



Comprehensive Annual Financial Report



**City of Medford
Oregon**

**For the Fiscal Year Ended
June 30, 2016**

CITY OF MEDFORD, OREGON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Prepared by:
City Finance Department

CITY OF MEDFORD

June 30, 2016

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INTRODUCTORY SECTION





OFFICE OF
THE CITY MANAGER
E-mail: citymanager@ci.medford.or.us

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

TELEPHONE (541) 774-2000
FAX: (541) 618-1700
www.ci.medford.or.us

December 29, 2016

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, 2016 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 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. The City's internal control structure adequately safeguards assets and provides reasonable assurance of the proper recording of financial transactions.

State law requires 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, 2016 and has issued an unmodified ("clean") opinion. Their opinion is located in the Financial Section.

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

Profile of the City:

The City of Medford, incorporated in 1885, is located in the southwestern part of Oregon. It currently occupies 26 square miles, has a population of nearly 80,000 and a service population of 460,000. The City operates under the Council-Manager form of government. Policy-making and legislative authority are vested in a governing council (Council) consisting of the mayor and eight council members, all elected on a non-partisan basis. The Council appoints the City Manager, who in turn appoints the heads of various departments. Council 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.

Continuous Improvement – Customer Service

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

The City of Medford continues to experience increases in revenues which can be directly tied to the improving economy. Existing businesses continue to lead job creation with 85% net new jobs coming from existing business growth. Medford continues to have increasing numbers of inquiries from businesses considering relocation and expansion. The City's Electronic Commerce Zone is the most active in the State and has eleven times the national average of electronic commerce businesses. Medford had an increase in revenues from property taxes due to a 4.2% increase in tax assessed values and an improvement in the collection rate. Since the largest share of City revenues comes from property taxes, any change is significant and is closely monitored. Continued increases to assessed values were received this fall when tax assessed values increased by 3.9%.

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 4,200 employees. Not considering categories, Harry and David is the largest private employer in the area with 2,500 year-round employees. Transient lodging tax revenues continue to increase. Even during the economic downturn, transient lodging tax revenue was consistently stable. The amount of money spent by visitors and business travelers to Jackson County and Medford continues to be a solid revenue factor for the region. The tourism industry accounts for over 4,200 jobs and sports tourism continues to grow in Jackson County and Medford.

Long-term financial planning:

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

As a part of the vision plan for the City, work continues on the safe sidewalk project approved by voters in the fall of 2004 and work is nearing completion on the identified 17 street projects. In December of 2013 the City of Medford issued bonds for \$38.2 million. The proceeds from which are being used for the following projects:

1. Construct Police Headquarters and secure parking on city owned property
– project completed in the fall of 2016.
2. Construct a newly located Fire Station 2 and a new Fire Station 4
– completion expected in early 2017.
3. Construct a new Fire Station 3
-project anticipated to begin in the spring of 2017
4. Constructed three ball fields and additional parking at the USCC Sports Park
– project completed in 2014.

Awards and Acknowledgements:

This report has been prepared following the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA). The GFOA awards Certificates of Achievement for Excellence in Financial Reporting to those governments whose annual financial reports are judged to conform substantially to the 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, 2015. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Brian Sjothun
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, 2015

Executive Director/CEO



CITY OF MEDFORD

Officials of the City

June 30, 2016

CITY COUNCIL

Term Expires December 31

Gary Wheeler	Mayor		2016
Chris Corcoran	Council member Ward 3		2016
Tim Jackle	Council member Ward 1		2018
Dick Gordon	Council member Ward 1	President	2016
Daniel Bunn	Council member Ward 4,		2016
Eli Matthews	Council member Ward 2,		2016
Michael Zarosinski	Council member Ward 4	Vice President	2018
Clay Bearnson	Council member Ward 2		2018
Kevin Stine	Council member Ward 3		2018

PRINCIPAL OFFICIALS

Alison Chan, City Manager Pro Tem

Lori Cooper, City Attorney

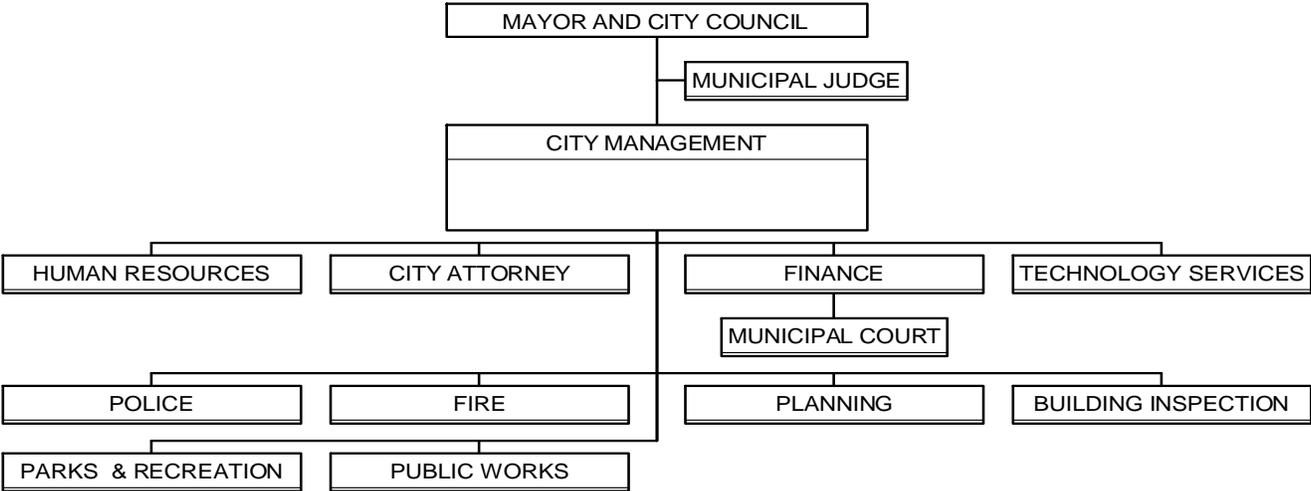
Alison Chan, Finance Director

CITY ADDRESS

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



CITY OPERATIONS SUMMARY





FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council Members
City of Medford, Oregon

An Independently Owned Member
McGLADREY ALLIANCE



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, 2016, 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, 2016, 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, the Schedule of Other Post-Employment Benefits (OPEB) funding progress, the Schedule of Proportionate Share of the Net Pension Liability, and the Schedule of Pension Contributions, 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, the Schedule of Other Post-Employment Benefits, the Schedule of Proportionate Share of the Net Pension Liability, and the Schedule of Pension Contributions, 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, Police Department Fund, and Gas Tax Fund have been subjected to the auditing procedures applied to the audit of the basic financial statements and, in our opinion, are fairly stated in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, other supplemental budgetary comparison schedules, other financial schedules, statistical section and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards of Audits of Oregon Municipal Corporations, we have issued our report dated December 29, 2016 on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

ISLER CPA

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

By Paul R Nielson, CPA, a member of the firm
December 29, 2016

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 \$398.8 million at June 30, 2016 consisting of \$291.8 million in net capital assets, \$97.6 million in cash and investments and \$9.4 million in receivables and other assets. The City's governmental activities liabilities totaled \$134.4 million at June 30, 2016 consisting of \$103.7 million in noncurrent liabilities, \$11.4 million in accounts payable and other liabilities, and net pension liability of \$19.3 . Total net position was \$263.4 million of which \$265.5 million were invested in capital assets, net of related debt, \$27.2 million were restricted and the remaining \$(29.3) million were unrestricted. The decrease in cash and investments is attributable to the 2013 debt proceeds being used to construct a new police headquarters with secure parking, 2 new fire stations and 3 new ball fields with additional parking at the USCCP Sports Park. The decrease in the long-term debt is due to regularly scheduled debt payments.

The City's governmental activities net position decreased by \$(4.6) million or (1.7) percent. Overall governmental activities revenue increased by \$7.4 million or 8.8 percent. The increase was most noticeable in taxes, which increased by \$1.7 million. The \$1.7 million increase was a reflection of assessed tax valuations increasing by 4.2% and property tax collections staying stable at 95%. The franchise and lodging taxes are also trending up with the improving economy. Charges for services increased by \$2.0 million. The increased revenues are attributable to a growing number of customers as well as increasing the fees. Operating grants and contributions decreased by \$(0.1) million. This has been a downward trend the City has been experiencing over the last 4 years.

