,000	\$ 2,911,000	\$ 1,673,054	\$ 535,373	\$ 2,208,427	\$ (702,573)
Investment earnings	586,300	586,300	443,189	210,134	653,323	67,023
Other revenue	-	-	-	1,676	1,676	1,676
<b>Total revenues</b>	<u>3,497,300</u>	<u>3,497,300</u>	<u>2,116,243</u>	<u>747,183</u>	<u>2,863,426</u>	<u>(633,874)</u>
<b>Expenditures:</b>						
Sewage treatment SDC	4,441,680	4,441,680	2,507,981	726,590	3,234,571	1,207,109
Contingency	4,781,060	4,781,060	-	-	-	4,781,060
<b>Total expenditures</b>	<u>9,222,740</u>	<u>9,222,740</u>	<u>2,507,981</u>	<u>726,590</u>	<u>3,234,571</u>	<u>5,988,169</u>
Excess revenues over (under) expenditures	<u>(5,725,440)</u>	<u>(5,725,440)</u>	<u>(391,738)</u>	<u>20,593</u>	<u>(371,145)</u>	<u>5,354,295</u>
<b>Other financing sources (uses):</b>						
Transfers out	<u>(7,000)</u>	<u>(7,000)</u>	<u>(3,264)</u>	<u>(3,599)</u>	<u>(6,863)</u>	<u>137</u>
Net change in fund balances	<u>(5,732,440)</u>	<u>(5,732,440)</u>	<u>(395,002)</u>	<u>16,994</u>	<u>(378,008)</u>	<u>5,354,432</u>
<b>Fund Balance:</b>						
Beginning	<u>9,958,300</u>	<u>9,958,300</u>	<u>10,434,176</u>	<u>10,039,174</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>\$ 10,056,168</u>	<u>\$ 10,056,168</u>	<u>\$ 5,830,308</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, 2009

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual for Budget Period</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Charges for services	\$ 749,000	\$ 749,000	\$ 349,748	\$ 293,815	\$ 643,563	\$ (105,437)
Investment earnings	<u>28,600</u>	<u>28,600</u>	<u>14,944</u>	<u>5,653</u>	<u>20,597</u>	<u>(8,003)</u>
Total revenues	<u>777,600</u>	<u>777,600</u>	<u>364,692</u>	<u>299,468</u>	<u>664,160</u>	<u>(113,440)</u>
Expenditures:						
Parking facilities maintenance and construction	900,400	900,400	413,161	383,290	796,451	103,949
Contingency	<u>107,600</u>	<u>107,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>107,600</u>
Total expenditures	<u>1,008,000</u>	<u>1,008,000</u>	<u>413,161</u>	<u>383,290</u>	<u>796,451</u>	<u>211,549</u>
Excess revenues under expenditures	<u>(230,400)</u>	<u>(230,400)</u>	<u>(48,469)</u>	<u>(83,822)</u>	<u>(132,291)</u>	<u>98,109</u>
Other financing sources (uses):						
Transfers out	<u>(23,500)</u>	<u>(23,500)</u>	<u>(11,600)</u>	<u>(11,900)</u>	<u>(23,500)</u>	<u>-</u>
Net change in fund balances	(253,900)	(253,900)	(60,069)	(95,722)	(155,791)	98,109
Fund Balance:						
Beginning	<u>350,800</u>	<u>350,800</u>	<u>374,898</u>	<u>314,829</u>	<u>374,898</u>	<u>24,098</u>
Ending	<u>\$ 96,900</u>	<u>\$ 96,900</u>	<u>\$ 314,829</u>	<u>\$ 219,107</u>	<u>\$ 219,107</u>	<u>\$ 122,207</u>
Reconciliation to GAAP Basis:						
Capital assets, net				<u>1,121,520</u>		
Total net assets - end of year				<u>\$ 1,340,627</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, 2009

	Risk Management Fund	Fleet Maintenance Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,504,616	\$ 620,819	\$ 2,125,435
Accounts receivable, net	392	7,212	7,604
Due from other fund		12,549	12,549
Inventories	-	571,533	571,533
Total current assets	<u>1,505,008</u>	<u>1,212,113</u>	<u>2,717,121</u>
Noncurrent assets:			
Restricted cash	58,002	-	58,002
Capital assets, net of accumulated depreciation	-	36,897	36,897
Total noncurrent assets	<u>58,002</u>	<u>36,897</u>	<u>94,899</u>
Total assets	<u>\$ 1,563,010</u>	<u>\$ 1,249,010</u>	<u>\$ 2,812,020</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	\$ 58,069	\$ 77,181	\$ 135,250
Accrued payroll and related expenses	69,675	13,079	82,754
Compensated absences	-	3,252	3,252
Total current liabilities	<u>127,744</u>	<u>93,512</u>	<u>221,256</u>
Noncurrent liabilities:			
Compensated absences, due in more than one year	-	14,161	14,161
Total liabilities	<u>127,744</u>	<u>107,673</u>	<u>235,417</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	-	36,897	36,897
Restricted for employee section 125 plan	58,002	-	58,002
Unrestricted	<u>1,377,264</u>	<u>1,104,440</u>	<u>2,481,704</u>
Total net assets	<u>1,435,266</u>	<u>1,141,337</u>	<u>2,576,603</u>
Total liabilities and net assets	<u>\$ 1,563,010</u>	<u>\$ 1,249,010</u>	<u>\$ 2,812,020</u>

**CITY OF MEDFORD**

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Internal Service Funds  
For the Year Ended June 30, 2009

	Risk Management Fund	Fleet Maintenance Fund	Total
Operating revenues:			
Charges for services	\$ -	\$ 77,658	\$ 77,658
Intergovernmental revenues	1,233,642	702,850	1,936,492
Miscellaneous	-	70,638	70,638
Total operating revenues	<u>1,233,642</u>	<u>851,146</u>	<u>2,084,788</u>
Operating expenses:			
Salaries and fringe benefits	496,722	389,972	886,694
Operating supplies	5,775	280,931	286,706
Professional services	13,639	8,651	22,290
Repairs and maintenance	-	9,817	9,817
Premiums and claims	367,185	1,780	368,965
Utilities		1,808	1,808
General, administrative, and engineering	14,418	10,515	24,933
Depreciation	-	7,738	7,738
Total operating expenses	<u>897,739</u>	<u>711,212</u>	<u>1,608,951</u>
Operating income	335,903	139,934	475,837
Nonoperating revenues			
Gain on sale of capital assets	-	1,790	1,790
Investment earnings	22,008	10,270	32,278
Income before transfers	357,911	151,994	509,905
Transfers out	<u>(63,697)</u>	<u>(24,789)</u>	<u>(88,486)</u>
Change in net assets	294,214	127,205	421,419
Total net assets - beginning	1,141,052	1,014,132	2,155,184
Total net assets - ending	<u>\$ 1,435,266</u>	<u>\$ 1,141,337</u>	<u>\$ 2,576,603</u>

**CITY OF MEDFORD**  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2009

	Risk Management Fund	Fleet Maintenance Fund	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ -	\$ 80,619	\$ 80,619
Receipts from interfund services provided	1,233,250	773,488	2,006,738
Payments to suppliers	(392,393)	(309,348)	(701,741)
Payments to employees	<u>(480,326)</u>	<u>(389,010)</u>	<u>(869,336)</u>
Net cash provided (used) by operating activities	<u>360,531</u>	<u>155,749</u>	<u>516,280</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers to other funds	<u>(63,697)</u>	<u>(24,789)</u>	<u>(88,486)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	<u>-</u>	<u>(14,233)</u>	<u>(14,233)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends received	<u>22,008</u>	<u>10,270</u>	<u>32,278</u>
Net change in cash and cash equivalents	318,842	126,997	445,839
Cash and cash equivalents - beginning	1,243,776	493,822	1,737,598
Cash and cash equivalents - ending	<u>\$ 1,562,618</u>	<u>\$ 620,819</u>	<u>\$ 2,183,437</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>			
Operating income (loss)	<u>\$ 335,903</u>	<u>\$ 139,934</u>	<u>\$ 475,837</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	-	7,738	7,738
(Increase) decrease in accounts receivable	(392)	2,961	2,569
(Increase) decrease in inventories	-	88,682	88,682
Increase (decrease) in accounts payable	8,624	(84,528)	(75,904)
Increase (decrease) in accrued payroll and related expenses	16,396	(192)	16,204
Increase in compensated absences	-	1,154	1,154
Total adjustments	<u>24,628</u>	<u>15,815</u>	<u>40,443</u>
Net cash provided (used) by operating activities	<u>\$ 360,531</u>	<u>\$ 155,749</u>	<u>\$ 516,280</u>
<b>Reconciliation of cash and cash equivalents to Balance Sheet:</b>			
Cash and cash equivalents	\$ 1,504,616	\$ 620,819	\$ 2,125,435
Restricted cash	<u>58,002</u>	<u>-</u>	<u>58,002</u>
Total cash and cash equivalents	<u>\$ 1,562,618</u>	<u>\$ 620,819</u>	<u>\$ 2,183,437</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, 2009

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	Original	Final				
<b>Revenues:</b>						
Intergovernmental revenues	\$ 2,312,300	\$ 2,312,300	\$ 1,165,863	\$ 1,233,642	\$ 2,399,505	\$ 87,205
Investment earnings	42,900	42,900	36,307	22,008	58,315	15,415
Total revenues	<u>2,355,200</u>	<u>2,355,200</u>	<u>1,202,170</u>	<u>1,255,650</u>	<u>2,457,820</u>	<u>102,620</u>
<b>Expenditures:</b>						
Risk management	2,104,620	2,104,620	947,061	897,739	1,844,800	259,820
Contingency	263,100	263,100	-	-	-	263,100
Total expenditures	<u>2,367,720</u>	<u>2,367,720</u>	<u>947,061</u>	<u>897,739</u>	<u>1,844,800</u>	<u>522,920</u>
Excess revenues over (under) expenditures	<u>(12,520)</u>	<u>(12,520)</u>	<u>255,109</u>	<u>357,911</u>	<u>613,020</u>	<u>625,540</u>
<b>Other financing sources (uses):</b>						
Transfers out	<u>(125,200)</u>	<u>(125,200)</u>	<u>(60,907)</u>	<u>(63,697)</u>	<u>(124,604)</u>	<u>596</u>
Net change in fund balances	<u>(137,720)</u>	<u>(137,720)</u>	<u>194,202</u>	<u>294,214</u>	<u>488,416</u>	<u>626,136</u>
<b>Fund Balance:</b>						
Beginning	<u>776,300</u>	<u>776,300</u>	<u>946,850</u>	<u>1,141,052</u>	<u>946,850</u>	<u>170,550</u>
Ending	<u>\$ 638,580</u>	<u>\$ 638,580</u>	<u>\$ 1,141,052</u>	<u>\$ 1,435,266</u>	<u>\$ 1,435,266</u>	<u>\$ 796,686</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, 2009

