



Comprehensive Annual Financial Report



**City of Medford
Oregon**

**For the Fiscal Year Ended
June 30, 2013**

CITY OF MEDFORD, OREGON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Prepared by:
City Finance Department

CITY OF MEDFORD

June 30, 2013

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INTRODUCTORY SECTION



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FAX: (541) 618-1700
www.ci.medford.or.us

December 30, 2013

Honorable Mayor, City Council Members
and Citizens of the City of Medford, Oregon:

In accordance with State statutes and local Charter provisions, I hereby transmit the Comprehensive Annual Financial Report of the City of Medford, Oregon as of June 30, 2013 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, 2013 and has issued an unqualified ("clean") opinion. Their opinion is located in the Financial Section.

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

Profile of the City:

The City of Medford, incorporated in 1885, is located in the southwestern part of Oregon. It currently occupies 31 square miles and serves a population of 75,545. The City operates under the Council-Manager form of government. Policy-making and legislative authority are vested in a governing council (Council) consisting of the mayor and eight council members, all elected on a non-partisan basis. The Council appoints the City Manager, who in turn appoints the heads of various departments. Council

Continuous Improvement – Customer Service

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

The City of Medford provides a full range of services, including police and fire protection; the construction and maintenance of streets and other infrastructure; and recreational activities. It is also financially accountable for a legally separate Water Commission, which is reported separately within the City's financial statements. Additional information on the Water Commission can be found in the notes to the financial statements.

Local Economy:

For the past several years, Medford's economic growth has kept pace with the rest of the State but it has been negatively impacted by the economic conditions that have affected the rest of the country. Because of Medford's diversity, it has been able to maintain its position as the economic engine for Southern Oregon. Existing businesses continue to lead job creation with 85% net new jobs coming from existing business growth. Medford recently has seen an increase in inquiries from businesses considering relocation and expansion. The City's Electronic Commerce Zone is the most active in the State and has eleven times the national average of electronic commerce businesses. This thriving sector has contributed to our ability to weather the national and state economic downturn. Medford had a slight decrease in revenues from property taxes due to a decrease in tax assessed values. It was offset by an improvement in the collection rate but in total, there was a decrease in property tax revenues. Since the largest share of City revenues comes from property taxes, any change is significant and is closely monitored. Encouraging news was received this fall when tax assessed values increased.

Local, State and Federal governments continue to be major area employers. Outside of government, health care is still the largest single category of employment in Medford with Asante Health Systems being the largest in the category and community with more than 3,600 employees. Not considering categories, Harry and David Operations is the largest employer in the area with 2,000 employees. Transient lodging tax revenues have been strong despite the current economy. Medford has three years of small but steady growth in transient lodging tax. 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 experience population growth at a rate of 1.0%-1.5%.

Long-term financial planning:

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

facilitated a higher volume and quality of service while helping to control the growth in personnel services costs.

Unreserved, undesignated fund balance in the general fund falls within the policy guidelines set by Council. As a part of the vision plan for the City, work continues on the identified 17 street projects as well as the safe sidewalk project approved by voters in the fall of 2004. In December of 2013 the City of Medford issued bonds for \$38.155 million. The proceeds from which will be used for the following projects:

1. Build a Police Headquarters on city owned property
2. Build a new Fire Station 2 and substantially rebuild or renovate Fire Station 3 and Fire Station 4
3. Build three additional ball fields and the associated parking at the Medford Sports and Community Park

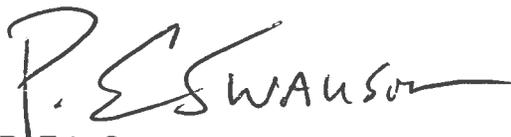
Awards and Acknowledgements:

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, 2012. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



P. Eric Swanson
City Manager



Government Finance Officers Association

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

Presented to

**City of Medford
Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

CITY OF MEDFORD

Officials of the City

June 30, 2013

CITY COUNCIL

Term Expires December 31

Gary Wheeler	Mayor	2016
Chris Corcoran	Council member Ward 3, Vice President	2016
Al Densmore	Council member Ward 1	2014
Dick Gordon	Council member Ward 1, President	2016
Daniel Bunn	Council member Ward 4	2016
Eli Mathews	Council member Ward 2	2016
Bob Strosser	Council member Ward 4	2014
Karen Blair	Council member Ward 2	2014
John Michaels	Council member Ward 3	2014

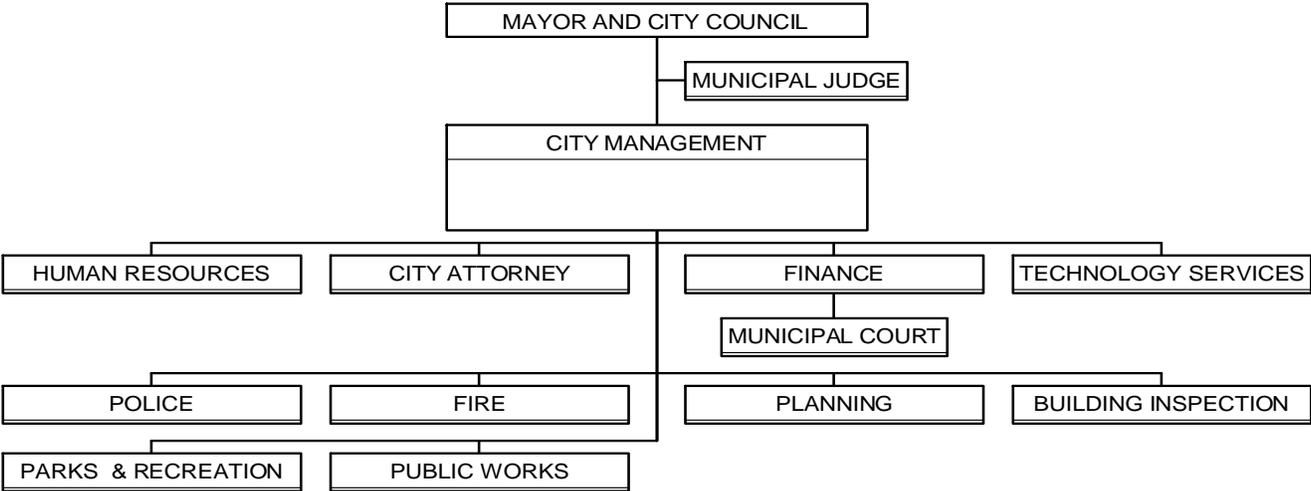
PRINCIPAL OFFICIALS

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

CITY ADDRESS

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

CITY OPERATIONS SUMMARY



FINANCIAL SECTION



An Independently Owned Member
McGLADREY ALLIANCE



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council Members
City of Medford, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Medford (City), Oregon, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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

The budgetary comparison schedules for the General Fund and Street Utility Fund have been subjected to the auditing procedures applied to the audit of the basic financial statements and, in our opinion, are fairly stated in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, other supplemental budgetary comparison schedules, other financial schedules, statistical section and other schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

The combining and individual nonmajor fund financial statements, other supplemental budgetary comparison schedules, other financial schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory, statistical section, and other schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

ISLER CPA



By Paul Nielson, CPA, a member of the firm
December 30, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis presents the highlights of the financial position for the City of Medford, Oregon (“the City”). The analysis focuses on significant financial issues, major financial activities and resulting changes in financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the City. It focuses on current year activities and resulting changes.

Financial Highlights:

The City's governmental activities assets totaled \$372.5 million at June 30, 2013, consisting of \$274.7 million in net capital assets, \$66.2 million in cash and cash equivalents and \$31.6 million in receivables and other assets. The City's governmental activities liabilities totaled \$87.6 million at June 30, 2013, consisting of \$79.9 million in noncurrent liabilities and \$7.7 million in accounts payable and other liabilities. Total net position was \$289.3 million of which \$238.3 million were invested in capital assets, net of related debt, \$31.4 million were restricted and the remaining \$19.6 million were unrestricted.

The City's governmental activities net position increased by \$16.9 million or 6 percent. Overall governmental activities revenue increased by \$9.7 million or 13 percent. The increase was most noticeable in the capital grants and contributions, which had increased by \$10.9 million. Operating grants and contributions decreased by \$1.3 million. Other revenues had a net overall increase of \$0.1 million.

The City's business-type activities assets totaled \$102.1 million at June 30, 2013, consisting of \$82.4 million in capital assets, \$18.5 million in cash and cash equivalents and \$1.2 million in receivables and other assets. The City's business-type activities liabilities totaled \$1.6 million at June 30, 2013, consisting of \$0.2 million in noncurrent liabilities and \$1.4 million in accounts payable and other liabilities. Total net position was \$100.5 million of which \$82.4 million was invested in capital, \$6.0 million was restricted and the remaining \$12.1 million was unrestricted.

The City's business-type activities net position increased by \$2.3 million or 2 percent. Business-type activities revenue decreased by \$1.0 million or 8 percent.

Report Layout:

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

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

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

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

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

Government-Wide Financial Statements:

**TABLE 1
CITY OF MEDFORD - STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013 AND 2012
(in millions)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Cash and investments	\$ 66.2	\$ 71.1	\$ 18.5	\$ 18.6	\$ 84.7	\$ 89.7
Other assets	31.6	33.2	1.2	1.2	32.8	34.4
Capital assets, net of depreciation	274.7	261.0	82.4	80.4	357.1	341.4
Total assets	<u>372.5</u>	<u>365.3</u>	<u>102.1</u>	<u>100.2</u>	<u>474.6</u>	<u>465.5</u>
Other liabilities	\$ 7.7	\$ 8.9	\$ 1.4	\$ 1.8	\$ 9.1	\$ 10.7
Long-term debt outstanding	79.9	84.0	0.2	0.2	80.1	84.2
Total liabilities	<u>87.6</u>	<u>92.9</u>	<u>1.6</u>	<u>2.0</u>	<u>89.2</u>	<u>94.9</u>
Net position:						
Net investment in capital assets	238.3	214.0	82.4	80.4	320.7	294.4
Restricted	31.4	20.9	6.0	7.2	37.4	28.1
Unrestricted restated	19.6	37.5	12.1	10.6	31.7	48.1
Total net position	<u>\$ 289.3</u>	<u>\$ 272.4</u>	<u>\$ 100.5</u>	<u>\$ 98.2</u>	<u>\$ 389.8</u>	<u>\$ 370.6</u>

TABLE 2
CITY OF MEDFORD - STATEMENT OF ACTIVITIES
FOR FISCAL YEAR ENDING JUNE 30, 2013 AND 2012
(in millions)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
REVENUES						
General revenues:						
Taxes	\$ 43.8	\$ 44.1	\$ -	\$ -	\$ 43.8	\$ 44.1
Other	0.5	0.7	0.1	0.2	0.6	0.9
Program revenues:						
Charges for services	17.6	17.0	13.0	12.0	30.6	29.0
Operating grants and contributions	10.4	11.7	-	-	10.4	11.7
Capital grants and contributions	14.5	3.6	1.0	0.9	15.5	4.5
Total revenues	<u>86.8</u>	<u>77.1</u>	<u>14.1</u>	<u>13.1</u>	<u>100.9</u>	<u>90.2</u>
EXPENSES						
General government	8.6	8.8	-	-	8.6	8.8
Public safety	30.8	33.8	-	-	30.8	33.8
Highways and streets	15.8	14.3	-	-	15.8	14.3
Culture and recreation	8.3	8.4	-	-	8.3	8.4
Community development	7.2	6.1	-	-	7.2	6.1
Interest on long-term debt	4.4	3.7	-	-	4.4	3.7
Sewer services	-	-	10.6	10.4	10.6	10.4
Parking services	-	-	0.4	0.4	0.4	0.4
Total expenses	<u>75.1</u>	<u>75.1</u>	<u>11.0</u>	<u>10.8</u>	<u>86.1</u>	<u>85.9</u>
Increase (decrease) in net position before transfers	11.7	2.0	3.1	2.3	14.8	4.3
Transfers	<u>0.8</u>	<u>0.8</u>	<u>(0.8)</u>	<u>(0.8)</u>	<u>-</u>	<u>-</u>
Change in net position	12.5	2.8	2.3	1.5	14.8	4.3
Beginning net position	<u>272.4</u>	<u>269.6</u>	<u>98.2</u>	<u>96.7</u>	<u>370.6</u>	<u>366.3</u>
Ending net position restated	<u>\$ 284.9</u>	<u>\$ 272.4</u>	<u>\$ 100.5</u>	<u>\$ 98.2</u>	<u>\$ 385.4</u>	<u>\$ 370.6</u>

Financial Analysis:

Governmental Funds. As of the end of the current year, the City's governmental funds reported a combined ending fund balance of \$61.2 million, a decrease from the prior year of \$3.5 million. Approximately \$0.7 million or 1 percent of this total constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is reserved or designated for a variety of restricted purposes.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$17.2 million. Unassigned fund balance represents 36 percent of the total General Fund expenditures. The unassigned fund balance of the City's General Fund decreased \$0.8 million or 5 percent from the prior year.

The Street Utility Fund had a \$1.2 million increase in fund balance during the current fiscal year. This is due to the street development fees exceeding the current year street projects.

The MURA Capital Projects Fund had an expected decrease in fund balance. The decrease was \$5.7 million. This fund is using bond proceeds from a previous year to fund downtown revitalization projects.

Proprietary Funds. The City has two enterprise funds: the Sewer Utility Fund and the Parking Facilities Fund. As of the end of the current year, the Sewer Utility Fund had unrestricted net position of \$11.7 million, restricted net position of \$6.0 million and invested in capital assets of \$81.2 million. Net position increased \$2.2 million to \$99.0 million. The Parking Facilities Fund had unrestricted net position of \$0.3 million and net position had no significant change at \$1.5 million.

Budgetary Highlights:

The City's final budget differed from the original budget in that it contains supplemental appropriations approved during the fiscal year. The budget for the General Fund revenues increased by \$4.5 million. \$2.9 million of the increase was funded through increased revenues and \$1.6 million was funded through grants. The General Fund expenditures budget increased by \$25 million. \$21.9 million of the increase as well as the \$21.9 million increase in Other financing sources were a result of the City issuing bonds and then loaning the bond proceeds to the Medford Urban Renewal Agency in the year ended June 30, 2012.

Capital Assets and Debt Administration:

Capital Assets. As of June 30, 2013, the City had \$357.1 million in capital assets, net of depreciation as reflected in the following table, which represents a net increase (additions, deductions and depreciation) of \$15.7 million.

**TABLE 3
CITY OF MEDFORD - CAPITAL ASSETS
FOR FISCAL YEAR ENDING JUNE 30, 2013 AND 2012
(in millions)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Government</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 26.3	\$ 25.4	\$ 1.2	\$ 1.2	\$ 27.5	\$ 26.6
Land rights of way	82.5	82.5	-	-	82.5	82.5
Construction in progress	13.5	9.0	0.6	8.9	14.1	17.9
Buildings	18.0	18.0	3.8	3.6	21.8	21.6
Improvements	24.5	25.2	15.4	16.1	39.9	41.3
Equipment	5.3	5.5	14.2	3.6	19.5	9.1
Sewers	-	-	16.1	15.9	16.1	15.9
Storm drains	-	-	31.1	31.1	31.1	31.1
Infrastructure	104.6	95.4	-	-	104.6	95.4
Total	<u>\$ 274.7</u>	<u>\$ 261.0</u>	<u>\$ 82.4</u>	<u>\$ 80.4</u>	<u>\$ 357.1</u>	<u>\$ 341.4</u>

The following table reconciles the change in capital assets. Additions include assets acquired or under construction at year-end. Reductions are for disposition of assets and depreciation.

**TABLE 4
CITY OF MEDFORD - CHANGE IN CAPITAL ASSETS
(in millions)**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Beginning balance	\$ 261.0	\$ 80.4	\$ 341.4
Additions	30.5	18.0	48.5
Transfers and deletions	(4.1)	(12.9)	(17.0)
Depreciation	<u>(12.7)</u>	<u>(3.1)</u>	<u>(15.8)</u>
Ending balance	<u>\$ 274.7</u>	<u>\$ 82.4</u>	<u>\$ 357.1</u>

Capital assets, net of depreciation for governmental activities increased \$13.6 million. Additions included acquisition of land of \$0.9 million, buildings and building improvements of \$1.7 million, equipment purchases \$1.4 million, infrastructure \$17.8 million, and construction in progress of \$8.7 million. Offsetting these additions were depreciation of \$12.7 and transfers and deletions of \$4.1 million.

Business-type activities capital assets, net of depreciation increased \$2.0 million. Additions included sewers of \$0.8 million, storm drains of \$0.8 million, equipment and other additions of \$11.8 million, and construction in progress of \$4.6 million. Offsetting these additions were depreciation of \$3.1 million and transfers and dispositions of \$12.9 million. For more detailed information on the City's capital asset activity, refer to Note III (F) of the financial statements.

Debt Administration. As of year-end, the City had \$80.1 million in debt outstanding compared to \$12.9 million last year. For more detailed information, refer to Note III (G) of the financial statements.

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Bonds & notes payable	\$ 74.9	\$ -	\$ 74.9
Unamortized premium	1.0	-	1.0
Compensated absences	2.7	0.2	2.9
Other post-employment benefits	1.3	-	1.3
Total	<u>\$ 79.9</u>	<u>\$ 0.2</u>	<u>\$ 80.1</u>

Economic Factors and the Next Biennium Budget and Rates:

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

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

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

The assumptions used to prepare the budget for the 2013-2015 biennium were:

- Property tax collection rate was increased from the previous biennium to 94.5% in each year of the biennium.
- Wages and salaries for the seven unions and the non-represented employees were budgeted to increase 2% in each year of the biennium.
- PERs costs were budgeted to be 15.4% of payroll in each year of the biennium.

Financial Contact:

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

BASIC FINANCIAL STATEMENTS

CITY OF MEDFORD

Statement of Net Position

June 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Medford Water Commission
ASSETS				
Cash and investments	\$ 66,239,227	\$ 18,513,472	\$ 84,752,699	\$ 20,850,716
Receivables:				
Accounts	4,212,133	264,093	4,476,226	2,136,054
Taxes	2,755,185	-	2,755,185	-
Other	344,443	-	344,443	55,326
Due from Medford Water Commission	1,047,121	818,992	1,866,113	-
Due from City of Medford	-	-	-	126,943
Inventory	783,579	73,195	856,774	908,101
Prepaid pension expense	21,870,000	-	21,870,000	2,152,323
Other assets	-	-	-	295,295
Restricted cash and cash equivalents	567,432	-	567,432	271,197
Capital assets not being depreciated	122,305,186	1,761,215	124,066,401	9,973,658
Depreciable capital assets, net	<u>152,382,262</u>	<u>80,608,576</u>	<u>232,990,838</u>	<u>98,685,401</u>
Total assets	<u>\$ 372,506,568</u>	<u>\$ 102,039,543</u>	<u>\$ 474,546,111</u>	<u>\$ 135,455,014</u>
LIABILITIES				
Accounts payable	\$ 4,472,727	\$ 1,122,974	\$ 5,595,701	\$ 2,000,859
Payroll and related accruals	1,850,297	202,236	2,052,533	-
Accrued interest payable	547,105	-	547,105	-
Due to Medford Water Commission	73,107	53,836	126,943	-
Due to City of Medford	-	-	-	1,866,113
Unearned revenue	273,289	-	273,289	-
Retainage payable	-	-	-	115,916
Claims Payable	508,095	-	508,095	-
Long term liabilities:				
Due within one year:				
Bonds payable	4,430,000	-	4,430,000	-
Compensated absences	128,176	42,236	170,412	327,462
Due in more than one year:				
Bonds payable, including unamortized premium of \$968,843	71,386,843	-	71,386,843	-
Compensated absences	2,609,695	168,942	2,778,637	67,071
Other post-employment benefits	<u>1,325,911</u>	<u>-</u>	<u>1,325,911</u>	<u>-</u>
Total liabilities	<u>87,605,245</u>	<u>1,590,224</u>	<u>89,195,469</u>	<u>4,377,421</u>
NET POSITION				
Net investment in capital assets	238,304,448	82,369,791	320,674,239	108,659,059
Restricted for:				
Future system development	-	6,023,646	6,023,646	271,197
Public safety	599,884	-	599,884	-
Highways and streets	16,696,007	-	16,696,007	-
Culture and recreation	2,004,134	-	2,004,134	-
Community development	11,981,400	-	11,981,400	-
Debt service	149,022	-	149,022	-
Unrestricted	<u>15,166,428</u>	<u>12,055,882</u>	<u>27,222,310</u>	<u>22,147,337</u>
Total net position	<u>284,901,323</u>	<u>100,449,319</u>	<u>385,350,642</u>	<u>131,077,593</u>
Total liabilities and net position	<u>\$ 372,506,568</u>	<u>\$ 102,039,543</u>	<u>\$ 474,546,111</u>	<u>\$ 135,455,014</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, 2013

Functions/Programs	Net revenue (expense) and Changes in Net Position						Component Unit
	Program Revenues		Primary Government		Total	Medford Water Commission	
	Fines, Fees and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities			
Primary Government	Expenses						
Governmental activities:							
General government	8,633,162	5,127,014	-	1,080,481	-	1,080,481	-
Public safety	30,763,148	1,337,617	-	(29,178,706)	-	(29,178,706)	-
Highways and streets	15,769,938	7,907,387	12,654,060	9,047,369	-	9,047,369	-
Culture and recreation	8,324,613	1,337,631	1,448,730	(4,258,846)	-	(4,258,846)	-
Community development	7,230,916	1,921,074	379,047	(4,921,812)	-	(4,921,812)	-
Interest on long-term debt	4,449,492	-	-	(4,449,492)	-	(4,449,492)	-
Total governmental activities	75,171,269	17,630,723	14,481,837	(32,681,006)	-	(32,681,006)	-
Business-type activities:							
Sewer services	10,661,977	12,507,099	1,004,292	-	2,867,692	2,867,692	-
Parking services	384,563	499,970	-	-	115,407	115,407	-
Total business-type activities	11,046,540	13,007,069	1,004,292	-	2,983,099	2,983,099	-
Total primary government	\$ 86,217,809	\$ 30,637,792	\$ 15,486,129	(32,681,006)	2,983,099	(29,697,907)	-
Component unit:							
Medford Water Commission	\$ 10,378,908	\$ 12,022,675	\$ 1,663,371	-	-	-	\$ 3,307,138
General Revenues:							
Property taxes - City of Medford				29,193,006	-	29,193,006	-
Property taxes - Medford Urban Renewal Agency				5,181,084	-	5,181,084	-
Use taxes				9,458,020	-	9,458,020	-
Unrestricted investment earnings				474,987	127,646	602,633	-
Gain (loss) on capital asset sales				2,244	-	2,244	-
Transfers				831,714	(831,714)	-	-
Total general revenues and transfers				45,141,055	(704,068)	44,436,987	-
Change in net position				12,460,049	2,279,031	14,739,080	3,307,138
Net position - beginning, as restated (Note III.Q)				272,441,274	98,170,288	370,611,562	127,770,455
Net position - ending				\$ 284,901,323	\$ 100,449,319	\$ 385,350,642	\$ 131,077,593

CITY OF MEDFORD
Balance Sheet
Governmental Funds
June 30, 2013

	<u>General Fund</u>	<u>Street Utility Fund - 024</u>	<u>MURA Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
ASSETS					
Cash and investments	\$ 19,887,018	\$ 3,949,953	\$ 10,917,424	\$ 28,053,999	\$ 62,808,394
Receivables					
Accounts	3,099,706	45,836	-	1,001,177	4,146,719
Taxes	2,322,528	-	-	432,657	2,755,185
Loans	-	-	344,443	-	344,443
Inventories	57,553	-	-	-	57,553
Due from Medford Water Commission	206,512	641,603	-	199,006	1,047,121
Restricted cash and cash equivalents	434,386	-	-	22,892	457,278
Advances to other funds	19,700,000	-	-	-	19,700,000
	<u>\$ 45,707,703</u>	<u>\$ 4,637,392</u>	<u>\$ 11,261,867</u>	<u>\$ 29,709,731</u>	<u>\$ 91,316,693</u>
Total assets					
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 771,927	\$ 147,808	\$ 704,397	\$ 2,536,642	\$ 4,160,774
Payroll and related accruals	1,514,893	91,075	298	137,568	1,743,834
Due to Medford Water Commission	46,952	20,179	-	5,976	73,107
Unearned revenue	273,289	-	-	-	273,289
Advances from other funds	-	-	-	19,700,000	19,700,000
	<u>2,607,061</u>	<u>259,062</u>	<u>704,695</u>	<u>22,380,186</u>	<u>25,951,004</u>
Total liabilities					
Deferred inflows of resources					
Unavailable revenue - property taxes	2,085,755	-	-	345,855	2,431,610
Unavailable revenue - municipal court	1,398,706	-	-	-	1,398,706
Unavailable revenue - notes receivable	-	-	344,443	3,554	347,997
	<u>3,484,461</u>	<u>-</u>	<u>344,443</u>	<u>349,409</u>	<u>4,178,313</u>
Total deferred inflows of resources					
Fund balances:					
Nonspendable:					
Inventory	57,553	-	-	-	57,553
Advances to other funds	19,700,000	-	-	-	19,700,000
Restricted for:					
Public safety	-	-	-	599,884	599,884
Highways and streets	-	-	-	16,696,007	16,696,007
Culture and recreation	-	-	-	2,044,134	2,044,134
Community development	-	-	10,212,729	1,768,671	11,981,400
Debt service	-	-	-	149,022	149,022
Committed for:					
Public Safety	-	-	-	1,778,011	1,778,011
Highways and streets	-	4,378,330	-	-	4,378,330
Culture and recreation	-	-	-	494,435	494,435
PERS debt	2,617,712	-	-	-	2,617,712
Unassigned	17,240,916	-	-	(16,550,028)	690,888
	<u>39,616,181</u>	<u>4,378,330</u>	<u>10,212,729</u>	<u>6,980,136</u>	<u>61,187,376</u>
Total fund balances					
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 45,707,703</u>	<u>\$ 4,637,392</u>	<u>\$ 11,261,867</u>	<u>\$ 29,709,731</u>	<u>\$ 91,316,693</u>

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

CITY OF MEDFORD
 Reconciliation of Governmental Funds Balance Sheet
 to the Statement of Net Position
 June 30, 2013

Fund balances - total governmental funds		\$ 61,187,376
<p>Amounts reported for governmental activities in the statement of net position 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	415,528,117	
Less accumulated depreciation	<u>(140,967,874)</u>	274,560,243
<p>A portion of the City's receivables are collected after year-end, but are not available soon enough to pay for current year's operations, and therefore are not reported as revenues in the governmental funds.</p>		
		4,178,313
<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>		
		21,870,000
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. These liabilities consist of:</p>		
Accrued interest payable	(547,105)	
Compensated absences	(2,706,152)	
Other post employment benefits	(1,325,911)	
Bonds payable	(74,848,000)	
Unamortized bond premium	<u>(968,843)</u>	(80,396,011)
<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 Position.</p>		
		<u>3,501,402</u>
Net position of governmental activities		<u>\$ 284,901,323</u>

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

CITY OF MEDFORD
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year ended June 30, 2013