The City's business-type activities assets totaled \$110.1 million at June 30, 2016 consisting of \$82.6 million in capital assets, \$26.3 million in cash and investments and \$1.8 million in receivables and other assets. The City's business-type activities liabilities totaled \$3.4 million at June 30, 2016 consisting of \$0.3 million in noncurrent liabilities, \$0.9 million in accounts payable and other liabilities, and net pension liability of \$3.4 Total net position was \$106.6 million of which \$82.6 million was invested in capital, \$9.3 million was restricted and the remaining \$14.7 million was unrestricted.

The City's business-type activities net position increased by \$3.2 million or 3.1 percent. Business-type activities total revenue increased by \$3.9 million or 26.4 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

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

- Fund Financial Statements focus separately on major governmental funds and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The City's major governmental funds are presented in their own column and the remaining funds are combined into a column titled "Other Governmental Funds."
 - The Notes to the Financial Statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the City's financial condition.
 - Required Supplementary Information contains budgetary comparison statements for the major governmental fund types, presented in a biennium format.
- ◆ **Supplementary Information.** Readers desiring additional information can find it in the Supplementary Information section of this report. Components within this section include:
- Major Fund Budgetary Schedules
 - Special Revenue Funds (non major)
 - Debt Service Funds (non major)
 - Capital Projects Funds (non major)
 - Enterprise Funds (non major)
 - Internal Service Funds
 - Schedule of Property tax transactions
- ◆ **Statistical Section.** This section includes trend information and demographics.
- ◆ **Reports by independent certified public accountants.** Supplemental communication on the City's compliance and internal controls as required by Oregon statutes and the Single Audit Act.

Government-Wide Financial Statements:

**TABLE 1
CITY OF MEDFORD - STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016 AND 2015
(in millions)**

	Governmental Activities		Business-type Activities		Total Government	
	2016	2015	2016	2015	2016	2015
Cash and investments	\$ 97.6	\$ 103.0	\$ 26.3	\$ 23.1	\$ 123.9	\$ 126.1
Other assets	9.4	7.9	1.2	1.1	10.6	9.0
Net pension asset	-	7.3	-	0.8	-	8.1
Capital assets, net of depreciation	291.8	278.1	82.6	81.4	374.4	359.5
Total assets	398.8	396.3	110.1	106.4	508.9	502.7
Deferred outflows of resources	3.8	2.5	0.4	0.3	4.2	2.8
Total assets and deferred outflows	\$ 402.6	\$ 398.8	\$ 110.5	\$ 106.7	\$ 513.1	\$ 505.5
Other liabilities	\$ 11.4	\$ 9.3	\$ 0.9	\$ 1.3	\$ 12.3	\$ 10.6
Long-term debt outstanding	103.7	107.3	0.3	0.3	104.0	107.6
Net pension liability	19.3	-	2.2	-	21.5	-
Total liabilities	134.4	116.6	3.4	1.6	137.8	118.2
Deferred inflow of resources	4.8	14.3	0.5	1.7	5.3	-
Net position:						
Net investment in capital assets	265.5	230.0	82.6	82.2	348.1	312.2
Restricted	27.2	32.4	9.3	7.5	36.5	39.9
Unrestricted	(29.3)	5.6	14.7	13.7	(14.6)	19.3
Total net position	\$ 263.4	\$ 268.0	\$ 106.6	\$ 103.4	\$ 370.0	\$ 371.4

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

**TABLE 2
CITY OF MEDFORD - STATEMENT OF ACTIVITIES
FOR FISCAL YEAR ENDING JUNE 30, 2016 AND 2015
(in millions)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
REVENUES						
General revenues:						
Taxes	\$ 50.4	\$ 48.7	\$ -	\$ -	\$ 50.4	\$ 48.7
Other	0.7	0.6	0.1	0.1	0.8	0.7
Program revenues:						
Charges for services	28.0	26.0	15.1	13.6	43.1	39.6
Operating grants and contributions	5.7	5.8	-	-	5.7	5.8
Capital grants and contributions	6.5	2.8	3.5	1.1	10.0	3.9
Total revenues	<u>91.3</u>	<u>83.9</u>	<u>18.7</u>	<u>14.8</u>	<u>110.0</u>	<u>98.7</u>
EXPENSES						
General government	9.2	7.3	-	-	9.2	7.3
Public safety	44.6	30.8	-	-	44.6	30.8
Highways and streets	16.7	10.9	-	-	16.7	10.9
Culture and recreation	11.7	10.7	-	-	11.7	10.7
Community development	7.9	5.9	-	-	7.9	5.9
Interest on long-term debt	5.0	5.9	-	-	5.0	5.9
Sewer services	-	-	15.7	12.0	15.7	12.0
Parking services	-	-	0.6	0.4	0.6	0.4
Total expenses	<u>95.1</u>	<u>71.5</u>	<u>16.3</u>	<u>12.4</u>	<u>111.4</u>	<u>83.9</u>
Increase (decrease) in net position before transfers	(3.8)	12.4	2.4	2.4	(1.4)	14.8
Transfers	(0.8)	0.9	0.8	(0.9)	-	-
Change in net position	(4.6)	13.3	3.2	1.5	(1.4)	14.8
Beginning net position	<u>268.0</u>	<u>254.7</u>	<u>103.4</u>	<u>101.9</u>	<u>371.4</u>	<u>356.6</u>
Ending net position restated	<u>\$ 263.4</u>	<u>\$ 268.0</u>	<u>\$ 106.6</u>	<u>\$ 103.4</u>	<u>\$ 370.0</u>	<u>\$ 371.4</u>

Financial Analysis:

Governmental Funds. As of the end of the current year, the City's governmental funds reported a combined ending fund balance of \$89.0 million, a decrease from the prior year of \$(6.4) million. A deficit of \$(6.6) million constitutes unassigned fund balance. The deficit is primarily due to the unrestricted deficit balance in the MURA debt service fund of \$(7.2). 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 \$0.5 million. Unassigned fund balance represents 1 percent of the total General Fund expenditures.

The Public Safety Fund had a \$(25.7) million decrease in fund balance during the current fiscal year. This is due to the continued capital outlay of the 2013 bond proceeds.

The Gas Tax Fund had a \$2.5 million increase in fund balance during the current fiscal year. This is due to projects in the first year of the biennium not proceeding as budgeted. Several of the projects have not proceeded as budgeted due to permitting delays and unanticipated ADA design work.

The Street Utility Fund had a \$0.7 million increase in fund balance during the current fiscal year. This is due to the street development fees exceeding the current year street projects.

The MURA Debt Service Fund, fund balance increased by \$5.5. This is due to the continuing reduction of the interfund advance from the General Fund resulting in a deficit of \$(7.2) million.

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

Proprietary Funds. The City has two enterprise funds: the Sewer Utility Fund and the Parking Facilities Fund. As of the end of the current year, the Sewer Utility Fund had unrestricted net position of \$13.9 million, restricted net position of \$9.3 million and invested in capital assets of \$79.8 million. Net position increased \$1.4 million to \$103.0 million. The Parking Facilities Fund had total net position \$3.5 million of which \$0.7 is unrestricted. Net position increased by \$1.8 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 resources increased by \$3.0 million. The main factor for this change was \$1.7 million of greater than budgeted beginning fund balance that was appropriated. Additionally, there was \$0.4 million transferred from MURA to complete the South Riverside Parking Lot. The remaining \$0.9 million of revenues was other unbudgeted revenues and grants.

Capital Assets and Debt Administration:

Capital Assets. As of June 30, 2016, the City had \$374.4 million in capital assets, net of depreciation as reflected in the following table, which represents a net increase (additions, deductions and depreciation) of \$14.9 million.

**TABLE 3
CITY OF MEDFORD - CAPITAL ASSETS
FOR FISCAL YEAR ENDING JUNE 30, 2016 AND 2015
(in millions)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Government</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 34.3	\$ 30.8	\$ 1.7	\$ 1.2	\$ 36.0	\$ 32.0
Land rights of way	82.5	82.5	-	-	82.5	82.5
Construction in progress	25.2	11.2	0.8	0.4	26.0	11.6
Buildings	17.3	17.2	3.4	3.6	20.7	20.8
Improvements	26.1	25.9	13.6	14.2	39.7	40.1
Equipment	5.6	5.5	12.6	13.5	18.2	19.0
Sewers	-	-	17.1	16.9	17.1	16.9
Storm drains	-	-	33.4	31.6	33.4	31.6
Infrastructure	100.8	105.0	-	-	100.8	105.0
Total	<u>\$ 291.8</u>	<u>\$ 278.1</u>	<u>\$ 82.6</u>	<u>\$ 81.4</u>	<u>\$ 374.4</u>	<u>\$ 359.5</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	\$ 278.1	\$ 81.4	\$ 359.5
Additions	38.4	5.1	43.5
Transfers and deletions	(11.3)	(0.4)	(11.7)
Depreciation	(13.4)	(3.5)	(16.9)
Ending balance	<u>\$ 291.8</u>	<u>\$ 82.6</u>	<u>\$ 374.4</u>

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

Capital assets, net of depreciation for governmental activities increased \$13.6 million. Additions included acquisition of land of \$3.5 million, buildings and building improvements of \$3.1 million, equipment purchases of \$1.5 million, infrastructure of \$5.1 million, and construction in progress of \$25.2 million. Offsetting these additions were depreciation of \$13.4 and transfers and deletions of \$11.3 million.