	<u>Biennium Budget</u>					
	<u>Original</u>	<u>Final</u>	<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual for Budget Period</u>	<u>Variance with Final Budget</u>
Revenues:						
Intergovernmental revenues	\$ 1,303,000	\$ 1,389,000	\$ 705,005	\$ 702,850	\$ 1,407,855	\$ 18,855
Charges for services	67,000	151,400	80,046	77,658	157,704	6,304
Investment earnings	8,000	8,000	15,300	10,270	25,570	17,570
Other revenue	<u>126,000</u>	<u>126,000</u>	<u>81,656</u>	<u>70,638</u>	<u>152,294</u>	<u>26,294</u>
Total revenues	<u>1,504,000</u>	<u>1,674,400</u>	<u>882,007</u>	<u>861,416</u>	<u>1,743,423</u>	<u>69,023</u>
Expenditures:						
Fleet maintenance and operations	1,313,030	1,537,630	739,376	718,343	1,457,719	79,911
Contingency	<u>158,100</u>	<u>158,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>158,100</u>
Total expenditures	<u>1,471,130</u>	<u>1,695,730</u>	<u>739,376</u>	<u>718,343</u>	<u>1,457,719</u>	<u>238,011</u>
Excess revenues over (under) expenditures	<u>32,870</u>	<u>(21,330)</u>	<u>142,631</u>	<u>143,073</u>	<u>285,704</u>	<u>307,034</u>
Other financing sources (uses):						
Transfers out	(47,800)	(47,800)	(21,349)	(24,789)	(46,138)	1,662
Sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,790</u>	<u>1,790</u>	<u>1,790</u>
Net change in fund balances	(14,930)	(69,130)	121,282	120,074	241,356	310,486
Fund Balance:						
Beginning	<u>111,400</u>	<u>111,400</u>	<u>880,497</u>	<u>1,001,779</u>	<u>880,497</u>	<u>769,097</u>
Ending	<u>\$ 96,470</u>	<u>\$ 42,270</u>	<u>\$ 1,001,779</u>	<u>\$ 1,121,853</u>	<u>\$ 1,121,853</u>	<u>\$ 1,079,583</u>
Reconciliation to GAAP Basis:						
Capital assets, net				36,897		
Compensated absences				<u>(17,413)</u>		
Total net assets - end of year				<u>\$ 1,141,337</u>		

OTHER FINANCIAL SCHEDULES

**CITY OF MEDFORD**

Schedule of Expenditures by Division  
Budget and Actual  
For the Year Ended June 30, 2009

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	Original	Final				
Expenditures:						
Mayor and Council	\$ 665,700	\$ 655,700	\$ 244,439	\$ 299,399	\$ 543,838	\$ 111,862
Community promotion	1,290,000	1,290,000	638,372	570,633	1,209,005	80,995
Advisory services	54,500	49,500	13,930	9,311	23,241	26,259
Mayor & Council - capital improvements	120,000	115,000	59,121	60,578	119,699	(4,699)
Vision implementation	40,000	-	429	-	429	(429)
Technology services	4,519,590	4,626,820	1,882,296	2,066,355	3,948,651	678,169
Technology services - capital improvements	819,600	815,200	429,832	207,741	637,573	177,627
City management	1,070,030	1,105,430	514,122	525,255	1,039,377	66,053
Economic development	499,110	495,350	128,425	110,457	238,882	256,468
Neighborhood resources	538,530	657,550	248,313	315,788	564,101	93,449
Code enforcement	502,310	265,460	268,679	-	268,679	(3,219)
City management - capital improvements	1,064,200	1,584,070	800,925	625,062	1,425,987	158,083
City recorder	330,750	348,000	147,998	159,156	307,154	40,846
City attorney	918,470	918,140	411,886	453,312	865,198	52,942
Municipal court	1,385,930	1,396,930	642,600	662,382	1,304,982	91,948
Human resources	903,450	907,020	425,355	438,802	864,157	42,863
Finance administration	2,097,820	2,171,100	980,460	1,099,758	2,080,218	90,882
Bond interest & redemption	11,899,870	12,087,870	6,010,503	6,031,189	12,041,692	46,178
Insurance	2,104,220	2,104,220	947,037	897,715	1,844,752	259,468
Social services grants	713,300	773,300	358,269	363,467	721,736	51,564
Downtown parking enforcement	900,400	900,400	413,161	383,291	796,452	103,948
General expense	2,267,700	655,700	129,858	175,382	305,240	350,460
Police - administration	3,565,790	4,454,460	1,810,099	1,907,041	3,717,140	737,320
Police - technical support	2,354,850	2,354,850	1,057,702	1,125,994	2,183,696	171,154
Police - patrol	15,972,370	16,062,670	7,847,459	8,445,998	16,293,457	(230,787)
Police - operations support	3,520,280	3,757,810	1,625,846	1,917,892	3,543,738	214,072
Police - investigations	4,006,280	4,140,100	2,034,681	2,254,587	4,289,268	(149,168)
Police - grants	-	6,600	-	-	-	6,600
Police - administrative support	2,196,330	2,252,540	1,091,098	1,110,463	2,201,561	50,979
Police - central communications	4,779,660	4,857,110	2,253,429	2,438,753	4,692,182	164,928
Police - capital improvements	185,400	909,530	556,797	179,242	736,039	173,491
Fire - administration	490,570	1,050,870	192,808	197,328	390,136	660,734
Fire - operations	18,601,210	18,601,210	8,909,408	9,403,048	18,312,456	288,754
Fire - prevention	1,374,060	1,350,060	664,534	592,618	1,257,152	92,908
Fire - training	435,860	445,860	226,501	196,101	422,602	23,258
Fire - capital improvements	834,790	834,790	114,045	125,409	239,454	595,336
Fire - emergency management	95,360	95,360	10,174	57,893	68,067	27,293
Engineering and development	7,506,880	7,616,420	3,081,884	3,028,662	6,110,546	1,505,874
Engineering - capital improvements	40,459,060	41,288,060	16,821,038	3,424,699	20,245,737	21,042,323
PW - administration	1,243,170	1,243,170	\$ 591,486	635,129	\$ 1,226,615	\$ 16,555
PW - traffic maintenance	3,780,760	3,780,760	1,731,117	1,801,932	3,533,049	247,711
PW - street maintenance	4,464,370	4,464,370	2,121,419	2,285,004	4,406,423	57,947
PW - sewer maintenance	2,672,820	2,672,820	1,179,903	1,181,206	2,361,109	311,711
PW - storm drain maintenance	2,481,430	2,481,430	1,249,258	1,058,611	2,307,869	173,561
PW - fleet maintenance	1,305,790	1,530,390	736,526	716,991	1,453,517	76,873

Continued on next page

**CITY OF MEDFORD**

Schedule of Expenditures by Division

Budget and Actual (continued)

For the Year Ended June 30, 2009

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	Original	Final				
Expenditures:						
Public works - capital improvements	2,890,000	2,890,000	1,711,253	607,184	2,318,437	571,563
Water reclamation division	6,870,120	6,870,120	2,989,536	3,270,438	6,259,974	610,146
Water reclamation - capital improvements	9,128,710	9,128,710	2,859,229	1,546,987	4,406,216	4,722,494
Planning	3,761,480	3,866,380	1,675,348	1,546,967	3,222,315	644,065
Parks - administration	626,980	673,770	307,058	323,451	630,509	43,261
Parks - general recreation	1,515,730	1,931,930	837,677	1,092,027	1,929,704	2,226
Parks - art & cultural events	58,890	58,890	34,926	30,275	65,201	(6,311)
Parks - parks maintenance	4,234,300	4,302,680	2,112,124	2,063,178	4,175,302	127,378
Parks - special restricted funds	54,000	132,540	34,890	70,042	104,932	27,608
Parks - city tree program	253,770	259,720	117,790	129,104	246,894	12,826
Parks - building maintenance	2,108,290	2,266,220	1,048,503	1,062,321	2,110,824	155,396
Parks - capital improvements	24,462,120	30,955,770	13,069,216	14,983,954	28,053,170	2,902,600
Building safety	3,330,830	3,330,830	1,455,538	1,232,397	2,687,935	642,895
Buildings - capital improvements	325,000	325,000	317,920	-	317,920	7,080
Contingency	<u>25,031,360</u>	<u>21,340,810</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,340,810</u>
Total expenditures	241,684,150	248,507,370	100,174,230	87,497,959	187,672,189	60,835,181
Other financing sources:						
Transfers out	<u>20,408,850</u>	<u>21,211,400</u>	<u>9,591,434</u>	<u>10,722,175</u>	<u>20,313,609</u>	<u>897,791</u>
Total appropriations	<u>\$262,093,000</u>	<u>\$269,718,770</u>	<u>\$109,765,664</u>	<u>\$ 98,220,134</u>	<u>\$207,985,798</u>	<u>\$ 61,732,972</u>

**CITY OF MEDFORD**

**Schedule of Property Tax Transactions**

Year ended June 30, 2009

City:	Tax Year	Uncollected as of July 1, 2008	Levy as Extended by Assessor	Discounts Allowed	Adjustments	Collections	Uncollected as of June 30, 2009
Current year:	2009	\$ -	\$ 29,171,449	\$ (687,846)	\$ 82,946	\$ (27,297,082)	\$ 1,269,467
Prior years	2008	1,056,321	-	-	13,529	(590,704)	479,146
	2007	328,880	-	-	(3,882)	(138,275)	186,723
	2006	147,492	-	-	(907)	(92,364)	54,221
	2005	41,324	-	-	(908)	(23,999)	16,417
	prior	73,232	-	-	(5,620)	(9,102)	58,510
<b>Total primary government</b>		<b>\$ 1,647,249</b>	<b>\$ 29,171,449</b>	<b>\$ (687,846)</b>	<b>\$ 85,158</b>	<b>\$ (28,151,526)</b>	<b>\$ 2,064,484</b>
<b>Medford Urban Renewal Agency:</b>							
Current year:	2009	\$ -	\$ 5,063,232	\$ (119,050)	\$ -	\$ (4,724,468)	\$ 219,714
Prior years	2008	176,942	-	-	1,714	(98,395)	80,261
	2007	55,214	-	-	(652)	(23,214)	31,348
	2006	27,108	-	-	(166)	(16,976)	9,966
	2005	8,474	-	-	(186)	(4,921)	3,367
	prior	13,092	-	-	386	(1,817)	11,661
<b>Total component unit</b>		<b>\$ 280,830</b>	<b>\$ 5,063,232</b>	<b>\$ (119,050)</b>	<b>\$ 1,096</b>	<b>\$ (4,869,791)</b>	<b>\$ 356,317</b>
<b>Total all funds</b>		<b>\$ 1,928,079</b>	<b>\$ 34,234,681</b>	<b>\$ (806,896)</b>	<b>\$ 86,254</b>	<b>\$ (33,021,317)</b>	<b>\$ 2,420,801</b>

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.