	<u>General Fund</u>	<u>Street Utility Fund - 024</u>	<u>MURA Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
REVENUES					
Taxes					
Property	\$ 29,504,532	\$ -	\$ -	\$ 5,181,084	\$ 34,685,616
Franchise and lodging	9,458,020	-	-	1,322,790	10,780,810
Fuel	-	-	-	4,122,907	4,122,907
Other	-	-	-	408,345	408,345
Special assessments	33,955	-	-	-	33,955
Charges for services	1,314,565	1,411	-	251,232	1,567,208
Fines and penalties	1,448,684	-	-	-	1,448,684
Intergovernmental	3,879,209	18,307	-	106,016	4,003,532
Licenses, permits and fees	640,588	7,765,372	-	3,739,416	12,145,376
Investment earnings	183,916	22,194	89,807	197,414	493,331
Grants and contributions	707,420	-	-	1,157,749	1,865,169
Other revenue	1,608,737	39,939	56,625	244,610	1,949,911
Total revenues	<u>48,779,626</u>	<u>7,847,223</u>	<u>146,432</u>	<u>16,731,563</u>	<u>73,504,844</u>
EXPENDITURES					
Current					
General government	7,761,943	-	-	-	7,761,943
Public safety	30,460,437	-	-	957,566	31,418,003
Highways and streets	277,779	5,868,568	-	1,958,571	8,104,918
Culture and recreation	5,610,460	-	-	196,194	5,806,654
Community development	1,865,270	-	136,252	3,686,466	5,687,988
Debt service:					
Debt service principal	-	-	-	4,120,801	4,120,801
Debt service - interest	-	-	-	4,551,366	4,551,366
Capital outlay	<u>2,177,343</u>	<u>168,460</u>	<u>7,878,463</u>	<u>2,520,571</u>	<u>12,744,837</u>
Total expenditures	<u>48,153,232</u>	<u>6,037,028</u>	<u>8,014,715</u>	<u>17,991,535</u>	<u>80,196,510</u>
Excess (deficiency) of revenues over (under) expenditures	<u>626,394</u>	<u>1,810,195</u>	<u>(7,868,283)</u>	<u>(1,259,972)</u>	<u>(6,691,666)</u>
OTHER FINANCING SOURCES (USES)					
Contributions	-	-	-	2,589,940	2,589,940
Proceeds from sale of capital assets	-	-	-	10,889	10,889
Transfers in	2,417,239	31,241	2,000,000	6,853,923	11,302,403
Transfers out	<u>(4,585,735)</u>	<u>(604,924)</u>	<u>-</u>	<u>(5,558,221)</u>	<u>(10,748,880)</u>
Total other financing source (uses)	<u>(2,168,496)</u>	<u>(573,683)</u>	<u>2,000,000</u>	<u>3,896,531</u>	<u>3,154,352</u>
Net change in fund balances	(1,542,102)	1,236,512	(5,868,283)	2,636,559	(3,537,314)
Beginning fund balances	<u>41,158,283</u>	<u>3,141,818</u>	<u>16,081,012</u>	<u>4,343,577</u>	<u>64,724,690</u>
Ending fund balances	<u>\$ 39,616,181</u>	<u>\$ 4,378,330</u>	<u>\$ 10,212,729</u>	<u>\$ 6,980,136</u>	<u>\$ 61,187,376</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, 2013

Net change in fund balance - total governmental funds \$ (3,537,314)

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	15,316,812	
Contributed capital assets	11,008,586	
Less current year depreciation	<u>(12,656,241)</u>	13,669,157

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

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. The change in unavailable revenue increases/decreases revenue in the Statement of Net Position. (329,869)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. The change in compensated absences increases/decreases expenses in the Statement of Activities (373,711)

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

Change in accrued interest	96,829	
Amortization of premium	5,045	
Accrual of other post employment benefits which are not reported as an expenditure in governmental funds	(450,616)	
Principal payments	<u>4,120,801</u>	3,772,059

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. 366,560

Change in net position of governmental activities \$ 12,460,049

CITY OF MEDFORD
Balance Sheet
Proprietary Funds
June 30, 2013

	Business - type Activities - Enterprise Funds			Governmental Activities
	Sewer Utility Fund	Parking Facilities Fund	Total	Internal Service Funds
ASSETS				
Current assets:				
Cash and investments	\$ 18,219,732	\$ 293,740	\$ 18,513,472	\$ 3,430,833
Receivables	238,977	25,116	264,093	65,414
Inventories	73,195	-	73,195	726,026
Due from Medford Water Commission	<u>818,992</u>	<u>-</u>	<u>818,992</u>	<u>-</u>
Total current assets	<u>19,350,896</u>	<u>318,856</u>	<u>19,669,752</u>	<u>4,222,273</u>
Noncurrent assets:				
Restricted cash and cash equivalents	-	-	-	110,154
Capital assets:				
Land and construction in progress	654,595	1,106,620	1,761,215	-
Capital assets, net of accumulated depreciation	<u>80,536,965</u>	<u>71,611</u>	<u>80,608,576</u>	<u>127,205</u>
Total noncurrent assets	<u>81,191,560</u>	<u>1,178,231</u>	<u>82,369,791</u>	<u>237,359</u>
Total assets	<u>\$ 100,542,456</u>	<u>\$ 1,497,087</u>	<u>\$ 102,039,543</u>	<u>\$ 4,459,632</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 1,112,015	\$ 10,959	\$ 1,122,974	\$ 311,953
Payroll and related accruals	202,144	92	202,236	106,463
Due to Medford Water Commission	52,785	1,051	53,836	-
Compensated absences, due within one year	42,236	-	42,236	6,344
Claims payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>508,095</u>
Total current liabilities	1,409,180	12,102	1,421,282	932,855
Long-term liabilities:				
Compensated absences, due in more than one year	<u>168,942</u>	<u>-</u>	<u>168,942</u>	<u>25,375</u>
Total liabilities	<u>1,578,122</u>	<u>12,102</u>	<u>1,590,224</u>	<u>958,230</u>
NET POSITION				
Net investment in capital assets	81,191,560	1,178,231	82,369,791	127,205
Restricted for:				
Future system development	6,023,646	-	6,023,646	-
Employee section 125 plan	-	-	-	110,154
Unrestricted	<u>11,749,128</u>	<u>306,754</u>	<u>12,055,882</u>	<u>3,264,043</u>
Total net position	<u>98,964,334</u>	<u>1,484,985</u>	<u>100,449,319</u>	<u>3,501,402</u>
Total liabilities and net position	<u>\$ 100,542,456</u>	<u>\$ 1,497,087</u>	<u>\$ 102,039,543</u>	<u>\$ 4,459,632</u>

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

CITY OF MEDFORD
Statement of Revenue, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year ended June 30, 2013

	Business - type Activities - Enterprise Funds			Governmental Activities
	Sewer Utility Fund	Parking Facilities Fund	Total	Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 12,270,159	\$ 497,063	\$ 12,767,222	\$ 2,407,344
Other revenue	236,940	2,907	239,847	3,034
Total operating revenues	<u>12,507,099</u>	<u>499,970</u>	<u>13,007,069</u>	<u>2,410,378</u>
OPERATING EXPENSES				
Salaries and fringe benefits	5,333,920	36,993	5,370,913	1,219,818
Operating supplies	919,564	22,908	942,472	585,641
Professional services	462,104	197,075	659,179	100,992
Repairs and maintenance	237,416	8,685	246,101	7,567
Premiums and claims	65,150	15,720	80,870	381,301
Utilities	367,248	50,401	417,649	2,030
General, administrative, and engineering	133,866	26,230	160,096	33,833
Depreciation	<u>3,142,709</u>	<u>26,551</u>	<u>3,169,260</u>	<u>14,687</u>
Total operating expenses	<u>10,661,977</u>	<u>384,563</u>	<u>11,046,540</u>	<u>2,345,869</u>
Operating income (loss)	<u>1,845,122</u>	<u>115,407</u>	<u>1,960,529</u>	<u>64,509</u>
NONOPERATING REVENUES (EXPENSES)				
Gain on sale of capital assets	-	-	-	1,768
Grants and contracts	18,278	-	18,278	-
Investment earnings	<u>125,870</u>	<u>1,776</u>	<u>127,646</u>	<u>22,092</u>
Total nonoperating revenues (expenses)	<u>144,148</u>	<u>1,776</u>	<u>145,924</u>	<u>23,860</u>
Income (loss) before contributions and transfers	1,989,270	117,183	2,106,453	88,369
CONTRIBUTIONS AND TRANSFERS				
Contributions	1,004,292	-	1,004,292	-
Transfers in	-	-	-	375,000
Transfers out	<u>(805,264)</u>	<u>(26,450)</u>	<u>(831,714)</u>	<u>(96,809)</u>
Total contributions and transfers	<u>199,028</u>	<u>(26,450)</u>	<u>172,578</u>	<u>278,191</u>
Change in net position	2,188,298	90,733	2,279,031	366,560
Beginning net position	<u>96,776,036</u>	<u>1,394,252</u>	<u>98,170,288</u>	<u>3,134,842</u>
Ending net position	<u>\$ 98,964,334</u>	<u>\$ 1,484,985</u>	<u>\$ 100,449,319</u>	<u>\$ 3,501,402</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, 2013

	Business - type Activities - Enterprise Funds			Governmental Activities
	Sewer Utility Fund	Parking Facilities Fund	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 12,532,128	\$ 491,309	\$ 13,023,437	\$ 2,377,376
Payments to suppliers	(2,883,212)	(321,425)	(3,204,637)	(1,033,600)
Payments to employees	(5,323,419)	(38,587)	(5,362,006)	(1,219,186)
Net cash provided (used) by operating activities	<u>4,325,497</u>	<u>131,297</u>	<u>4,456,794</u>	<u>124,590</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer from other finds	18,278	-	18,278	375,000
Transfers to other funds	(805,264)	(26,450)	(831,714)	(96,809)
Net cash provided (used) by noncapital financing activities	<u>(786,986)</u>	<u>(26,450)</u>	<u>(813,436)</u>	<u>278,191</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of capital assets	-	-	-	1,768
Capital contributions (system development charges)	1,004,292	-	1,004,292	-
Acquisition and construction of capital assets	(4,827,098)	(12,277)	(4,839,375)	(57,372)
Net cash provided (used) by capital and related financing activities	<u>(3,822,806)</u>	<u>(12,277)</u>	<u>(3,835,083)</u>	<u>(55,604)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends received	125,870	1,776	127,646	22,092
Increase (decrease) in cash	(158,425)	94,346	(64,079)	369,269
Cash at beginning of year	18,378,157	199,394	18,577,551	3,171,718
Cash at end of year	<u>\$ 18,219,732</u>	<u>\$ 293,740</u>	<u>\$ 18,513,472</u>	<u>\$ 3,540,987</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 1,845,122	\$ 115,407	\$ 1,960,529	\$ 64,509
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	3,142,709	26,551	3,169,260	14,687
(Increase) decrease in accounts receivable	25,028	(8,661)	16,367	(33,002)
(Increase) decrease in inventories	-	-	-	(109,174)
Increase (decrease) in accounts payable	(697,852)	(406)	(698,258)	224,977
Increase (decrease) in accrued payroll and related expenses	19,306	(1,594)	17,712	(7,351)
Increase (decrease) in compensated absences	(8,816)	-	(8,816)	7,983
Increase (decrease) in claims payable	-	-	-	(38,039)
Total adjustments	<u>2,480,375</u>	<u>15,890</u>	<u>2,496,265</u>	<u>60,081</u>
Net cash provided (used) by operating activities	<u>\$ 4,325,497</u>	<u>\$ 131,297</u>	<u>\$ 4,456,794</u>	<u>\$ 124,590</u>

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

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2013

Note I - Summary of significant accounting policies

A. Reporting entity

The City of Medford, Oregon (City) operates under an amended charter adopted by the voters in 1976. The City Council (Council), composed of the Mayor and eight council members, comprises the legislative branch of the government. Individual departments are under the direction of the City Manager, who is appointed by the Council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that they are legally separate from the City.

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

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

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

B. Government-wide and fund financial statements

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

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

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2013

Note I - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements, continued

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

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

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both *measurable* and *available*. The City considers property tax revenue reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and claims and judgments, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources. All taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the cash is received by the City.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Street Utility Fund* accounts for street development fees to be expended on street improvements and maintenance.

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

The government reports the following major proprietary fund:

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

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2013

Note I - Summary of significant accounting policies (continued)

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

Additionally, the government reports the following fund types:

Special revenue funds account for proceeds of specific revenue sources that are restricted, committed or assigned to expenditure for specific purposes other than debt service or capital expenditure.

Debt service funds account for financial resources that are restricted, committed, or assigned to expenditures for principal and interest related costs as well as the financial resources being accumulated for future debt service.

Capital projects funds account for financial resources that are restricted, committed, or assigned to expenditures for capital outlays, except for those financed by proprietary funds. Revenues are derived primarily from property taxes and state gas tax apportionments which are designated for the construction of specific projects.

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

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

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

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

D. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results may differ from those estimates.

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

1. Cash and cash equivalents

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

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2013

Note I - Summary of significant accounting policies (continued)

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

2. Receivables and payables

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

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

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

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

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

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

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

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

3. Inventories

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

4. Restricted cash

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

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2013

Note I - Summary of significant accounting policies (continued)

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

5. Capital assets

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

Interest incurred during the construction phase is reflected in the capitalization value of the assets constructed, net of interest earned on the invested proceeds over the same period. During the year ended June 30, 2013, the City and Commission did not capitalize any interest.

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

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

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

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

6. Deferred outflows/inflows of resources

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

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

7. Compensated absences

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

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2013

Note I - Summary of significant accounting policies (continued)

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

8. Long-term obligations

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

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

9. Pension plan

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

10. Fund balance

In the fund financial statements, the fund balance of governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for resale.

Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors (as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Fund balance is reported as committed when the City Council passes an ordinance or resolution that places specific constraints on how the resources may be used. The City Council can modify or rescind the ordinance or resolution at any time through the passage of an additional ordinance or resolution.

Resources that are constrained by the Government's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent is expressed when the City Council approved which resources should be "reserved" during the adoption of the biennial budget. The City's Finance Director uses that information to determine whether those resources should be assigned or unassigned for presentation in the City's Comprehensive Annual Financial Report.

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

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

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2013

Note II - Stewardship, compliance, and accountability

A. Budgetary information

The City adopts biennial budgets for all funds, and the Agency adopts an annual budget; both are in accordance with Oregon Local Budget Law. The City and the Agency begin their budgeting process by appointing Budget Committee members in the fall of each year. Budget recommendations are developed by management through early spring, with the Budget Committees approving the budgets in late spring. Public notices of the budget hearings are published in the months prior to public hearings in June. The City Council or Board of Directors for the Agency adopts the budgets, authorizes appropriations, and declares the tax levy no later than June 30. State statutes do not require the Commission to prepare and adopt a budget. However, the Commission's Board and management have prepared and adopted an annual budget for operational accountability and control purposes.

The ordinance authorizing appropriations sets the level by which expenditures cannot legally exceed appropriations. The ordinance establishes appropriations at the department division level for all funds except the Agency. The Agency adopts an annual budget at the principal object categories - personnel, materials and services, capital outlay, debt service and operating contingency.

The budget document contains more detailed expenditure categories than the authorizing appropriation ordinance. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations ordinance. Supplemental budgets less than 10% of the fund's original budget may be adopted by the City Council or the Agency's Board of Directors at a regular meeting. A supplemental budget greater than 10% of the fund's original budget requires hearings before the public, publication in newspapers and approval by the City Council or the Agency's Board of Directors. Original and supplemental budgets may be modified by use of appropriation transfers between levels of control. Such transfers require approval by the City Council or the Board of Directors for the City and the Agency, respectively. The City Council approved various transfer resolutions during the current biennium budget period 2011-2013.

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

Expenditures exceeded budgeted amounts in the MURA Capital Projects Fund personnel services by \$37,619, in the Police-police investigation category by \$12,643, and Police - central communication by \$269,174.

B. Deficit fund balance

The MURA Debt Service Fund had a deficit fund balance of \$16,550,028. This was caused by the interfund advance from the General Fund and will be replenished as the advance is repaid.

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2013

Note III - Detailed notes on all funds

A. Cash and investments

The City maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is displayed on the Statement of Net Position as "Cash and cash equivalents".

As of June 30, 2013, the City's cash and investment balances were reported as follows:

	Primary Government	Weighted average maturity in years
Subject to interest rate risk:		
U.S. agency securities	\$ 24,636,569	8.250
Corporate bonds	1,504,777	1.811
Commercial paper	998,292	0.100
Not subject to interest rate risk or maturities are less than one month:		
Petty cash	5,434	
LGIP	47,697,604	
Deposits with financial institutions	10,477,455	
Total cash and investments	\$ 85,320,131	
Cash and investments are reported as follows:		
Unrestricted cash and cash equivalents	\$ 84,752,699	
Restricted cash and cash equivalents	567,432	
Total cash and investments	\$ 85,320,131	

Deposits

Custodial credit risk. - deposits. Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City maintains its deposits in accordance with ORS 295. Under that Statute, all deposits must be covered by the Federal Deposit Insurance Corporation (FDIC) or collateralized with eligible securities in amounts determined by the Office of the State Treasurer. At June 30, 2013, the City's deposits, with a bank balance of \$11,867,279, were covered by the FDIC or collateralized as required by and in compliance with ORS 295.

Investments

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

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

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2013

Note III - Detailed notes on all funds, continued

A. Cash and investments, continued

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

At June 30, 2013, the City's investments were rated as follows:

<u>Investment type</u>	<u>Carrying Value</u>	<u>Standard & Poors Rating</u>	<u>Percent of Total Investments</u>
U.S. agency securities:			
Federal Farm Credit Bank	\$ 4,000,081	AA+	5.35 %
Federal Home Loan Bank	3,999,739	AA+	5.34 %
Federal Home Loan Mortgage Corp.	2,003,191	AA+	2.68 %
Federal National Mortgage Assoc.	<u>14,633,558</u>	AA+	19.55 %
Total U.S. agency securities	<u>24,636,569</u>		
Corporate bonds:			
General Electric Capital Corp.	499,829	AA+	0.67 %
Johnson & Johnson	<u>1,004,948</u>	AAA	1.34 %
Total Corporate bonds	<u>1,504,777</u>		
LGIP	<u>47,697,604</u>	Not rated	63.74 %
Commercial Paper	<u>998,292</u>		<u>1.33 %</u>
Total investments	<u>\$ 74,837,242</u>		<u>100.00 %</u>

The Oregon State Treasurer maintains the Oregon Short Term Fund (OSTF), of which the Local Government Investment Pool (LGIP) is a part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. LGIP was created to offer a short-term investment alternative to Oregon local governments and it is not registered with the U.S. Securities and Exchange Commission. The investments are regulated by the OSTF and approved by the Oregon Investment Council (ORS 294.805 to 294.895). At June 30, 2013, the fair value of the City's deposits with the LGIP approximates cost. The OSTF financial statements are available at <http://www.ost.state.or.us/>.

The LGIP's portfolio concentration of credit risk at June 30, 2013 included: Corporate Notes (47%), U.S. Treasury and Agency Securities (36%), Non-US Governmental Debt (5%), Certificates of Deposits (8%), Municipal Bonds (4%). The credit risk associated with the investments was: AA rating (29%), A rating (34%), BBB rating (8%), and not rated (29%).

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

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2013

Note III - Detailed notes on all funds, continued

B. Accounts receivable

Accounts receivables at June 30, 2013 were as follows:

	Governmental Funds			Total
	General Fund	Street Utility Fund	Nonmajor Governmental Funds	
Other governments	\$ 548,997	\$ -	\$ 910,185	\$ 1,459,182
Licenses and fees	780,968	-	90,992	871,960
Accounts	<u>1,769,741</u>	<u>45,836</u>	<u>-</u>	<u>1,815,577</u>
Total	<u>\$ 3,099,706</u>	<u>\$ 45,836</u>	<u>\$ 1,001,177</u>	<u>\$ 4,146,719</u>

C. Loan receivables

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

Issue Date	Monthly Payment	Final Payment Date	Balance 6/30/2013
December 1, 2003	\$ 759	December 1, 2013	\$ 85,374
August 11, 2003	506	December 1, 2013	57,041
March 15, 2005	1,733	December 15, 2013	<u>202,028</u>
Total			<u>\$ 344,443</u>

D. Prepaid pension expense

The City and the Commission made advance payments to the Oregon Public Employees Retirement System to reduce the outstanding unfunded actuarial liability. The payments were made in September 2000 and May 2004. These amounts have been recorded as a prepaid expense, and are being amortized over 30 years on a straight-line basis. The balances, net of accumulated amortization, at year end were \$21,870,000 and \$2,152,323 for the City and the Commission, respectively.

E. Deferred inflows of resources

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

Deferred inflows of resources	2013
Property taxes	\$ 2,431,610
Municipal court receivable	1,398,706
Notes receivable	<u>347,997</u>
Total	<u>\$ 4,178,313</u>

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2013

Note III - Detailed notes on all funds, continued

F. Capital assets

Capital asset activity for the year ended June 30, 2013 was as follows:

Primary Government	<u>Beginning</u>		<u>Decreases/</u>	
Governmental activities:	<u>Balance</u>	<u>Increases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 25,459,056	\$ 880,670	\$ (40,961)	\$ 26,298,765
Land - rights of way	82,502,755	-	-	82,502,755
Construction in progress	<u>8,950,926</u>	<u>8,666,212</u>	<u>(4,113,472)</u>	<u>13,503,666</u>
Total capital assets, not being depreciated	<u>116,912,737</u>	<u>9,546,882</u>	<u>(4,154,433)</u>	<u>122,305,186</u>
Capital assets, being depreciated:				
Buildings	25,594,384	719,363	-	26,313,747
Improvements	38,148,337	1,021,558	-	39,169,895
Equipment	27,274,417	1,429,394	(320,978)	28,382,833
Infrastructure	<u>182,197,895</u>	<u>17,810,254</u>	<u>-</u>	<u>200,008,149</u>
Total capital assets, being depreciated	<u>273,215,033</u>	<u>20,980,569</u>	<u>(320,978)</u>	<u>293,874,624</u>
Less accumulated depreciation for:				
Buildings	(7,605,140)	(786,484)	-	(8,391,624)
Improvements	(12,996,221)	(1,647,585)	-	(14,643,806)
Equipment	(21,720,328)	(1,636,333)	310,565	(23,046,096)
Infrastructure	<u>(86,824,997)</u>	<u>(8,585,839)</u>	<u>-</u>	<u>(95,410,836)</u>
Total accumulated depreciation	<u>(129,146,686)</u>	<u>(12,656,241)</u>	<u>310,565</u>	<u>(141,492,362)</u>
Total capital assets, being depreciated, net	<u>144,068,347</u>	<u>8,324,328</u>	<u>(10,413)</u>	<u>152,382,262</u>
Governmental activities capital assets, net	<u>\$ 260,981,084</u>	<u>\$ 17,871,210</u>	<u>\$ (4,164,846)</u>	<u>\$ 274,687,448</u>

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2013

Note III - Detailed notes on all funds, continued

F. Capital assets, continued

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Transfers</u>	<u>Ending Balance</u>
Primary Government				
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,173,026	\$ -	\$ -	\$ 1,173,026
Construction in progress	<u>8,896,883</u>	<u>4,627,835</u>	<u>(12,936,529)</u>	<u>588,189</u>
Total capital assets, not being depreciated	<u>10,069,909</u>	<u>4,627,835</u>	<u>(12,936,529)</u>	<u>1,761,215</u>
Capital assets, being depreciated:				
Buildings	6,506,455	349,939	-	6,856,394
Improvements	27,236,719	-	-	27,236,719
Equipment	17,288,898	11,468,972	-	28,757,870
Sewers	27,201,038	772,473	-	27,973,511
Storm drains	<u>41,335,401</u>	<u>811,338</u>	<u>-</u>	<u>42,146,739</u>
Total capital assets, being depreciated	<u>119,568,511</u>	<u>13,402,722</u>	<u>-</u>	<u>132,971,233</u>
Less accumulated depreciation for:				
Buildings	(2,884,632)	(170,831)	-	(3,055,463)
Improvements	(11,125,839)	(671,940)	-	(11,797,779)
Equipment	(13,687,629)	(901,685)	-	(14,589,314)
Sewers	(11,310,124)	(542,427)	-	(11,852,551)
Storm drains	<u>(10,185,174)</u>	<u>(882,376)</u>	<u>-</u>	<u>(11,067,550)</u>
Total accumulated depreciation	<u>(49,193,398)</u>	<u>(3,169,259)</u>	<u>-</u>	<u>(52,362,657)</u>
Total capital assets, being depreciated, net	<u>70,375,113</u>	<u>10,233,463</u>	<u>-</u>	<u>80,608,576</u>
Business-type activities capital assets, net	<u>\$ 80,445,022</u>	<u>\$ 14,861,298</u>	<u>\$ (12,936,529)</u>	<u>\$ 82,369,791</u>

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

Governmental activities:	
General government	\$ 472,199
Public safety	1,018,638
Highways and streets	2,351,902
Culture and recreation	1,380,264
Community development	<u>7,433,238</u>
Total depreciation expense - governmental activities	<u>\$ 12,656,241</u>
Business-type activities:	
Sewer	\$ 3,142,708
Parking services	<u>26,551</u>
Total depreciation expense - business-type activities	<u>\$ 3,169,259</u>

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2013

Note III - Detailed notes on all funds, continued

F. Capital assets, continued

Medford Water Commission:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Transfers</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land and right-of-way	\$ 4,152,389	\$ -	\$ -	\$ 4,152,389
Construction in progress	<u>11,774,271</u>	<u>3,955,474</u>	<u>(9,908,476)</u>	<u>5,821,269</u>
Total capital assets, not being depreciated	<u>15,926,660</u>	<u>3,955,474</u>	<u>(9,908,476)</u>	<u>9,973,658</u>
Capital assets, being depreciated:				
Buildings, supply and distribution system	126,221,974	10,609,264	(91,079)	136,740,159
Equipment	<u>5,436,295</u>	<u>190,125</u>	<u>-</u>	<u>5,626,420</u>
Total capital assets, being depreciated	<u>131,658,269</u>	<u>10,799,389</u>	<u>(91,079)</u>	<u>142,366,579</u>
Less accumulated depreciation for:				
Buildings, supply and distribution system	(37,415,635)	(2,298,682)	44,155	(39,670,162)
Equipment	<u>(3,776,115)</u>	<u>(234,901)</u>	<u>-</u>	<u>(4,011,016)</u>
Total accumulated depreciation	<u>(41,191,750)</u>	<u>(2,533,583)</u>	<u>44,155</u>	<u>(43,681,178)</u>
Total capital assets, being depreciated, net	<u>90,466,519</u>	<u>8,265,806</u>	<u>(46,924)</u>	<u>98,685,401</u>
Medford Water Commission capital assets, net	<u>\$ 106,393,179</u>	<u>\$ 12,221,280</u>	<u>\$ (9,955,400)</u>	<u>\$ 108,659,059</u>

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2013

Note III - Detailed notes on all funds, continued

G. Long-term debt

General Obligation and Full Faith and Credit Bonds

General Obligation bonds are backed by the full faith and credit of the City and are serviced by general property tax revenues. The City's G.O. bonded debt is subject to a debt margin of 3% of real market value per Oregon Revised Statutes 287A.050. For the year ended June 30, 2013 the City had 99% of capacity available. General obligation bonds at year end are as follows:

<u>Purpose</u>	<u>Original Amount</u>	<u>Interest Rates</u>	<u>Amount Outstanding</u>
General obligation bonds:			
1. PERS actuarial bonds, maturing 2028	\$ 29,205,000	4.91 to 6.10 %	\$ 28,465,000
Full faith and credit bonds			
2. 2006 Sidewalk Series maturing 2021	4,600,000	4.00 to 4.50 %	2,820,000
3. Series 2011C bonds for MURA maturing 2025	20,950,000	3.25 to 5.00%	<u>19,700,000</u>
Total general obligation bonds outstanding:			<u>\$ 50,985,000</u>

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

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

The 2011C series bonds were issued to enable the City to loan funds to Medford Urban Renewal. Interest rates were 5.00% from 2013 to 2017, decreasing to 3.00% from 2018 to 2024 and increasing to 3.25% for in 2025.