Business-type activities capital assets, net of depreciation increased \$1.2 million. Additions included sewers of \$0.8 million, storm drains of \$2.8 million, equipment and other additions of \$0.3 million, and construction in progress of \$0.8 million. Offsetting these additions were depreciation of \$3.5 million and transfers and dispositions of \$0.4 million. For more detailed information on the City's capital asset activity, refer to Note III (C) of the financial statements.

Debt Administration. As of year-end, the City had \$104.1 million in debt outstanding compared to \$107.6 million last year. For more detailed information, refer to Note III (D) 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	\$ 96.5	\$ -	\$ 96.5
Unamortized premium	2.0	-	2.0
Compensated absences	2.9	0.3	3.2
Other post-employment benefits	2.4	-	2.4
Total	<u>\$ 103.8</u>	<u>\$ 0.3</u>	<u>\$ 104.1</u>

Economic Factors and the Biennium Budget:

The improving economy is positively impacting the City's revenues; the City saw noticeable increased tax valuations in the first year of the biennium, and increasing revenues in several other funds. The following are the major assumptions used in developing the 2015-2017 budget:

For the first year of the biennium the assessed tax valuation for property taxes was budgeted to be \$6.6 billion which would have been a 6% increase. The actual assessed tax valuation was \$6.5 billion. Offsetting the less than budgeted assessed tax valuation was a better than budgeted tax collection rate of 95.4%. The net result was a \$732,000 of under budget tax revenue. Other sources of revenue remain strong and a revision of the second year of the biennium is not anticipated.

Wages and salaries for the seven unions were budgeted to increase by the amounts agreed upon in the union contracts or 2% to 2.5% if the contracts didn't cover the budget period. The non-represented group was budgeted at 2.5% increases in each year of the biennium. PERS costs were budgeted to be 11.3% 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, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Medford Water Commission
ASSETS				
Cash and investments	\$ 97,561,336	\$ 26,267,840	\$ 123,829,176	\$ 19,169,287
Receivables:				
Accounts	5,429,813	1,125,697	6,555,510	1,776,453
Taxes	2,646,653	-	2,646,653	-
Loans	154,799	-	154,799	11,603
Inventory	562,453	25,985	588,438	1,014,288
Prepaid expenses	-	-	-	204,086
Other assets	429,744	-	429,744	3,831
Restricted cash and cash equivalents	212,057	-	212,057	-
Notes receivable	-	-	-	2,317,122
Capital assets not being depreciated	142,007,848	2,473,505	144,481,353	12,647,414
Depreciable capital assets, net	149,742,897	80,154,267	229,897,164	106,772,675
Total assets	<u>398,747,600</u>	<u>110,047,294</u>	<u>508,794,894</u>	<u>143,916,759</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow of resources related to pensions	3,833,242	428,198	4,261,440	444,091
Total assets and deferred outflows	<u>\$ 402,580,842</u>	<u>\$ 110,475,492</u>	<u>\$ 513,056,334</u>	<u>\$ 144,360,850</u>
LIABILITIES				
Accounts payable	\$ 6,083,804	\$ 259,656	\$ 6,343,460	\$ 1,204,432
Payroll and related accruals	2,087,948	213,800	2,301,748	-
Deposits	924,256	26,917	951,173	409,659
Accrued interest payable	821,690	-	821,690	-
Unearned revenue	62,832	-	62,832	-
Retainage payable	894,394	437,989	1,332,383	-
Claims Payable	547,968	-	547,968	-
Long term liabilities:				
Due within one year:				
Bonds payable	4,245,000	-	4,245,000	-
Compensated absences	582,953	57,500	640,453	353,490
Due in more than one year:				
Bonds payable, including unamortized premium of \$2,093,377	94,201,220	-	94,201,220	-
Compensated absences	2,321,636	230,245	2,551,881	72,401
Other post-employment benefits	2,355,365	-	2,355,365	-
Net pension Liability	19,250,311	2,150,389	21,400,700	2,230,196
Total liabilities	<u>134,379,377</u>	<u>3,376,496</u>	<u>137,755,873</u>	<u>4,270,178</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow of resources related to pensions	4,759,486	531,667	5,291,153	551,398
NET POSITION				
Net investment in capital assets	265,499,121	82,627,772	348,126,893	119,420,089
Restricted for:				
Future system development	-	9,326,458	9,326,458	1,011,148
Public safety	1,401,309	-	1,401,309	-
Highways and streets	15,079,266	-	15,079,266	-
Culture and recreation	6,746,706	-	6,746,706	-
Community development	3,701,166	-	3,701,166	-
Debt service	273,483	-	273,483	-
Unrestricted	(29,259,072)	14,613,099	(14,645,973)	19,108,037
Total net position	<u>263,441,979</u>	<u>106,567,329</u>	<u>370,009,308</u>	<u>139,539,274</u>
Total liabilities, deferred inflows, and net position	<u>\$ 402,580,842</u>	<u>\$ 110,475,492</u>	<u>\$ 513,056,334</u>	<u>\$ 144,360,850</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, 2016

Functions/Programs	Program Revenues					Primary Government			Component Unit
	Expenses	Fines, Fees and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Net revenue (expense) and changes in net position	
Primary Government									
General government activities:									
Public safety	\$ 9,172,301	\$ 9,729,778	\$ 4,866,568	\$ -	\$ 5,424,045	\$ -	\$ 5,424,045	\$ -	
Highways and streets	44,619,287	4,972,018	265,504	-	(39,381,765)	-	(39,381,765)	-	
Culture and recreation	16,731,000	8,919,838	37,468	5,129,041	(2,644,653)	-	(2,644,653)	-	
Community development	11,741,062	3,465,813	-	1,372,090	(6,903,159)	-	(6,903,159)	-	
Interest on long-term debt	7,926,878	977,437	500,854	-	(6,448,587)	-	(6,448,587)	-	
	<u>5,010,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,010,100)</u>	<u>-</u>	<u>(5,010,100)</u>	<u>-</u>	
Total governmental activities	95,200,628	28,064,884	5,670,394	6,501,131	(54,964,219)	-	(54,964,219)	-	
Business-type activities:									
Sewer services	15,734,500	14,421,187	-	3,464,088	-	2,150,775	2,150,775	-	
Parking services	563,198	663,726	-	-	-	100,528	100,528	-	
Total business-type activities	16,297,698	15,084,913	-	3,464,088	-	2,251,303	2,251,303	-	
Total primary government	\$ 111,498,326	\$ 43,149,797	\$ 5,670,394	\$ 9,965,219	(54,964,219)	2,251,303	(52,712,916)	-	
Component unit:									
Medford Water Commission	\$ 13,805,180	\$ 13,504,817	\$ -	\$ 3,437,304	-	-	-	\$ 3,136,941	
General Revenues:									
Property taxes - City of Medford					33,988,071		33,988,071		
Property taxes - Medford Urban Renewal Agency					5,671,529		5,671,529		
Use taxes					10,684,603		10,684,603		
Unrestricted investment earnings					743,326	184,498	927,824	228,612	
Gain (loss) on capital asset sales					46,227	-	46,227	11,350	
Transfers					(761,393)	761,393	-	-	
Total general revenues and transfers					50,372,363	945,891	51,318,254	239,962	
Change in net position					(4,591,856)	3,197,194	(1,394,662)	3,376,903	
Net position beginning					268,033,835	103,370,135	371,403,970	136,162,371	
Net position ending					\$ 263,441,979	\$ 106,567,329	\$ 370,009,308	\$ 139,539,274	