<b>Contents</b>	<b>PAGE</b>
<b><u>Financial Trends</u></b>	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Schedule 1 -- Net Assets by Component	93
Schedule 2 -- Changes in Net Assets	94
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Schedule 4 -- Changes in Fund Balances	96 - 97
<b><u>Revenue Capacity</u></b>	
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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Schedule 7 -- Principal Property Taxpayers	100
Schedule 8 -- Property Tax Levies and Collections	101
<b><u>Debt Capacity</u></b>	
These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	
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Schedule 11 -- Direct & Overlapping Governmental Activities Debt	104
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<b><u>Demographic and Economic Information</u></b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments	
Schedule 14 -- Demographic and Economic Statistics	107
Schedule 15 -- Largest Employers	108
<b><u>Operating Information</u></b>	
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)

	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Governmental activities				
Investment in capital assets, net of related debt	145,908,922	183,862,786	195,552,099	208,801,287
Restricted				
Employee section 125 plan	-	52,793	39,850	58,002
Highways and streets	27,149,474	27,600,775	10,227,655	12,059,374
Culture & recreation	3,650,348	21,951,083	11,888,260	1,934,604
Debt service	5,810,204	3,481,140	3,681,053	4,082,382
Unrestricted	25,155,874	8,314,530	26,797,665	26,609,614
Total governmental activities	207,674,822	245,263,107	248,186,582	253,545,263
Business type activities				
Invested in capital assets	69,329,849	71,948,661	75,594,516	73,165,671
Restricted				
Future system development	11,576,619	12,880,115	13,011,448	13,343,828
Unrestricted	3,987,327	5,480,196	6,441,849	7,822,336
Total business-type activities net assets	84,893,795	90,308,972	95,047,813	94,331,835
Primary Government				
Invested in capital assets, net of related debt	215,238,771	255,811,447	271,146,615	281,966,958
Restricted				
Future system development	11,576,619	12,880,115	13,011,448	13,343,828
Employee section 125 plan	-	52,793	39,850	58,002
Highways and streets	27,149,474	27,600,775	10,227,655	12,059,374
Community development	3,650,348	21,951,083	11,888,260	1,934,604
Debt service	5,810,204	3,481,140	3,681,053	4,082,382
Unrestricted	29,143,201	13,794,726	33,239,514	34,431,950
Total primary government net assets	292,568,617	335,572,079	343,234,395	347,877,098

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

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

	2006 <sup>1,3</sup>	2007	2008	2009
<b>Expenses</b>				
<b>Governmental Activities</b>				
General government	\$ 8,990,378	\$ 10,576,931	\$ 9,650,054	\$ 11,067,765
Public safety	25,380,369	26,002,825	28,741,920	30,638,676
Highways and streets	5,005,308	10,476,941	25,716,151	14,435,178
Culture and recreation	6,549,582	6,069,022	8,155,051	8,349,507
Interest on long-term debt	3,414,026	3,893,996	4,202,157	3,883,346
<b>Total governmental activities expenses</b>	<b>49,339,663</b>	<b>57,019,715</b>	<b>76,465,333</b>	<b>68,374,472</b>
<b>Business type activities</b>				
Sewer services	9,146,805	6,563,724	9,592,039	10,150,933
Dispatch services	-	-	-	-
Parking services	312,553	356,165	416,670	386,800
<b>Total business-type activities expenses</b>	<b>9,459,358</b>	<b>6,919,889</b>	<b>10,008,709</b>	<b>10,537,733</b>
<b>Total primary Government expenses</b>	<b>\$ 58,799,021</b>	<b>\$ 63,939,604</b>	<b>\$ 86,474,042</b>	<b>\$ 78,912,205</b>
<b>Program Revenues</b>				
<b>Governmental Activities</b>				
<b>Charges for Services</b>				
General government	\$ 5,510,986	\$ 7,280,852	\$ 8,253,978	\$ 7,840,536
Public safety	2,621,104	1,787,839	2,535,764	2,485,855
Highways and streets	9,232,582	9,521,470	7,718,496	7,323,231
Culture and recreations	1,898,738	1,579,967	2,298,502	2,292,263
<b>Operating Grants and Contributions</b>				
General government	1,193,627	741,660	1,693,151	1,110,204
Public safety	1,068,539	327,586	-	7,072
Highways and streets	3,399,786	3,451,650	3,319,986	3,828,824
Culture and recreations	971,205	1,239,844	96,023	886,523
<b>Capital Grants and Contributions</b>				
General government	-	3,754,866	-	-
Highways and streets	3,626,598	-	5,827,494	4,704,449
Culture and recreation	-	-	1,347,500	-
<b>Total governmental activities program revenue</b>	<b>29,523,165</b>	<b>29,685,734</b>	<b>33,090,894</b>	<b>30,478,957</b>
<b>Business type activities</b>				
<b>Sewer services</b>				
Charges for services	11,279,195	11,706,912	9,409,181	9,939,154
Operating grants and contributions	-	-	61,727	350,809
Capital grants and contributions	4,532,182	96,599	4,769,355	1,706,725
<b>Parking services</b>				
Charges for services	346,502	347,283	349,748	293,815
<b>Total business type activities program revenues</b>	<b>\$ 16,157,879</b>	<b>\$ 12,150,794</b>	<b>\$ 14,590,011</b>	<b>\$ 12,290,503</b>
<b>Total primary government program revenues</b>	<b>\$ 45,681,044</b>	<b>\$ 41,836,528</b>	<b>\$ 47,680,905</b>	<b>\$ 42,769,460</b>
<b>Net (expense)/revenue</b>				
Governmental activities	\$ (19,816,498)	\$ (27,333,981)	\$ (43,374,439)	\$ (37,895,515)
Business Type activities	6,698,521	5,230,905	4,581,302	1,752,770
<b>Total primary government net expenses</b>	<b>\$ (13,117,977)</b>	<b>\$ (22,103,076)</b>	<b>\$ (38,793,137)</b>	<b>\$ (36,142,745)</b>
<b>General Revenues and Other Changes in Net Assets</b>				
<b>Governmental activities:</b>				
Property Taxes	28,130,450	29,184,039	32,063,487	33,227,657
Other taxes	7,506,959	9,682,089	10,034,787	9,501,990
Unrestricted investment earnings	2,518,036	3,769,094	3,519,750	1,224,645
Gain (Loss) on disposal of capital assets	612,833	48,064	17,161	59,150
Loss on abandonment of capital expenditures	-	-	-	-
Contributed capital to other governments	-	-	-	(1,468,189)
Transfers	695,538	587,400	662,729	708,943
<b>Total Governmental Activities</b>	<b>39,463,816</b>	<b>43,270,686</b>	<b>46,297,914</b>	<b>43,254,196</b>
<b>Prior period adjustment</b>				
<b>Total Governmental Activities</b>				
<b>Business type activities</b>				
Investment earnings	518,477	862,844	820,268	418,642
Gain (Loss) on disposal of capital assets	12,000	11,000	-	6,272
Loss on abandonment of capital expenditures	-	-	-	(2,184,718)
Transfers	(695,538)	(587,400)	(662,729)	(708,943)
<b>Total Business type activities</b>	<b>(165,061)</b>	<b>286,444</b>	<b>157,539</b>	<b>(2,468,747)</b>
<b>Total primary government</b>	<b>\$ 39,298,755</b>	<b>\$ 43,557,130</b>	<b>\$ 46,455,453</b>	<b>\$ 40,785,449</b>
<b>Change in Net Assets</b>				
Governmental activities	\$ 19,647,318	\$ 15,936,705	\$ 2,923,475	\$ 5,358,681
Business type activities	6,533,460	5,517,349	4,738,841	(715,977)
<b>Total Primary Government</b>	<b>\$ 26,180,778</b>	<b>\$ 21,454,054</b>	<b>\$ 7,662,316</b>	<b>\$ 4,642,704</b>

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

<sup>1</sup> Medford Urban Renewal is now treated as a Blended Component Unit.

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

<sup>3</sup> 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	2000	2001	2002 <sup>5</sup>	2003 <sup>1</sup>	2004 <sup>2,4,6</sup>	2005 <sup>2,3</sup>	2006	2007	2008	2009
General Fund										
Reserved										
Inventory	40,614	53,453	62,709	49,924	71,385	-	-	-	-	-
Unreserved	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	16,700,620
Total General Fund	\$ 14,931,762	\$ 16,825,078	\$ 16,129,410	\$ 14,949,574	\$ 16,468,971	\$ 16,210,552	\$ 16,380,858	\$ 17,865,765	\$ 19,627,721	\$ 16,700,620
All Other Governmental Funds										
Reserved										
Highways and streets	-	-	-	1,678,125	17,702,349	29,229,796	27,149,474	27,600,775	10,227,655	12,059,374
Community development	-	-	-	-	4,670,631	-	-	-	-	-
Culture and recreation	-	-	-	-	3,018,217	5,319,193	3,650,348	21,951,083	11,888,260	1,934,604
Debt service	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	4,082,382
Capital outlay	-	-	-	-	241,064	244,981	-	-	-	-
Unreserved, reported in:										
Special revenue funds	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	3,825,743
Capital projects funds	5,694,856	2,887,706	6,605,340	6,542,656	-	-	-	4,382,889	7,497,964	4,992,011
Total of all other governmental funds	\$ 16,833,854	\$ 12,734,158	\$ 21,463,263	\$ 20,816,945	\$ 31,865,650	\$ 43,880,860	\$ 40,806,707	\$ 61,341,889	\$ 37,105,397	\$ 26,894,114

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

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

<sup>2</sup> Medford Urban Renewal is now treated as a Blended Component Unit (as of 2004).

<sup>3</sup> 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.

<sup>4</sup> 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)

<sup>5</sup> 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.