The following schedule shows the debt service requirements for general obligation bonds as of June 30, 2013:

<u>Year ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	2,140,000	2,545,565
2015	2,325,000	2,438,054
2016	2,540,000	2,319,872
2017	2,775,000	2,188,354
2018-2022	3,035,000	2,042,837
2023-2027	19,155,000	7,948,711
2028-2032	<u>19,015,000</u>	<u>2,862,041</u>
Total	<u>\$ 50,985,000</u>	<u>\$ 22,345,434</u>

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2013

Note III - Detailed notes on all funds, continued

G. Long-term debt, continued

Revenue Bonds

Revenue bonds at year end are as follows:

<u>Purpose</u>	<u>Original Amount</u>	<u>Interest Rates</u>	<u>Amount Outstanding</u>
Revenue bonds:			
2007 Parks limited tax revenue bonds, maturing 2027	18,965,000	3.50 - 4.16%	14,920,000
2007 Urban redevelopment bonds Series A, maturing 2022	2,570,000	4.65%	1,807,000
2009 Urban redevelopment bonds Series A, maturing 2024	3,000,000	4.75%	3,000,000
2011A Limited tax revenue refunding bonds, maturing 2014	2,010,000	1.89%	822,000
2011B Limited tax revenue refunding bonds, maturing 2022	3,673,000	3.24%	<u>3,314,000</u>
Total revenue bonds outstanding:			<u>\$ 23,863,000</u>

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

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

The 2011A and 2011B series bonds were issued on December 15, 2011 to advance refund the remaining amounts due on the 2001 Gas tax, street revenue bonds, maturing 2014 and the 2002 Parks limited tax revenue bonds, maturing 2022. The City advance refunded the aforementioned bonds to reduce its total debt service payments over the next 13 years by \$500,000 and to obtain an economic gain (the difference between the present values of the debt service payments on the old and new debt) of \$470,000.

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2013

Note III - Detailed notes on all funds, continued

G. Long-term debt, continued

The following schedule shows the debt service requirements for revenue bonds as of June 30, 2013:

Year ending June 30,	<u>Governmental Activities</u>	
	Principal	Interest
2014	2,290,000	947,966
2015	1,526,000	873,721
2016	1,590,000	812,670
2017	1,654,000	749,032
2018-2022	9,379,000	2,693,076
2023-2027	<u>7,424,000</u>	<u>870,236</u>
Total	<u>\$ 23,863,000</u>	<u>\$ 6,946,701</u>

Loans

The Oregon Housing loan was issued to help finance housing construction in downtown Medford. This loan was paid off on August 1, 2012.

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2013, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation/full faith bonds	\$ 52,885,000	\$ -	\$ (1,900,000)	\$ 50,985,000	\$ 2,140,000
Revenue bonds	<u>25,899,000</u>	<u>-</u>	<u>(2,036,000)</u>	<u>23,863,000</u>	<u>2,290,000</u>
Total bonds payable	78,784,000	-	(3,936,000)	74,848,000	4,430,000
Oregon housing loan	<u>184,801</u>	<u>-</u>	<u>(184,801)</u>	<u>-</u>	<u>-</u>
Total bonds and notes payable	78,968,801	-	(4,120,801)	74,848,000	4,430,000
Other Post Employment Benefits	875,295	450,616	-	1,325,911	-
Compensated absences	<u>2,356,075</u>	<u>3,568,301</u>	<u>(3,186,505)</u>	<u>2,737,871</u>	<u>128,176</u>
Governmental activities long- term liabilities	<u>\$ 82,200,171</u>	<u>\$ 4,018,917</u>	<u>\$ (7,307,306)</u>	<u>\$ 78,911,782</u>	<u>\$ 4,558,176</u>
Business-type activities:					
Compensated absences	<u>\$ 219,994</u>	<u>\$ 275,230</u>	<u>\$ (284,046)</u>	<u>\$ 211,178</u>	<u>\$ 42,236</u>

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2013

Note III - Detailed notes on all funds, continued

G. Long-term debt, continued

The General Fund has been used to liquidate compensated absences in prior years.

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

Bonds payable ending balance	\$ 74,848,000
Less: current portion	(4,430,000)
Add: unamortized premium	<u>968,843</u>
Bonds payable, due in more than one year	<u>\$ 71,386,843</u>

H. Governmental Activities net investment in capital assets

Net investment in capital assets for Governmental Activities as presented in the Statement of Net Position as of June 30, 2013 is determined as follows:

Capital assets, net	\$ 274,687,448
Less outstanding principal on capital asset related debt:	
General obligation bonds, excluding PERS bond \$28,465,000	(22,520,000)
Revenue bonds, excluding unspent \$10,000,000 Urban redevelopment bonds	<u>(13,863,000)</u>
Governmental Activities net position invested in capital assets, net of related debt	<u>\$ 238,304,448</u>

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2013

Note III - Detailed notes on all funds, continued

I. Interfund receivables, payables, advances and transfers

Interfund Advances

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

Interfund loan activity and balances for the year ended June 30, 2013 was as follows:

	<u>Beginning of year</u>	<u>Additions</u>	<u>Payments</u>	<u>End of year</u>	<u>Current portion</u>
Medford Urban Renewal Due to the City of Medford general fund	<u>\$20,950,000</u>	<u>\$ -</u>	<u>\$(1,250,000)</u>	<u>\$ 19,700,000</u>	<u>\$ 1,345,000</u>

Interfund transfers:

	<u>Transfers In:</u>					<u>Total Transfers Out</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Street Utility Fund</u>	<u>Internal Service Funds</u>	<u>MURA Capital Projects Fund</u>	
<u>Transfers Out:</u>						
General Fund	\$ -	\$ 4,179,494	\$ 31,241	\$ 375,000	\$ -	\$ 4,585,735
Street Utility Fund	595,465	9,459	-	-	-	604,924
Nonmajor Governmental Funds	897,564	2,660,657	-	-	2,000,000	5,558,221
Sewer Utility Fund	800,951	4,313	-	-	-	805,264
Parking Facilities Fund	26,450	-	-	-	-	26,450
Internal Service Funds	<u>96,809</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,809</u>
Total transfers in	<u>\$ 2,417,239</u>	<u>\$ 6,853,923</u>	<u>\$ 31,241</u>	<u>\$ 375,000</u>	<u>\$ 2,000,000</u>	<u>\$ 11,677,403</u>

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

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2013

Note III - Detailed notes on all funds, continued

J. Risk management

The City is exposed to various risks of loss related to general liability, automobile liability, law enforcement liability, public officials liability, and employment practices. Prior to July 1, 2010, the City carried commercial insurance for these risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Effective July 1, 2010, the City and MURA became self-insured. Premiums are paid into the Risk Management internal service fund by City departments based on each department's operating budget, claim activity, and vehicle usage. The City carries a supplemental liability policy with a \$10 million limit per occurrence or wrongful act, and a \$500,000 deductible. The annual aggregate limit of the policy is \$10 million. The policy renews July 1 of each year.

	Year Ended June 30,	
	2012	2013
<u>Workers' compensation</u>		
Unpaid claims, beginning of year	\$ 202,373	\$ 241,798
Incurred claims (including IBNR)	198,619	359,888
Claim payments	<u>(159,194)</u>	<u>(370,862)</u>
Unpaid claims, end of year	<u>\$ 241,798</u>	<u>\$ 230,824</u>
<u>Liability</u>		
Unpaid claims, beginning of year	\$ 185,240	\$ 304,336
Incurred claims (including IBNR)	219,242	77,157
Claim payments	<u>(100,146)</u>	<u>(104,222)</u>
Unpaid claims, end of year	<u>\$ 304,336</u>	<u>\$ 277,271</u>

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

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

K. Related party transactions

The Commission acts as an agent for the sewer drainage and street utilities owned by the City by billing and collecting their customer accounts. These customer accounts are included in the Commission's accounts receivable, with a corresponding payable to the City. Collections of billings of the sewer, drainage, and street fee accounts are remitted on a monthly basis. The Commission charged the City \$455,652 for processing and collecting sewer, drainage, street fee billings, park utility fees, and public safety fees. Water sales to the City were \$159,306 the year ended June 30, 2013.

The Commission pays the City for legal counsel, other services, and materials and supplies. During the year, the Commission paid the City \$108,765 for these items. The Commission also paid the City a franchise tax amounting to \$131,549 in fiscal year 2013 and garage charges of \$160,474.

L. Conduit debt

The Hospital Facilities Authority of the City of Medford issued refunding bonds in 2005, 2006, 2007, and 2009. The balance of these bonds was \$125,654,275 as of June 30, 2013. 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.

M. Deferred compensation plan

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

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2013

Note III - Detailed notes on all funds, continued

N. Commitments and contingencies

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

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

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

MURA is involved in a number of urban renewal projects involving commitments to complete the projects in the future. At June 30, 2013, total commitments were \$3.3 million.

O. Pension plans

The City is a participating employer in the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit and defined contribution pension plan. The plan provides statewide defined benefit and defined contribution retirement plans for units of state government, political subdivisions, community colleges, and school districts. OPERS is administered under Oregon Revised Statutes (ORS) Chapter 238, and Internal Revenue Code Section 401(a) by the Oregon Public Employees Retirement Board (OPERB).

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

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

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

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

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

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2013

Note III - Detailed notes on all funds, continued

O. Pension plans, continued

The defined contribution pension plan (called the Individual Account Program, or IAP) is provided to all members or their beneficiaries who are PERS or OPSRP eligible. State statutes require covered employees to contribute 6% of their annual covered salary to the IAP plan effective January 1, 2004. The City has elected to contribute the 6% "pick-up" for the year ended June 30, 2013. The City's 6% "pick-up" contributions for the years ending June 30, 2013, 2012, and 2011 were \$1,839,910, \$1,798,893, and \$1,806,866. Plan members of PERS retain their existing PERS accounts, but member contributions beginning in 2004 are deposited in the member's IAP, not into the member's PERS account.

Annual Pension Cost - The City contributed 12.43% of covered payroll for PERS tier one and tier two and 7.06% for general service and 9.77% for police and fire of covered payroll for OPSRP for the fiscal year ended 2013. 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, 2013, 2012, and 2011 were \$3,390,132, \$3,363,355, and \$1,693,149 respectively, equal to the required contributions for each year.

The City's portion of PERS net Unfunded Actuarial Liability for June 30, 2011 and 2009 were as follows:

<u>Fiscal year ending June 30</u>	
2009	\$ 21,795,161
2011	\$ 30,955,648

P. Other Post Employment Benefits

City Healthcare Plan

Plan Description

The City administers a single-employer defined benefit healthcare plan per the requirements of collective bargaining agreements. The healthcare plan provides for the IAFF and AFSCME bargaining units post-retirement medical, dental, and vision coverage for eligible retirees, their spouses, domestic partners, and dependents on a self-pay basis. Benefit provisions are susceptible to change as they are established through negotiations between the City and representatives of collective bargaining units. Eligible participants may select from one of two deductible levels of the City's health insurance care plan. The level of benefits provided by the plans are the same as those afforded to active employees. Coverage is provided to retirees, spouses, and domestic partners until they become eligible for Medicare, typically age 65, and to eligible dependents until age 26. The City's post-retirement healthcare plan was established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulate that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. Due to the effect of age, retiree claim costs are generally higher than claim costs for all members as a whole. The difference between retiree claims costs and the amount of retiree healthcare premiums represents the City's implicit employer contribution.

Funding Policy

The City has the authority to establish and amend contribution requirements. The required contribution is based on projected pay-as-you-go financing requirements. For the fiscal year ending June 30, 2013, the City's combined plan contributions were \$175,412.

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2013

Note III - Detailed notes on all funds, continued

P. Other Post Employment Benefits, continued

Annual OPEB Cost and Net OPEB Obligation

The City's annual other post-employment benefit cost (expense) is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance within the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the fiscal year ending June 30, 2013, the implicit benefit payments (contributions made), and changes in the City's net OPEB obligation:

Annual required contribution	\$ 650,358
Interest on net OPEB obligation	35,012
Adjustment to the annual required contribution	<u>(59,342)</u>
Annual OPEB cost (expense)	626,028
Contributions made	<u>(175,412)</u>
Increase in net OPEB obligation	450,616
Net OPEB obligation, beginning of year	<u>875,295</u>
Net OPEB obligation, end of year	<u><u>\$1,325,911</u></u>

The City's annual OPEB cost, the contribution, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligation for 2013 and the preceding two years were as follows:

<u>Fiscal year</u> <u>ending June 30</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Contribution</u>	<u>Percentage of</u> <u>annual OPEB</u> <u>cost contributed</u>	<u>Net OPEB</u> <u>obligation</u>
2011	\$ 235,549	\$ 69,055	29%	\$ 553,547
2012	\$ 473,616	\$ 151,868	32%	\$ 875,295
2013	\$ 626,028	\$ 175,412	28%	\$ 1,325,911

Funded Status and Funding Progress

As of June 30, 2013, the actuarial accrued liability for benefits was \$4,732,007 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,732,007. For the fiscal year ending June 30, 2013, the City has set aside \$0 to pay for future post-employment benefits for retired employees. The covered payroll (annual payroll of active employees covered by the plan) was \$32,299,346, and the ratio of the UAAL to the covered payroll was 14.7%.

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

Actuarial Methods and Assumptions

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

The June 30, 2013 actuarial valuation for the healthcare plan was based on the entry age normal. The actuarial assumptions included an investment return of 4.0%. The healthcare plan actuarial valuation included a healthcare cost inflation trend rate of 8.0% in the first year, 7.5% in the second year, 7.0% in the third year, 6.5% for the 4th year, dropping by 0.1 for the 15 years thereafter. The unfunded actuarially accrued liability and the gains and losses for both plans are amortized as a level dollar amount over an open period of 15 years.

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2013

Note III - Detailed notes on all funds, continued

Q. Implementation of New Accounting Guidance, Reclassification

In the year ended June 30, 2013 the City implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement requires retroactively restating financial statements, for all periods presented. The cumulative effect of applying this Statement and the change in reporting is reported as a restatement of 2012 beginning net position and bond issuance costs as follows:

	Bond issuance cost net	2012 Governmental Activities Net Position, beginning of year
As originally stated	\$ 718,210	\$ 273,159,484
Implementation of GASB 65	(718,210)	(718,210)
As restated	\$ -	\$ 272,441,274

During the year, management implemented GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this statement is to establish standards for reporting deferred outflows of resources, deferred inflows of resources, and net position.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MEDFORD

General Fund - 001

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	Original	Final				
Revenues:						
Property taxes	\$ 60,494,000	\$ 60,494,000	\$ 29,670,507	\$ 29,504,532	\$ 59,175,039	\$ (1,318,961)
Franchise taxes	16,148,550	16,148,550	8,103,753	8,135,228	16,238,981	90,431
Lodging taxes	2,300,000	2,300,000	1,250,976	1,322,792	2,573,768	273,768
Special assessments	-	-	7,799	33,955	41,754	41,754
Licenses, permits and fees	1,345,000	1,345,000	640,570	640,588	1,281,158	(63,842)
Intergovernmental	8,114,950	8,237,160	4,192,300	3,879,209	8,071,509	(165,651)
Charges for services	2,438,500	2,624,780	1,303,897	1,314,565	2,618,462	(6,318)
Fines and penalties	2,600,000	2,962,000	1,187,906	1,448,684	2,636,590	(325,410)
Investment earnings	314,000	314,000	180,726	183,916	364,642	50,642
Contributions and donations	30,000	50,320	40,478	5,746	46,224	(4,096)
Other revenue	126,700	2,298,770	225,081	2,858,737	3,083,818	785,048
Grants and contracts	607,690	2,205,740	1,635,443	701,674	2,337,117	131,377
Total revenues	94,519,390	98,980,320	48,439,436	50,029,626	98,469,062	(511,258)
Expenditures:						
Mayor and council	1,430,580	2,718,690	1,539,000	932,811	2,471,811	246,879
Neighborhood resources	59,230	184,620	49,572	15,745	65,317	119,303
Municipal court	1,492,300	1,895,800	722,473	1,128,261	1,850,734	45,066
Police	38,687,960	39,589,510	19,301,714	19,703,858	39,005,572	583,938
Fire	23,709,050	24,361,250	11,616,683	11,978,813	23,595,496	765,754
Parks and recreation:						
Parks and recreation	8,073,660	8,676,280	3,830,012	4,161,401	7,991,413	684,867
City tree program	367,330	370,030	212,654	103,626	316,280	53,750
Facilities maintenance	4,226,700	4,709,050	2,018,935	2,184,033	4,202,968	506,082
Emergency management	-	10,520	-	14,677	14,677	(4,157)
Planning	3,720,990	3,749,490	1,679,943	1,701,737	3,381,680	367,810
Public works - engineering	938,320	938,320	449,025	277,779	726,804	211,516
City managers office	2,507,840	4,285,110	1,103,672	1,054,013	2,157,685	2,127,425
Technology services	5,133,740	5,254,740	2,202,567	2,310,110	4,512,677	742,063
Legal	1,143,410	1,151,410	538,518	556,266	1,094,784	56,626
Human resources	1,028,470	1,144,170	546,109	567,483	1,113,592	30,578
Finance	5,006,880	25,492,980	23,337,484	1,462,619	24,800,103	692,877
Contingency	11,600,000	9,605,830	-	-	-	9,605,830
Total expenditures	109,126,460	134,137,800	69,148,361	48,153,232	117,301,593	16,836,207
Excess revenues over (under) expenditures	<u>(14,607,070)</u>	<u>(35,157,480)</u>	<u>(20,708,925)</u>	<u>1,876,394</u>	<u>(18,832,531)</u>	<u>16,324,949</u>
Other financing sources (uses):						
Transfers in	4,329,900	5,667,150	2,682,577	2,417,239	5,099,816	(567,334)
Transfers out	(4,933,370)	(8,398,510)	(3,066,300)	(4,585,735)	(7,652,035)	746,475
Bond proceeds	-	20,950,000	20,950,000	-	20,950,000	-
Premium from bond sale	-	1,016,094	1,016,094	-	1,016,094	-
Total other financing sources (uses)	(603,470)	19,234,734	21,582,371	(2,168,496)	19,413,875	179,141
Net change in fund balances	(15,210,540)	(15,922,746)	873,446	(292,102)	581,344	16,504,090
Fund Balance:						
Beginning	<u>18,061,630</u>	<u>19,989,160</u>	<u>19,334,837</u>	<u>20,208,283</u>	<u>19,334,837</u>	<u>(654,323)</u>
Ending	<u>\$ 2,851,090</u>	<u>\$ 4,066,414</u>	<u>\$ 20,208,283</u>	<u>\$ 19,916,181</u>	<u>\$ 19,916,181</u>	<u>\$ 15,849,767</u>

CITY OF MEDFORD

Notes to Required Supplementary Information

June 30, 2013

Note 1 - Basis of Budgeting

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

Reconciliation to budgetary basis from modified accrual:

	<u>Fund Balance</u>	<u>Net Change in Fund Balance</u>
Budgetary amount	\$ 19,916,181	\$ (292,102)
Balance due on interfund loan	19,700,000	-
Principal payments received	<u>-</u>	<u>(1,250,000)</u>
Total net position - end of year	<u>\$ 39,616,181</u>	<u>\$ (1,542,102)</u>

Note 2 - Schedule of Funding Progress - OPEB

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

<u>Actuarial valuation date</u>	<u>Actuarial value of assets</u>	<u>Actuarial accrued liability</u>	<u>Unfunded actuarial accrued liability</u>	<u>Funded ratio</u>	<u>Covered payroll</u>	<u>Unfunded actuarial accrued liability as a percentage of covered payroll</u>
6/30/2013	\$ -	\$ 4,732,007	\$ 4,732,007	-	\$ 32,299,346	N/A

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

OTHER SUPPLEMENTARY INFORMATION

CITY OF MEDFORD

Street Utility Fund - 024

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	Original	Final				
Revenues:						
Licenses, permits and fees	\$ 14,692,000	\$ 14,692,000	\$ 7,387,626	\$ 7,765,372	\$ 15,152,998	\$ 460,998
Intergovernmental	12,000	12,000	11,560	18,307	29,867	17,867
Charges for services	-	-	503	1,411	1,914	1,914
Investment earnings	28,200	28,200	26,962	22,194	49,156	20,956
Other	9,000	9,000	35,675	39,939	75,614	66,614
Total revenues	14,741,200	14,741,200	7,462,326	7,847,223	15,309,549	568,349
Expenditures:						
Highways and streets	13,649,310	14,003,210	7,148,864	6,037,028	13,185,892	817,318
Contingency	1,315,000	559,640	-	-	-	559,640
Total expenditures	14,964,310	14,562,850	7,148,864	6,037,028	13,185,892	1,376,958
Excess revenues over (under) expenditures	(223,110)	178,350	313,462	1,810,195	2,123,657	1,945,307
Other financing sources (uses):						
Transfers in	50,000	50,000	18,759	31,241	50,000	-
Transfers out	(1,166,900)	(1,568,360)	(962,999)	(604,924)	(1,567,923)	437
Total other financing sources (uses)	(1,116,900)	(1,518,360)	(944,240)	(573,683)	(1,517,923)	437
Net change in fund balances	(1,340,010)	(1,340,010)	(630,778)	1,236,512	605,734	1,945,744
Fund Balance:						
Beginning	3,753,220	3,753,220	3,772,596	3,141,818	3,772,596	19,376
Ending	\$ 2,413,210	\$ 2,413,210	\$ 3,141,818	\$ 4,378,330	\$ 4,378,330	\$ 1,965,120

CITY OF MEDFORD

MURA Capital Projects Fund - 905

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	<u>Annual Budget</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Rental income	\$ 20,000	\$ 20,000	\$ 11,206	\$ (8,794)
Investment earnings	47,000	47,000	89,807	42,807
Miscellaneous	<u>29,000</u>	<u>29,000</u>	<u>45,419</u>	<u>16,419</u>
Total revenues	<u>96,000</u>	<u>96,000</u>	<u>146,432</u>	<u>50,432</u>
Expenditures:				
Personnel services	10,000	10,000	47,619	(37,619)
Materials and services	150,000	150,000	88,633	61,367
Capital outlay	12,481,800	15,956,700	7,878,463	8,078,237
Contingency	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>40,000</u>
Total expenditures	<u>12,681,800</u>	<u>16,156,700</u>	<u>8,014,715</u>	<u>8,141,985</u>
Excess revenues over (under) expenditures	<u>(12,585,800)</u>	<u>(16,060,700)</u>	<u>(7,868,283)</u>	<u>8,192,417</u>
Other financing sources (uses):				
Transfers in	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>-</u>
Total other financing sources (uses)	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>-</u>
Net change in fund balances	(10,585,800)	(14,060,700)	(5,868,283)	8,192,417
Fund Balance:				
Beginning	<u>12,413,000</u>	<u>15,887,900</u>	<u>16,081,012</u>	<u>193,112</u>
Ending	<u>\$ 1,827,200</u>	<u>\$ 1,827,200</u>	<u>\$ 10,212,729</u>	<u>\$ 8,385,529</u>

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF MEDFORD

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2013

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Fund</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 19,466,033	\$ 3,212,192	\$ 5,375,774	\$ 28,053,999
Receivables				
Accounts	1,001,177	-	-	1,001,177
Taxes	-	432,657	-	432,657
Due from Medford Water Commission	199,006	-	-	199,006
Restricted cash and cash equivalents	<u>22,892</u>	<u>-</u>	<u>-</u>	<u>22,892</u>
Total assets	<u>\$ 20,689,108</u>	<u>\$ 3,644,849</u>	<u>\$ 5,375,774</u>	<u>\$ 29,709,731</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,104,555	\$ -	\$ 1,432,087	\$ 2,536,642
Payroll and related accruals	128,127	-	9,441	137,568
Due to Medford Water Commission	5,976	-	-	5,976
Advances from other funds	<u>-</u>	<u>19,700,000</u>	<u>-</u>	<u>19,700,000</u>
Total liabilities	<u>1,238,658</u>	<u>19,700,000</u>	<u>1,441,528</u>	<u>22,380,186</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	-	345,855	-	345,855
Unavailable revenue - notes receivable	<u>3,554</u>	<u>-</u>	<u>-</u>	<u>3,554</u>
Total deferred inflows of resources	<u>3,554</u>	<u>345,855</u>	<u>-</u>	<u>349,409</u>
Fund balances:				
Restricted for:				
Public safety	599,884	-	-	599,884
Highways and streets	12,763,591	-	3,932,416	16,696,007
Culture and recreation	2,042,304	-	1,830	2,044,134
Community development	1,768,671	-	-	1,768,671
Debt service	-	149,022	-	149,022
Committed for:				
Public safety	1,778,011	-	-	1,778,011
Culture and recreation	494,435	-	-	494,435
Unassigned	<u>-</u>	<u>(16,550,028)</u>	<u>-</u>	<u>(16,550,028)</u>
Total fund balances	<u>19,446,896</u>	<u>(16,401,006)</u>	<u>3,934,246</u>	<u>6,980,136</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 20,689,108</u>	<u>\$ 3,644,849</u>	<u>\$ 5,375,774</u>	<u>\$ 29,709,731</u>

CITY OF MEDFORD

Nonmajor Governmental Funds

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

Year ended June 30, 2013

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Fund</u>	<u>Total</u>
REVENUES				
Taxes				
Property	\$ -	\$ 5,181,084	\$ -	\$ 5,181,084
Franchise and lodging	1,322,790	-	-	1,322,790
Fuel	4,122,907	-	-	4,122,907
Other	408,345	-	-	408,345
Charges for services	251,232	-	-	251,232
Intergovernmental	22,088	-	83,928	106,016
Licenses, permits and fees	3,739,416	-	-	3,739,416
Investment earnings	131,575	18,344	47,495	197,414
Grants and contributions	1,051,878	-	105,871	1,157,749
Other revenue	<u>236,053</u>	<u>-</u>	<u>8,557</u>	<u>244,610</u>
Total revenues	<u>11,286,284</u>	<u>5,199,428</u>	<u>245,851</u>	<u>16,731,563</u>
EXPENDITURES				
Current				
Public safety	957,566	-	-	957,566
Highways and streets	1,632,276	-	326,295	1,958,571
Culture and recreation	196,194	-	-	196,194
Community development	1,938,432	-	1,748,034	3,686,466
Debt service:				
Principal	-	4,120,801	-	4,120,801
Interest	-	4,551,366	-	4,551,366
Capital outlay	<u>2,520,571</u>	<u>-</u>	<u>-</u>	<u>2,520,571</u>
Total expenditures	<u>7,245,039</u>	<u>8,672,167</u>	<u>2,074,329</u>	<u>17,991,535</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,041,245</u>	<u>(3,472,739)</u>	<u>(1,828,478)</u>	<u>(1,259,972)</u>
OTHER FINANCING SOURCES (USES)				
Contributions	2,589,940	-	-	2,589,940
Sale of capital assets	10,889	-	-	10,889
Transfers in	20,363	6,833,560	-	6,853,923
Transfers out	<u>(3,510,594)</u>	<u>(2,000,000)</u>	<u>(47,627)</u>	<u>(5,558,221)</u>
Total other financing source (uses)	<u>(889,402)</u>	<u>4,833,560</u>	<u>(47,627)</u>	<u>3,896,531</u>
Net change in fund balances	3,151,843	1,360,821	(1,876,105)	2,636,559
Beginning fund balances	<u>16,295,053</u>	<u>(17,761,827)</u>	<u>5,810,351</u>	<u>4,343,577</u>
Ending fund balances	<u>\$ 19,446,896</u>	<u>\$ (16,401,006)</u>	<u>\$ 3,934,246</u>	<u>\$ 6,980,136</u>

NONMAJOR SPECIAL REVENUE FUNDS

The Special Revenue Funds account for revenues derived from specific tax or other earmarked revenue sources, including federal and state grant awards, which are restricted to finance particular functions or activities. Funds included in this fund category are:

- Public Safety Fund – Accounts for specified resources to be expended on additional or expanded police patrol and fire operations.
- Gas Tax Fund – Accounts for revenue from state gasoline taxes apportioned from the State of Oregon and expenditures as specified under Article IX, section 3, of the Constitution of the State of Oregon.
- Park Dedication Fund - Accounts for specified revenues from hotel/motel and car rental taxes to be expended on park recreation improvements and maintenance.
- Cemetery Fund – Accounts for the principal balance of the cemetery trust and for special projects at the cemetery.
- Building Safety Fund - Accounts for monies received as licenses and permits for the purpose of building inspections.
- Street System Development Charges (SDC) Fund - Accounts for the street development fees to expend on street improvements and maintenance.
- Community Promotions Fund - Accounts for Hotel-Motel room tax to be expended on projects that promote the community.
- Community Development Block Grant Fund - Accounts for federal community block grant funds to be expended on various revitalization projects.
- Police Grant Fund - Accounts for grant funds to be expended on local law enforcement.
- Bear Creek Reconstruction Fund - Accounts for amounts, held in a fiduciary capacity, set aside for reconstruction projects within the Bear Creek Area.
- Bear Creek Maintenance Fund - Accounts for amounts, held in a fiduciary capacity, set aside for maintaining the Bear Creek Area.
- Parks Utility Fund - Accounts for operation, maintenance and construction of parks facilities and beautification for right of way strip maintenance.
- Veteran's Park Fund – Accounts for the betterment of Veterans Memorial in Medford's Veteran's Park.
- Community Park Reserve Fund – Accounts for the betterment of community parks in the City of Medford.