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

CITY OF MEDFORD
Balance Sheet
Governmental Funds
June 30, 2016

	General fund	Police Public Safety Fund	Gas Tax Fund	Street Utility Fund	MURA Debt Service Fund	Nonmajor Governmental Funds	Total
ASSETS							
Cash and investments	\$ 21,027,538	\$ 6,360,691	\$ 13,468,859	\$ 6,934,434	\$ 8,352,901	\$ 37,935,039	\$ 94,079,462
Receivables							
Accounts	3,204,191	133,446	435,200	280,662	-	1,231,581	5,285,080
Taxes	2,166,685	-	-	45,235	382,539	52,194	2,646,653
Loans	-	-	-	-	-	154,799	154,799
Inventories	44,418	-	-	-	-	-	44,418
Due from other funds	48,769	-	-	-	-	-	48,769
Other current assets	5,328	-	-	-	-	1,932	7,260
Restricted cash and cash equivalents	73,594	-	-	-	-	20,000	93,594
Advances to other funds	15,575,000	-	-	-	-	-	15,575,000
Total assets	<u>\$ 42,145,523</u>	<u>\$ 6,494,137</u>	<u>\$ 13,904,059</u>	<u>\$ 7,260,331</u>	<u>\$ 8,735,440</u>	<u>\$ 39,395,545</u>	<u>\$ 117,935,035</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 705,017	\$ 1,193,197	\$ 31,090	\$ 223,541	\$ -	\$ 3,778,984	\$ 5,931,829
Payroll and related accruals	1,659,990	15,750	50,948	113,695	-	99,429	1,939,812
Due to other funds	-	-	-	-	-	48,769	48,769
Retainage payable	850	829,927	-	2,064	-	61,553	894,394
Customer deposits	124,042	-	782,494	17,720	-	-	924,256
Unearned revenue	62,832	-	-	-	-	-	62,832
Advances from other funds	-	-	-	-	15,575,000	-	15,575,000
Total liabilities	<u>2,552,731</u>	<u>2,038,874</u>	<u>864,532</u>	<u>357,020</u>	<u>15,575,000</u>	<u>3,988,735</u>	<u>25,376,892</u>
Deferred inflows of resources							
Unavailable revenue - property taxes	1,819,883	-	-	-	320,343	37,690	2,177,916
Unavailable revenue - municipal court	1,232,438	-	-	-	-	-	1,232,438
Unavailable revenue - notes receivable	-	-	-	-	-	154,799	154,799
Total deferred inflows of resources	<u>3,052,321</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>320,343</u>	<u>192,489</u>	<u>3,565,153</u>
Fund balances:							
Nonspendable:							
Inventory	44,418	-	-	-	-	-	44,418
Advances to other funds	15,575,000	-	-	-	-	-	15,575,000
Restricted for:							
Public safety, Police	-	-	-	-	-	1,401,309	1,401,309
Highways and streets	-	-	-	-	-	14,839,822	14,839,822
Culture and recreation	-	-	-	-	-	6,746,706	6,746,706
Community development	-	-	-	-	-	3,684,406	3,684,406
Debt service	-	-	-	-	-	273,483	273,483
Committed for:							
Public Safety, Police	-	4,455,263	-	-	-	-	4,455,263
Public Safety, Fire	-	-	-	-	-	7,761,569	7,761,569
Highways and streets	-	-	13,039,527	6,903,311	-	-	19,942,838
Culture and recreation	-	-	-	-	-	507,026	507,026
PERS Debt	3,767,201	-	-	-	-	-	3,767,201
Assigned							
2015-17 Budget	16,615,670	-	-	-	-	-	16,615,670
Unassigned	538,182	-	-	-	(7,159,903)	-	(6,621,721)
Total fund balances	<u>36,540,471</u>	<u>4,455,263</u>	<u>13,039,527</u>	<u>6,903,311</u>	<u>(7,159,903)</u>	<u>35,214,321</u>	<u>88,992,990</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 42,145,523</u>	<u>\$ 6,494,137</u>	<u>\$ 13,904,059</u>	<u>\$ 7,260,331</u>	<u>\$ 8,735,440</u>	<u>\$ 39,395,545</u>	<u>\$ 117,935,035</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, 2016

Fund balances - total governmental funds \$ 88,992,990

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets, cost	463,038,012	
Less accumulated depreciation	<u>(171,625,541)</u>	291,412,471

Certain items, such as liabilities and inflows of resources are reported on the Statement of Net Position, however, if they are not due and payable in the current period, they are not recorded in the governmental funds. -

Revenues earned but not available	3,565,153	
Deferred outflow of resources	<u>3,833,242</u>	7,398,395

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. These liabilities consist of:

Accrued interest payable	(821,690)	
Compensated absences	(2,863,578)	
Other post employment benefits	(2,355,365)	
Bonds payable	(96,481,000)	
Unamortized bond premium	(1,965,220)	
Net pension liability	(19,038,721)	
Deferred inflow of resources	<u>(4,759,486)</u>	(128,285,060)

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. 3,913,001

Net position of governmental activities \$ 263,431,797

CITY OF MEDFORD
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year ended June 30, 2016

	General Fund	Police Public Safety Fund	Gas Tax Fund	Street Utility Fund	MURA Debt Service Fund	Nonmajor Governmental Funds	Total
REVENUES							
Taxes							
Property	\$ 33,529,456	\$ -	\$ -	\$ -	\$ 6,101,325	\$ 464,022	\$ 40,094,803
Franchise and lodging	10,684,603	-	-	-	-	1,911,999	12,596,602
Fuel	-	-	4,591,902	-	-	-	4,591,902
Other	-	-	-	-	-	1,165,994	1,165,994
Charges for services	1,658,039	-	196,839	18,337	-	21,437	1,894,652
Fines and penalties	1,246,507	-	-	-	-	-	1,246,507
Intergovernmental	4,309,651	-	-	19,131	-	9,073	4,337,855
Licenses, permits and fees	682,161	1,320,119	-	8,553,994	-	4,674,505	15,230,779
Investment earnings	186,473	93,386	83,621	57,551	2,658	313,571	737,260
Grants and contributions	556,917	28,339	78,072	500,000	-	1,588,965	2,752,293
Other revenue	996,180	-	177	83,941	-	358,096	1,438,394
Capital contributions and donations	-	-	-	-	-	5,323,344	5,323,344
Total revenues	<u>53,849,987</u>	<u>1,441,844</u>	<u>4,950,611</u>	<u>9,232,954</u>	<u>6,103,983</u>	<u>15,831,006</u>	<u>91,410,385</u>
EXPENDITURES							
Current							
General government	7,518,464	-	-	-	-	-	7,518,464
Public safety	33,379,393	1,542,615	-	-	-	2,583,663	37,505,671
Highways and streets	-	-	2,067,071	5,894,311	-	670,088	8,631,470
Culture and recreation	7,775,083	-	-	-	-	364,858	8,139,941
Community development	1,943,307	-	-	-	-	2,646,361	4,589,668
Debt service:							
Debt service principal	-	-	-	-	-	3,958,000	3,958,000
Debt service interest	-	-	-	-	572,025	4,702,823	5,274,848
Capital outlay	<u>2,877,335</u>	<u>15,140,856</u>	<u>123,746</u>	<u>2,329,114</u>	<u>-</u>	<u>2,986,767</u>	<u>23,457,818</u>
Total expenditures	<u>53,493,582</u>	<u>16,683,471</u>	<u>2,190,817</u>	<u>8,223,425</u>	<u>572,025</u>	<u>17,912,560</u>	<u>99,075,880</u>
Excess (deficiency) of revenues over (under) expenditures	<u>356,405</u>	<u>(15,241,627)</u>	<u>2,759,794</u>	<u>1,009,529</u>	<u>5,531,958</u>	<u>(2,081,554)</u>	<u>(7,665,495)</u>
OTHER FINANCING SOURCES (USES)							
Proceeds from sale of capital assets	-	-	-	-	-	163,074	163,074
Transfers in	2,645,836	998,130	-	145,041	-	19,665,403	23,454,410
Transfers out	<u>(5,286,551)</u>	<u>(11,439,936)</u>	<u>(268,463)</u>	<u>(500,577)</u>	<u>-</u>	<u>(4,808,557)</u>	<u>(22,304,084)</u>
Total other financing sources (uses)	<u>(2,640,715)</u>	<u>(10,441,806)</u>	<u>(268,463)</u>	<u>(355,536)</u>	<u>-</u>	<u>15,019,920</u>	<u>1,313,400</u>
Net change in fund balances	(2,284,310)	(25,683,433)	2,491,331	653,993	5,531,958	12,938,366	(6,352,095)
Beginning fund balances	<u>38,824,781</u>	<u>30,138,696</u>	<u>10,548,196</u>	<u>6,249,318</u>	<u>(12,691,861)</u>	<u>22,275,955</u>	<u>95,345,085</u>
Ending fund balances	<u>\$ 36,540,471</u>	<u>\$ 4,455,263</u>	<u>\$ 13,039,527</u>	<u>\$ 6,903,311</u>	<u>\$ (7,159,903)</u>	<u>\$ 35,214,321</u>	<u>\$ 88,992,990</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, 2016

Net change in fund balance - total governmental funds \$ (6,352,095)

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	28,909,980	
Transfer of capital assets to a business type activity	(1,742,814)	
Less current year depreciation	<u>(13,420,516)</u>	13,746,650

The sale of capital assets is recorded in the fund statements at the amount of proceeds received. In the statement of activities the undepreciated cost of capital assets sold or disposed is a reduction of revenue and/or increase in expenses. (116,847)

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. (109,604)

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.