<sup>6</sup> 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)

	2003 <sup>1</sup>	2004	2005	2006	2007	2008	2009
<b>Revenues</b>							
Taxes							
Property	19,808,173	24,626,853	26,347,587	27,846,413	29,015,206	30,938,364	32,716,967
Franchise	4,568,077	4,918,416	4,903,064	5,217,635	6,259,689	7,805,599	7,498,935
Lodging <sup>2</sup>	1,759,043	1,767,464	1,868,020	2,147,748	2,409,719	2,553,494	2,282,538
State gas tax	2,661,858	3,032,251	3,327,689	3,394,786	3,389,522	3,256,822	2,938,714
State Shared Revenues <sup>5</sup>	1,369,401	1,463,758	1,560,775	1,710,047	1,303,663	-	-
Car Rental Tax <sup>3</sup>	-	-	-	203,736	311,446	314,066	291,150
Special Assessments	146,143	440,165	168,175	106,174	49,630	27,084	13,988
System development charges	7,121,388	5,397,780	3,556,187	3,431,361	4,139,557	-	-
Charges for services	2,672,023	5,265,903	6,718,045	6,843,020	6,229,665	9,918,706	9,637,101
Fines and penalties	1,041,294	2,688,763	1,069,343	1,118,277	1,285,286	1,376,390	1,303,508
Intergovernmental	5,311,029	2,483,901	9,276,732	1,416,398	2,547,231	4,493,337	4,733,885
Licenses and permits	2,515,591	1,184,776	3,683,950	4,298,327	4,789,573	3,887,457	3,298,628
Investment earnings	743,210	534,527	1,458,759	2,492,554	3,719,747	3,468,143	1,192,367
Grants and contributions	-	1,384,741	3,710,005	3,240,393	1,989,517	1,832,981	2,871,864
Miscellaneous	1,561,661	508,504	547,011	426,264	908,459	323,972	256,309
Rental income	-	-	-	-	-	80,733	72,220
	51,278,891	55,697,802	68,195,342	63,893,133	68,347,910	70,277,148	69,108,174
<b>Expenditures</b>							
General government	7,605,482	9,268,581	10,087,654	9,760,308	8,587,907	7,314,274	8,410,989
Public Safety	20,275,786	21,100,767	22,860,619	24,755,871	25,263,463	27,728,314	29,647,717
Highway and streets	5,072,160	5,567,372	3,770,867	5,007,887	5,954,938	18,876,974	6,816,248
Culture and recreation	4,289,333	4,125,955	5,957,859	6,009,908	5,548,007	6,339,937	6,514,950
Community development	-	-	-	-	-	1,200,344	1,149,696
Capital Outlay	21,010,233	8,238,323	18,809,063	22,546,636	13,925,625	22,425,555	20,814,762 <sup>6</sup>
Bond issuance costs	-	-	-	-	127,215	-	-
Debt service	-	-	-	-	-	-	-
Principal	2,073,000	3,866,247	4,093,000	4,358,967	5,751,978	5,329,516	5,816,101
Interest	1,082,285	1,564,315	3,412,392	3,446,957	3,508,923	4,298,916	3,930,884
Total Expenditures	61,408,279	53,731,560	68,991,454	75,886,534	68,668,056	93,513,830	83,101,347
Excess of revenues over (under) expenditures	(10,129,388)	1,966,242	(796,112)	(11,993,401)	(320,146)	(23,236,682)	(13,993,173)

Continued on next page

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

Last Ten Fiscal Years - Unaudited

(Amounts in dollars)

	2003 <sup>1</sup>	2004	2005	2006	2007	2008	2009
Other Financing sources (uses)							
Transfers in	2,658,310	3,804,505	6,246,428	7,137,833	4,927,244	7,742,212	8,567,765
Transfers out	(2,998,140)	(3,311,410)	(5,244,268)	(6,755,126)	(4,175,245)	(6,997,227)	(7,770,336)
PERS Unfunded liability payment <sup>4</sup>	-	(29,205,000)	-	-	-	-	-
Issuance of Debt (Bonds)	-	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 <sup>4</sup>	-	(427,260)	-	-	-	-	-
Contributions	8,321,648	-	-	-	-	-	-
Capital Leases	281,108	-	178,545	8,793	-	-	-
Sale of capital assets	-	278,057	917,076	610,053	53,236	17,161	57,360
Total other financing sources	8,262,926	515,580	12,197,781	9,089,553	22,340,235	762,146	854,789
<b>Net change in fund balances</b>	<b>\$ (1,866,462)</b>	<b>\$ 2,481,822</b>	<b>\$ 11,401,669</b>	<b>\$ (2,903,848)</b>	<b>\$ 22,020,089</b>	<b>\$ (22,474,536)</b>	<b>\$ (13,138,384)</b>

Debt service as % of noncapital expenditures

	7.81%	11.94%	14.96%	14.63%	16.92%	13.54%	15.65%
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**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 in 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. Therefore, the amount presented in this schedule differs from the amount reported as capital outlay on page 13 of CAFR 2009.

**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	(M\$) Estimated Actual Value (RMV)	Tax District totals RMV	Taxable Assessed Value as a Percentage of Estimated Actual Value
	Real Property	Manufactured Structures	Manufactured Structures	Personal Properties	Utilities	Non Profit	UR Excess						
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	3,830,429,566	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%	
2009	5,150,506,322	-	33,163,462	247,498,040	160,915,950	9,149,550	(193,511,188)	5,407,722,136	5.19	10,588,663,984	10,652,766,542	51.07%	

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	Transportation District	Community College	Vector Control	JC Soil Wtr	Urban Renewal District				
	5.30	-	0.11	5.41	2.00	0.35	5.21	0.18	0.51	0.04	-	0.42				
2001	5.30	-	0.10	5.40	2.28	0.35	5.18	0.18	0.51	0.04	-	0.75				
2002	5.30	-	0.10	5.40	2.39	0.35	5.14	0.18	0.51	0.04	-	0.74				
2003	5.08	-	0.09	5.17	2.20	0.33	4.87	0.16	0.48	0.04	-	1.46				
2004	5.09	-	0.09	5.18	2.33	0.33	4.77	0.16	0.48	0.04	-	1.38				
2005	5.08	-	-	5.08	2.30	0.33	4.78	0.16	0.48	0.04	-	1.42				
2006	5.10	-	-	5.10	2.12	0.33	4.81	0.16	0.61	0.04	-	1.31				
2007	5.11	-	0.08	5.19	2.10	0.33	4.87	0.17	0.60	0.04	-	1.24				
2008	5.11	-	0.08	5.19	2.10	0.33	6.05	0.16	0.60	0.04	0.05	1.27				
2009	5.11	-	0.08	5.19	2.19	0.33	6.36	0.16	0.59	0.04	0.05	1.02				

Data Source: Jackson county

The 2008-09 Taxable Assessed Value to compute the tax rate code area of 4901 is \$4,774,837,214 which is 85.25% 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.

**Schedule 7**

**Principal Property Taxpayers**

Current year and nine years ago

(Amounts in dollars)

		2008 Top 10 All Roll Taxpayers for City of Medford				1998/1999 <sup>1</sup>		
Taxpayer	Type of Business	2008	2008-09	Rank	Percentage of Total Taxable Assessed Value	1998/1999 Taxable Assessed	Rank	Percentage of Total Taxable Assessed Value
		Current Taxes Imposed	Taxable Assessed Value			Value		
Rogue Valley Manor	Retirement Housing	920,194	65,054,970	1	1.20%	26,093,180	4	0.82%
Rogue Valley Mall LLC	Shopping Mall	793,890	49,834,890	2	0.92%	36,968,040	1	1.16%
Lithia Real Estate Inc	Automobile Dealerships	570,291	35,798,910	3	0.66%			
Qwest Corporation (US West in 97)	Telephone Utility	518,342	32,720,100	4	0.61%	32,780,680	2	1.03%
PK Sale LLC	Real Estate	488,332	30,654,100	5	0.57%	-		0.00%
Kogap Enterprises Inc	Electrical Contractor	431,616	28,282,821	6	0.52%	-		0.00%
Avista Corp DBA Washington	Gas Utility	417,100	26,321,000	7	0.49%	16,417,280	7	0.51%
Pacificorp (PP&L)	Electric Utility	414,774	26,218,000	8	0.48%	26,198,700	3	0.82%
Asante	Health Organization	357,439	22,775,490	9	0.42%	-		0.00%
Edge Wireless	Cell Utility	354,377	22,317,200	10	0.41%	-		0.00%
United Airlines	Aviation					17,674,000	6	0.55%
Sabroso Company	Fruit Processing	-	-			12,720,330	9	0.40%
Medford Mail Tribune	Newspaper	-	-			13,205,130	8	0.41%
Pan Pacific Retail Property Inc.	Property Management	-	-			10,873,710	10	0.34%
Haagen Alexander Properties	Shopping Mall					18,261,150	5	0.57%
<b>Total</b>			<b>339,977,481</b>		<b>6.29%</b>	<b>211,192,200</b>		<b>6.60%</b>

Note: The 2008-09 Taxable Assessed Valuation for the City of Medford is: 5,407,722,136  
 The Taxable Assessed Valuation in 1998/1999 was: 2,975,559,284

<sup>1</sup> 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	Years					
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%	
2009	34,234,682	32,021,550	93.5%	999,767	33,021,317	96.5%	2,420,801	7.1%	

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 <sup>1</sup>	Percentage Per Capita <sup>1</sup>	Percentage of Personal Income <sup>2</sup>
	General Obligation Bonds	Special Assessment Bonds <sup>3</sup>	Capital Leases	Medford Urban Renewal (MURA) Bonds	Contract/Loan (MURA)	General			Capital Leases				
						Sewer Bonds	Obligation Bonds	Bonds					
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%	1.14%
2007	66,560,000	-	17,645	20,400,000	483,205	-	-	-	-	87,460,850	1,156	0.09%	1.31%
2008	64,000,000	-	-	17,689,000	424,689	-	-	-	-	82,113,689	1,085	0.09%	1.20%
2009	61,165,000	-	-	14,767,000	365,587	-	-	-	-	76,297,587	993	0.10%	1.11%

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)

<b>Fiscal Year Ended June 30,</b>	<b>General Obligation Bonds <sup>4</sup></b>	<b>Medford Urban Ren. Bonds</b>	<b>Total General Obligation Bonds</b>	<b>Less Amounts Available in Debt Service Fund <sup>3</sup></b>	<b>Net General Bonded Debt Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property <sup>2</sup></b>	<b>Per Capita <sup>1</sup></b>
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
2009	61,165,000	14,767,000	75,932,000	4,082,382	71,849,618	1.33%	934.73

**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 \$27,495,000 as of 6/30/09.

City of Medford, Oregon

**Schedule 11**

**Direct and Overlapping Governmental Activities Debt**

As of June 30, 2009

(Amounts in dollars)