CITY OF MEDFORD

Nonmajor Special Revenue Funds

Combining Balance Sheet

June 30, 2013

	<u>Public Safety Fund - 010</u>	<u>Gas Tax Fund - 013</u>	<u>Park Dedication Fund - 015</u>	<u>Cemetery Fund - 016</u>	<u>Building Safety Fund - 019</u>	<u>Street SDC Fund - 021</u>	<u>Community Promotions Fund - 030</u>
ASSETS							
Cash and cash equivalents	\$ 1,740,703	\$ 5,726,689	\$ 1,687,181	\$ 15,592	\$ 1,951,632	\$ 7,109,946	\$ 50,402
Receivables							
Accounts	749	381,237	524,445	-	1,901	5,120	75,584
Due from Medford Water Commission	93,228	-	-	-	-	-	-
Restricted cash and cash equivalents	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,892</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,834,680</u>	<u>\$ 6,107,926</u>	<u>\$ 2,211,626</u>	<u>\$ 38,484</u>	<u>\$ 1,953,533</u>	<u>\$ 7,115,066</u>	<u>\$ 125,986</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 24,805	\$ 385,979	\$ 187,703	\$ 1,150	\$ 155,657	\$ 11,635	\$ 125,986
Payroll and related accruals	31,128	50,789	1,590	-	29,194	7,392	-
Due to Medford Water Commission	<u>735</u>	<u>52</u>	<u>-</u>	<u>-</u>	<u>11</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>56,668</u>	<u>436,820</u>	<u>189,293</u>	<u>1,150</u>	<u>184,862</u>	<u>19,027</u>	<u>125,986</u>
Deferred inflows of resources:							
Unavailable receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,554</u>	<u>-</u>
Fund balances:							
Committed to:							
Public safety	1,778,012	-	-	-	-	-	-
Highways and streets	-	5,671,106	-	-	-	7,092,485	-
Culture and recreation	-	-	2,022,333	37,334	-	-	-
Community development	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,768,671</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>1,778,012</u>	<u>5,671,106</u>	<u>2,022,333</u>	<u>37,334</u>	<u>1,768,671</u>	<u>7,092,485</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,834,680</u>	<u>\$ 6,107,926</u>	<u>\$ 2,211,626</u>	<u>\$ 38,484</u>	<u>\$ 1,953,533</u>	<u>\$ 7,115,066</u>	<u>\$ 125,986</u>

Community Development Block Grant Fund - 037	Police Grant Fund - 039	Bear Creek Reconstruction Fund - 094	Bear Creek Maintenance Fund - 095	Parks Utility Fund - 098	Veteran's Park Fund - 091	Community Park Reserve Fund - 092	Total
\$ 5,155	\$ 794,874	\$ 12,420	\$ 36,177	\$ 243,423	\$ 7,551	\$ 84,288	\$ 19,466,033
11,303	-	-	-	838	-	-	1,001,177
-	-	-	-	105,778	-	-	199,006
-	-	-	-	-	-	-	22,892
<u>\$ 16,458</u>	<u>\$ 794,874</u>	<u>\$ 12,420</u>	<u>\$ 36,177</u>	<u>\$ 350,039</u>	<u>\$ 7,551</u>	<u>\$ 84,288</u>	<u>\$ 20,689,108</u>
\$ 10,853	\$ 194,990	\$ -	\$ -	\$ 5,796	\$ -	\$ -	\$ 1,104,554
5,605	-	-	-	2,429	-	-	128,127
-	-	-	-	5,178	-	-	5,976
<u>16,458</u>	<u>194,990</u>	<u>-</u>	<u>-</u>	<u>13,403</u>	<u>-</u>	<u>-</u>	<u>1,238,657</u>
-	-	-	-	-	-	-	3,554
-	-	-	-	-	-	-	-
-	599,884	-	-	-	-	-	2,377,896
-	-	-	-	-	-	-	12,763,591
-	-	12,420	36,177	336,636	7,551	84,288	2,536,739
-	-	-	-	-	-	-	1,768,671
-	<u>599,884</u>	<u>12,420</u>	<u>36,177</u>	<u>336,636</u>	<u>7,551</u>	<u>84,288</u>	<u>19,446,897</u>
<u>\$ 16,458</u>	<u>\$ 794,874</u>	<u>\$ 12,420</u>	<u>\$ 36,177</u>	<u>\$ 350,039</u>	<u>\$ 7,551</u>	<u>\$ 84,288</u>	<u>\$ 20,689,108</u>

CITY OF MEDFORD

Nonmajor Special Revenue Funds

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

Year ended June 30, 2013

	Public Safety Fund - 010	Gas Tax Fund - 013	Park Dedication Fund - 015	Cemetery Fund - 016	Building Safety Fund - 019	Street SDC Fund - 021	Community Promotions Fund - 030
REVENUES							
Taxes							
Franchise and lodging	\$ -	\$ -	\$ 661,396	\$ -	\$ -	\$ -	\$ 661,394
Fuel	-	4,122,907	-	-	-	-	-
Other	-	-	408,345	-	-	-	-
Other services	-	58,937	102,500	-	-	-	-
Intergovernmental	-	3,105	10,000	-	8,983	-	-
Licenses, permits and fees	1,210,330	-	-	-	1,259,680	-	-
Investment earnings	11,650	35,047	12,070	369	13,606	50,449	-
Grants and contributions	-	30,718	398,393	200	-	-	-
Other revenue	-	-	152,352	10,592	22,706	10,465	-
	<u>1,221,980</u>	<u>4,250,714</u>	<u>1,745,056</u>	<u>11,161</u>	<u>1,304,975</u>	<u>60,914</u>	<u>661,394</u>
Total revenues							
EXPENDITURES							
Current							
Public safety	946,788	-	-	-	-	-	-
Highways and streets	-	1,358,427	-	-	-	273,849	-
Culture and recreation	-	-	71,587	8,575	-	-	-
Community development	-	-	-	-	917,491	-	661,394
Capital outlay	9,362	115,210	1,035,611	21,904	-	1,280,569	-
	<u>956,150</u>	<u>1,473,637</u>	<u>1,107,198</u>	<u>30,479</u>	<u>917,491</u>	<u>1,554,418</u>	<u>661,394</u>
Total expenditures							
Excess (deficiency) of revenues over (under) expenditures	<u>265,830</u>	<u>2,777,077</u>	<u>637,858</u>	<u>(19,318)</u>	<u>387,484</u>	<u>(1,493,504)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)							
Contributions	-	-	1,050,337	-	-	1,539,603	-
Sale of capital assets	-	10,889	-	-	-	-	-
Transfers in	-	-	-	-	20,363	-	-
Transfers out	<u>(65,845)</u>	<u>(1,043,645)</u>	<u>(951,782)</u>	<u>-</u>	<u>(328,049)</u>	<u>(12,493)</u>	<u>-</u>
Total other financing source (uses)	<u>(65,845)</u>	<u>(1,032,756)</u>	<u>98,555</u>	<u>-</u>	<u>(307,686)</u>	<u>1,527,110</u>	<u>-</u>
Net change in fund balances	199,985	1,744,321	736,413	(19,318)	79,798	33,606	-
Beginning fund balances	<u>1,578,027</u>	<u>3,926,785</u>	<u>1,285,920</u>	<u>56,652</u>	<u>1,688,873</u>	<u>7,058,879</u>	<u>-</u>
Ending fund balances	<u>\$ 1,778,012</u>	<u>\$ 5,671,106</u>	<u>\$ 2,022,333</u>	<u>\$ 37,334</u>	<u>\$ 1,768,671</u>	<u>\$ 7,092,485</u>	<u>\$ -</u>

Community Development Block Grant Fund - 037	Police Grant Fund - 039	Bear Creek Reconstruction Fund - 094	Bear Creek Maintenance Fund - 095	Parks Utility Fund - 098	Veteran's Park Fund - 091	Community Park Reserve Fund - 092	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,322,790
-	-	-	-	-	-	-	4,122,907
-	-	-	-	-	-	-	408,345
-	67,162	-	-	-	-	13,030	241,629
-	-	-	-	-	-	-	22,088
-	-	-	-	1,269,406	-	-	3,739,416
-	4,075	89	266	3,341	60	553	131,575
379,047	243,520	-	-	-	-	-	1,051,878
-	49,533	-	3	5	-	-	245,656
<u>379,047</u>	<u>364,290</u>	<u>89</u>	<u>269</u>	<u>1,272,752</u>	<u>60</u>	<u>13,583</u>	<u>11,286,284</u>
-	10,778	-	-	-	-	-	957,566
-	-	-	-	-	-	-	1,632,276
-	-	-	1,339	113,868	825	-	196,194
359,547	-	-	-	-	-	-	1,938,432
-	57,915	-	-	-	-	-	2,520,571
<u>359,547</u>	<u>68,693</u>	<u>-</u>	<u>1,339</u>	<u>113,868</u>	<u>825</u>	<u>-</u>	<u>7,245,039</u>
<u>19,500</u>	<u>295,597</u>	<u>89</u>	<u>(1,070)</u>	<u>1,158,884</u>	<u>(765)</u>	<u>13,583</u>	<u>4,041,245</u>
-	-	-	-	-	-	-	2,589,940
-	-	-	-	-	-	-	10,889
-	-	-	-	-	-	-	20,363
<u>(19,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,089,280)</u>	<u>-</u>	<u>-</u>	<u>(3,510,594)</u>
<u>(19,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,089,280)</u>	<u>-</u>	<u>-</u>	<u>(889,402)</u>
-	295,597	89	(1,070)	69,604	(765)	13,583	3,151,843
-	304,287	12,331	37,247	267,032	8,316	70,705	16,295,054
<u>\$ -</u>	<u>\$ 599,884</u>	<u>\$ 12,420</u>	<u>\$ 36,177</u>	<u>\$ 336,636</u>	<u>\$ 7,551</u>	<u>\$ 84,288</u>	<u>\$ 19,446,897</u>

CITY OF MEDFORD

Public Safety Fund - 010

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	Original	Final				
Revenues:						
Licenses, permits and fees	\$ 2,200,000	\$ 2,200,000	\$ 1,112,549	\$ 1,210,330	\$ 2,322,879	\$ 122,879
Investment earnings	14,000	14,000	12,791	11,650	24,441	10,441
Total revenues	<u>2,214,000</u>	<u>2,214,000</u>	<u>1,125,340</u>	<u>1,221,980</u>	<u>2,347,320</u>	<u>133,320</u>
Expenditures:						
Police	1,669,430	1,669,430	529,506	438,511	968,017	701,413
Fire	1,499,670	1,499,670	556,436	517,639	1,074,075	425,595
Contingency	396,000	396,000	-	-	-	396,000
Total expenditures	<u>3,565,100</u>	<u>3,565,100</u>	<u>1,085,942</u>	<u>956,150</u>	<u>2,042,092</u>	<u>1,523,008</u>
Excess revenues over (under) expenditures	<u>(1,351,100)</u>	<u>(1,351,100)</u>	<u>39,398</u>	<u>265,830</u>	<u>305,228</u>	<u>1,656,328</u>
Other financing sources (uses):						
Transfers out	<u>(128,900)</u>	<u>(128,900)</u>	<u>(62,894)</u>	<u>(65,845)</u>	<u>(128,739)</u>	<u>161</u>
Net change in fund balances	(1,480,000)	(1,480,000)	(23,496)	199,985	176,489	1,656,489
Fund Balance:						
Beginning	<u>1,531,400</u>	<u>1,531,400</u>	<u>1,601,523</u>	<u>1,578,027</u>	<u>1,601,523</u>	<u>70,123</u>
Ending	<u>\$ 51,400</u>	<u>\$ 51,400</u>	<u>\$ 1,578,027</u>	<u>\$ 1,778,012</u>	<u>\$ 1,778,012</u>	<u>\$ 1,726,612</u>

CITY OF MEDFORD

Gas Tax Fund - 013

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	Original	Final				
Revenues:						
State gas tax	\$ 7,920,000	\$ 7,920,000	\$ 4,089,443	\$ 4,122,907	\$ 8,212,350	\$ 292,350
Intergovernmental	-	-	34,957	3,105	38,062	38,062
Charges for services	50,000	50,000	110,495	68,540	179,035	129,035
Investment earnings	28,200	28,200	23,329	35,047	58,376	30,176
Other revenue	-	-	103	(9,603)	(9,500)	(9,500)
Grants and contracts	<u>700,000</u>	<u>700,000</u>	<u>7,955</u>	<u>30,718</u>	<u>38,673</u>	<u>(661,327)</u>
Total revenues	<u>8,698,200</u>	<u>8,698,200</u>	<u>4,266,282</u>	<u>4,250,714</u>	<u>8,516,996</u>	<u>(181,204)</u>
Expenditures:						
Street maintenance and construction	7,878,690	8,695,880	2,769,635	1,473,637	4,243,272	4,452,608
Contingency	<u>432,730</u>	<u>32,730</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,730</u>
Total expenditures	<u>8,311,420</u>	<u>8,728,610</u>	<u>2,769,635</u>	<u>1,473,637</u>	<u>4,243,272</u>	<u>4,485,338</u>
Excess revenues over (under) expenditures	<u>386,780</u>	<u>(30,410)</u>	<u>1,496,647</u>	<u>2,777,077</u>	<u>4,273,724</u>	<u>4,304,134</u>
Other financing sources (uses):						
Transfers in	-	392,000	392,000	-	392,000	-
Transfers out	(2,422,490)	(4,407,300)	(3,040,039)	(1,043,645)	(4,083,684)	323,616
Debt proceeds	-	2,010,000	2,010,000	-	2,010,000	-
Sale of capital assets	<u>-</u>	<u>-</u>	<u>1,300</u>	<u>10,889</u>	<u>12,189</u>	<u>12,189</u>
Total other financing sources (uses)	<u>(2,422,490)</u>	<u>(2,005,300)</u>	<u>(636,739)</u>	<u>(1,032,756)</u>	<u>(1,669,495)</u>	<u>335,805</u>
Net change in fund balances	(2,035,710)	(2,035,710)	859,908	1,744,321	2,604,229	4,639,939
Fund Balance:						
Beginning	<u>2,337,060</u>	<u>2,337,060</u>	<u>3,066,877</u>	<u>3,926,785</u>	<u>3,066,877</u>	<u>729,817</u>
Ending	<u>\$ 301,350</u>	<u>\$ 301,350</u>	<u>\$ 3,926,785</u>	<u>\$ 5,671,106</u>	<u>\$ 5,671,106</u>	<u>\$ 5,369,756</u>

CITY OF MEDFORD

Park Dedication Fund - 015

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	Original	Final				
Revenues:						
Lodging taxes	\$ 1,150,000	\$ 1,150,000	\$ 625,489	\$ 661,396	\$ 1,286,885	\$ 136,885
Other taxes	600,000	600,000	338,587	408,345	746,932	146,932
Intergovernmental	-	-	10,000	10,000	20,000	20,000
Charges for services	890,000	1,345,000	647,278	1,152,837	1,800,115	455,115
Investment earnings	21,200	21,200	10,806	12,070	22,876	1,676
Contributions and donations	11,000	171,000	-	150,000	150,000	(21,000)
Other revenue	-	-	87	2,352	2,439	2,439
Grants and contracts	-	428,460	3,225	398,393	401,618	(26,842)
Total revenues	2,672,200	3,715,660	1,635,472	2,795,393	4,430,865	715,205
Expenditures:						
Park development	1,929,600	3,412,850	1,126,445	1,107,198	2,233,643	1,179,207
Contingency	230,260	223,890	-	-	-	223,890
Total expenditures	2,159,860	3,636,740	1,126,445	1,107,198	2,233,643	1,403,097
Excess revenues over (under) expenditures	512,340	78,920	509,027	1,688,195	2,197,222	2,118,302
Other financing sources (uses):						
Transfers in	-	125,000	-	-	-	(125,000)
Transfers out	(1,524,910)	(5,359,550)	(4,378,740)	(951,782)	(5,330,522)	29,028
Debt proceeds	-	3,673,000	3,673,000	-	3,673,000	-
Total other financing sources (uses)	(1,524,910)	(1,561,550)	(705,740)	(951,782)	(1,657,522)	(95,972)
Net change in fund balances	(1,012,570)	(1,482,630)	(196,713)	736,413	539,700	2,022,330
Fund Balance:						
Beginning	1,012,570	1,482,630	1,482,634	1,285,920	1,482,634	4
Ending	\$ -	\$ -	\$ 1,285,921	\$ 2,022,333	\$ 2,022,334	\$ 2,022,334

CITY OF MEDFORD

Cemetery Fund - 016

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	Original	Final				
Revenues:						
Investment earnings	\$ -	\$ -	\$ 450	\$ 369	\$ 819	\$ 819
Other revenue	9,000	9,000	5,426	10,592	16,018	7,018
Grants and contracts	1,000	1,000	762	200	962	(38)
Total revenues	10,000	10,000	6,638	11,161	17,799	7,799
Expenditures:						
Cemetery special projects	31,000	39,980	8,266	30,479	38,745	1,235
Contingency	1,000	1,000	-	-	-	1,000
Total expenditures	32,000	40,980	8,266	30,479	38,745	2,235
Excess revenues over (under) expenditures	(22,000)	(30,980)	(1,628)	(19,318)	(20,946)	10,034
Net change in fund balances	(22,000)	(30,980)	(1,628)	(19,318)	(20,946)	10,034
Fund Balance:						
Beginning	49,300	58,280	58,280	56,652	58,280	-
Ending	\$ 27,300	\$ 27,300	\$ 56,652	\$ 37,334	\$ 37,334	\$ 10,034

CITY OF MEDFORD

Building Safety Fund - 019

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	Original	Final				
Revenues:						
Licenses, permits and fees	\$ 1,638,000	\$ 1,638,000	\$ 1,063,892	\$ 1,259,680	\$ 2,323,572	\$ 685,572
Intergovernmental	5,050	5,050	8,503	8,983	17,486	12,436
Investment earnings	21,200	21,200	14,781	13,606	28,387	7,187
Other revenue	12,000	12,000	2,845	22,706	25,551	13,551
Total revenues	1,676,250	1,676,250	1,090,021	1,304,975	2,394,996	718,746
Expenditures:						
Building safety	2,195,710	2,195,710	948,858	917,491	1,866,349	329,361
Contingency	274,000	294,390	-	-	-	294,390
Total expenditures	2,469,710	2,490,100	948,858	917,491	1,866,349	623,751
Excess revenues over (under) expenditures	(793,460)	(813,850)	141,163	387,484	528,647	1,342,497
Other financing sources (uses):						
Transfers in	-	20,390	-	20,363	20,363	(27)
Transfers out	(642,900)	(642,900)	(314,699)	(328,049)	(642,748)	152
Net change in fund balances	(1,436,360)	(1,436,360)	(173,536)	79,798	(93,738)	1,342,622
Fund Balance:						
Beginning	1,681,730	1,681,730	1,862,409	1,688,873	1,862,409	180,679
Ending	\$ 245,370	\$ 245,370	\$ 1,688,873	\$ 1,768,671	\$ 1,768,671	\$ 1,523,301

CITY OF MEDFORD

Street SDC Fund - 021

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	Original	Final				
Revenues:						
Special assessments	\$ -	\$ -	\$ 80,238	\$ -	\$ 80,238	\$ 80,238
Charges for services	4,747,900	4,747,900	3,080,688	1,539,603	4,620,291	(127,609)
Investment earnings	49,200	49,200	59,131	50,449	109,580	60,380
Other revenue	1,000,000	1,000,000	35	10,465	10,500	(989,500)
Grants and contracts	-	-	119,493	-	119,493	119,493
Total revenues	5,797,100	5,797,100	3,339,585	1,600,517	4,940,102	(856,998)
Expenditures:						
Street development	9,732,820	9,732,820	1,628,767	1,554,418	3,183,185	6,549,635
Contingency	37,000	37,000	-	-	-	37,000
Total expenditures	9,769,820	9,769,820	1,628,767	1,554,418	3,183,185	6,586,635
Excess revenues over (under) expenditures	(3,972,720)	(3,972,720)	1,710,818	46,099	1,756,917	5,729,637
Other financing sources (uses):						
Transfers out	(24,500)	(24,500)	(11,999)	(12,493)	(24,492)	8
Net change in fund balances	(3,997,220)	(3,997,220)	1,698,819	33,606	1,732,425	5,729,645
Fund Balance:						
Beginning	4,641,640	4,641,640	5,360,060	7,058,879	5,360,060	718,420
Ending	\$ 644,420	\$ 644,420	\$ 7,058,879	\$ 7,092,485	\$ 7,092,485	\$ 6,448,065

CITY OF MEDFORD

Community Promotions Fund - 030

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	<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	\$ 1,260,000	\$ 1,460,000	\$ 625,487	\$ 661,394	\$ 1,286,881	\$ (173,119)
Expenditures:						
Community promotion	1,260,000	1,460,000	625,487	661,394	1,286,881	173,119
Fund Balance:						
Beginning	-	-	-	-	-	-
Ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF MEDFORD

Community Development Block Grant Fund - 037
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2013

	<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	\$ 1,774,450	\$ 1,774,450	\$ 505,047	\$ 379,047	\$ 884,094	\$ (890,356)
Total revenues	<u>1,774,450</u>	<u>1,774,450</u>	<u>505,047</u>	<u>379,047</u>	<u>884,094</u>	<u>(890,356)</u>
Expenditures:						
Mayor and council	1,529,350	1,529,350	411,978	277,414	689,392	839,958
City managers office	<u>206,800</u>	<u>206,800</u>	<u>74,293</u>	<u>82,133</u>	<u>156,426</u>	<u>50,374</u>
Total expenditures	<u>1,736,150</u>	<u>1,736,150</u>	<u>486,271</u>	<u>359,547</u>	<u>845,818</u>	<u>890,332</u>
Excess revenues over (under) expenditures	<u>38,300</u>	<u>38,300</u>	<u>18,776</u>	<u>19,500</u>	<u>38,276</u>	<u>(24)</u>
Other financing sources (uses):						
Transfers out	<u>(38,300)</u>	<u>(38,300)</u>	<u>(18,800)</u>	<u>(19,500)</u>	<u>(38,300)</u>	<u>-</u>
Net change in fund balances	-	-	(24)	-	(24)	(24)
Fund Balance:						
Beginning	<u>-</u>	<u>-</u>	<u>24</u>	<u>-</u>	<u>24</u>	<u>24</u>
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MEDFORD

Police Grant Fund - 039

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	Original	Final				
Revenues:						
Charges for services	\$ -	\$ -	\$ 16,428	\$ 67,162	\$ 83,590	\$ 83,590
Investment earnings	-	-	1,344	4,075	5,419	5,419
Other revenue	-	-	25,125	49,533	74,658	74,658
Grants and contracts	<u>35,000</u>	<u>115,000</u>	<u>45,853</u>	<u>243,520</u>	<u>289,373</u>	<u>174,373</u>
Total revenues	<u>35,000</u>	<u>115,000</u>	<u>88,750</u>	<u>364,290</u>	<u>453,040</u>	<u>338,040</u>
Expenditures:						
Police	35,000	162,000	11,231	68,693	79,924	82,076
Contingency	<u>43,840</u>	<u>115,030</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,030</u>
Total expenditures	<u>78,840</u>	<u>277,030</u>	<u>11,231</u>	<u>68,693</u>	<u>79,924</u>	<u>197,106</u>
Excess revenues over (under) expenditures	<u>(43,840)</u>	<u>(162,030)</u>	<u>77,519</u>	<u>295,597</u>	<u>373,116</u>	<u>535,146</u>
Other financing sources (uses):						
Transfers in	<u>-</u>	<u>118,190</u>	<u>118,174</u>	<u>-</u>	<u>118,174</u>	<u>(16)</u>
Total other financing sources (uses)	<u>-</u>	<u>118,190</u>	<u>118,174</u>	<u>-</u>	<u>118,174</u>	<u>(16)</u>
Net change in fund balances	(43,840)	(43,840)	195,693	295,597	491,290	535,130
Fund Balance:						
Beginning	<u>43,840</u>	<u>43,840</u>	<u>108,594</u>	<u>304,287</u>	<u>108,594</u>	<u>64,754</u>
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 304,287</u>	<u>\$ 599,884</u>	<u>\$ 599,884</u>	<u>\$ 599,884</u>

CITY OF MEDFORD

Bear Creek Reconstruction Fund - 094

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	<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	\$ -	\$ -	\$ 96	\$ 89	\$ 185	\$ 185
Expenditures:	-	-	-	-	-	-
Excess revenues over (under) expenditures	-	-	96	89	185	185
Net change in fund balances	-	-	96	89	185	185
Fund Balance:						
Beginning	<u>12,190</u>	<u>12,190</u>	<u>12,235</u>	<u>12,331</u>	<u>12,235</u>	<u>45</u>
Ending	<u>\$ 12,190</u>	<u>\$ 12,190</u>	<u>\$ 12,331</u>	<u>\$ 12,420</u>	<u>\$ 12,420</u>	<u>\$ 230</u>

CITY OF MEDFORD

Bear Creek Maintenance Fund - 095

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	Original	Final				
Revenues:						
Investment earnings	\$ -	\$ -	\$ 290	\$ 266	\$ 556	\$ 556
Other revenue	-	-	-	3	3	3
Total revenues	-	-	290	269	559	559
Expenditures:						
Park maintenance	4,000	4,000	-	1,339	1,339	2,661
Contingency	1,000	1,000	-	-	-	1,000
Total expenditures	5,000	5,000	-	1,339	1,339	3,661
Excess revenues over (under) expenditures	(5,000)	(5,000)	290	(1,070)	(780)	4,220
Net change in fund balances	(5,000)	(5,000)	290	(1,070)	(780)	4,220
Fund Balance:						
Beginning	36,340	36,340	36,957	37,247	36,957	617
Ending	\$ 31,340	\$ 31,340	\$ 37,247	\$ 36,177	\$ 36,177	\$ 4,837

CITY OF MEDFORD

Parks Utility Fund - 098

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	Original	Final				
Revenues:						
Licenses, permits and fees	\$ 2,494,500	\$ 2,494,500	\$ 1,262,378	\$ 1,269,406	\$ 2,531,784	\$ 37,284
Investment earnings	7,000	7,000	4,081	3,341	7,422	422
Other revenue	-	-	8	5	13	13
Total revenues	2,501,500	2,501,500	1,266,467	1,272,752	2,539,219	37,719
Expenditures:						
Park maintenance	325,990	366,370	106,247	113,868	220,115	146,255
Contingency	41,000	41,000	-	-	-	41,000
Total expenditures	366,990	407,370	106,247	113,868	220,115	187,255
Excess revenues over (under) expenditures	<u>2,134,510</u>	<u>2,094,130</u>	<u>1,160,220</u>	<u>1,158,884</u>	<u>2,319,104</u>	<u>224,974</u>
Other financing sources (uses):						
Transfers out	<u>(2,176,800)</u>	<u>(2,176,800)</u>	<u>(1,087,499)</u>	<u>(1,089,280)</u>	<u>(2,176,779)</u>	<u>21</u>
Net change in fund balances	(42,290)	(82,670)	72,721	69,604	142,325	224,995
Fund Balance:						
Beginning	<u>153,930</u>	<u>194,310</u>	<u>194,311</u>	<u>267,032</u>	<u>194,311</u>	<u>1</u>
Ending	<u>\$ 111,640</u>	<u>\$ 111,640</u>	<u>\$ 267,032</u>	<u>\$ 336,636</u>	<u>\$ 336,636</u>	<u>\$ 224,996</u>