Change in compensated absences	(196,996)	
Change in expenses related to pension obligations	<u>(15,577,039)</u>	(15,774,035)

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	136,592	
Amortization of premium	128,156	
Accrual of other post employment benefits which are not reported as an expenditure in governmental funds	(277,316)	
Principal payments	<u>3,958,000</u>	3,945,432

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. 68,643

Change in net position of governmental activities \$ (4,591,856)

CITY OF MEDFORD
Balance Sheet
Proprietary Funds
June 30, 2016

	<u>Business - type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Sewer Utility Fund</u>	<u>Nonmajor Parking Facilities Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
ASSETS				
Current assets:				
Cash and investments	\$ 25,562,122	\$ 705,718	\$ 26,267,840	\$ 3,481,874
Receivables	1,095,096	30,601	1,125,697	144,733
Inventories	25,985	-	25,985	518,035
Prepays	-	-	-	422,484
Total current assets	<u>26,683,203</u>	<u>736,319</u>	<u>27,419,522</u>	<u>4,567,126</u>
Noncurrent assets:				
Restricted cash and cash equivalents	-	-	-	118,463
Capital assets:				
Land and construction in progress	1,077,390	1,396,115	2,473,505	-
Capital assets, net of accumulated depreciation	<u>78,720,883</u>	<u>1,433,384</u>	<u>80,154,267</u>	<u>338,274</u>
Total noncurrent assets	<u>79,798,273</u>	<u>2,829,499</u>	<u>82,627,772</u>	<u>456,737</u>
Total assets	<u>106,481,476</u>	<u>3,565,818</u>	<u>110,047,294</u>	<u>5,023,863</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred outflow of resources related to pensions	<u>424,807</u>	<u>3,391</u>	<u>428,198</u>	<u>42,132</u>
Total assets and deferred outflow	<u>\$ 106,906,283</u>	<u>\$ 3,569,209</u>	<u>\$ 110,475,492</u>	<u>\$ 5,065,995</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 248,897	\$ 10,759	\$ 259,656	\$ 151,975
Payroll and related accruals	210,683	3,117	213,800	148,136
Customer deposits	26,917	-	26,917	-
Retainage payable	437,989	-	437,989	-
Compensated absences, due within one year	57,500	-	57,500	10,253
Claims payable	-	-	-	547,968
Total current liabilities	<u>981,986</u>	<u>13,876</u>	<u>995,862</u>	<u>858,332</u>
Long-term liabilities:				
Compensated absences, due in more than one year	230,245	-	230,245	30,758
Net pension liability	<u>2,133,358</u>	<u>17,031</u>	<u>2,150,389</u>	<u>211,590</u>
Total liabilities	<u>3,345,589</u>	<u>30,907</u>	<u>3,376,496</u>	<u>1,100,680</u>
DEFERRED INFLOW OF RESOURCES				
Deferred inflows related to pensions	<u>527,456</u>	<u>4,211</u>	<u>531,667</u>	<u>52,314</u>
NET POSITION				
Net investment in capital assets	79,798,273	2,829,499	82,627,772	338,274
Restricted for:				
Future system development	9,326,458	-	9,326,458	-
Employee section 125 plan	-	-	-	118,463
Unrestricted	<u>13,908,507</u>	<u>704,592</u>	<u>14,613,099</u>	<u>3,456,264</u>
Total net position	<u>103,033,238</u>	<u>3,534,091</u>	<u>106,567,329</u>	<u>3,913,001</u>
Total liabilities, deferred inflows, and net position	<u>\$ 106,906,283</u>	<u>\$ 3,569,209</u>	<u>\$ 110,475,492</u>	<u>\$ 5,065,995</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, 2016

	Business - type Activities - Enterprise Funds			Governmental Activities
	Sewer Utility Fund	Nonmajor Parking Facilities Fund	Total	Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 14,379,214	\$ 663,204	\$ 15,042,418	\$ 3,250,548
Other revenue	41,973	522	42,495	10,095
Total operating revenues	<u>14,421,187</u>	<u>663,726</u>	<u>15,084,913</u>	<u>3,260,643</u>
OPERATING EXPENSES				
Salaries and fringe benefits	7,837,583	92,657	7,930,240	1,024,832
Operating supplies	1,316,267	87,896	1,404,163	569,617
Professional services	2,045,966	266,994	2,312,960	201,223
Repairs and maintenance	374,867	13,208	388,075	6,573
Premiums and claims	99,680	6,990	106,670	1,191,152
Utilities	313,001	-	313,001	2,170
General, administrative, and engineering	253,277	48,030	301,307	12,595
Depreciation	<u>3,493,859</u>	<u>47,423</u>	<u>3,541,282</u>	<u>38,090</u>
Total operating expenses	<u>15,734,500</u>	<u>563,198</u>	<u>16,297,698</u>	<u>3,046,252</u>
Operating income (loss)	<u>(1,313,313)</u>	<u>100,528</u>	<u>(1,212,785)</u>	<u>214,391</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	<u>180,205</u>	<u>4,293</u>	<u>184,498</u>	<u>23,157</u>
Total nonoperating revenues (expenses)	<u>180,205</u>	<u>4,293</u>	<u>184,498</u>	<u>23,157</u>
Income (loss) before contributions and transfers	(1,133,108)	104,821	(1,028,287)	237,548
CONTRIBUTIONS AND TRANSFERS				
Contributions	3,464,088	-	3,464,088	-
Transfer of capital assets from the governmental funds	-	1,742,814	1,742,814	-
Transfers out	<u>(953,124)</u>	<u>(28,297)</u>	<u>(981,421)</u>	<u>(168,905)</u>
Total contributions and transfers	<u>2,510,964</u>	<u>1,714,517</u>	<u>4,225,481</u>	<u>(168,905)</u>
Change in net position	1,377,856	1,819,338	3,197,194	68,643
Beginning net position as restated	<u>101,655,382</u>	<u>1,714,753</u>	<u>103,370,135</u>	<u>3,844,358</u>
Ending net position	<u>\$ 103,033,238</u>	<u>\$ 3,534,091</u>	<u>\$ 106,567,329</u>	<u>\$ 3,913,001</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, 2016

	Business - type Activities - Enterprise Funds			Governmental Activities
	Sewer Utility Fund	Nonmajor Parking Facilities Fund	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 13,596,255	\$ 653,892	\$ 14,250,147	\$ -
Receipt from interfund services provided	-	-	-	3,151,970
Payments to suppliers	(4,085,946)	(441,417)	(4,527,363)	(2,407,941)
Payments to employees	(6,134,628)	(75,805)	(6,210,433)	(811,308)
Net cash provided (used) by operating activities	<u>3,375,681</u>	<u>136,670</u>	<u>3,512,351</u>	<u>(67,279)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	<u>(953,124)</u>	<u>(28,297)</u>	<u>(981,421)</u>	<u>(168,905)</u>
Net cash provided (used) by noncapital financing activities	<u>(953,124)</u>	<u>(28,297)</u>	<u>(981,421)</u>	<u>(168,905)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions (system development charges)	2,206,002	-	2,206,002	-
Acquisition and construction of capital assets	<u>(1,791,813)</u>	<u>-</u>	<u>(1,791,813)</u>	<u>(27,917)</u>
Net cash provided (used) by capital and related financing activities	<u>414,189</u>	<u>-</u>	<u>414,189</u>	<u>(27,917)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends received	<u>180,305</u>	<u>4,293</u>	<u>184,598</u>	<u>23,157</u>
Increase (decrease) in cash	3,017,051	112,666	3,129,717	(240,944)
Cash at beginning of year	<u>22,545,071</u>	<u>593,052</u>	<u>23,138,123</u>	<u>3,841,281</u>
Cash at end of year	<u>\$ 25,562,122</u>	<u>\$ 705,718</u>	<u>\$ 26,267,840</u>	<u>\$ 3,600,337</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ (1,313,313)	\$ 100,528	\$ (1,212,785)	\$ 214,391
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	3,493,859	47,423	3,541,282	38,090
Net reduction of expense under GASB 68	1,724,405	15,122	1,739,527	169,929
(Increase) decrease in accounts receivable	(240,766)	(9,628)	(250,394)	(108,673)
(Increase) decrease in inventories	(5,411)	-	(5,411)	(14,328)
(Increase) decrease in prepaids	6,068	-	6,068	(422,484)
Increase (decrease) in accounts payable	(121,534)	(18,263)	(139,797)	(14,034)
Increase (decrease) in accrued payroll and related expenses	13,979	1,694	15,673	44,907
Increase (decrease) in compensated absences	(35,429)	-	(35,429)	-
Increase (decrease) in Customer deposits payable	(584,166)	(206)	(584,372)	-
Increase (decrease) in retainage payable	437,989	-	437,989	-
Increase (decrease) in Claims payable	-	-	-	24,923
Total adjustments	<u>4,688,994</u>	<u>36,142</u>	<u>4,725,136</u>	<u>(281,670)</u>
Net cash provided (used) by operating activities	<u>\$ 3,375,681</u>	<u>\$ 136,670</u>	<u>\$ 3,512,351</u>	<u>\$ (67,279)</u>
Noncash capital activities:				
Contributions of capital assets from developers	<u>\$ 1,258,086</u>	<u>\$ -</u>	<u>\$ 1,258,086</u>	<u>\$ -</u>