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share of Direct &amp; Overlapping Debt</b>
<b>Debt repaid with property taxes</b>			
Jackson County	30,770,000	36.4308%	11,209,757
Jackson County Housing Authority	4,023,924	36.4308%	1,465,948
JC School District #4 (Phoenix-Talent)	28,290,000	29.1416%	8,244,159
JC School District #549C (Medford)	234,865,000	76.6405%	180,001,710
JC School District #6 (Central Point)	23,965,000	1.4557%	348,859
Rogue Community College	42,805,000	26.9195%	11,522,892
<b>Subtotal Overlapping Debt</b>	<b>364,718,924</b>		<b>212,793,325</b>
<b>City Direct Debt</b>			
City Gross Property Tax Backed Direct Debt	55,730,000		55,730,000
	<b>420,448,924</b>		<b>268,523,325</b>

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)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt Limit	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	319,582,996
Total net debt applicable to limit	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	29,728,410
Legal debt margin	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	289,854,586
Total net debt applicable to the limit as a percentage of debt limit	8.57%	3.75%	3.08%	2.33%	25.22%	18.95%	13.91%	12.46%	10.68%	10.26%

**Legal Debt Margin Calculation for Fiscal Year 2009**

Real Market Value 10,652,766,542  
 Add Back: exempt real property -  
 Total Real Market Value (M5) 10,652,766,542

Debt Limit (3% of total Assessed Value) 319,582,996  
 Amount of debt applicable to debt limit  
 Total Bonded Debt: 75,932,000

Deductions:  
 Assets in debt service funds available for payment of principal 4,082,382  
 Special assessment bonds -  
 Revenue bonds 27,495,000  
 Urban redevelopment bonds 14,767,000  
 Total deductions 46,344,382

Total net debt applicable to limit 29,587,618  
**Legal Debt Margin 289,995,378**

Total net debt applicable to the limit as a percentage of the debt limit **10.20%**

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)

Gas Tax Revenue Bonds								
Fiscal Year Ended June 30,	Gross Revenues <sup>1</sup>	Gas Tax State Revenue Only	Less: Operating Expenses <sup>2</sup>	Net Revenue Available For Debt Service	Total Gas Tax bonds Paid during year		Coverage Actual Debt Service	Additional Bonds Test <sup>(6)</sup>
					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 <sup>4</sup>	12,111,970	3,327,689	684,626	11,427,344	1,020,000	427,918	7.89	1.19
2006	3,875,080	3,394,786	1,709,549	2,165,531	1,050,000	391,215	1.50	1.31
2007	3,866,849	3,389,522	1,109,814	2,757,035	1,090,000	352,368	1.91	1.34
2008	3,610,299	3,256,822	1,254,847	2,355,452	1,130,000	310,798	1.63	1.34
2009	3,102,040	2,938,714	1,292,573	1,809,467	1,180,000	266,333	1.25	1.28
	\$ 41,460,832	\$ 29,912,541	\$ 12,745,633	\$ 28,715,199	\$ 8,865,000	\$ 3,800,683		

Parks Revenue Bonds								
Fiscal Year Ended June 30,	Gross Revenues <sup>3,5</sup>	Operating Expenses <sup>2</sup>	Net Revenue Available For Debt Service	Total Parks Bonds Paid during year		Coverage Actual Debt Service		
				Principal	Interest			
2000	-	-	-	-	-	-	-	-
2001	-	-	-	-	-	-	-	-
2002 <sup>3</sup>	-	-	-	-	-	-	-	-
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 <sup>7</sup>	3,851,761	183,109	3,668,652	215,000	223,749	8.36		
2008	4,143,944	311,782	3,832,162	705,000	1,125,434	2.09		
2009	3,531,259	340,506	3,190,752	895,000	947,280	1.73		
	\$ 20,629,609	\$ 1,203,065	\$ 19,426,544	\$ 2,605,000	\$ 3,281,554			

Special Assessment bonds <sup>8</sup>					
Fiscal Year Ended June 30,	Special Assessment Collections	Paid during year		Coverage Actual Debt Service	
		Principal	Interest		
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	-	-	-	-	
2009	-	-	-	-	

Source: City of Medford Finance Department

**Notes:**

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

<sup>1</sup> Total revenues include interest

<sup>2</sup> Operating expenses do not include capital outlay

<sup>3</sup> Gross Revenues do not include Bond proceeds of \$5,626,006

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

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

<sup>6</sup> 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.

<sup>7</sup> Gross Revenues do not include Bond proceeds of \$18,965,000

<sup>8</sup> 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)	
2000	63,720	12,678	690	18	5.8	31,754	4,531	24,914	345	53,721	403	46,822	811,696
2001	64,730	12,933	690	18	6.7	32,170	4,781	26,004	371	67,995	353	26,532	817,316
2002	66,090	13,074	658	18	7.8	32,906	4,939	26,459	322	49,116	404	46,932	842,826
2003	68,080	12,854	672	18	8.6	34,126	5,214	27,491	399	68,866	623	89,351	1,329,763
2004	69,220	12,759	573	18	7.4	34,150	5,202	28,658	402	117,302	747	88,134	1,298,662
2005	70,860	12,705	562	19	6.1	35,668	5,860	30,133	407	68,255	655	88,136	1,128,225
2006	73,960	12,853	531	19	5.7	36,256	6,322	31,785	414	74,011	465	108,564	1,510,651
2007	75,675	12,490	512	20	5.3	36,735	6,670	33,516	458	91,063	385	103,895	1,723,630
2008	75,705	12,408	568	20	7.2	36,982	6,849	34,051	413	103,975	141	24,963	-
2009	76,867	12,252	555	21	13.2	37,715	6,849	34,051	382	146,729	107	18,930	-

(1) Portland State University - 2009 population certified 9/30/09  
 (2) Oregon Department of Education (for Medford SD549C)  
 (3) Per Bureau of Economic Analysis (Regional Economic Accounts) (www.bea.gov/) (Jackson County)  
 The latest personal income & per capita personal income available by BEA economic area was 2007  
 (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 were unavailable as of Nov 2009  
 (7) US Department of Labor, Bureau of Labor Statistics

City of Medford, Oregon  
**Schedule 15**  
**Largest Employers**  
**November 2008 and 6 years ago**

<u>Employer</u>	<u>2006-2008 <sup>1</sup></u>			<u>Feb 2002 <sup>2</sup></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	Gourmet Fruit & Gifts	3,500	1	9.46%	3,700	1	11.24%
Asante (RV Medical)	Health Care	2,943	2	7.96%	2,700	2	8.21%
Providence Medical Center	Health Care	1,271	3	3.44%			0.00%
Lithia Motors	Auto Dealership	800	4	2.16%			0.00%
Boise Building Solutions	Secondary Wood	750	5	2.03%			0.00%
Timber Products	Secondary Wood	650	6	1.76%	864	5	2.63%
Regency Bluecross Blueshield	Health Care	460	7	1.24%			
City of Medford	Government	457	8	1.24%	425	6	1.29%
Rogue Valley Manor	Health Care/Retirement	436	9	1.18%	500		1.52%
Costco	Retail	309	10	0.84%			
Boise Cascade Corp	Plywood, Lumber, LVL			0.00%	1000	3	3.04%
Cascade Wood Products	Millwork			0.00%	900	4	2.74%

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

Source

(1) Per SOREDI 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) <u>99-00</u>	(1) <u>00-01</u>	(2) <u>01-02</u>	(2) <u>02-03</u>	(2) <u>03-04</u>	(2) <u>04-05</u>	(3) <u>05-06</u>	(3) <u>06-07</u>	(3) <u>07-08</u>	(3) <u>08-09</u>
City Manager	6.0	8.0	9.0	9.0	9.0	10.0	11.0	11.0	9.3	8.0
Information Services	9.0	11.0	11.0	11.0	11.0	11.0	11.0	10.8	12.0	13.5
Recorder	1.0	2.0	2.0	1.0	1.0	1.0	1.1	1.0	1.0	1.0
Human Resources	3.0	3.0	3.0	3.0	3.0	3.0	3.8	3.5	4.4	4.2
Print Shop	1.0	1.0	1.0	-	-	-	-	-	-	-
Finance	11.0	11.0	11.0	10.0	11.0	11.0	10.4	11.4	11.4	11.3
Planning	14.0	14.0	14.0	12.0	18.0	18.0	19.4	18.5	17.0	16.0
Building Inspection	13.0	14.0	14.0	12.0	14.0	14.0	16.4	16.0	14.6	11.2
Public Works										
Engineering	25.0	27.0	28.0	24.0	27.0	28.0	32.7	32.7	34.7	34.0
Maintenance	40.0	42.0	42.0	43.0	46.0	47.0	56.0	56.5	57.1	57.6
WRD	23.0	24.0	24.0	22.0	23.0	22.0	23.4	23.8	25.7	25.5
City Attorney	3.0	3.0	4.0	4.0	3.0	3.0	3.0	3.0	4.0	4.0
Municipal Court	7.0	8.0	8.0	8.0	8.0	8.0	8.0	7.5	7.5	7.5
Police	-	-	-	-	-	-	-	-	-	-
Sworn Officers	94.0	94.0	90.0	92.0	91.0	92.0	96.0	99.0	99.0	59.0
Civilians	46.0	47.0	49.0	50.0	50.0	52.0	61.1	63.8	69.3	108.1
Fire	75.0	75.0	-	-	-	-	-	-	-	-
Firefighters/officers	-	-	69.0	72.0	70.0	68.0	69.7	67.0	67.0	72.0
Civilians	-	-	1.0	1.0	2.0	2.0	2.0	7.9	7.9	7.2
Parks & Recreation	23.0	23.0	24.0	24.0	26.0	32.0	46.3	48.5	53.7	55.7
Urban Renewal	-	-	5.0	4.0	4.0	4.0	4.0	4.3	4.0	4.0
<b>TOTAL</b>	<b>395.3</b>	<b>407.0</b>	<b>409.0</b>	<b>402.0</b>	<b>417.0</b>	<b>426.0</b>	<b>475.3</b>	<b>486.2</b>	<b>499.6</b>	<b>499.8</b>