CITY OF MEDFORD

Veteran's Park Fund - 091

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	<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	\$ -	\$ -	\$ 65	\$ 60	\$ 125	\$ 125
Expenditures:						
Park maintenance	1,000	1,000	-	825	825	175
Excess revenues over (under) expenditures	(1,000)	(1,000)	65	(765)	(700)	300
Net change in fund balances	(1,000)	(1,000)	65	(765)	(700)	300
Fund Balance:						
Beginning	8,220	8,220	8,251	8,316	8,251	31
Ending	<u>\$ 7,220</u>	<u>\$ 7,220</u>	<u>\$ 8,316</u>	<u>\$ 7,551</u>	<u>\$ 7,551</u>	<u>\$ 331</u>

CITY OF MEDFORD

Community Park Reserve Fund - 092

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	Original	Final				
Revenues:						
Charges for services	\$ 40,000	\$ 40,000	\$ 15,482	\$ 13,030	\$ 28,512	\$ (11,488)
Investment earnings	-	-	487	553	1,040	1,040
Total revenues	<u>40,000</u>	<u>40,000</u>	<u>15,969</u>	<u>13,583</u>	<u>29,552</u>	<u>(10,448)</u>
Expenditures:	-	-	-	-	-	-
Excess revenues over (under) expenditures	<u>40,000</u>	<u>40,000</u>	<u>15,969</u>	<u>13,583</u>	<u>29,552</u>	<u>(10,448)</u>
Net change in fund balances	40,000	40,000	15,969	13,583	29,552	(10,448)
Fund Balance:						
Beginning	<u>58,560</u>	<u>58,560</u>	<u>54,736</u>	<u>70,705</u>	<u>54,736</u>	<u>(3,824)</u>
Ending	<u>\$ 98,560</u>	<u>\$ 98,560</u>	<u>\$ 70,705</u>	<u>\$ 84,288</u>	<u>\$ 84,288</u>	<u>\$ (14,272)</u>

NONMAJOR DEBT SERVICE FUNDS

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

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

CITY OF MEDFORD

Nonmajor Debt Service Funds

Combining Balance Sheet

June 30, 2013

	<u>General Debt Service Fund - 060</u>	<u>Revenue Bond Fund - 062</u>	<u>MURA Debt Service Fund - 906</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 139,575	\$ 2	\$ 3,072,615	\$ 3,212,192
Receivables				
Taxes	<u>52,390</u>	<u>-</u>	<u>380,267</u>	<u>432,657</u>
Total assets	<u>\$ 191,965</u>	<u>\$ 2</u>	<u>\$ 3,452,882</u>	<u>\$ 3,644,849</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Advances from other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,700,000</u>	<u>\$ 19,700,000</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>19,700,000</u>	<u>19,700,000</u>
Deferred inflows of resources:				
Restricted for	<u>42,945</u>	<u>-</u>	<u>302,910</u>	<u>345,855</u>
Fund balances:				
Restricted for				
Debt service	149,020	2	-	149,022
Unreserved	<u>-</u>	<u>-</u>	<u>(16,550,028)</u>	<u>(16,550,028)</u>
Total fund balances	<u>149,020</u>	<u>2</u>	<u>(16,550,028)</u>	<u>(16,401,006)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 191,965</u>	<u>\$ 2</u>	<u>\$ 3,452,882</u>	<u>\$ 3,644,849</u>

CITY OF MEDFORD

Nonmajor Debt Service Funds

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

Year ended June 30, 2013

	<u>General Debt Service Fund - 060</u>	<u>Revenue Bond Fund - 062</u>	<u>MURA Debt Service Fund - 906</u>	<u>Total</u>
REVENUES				
Property taxes	\$ 450,129	\$ -	\$ 4,730,955	\$ 5,181,084
Investment earnings	<u>2,326</u>	<u>3</u>	<u>16,015</u>	<u>18,344</u>
Total revenues	<u>452,455</u>	<u>3</u>	<u>4,746,970</u>	<u>5,199,428</u>
EXPENDITURES				
Debt service:				
Principal	956,000	2,821,000	343,801	4,120,801
Interest	<u>1,986,663</u>	<u>1,494,471</u>	<u>1,070,232</u>	<u>4,551,366</u>
Total expenditures	<u>2,942,663</u>	<u>4,315,471</u>	<u>1,414,033</u>	<u>8,672,167</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,490,208)</u>	<u>(4,315,468)</u>	<u>3,332,937</u>	<u>(3,472,739)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,518,090	4,315,470	-	6,833,560
Transfers out	<u>-</u>	<u>-</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>
Total other financing source (uses)	<u>2,518,090</u>	<u>4,315,470</u>	<u>(2,000,000)</u>	<u>4,833,560</u>
Net change in fund balances	27,882	2	1,332,937	1,360,821
Beginning fund balances	<u>121,138</u>	<u>-</u>	<u>(17,882,965)</u>	<u>(17,761,827)</u>
Ending fund balances	<u>\$ 149,020</u>	<u>\$ 2</u>	<u>\$ (16,550,028)</u>	<u>\$ (16,401,006)</u>

CITY OF MEDFORD

General Debt Service Fund - 060

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	Original	Final				
Revenues:						
Property taxes	\$ 851,040	\$ 851,040	\$ 461,667	\$ 450,129	\$ 911,796	\$ 60,756
Investment earnings	-	-	2,147	2,326	4,473	4,473
Total revenues	<u>851,040</u>	<u>851,040</u>	<u>463,814</u>	<u>452,455</u>	<u>916,269</u>	<u>65,229</u>
Expenditures:						
Debt service	<u>5,807,770</u>	<u>9,436,040</u>	<u>6,464,323</u>	<u>2,942,663</u>	<u>9,406,986</u>	<u>29,054</u>
Excess revenues over (under) expenditures	<u>(4,956,730)</u>	<u>(8,585,000)</u>	<u>(6,000,509)</u>	<u>(2,490,208)</u>	<u>(8,490,717)</u>	<u>94,283</u>
Other financing sources (uses):						
Transfers in	<u>4,956,710</u>	<u>8,584,980</u>	<u>6,037,828</u>	<u>2,518,090</u>	<u>8,555,918</u>	<u>(29,062)</u>
Net change in fund balances	(20)	(20)	37,319	27,882	65,201	65,221
Fund Balance:						
Beginning	<u>27,760</u>	<u>27,760</u>	<u>83,819</u>	<u>121,138</u>	<u>83,819</u>	<u>56,059</u>
Ending	<u>\$ 27,740</u>	<u>\$ 27,740</u>	<u>\$ 121,138</u>	<u>\$ 149,020</u>	<u>\$ 149,020</u>	<u>\$ 121,280</u>

CITY OF MEDFORD

Revenue Bond Fund - 062

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	Original	Final				
Revenues:						
Investment earnings	\$ 7,000	\$ 7,000	\$ 63	\$ 3	\$ 66	\$ (6,934)
Expenditures:						
Debt service	5,096,540	9,165,820	4,812,364	4,315,471	9,127,835	37,985
Excess revenues over (under) expenditures	(5,089,540)	(9,158,820)	(4,812,301)	(4,315,468)	(9,127,769)	31,051
Other financing sources (uses):						
Transfers in	4,805,560	8,874,840	4,235,970	4,315,470	8,551,440	(323,400)
Net change in fund balances	(283,980)	(283,980)	(576,331)	2	(576,329)	(292,349)
Fund Balance:						
Beginning	577,510	577,510	576,331	-	576,331	(1,179)
Ending	\$ 293,530	\$ 293,530	\$ -	\$ 2	\$ 2	\$ (293,528)

CITY OF MEDFORD

MURA Debt Service Fund - 906

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	<u>Annual Budget</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Property taxes	\$ 4,508,000	\$ 4,508,000	\$ 4,730,955	\$ 222,955
Investment earnings	<u>10,000</u>	<u>10,000</u>	<u>16,015</u>	<u>6,015</u>
Total revenues	<u>4,518,000</u>	<u>4,518,000</u>	<u>4,746,970</u>	<u>228,970</u>
Expenditures:				
Debt service	<u>2,680,000</u>	<u>2,680,000</u>	<u>2,664,033</u>	<u>15,967</u>
Excess revenues over (under) expenditures	<u>1,838,000</u>	<u>1,838,000</u>	<u>2,082,937</u>	<u>244,937</u>
Other financing sources (uses):				
Transfers out	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>-</u>
Net change in fund balances	(162,000)	(162,000)	82,937	244,937
Fund Balance:				
Beginning	<u>2,908,000</u>	<u>2,908,000</u>	<u>3,067,035</u>	<u>159,035</u>
Ending	<u>\$ 2,746,000</u>	<u>\$ 2,746,000</u>	<u>\$ 3,149,972</u>	<u>\$ 403,972</u>
Reconciliation from budgetary basis to modified accrual:			<u>Fund Balance</u>	<u>Net Change in Fund Balance</u>
Budgetary amount			\$ 3,149,972	\$ 82,937
Balance due on interfund advance			(19,700,000)	-
Principal payments			-	1,250,000
Modified accrual balance			<u>\$ (16,550,028)</u>	<u>\$ 1,332,937</u>

NONMAJOR CAPITAL PROJECTS FUNDS

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

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

CITY OF MEDFORD

Nonmajor Capital Project Funds

Combining Balance Sheet

June 30, 2013

	<u>Greenway Construction Fund - 041</u>	<u>Special Sidewalk Fund - 044</u>	<u>Street Improvement Fund - 042</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 1,830	\$ 616,773	\$ 4,757,171	\$ 5,375,774
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 1,432,087	\$ 1,432,087
Payroll and related accruals	-	82	9,359	9,441
Total liabilities	-	82	1,441,446	1,441,528
Fund Balances:				
Restricted for:				
Highways and streets	-	616,691	3,315,725	3,932,416
Culture and recreation	1,830	-	-	1,830
Total fund balances	1,830	616,691	3,315,725	3,934,246
Total liabilities and fund balances	\$ 1,830	\$ 616,773	\$ 4,757,171	\$ 5,375,774

CITY OF MEDFORD

Nonmajor Capital Project Funds

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

Year ended June 30, 2013

	<u>Greenway Construction Fund - 041</u>	<u>Special Sidewalk Fund - 044</u>	<u>Street Improvement Fund - 042</u>	<u>Total</u>
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 83,928	\$ 83,928
Investment earnings	13	7,146	40,336	47,495
Grants and contributions	-	-	105,871	105,871
Other revenue	-	-	8,557	8,557
Total revenues	<u>13</u>	<u>7,146</u>	<u>238,692</u>	<u>245,851</u>
EXPENDITURES				
Current				
Highways and streets	\$ -	\$ 41,532	\$ 284,763	\$ 326,295
Capital outlay	-	720,997	1,027,037	1,748,034
Total expenditures	<u>-</u>	<u>762,529</u>	<u>1,311,800</u>	<u>2,074,329</u>
Excess (deficiency) of revenues over (under) expenditures	13	(755,383)	(1,073,108)	(1,828,478)
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>-</u>	<u>(10,027)</u>	<u>(37,600)</u>	<u>(47,627)</u>
Net change in fund balances	13	(765,410)	(1,110,708)	(1,876,105)
Beginning fund balances	<u>1,817</u>	<u>1,382,101</u>	<u>4,426,433</u>	<u>5,810,351</u>
Ending fund balances	<u>\$ 1,830</u>	<u>\$ 616,691</u>	<u>\$ 3,315,725</u>	<u>\$ 3,934,246</u>

CITY OF MEDFORD

Greenway Construction Fund - 041

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	<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	\$ -	\$ -	\$ 14	\$ 13	\$ 27	\$ 27
Expenditures:	-	-	-	-	-	-
Excess revenues over (under) expenditures	-	-	14	13	27	27
Net change in fund balances	-	-	14	13	27	27
Fund Balance:						
Beginning	<u>1,800</u>	<u>1,800</u>	<u>1,803</u>	<u>1,817</u>	<u>1,803</u>	<u>3</u>
Ending	<u>\$ 1,800</u>	<u>\$ 1,800</u>	<u>\$ 1,817</u>	<u>\$ 1,830</u>	<u>\$ 1,830</u>	<u>\$ 30</u>

CITY OF MEDFORD

Special Sidewalk Fund - 044

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	<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	<u>\$ 14,000</u>	<u>\$ 14,000</u>	<u>\$ 11,160</u>	<u>\$ 7,146</u>	<u>\$ 18,306</u>	<u>\$ 4,306</u>
Expenditures:						
Sidewalk projects	<u>955,000</u>	<u>955,000</u>	<u>59,588</u>	<u>762,529</u>	<u>822,117</u>	<u>132,883</u>
Excess revenues over (under) expenditures	<u>(941,000)</u>	<u>(941,000)</u>	<u>(48,428)</u>	<u>(755,383)</u>	<u>(803,811)</u>	<u>137,189</u>
Other financing sources (uses):						
Transfers out	<u>(19,700)</u>	<u>(19,700)</u>	<u>(9,600)</u>	<u>(10,027)</u>	<u>(19,627)</u>	<u>73</u>
Net change in fund balances	<u>(960,700)</u>	<u>(960,700)</u>	<u>(58,028)</u>	<u>(765,410)</u>	<u>(823,438)</u>	<u>137,262</u>
Fund Balance:						
Beginning	<u>1,179,590</u>	<u>1,179,590</u>	<u>1,440,129</u>	<u>1,382,101</u>	<u>1,440,129</u>	<u>260,539</u>
Ending	<u>\$ 218,890</u>	<u>\$ 218,890</u>	<u>\$ 1,382,101</u>	<u>\$ 616,691</u>	<u>\$ 616,691</u>	<u>\$ 397,801</u>

CITY OF MEDFORD

Street Improvement Fund - 042

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual for Budget Period</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Intergovernmental	\$ -	\$ -	\$ -	\$ 83,928	\$ 83,928	\$ 83,928
Investment earnings	49,200	49,200	45,775	40,336	86,111	36,911
Other revenue	1,482,000	1,482,000	546,010	8,557	554,567	(927,433)
Grants and contracts	<u>3,418,650</u>	<u>4,117,300</u>	<u>1,032,398</u>	<u>105,871</u>	<u>1,138,269</u>	<u>(2,979,031)</u>
Total revenues	<u>4,949,850</u>	<u>5,648,500</u>	<u>1,624,183</u>	<u>238,692</u>	<u>1,862,875</u>	<u>(3,785,625)</u>
Expenditures:						
Street development	717,280	5,329,370	1,876,279	1,311,800	3,188,079	2,141,291
Contingency	<u>565,650</u>	<u>565,650</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>565,650</u>
Excess revenues over (under) expenditures	<u>3,666,920</u>	<u>(246,520)</u>	<u>(252,096)</u>	<u>(1,073,108)</u>	<u>(1,325,204)</u>	<u>(1,078,684)</u>
Other financing sources (uses):						
Transfers out	<u>(73,500)</u>	<u>(73,500)</u>	<u>(35,900)</u>	<u>(37,600)</u>	<u>(73,500)</u>	<u>-</u>
Net change in fund balances	3,593,420	(320,020)	(287,996)	(1,110,708)	(1,398,704)	(1,078,684)
Fund Balance:						
Beginning	<u>1,119,470</u>	<u>1,119,470</u>	<u>4,714,429</u>	<u>4,426,433</u>	<u>4,714,429</u>	<u>3,594,959</u>
Ending	<u>\$ 4,712,890</u>	<u>\$ 799,450</u>	<u>\$ 4,426,433</u>	<u>\$ 3,315,725</u>	<u>\$ 3,315,725</u>	<u>\$ 2,516,275</u>

ENTERPRISE FUNDS BUDGET AND ACTUAL SCHEDULES

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

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

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

CITY OF MEDFORD
Sewer Utility Fund
Combining Balance Sheet
June 30, 2013

	Storm Drain SDC Fund - 022	Storm Drain Utility Fund - 046	Sewage Treatment Fund - 090	Sewer Collection System SDC Fund - 020	Sanitary Sewer Maintenance Fund - 014	Sewage Treatment SDC Fund - 023	Total
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 1,857,663	\$ 5,327,703	\$ 4,473,295	\$ 530,869	\$ 2,337,205	\$ 3,692,997	\$ 18,219,732
Receivables	-	21,745	204,157	817	1,978	10,280	238,977
Inventories	-	-	73,195	-	-	-	73,195
Due from Medford Water Commission	-	356,117	-	-	462,875	-	818,992
Total current assets	<u>1,857,663</u>	<u>5,705,565</u>	<u>4,750,647</u>	<u>531,686</u>	<u>2,802,058</u>	<u>3,703,277</u>	<u>19,350,896</u>
Noncurrent assets:							
Capital assets:							
Land and construction in progress	-	123,148	276,794	-	254,653	-	654,595
Capital assets, net of accumulated depreciation	-	29,875,969	33,996,779	-	16,664,217	-	80,536,965
Total noncurrent liabilities	-	29,999,117	34,273,573	-	16,918,870	-	81,191,560
Total assets	<u>\$ 1,857,663</u>	<u>\$ 35,704,682</u>	<u>\$ 39,024,220</u>	<u>\$ 531,686</u>	<u>\$ 19,720,928</u>	<u>\$ 3,703,277</u>	<u>\$ 100,542,456</u>
LIABILITIES							
Current liabilities:							
Accounts payable	\$ -	\$ 238,006	\$ 285,173	\$ 56,341	\$ 532,495	\$ -	\$ 1,112,015
Payroll and related accruals	5,898	54,171	84,403	6,741	50,931	-	202,144
Due to Medford Water Commission	-	19,928	186	-	32,671	-	52,785
Compensated absences, due within one year	-	7,771	24,366	-	10,099	-	42,236
Total current liabilities	<u>5,898</u>	<u>319,876</u>	<u>394,128</u>	<u>63,082</u>	<u>626,196</u>	<u>-</u>	<u>1,409,180</u>
Noncurrent liabilities:							
Compensated absences, due in more than one year	-	39,144	97,466	-	32,332	-	168,942
Total liabilities	<u>5,898</u>	<u>359,020</u>	<u>491,594</u>	<u>63,082</u>	<u>658,528</u>	<u>-</u>	<u>1,578,122</u>
NET POSITION							
Net investment in capital assets	-	29,999,117	34,273,573	-	16,918,870	-	81,191,560
Restricted for future development	1,851,765	-	-	468,604	-	3,703,277	6,023,646
Unrestricted	-	5,346,545	4,259,053	-	2,143,530	-	11,749,128
Total net position	<u>1,851,765</u>	<u>35,345,662</u>	<u>38,532,626</u>	<u>468,604</u>	<u>19,062,400</u>	<u>3,703,277</u>	<u>98,964,334</u>
Total liabilities and fund balances	<u>\$ 1,857,663</u>	<u>\$ 35,704,682</u>	<u>\$ 39,024,220</u>	<u>\$ 531,686</u>	<u>\$ 19,720,928</u>	<u>\$ 3,703,277</u>	<u>\$ 100,542,456</u>

CITY OF MEDFORD

Sewer Utility Fund

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

Year ended June 30, 2013

	Storm Drain SDC Fund - 022	Storm Drain Utility Fund - 046	Sewage Treatment Fund - 090	Sewer Collection System SDC Fund - 020	Sanitary Sewer Maintenance Fund - 014	Sewage Treatment SDC Fund - 023	Eliminate Internal Transfer	Total
OPERATING REVENUES								
Charges for services	\$ -	\$ 4,390,742	\$ 2,414,519	\$ -	\$ 5,464,898	\$ -	\$ -	\$ 12,270,159
Other revenue	-	648	233,051	-	3,241	-	-	236,940
Total operating revenues	<u>-</u>	<u>4,391,390</u>	<u>2,647,570</u>	<u>-</u>	<u>5,468,139</u>	<u>-</u>	<u>-</u>	<u>12,507,099</u>
OPERATING EXPENSES								
Salaries and fringe benefits	115,490	1,523,955	2,357,462	110,860	1,226,153	-	-	5,333,920
Operating supplies	127,421	101,424	362,237	40	320,935	7,507	-	919,564
Professional services	-	1,441	403,790	56,873	-	-	-	462,104
Repairs and maintenance	-	27,490	157,202	-	52,724	-	-	237,416
Premiums and claims	-	9,000	32,420	-	23,730	-	-	65,150
Utilities	-	2,819	355,166	-	9,263	-	-	367,248
General, administrative, and engineering	-	11,353	103,198	-	19,315	-	-	133,866
Depreciation	-	991,070	1,556,189	-	595,450	-	-	3,142,709
Total operating expenses	<u>242,911</u>	<u>2,668,552</u>	<u>5,327,664</u>	<u>167,773</u>	<u>2,247,570</u>	<u>7,507</u>	<u>-</u>	<u>10,661,977</u>
Operating income (loss)	<u>(242,911)</u>	<u>1,722,838</u>	<u>(2,680,094)</u>	<u>(167,773)</u>	<u>3,220,569</u>	<u>(7,507)</u>	<u>-</u>	<u>1,845,122</u>
NONOPERATING REVENUE (EXPENSES)								
Grants and contracts	-	-	-	9,139	9,139	-	-	18,278
Investment earnings	13,930	32,703	31,478	3,585	14,860	29,314	-	125,870
Total nonoperating revenues (expenses)	<u>13,930</u>	<u>32,703</u>	<u>31,478</u>	<u>12,724</u>	<u>23,999</u>	<u>29,314</u>	<u>-</u>	<u>144,148</u>
Income (loss) before contributions and transfers	<u>(228,981)</u>	<u>1,755,541</u>	<u>(2,648,616)</u>	<u>(155,049)</u>	<u>3,244,568</u>	<u>21,807</u>	<u>-</u>	<u>1,989,270</u>
CONTRIBUTIONS AND TRANSFERS								
Contributions	87,113	-	-	164,065	-	753,114	-	1,004,292
Transfers in	-	-	3,813,982	-	-	-	(3,813,982)	-
Transfers out	<u>(8,200)</u>	<u>(262,234)</u>	<u>(261,364)</u>	<u>(5,330)</u>	<u>(2,323,212)</u>	<u>(1,758,906)</u>	<u>3,813,982</u>	<u>(805,264)</u>
Total contributions and transfers	<u>78,913</u>	<u>(262,234)</u>	<u>3,552,618</u>	<u>158,735</u>	<u>(2,323,212)</u>	<u>(1,005,792)</u>	<u>-</u>	<u>199,028</u>
Change in net position	<u>(150,068)</u>	<u>1,493,307</u>	<u>904,002</u>	<u>3,686</u>	<u>921,356</u>	<u>(983,985)</u>	<u>-</u>	<u>2,188,298</u>
Beginning net position	<u>2,001,833</u>	<u>33,852,355</u>	<u>37,628,624</u>	<u>464,918</u>	<u>18,141,044</u>	<u>4,687,262</u>	<u>-</u>	<u>96,776,036</u>
Ending net position	<u>\$ 1,851,765</u>	<u>\$ 35,345,662</u>	<u>\$ 38,532,626</u>	<u>\$ 468,604</u>	<u>\$ 19,062,400</u>	<u>\$ 3,703,277</u>	<u>\$ -</u>	<u>\$ 98,964,334</u>

CITY OF MEDFORD

Storm Drain SDC Fund - 022

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	Original	Final				
Revenues:						
Charges for services	\$ 194,000	\$ 194,000	\$ 152,207	\$ 87,113	\$ 239,320	\$ 45,320
Investment earnings	28,200	28,200	16,013	13,930	29,943	1,743
Other revenue	-	-	376	-	376	376
Total revenues	222,200	222,200	168,596	101,043	269,639	47,439
Expenditures:						
Storm drain system development	717,280	717,280	291,575	240,397	531,972	185,308
Contingency	22,000	22,000	-	-	-	22,000
Total expenditures	739,280	739,280	291,575	240,397	531,972	207,308
Excess revenues over (under) expenditures	(517,080)	(517,080)	(122,979)	(139,354)	(262,333)	254,747
Other financing sources (uses):						
Transfers out	(16,000)	(16,000)	(7,800)	(8,200)	(16,000)	-
Total other financing sources (uses)	(16,000)	(16,000)	(7,800)	(8,200)	(16,000)	-
Net change in fund balances	(533,080)	(533,080)	(130,779)	(147,554)	(278,333)	254,747
Fund Balance:						
Beginning	1,299,400	1,299,400	2,130,098	1,999,319	2,130,098	830,698
Ending	\$ 766,320	\$ 766,320	\$ 1,999,319	\$ 1,851,765	\$ 1,851,765	\$ 1,085,445

CITY OF MEDFORD

Storm Drain Utility Fund - 046

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	Original	Final				
Revenues:						
Intergovernmental	\$ 30,000	\$ 30,000	\$ 28,236	\$ 25,713	\$ 53,949	\$ 23,949
Charges for services	7,810,000	7,810,000	3,899,595	4,365,029	8,264,624	454,624
Investment earnings	28,200	28,200	23,125	32,703	55,828	27,628
Other revenue	4,000	4,000	1,485	602	2,087	(1,913)
Grants and contracts	-	-	7,320	-	7,320	7,320
Total revenues	7,872,200	7,872,200	3,959,761	4,424,047	8,383,808	511,608
Expenditures:						
Storm drain system maintenance	6,338,400	6,682,400	2,216,152	2,591,803	4,807,955	1,874,445
Contingency	590,000	245,740	-	-	-	245,740
Total expenditures	6,928,400	6,928,140	2,216,152	2,591,803	4,807,955	2,120,185
Excess revenues over (under) expenditures	943,800	944,060	1,743,609	1,832,244	3,575,853	2,631,793
Other financing sources (uses):						
Transfers out	(513,300)	(513,560)	(250,999)	(262,234)	(513,233)	327
Proceeds from sale of capital assets	-	-	13,008	46	13,054	13,054
Net change in fund balances	430,500	430,500	1,505,618	1,570,056	3,075,674	2,645,174
Fund Balance:						
Beginning	2,785,990	2,785,990	2,317,786	3,823,404	2,317,786	(468,204)
Ending	<u>\$ 3,216,490</u>	<u>\$ 3,216,490</u>	<u>\$ 3,823,404</u>	\$ 5,393,460	<u>\$ 5,393,460</u>	<u>\$ 2,176,970</u>
Reconciliation to GAAP Basis:						
Capital assets, net				29,999,117		
Compensated absences				(46,915)		
Total net position - end of year				<u>\$ 35,345,662</u>		

CITY OF MEDFORD

Sewage Treatment Fund - 090

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual for Budget Period</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Charges for services	\$ 4,886,000	\$ 4,886,000	\$ 2,363,184	\$ 2,414,519	\$ 4,777,703	\$ (108,297)
Investment earnings	63,400	63,400	40,209	31,478	71,687	8,287
Other revenue	6,200	6,200	6,241	233,051	239,292	233,092
Grants and contracts	<u>1,250,000</u>	<u>1,250,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,250,000)</u>
Total revenues	<u>6,205,600</u>	<u>6,205,600</u>	<u>2,409,634</u>	<u>2,679,048</u>	<u>5,088,682</u>	<u>(1,116,918)</u>
Expenditures:						
Sewage treatment maintenance	11,534,220	11,534,220	4,942,928	4,778,920	9,721,848	1,812,372
Contingency	<u>983,000</u>	<u>979,770</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>979,770</u>
Total expenditures	<u>12,517,220</u>	<u>12,513,990</u>	<u>4,942,928</u>	<u>4,778,920</u>	<u>9,721,848</u>	<u>2,792,142</u>
Excess revenues over (under) expenditures	<u>(6,311,620)</u>	<u>(6,308,390)</u>	<u>(2,533,294)</u>	<u>(2,099,872)</u>	<u>(4,633,166)</u>	<u>1,675,224</u>
Other financing sources (uses):						
Transfers in	4,360,000	4,360,000	2,101,253	2,066,827	4,168,080	(191,920)
Transfers out	(505,300)	(508,530)	(246,700)	(261,364)	(508,064)	466
Proceeds from sale of capital assets	<u>-</u>	<u>-</u>	<u>12,055</u>	<u>-</u>	<u>12,055</u>	<u>12,055</u>
Total other financing sources (uses)	<u>3,854,700</u>	<u>3,851,470</u>	<u>1,866,608</u>	<u>1,805,463</u>	<u>3,672,071</u>	<u>(179,399)</u>
Net change in fund balances	(2,456,920)	(2,456,920)	(666,686)	(294,409)	(961,095)	1,495,825
Fund Balance:						
Beginning	<u>5,042,190</u>	<u>5,042,190</u>	<u>5,268,785</u>	<u>4,602,099</u>	<u>5,268,785</u>	<u>226,595</u>
Ending	<u>\$ 2,585,270</u>	<u>\$ 2,585,270</u>	<u>\$ 4,602,099</u>	<u>\$ 4,307,690</u>	<u>\$ 4,307,690</u>	<u>\$ 1,722,420</u>
Reconciliation to GAAP Basis (Fund Balance to Net Position):						
Inventory				73,195		
Capital assets, net				34,273,573		
Compensated absences				<u>(121,832)</u>		
Total net position - end of year				<u>\$ 38,532,626</u>		