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

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2016

Note I - Summary of significant accounting policies

A. Reporting entity

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

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

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

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

B. Government-wide and fund financial statements

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

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

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2016

Note 1 - 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. It is the intent of the City to allow the internal service funds to accumulate equity in the funds. This equity will be used to either purchase capital assets or to pay for unexpected insurance claims.

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 thirty 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 General Fund is primarily funded by property taxes, franchise fees, and state shared revenues.

The *Police Public Safety Fund* is a special revenue fund that accounts for specified resources to be expended on additional expenditures for police patrol operations. The Public Safety Funds main source of revenue is from a public safety fee charged for each developed property within the corporate limits of the City. In 2013 bond proceeds were included in this public safety fund in order to build a police station and 3 fire stations.

The *Gas Tax Fund* is a special revenue fund that 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.

The *Street Utility Fund* is a special revenue fund that accounts for street utility fees to be expended on street improvements and maintenance.

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

The 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, 2016

Note 1 - Summary of significant accounting policies (continued)

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

Additionally, the government reports the following fund types:

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

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

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

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

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

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

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

D. Use of estimates

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

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

1. Cash and cash equivalents

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

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2016

Note 1 - 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, 2016

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, 2016, 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 implementation of GASB 68 in the fiscal year ended June 30, 2015 created the City's first deferred outflow of resources - deferred outflows of resource related to pensions.

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 two types of deferred inflows, one 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. Additionally the implementation of GASB 68 created - deferred inflows of resource related to pensions.

A detailed description of these accounts related to pensions and how they are calculated are discussed in note III.L.

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2016

Note 1 - Summary of significant accounting policies (continued)

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

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 payout for the amount in excess of 520 hours upon termination of employment. No amount has been accrued for these payouts, as management considers the amount to be immaterial. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only as a result of employee resignations and retirements. The liability for compensated absences is typically liquidated in the fund that incurred the expenditure at the time of the occurrence (i.e. vacation being taken or upon retirement). The general fund incurs the largest portion (80%) of the liability. The balance is spread among the other governmental funds.

8. *Long-term obligations*

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

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

9. *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 a resolution that places specific constraints on how the resources may be used. The City Council can modify or rescind the resolution at any time through the passage of an additional 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, 2016

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 biennial budgets for all funds 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 2015-2017.

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 biennial period.

B. Deficit fund balance

The MURA Debt Service Fund had a deficit fund balance of \$(7,159,903). 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, 2016

Note III - Detailed notes on all funds

A. Cash and investments

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

As of June 30, 2016, 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	\$ 42,147,657	1.941
Corporate bonds	17,062,520	2.198
Not subject to interest rate risk or maturities are less than one month:		
Petty cash	8,624	
Deposits with financial institutions	26,759,326	
LGIP	38,063,106	
Total cash and investments	\$ 124,041,233	
Cash and investments are reported as follows:		
Cash and investments	\$ 123,829,176	
Restricted cash and cash equivalents	212,057	
Total cash and investments	\$ 124,041,233	

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, 2016, the City's deposits with various financial institutions had a bank balance of \$26,714,919. All deposits not covered by FDIC insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon. The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

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

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.

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2016

Note III - Detailed notes on all funds, continued

A. Cash and investments, continued

At June 30, 2016, the City's investments were rated as follows:

<u>Investment type</u>	<u>Carrying Value</u>	<u>Moody's Rating</u>	<u>Percent of Total Investments</u>
U.S. agency securities:			
Federal Farm Credit Bank	\$ 5,995,892	Aaa	6.16 %
Federal Home Loan Bank	13,554,561	Aaa	13.93 %
Federal Home Loan Mortgage Corp.	1,979,703	Aaa	2.04 %
Treasury Note	19,087,366	N/A	19.62 %
Federal National Mortgage Assoc.	<u>1,530,135</u>	Aaa	1.57 %
Total U.S. agency securities	<u>42,147,657</u>		
Corporate bonds:			
GE Capital	1,022,067	A1	1.05 %
Apple, Inc	2,000,166	Aa1	2.06 %
Chevron Corp	2,004,225	Aa1	2.06 %
Toyota Motor Credit	2,005,541	Aa3	2.06 %
Wells Fargo Bank	2,006,900	Aa3	2.06 %
IBM Corp	2,008,179	Aa3	2.06 %
Coca Cola	1,995,942	Aa3	2.05 %
Berkshire Hathaway	2,024,560	Aa3	2.08 %
US Bank	<u>1,994,940</u>	Aa3	2.05 %
Total Corporate bonds	<u>17,062,520</u>		
LGIP	<u>38,063,106</u>	Not rated	39.13 %
Total investments	<u>\$ 97,273,283</u>		<u>100.00 %</u>

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

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

Fair Value Hierarchy During the fiscal year ended June 30, 2016, the City implemented GASB Statement No. 72, Fair Value Measurement and Application. Issued February 2015 this statement establishes accounting and financial reporting standards for fair value measurements, the level of fair value hierarchy, and valuation techniques. Various inputs are used in determining the fair value of investments. These inputs to valuation techniques are categorized into a fair value hierarchy consisting of three broad levels for financial statement purposes as follows:

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2016

Note III - Detailed notes on all funds, continued

A. Cash and investments, continued

Level 1 - unadjusted price quotations in active markets/exchanges for identical assets or liabilities, that each Fund has the ability to access.

Level 2 - other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs).

Level 3 - unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments) The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The categorization of a value determined for investments is based on the pricing transparency of the investments and is not necessarily an indication of the risks associated with investing in those securities. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The City has recorded its investments at fair value, and primarily uses the Market Approach to valuing each security. The City applies fair market value updates to its securities on a daily basis. Security pricing is provided by a third-party, and is reported daily to the City by its custodian bank. Assets are categorized by asset type, which is a key component of determining hierarchy levels. Asset types allowable per the City's investment policy generally fall within hierarchy level 1 and 2.

The City has the following recurring fair value measurement

Investment Measured at Fair Value	Total as of June 30, 2016	Fair Value Measurement			Cost Measurement Not measured at Fair Value
		Level One	Level Two	Level Three	
U.S. agency securities	\$ 42,147,657	\$ -	\$ 42,147,657	\$ -	\$ -
Corporate bonds	17,062,520	-	17,062,520	-	-
LGIP	38,063,106	-	-	-	38,063,106
	<u>\$ 97,273,283</u>	<u>\$ -</u>	<u>\$ 59,210,177</u>	<u>\$ -</u>	<u>\$ 38,063,106</u>

B. Loan receivables

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

Issue Date	Monthly Payment	Final Payment Date	Balance 6/30/2016
December 16, 2013	\$ 2,131	December 15, 2016	\$ 154,799

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2016

Note III - Detailed notes on all funds, continued

C. Capital assets

Capital asset activity for the year ended June 30, 2016 was as follows:

Primary Government	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases/</u> <u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 30,774,224	\$ 3,535,032	\$ -	\$ 34,309,256
Land - rights of way	82,502,755	-	-	82,502,755
Construction in progress	<u>11,223,394</u>	<u>25,195,836</u>	<u>(11,223,393)</u>	<u>25,195,837</u>
Total capital assets, not being depreciated	<u>124,500,373</u>	<u>28,730,868</u>	<u>(11,223,393)</u>	<u>142,007,848</u>
Capital assets, being depreciated:				
Buildings	27,108,518	981,572	(217,248)	27,872,842
Improvements	43,756,002	2,127,890	(148,654)	45,735,238
Equipment	23,325,114	1,460,021	(238,209)	24,546,926
Infrastructure	<u>218,690,973</u>	<u>5,123,916</u>	<u>-</u>	<u>223,814,889</u>
Total capital assets, being depreciated	<u>312,880,607</u>	<u>9,693,399</u>	<u>(604,111)</u>	<u>321,969,895</u>
Less accumulated depreciation for:				
Buildings	(9,926,465)	(827,427)	173,367	(10,580,525)
Improvements	(17,890,660)	(1,891,166)	81,704	(19,700,122)
Equipment	(17,761,770)	(1,399,638)	188,312	(18,973,096)
Infrastructure	<u>(113,670,970)</u>	<u>(9,302,285)</u>	<u>-</u>	<u>(122,973,255)</u>
Total accumulated depreciation	<u>(159,249,865)</u>	<u>(13,420,516)</u>	<u>443,383</u>	<u>(172,226,998)</u>
Total capital assets, being depreciated, net	<u>153,630,742</u>	<u>(3,727,117)</u>	<u>(160,728)</u>	<u>149,742,897</u>
Governmental activities capital assets, net	<u>\$ 278,131,115</u>	<u>\$ 25,003,751</u>	<u>\$ (11,384,121)</u>	<u>\$ 291,750,745</u>

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2016

Note III - Detailed notes on all funds, continued

C. Capital assets, continued

Primary Government	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases/ Transfers</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,184,368	\$ 521,351	\$ -	\$ 1,705,719
Construction in progress	<u>370,660</u>	<u>767,786</u>	<u>(370,660)</u>	<u>767,786</u>
Total capital assets, not being depreciated	<u>1,555,028</u>	<u>1,289,137</u>	<u>(370,660)</u>	<u>2,473,505</u>
Capital assets, being depreciated:				
Buildings	7,037,483	-	-	7,037,483
Improvements	27,355,505	-	-	27,355,505
Equipment	30,099,206	265,832	-	30,365,038
Sewers	29,901,558	801,525	-	30,703,083
Storm drains	<u>44,464,976</u>	<u>2,760,789</u>	<u>-</u>	<u>47,225,765</u>
Total capital assets, being depreciated	<u>138,858,728</u>	<u>3,828,146</u>	<u>-</u>	<u>142,686,874</u>
Less accumulated depreciation for:				
Buildings	(3,425,118)	(190,603)	-	(3,615,721)
Improvements	(13,144,951)	(703,120)	-	(13,848,071)
Equipment	(16,535,451)	(1,192,287)	-	(17,727,738)
Sewers	(12,983,217)	(592,046)	-	(13,575,263)
Storm drains	<u>(12,902,588)</u>	<u>(863,226)</u>	<u>-</u>	<u>(13,765,814)</u>
Total accumulated depreciation	<u>(58,991,325)</u>	<u>(3,541,282)</u>	<u>-</u>	<u>(62,532,607)</u>
Total capital assets, being depreciated, net	<u>79,867,403</u>	<u>286,864</u>	<u>-</u>	<u>80,154,267</u>
Business-type activities capital assets, net	<u>\$ 81,422,431</u>	<u>\$ 1,576,001</u>	<u>\$ (370,660)</u>	<u>\$ 82,627,772</u>

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

Governmental activities:	
General government	\$ 374,028
Public safety	803,872
Highways and streets	7,943,557
Culture and recreation	2,574,215
Community development	<u>1,724,844</u>
Total depreciation expense - governmental activities	<u>\$ 13,420,516</u>
Business-type activities:	
Sewer	\$ 3,493,859
Parking services	<u>47,423</u>
Total depreciation expense - business-type activities	<u>\$ 3,541,282</u>

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2016

Note III - Detailed notes on all funds, continued

C. 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	\$ 4,877,749	\$ 47,859	\$ (169)	\$ 4,925,439
Construction in progress	<u>5,185,940</u>	<u>6,610,226</u>	<u>(4,074,191)</u>	<u>7,721,975</u>
Total capital assets, not being depreciated	<u>10,063,689</u>	<u>6,658,085</u>	<u>(4,074,360)</u>	<u>12,647,414</u>
Capital assets, being depreciated:				
Buildings, supply and distribution system	145,206,888	5,427,845	(8,345)	150,626,388
Equipment	<u>7,895,296</u>	<u>411,664</u>	<u>(80,908)</u>	<u>8,226,052</u>
Total capital assets, being depreciated	<u>153,102,184</u>	<u>5,839,509</u>	<u>(89,253)</u>	<u>158,852,440</u>
Less accumulated depreciation for:				
Buildings, supply and distribution system	(44,574,962)	(2,634,665)	(887)	(47,210,514)
Equipment	<u>(4,407,924)</u>	<u>(542,235)</u>	<u>80,908</u>	<u>(4,869,251)</u>
Total accumulated depreciation	<u>(48,982,886)</u>	<u>(3,176,900)</u>	<u>80,021</u>	<u>(52,079,765)</u>
Total capital assets, being depreciated, net	<u>104,119,298</u>	<u>2,662,609</u>	<u>(9,232)</u>	<u>106,772,675</u>
Medford Water Commission capital assets, net	<u>\$ 114,182,987</u>	<u>\$ 9,320,694</u>	<u>\$ (4,083,592)</u>	<u>\$ 119,420,089</u>

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2016

Note III - Detailed notes on all funds, continued

D. 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. 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 %	\$ 26,535,000
Full faith and credit bonds			
2. 2006 Sidewalk Series maturing 2021	4,600,000	4.00 to 4.50 %	1,870,000
3. Series 2011C bonds for MURA maturing 2025	20,950,000	3.25 to 5.00%	<u>15,575,000</u>
Total bonds outstanding			<u>\$ 43,980,000</u>

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

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

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

The following schedule shows the debt service requirements as of June 30, 2016:

<u>Year ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 2,775,000	\$ 2,188,354
2018	3,035,000	2,042,837
2019	3,330,000	1,912,940
2020	3,635,000	1,766,745
2021	3,965,000	1,604,084
2022-2026	21,580,000	5,073,575
2027-2031	<u>5,660,000</u>	<u>453,468</u>
Total	<u>\$ 43,980,000</u>	<u>\$ 15,042,003</u>

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2016

Note III - Detailed notes on all funds, continued

D. 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%	\$ 12,410,000
2011B Limited tax revenue refunding bonds, maturing 2022	3,673,000	3.24%	2,321,000
2013 Police, Fire, and Parks limited tax revenue bonds, maturing 2043	38,155,000	3.00 - 5.00%	<u>37,770,000</u>
Total revenue bonds outstanding:			<u>\$ 52,501,000</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 2011B series bond was issued on December 15, 2011 to advance refund the remaining amounts due on the 2002 Parks limited tax revenue bonds, maturing 2022. The City advance refunded the aforementioned bond to reduce its total debt service payments over the next 13 years by \$500,000 and to obtain an economic gain (the difference between the present values of the debt service payments on the old and new debt) of \$470,000.

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

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2016

Note III - Detailed notes on all funds, continued

D. Long-term debt, continued

The following schedule shows the debt service requirements for revenue bonds as of June 30, 2016:

Year ending June 30,	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 1,470,000	\$ 2,330,813
2018	1,530,000	2,275,561
2019	1,591,000	2,217,035
2020	2,335,000	2,137,915
2021	2,444,000	2,037,079
2022-2026	12,116,000	8,591,127
2027-2031	8,555,000	6,036,186
2032-2036	7,985,000	4,206,766
2037-2041	8,430,000	2,341,288
2042-2046	<u>6,045,000</u>	<u>416,139</u>
Total	<u>\$ 52,501,000</u>	<u>\$ 32,589,909</u>

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2016, 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	\$ 46,520,000	\$ -	\$ (2,540,000)	\$ 43,980,000	\$ 2,775,000
Revenue bonds	<u>53,919,000</u>	<u>-</u>	<u>(1,418,000)</u>	<u>52,501,000</u>	<u>1,470,000</u>
Total bonds payable	100,439,000	-	(3,958,000)	96,481,000	4,245,000
Other Post Employment Benefits	2,078,049	477,349	(200,033)	2,355,365	-
Compensated absences	<u>2,666,582</u>	<u>3,787,916</u>	<u>(3,549,909)</u>	<u>2,904,589</u>	<u>572,700</u>
Governmental activities long- term liabilities	<u>\$ 105,183,631</u>	<u>\$ 4,265,265</u>	<u>\$ (7,707,942)</u>	<u>\$101,740,954</u>	<u>\$ 4,817,700</u>
Business-type activities:					
Compensated absences	<u>\$ 273,766</u>	<u>\$ 287,746</u>	<u>\$ (311,019)</u>	<u>\$ 250,493</u>	<u>\$ 54,753</u>