Source: City Finance Department

(1) 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

Function	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Police (1)</b>											
Part I - Major Crimes Reported	4,309	4,516	4,285	5,615	5,849	5,655	5,887	5,032	4,650	4,261	348
Part II - Other Crimes	7,255	7,207	7,005	7,642	8,049	8,296	7,801	7,776	10,425	10,100	14
Part III - Traffic & Other Crimes	36,419	19,266	12,477	14,738	15,092	15,317	14,816	13,195	9,588	9,697	5,496
Total Reported	47,983	30,989	23,767	27,995	28,990	29,268	28,504	26,003	24,663	24,058	132
# of Juvenile Arrest Charges	2,495	2,612	2,882	2,633	2,564	2,047	1,589	1,902	1,951	2,184	272
# of Adult Arrest Charges	9,820	10,900	11,142	9,185	9,462	9,394	9,103	9,363	9,820	8,814	1,226
Cases Cleared	10,641	10,235	10,589	9,656	10,411	10,816	10,900	10,788	18,866	20,081	444
Clearance Rate	22.20%	33.30%	44.60%	34.50%	35.90%	37.00%	38.20%	41.50%	76.50%	77.90%	2
<b>Fiscal Year Ending 6/30/XX</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Fire</b>											
Number of Fires	-	422	423	485	399	394	341	625	369	362	348
Overpressure, heat, explosion	-	6	9	9	7	21	10	15	20	13	14
EMS, Rescue, MVA	-	4,171	4,007	4,741	4,920	5,088	6,230	7,438	5,471	5,665	5,496
Hazardous Conditions	-	163	159	171	145	176	183	259	179	160	132
Service Call	-	187	236	265	353	257	336	369	296	261	272
Good Intent Calls	-	326	748	735	832	907	850	1,256	3,008	3,170	1,226
False Alarm	-	570	586	595	605	655	1,606	1,018	617	529	444
Severe Weather	-	4	1	11	6	2	6	8	-	3	2
Special Incident	-	18	20	13	21	14	13	25	7	13	17
Uncategorized	-	-	-	-	-	-	-	-	8	9	9
Total Incident Responses	5,296	5,867	6,189	7,025	7,288	7,514	9,575	11,013	9,975	10,185	7,951
Total City Only	-	5,077	5,332	6,147	6,553	6,776	8,747	9,762	-	553	6,897
Total Rural Only	0	790	857	878	741	739	828	1,251	-	9,461	725
Highways and streets											
Miles of Streets Added	4.01	1.27	4.31	4.47	5.07	6.35	3.63	8.27	5.80	5.59	2.74
Streetslights added	99	97	147	129	252	293	409	340	247	233	54
<b>Culture and recreation (2)</b>											
Aquatics	-	-	-	-	-	-	-	-	30,043	35,665	30,260
Youth & Adult Sports	-	-	-	-	-	-	-	-	5,928	6,811	8,740
Youth Programs/Day Camps	-	-	-	-	-	-	-	-	736	1,641	1,856
Community Recreation	-	-	-	-	-	-	-	-	15,050	18,200	9,717
Special Interest Classes	-	-	-	-	-	-	-	-	2,396	3,040	1,429
<b>Wastewater</b>											
Miles of Sanitary Sewers Added	2	1	3	1	3	4	3	7	3	3.65	1.77
Miles of Storm Sewers Added	4	2	6	3	6	7	6	8	6	5.7	2.17
Average Daily Million Gallons Treated	20,400	18,700	14,800	16,600	18,900	17,900	17,300	21,000	19,000	18,850	16,800
<b>Building/Planning/Engineering</b>											
Total Permits	7,476	6,844	6,601	6,501	8,238	9,314	9,189	8,711	7,904	5,491	3,998
Commercial Building Permits Issued	593	385	351	322	398	401	407	414	458	413	382
Value Commercial Construction	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	146,729,000
Single Family Residence Issued	498	403	353	404	623	747	655	465	385	141	107
Value Residential	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	18,930,470
Square miles Added to City	1.50	-	0.90	0.46	0.88	0.50	0.10	1.36	0.62	0.32	0.10

Sources: Various City departments

Notes: Detailed fire statistics from 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>									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Public Safety</b>										
Fire Protection:										
(2) Number of Stations	5	5	5	5	5	5	5	5	5	5
Police Protection:										
(3) Number of Stations	1	1	1	1	1	1	1	1	1	1
Sewers:										
(1) Miles of Sanitary Sewers	230	233	234	237	241	244	251	253	257	259
Miles of Storm Sewers	114	120	123	129	136	142	150	156	162	164
Public Works										
(1) Area -- Square Miles	21.70	22.60	23.06	23.94	24.44	24.54	24.92	25.30	25.62	25.72
(1) Miles of Streets	209.12	213.43	217.90	222.97	229.32	232.95	241.22	247.02	252.61	255.35
(1) Number of Street Lights	4,290	4,437	4,566	4,818	5,111	5,520	5,860	6,107	6,340	6,394
Culture and recreation:										
(4) Number of Parks	37	37	45	42	42	40	40	39	48	48
Total Park Acreage	2,198	2,198	2,386	2,410	2,410	2,403	2,403	2,364	2,393	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

CITY OF MEDFORD - UNAUDITED  
Table 1

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 6/30/09
<b>General Obligation Bonds</b>				
General Obligation Bonds, Series 2006	6/29/2006	6/1/2026	4,600,000	3,920,000
<b>Total G.O. bonds</b>			<b>4,600,000</b>	<b>3,920,000</b>
<b>Full Faith &amp; Credit Obligations or Limited Tax Bonds Paid from Tax Sources (NOT subject to annual appropriation)</b>				
Full Faith & Credit Obligations, Series 2000 (City Hall)	10/1/2000	6/1/2010	4,000,000	545,000
Limited Tax Revenue Bonds, Series 2002 (Parks)	5/1/2002	6/1/2022	5,700,000	4,235,000
Pension Obligations, Series (2004) (Taxable) <sup>(1)</sup>	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	17,825,000
<b>Total FF&amp;C Obligations &amp; Limited Tax Bonds</b>			<b>57,870,000</b>	<b>51,810,000</b>
<b>Total Net Direct Debt (Including Pension Obligations) <sup>(2)</sup></b>			<b>62,470,000</b>	<b>55,730,000</b>
<b>Total Net Direct Debt (Excluding Pension Obligations) <sup>(2)</sup></b>			<b>33,265,000</b>	<b>26,525,000</b>
<b>Revenue Obligations (Self-Supporting, not included in Net direct Debt)</b>				
Gas Tax Revenue Bonds, Series 1999	2/1/1999	2/1/2014	9,300,000	3,750,000
Gas Tax Revenue Bonds, Series 2001	12/1/2001	12/1/2011	5,000,000	1,685,000
<b>Total Self-Supporting Revenue Obligations</b>			<b>14,300,000</b>	<b>5,435,000</b>
<b>Other Self-Supporting Obligations (paid from non-tax sources)</b>				
The Limited Tax Bond Series A & B were paid off in full as of 9/1/2006.			-	-
<b>Total Other Self Supporting Obligations</b>			<b>-</b>	<b>-</b>
<b>Total Gross direct Debt (including Pension Obligations) <sup>(3)</sup></b>			<b>76,770,000</b>	<b>61,165,000</b>
<b>Total Gross direct Debt (excluding Pension Obligations) <sup>(3)</sup></b>			<b>47,565,000</b>	<b>31,960,000</b>

1. This debt was issued as part of a \$126,260,000 pooled pension obligation financing involving multiple Oregon cities & counties.
2. Net Direct Debt is Gross Direct Debt less obligations or leases paid from non-tax sources.
3. Gross Direct Debt includes all voter approved General Obligation bonds. Limited Tax bonds and any other obligations, Certificates of Participation or leases backed by the full faith and credit of the City. Debt whose term is less than one year is not included.

Note: The city also administers an urban renewal agency; the Agency has outstanding tax increment debt which is not an obligation of the City. As of June 30, 2009 the total outstanding debt of the Medford Urban Renewal Agency (MURA) was \$14,767,000

Source: City of Medford

**CITY OF MEDFORD - UNAUDITED**  
**Table 2**

**DEBT INFORMATION**

**Debt Ratios <sup>(1)</sup>**

**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
2009 Population	76,867			76,867		
2009 Real Market Value	10,652,766,542	\$ 138,587		10,652,766,542	\$ 138,587	
Gross Direct Debt <sup>(2)</sup>	61,165,000	\$ 796	0.57%	31,960,000	\$ 416	0.30%
Net Direct Debt <sup>(3)</sup>	55,730,000	\$ 725	0.52%	26,525,000	\$ 345	0.25%
Net Overlapping Debt	201,505,024	\$ 2,621	1.89%	201,505,024	\$ 2,621	1.89%
Net Direct & Net Overlapping Debt	257,235,024	\$ 3,346	2.41%	228,030,024	\$ 2,967	2.14%

(1) Outstanding Debt information is as of 6/30/09

(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

2009 Real Market Value	10,652,766,542
Debt limitation (3% of RMV)	319,582,996
Total Applicable bonded debt	29,728,410
Debt Margin	289,854,586
Percent of limit issued	10.26%

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, 2009 the total outstanding debt of the Medford Urban Renewal Agency (MURA) was \$14,767,000. This amount is 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 does not anticipate issuing debt in Fiscal Year 2010.

**CITY OF MEDFORD - UNAUDITED**

**Table 3**

**6/30/2009**

**Overlapping Debt**

**Continuing Disclosure for:**

**Series 2006 Sidewalk Bonds - Table 14**

The following table outlines the outstanding debt of overlapping entities.