CITY OF MEDFORD

Sewer Collection System SDC Fund - 020

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	<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	\$ 150,000	\$ 150,000	\$ 61,912	\$ 164,065	\$ 225,977	\$ 75,977
Investment earnings	7,000	7,000	4,041	3,585	7,626	626
Grants and contracts	-	155,000	-	9,139	9,139	(145,861)
Total revenues	157,000	312,000	65,953	176,789	242,742	(69,258)
Expenditures:						
Sewer collection system development	912,190	1,067,190	434,734	167,201	601,935	465,255
Contingency	16,000	16,000	-	-	-	16,000
Total expenditures	928,190	1,083,190	434,734	167,201	601,935	481,255
Excess revenues over (under) expenditures	(771,190)	(771,190)	(368,781)	9,588	(359,193)	411,997
Other financing sources (uses):						
Transfers out	(10,500)	(10,500)	(5,099)	(5,330)	(10,429)	71
Net change in fund balances	(781,690)	(781,690)	(373,880)	4,258	(369,622)	412,068
Fund Balance:						
Beginning	883,850	883,850	838,226	464,346	838,226	(45,624)
Ending	\$ 102,160	\$ 102,160	\$ 464,346	\$ 468,604	\$ 468,604	\$ 366,444

CITY OF MEDFORD

Sanitary Sewer Maintenance Fund - 014

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	<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	\$ 10,609,500	\$ 10,609,500	\$ 5,298,040	\$ 5,464,898	\$ 10,762,938	\$ 153,438
Investment earnings	7,000	7,000	11,705	14,860	26,565	19,565
Other revenue	-	-	2,796	2,954	5,750	5,750
Grants and contracts	-	115,000	-	9,139	9,139	(105,861)
Total revenues	<u>10,616,500</u>	<u>10,731,500</u>	<u>5,312,541</u>	<u>5,491,851</u>	<u>10,804,392</u>	<u>72,892</u>
Expenditures:						
Sewer system maintenance and construction	6,298,210	6,621,210	2,166,039	3,060,967	5,227,006	1,394,204
Contingency	587,000	378,160	-	-	-	378,160
Total expenditures	<u>6,885,210</u>	<u>6,999,370</u>	<u>2,166,039</u>	<u>3,060,967</u>	<u>5,227,006</u>	<u>1,772,364</u>
Excess revenues over (under) expenditures	<u>3,731,290</u>	<u>3,732,130</u>	<u>3,146,502</u>	<u>2,430,884</u>	<u>5,577,386</u>	<u>1,845,256</u>
Other financing sources (uses):						
Transfers out	(4,860,800)	(4,861,640)	(2,346,247)	(2,323,212)	(4,669,459)	192,181
Proceeds from sale of capital assets	-	-	892	287	1,179	1,179
Total other financing sources (uses)	<u>(4,860,800)</u>	<u>(4,861,640)</u>	<u>(2,345,355)</u>	<u>(2,322,925)</u>	<u>(4,668,280)</u>	<u>193,360</u>
Net change in fund balances	<u>(1,129,510)</u>	<u>(1,129,510)</u>	<u>801,147</u>	<u>107,959</u>	<u>909,106</u>	<u>2,038,616</u>
Fund Balance:						
Beginning	<u>1,155,620</u>	<u>1,155,620</u>	<u>1,276,855</u>	<u>2,078,002</u>	<u>1,276,855</u>	<u>121,235</u>
Ending	<u>\$ 26,110</u>	<u>\$ 26,110</u>	<u>\$ 2,078,002</u>	<u>\$ 2,185,961</u>	<u>\$ 2,185,961</u>	<u>\$ 2,159,851</u>

Reconciliation to GAAP Basis:

Capital assets, net		16,918,870
Compensated absences		(42,431)
Total net position - end of year		<u>\$ 19,062,400</u>

CITY OF MEDFORD

Sewage Treatment SDC Fund - 023

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	<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	\$ 1,040,000	\$ 1,040,000	\$ 565,803	\$ 753,114	\$ 1,318,917	\$ 278,917
Investment earnings	<u>119,600</u>	<u>119,600</u>	<u>53,740</u>	<u>29,314</u>	<u>83,054</u>	<u>(36,546)</u>
Total revenues	<u>1,159,600</u>	<u>1,159,600</u>	<u>619,543</u>	<u>782,428</u>	<u>1,401,971</u>	<u>242,371</u>
Expenditures:						
Sewage treatment SDC	<u>6,729,400</u>	<u>6,729,400</u>	<u>4,504,217</u>	<u>1,747,287</u>	<u>6,251,504</u>	<u>477,896</u>
Excess revenues over (under) expenditures	<u>(5,569,800)</u>	<u>(5,569,800)</u>	<u>(3,884,674)</u>	<u>(964,859)</u>	<u>(4,849,533)</u>	<u>720,267</u>
Other financing sources (uses):						
Transfers out	<u>(23,100)</u>	<u>(23,100)</u>	<u>(11,300)</u>	<u>(11,751)</u>	<u>(23,051)</u>	<u>49</u>
Net change in fund balances	(5,592,900)	(5,592,900)	(3,895,974)	(976,610)	(4,872,584)	720,316
Fund Balance:						
Beginning	<u>10,266,300</u>	<u>10,266,300</u>	<u>8,575,861</u>	<u>4,679,887</u>	<u>8,575,861</u>	<u>(1,690,439)</u>
Ending	<u>\$ 4,673,400</u>	<u>\$ 4,673,400</u>	<u>\$ 4,679,887</u>	<u>\$ 3,703,277</u>	<u>\$ 3,703,277</u>	<u>\$ (970,123)</u>

CITY OF MEDFORD

Parking Facilities Fund - 018

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	<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	\$ 954,000	\$ 961,250	\$ 371,022	\$ 497,063	\$ 868,085	\$ (93,165)
Investment earnings	-	-	1,520	1,776	3,296	3,296
Other revenue	-	-	(13)	2,907	2,894	2,894
Total revenues	<u>954,000</u>	<u>961,250</u>	<u>372,529</u>	<u>501,746</u>	<u>874,275</u>	<u>(86,975)</u>
Expenditures:						
Parking facilities maintenance and construction	1,005,340	1,012,590	403,365	370,058	773,423	239,167
Contingency	<u>107,000</u>	<u>107,000</u>	-	-	-	<u>107,000</u>
Total expenditures	<u>1,112,340</u>	<u>1,119,590</u>	<u>403,365</u>	<u>370,058</u>	<u>773,423</u>	<u>346,167</u>
Excess revenues over (under) expenditures	<u>(158,340)</u>	<u>(158,340)</u>	<u>(30,836)</u>	<u>131,688</u>	<u>100,852</u>	<u>259,192</u>
Other financing sources (uses):						
Transfers in	56,400	63,650	7,250	-	7,250	(56,400)
Transfers out	<u>(37,700)</u>	<u>(44,950)</u>	<u>(18,499)</u>	<u>(26,450)</u>	<u>(44,949)</u>	<u>1</u>
Total other financing sources (uses)	<u>18,700</u>	<u>18,700</u>	<u>(11,249)</u>	<u>(26,450)</u>	<u>(37,699)</u>	<u>(56,399)</u>
Net change in fund balances	(139,640)	(139,640)	(42,085)	105,238	63,153	202,793
Fund Balance:						
Beginning	<u>140,100</u>	<u>140,100</u>	<u>243,601</u>	<u>201,516</u>	<u>243,601</u>	<u>103,501</u>
Ending	<u>\$ 460</u>	<u>\$ 460</u>	<u>\$ 201,516</u>	<u>\$ 306,754</u>	<u>\$ 306,754</u>	<u>\$ 306,294</u>
Reconciliation to GAAP Basis:						
Capital assets, net				<u>1,178,231</u>		
Total net position - end of year				<u>\$ 1,484,985</u>		

INTERNAL SERVICE FUNDS

The Internal Service Funds account for services and activities provided by the City for other units within and outside the City. Funds included in this category are:

- Risk Management Fund - Accounts for administration and associated cost of workers' compensation insurance and other insurance programs provided by the City.
- Fleet Maintenance Fund - Accounts for fleet maintenance services provided by the City.

CITY OF MEDFORD

Internal Service Funds

Combining Balance Sheet

June 30, 2013

	<u>Risk Management Fund - 003</u>	<u>Fleet Maintenance Fund - 082</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,534,154	\$ 896,679	\$ 3,430,833
Receivables	-	65,414	65,414
Inventories	-	<u>726,026</u>	<u>726,026</u>
Total current assets	<u>2,534,154</u>	<u>1,688,119</u>	<u>4,222,273</u>
Noncurrent assets:			
Restricted cash and cash equivalents	110,154	-	110,154
Capital assets, net of accumulated depreciation	-	<u>127,205</u>	<u>127,205</u>
Total noncurrent assets	<u>110,154</u>	<u>127,205</u>	<u>237,359</u>
Total assets	<u>\$ 2,644,308</u>	<u>\$ 1,815,324</u>	<u>\$ 4,459,632</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 140,159	\$ 171,794	\$ 311,953
Payroll and related accruals	87,734	18,729	106,463
Compensated absences, due within one year	-	6,344	6,344
Claims payable	<u>508,095</u>	-	<u>508,095</u>
Total current liabilities	735,988	196,867	932,855
Noncurrent liabilities:			
Compensated absences, due in more than one year	-	<u>25,375</u>	<u>25,375</u>
Total liabilities	<u>735,988</u>	<u>222,242</u>	<u>958,230</u>
NET POSITION			
Net investment in capital assets	-	127,205	127,205
Restricted for employee section 125 plan	110,154	-	110,154
Unrestricted	<u>1,798,166</u>	<u>1,465,877</u>	<u>3,264,043</u>
Total net position	<u>1,908,320</u>	<u>1,593,082</u>	<u>3,501,402</u>
Total liabilities and net position	<u>\$ 2,644,308</u>	<u>\$ 1,815,324</u>	<u>\$ 4,459,632</u>

CITY OF MEDFORD

Internal Service Funds

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

Year ended June 30, 2013

	Risk Management Fund - 003	Fleet Maintenance Fund - 082	Total
OPERATING REVENUES			
Charges for services	\$ 1,162,890	\$ 1,244,454	\$ 2,407,344
Other revenue	15	3,019	3,034
Total operating revenues	<u>1,162,905</u>	<u>1,247,473</u>	<u>2,410,378</u>
OPERATING EXPENSES			
Salaries and fringe benefits	721,027	498,791	1,219,818
Operating supplies	15,005	570,636	585,641
Professional services	84,765	16,227	100,992
Repairs and maintenance	-	7,567	7,567
Premiums and claims	379,371	1,930	381,301
Utilities	-	2,030	2,030
General, administrative, and engineering	23,948	9,885	33,833
Depreciation	-	14,687	14,687
Total operating expenses	<u>1,224,116</u>	<u>1,121,753</u>	<u>2,345,869</u>
Operating income (loss)	<u>(61,211)</u>	<u>125,720</u>	<u>64,509</u>
NONOPERATING REVENUES (EXPENSES)			
Gain on sale of capital assets	-	1,768	1,768
Investment earnings	15,998	6,094	22,092
Total nonoperating revenues (expenses)	<u>15,998</u>	<u>7,862</u>	<u>23,860</u>
Income before contributions and transfers	(45,213)	133,582	88,369
CONTRIBUTIONS AND TRANSFERS			
Transfers in	375,000	-	375,000
Transfers out	(77,680)	(19,129)	(96,809)
Total contributions and transfers	<u>297,320</u>	<u>(19,129)</u>	<u>278,191</u>
Change in net position	252,107	114,453	366,560
Beginning net position	<u>1,656,213</u>	<u>1,478,629</u>	<u>3,134,842</u>
Ending net position	<u>\$ 1,908,320</u>	<u>\$ 1,593,082</u>	<u>\$ 3,501,402</u>

CITY OF MEDFORD
Internal Service Funds
Combining Statement of Cash Flows
Year ended June 30, 2013

	Risk Management Fund - 003	Fleet Maintenance Fund - 082	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,162,906	\$ 1,214,470	\$ 2,377,376
Payments to suppliers	(412,635)	(620,965)	(1,033,600)
Payments to employees	(730,434)	(488,752)	(1,219,186)
Net cash provided (used) by operating activities	<u>19,837</u>	<u>104,753</u>	<u>124,590</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	375,000	-	375,000
Transfers to other funds	(77,680)	(19,129)	(96,809)
Net cash provided (used) by noncapital financing activities	<u>297,320</u>	<u>(19,129)</u>	<u>278,191</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of capital assets	-	1,768	1,768
Acquisition and construction of capital assets	-	(57,372)	(57,372)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(55,604)</u>	<u>(55,604)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends received	<u>15,998</u>	<u>6,094</u>	<u>22,092</u>
Increase (decrease) in cash	333,155	36,114	369,269
Cash at beginning of year	<u>2,311,153</u>	<u>860,565</u>	<u>3,171,718</u>
Cash at end of year	<u>\$ 2,644,308</u>	<u>\$ 896,679</u>	<u>\$ 3,540,987</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (61,211)	\$ 125,720	\$ 64,509
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	-	14,687	14,687
(Increase) decrease in accounts receivable	-	(33,002)	(33,002)
(Increase) decrease in inventories	-	(109,174)	(109,174)
Increase (decrease) in accounts payable	128,493	96,484	224,977
Increase (decrease) in accrued payroll and related expenses	(9,406)	2,055	(7,351)
Increase (decrease) in compensated absences	-	7,983	7,983
Increase (decrease) in claims payable	(38,039)	-	(38,039)
Total adjustments	<u>81,048</u>	<u>(20,967)</u>	<u>60,081</u>
Net cash provided (used) by operating activities	<u>\$ 19,837</u>	<u>\$ 104,753</u>	<u>\$ 124,590</u>

CITY OF MEDFORD

Risk Management Fund - 003

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	<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	\$ 2,163,900	\$ 2,163,900	\$ 1,126,940	\$ 1,162,890	\$ 2,289,830	\$ 125,930
Investment earnings	14,000	14,000	13,170	15,998	29,168	15,168
Other revenue	-	-	132	15	147	147
Total revenues	<u>2,177,900</u>	<u>2,177,900</u>	<u>1,140,242</u>	<u>1,178,903</u>	<u>2,319,145</u>	<u>141,245</u>
Expenditures:						
Risk management	2,589,450	2,739,450	1,048,083	1,262,155	2,310,238	429,212
Contingency	<u>1,000,000</u>	<u>850,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>850,000</u>
Total expenditures	<u>3,589,450</u>	<u>3,589,450</u>	<u>1,048,083</u>	<u>1,262,155</u>	<u>2,310,238</u>	<u>1,279,212</u>
Excess revenues over (under) expenditures	<u>(1,411,550)</u>	<u>(1,411,550)</u>	<u>92,159</u>	<u>(83,252)</u>	<u>8,907</u>	<u>1,420,457</u>
Other financing sources (uses):						
Transfers in	750,000	750,000	375,000	375,000	750,000	-
Transfers out	<u>(152,300)</u>	<u>(152,300)</u>	<u>(74,600)</u>	<u>(77,680)</u>	<u>(152,280)</u>	<u>20</u>
Total other financing sources (uses)	<u>597,700</u>	<u>597,700</u>	<u>300,400</u>	<u>297,320</u>	<u>597,720</u>	<u>20</u>
Net change in fund balances	(813,850)	(813,850)	392,559	214,068	606,627	1,420,477
Fund Balance:						
Beginning	<u>1,452,860</u>	<u>1,452,860</u>	<u>1,809,788</u>	<u>2,202,347</u>	<u>1,809,788</u>	<u>356,928</u>
Ending	<u>\$ 639,010</u>	<u>\$ 639,010</u>	<u>\$ 2,202,347</u>	2,416,415	<u>\$ 2,416,415</u>	<u>\$ 1,777,405</u>
Reconciliation to GAAP Basis:						
Claims payable				<u>(508,095)</u>		
Total net position - end of year				<u>\$ 1,908,320</u>		

CITY OF MEDFORD

Fleet Maintenance Fund - 082

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	<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	\$ 1,492,000	\$ 2,142,250	\$ 1,041,981	\$ 1,244,454	\$ 2,286,435	\$ 144,185
Investment earnings	7,000	7,000	6,504	6,094	12,598	5,598
Other revenue	-	-	1,213	3,019	4,232	4,232
Total revenues	<u>1,499,000</u>	<u>2,149,250</u>	<u>1,049,698</u>	<u>1,253,567</u>	<u>2,303,265</u>	<u>154,015</u>
Expenditures:						
Fleet maintenance and operations	1,646,540	2,296,790	1,022,301	1,156,453	2,178,754	118,036
Contingency	<u>181,000</u>	<u>181,000</u>	-	-	-	<u>181,000</u>
Total expenditures	<u>1,827,540</u>	<u>2,477,790</u>	<u>1,022,301</u>	<u>1,156,453</u>	<u>2,178,754</u>	<u>299,036</u>
Excess revenues over (under) expenditures	<u>(328,540)</u>	<u>(328,540)</u>	<u>27,397</u>	<u>97,114</u>	<u>124,511</u>	<u>453,051</u>
Other financing sources (uses):						
Transfers out	(37,300)	(37,300)	(18,100)	(19,129)	(37,229)	71
Proceeds from sale of capital assets	-	-	546	1,768	2,314	2,314
Total other financing sources (uses)	<u>(37,300)</u>	<u>(37,300)</u>	<u>(17,554)</u>	<u>(17,361)</u>	<u>(34,915)</u>	<u>2,385</u>
Net change in fund balances	(365,840)	(365,840)	9,843	79,753	89,596	455,436
Fund Balance:						
Beginning	<u>681,690</u>	<u>681,690</u>	<u>1,408,000</u>	<u>1,417,843</u>	<u>1,408,000</u>	<u>726,310</u>
Ending	<u>\$ 315,850</u>	<u>\$ 315,850</u>	<u>\$ 1,417,843</u>	<u>\$ 1,497,596</u>	<u>\$ 1,497,596</u>	<u>\$ 1,181,746</u>
Reconciliation to GAAP Basis:						
Capital assets, net				127,205		
Compensated absences				<u>(31,719)</u>		
Total net position - end of year				<u>\$ 1,593,082</u>		

OTHER FINANCIAL SCHEDULES

CITY OF MEDFORD
Schedule of Expenditures by Division
Budget and Actual
For the Year Ended June 30, 2013

	<u>Biennium Budget</u>		First Year Actual	Second Year Actual	Total Actual for Budget Period	Variance with Final Budget
	Original	Final				
Expenditures:						
Mayor and council	\$ 798,340	\$ 815,370	\$ 338,422	\$ 301,468	\$ 639,890	\$ 175,480
Community promotion	3,202,350	4,693,410	2,155,214	1,469,370	3,624,584	1,068,826
Advisory services	23,240	23,240	11,471	10,063	21,534	1,706
Special events	156,000	156,000	71,618	69,917	141,535	14,465
Vision implementation	40,000	31,000	-	20,801	20,801	10,199
Technology services	5,116,080	5,258,380	2,204,817	2,359,905	4,564,722	693,658
Technology services - capital improvements	336,000	336,000	142,088	82,713	224,801	111,199
City management	2,019,850	3,789,030	974,503	812,669	1,787,172	2,001,858
Economic development	333,840	341,030	31,497	147,788	179,285	161,745
Neighborhood resources	59,230	184,620	49,572	15,745	65,317	119,303
City recorder	351,590	355,750	169,248	173,804	343,052	12,698
Emergency management	9,360	21,040	2,718	16,562	19,280	1,760
City attorney	1,143,410	1,155,110	538,518	556,266	1,094,784	60,326
Municipal court	1,492,300	1,895,800	722,473	1,128,261	1,850,734	45,066
Human resources	1,028,470	1,148,770	546,109	567,483	1,113,592	35,178
Finance	2,630,500	2,715,500	1,177,591	1,254,048	2,431,639	283,861
Bond interest & redemption	10,904,310	18,601,860	11,276,687	7,258,134	18,534,821	67,039
Insurance	2,589,390	2,739,390	1,048,079	1,262,155	2,310,234	429,156
Downtown parking enforcement	701,730	708,980	290,836	267,175	558,011	150,969
General expense	2,376,380	22,777,480	22,159,893	208,571	22,368,464	409,016
Police - administration	3,551,270	3,953,140	1,751,188	2,015,204	3,766,392	186,748
Police - technical support	2,717,180	2,695,040	1,284,045	1,320,095	2,604,140	90,900
Police - patrol	19,425,850	19,424,200	9,199,500	9,437,507	18,637,007	787,193
Police - operations support	3,534,020	3,831,910	1,835,211	1,817,825	3,653,036	178,874
Police - police investigation	4,780,980	4,856,200	2,419,733	2,449,110	4,868,843	(12,643)
Police - grants	82,000	82,000	11,231	68,033	79,264	2,736
Police - administrative support	2,512,750	2,642,060	1,241,384	1,324,181	2,565,565	76,495
Police - central communication	3,448,240	3,448,240	1,972,534	1,744,880	3,717,414	(269,174)
Police - capital improvements	340,100	488,450	127,624	34,227	161,851	326,599
Fire - administration	415,330	578,480	217,190	305,418	522,608	55,872
Fire - operations	22,007,820	22,477,490	10,647,671	10,928,125	21,575,796	901,694
Fire - prevention	1,544,510	1,545,210	649,039	721,470	1,370,509	174,701
Fire - training	435,910	450,440	213,988	146,556	360,544	89,896
Fire - capital improvements	805,150	873,500	445,231	394,883	840,114	33,386
Engineering and development	7,830,400	7,958,490	2,889,852	2,848,515	5,738,367	2,220,123
Engineering - capital improvements	23,946,310	25,831,310	5,960,933	5,428,978	11,389,911	14,441,399
PW - administration	1,797,400	1,797,400	853,716	772,230	1,625,946	171,454
PW - traffic maintenance	4,163,650	4,236,650	2,113,860	1,917,202	4,031,062	205,588
PW - street maintenance	5,206,570	5,206,570	2,560,108	2,430,056	4,990,164	216,406
PW - sewer maintenance	3,250,410	3,290,410	1,267,574	1,719,297	2,986,871	303,539
PW - storm drain maintenance	2,682,970	2,682,970	1,156,111	1,191,608	2,347,719	335,251
PW - fleet maintenance	1,439,540	2,089,790	915,104	1,070,539	1,985,643	104,147
PW - capital improvements	3,655,000	3,655,000	2,209,239	1,130,107	3,339,346	315,654

Continued on next page

CITY OF MEDFORD

Schedule of Expenditures by Division, continued

Budget and Actual

For the Year Ended June 30, 2013

	<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>				
Expenditures:						
Water reclamation division	7,932,670	7,932,670	3,474,849	3,528,824	7,003,673	928,997
Water reclamation - capital improvements	10,313,650	10,313,650	5,969,317	2,988,102	8,957,419	1,356,231
Planning	3,720,990	3,749,490	1,679,943	1,701,737	3,381,680	367,810
Parks - administration	877,110	926,560	411,146	443,330	854,476	72,084
Parks - general recreation	2,667,600	2,913,950	1,310,143	1,295,263	2,605,406	308,544
Parks - arts & cultural events	84,300	86,300	28,731	44,940	73,671	12,629
Parks - park maintenance	4,713,120	5,027,600	2,181,643	2,470,272	4,651,915	375,685
Parks - special restricted funds	72,220	111,920	10,629	32,060	42,689	69,231
Parks - city tree program	367,330	370,030	212,654	103,626	316,280	53,750
Parks - building maintenance	3,344,640	3,364,220	1,474,049	1,553,150	3,027,199	337,021
Parks - capital improvements	3,074,060	5,020,080	1,735,698	1,853,380	3,589,078	1,431,002
Parks - UCC special events	62,510	62,510	50,395	9,631	60,026	2,484
Building safety	2,185,610	2,185,610	943,966	913,692	1,857,658	327,952
Contingency	<u>17,857,830</u>	<u>14,543,330</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,543,330</u>
Total expenditures	212,159,370	248,450,630	115,336,583	86,136,951	201,473,534	46,977,096
Other financing sources:						
Transfers out	<u>20,438,570</u>	<u>29,006,200</u>	<u>15,968,810</u>	<u>12,309,230</u>	<u>28,278,040</u>	<u>728,160</u>
Total appropriations	<u>\$ 232,597,940</u>	<u>\$ 277,456,830</u>	<u>\$ 131,305,393</u>	<u>\$ 98,446,181</u>	<u>\$ 229,751,574</u>	<u>\$ 47,705,256</u>

CITY OF MEDFORD

Schedule of Property Tax Transactions
Year Ended June 30, 2013

City:	Tax Year	Uncollected as of July 1, 2012	Levy as Extended by Assessor	Discounts Allowed	Adjustments	Collections	Uncollected as of June 30, 2013
City:	2013	-	\$ 30,597,286	\$ (743,146)	\$ (15,896)	\$ (28,702,826)	\$ 1,135,418
	2012	1,202,356	-	538	(47,007)	(538,223)	617,664
	2011	583,973	-	219	(22,755)	(239,391)	322,046
	2010	341,849	-	23	(6,008)	(195,422)	140,442
	2009	133,381	-	16	(6,801)	(74,992)	51,604
	prior	136,857	-	16	(15,682)	(13,447)	107,744
	Total primary government	\$ 2,398,416	\$ 30,597,286	\$ (742,334)	\$ (114,149)	\$ (29,764,301)	\$ 2,374,918

Medford Urban Renewal Agency:

Medford Urban Renewal Agency:	2013	-	\$ 4,832,495	\$ (117,372)	\$ 1,638	\$ (4,533,287)	\$ 183,474
	2012	186,605	-	84	(7,295)	(83,532)	95,862
	2011	92,041	-	35	(3,587)	(37,731)	50,758
	2010	54,539	-	4	(959)	(31,178)	22,406
	2009	22,815	-	3	(1,163)	(12,828)	8,827
	prior	25,057	-	3	(3,802)	(2,317)	18,941
	Total component unit	\$ 381,057	\$ 4,832,495	\$ (117,243)	\$ (15,168)	\$ (4,700,873)	\$ 380,268
	Total all funds	\$ 2,779,473	\$ 35,429,781	\$ (859,577)	\$ (129,317)	\$ (34,465,174)	\$ 2,755,186

CITY OF MEDFORD, OREGON
INTRODUCTION TO THE STATISTICAL SECTION

(Unaudited)

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

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Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

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Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the city's ability to generate its own source revenue such as property taxes.

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Debt Capacity

These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.