<b>Overlapping district</b>	<b>Real Market Value</b>	<b>Percent Overlapping</b>	<b>Gross Direct Debt</b>	<b>Net Direct Debt</b>
Jackson County	29,065,154,623	36.4308%	11,209,757	11,209,757
Jackson County Housing Authority	29,065,154,623	36.4308%	1,465,948	-
Jackson Cty SD 4 (Phoenix- Talent)	2,958,701,114	29.1416%	8,244,159	3,909,346
Jackson Cty SD 6 (Central Point)	3,601,396,501	1.4557%	348,859	348,859
Jackson Cty SD 549C (Medford)	12,622,601,392	76.6405%	180,001,710	180,001,710
Rogue Community College	39,334,540,934	26.9195%	11,522,892	6,035,352
<b>Totals</b>			<b>212,793,325</b>	<b>201,505,024</b>

**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		Pers 2004		Sidewalk, Series 2006		Parks Revenue, Series 2007		Total Requirements	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
09-10	545,000	25,343	245,000	196,749	20,000	1,754,627	260,000	168,989	685,000	714,731	1,755,000	2,860,439
10-11	-	-	255,000	186,336	125,000	1,753,645	270,000	157,939	710,000	687,331	1,360,000	2,785,251
11-12	-	-	265,000	175,499	235,000	1,747,148	280,000	146,464	740,000	658,931	1,520,000	2,728,042
12-13	-	-	275,000	164,236	360,000	1,734,811	290,000	134,564	770,000	629,331	1,695,000	2,662,942
13-14	-	-	290,000	152,549	490,000	1,715,551	305,000	122,239	805,000	598,531	1,890,000	2,588,870
14-15	-	-	305,000	139,789	640,000	1,688,253	315,000	109,276	835,000	566,331	2,095,000	2,503,649
15-16	-	-	320,000	126,064	800,000	1,651,958	330,000	95,889	870,000	532,931	2,320,000	2,406,842
16-17	-	-	335,000	111,344	975,000	1,605,790	345,000	81,039	905,000	498,131	2,560,000	2,296,304
17-18	-	-	350,000	95,431	1,170,000	1,546,548	355,000	65,514	945,000	461,931	2,820,000	2,171,424
18-19	-	-	370,000	78,806	1,380,000	1,479,039	375,000	50,426	985,000	424,131	3,110,000	2,032,402
19-20	-	-	385,000	60,769	1,610,000	1,396,032	390,000	34,489	1,030,000	384,731	3,415,000	1,876,021
20-21	-	-	410,000	42,000	1,860,000	1,299,190	405,000	17,719	1,070,000	343,531	3,745,000	1,702,440
21-22	-	-	430,000	21,500	2,135,000	1,187,311	-	-	1,115,000	300,731	3,680,000	1,509,542
22-23	-	-	-	-	2,430,000	1,058,891	-	-	1,165,000	256,131	3,595,000	1,315,022
23-24	-	-	-	-	2,745,000	912,726	-	-	1,215,000	209,531	3,960,000	1,122,257
24-25	-	-	-	-	3,095,000	745,419	-	-	1,270,000	160,931	4,365,000	906,350
25-26	-	-	-	-	3,475,000	556,778	-	-	1,325,000	110,131	4,800,000	666,909
26-27	-	-	-	-	3,880,000	344,978	-	-	1,385,000	57,131	5,265,000	402,109
27-28	-	-	-	-	1,780,000	108,491	-	-	-	-	1,780,000	108,491
	<b>545,000</b>	<b>25,343</b>	<b>4,235,000</b>	<b>1,551,072</b>	<b>29,205,000</b>	<b>24,289,185</b>	<b>3,920,000</b>	<b>1,184,547</b>	<b>17,825,000</b>	<b>7,595,158</b>	<b>55,730,000</b>	<b>34,645,305</b>

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

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

Source: City of Medford

CITY OF MEDFORD - UNAUDITED  
Table 5  
6/30/2009

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%
2009	10,652,766,542	-0.1466%	5,601,233,324	5.7396%	52.58%

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

Series 2006 Sidewalk Bonds Table 17  
Series 2002 Parks Table 8

Tax Collection Record

FY Ended 6/30/XX	Taxable Assessed Valuation	Percent Change	Operating Levy	Bond Levy	Total Levy Per County	Permanent Tax Rate/ \$1,000	% Collected Year of Levy (2)	% Collected as of 6/30/2009
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	0.9611
2009	5,601,233,324	9.56%	29,171,449	425,035	29,596,484	5.2953	0.96	0.9571

1. Collection percentages are for Jackson County as a whole  
2. Operating Levy per Jackson County Assessor (Table 4A) does not include levy for bonds (Does not include MURA)  
3. Collection percentages as of 6/30/09 are for City of Medford  
Source: Jackson County Assessor and financial statements of the City

Continued on page 116

CITY OF MEDFORD - UNAUDITED  
Table 5 (page 2)

IMPACT OF TAX LIMITATION ON THE CITY

Series 2006 Sidewalk Bonds Table 18

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

FY Ended 6/30/XX	Levy Used to Compute Rate	Loss Due to Tax Limitation	Percent Loss
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%
2009	28,635,704	41.06	0.00014%

**CITY OF MEDFORD - UNAUDITED**

**Table 6**

**Period Ending 6/30/09**

**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
<b>Within the City of Medford</b>			
<b>Schools</b>			
School District 549C	4.2441	2.1178	6.3619
Education Service district	0.3288		0.3288
Rogue CC	0.4784	0.1128	0.5912
<b>Total Education</b>	<b>\$ 5.0513</b>	<b>\$ 2.2306</b>	<b>\$ 7.2819</b>
<b>Local Government</b>			
Jackson County	1.8748	0.3110	2.1858
Jackson County URA	0.1141	-	0.1141
City of Medford	5.1124	0.0756	5.1880
Medford URA	0.4959	0.4131	0.9090
Vector	0.0401		0.0401
JC Soil Water	0.0467		0.0467
Rogue Valley TD	0.1648		0.1648
<b>Total Local Government</b>	<b>\$ 7.8488</b>	<b>\$ 0.7997</b>	<b>\$ 8.6485</b>
	<b>\$ 12.9001</b>	<b>\$ 3.0303</b>	<b>\$ 15.9304</b>

1. The 2008-09 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

**CITY OF MEDFORD - UNAUDITED**  
**Table 7**

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

**5 year General Fund Statement of Revenue & Expenditures**

	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>
<b>Revenues</b>					
Taxes					
Property	21,877,364	23,514,230	24,449,388	26,090,032	27,501,003
Franchise	4,909,358	6,291,510	6,259,690	7,805,598	7,498,935
Lodging <sup>1</sup> /Other	2,077,952	1,215,449	2,508,523	1,276,748	1,141,270
Charges for services	2,100,498	1,984,242	971,541	1,036,743	1,092,980
Fines and penalties	1,069,343	1,118,277	1,285,286	1,376,390	1,303,508
Intergovernmental	880,566	950,398	2,544,456	4,474,260	4,599,208
Fees, licenses and permits	1,097,824	1,490,959	652,912	736,784	655,417
Investment earnings	370,505	774,244	1,116,110	962,796	479,370
Grants and contributions	525,526	1,229,525	348,253	494,148	283,745
Miscellaneous	210,610	134,547	581,591	99,665	97,997
<b>Total Revenues</b>	<b>35,119,546</b>	<b>38,703,381</b>	<b>40,717,750</b>	<b>44,353,164</b>	<b>44,653,433</b>
<b>Expenditures</b>					
General government	9,651,786	6,940,941	5,867,152	6,120,334	6,458,350
Public Safety	22,483,782	24,755,871	25,082,758	27,123,581	28,704,473
Highway and streets	-	-	740,778	713,605	649,424
Culture and recreation	3,371,125	5,743,606	5,362,491	6,024,618	6,174,364
Capital Outlay	668,661	-	2,166,528	1,730,127	4,028,226
Debt service	6,760	-	-	-	-
<b>Total Expenditures</b>	<b>36,182,114</b>	<b>37,440,418</b>	<b>39,219,707</b>	<b>41,712,265</b>	<b>46,014,837</b>
Excess of revenues over (under) expenditures	<b>(1,062,568)</b>	<b>1,262,963</b>	<b>1,498,043</b>	<b>2,640,899</b>	<b>(1,361,404)</b>

Continued on next page

**CITY OF MEDFORD - UNAUDITED**  
**Table 7 (page 2)**

	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>
Other Financing sources (uses)					
Transfers in	2,031,660	1,634,982	1,398,750	1,697,081	1,810,343
Transfers out	(2,598,951)	(3,311,492)	(1,434,951)	(2,585,455)	(3,412,828)
PERS Unfunded liability payment <sup>2</sup>	-	-	-	-	-
Bond proceeds	178,545	-	-	-	-
Sale of capital assets	917,076	583,853	23,065	9,431	36,788
Total other financing sources	<b>528,330</b>	<b>(1,092,657)</b>	<b>(13,136)</b>	<b>(878,943)</b>	<b>(1,565,697)</b>
Excess of revenues and other sources over (under) expenditures & other uses	(534,238)	170,306	1,484,907	1,761,956	(2,927,101)
Fund Balance Beginning July 1	16,468,970	16,210,552	16,380,858	17,865,765	19,627,721
Residual Equity Transfer/Prior Period Adj	275,819	-	-	-	-
Fund Balance Ending June 30	<b>16,210,551</b>	<b>16,380,858</b>	<b>17,865,765</b>	<b>19,627,721</b>	<b>16,700,620</b>

**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

	2004-05	2005-06	2006-07	2007-08	2008-09
<b>ASSETS</b>					
Cash and cash equivalents	15,972,515	16,266,051	10,712,213	21,222,362	17,786,553
Receivables					
Accounts	2,002,588	2,046,945	2,646,845	2,456,444	2,612,901
Property taxes	1,435,004	1,111,959	1,361,354	1,565,929	1,954,019
Other	-	-	-	-	-
Inventory	46,022	62,298	51,116	52,718	61,978
Due from other funds	122,640	660,073	105,460	96,099	354,348
Due to Medford Water Commission					19,845
Other current assets	-	14,478	55,851	24,895	15,600
Restricted Cash	1,001,877	-	7,794,776	179,290	229,318
<b>Total assets</b>	<b>\$ 20,580,646</b>	<b>\$ 20,161,804</b>	<b>\$ 22,727,615</b>	<b>\$ 25,597,737</b>	<b>\$ 23,034,562</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts payable	1,304,612	905,033	1,706,419	1,624,292	1,470,099
Accrued payroll and related expenses	1,398,263	1,494,235	1,537,186	1,626,520	1,691,941
Due to Medford Water Commission	-	-	-	49,337	27,589
Deferred revenue	1,667,219	1,381,678	1,618,245	2,669,867	3,144,313
<b>Total liabilities</b>	<b>4,370,094</b>	<b>3,780,946</b>	<b>4,861,850</b>	<b>5,970,016</b>	<b>6,333,942</b>
Fund Balances:					
Unreserved	16,210,552	16,380,858	17,865,765	19,627,721	16,700,620
<b>Total liabilities and fund balances</b>	<b>\$ 20,580,646</b>	<b>\$ 20,161,804</b>	<b>\$ 22,727,615</b>	<b>\$ 25,597,737</b>	<b>\$ 23,034,562</b>

Source: City of Medford financial statements

**CITY OF MEDFORD - UNAUDITED**  
**Table 9**

**Continuing Disclosure as of 6/30/09:**  
**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 6/30/09.

<b>Investments</b>	<b>Cost</b>	<b>Par Value</b>
Local Government Investment Pool	24,113,868	24,113,868
Federal Agency Bonds & Discount Notes	11,910,113	11,938,457
Cash deposits & certificates of deposit	32,245,763	32,245,763
Restricted Cash	1,687,490	1,687,490
Petty Cash	4,610	4,610
<b>Total Cash and investments</b>	<b>69,961,844</b>	<b>69,990,188</b>