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Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments

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Operating Information

These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it provides

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Sources:

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

City of Medford, Oregon

Schedule 1

Net Position by Component

Last Four Fiscal Years - Unaudited

(Amounts in dollars)

(Accrual basis of accounting)

	2010	2011	2012	2013
Governmental activities				
Investment in capital assets, net of related debt	214,648,301	225,070,486	214,017,088	230,304,448
Restricted				
Future System Development				
Public Safety	-	1,710,116	304,287	599,884
Employee section 125 plan	41,139	-	-	-
Highways and streets	17,995,987	18,355,893	12,367,765	16,696,007
Culture & recreation	1,741,936	1,847,405	1,308,384	2,004,134
Community development	3,703,587	3,766,736	1,688,873	11,981,400
Debt service	4,146,973	3,778,977	3,188,173	149,022
Unrestricted	19,541,765	15,924,254	40,285,396	23,166,428
Total governmental activities	261,819,688	270,453,867	273,159,966	284,901,323
Business type activities				
Invested in capital assets	73,620,645	76,190,298	80,445,022	82,369,791
Restricted				
Future system development	13,040,845	11,544,184	7,154,013	6,023,646
Unrestricted	8,912,358	8,994,238	10,571,254	12,055,882
Total business-type activities net position	95,573,848	96,728,720	98,170,289	100,449,319
Primary Government				
Invested in capital assets, net of related debt	288,268,946	301,260,784	294,462,110	312,674,239
Restricted				
Future system development	13,040,845	11,544,184	7,154,013	6,023,646
Public Safety	-	1,710,116	304,287	599,884
Employee section 125 plan	41,139	-	-	-
Highways and streets	17,995,987	18,355,893	12,367,765	16,696,007
Culture & recreation	1,741,936	1,847,405	1,308,384	2,004,134
Community development	3,703,587	3,766,736	1,688,873	11,981,400
Debt service	4,146,973	3,778,977	3,188,173	149,022
PERS contribution	-	-	-	-
Unrestricted	28,454,123	24,918,492	50,856,650	35,222,310
Total primary government net position	357,393,536	367,182,587	371,330,255	385,350,642

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

	2010	2011	2012	2013
Expenses				
Governmental Activities				
General government	\$ 9,099,299	\$ 7,943,745	\$ 8,930,685	\$ 8,641,807
Public safety	29,113,251	33,360,267	33,766,228	30,763,148
Highways and streets	13,994,665	14,115,089	14,330,802	15,769,938
Culture and recreation	7,095,384	7,573,132	8,373,605	8,324,613
Community development	5,712,703	6,044,328	6,103,180	7,230,916
Interest on long-term debt	3,864,286	3,294,488	3,697,765	4,449,492
Total governmental activities expenses	68,879,588	72,331,049	75,202,265	75,179,914
Business type activities				
Sewer services	10,179,351	12,485,964	10,433,372	10,661,977
Parking services	411,681	332,673	379,767	384,563
Total business-type activities expenses	10,591,032	12,818,637	10,813,139	11,046,540
Total primary Government expenses	\$ 79,470,620	\$ 85,149,686	\$ 86,015,404	\$ 86,226,454
Program Revenues				
Governmental Activities				
Charges for Services				
General government	\$ 5,758,207	\$ 4,921,821	\$ 3,617,405	\$ 5,127,014
Public safety	2,585,990	2,799,003	2,229,342	1,337,617
Highways and streets	6,505,957	7,241,299	8,132,177	7,907,387
Culture and recreations	2,645,391	3,123,140	2,354,531	1,337,631
Community development	963,721	1,716,297	630,913	1,921,074
Operating Grants and Contributions				
General government	1,436,003	54,660	4,180,320	4,586,629
Public safety	7,075	1,028,922	1,800,297	246,825
Highways and streets	5,225,536	3,751,548	5,249,324	4,255,860
Culture and recreations	88,340	18,000	3,225	1,279,406
Community development	576,694	1,890,849	505,809	8,983
Capital Grants and Contributions				
Highways and streets	3,142,514	7,914,014	3,080,688	12,654,060
Culture and recreation	-	1,835,134	544,778	1,448,730
Community development	-	-	-	379,047
Total governmental activities program revenue	28,935,428	36,294,687	32,328,809	42,490,263
Business type activities				
Sewer services				
Charges for services	10,237,379	10,740,971	11,599,953	12,507,099
Operating grants and contributions	2,797	228,961	7,320	18,278
Capital grants and contributions	1,561,257	1,110,753	802,288	1,004,292
Parking services				
Charges for services	487,696	272,916	371,022	499,970
Capital grants and contributions	-	-	54,404	-
Total business type activities program revenues	\$ 12,289,129	\$ 12,353,601	\$ 12,834,987	\$ 14,029,639
Total primary government program revenues	\$ 41,224,557	\$ 48,648,288	\$ 45,163,796	\$ 56,519,902
Net (expense)/revenue				
Governmental activities	\$ (39,944,160)	\$ (36,036,362)	\$ (42,873,456)	\$ (32,689,651)
Business Type activities	1,698,097	(465,036)	2,021,848	2,983,099
Total primary government net expenses	\$ (38,246,063)	\$ (36,501,398)	\$ (40,851,608)	\$ (29,706,552)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property Taxes	33,669,718	34,837,199	34,777,008	34,374,090
Other taxes	13,188,961	8,840,324	9,354,732	9,458,020
Unrestricted investment earnings	625,355	343,150	565,817	474,987
Gain (Loss) on disposal of capital assets	41,350	(46,097)	103,858	10,889
Transfers	693,198	696,058	778,140	831,714
Total Governmental Activities	48,218,582	44,670,634	45,579,555	45,149,700
Business type activities				
Investment earnings	237,114	130,587	173,844	127,646
Gain (Loss) on disposal of capital assets	-	-	24,129	-
Transfers	(693,198)	(696,058)	(778,140)	(831,714)
Total Business type activities	(456,084)	(565,471)	(580,167)	(704,068)
Total primary government	\$ 47,762,498	\$ 44,105,163	\$ 44,999,388	\$ 44,445,632
Change in Net Position				
Governmental activities	\$ 8,274,422	\$ 8,634,272	\$ 2,706,099	\$ 12,460,049
Business type activities	1,242,013	(1,030,507)	1,441,681	2,279,031
Total Primary Government	\$ 9,516,435	\$ 7,603,765	\$ 4,147,780	\$ 14,739,080

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

Beginning in 2010, the City began reporting a new functional category of Community Development that had previously been reported under the General Government line item

City of Medford, Oregon

Schedule 3

Fund Balances, Governmental Funds

Last Ten Fiscal Years - Unaudited

(Amounts in dollars)

(Modified accrual basis of accounting)

Fiscal Year ending 6/30/XX	2004 ^{1,3,5}	2005 ^{1,3}	2006	2007	2008	2009	2010 ⁶	2011	2012	2013
General Fund										
Reserved										
Inventory	71,385	-	-	-	-	-	-	56,353	66,104	57,553
Advances to other Funds	-	-	-	-	-	-	-	-	20,950,000	19,700,000
Unreserved	16,397,586	16,210,552	16,380,858	17,865,765	19,627,721	16,700,620	19,022,954	-	18,107,099	17,240,916
Committed for										
PERS Contributions								1,457,607	2,035,080	2,617,712
Total General Fund	\$ 16,468,971	\$ 16,210,552	\$ 16,380,858	\$ 17,865,765	\$ 19,627,721	\$ 16,700,620	\$ 19,022,954	\$ 1,513,960	\$ 41,158,283	\$ 39,616,181
All Other Governmental Funds										
Reserved										
Highways and streets	17,702,349	29,229,796	27,149,474	27,600,775	10,227,655	12,059,374	17,995,987	-	-	-
Culture and recreation	3,018,217	5,319,193	3,650,348	21,951,083	11,888,260	1,934,604	1,741,936	-	-	-
Community Development	4,670,631	-	-	-	-	-	3,703,587	-	-	-
Debt service	4,507,260	4,710,314	5,810,204	3,481,140	3,681,053	4,082,382	4,146,970	-	-	-
Capital outlay	241,064	244,981	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	1,726,129	4,376,576	4,196,681	3,926,002	3,810,465	3,825,743	3,606,787	-	-	-
Capital projects funds	-	-	-	4,382,889	7,497,964	4,992,011	-	-	-	-
Restricted for:										
Public safety	-	-	-	-	-	-	-	108,594	304,287	599,884
Highways and streets	-	-	-	-	-	-	-	9,867,064	12,367,765	16,696,007
Culture and recreation	-	-	-	-	-	-	-	1,504,922	1,308,384	2,044,134
Community development	-	-	-	-	-	-	-	3,766,736	1,688,873	11,981,400
Debt Service	-	-	-	-	-	-	-	3,778,977	3,188,173	149,022
Committed for:										
Public safety	-	-	-	-	-	-	-	1,601,522	1,578,026	1,778,011
Highways and streets	-	-	-	-	-	-	-	8,487,026	7,568,251	4,378,330
Culture and recreation	-	-	-	-	-	-	-	344,286	431,636	494,435
Unassigned	-	-	-	-	-	-	-	17,820,875	(4,868,989)	(16,550,028)
Total of all other governmental funds	\$ 31,865,650	\$ 43,880,860	\$ 40,806,707	\$ 61,341,889	\$ 37,105,397	\$ 26,894,114	\$ 31,195,267	\$ 47,280,002	\$ 23,566,406	\$ 21,571,196

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

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

² The Gas Tax fund received \$8.3 million in OTIA Funds increasing the fund balance in 2005. Also the Street SDC fund was listed under Culture & Recreation in the 2005 CAFR. It has been moved to Highways and Streets for Comparison purposes in this schedule.

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

⁴ Prior to 2005 the Gas Tax and Street system Development Funds were reported as non major funds. As of 2004, the Street SDC fund has become a major fund and in 2005 the Gas Tax fund (13) received \$8.3 million in OTIA funds for bridges making it a major fund.

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

⁶ 2010 and later - Community Development was reported separately

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes										
Property	24,626,853	26,347,587	27,846,413	29,015,206	30,938,364	32,716,967	33,550,863	34,558,484	34,817,095	34,685,616
Franchise	4,918,416	4,903,064	5,217,635	6,259,689	7,805,599	7,498,935	7,417,721	7,667,517	8,103,753	8,135,228
Lodging ²	1,767,464	1,868,020	2,147,748	2,409,719	2,553,494	2,282,538	2,273,219	2,373,254	2,501,953	2,645,582
State gas tax	3,032,251	3,327,689	3,394,786	3,389,522	3,256,822	2,938,714	3,201,504	3,751,548	4,089,443	4,122,907
State Shared Revenues ⁴	1,463,758	1,560,775	1,710,047	1,303,663	-	-	-	-	-	-
Car Rental Tax ³	-	-	203,736	311,446	314,066	291,150	296,517	313,011	338,587	408,345
Special Assessments	440,165	168,175	106,174	49,630	27,084	13,988	2,122	11,533	88,037	33,955
System development charges	5,397,780	3,556,187	3,431,361	4,139,557	2,684,561	3,300,889	1,516,968	1,322,155	3,625,466	2,589,940
Charges for services	5,265,903	6,718,045	6,843,020	6,229,665	7,234,145	6,336,212	8,168,600	2,102,585	1,549,305	1,567,208
Fines and penalties	2,688,763	1,069,343	1,118,277	1,285,286	1,376,390	1,303,508	1,332,950	1,395,800	1,187,906	1,448,684
Intergovernmental	2,483,901	9,276,732	1,416,398	2,547,231	4,493,337	4,733,885	5,038,659	4,105,206	4,257,320	4,003,532
Licenses and permits	1,184,776	3,663,950	4,298,327	4,789,573	3,887,457	3,298,628	3,107,511	11,074,896	11,467,015	12,145,376
Investment earnings	534,527	1,458,759	2,492,554	3,719,747	3,468,143	1,192,367	604,682	330,493	479,874	493,331
Grants and contributions	1,384,741	3,710,005	3,240,393	1,989,517	1,832,981	2,871,864	7,342,141	9,092,639	3,390,654	1,865,169
Miscellaneous	508,504	547,011	426,264	908,459	323,972	256,309	227,260	246,902	747,399	1,949,911
Rental income	-	-	-	-	80,733	72,220	-	-	21,987	-
	55,697,802	68,195,342	63,893,133	68,347,910	70,277,148	69,108,173	74,080,728	78,370,865	76,665,794	76,094,784
Expenditures										
General government	9,268,581	10,087,654	9,760,308	8,587,907	7,314,274	8,410,989	7,287,388	7,943,745	8,061,216	7,761,943
Public Safety	21,100,767	22,860,619	24,755,871	25,263,463	27,728,314	29,647,717	28,599,595	30,497,243	30,880,952	31,418,003
Highway and streets	5,567,372	3,770,867	5,007,887	5,954,938	18,876,974	6,816,248	6,876,039	6,756,904	7,397,912	8,104,918
Culture and recreation	4,125,955	5,957,859	6,009,908	5,548,007	6,339,937	6,514,950	4,874,990	5,116,189	5,780,817	5,806,654
Community development	-	-	-	-	1,200,344	1,149,696	4,350,674	4,886,927	3,976,038	5,687,988
Capital Outlay	8,238,323	18,809,063	22,546,636	13,925,625	22,425,555	20,814,762	9,384,274	16,897,242	14,879,091	12,744,837
Bond issuance costs	-	-	-	127,215	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	3,866,247	4,093,000	4,358,967	5,751,978	5,329,516	5,816,101	6,085,693	6,202,289	14,673,892	4,120,801
Interest	1,564,315	3,412,392	3,446,957	3,508,923	4,298,916	3,930,884	3,811,248	3,562,294	3,353,562	4,551,366
Total Expenditures	53,731,560	68,991,454	75,886,534	68,668,056	93,513,830	83,101,347	71,269,901	81,362,833	89,003,480	80,196,510
Excess of revenues over (under) expenditures	1,966,242	(796,112)	(11,993,401)	(320,146)	(23,236,682)	(13,993,174)	2,810,827	(2,991,968)	(12,337,686)	(4,101,726)

Continued on next page

Schedule 4

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years - Unaudited

(Amounts in dollars)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Other Financing sources (uses)										
Transfers in	3,804,505	6,246,428	7,137,833	4,927,244	7,742,212	8,567,765	8,311,152	9,587,321	16,283,175	11,302,403
Transfers out	(3,311,410)	(5,244,268)	(6,755,126)	(4,175,245)	(6,997,227)	(7,770,336)	(7,536,654)	(8,813,263)	(15,787,335)	(10,748,880)
Issuance of Debt (Bonds)	29,376,688	9,500,000	8,089,000	21,535,000	-	-	3,000,000	-	27,649,094	-
Issuance of Debt (State Loan)	-	600,000	-	-	-	-	-	-	-	-
Land purchase contract	-	-	-	-	-	-	-	375,175	-	-
Capital Leases	-	178,545	8,793	-	-	-	-	-	-	-
Sale of capital assets	278,057	917,076	610,053	53,236	17,161	57,360	38,163	418,476	123,482	10,889
Total other financing sources	30,147,840	12,197,781	9,089,553	22,340,235	762,146	854,789	3,812,661	1,567,709	28,268,416	564,412
Net change in fund balances	\$ 32,114,082	\$ 11,401,669	\$ (2,903,848)	\$ 22,020,089	\$ (22,474,536)	\$ (13,138,385)	\$ 6,623,488	\$ (1,424,259)	\$ 15,930,730	\$ (3,537,314)
Debt service as % of noncapital expenditures	11.94%	14.96%	14.63%	16.92%	13.54%	15.65%	15.99%	15.15%	24.32%	12.86%

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

- 1 Tax revenues have been classified to the various types of taxes: property, franchise and state gas tax. System Development Fees have been listed separately from Fees, Licenses & permits. Totals remain the same as in the corresponding CAFRs.
- 2 Transient Lodging tax was 6% from 1997 through Jan 2001, 8% through December 2005, and 9% as of January 2006.
- 3 The Car Rental tax was implemented in August 2005 and is 5%. Prior to 2003, some System Development charges were reported under "Charges for Services". From 2004 on they are under System Development Charges.
- 4 The CAFR in 2003 included State Revenue Sharing under Intergovernmental. This schedule includes it under "State Revenue Sharing" along with Alcohol & Tobacco Taxes.

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

Last Ten Fiscal Years - Unaudited
(Amounts in dollars)
6/30/2013

Fiscal Year Ended June 30,	Real Property		Personal Property		Other		Less		Total Taxable Assessed Value	Total Direct Tax Rate	(M\$) Estimated Actual Value (RMV)	Tax District totals RMV	Taxable Assessed Value as a Percentage of Estimated Actual Value
	Real Property	Manufactured Structures	Personal Manufactured Structures	Personal Properties	Utilities	Non Profit	UR Excess						
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	56.30%	
2007	4,550,377,762	-	32,142,750	224,937,040	145,043,300	8,624,380	(169,017,222)	4,792,108,010	5.19	9,311,851,490	9,530,490,159	51.46%	
2008	4,857,400,615	-	32,039,870	244,176,970	154,695,800	8,883,070	(184,855,860)	5,112,340,465	5.19	10,623,830,705	10,668,403,922	48.12%	
2009	5,150,506,322	-	33,163,462	247,498,040	160,915,950	9,149,550	(193,511,188)	5,407,722,136	5.19	10,588,663,984	10,652,766,542	51.07%	
2010	5,338,273,270	-	32,809,408	229,451,500	165,013,840	9,424,020	(186,107,901)	5,588,864,137	5.20	9,681,294,553	9,738,243,291	57.73%	
2011	5,476,716,488	-	27,158,724	225,461,750	178,745,740	9,706,730	(188,784,717)	5,729,004,715	5.21	8,518,457,598	8,579,118,921	67.25%	
2012	5,499,014,979	-	28,031,361	214,245,370	182,769,465	9,997,920	(186,164,393)	5,747,894,702	5.21	7,641,323,994	7,690,447,934	75.22%	
2013	5,449,584,198	-	24,723,801	209,164,320	190,096,600	10,297,840	(187,851,764)	5,696,014,995	5.21	7,151,504,446	7,192,243,450	79.65%	

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)

96 Taxable personal property includes machinery, furniture, etc. held for use in a business.

Estimated Actual Value (RMV) is less the UR Excess.

City of Medford, Oregon
Schedule 6
Property Tax Rates
Direct and Overlapping Governments
 Last Ten Fiscal Years - Unaudited
6/30/2013

Fiscal Year Ended June 30,	City of Medford										Overlapping Rates					Total Direct & Overlapping Rates
	General Fund	Special Revenue Funds	Debt Service Fund	Total Direct Rate	Jackson County	Education Service District	Medford School District	Transpor-tation District	RCC Community College	Vector Control	JC Soil Wtr	Urban Renewal District				
	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				
2010	5.12	-	0.07	5.20	2.29	0.34	6.31	0.17	0.61	0.04	0.05	0.85				
2011	5.13	-	0.09	5.21	2.25	0.34	6.30	0.17	0.62	0.04	0.05	0.84				
2012	5.13	-	0.08	5.21	2.14	0.34	5.08	0.17	0.60	0.04	0.05	0.65				
2013	5.13	-	0.08	5.21	2.13	0.34	6.16	0.17	0.61	0.04	0.05	0.84				

Data Source: Jackson county

The 2012-13 Taxable Assessed Value to compute the tax rate code area of 4901 is \$4,997,465,879 which is 87.74% of the Total Taxable Assessed Value of the City (Table 1a of Jackson County). The above tax rates are representative of the City of Medford's tax rate codes: 4901, 4950, 0407 and 0635.

Beginning in FY1997-1998, tax rates were adjusted under Oregon Ballot Measure 50. The tax rates under Measure 50 are applied against a reduced level of assessed value.

The city's basic property tax rate may be increased only by a majority vote of the city's residents. Rates for debt service are set based on each years requirements.

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

Schedule 7

Principal Property Taxpayers

Current year and nine years ago

(Amounts in dollars)

6/30/2013

Taxpayer	Type of Business	2012 Top 14 All Roll Taxpayers for City of Medford				2003 Top Tax Payers			
		2012 Current Taxes Imposed	2012-13 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	6/30/2004 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	
Rogue Valley Manor	Retirement Housing	1,172,883	83,993,890	1	1.47%	49,713,450	1	1.55%	
Rogue Valley Mall LLC (RV Partners in 2002)	Shopping Mall	831,366	54,265,920	2	0.95%	42,682,730	3	1.33%	
Charter Communications	Television	676,780	43,535,400	3	0.76%				
Pacificorp (PP&L)	Electric Utility	574,742	37,730,000	4	0.66%	26,760,000	4	0.84%	
KRC Medford Center	Shopping Center	536,340	34,501,290	5	0.61%	-			
Kogap Enterprises	Commercial Contractor	499,602	34,355,260	6	0.60%	18,562,800	7	0.58%	
Lithia real Estate Inc.	Automobile Dealership	483,043	31,073,560	7	0.55%	-			
Avista Corp DBA Washington	Gas Utility	428,186	32,750,000	8	0.57%	17,870,800	8	0.56%	
Qwest Corporation	Telephone Utility	-	-		0.00%	46,235,946	2		
Asante	Health Organization	313,019	20,485,080	9	0.36%	19,828,230	6	0.62%	
CenturyLink	Telephone Utility	280,927	18,412,900	10	0.32%				
						12,850,940	10	0.40%	
Haagen Alexander	Shopping Mall					24,761,370	5	0.77%	
Pan Pacific Retail Property, Inc.	Property Management					13,394,770	9	0.42%	
Total		5,796,888	391,103,300		6.87%	272,661,036		7.08%	

Note: The 2012-13 Taxable Assessed Valuation for the City of Medford is: 5,696,014,995

The Taxable Assessed Valuation for year ended 6/30/2004 was: 3,959,222,931

This schedule includes the ten largest tax payers of the city of Medford, unless fewer are required to reach 50% of the revenue base.

Data Source: Jackson County Assessor's Office

City of Medford, Oregon

Schedule 9

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years - Unaudited

(Amounts in dollars)

6/30/2013

Fiscal Year Ended June 30,	Governmental Activities					Business Type Activities					Total Primary Government	Per Capita ¹	Percentage Per Capita ¹	Percentage of Personal Income
	General Obligation Bonds ⁴	Special Assessment Bonds ²	Medford Urban Renewal (MURA) Bonds ⁴	Capital Leases	Contract/ Loan (MURA) ³	General			Capital Leases					
						Sewer Bonds	Obligation Bonds	Capital Leases						
2004	48,305,000	1,434,150	12,185,000	292,538	583,720	-	-	-	-	-	62,800,408	907	0.11%	1.21%
2005	46,665,000	1,246,150	19,420,000	309,272	600,000	-	-	-	-	-	68,240,422	963	0.10%	1.16%
2006	49,565,000	1,157,150	20,398,000	144,445	540,033	-	-	-	-	-	71,804,628	971	0.10%	1.14%
2007	66,560,000	-	20,400,000	17,645	483,205	-	-	-	-	-	87,460,850	1,156	0.09%	1.31%
2008	64,000,000	-	17,689,000	-	424,689	-	-	-	-	-	82,113,689	1,085	0.09%	1.20%
2009	61,165,000	-	14,767,000	-	365,587	-	-	-	-	-	76,297,587	993	0.10%	1.11%
2010	58,185,000	-	14,721,000	-	305,894	-	-	-	-	-	73,211,894	977	0.10%	1.06%
2011	55,550,000	-	11,214,000	-	245,693	-	-	-	-	-	67,009,693	894	0.11%	0.95%
2012	73,818,000	-	4,966,000	-	184,801	-	-	-	-	-	78,968,801	1,045	0.10%	1.14%
2013	70,041,000	-	24,507,000	-	-	-	-	-	-	-	94,548,000	1,258	0.08%	1.33%

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

¹ Includes General Obligation Revenue Bonds, Gas Tax Revenue Bonds, Bancroft Bonds and Urban Renewal Bonds. Interest not included.

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

¹ See the Demographic and Economic Schedule 14 for population and personal income data.

² The Bancroft (Special Assessment Bonds) were paid off in full September 2006.

³ The State Loan to MURA was paid in full on 8/1/12

⁴ The City issued \$20,950,000 in bond on behalf of MURA for various projects and refunded and defeased 2 bond issues.

City of Medford, Oregon

Schedule 10

Ratios of Net General Bonded Debt Outstanding

Last Ten Fiscal Years - Unaudited

(Amounts in dollars)

6/30/2013

Fiscal Year Ended June 30,	General Obligation Bonds ⁴	Medford Urban Ren. Bonds	Total General Obligation Bonds	Less Amounts Available in Debt Service Fund ³	Net General Bonded Debt Total	Percentage of Estimated Actual Taxable Value of Property ²	Per Capita ¹
2004	49,739,150	12,185,000	61,924,150	4,507,260	57,416,890	1.45%	829.48
2005	47,911,150	19,420,000	67,331,150	4,710,314	62,620,836	1.47%	883.73
2006	50,722,150	20,398,000	71,120,150	5,810,204	65,309,946	1.45%	883.04
2007	66,560,000	20,400,000	86,960,000	3,481,140	83,478,860	1.74%	1,103.12
2008	64,000,000	17,689,000	81,689,000	3,681,053	78,007,947	1.53%	1,030.42
2009	61,165,000	14,767,000	75,932,000	4,082,382	71,849,618	1.33%	934.73
2010	58,185,000	14,721,000	72,906,000	4,146,970	68,759,030	1.23%	917.93
2011	55,550,000	11,214,000	66,764,000	3,689,980	63,074,020	1.10%	841.21
2012	73,818,000	4,966,000	78,784,000	3,188,173	75,595,827	1.32%	1,000.67
2013	70,041,000	24,507,000	94,548,000	3,298,995	91,249,005	1.60%	1,213.74

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 \$18,234,000 as of 6/30/13.