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				
	2004-05 (1)	2005-06	2006-07	2007-08	2008-09
<b>Revenues</b>					
Taxes					
State Gas	3,327,689	3,394,786	3,389,522	3,256,822	2,938,714
Charges for services	41,390	37,402	248,961	192,145	92,676
Intergovernmental	8,346,000	5,000	-	-	-
Investment earnings	383,645	396,709	228,243	141,592	70,650
Miscellaneous	13,246	41,183	123	19,740	-
<b>Total Revenues</b>	<b>12,111,970</b>	<b>3,875,080</b>	<b>3,866,849</b>	<b>3,610,299</b>	<b>3,102,040</b>
<b>Expenditures</b>					
Technical Services	3,894	4,949	2,738	32,475	20,605
Engineering & Development	512,458	667,102	4,486,009	997,462	1,029,137
Capital Improvements - Engineering	1,052,323	8,470,717	-	161,564	662,909
Public Works Administration	151,365	221,271	-	224,911	242,830
Capital Improvements - Public Works	16,909	12,640	250,307	4,006	2,559
<b>Total Expenditures</b>	<b>1,736,949</b>	<b>9,376,679</b>	<b>4,739,054</b>	<b>1,420,417</b>	<b>1,958,041</b>
Excess revenues over (under) Expenditures	<b>10,375,021</b>	<b>(5,501,599)</b>	<b>(872,205)</b>	<b>2,189,882</b>	<b>1,143,999</b>
Other Financing sources (uses)					
Transfer Out	(1,577,038)	(2,132,570)	(1,586,516)	(1,438,117)	(1,591,172)
Sale of Capital Assets	-	4,100	-	-	-
<b>Total other financing sources (uses)</b>	<b>(1,577,038)</b>	<b>(2,128,470)</b>	<b>(1,586,516)</b>	<b>(1,438,117)</b>	<b>(1,591,172)</b>
<b>Net Change in fund balances</b>	<b>8,797,983</b>	<b>(7,630,069)</b>	<b>(2,458,721)</b>	<b>751,764</b>	<b>(447,173)</b>
Fund balance, beginning of year	4,353,634	13,151,617	5,464,604	3,005,883	3,757,648
<b>Fund Balance, end of year</b>	<b>\$ 13,151,617</b>	<b>\$ 5,521,548</b>	<b>\$ 3,005,883</b>	<b>\$ 3,757,647</b>	<b>\$ 3,310,475</b>

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

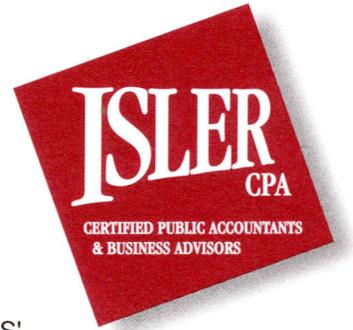
1999 Gas Tax Bonds Table 7

	<b>Street System Development Charges Fund</b>				
	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>
<b>Revenues</b>					
System development fees	3,556,187	3,431,361	4,139,557	2,146,447	1,502,448
Investment earnings	142,988	435,199	770,407	545,202	136,216
Miscellaneous	-	-	60,000	60,000	64,000
<b>Total Revenues</b>	<b>3,699,175</b>	<b>3,866,560</b>	<b>4,969,964</b>	<b>2,751,649</b>	<b>1,702,664</b>
<b>Expenditures</b>					
Engineering & Development	-	-	33,169	1,736,192	5,000
Capital Improvements - Engineering	636,360	829,167	1,394,642	12,477,674	909,580
<b>Total Expenditures</b>	<b>636,360</b>	<b>829,167</b>	<b>1,427,811</b>	<b>14,213,866</b>	<b>914,580</b>
Excess revenues over (under) Expenditures	<b>3,062,815</b>	<b>3,037,393</b>	<b>3,542,153</b>	<b>(11,462,217)</b>	<b>788,084</b>
<b>Other Financing sources (uses)</b>					
Transfer In					1,126,944
Transfer Out	(1,400)	(200)	(1,069)	(506)	(530)
Sale of Capital Assets (1)	-	-	-	2,730	-
<b>Total other financing sources (uses)</b>	<b>(1,400)</b>	<b>(200)</b>	<b>(1,069)</b>	<b>2,224</b>	<b>1,126,414</b>
<b>Net Change in fund balances</b>	<b>3,061,415</b>	<b>3,037,193</b>	<b>3,541,084</b>	<b>(11,459,993)</b>	<b>1,914,498</b>
Fund balance, beginning of year	7,028,336	10,089,751	13,126,944	16,668,028	5,208,035
<b>Fund Balance, end of year</b>	<b>\$ 10,089,751</b>	<b>\$ 13,126,944</b>	<b>\$ 16,668,028</b>	<b>\$ 5,208,035</b>	<b>\$ 7,122,533</b>

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, 2009, and have issued our report thereon dated December 9, 2009. 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, as required by Oregon Administrative Rules 162-10-0230 through 162-10-0310, 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. The City's accounting records were reasonably maintained and adequate to support our audit of the basic financial statements.

Compliance with Legal or Other Requirements:

Collateral - The entity has complied with Oregon Revised Statutes Chapter 295 in relation to deposit accounts.

Indebtedness - We noted no defaults in principal, interest, sinking fund, of redemption provisions with respect to any of the entity's long-term debt, and no breach of the debt agreements at June 30, 2009, including restrictions on the use of monies available to retire indebtedness.

Budget - The City appears to have complied in all material respects with Local Budget Law (ORS 294.305 to 294.520) in the preparation, adoption and execution of its budget and tax levy for the biennium ended June 30, of the current biennium, and the preparation and adoption of its budget for the biennium ending June 30 of the next biennium.

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). The City's procedures for the aforementioned funds were reviewed and found to be in accordance with ORS Chapter 294.

Insurance - We have reviewed the City's legally required insurance and fidelity bond coverage at June 30, 2009. We ascertained that such policies appeared to be in force and in compliance with legal requirements relating to insurance and fidelity bond coverage.

Investments - Public funds appear to be invested in compliance with ORS 295.

Public Contracts and Purchasing - The City's procedures for awarding public contracts were reviewed and found to be in accordance with ORS 279.

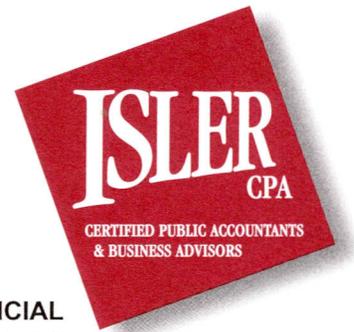
Schedule of Accountability for Independently Elected Officials – There are no elected officials collecting or receiving money.

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 9, 2009



**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, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 9, 2009. 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.

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.

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 material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

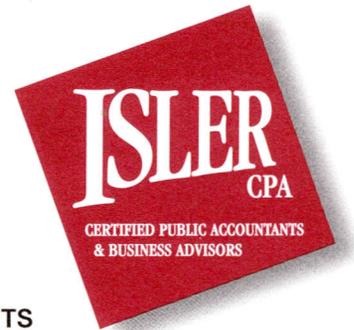
As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect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

This report is intended solely for the information and use of management, 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 9, 2009



**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, 2009. 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, 2009.

**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 9, 2009

**CITY OF MEDFORD, OREGON**  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2009

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards:

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

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>	
14.246	Department of Housing and Urban Development – Community Development Block Grants (CDBG)	
14.251	Department of Housing and Urban Development – Economic Development Initiative, Special Project	
66.606	Environmental Protection Agency – Water for Irrigation Streams and Economy (WISE) study	
Dollar threshold used to distinguish between type A and type B programs:		\$300,000
Auditee qualified as low-risk auditee?		Yes

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

**CITY OF MEDFORD, OREGON**  
Schedule of Findings and Questioned Costs, Continued  
Year Ended June 30, 2009

Section IV – Summary Schedule of Prior Audit Findings

There were no questioned costs for the year ended June 30, 2008. There were two financial statement significant deficiencies findings identified for the audit of the financial statements for the year ended June 30, 2008 as follows:

**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.

***Management's Corrective Action Taken:***

*Management has developed controls to better monitor and track deposits. We are now accumulating the deposit documentation in one central file rather than in multiple project files. We have established a tracking mechanism which ensures deposits are returned when the requirements have been fulfilled. In addition, we have standardized the process for determining the amount of the deposit.*

**2008-B**

*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 Corrective Action Taken:***

*Calculating SDC credits and fees is a manual process. Management has developed a Standard Operating Procedure (SOP) to document the process of calculating SDC fees and credits. All computations are prepared according the SOP and then reviewed by the department supervisor.*

**CITY OF MEDFORD, OREGON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
<b>USDA FOREST SERVICE</b>		
<b>Direct programs:</b>		
State grant Historic Preservation	15.904	\$ 2,750
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</b>		
<b>Direct programs:</b>		
Community Development Block Grant:		
B06-MC-410005	14.218	754,493
Housing Authority	14.218	71,706
B06-SP-OR-8033 - EDI	14.246	188,000
B06-SP-OR-0542 - EDI	14.251	352,800
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		<u>1,366,999</u>
<b>DEPARTMENT OF JUSTICE:</b>		
<b>Direct Program</b>		
National forfeiture - Equitable Sharing	16.000	7,072
Edward Byrne Memorial State & Local Law Enforcement Assistance	16.580	17,610
<b>Pass through the OR Dept of State Police</b>		
Stop Violence Against Women Formula Grant Program	16.588	1,104
MADGE Jag/Byrne Grant (Gang Enforcement)	16.738	78,413
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>		<u>104,199</u>
<b>U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY</b>		
<b>Direct program:</b>		
EPA - Water for Irrigation Streams & Economy (WISE) Scoping/Feasibility Study	66.606	349,933
<b>TOTAL U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY</b>		<u>349,933</u>
<b>Department of Homeland Security</b>		
<b>Passed through the OEM (Oregon Emergency Management)</b>		
Infrastructure Contract 1632-DR-OR	97.036	3,039
<b>TOTAL DEPARTMENT OF HOMELAND SECURITY</b>		<u>3,039</u>
<b>FHWA Highway Safety Funds</b>		
<b>Passed Through to OR Chiefs of Police &amp; ODOT</b>		
Traffic Safety K9-08-54-02 Electronic Field Data	20.610	39,525
Traffic Safety Project ODOT Electronic Field Data	20.610	66,676
Traffic Safety Project SC-08-35-13 444	20.610	5,990
FHWA ODOT RV Safe Communities Pro (SA-08-25-23)	20.601	10,378
<b>TOTAL FHWA HIGHWAY SAFETY FUNDS</b>		<u>122,569</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>		<u>\$ 1,949,489</u>

**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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