City of Medford, Oregon

Schedule 11

Direct and Overlapping Governmental Activities Debt

As of June 30, 2013

(Amounts in dollars)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct & Overlapping Debt
Debt repaid with property taxes			
Jackson County	26,375,000	35.9900%	9,492,046
Jackson County Housing Authority	3,638,527	35.9900%	1,309,462
JC School District #4 (Phoenix-Talent)	24,681,000	32.3700%	7,989,980
JC School District #549C (Medford)	212,650,000	76.1300%	161,898,100
JC School District #6 (Central Point)	18,535,000	2.0200%	374,444
Rogue Community College	18,950,000	26.1800%	4,961,129
Rogue Community College (Jackson Cty Bond)	19,995,000	35.9900%	7,195,961
Subtotal Overlapping Debt	324,824,527		193,221,122
City Direct Debt			
City Gross Property Tax Backed Direct Debt	74,848,000		70,041,000
	399,672,527		263,262,122

Sources: Oregon State Treasury, Debt Management Information System

Notes:

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

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

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

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

Schedule 12

Legal Debt Margin Information

Last Ten Fiscal Years - Unaudited
(Amounts in dollars)
6/30/2013

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	162,544,756	199,001,207	236,298,537	285,914,705	320,052,118	319,582,996	292,147,299	257,373,568	230,713,438	215,767,304
Total net debt applicable to limit	32,735,823	31,700,892	28,852,646	31,673,860	30,886,602	29,728,410	28,698,030	34,902,020	44,729,667	24,001,005
Legal debt margin	129,808,933	167,300,315	207,445,891	254,240,845	289,165,516	289,854,586	263,449,269	222,471,548	185,983,771	191,766,299
Total net debt applicable to the limit as a percentage of debt limit	25.22%	18.95%	13.91%	12.46%	10.68%	10.26%	10.89%	15.69%	24.05%	12.52%

Legal Debt Margin Calculation for Fiscal Year 2011

Real Market Value	7,192,243,450
Add Back: exempt real property	-
Total Real Market Value (M5)	<u>7,192,243,450</u>
Debt Limit (3% of total RMV Value)	215,767,304
Amount of debt applicable to debt limit	70,041,000
Total Bonded Debt:	

Deductions:

Assets in debt service funds available for payment of principal	149,023
Special assessment bonds (Urban Renewal)	3,149,972
Revenue bonds	18,234,000
Urban redevelopment bonds	24,507,000
Total deductions	<u>46,039,995</u>

Total net debt applicable to limit	24,001,005
Legal Debt Margin	<u><u>191,766,298</u></u>

Total net debt applicable to the limit as a percentage of the debt limit	<u><u>12.52%</u></u>
--	----------------------

Note: ORS 287.004 provides a debt limit of 3% of the true cash value of all taxable property within the Municipality's boundaries. According to ORS 287.004, the 3% limitation does not apply to bonds issued for water, sanitary or storm sewers, sewage disposal plants, hospitals, power or lighting purposes, nor to bonds issued pursuant to applications to pay assessments for improvements or installments for benefited property owners.
Under ORS 287.001(1) "Bonds" means general obligation bonds

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

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

Gas Tax Revenue Bonds

Fiscal Year Ended June 30,	Gross Revenues	Gas Tax State Revenue Only	Less: Operating Expenses	Net	Total Gas Tax bonds		Coverage Actual Debt Service	Additional Bonds Test ⁽⁴⁾	
				Revenue Available For Debt Service	Paid during year				
					Principal	Interest			
2004	3,153,484	3,032,251	635,103	2,518,381	985,000	463,093	1.74	1.05	
2005 ²	12,111,970	3,327,689	684,626	11,427,344	1,020,000	427,918	7.89	1.19	
2006	3,875,080	3,394,786	1,709,549	2,165,531	1,050,000	391,215	1.50	1.31	
2007	3,866,849	3,389,522	1,109,814	2,757,035	1,090,000	352,368	1.91	1.34	
2008	3,610,299	3,256,822	1,254,847	2,355,452	1,130,000	310,798	1.63	1.34	
2009	3,102,040	2,938,714	1,292,573	1,809,467	1,180,000	266,333	1.25	1.28	
2010	3,283,173	3,201,504	1,794,032	1,489,141	1,225,000	218,333	1.03	1.16	
2011	3,789,545	3,751,548	1,684,897	2,104,648	1,275,000	167,283	1.46	1.26	
2012 ¹	6,662,955	4,089,443	1,344,823	5,318,131	3,322,000	91,432	1.56	0.63	
2013	5,671,104	4,122,907	1,332,441	4,338,663	801,000	30,675	5.22	2.83	
				\$ 52,012,753	\$ 37,167,045	\$ 14,190,663	\$ 37,822,090	\$ 14,033,000	\$ 3,216,541

Parks Revenue Bonds

Fiscal Year Ended June 30,	Gross Revenues ³	Operating Expenses	Net	Total Parks Bonds		Coverage Actual Debt Service
			Revenue Available For Debt Service	Paid during year		
				Principal	Interest	
2003	1,316,862	-	1,316,862	175,000	270,344	2.96
2004	1,399,986	-	1,399,986	200,000	244,299	3.15
2005	3,716,665	101,365	3,615,300	205,000	238,299	8.16
2006	2,669,132	266,302	2,402,830	210,000	232,149	5.43
2007 ⁵	3,851,761	183,109	3,668,652	215,000	223,749	8.36
2008	4,143,944	311,782	3,832,162	705,000	1,125,434	2.09
2009	3,531,259	340,506	3,190,752	895,000	947,280	1.73
2010 ⁶	2,828,662	178,369	2,650,292	930,000	911,480	1.44
2011	2,889,686	195,467	2,694,219	965,000	873,667	1.47
2012 ⁷	2,901,938	500,107	2,401,831	4,528,000	926,641	0.44
2013 ⁸	4,068,145	185,455	3,882,689	1,076,000	746,619	2.13
\$ 33,318,040		\$ 2,262,464	\$ 31,055,576	\$ 10,104,000	\$ 6,739,961	

Source: City of Medford Finance Department

Notes:

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

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

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

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

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

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

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

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

⁸ SDC revenue was up close to \$500,000 from prior year due to increased building. We also received a \$400,000 grant

City of Medford, Oregon
Schedule 14
Demographic and Economic Statistics
 Last Ten Fiscal Years - Unaudited
 6/30/2013

Significant Dates/Form of Government

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

Fiscal Year Ended June 30,	Population (1)	School Enrollment (2)	# of Schools (2)	Unemployment Rate (4)	Labor Force (6)	Personal Income (Thousands of Dollars) (3)	Per Capita Personal Income (Dollars) (3)	Commercial Construction (5)		Residential Construction (5)	
								# of Units	Value (in thousands)	# of Units	Value (in thousands)
2004	69,220	12,759	18	7.4	34,150	5,202	28,658	402	117,302	747	88,134
2005	70,860	12,705	19	6.1	35,668	5,860	30,133	407	68,255	655	88,136
2006	73,960	12,853	19	5.7	36,256	6,322	31,785	414	74,011	465	108,564
2007	75,675	12,490	20	5.3	36,735	6,670	33,516	458	91,063	385	103,895
2008	75,705	12,408	20	7.2	36,982	6,849	34,051	413	103,975	141	24,963
2009	76,867	12,252	21	13.2	37,715	6,849	34,051	382	146,729	107	18,930
2010	74,907	12,201	21	11.9	37,105	6,911	34,506	263	23,444	115	21,702
2011	74,980	12,583	23	11.7	37,851	7,073	34,314	348	56,595	98	17,257
2012	75,545	11,181	17	11.1	102,500	6,951	34,168	438	100,539	100	21,096
2013	75,180	13,547	19	9.8	97,500	7,087	34,602	688	301,566	209	45,103

(1) Portland State University - 3/28/12 - 2011 Annual Population Reports
 (2) Oregon Department of Education (for Medford SD549C)
 (3) Per Bureau of Economic Analysis (Regional Economic Accounts) (www.bea.gov) (Jackson County)
 The latest personal income was 2011 & per capita personal income was 2011 available by BEA economic area
 (4) US Department of Labor Bureau of Labor Statistics Data (www.bls.gov) (Local Area Unemployment Statistics)
 (5) City Building Dept.
 (6) US Department of Labor, Bureau of Labor Statistics

City of Medford, Oregon
Schedule 15
Largest Employers
2011 and 9 years ago
6/30/2013

<u>Employer</u>	<u>2011 ¹</u>			<u>Feb 2002 ²</u>		
	<u>Employees (1)</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Asante (RV Medical)	4,231	1	11.18%	3,700	1	11.24%
Harry & David Operations	2,000	2	5.28%	2,700	2	8.21%
Providence Medical Center	1,100	3	2.91%			0.00%
Boise Building Solutions	745	4	1.97%			0.00%
Lithia Motors	697	5	1.84%			
Pacific Retirement Services	656	6	1.73%			
Timber Products	535	7	1.41%			0.00%
City of Medford	450	8	1.19%	864	5	2.63%
Avamere Health Services	350	9	0.92%			
Carestream Health	300	10	0.79%	500		1.52%
Costco	274	11	0.72%	1000	3	3.04%
Regency Bluecross Blueshield	245	12	0.65%	425	6	1.29%
Century Link	238	13	0.63%			
Boise Cascade Corp			0.00%	900	4	2.74%

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

Source

(1) Per SOREDI - SO Area Profile 2011 and 2010 survey data (estimates only)

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

Schedule 16

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

Last Ten Fiscal Years - Unaudited

	(1)	(1)	(2)	(2)	(2)	(2)	(2)	2, 3	2	2
	<u>03-04</u>	<u>04-05</u>	<u>05-06</u>	<u>06-07</u>	<u>07-08</u>	<u>08-09</u>	<u>09-10</u>	<u>10-11</u>	<u>11-12</u>	<u>12-13</u>
City Manager	9.0	10.0	11.0	11.0	9.3	8.0	8.0	9.0	8.0	7.0
Information Services	11.0	11.0	11.0	10.8	12.0	13.5	13.0	12.0	11.0	10.0
Recorder	1.0	1.0	1.1	1.0	1.0	1.0	1.0	-	-	-
Human Resources	3.0	3.0	3.8	3.5	4.4	4.2	4.0	4.0	4.0	4.3
Print Shop	-	-	-	-	-	-	-	-	-	-
Finance	11.0	11.0	10.4	11.4	11.4	11.3	11.2	10.2	11.4	11.2
Planning	18.0	18.0	19.4	18.5	17.0	16.0	16.5	17.0	17.0	16.0
Building Inspection	14.0	14.0	16.4	16.0	14.6	11.2	11.2	9.0	8.0	8.3
Public Works										
Engineering	27.0	28.0	32.7	32.7	34.7	34.0	32.5	32.6	32.4	33.1
Maintenance	46.0	47.0	56.0	56.5	57.1	57.6	58.0	52.8	57.0	55.6
WRD	23.0	22.0	23.4	23.8	25.7	25.5	24.9	23.0	24.8	24.7
City Attorney	3.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0
Municipal Court	8.0	8.0	8.0	7.5	7.5	7.5	7.5	7.5	7.9	7.5
Police	-	-	-	-	-	-	-	-	-	-
Sworn Officers	91.0	92.0	96.0	99.0	99.0	99.0	101.0	101.3	103.8	102.8
Civilians	50.0	52.0	61.1	63.8	69.3	68.1	68.7	41.6	44.5	37.3
Fire	-	-	-	-	-	-	-	-	-	-
Firefighters/officers	70.0	68.0	69.7	67.0	67.0	72.0	73.0	66.0	72.0	71.0
Civilians	2.0	2.0	2.0	7.9	7.9	7.2	6.3	8.9	9.5	6.4
Parks & Recreation	26.0	32.0	46.3	48.5	53.7	55.7	56.7	60.5	61.6	50.8
Urban Renewal	4.0	4.0	4.0	4.3	4.0	4.0	1.0	-	-	-
TOTAL	417.0	426.0	475.3	486.2	499.6	499.8	498.6	459.5	477.0	450.1

Source: City Finance Department

(1) FY03/04 through FY 04/05 are for actual full time employees as of 6/30/XX

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

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

A full-time (FT) employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2080.

City of Medford, Oregon
Schedule 17
Operating Indicators by Function
 Last Ten Fiscal Years - Unaudited

Function	Fiscal Year Ending 6/30/XX									
	2004	2005	2006	2007	2008	2009	2010	2011	2012 ¹	2013 ¹
Police										
Part I - Major Crimes	6,050	5,511	5,450	4,898	4,379	4,285	4,706	5,510	5,999	6,698
Part II - Other Crimes	8,641	7,769	7,707	8,633	10,525	11,087	11,903	14,093	15,964	17,369
Total Part I & II	14,691	13,280	13,157	13,531	14,904	15,372	16,609	19,603	21,963	24,067
Clearance Rate Part I & II	46.76%	45.44%	47.40%	57.25%	73.53%	77.49%	79.28%	73.15%	73.10%	73.10%
Cases Cleared Part I & II	6,870	6,027	6,224	7,826	6,434	6,675	12,749	14,085	15,082	17,266
# of Juvenile Charges Part I & II	2,154	1,787	1,718	1,818	2,098	1,219	1,819	1,500	13,666	1,086
# of Adult Arrest Charges Part I & II	8,633	7,795	8,030	9,001	9,065	5,250	9,390	11,909	14,049	16,630
Traffic Accidents - Fatal	3	5	2	3	3	2	1	2	2	1
Traffic Accidents - Injury	269	239	255	199	180	324	370	377	329	325
Traffic Accidents - Prop Damage	1,439	1,484	1,477	1,232	1,241	1,161	1,184	1,141	1,132	1,089
Total Accidents	1,711	1,728	1,734	1,434	1,424	1,487	1,555	1,520	1,463	1,415
Fire										
Number of Fires	394	341	625	369	362	348	288	270	328	341
Overpressure, heat, explosion	21	10	15	14	13	14	14	16	20	20
EMS, Rescue, MVA	5,088	6,230	7,438	5,471	5,665	5,496	5,189	5,501	5,872	6,560
Hazardous Conditions	176	183	259	179	160	132	134	124	119	140
Service Call	257	336	369	296	272	218	218	210	267	23
Good Intent Calls	907	850	1,256	3,008	3,170	1,226	953	933	922	1,232
False Alarm	655	1,606	1,018	617	529	444	457	437	468	544
Severe Weather	2	6	8	-	3	2	7	4	2	-
Special Incident	14	13	25	7	13	17	9	9	10	10
Uncategorized	-	-	-	8	9	-	-	-	-	-
Total Incident Responses	7,514	9,575	11,013	9,975	10,185	7,951	7,269	8,078	8,626	9,268
Total City only	6,776	8,747	9,762	-	553	6,897	6,899	7,108	7,552	6,180
Total Rural Only	739	828	1,251	-	9,461	725	616	703	687	558
Mutual Aid Received	-	-	-	-	-	62	52	44	71	66
Mutal Aid Given	-	-	-	-	-	115	118	107	96	194
Highways and streets										
Miles of Streets Added	6.35	3.63	8.27	5.80	5.59	2.74	2.58	0.98	0.12	3.77
Streetslights added	293	409	340	247	233	54	87	56	-171	-190
Culture and recreation (2)										
Aquatics	-	-	-	30,043	35,665	30,260	27,434	28,639	29,000	22,000
Youth & Adult Sports	-	-	-	5,928	6,811	8,740	9,614	19,043	10,000	10,000
Youth Programs/Day Camps	-	-	-	736	1,641	1,856	2,146	3,046	2,000	2,000
Community Recreation	-	-	-	15,050	18,200	9,717	10,623	25,950	15,000	15,000
Special Interest Classes	-	-	-	2,396	3,040	1,429	1,571	1,791	2,000	2,000
Wastewater										
Miles of Sanitary Sewers Added	4	3	7	3	3.65	0.77	0.42	0.18	0.32	1
Miles of Storm Sewers Added	7	6	8	6	5.7	2.17	1.69	1.08	0.05	3.49
Average Daily Million Gallons Treated	17,900	17,300	21,000	19,000	18,850	16,800	16,700	19,480	17,500	18,100
Building/Planning/Engineering										
Total Permits	9,314	9,189	8,711	7,904	5,491	3,998	3,631	3,861	4,107	5,978
Commercial Building Permits Issued	401	407	414	458	413	382	263	348	438	668
Value Commercial Construction	117,302,000	68,245,000	74,011,081	91,033,057	103,975,011	146,729,009	23,444,266	56,595,164	100,538,768	130,698,992
Single Family Residence Issued	747	655	465	385	141	107	115	98	100	209
Value Residential	88,134,000	88,136,787	82,849,082	73,424,688	24,963,894	18,930,470	21,702,285	17,257,053	21,095,566	45,102,560
Square miles Added to City	0.50	0.10	1.36	0.62	0.32	0.10	0.10	-	-	0.01

Sources: Various City departments

(1) Street Lights from 2012 on only include actual street lights (not parking lots)

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

	<u>Fiscal Year Ending 6/30/XX</u>									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013 ⁶
Public Safety										
Fire Protection:										
Number of Stations	5	5	5	5	5	5	5	5	5	5
Police Protection:										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Sewers:										
Miles of Sanitary Sewers	241	244	251	253	257	258	258	258	259	260
Miles of Storm Sewers	136	142	150	156	162	164	166	167	167	170
Public Works										
Area -- Square Miles	24.44	24.54	24.92	25.30	25.62	25.72	25.72	25.72	25.72	25.73
Miles of Streets	229.32	232.95	241.22	247.02	252.61	255.35	257.93	258.91	259.03	262.80
Number of Street Lights	5,111	5,520	5,860	6,107	6,340	6,394	6,481	6,537	6,366	6,176
Culture and recreation:										
Number of Parks	42	40	40	39	48	48	45	46	46	37
Total Park Acreage	2,410	2,403	2,403	2,364	2,393	2,393	2,393	2,399	2,392	2,392
Number of Libraries	1	1	1	-	1	1	1	1	1	1

Sources:

- (1) City Public Works Department
- (2) City Fire Chief
- (3) City Police Department
- (4) City Parks Department
- (5) Previous Number of Parks included school areas maintained by the City.
- (6) The total number of parks includes 19 Developed Parks and 8 Undeveloped Parks. It also includes Greens and Bike Trails. Counts Previous to 2013 included traffic islands, areas along Bear Creek and I-5 and SE pathway property of varying sizes. The count of 37 includes developed and undeveloped parks only

Note: The Jackson County Medford Branch Library was closed in April 2007 due to funding concerns. It has since reopened with limited hours in November 2007.

OTHER SCHEDULES

CONTINUING DISCLOSURE

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

This section also satisfies additional continuing disclosures required by several of our bond documents.

Contents

PAGE

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

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Sources:

Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in Fiscal Year 2003.

CITY OF MEDFORD - UNAUDITED
Table 1 as of 6/30/13

Outstanding Obligations

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

	Issue Date	Maturity Date	Amount Issued	Amount Outstanding as of 6/30/13
General Obligation Bonds				
General Obligation Bonds, Series 2006	6/29/2006	6/1/2026	4,600,000	2,820,000
Total G.O. bonds			4,600,000	2,820,000
Full Faith & Credit Obligations or Limited Tax Bonds Paid from Tax Sources (NOT subject to annual appropriation)				
Limited Tax Revenue Bonds, Series 2011B (Parks)	8/4/2011	6/1/2022	3,673,000	3,314,000
General Obligation Bonds, Series 2011C	12/15/2011	1/10/2025	20,950,000	19,700,000
Pension Obligations, Series (2004) (Taxable) ⁽¹⁾	5/27/2004	6/1/2028	29,205,000	28,465,000
Limited Tax Revenue Bonds, Series 2007 (Parks)	3/20/2007	6/1/2027	18,965,000	14,920,000
Total FF&C Obligations & Limited Tax Bonds			72,793,000	66,399,000
Total Net Direct Debt (Including Pension Obligations) ⁽²⁾			77,393,000	69,219,000
Total Net Direct Debt (Excluding Pension Obligations) ⁽²⁾			48,188,000	40,754,000
Revenue Obligations (Self-Supporting, not included in Net direct Debt)				
Gas Tax Revenue Bonds, Series 2011A	8/4/2011	2/1/2014	2,010,000	822,000
Total Self-Supporting Revenue Obligations			2,010,000	822,000
Other Self-Supporting Obligations (paid from non-tax sources)				
The Limited Tax Bond Series A & B were paid off in full as of 9/1/2006.			-	-
Total Other Self Supporting Obligations			-	-
Total Gross direct Debt (including Pension Obligations) ⁽³⁾			79,403,000	70,041,000
Total Gross direct Debt (excluding Pension Obligations) ⁽³⁾			50,198,000	41,576,000

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

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

3. Gross Direct Debt includes all voter approved General Obligation bonds. Limited Tax bonds and any other obligations, Certificates of Participation or leases backed by the full faith and credit of the City. Debt whose term is less than one year is not included.

Note: The city also administers an urban renewal agency; the Agency has outstanding tax increment debt which is not an obligation of the City. As of June 30, 2013 the total outstanding debt of the Medford Urban Renewal Agency (MURA) was \$4,807,000. However, the City issued the 2011C bonds on behalf of MURA and MURA will repay these bonds (the balance was \$19,700,000 as of 6/30/13).

Source: City of Medford

DEBT INFORMATION

Debt Ratios ⁽¹⁾

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

	Including Pension Obligations			Excluding Pension Obligations		
	Values	Per Capita	Percent RMV	Values	Per Capita	Percent RMV
2012 Population	75,180			75,180		
2012 Real Market Value	7,192,243,450	\$ 95,667		7,192,243,450	\$ 95,667	
Gross Direct Debt ⁽²⁾	70,041,000	\$ 932	0.97%	41,576,000	\$ 553	0.58%
Net Direct Debt ⁽³⁾	69,219,000	\$ 921	0.96%	40,754,000	\$ 542	0.57%
Net Overlapping Debt	189,208,936	\$ 2,517	2.63%	189,208,936	\$ 2,517	2.63%
Net Direct & Net Overlapping Debt	258,427,936	\$ 3,437	3.59%	229,962,936	\$ 3,059	3.20%

(1) Outstanding Debt information is as of 6/30/13

(2) Gross Direct Debt includes all voter-approved General Obligation bonds, Limited Tax bonds and any other obligations, Certificates of Participation or leases backed by the full faith and credit of the City. Debt whose term is less than one year is not included.

(3) Net Direct Debt is Gross Direct Debt less Self Supporting Unlimited Tax General Obligation and Self-Supporting Limited Tax Debt.

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

DEBT LIMITATIONS

Note: ORS 287.004 provides a debt limit of 3% of the true cash value of all taxable property within the Municipality's boundaries. According to ORS 287.004, the 3% limitation does not apply to self-supporting debt, revenue bonds, general obligation improvement bonds, bonds issued for water, sanitary or storm sewers, sewage disposal plants, hospitals, power or lighting purposes, nor to bonds issued pursuant to applications to pay assessments for improvements or installments for benefited property owners.

Under ORS 287.001(1) "Bonds" means general obligation bonds

2012 Real Market Value	7,192,243,450
Debt limitation (3% of RMV)	215,767,304
Total Applicable bonded debt	24,001,005
Debt Margin	191,766,298
Percent of limit issued	12.52%

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, 2013 the total outstanding debt of the Medford Urban Renewal Agency (MURA) was \$4,807,000. However, the City issued \$20,950,000 in bonds on behalf of MURA and MURA will pay the scheduled bond payments. Both these amounts are included in the above calculations. As of 6/30/13, the balance was \$19,700,000 for the Mura/City bonds.

FUTURE DEBT PLANS

The City plans on issuing \$32 million in bonds in December 2013 to build a new police station, fire station and finish the Sports Park.

CITY OF MEDFORD - UNAUDITED

Table 3
6/30/2013

Overlapping Debt

Continuing Disclosure for:
Series 2006 Sidewalk Bonds - Table 14

The following table outlines the outstanding debt of overlapping entities.

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

Notes:

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

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

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

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

Sources: State of Oregon, Debt Management Information System

CITY OF MEDFORD - UNAUDITED
Table 5
6/30/2013

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
2004	5,441,648,865	5.8188%	4,118,452,346	5.5315%	75.68%
2005	6,670,433,915	22.5811%	4,418,984,950	7.2972%	66.25%
2006	7,915,603,826	18.6670%	4,654,783,741	5.3360%	58.81%
2007	9,530,490,159	20.4013%	4,961,125,232	6.5812%	52.06%
2008	10,668,403,922	11.9397%	5,297,196,325	6.7741%	49.65%
2009	10,652,766,542	-0.1466%	5,601,233,324	5.7396%	52.58%
2010	9,738,243,291	-8.5848%	5,774,972,038	3.1018%	59.30%
2011	8,579,118,921	-11.9028%	5,917,789,432	2.4730%	68.98%
2012	7,690,447,934	-10.3585%	5,934,059,095	0.2749%	77.16%
2013	7,192,243,450	-6.4782%	5,696,014,995	-4.0115%	79.20%

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

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

Tax Collection Record

Series 2006 Sidewalk Bonds Table 17

FY Ended 6/30/XX	Taxable Assessed Valuation	Percent Change	Operating Levy	Bond Levy	Total Levy Per County	Permanent Tax Rate/ \$1,000	% Collected Year of Levy (2)	% Collected as of 6/30/2013
2004	3,959,222,931	5.62%	20,965,596	53,395	21,018,991	5.2953	0.96	0.9991
2005	4,247,828,959	7.29%	22,493,931	47,679	22,541,610	5.2953	0.96	0.9982
2006	4,492,708,015	5.76%	23,790,437	120,222	23,910,659	5.2953	0.97	0.9939
2007	4,792,108,010	6.66%	25,583,055	380,026	25,963,080	5.2953	0.97	0.9871
2008	5,112,340,465	6.68%	27,152,233	423,929	27,576,161	5.2953	0.96	0.9611
2009	5,601,233,324	9.56%	29,171,449	425,035	29,596,484	5.2953	0.96	0.9571
2010	5,774,972,038	3.10%	34,444,886	429,227	34,874,113	5.2953	0.96	0.9641
2011	5,917,789,432	2.47%	34,837,127	510,058	35,347,185	5.2953	0.96	0.9642
2012	5,934,059,095	0.27%	30,446,889	474,876	30,921,766	5.2953	0.96	0.9605
2013	5,696,014,995	-4.01%	31,304,017	477,467	31,781,484	5.2953	0.96	0.9637

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 6/30/13 are for City of Medford
Source: Jackson County Assessor and financial statements of the City

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
2004	20,965,596	60.70	0.00029%
2005	22,493,931	66.33	0.00029%
2006	23,790,437	60.01	0.00025%
2007	25,375,596	61.06	0.00024%
2008	27,071,783	67.81	0.00025%
2009	28,635,704	41.06	0.00014%
2010	29,594,947	52.71	0.00018%
2011	30,336,848	108.06	0.00036%
2012	30,436,685	91.11	0.00030%
2013	30,162,386	79.48	0.00026%

CITY OF MEDFORD - UNAUDITED

Table 6

Period Ending 6/30/13

Representative consolidated Tax Rates for Levy Code Area 49-01

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

Area	Tax Rate For Operations	Tax Rate for Bonds	Tax Rate Total
Within the City of Medford			
Schools			
School District 549C	4.2557	1.9004	6.1561
Education Service district	0.3412		0.3412
Rogue CC	0.4965	0.1103	0.6068
Total Education	\$ 5.0934	\$ 2.0107	\$ 7.1041
Local Government			
Jackson County	1.9458	0.1881	2.1339
Jackson County URA	-	-	-
City of Medford	5.1263	0.0807	5.2070
Medford URA	0.4318	0.4070	0.8388
Vector	0.0416		0.0416
JC Soil Water	0.0485		0.0485
Rogue Valley TD	0.1716		0.1716
Total Local Government	\$ 7.7656	\$ 0.6758	\$ 8.4414
	\$ 12.8590	\$ 2.6865	\$ 15.5455

1. The 2012-13 Taxable Assessed Value to compute the tax rate code of 49-01 is \$4,997,465,879 which is 87.74 percent of the Total Taxable Assessed Value of the City.

Source: Jackson County, Department of Assessment

COMPLIANCE SECTION



INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

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

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

Compliance

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

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

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

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

1. Expenditures exceed budgeted amounts as described in Note II. A. to the financial statements.
2. Deficit fund balance as described in Note II. B. to the financial statements.

OAR 162-10-0230 Internal Control

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

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

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

ISLER CPA

By Paul Nielson, CPA, a member of the firm
December 30, 2013



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Medford ("City") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 30, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free 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*.

Purpose of this Report

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

ISLER CPA

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

Paul Nielson, CPA, a member of the firm
Eugene, Oregon
December 30, 2013



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

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

Report on Compliance for Each Major Federal Program

We have audited City of Medford's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2013. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the City, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

ISLER CPA



By Paul Nielson, CPA, a member of the firm
December 30, 2013

CITY OF MEDFORD
 Schedule of Findings and Questioned Costs
 Year Ended 2013

Section I – Summary of Auditor’s Results

Financial Statements:

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

Federal Awards:

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

Identification of Major Federal Award Programs:

Name of Federal Program or Cluster	CFDA Number
Community Development Block Grant - Entitlement Grants Cluster:	
Community Development Block Grants/Entitlement Grants/NSP3	14.218
Assistance to Firefighters Grant	97.044

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Summary Schedule of Prior Audit Findings

None

CITY OF MEDFORD
Schedule of Expenditures of Federal Awards
For the year ended 2013

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:		
CDBG Entitlement Grants Cluster:		
Direct programs:		
Community Development Block Grant:		
B11-MC-410005	14.218	\$ 345,692
Program income	14.218	33,355
Passed through State of Oregon Housing and Community Services Department (OHCS):		
Neighborhood Stabilization Program (NSP3) #1125	14.251	<u>99,007</u>
Total CDBG Entitlement Grants Cluster		<u>478,054</u>
U.S. DEPARTMENT OF JUSTICE		
JAG Program Cluster:		
Direct programs:		
Passed through OR Criminal Justice Commission:		
MADGE JAG/Byrne Grant (Gang Enforcement) LE11-07JAG & LE11-10JAG	16.738	<u>164,398</u>
Total JAG Program Cluster		164,398
Direct programs:		
Bulletproof Vest Partnership Program	16.607	9,177
National Forfeiture - Equitable Sharing	16.000	<u>243,520</u>
TOTAL U.S. DEPARTMENT OF JUSTICE		<u>417,095</u>
DEPARTMENT OF TRANSPORTATION		
Passed through Oregon Department of Transportation:		
Highway Planning and Construction cluster:		
Highway Planning and Construction	20.205	62,188
Highway Safety (DUII & Seatbelt)	20.602	<u>37,910</u>
TOTAL DEPARTMENT OF TRANSPORTATION		<u>100,098</u>
DEPARTMENT OF HOMELAND SECURITY		
Direct Program:		
FEMA - Asst. to Firefighters - Operations & Safety	97.044	352,004
FEMA - Asst. to Firefighters - Fire Prevention/Safety	97.044	<u>16,800</u>
TOTAL DEPARTMENT OF HOMELAND SECURITY		<u>368,804</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 1,364,051</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Medford under programs of the federal government for the year ended June 30, 2013. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. The Schedule is prepared on the modified accrual basis of accounting.

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

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