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2016

Note III - Detailed notes on all funds, continued

D. Long-term debt, continued

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

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

Bonds payable ending balance	\$ 96,481,000
Less: current portion	(4,245,000)
Add: unamortized premium	<u>1,965,220</u>
Bonds payable, due in more than one year	<u>\$ 94,201,220</u>

E. 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, 2016 is determined as follows:

Capital assets, net	\$ 291,750,745
Less outstanding principal on capital asset related debt:	
General obligation bonds, excluding PERS bond \$26,535,000	(17,445,000)
Revenue bonds, excluding unspent proceeds of the 2013 Police, Fire, Parks revenue bond.	(10,900,000)
Add: unamortized premium	<u>2,093,376</u>
Governmental Activities net position invested in capital assets, net of related debt	<u>\$ 265,499,121</u>

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2016

Note III - Detailed notes on all funds, continued

F. Interfund receivables, payables, advances and transfers

Interfund Receivables and Payables

Interfund balances consist of cash advances of \$48,769 by the general fund to other nonmajor governmental funds. The interfund balance between the City's General fund and the Community Development Block Grant Fund, a non-major special revenue fund. The amount due to the General fund reflects a negative cash balance in the Community Development Block Grant Fund.

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 48,769	\$ -
Nonmajor Governmental Funds	-	48,769
Total	<u>\$ 48,769</u>	<u>\$ 48,769</u>

Interfund Advances

During the 2012 fiscal year, the City of Medford general fund made an advance of \$20,950,000 to the Medford Urban Renewal general fund for capital projects.

Interfund loan activity and balances for the year ended June 30, 2016 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>\$16,985,000</u>	<u>\$ -</u>	<u>\$(1,410,000)</u>	<u>\$ 15,575,000</u>	<u>\$ 1,455,000</u>

Interfund transfers:

	<u>Transfers out:</u>				<u>Total Transfers In</u>
	<u>General Fund</u>	<u>Police Department Fund</u>	<u>Street Utility Fund</u>	<u>Nonmajor Governmental Funds</u>	
<u>Transfers in:</u>					
General Fund	\$ -	\$ -	\$ 107,071	\$ 5,179,480	\$ 5,286,551
Police Department Fund	78,018	-	9,010	11,352,908	11,439,936
Gas Tax Fund	268,463	-	-	-	268,463
Street Utility Fund	500,577	-	-	-	500,577
Nonmajor Governmental Funds	648,452	998,130	28,960	3,133,015	4,808,557
Sewer Utility Fund	953,124	-	-	-	953,124
Parking Facilities Fund	28,297	-	-	-	28,297
Internal Service Funds	168,905	-	-	-	168,905
Total transfers out	<u>\$ 2,645,836</u>	<u>\$ 998,130</u>	<u>\$ 145,041</u>	<u>\$ 19,665,403</u>	<u>\$ 23,454,410</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, 2016

Note III - Detailed notes on all funds, continued

G. 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,	
	2015	2016
Workers' compensation		
Unpaid claims, beginning of year	\$ 66,672	\$ 83,892
Incurred claims (including IBNR)	208,111	141,104
Claim payments	<u>(190,891)</u>	<u>(157,233)</u>
Unpaid claims, end of year	<u>\$ 83,892</u>	<u>\$ 67,763</u>
Liability		
Unpaid claims, beginning of year	\$ 113,777	\$ 439,153
Incurred claims (including IBNR)	547,635	256,221
Claim payments	<u>(222,259)</u>	<u>(215,169)</u>
Unpaid claims, end of year	<u>\$ 439,153</u>	<u>\$ 480,205</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.

H. Related party transactions

The Commission pays the City for legal counsel, other services, materials and supplies, and utilities. During the year, the Commission paid the City \$276,689 for these items. The Commission also paid the City a franchise tax amounting to \$160,987 in fiscal year 2016 and garage charges of \$119,670. The Commission's water sales to the City were \$173,712 during the year ended June 30, 2016.

I. 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.

J. Conduit debt

The Hospital Facilities Authority of the City of Medford issued bonds in 2002, 2005, 2010, 2013 (and 2013B), and 2014. The outstanding balance of these bonds as of June 30, 2016 was \$441,217,946. The bonds are to be paid solely from the revenues and assets of The Hospital Facilities Authority of the City of Medford, and are not an obligation of the City.

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2016

Note III - Detailed notes on all funds, continued

K. 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.

L. 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 Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at

http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

Plan Benefits

1. Tier One/Tier Two Retirement Benefit ORS (Chapter 238).

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67 percent for general service employees, 2.0 percent for police and fire employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS-covered job, or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2016

Note III - Detailed notes on all funds, continued

L. Pension plans, continued

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes

After retirement Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

2. OPSRP Pension Program (OPSRP DB)

Pension Benefits.

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

Police and fire employees: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

Disability Benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2016

Note III - Detailed notes on all funds, continued

L. Pension plans, continued

3. OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions:

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation as subsequently modified by 2015 legislated changes in benefit provisions. The rates, based on a percentage of payroll, first became effective July 1, 2015. Employer contributions for the year ended June 30, 2016 were \$3,618,220, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2016 were 13.49 percent for Tier One/Tier Two General Services and 5.92 percent for OPSRP Pension Program General Services, 10.03 percent for OPSRP Pension Program Police and Fire and 6 percent for OPSRP Individual Account Program. The City has elected to make the payments on behalf of its employees for the OPSRP Individual Account Program.

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2016

Note III - Detailed notes on all funds, continued

L. Pension plans, continued

Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the City's proportionate share of the net pension liability is \$21,400,701. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013 rolled forward to June 30, 2015. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2015, the City's proportion was 0.41158 percent, which was changed from its proportion measured as of June 30, 2014 of 0.39784 percent.

At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,154,034	\$ -
Net difference between projected and actual earnings on pension plan investments	-	4,486,072
Changes in proportion and differences between contributions and proportionate share of contributions	213,682	805,081
Contributions subsequent to the measurement date	<u>2,893,724</u>	<u>-</u>
Total	<u>\$ 4,261,440</u>	<u>\$ 5,291,153</u>

Deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
2017	\$ 2,192,139	\$ 2,721,836
2018	2,192,139	2,721,836
2019	2,192,139	2,721,836
2020	(2,248,315)	(2,791,578)
2021	<u>(66,662)</u>	<u>(82,777)</u>
Total	<u>\$ 4,261,440</u>	<u>\$ 5,291,153</u>

Actuarial Assumptions:

The employer contribution rates effective July 1, 2013, through June 30, 2015 and effective July 1, 2015, through June 30, 2017, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2016

Note III - Detailed notes on all funds, continued

L. Pension plans, continued

Actuarial Assumptions, continued:

The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Methods and Assumptions Used in Developing Total Pension Liability:

Valuation Date	December 31, 2013
Measurement date	June 30, 2015
Experience Study Report	2014, published September 2015
Actuarial Cost Method	Entry Age normal
Actuarial Assumptions:	
Inflation Rate	2.75 percent
Investment Rate of return	7.75 percent
Projected Salary Increases	3.75 percent overall payroll growth
Mortality	Health retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active Members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 statistic combined disabled mortality sex-distinct table.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

Long-term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Assumed Asset Allocation:

<u>Asset Class/Strategy</u>	<u>Low Range</u>	<u>High Range</u>	<u>OIC Target</u>
Cash	0.0 %	3.0 %	0.0 %
Debt Securities	15.0	25.0	20.0
Public Equity	32.5	42.5	37.5
Private Equity	16.0	24.0	20.0
Real Estate	9.5	15.5	12.5
Alternative Equity	0.0	10.0	10.0
Opportunity Portfolio	0.0	3.0	0.0
Total			<u>100.0 %</u>

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2016

Note III - Detailed notes on all funds, continued

L. Pension plans, continued

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Core Fixed Income	7.20 %	4.50 %
Short-Term Bonds	8.00 %	3.70 %
Intermediate - Term Bonds	3.00 %	4.10 %
High Yield Bonds	1.80 %	6.66 %
Large Cap US Equities	11.65 %	7.20 %
Mid Cap US Equities	3.88 %	7.30 %
Small Cap US Equities	2.27 %	7.45 %
Developed Foreign Equities	14.21 %	6.90 %
Emerging Foreign Equities	5.49 %	7.40 %
Private Equities	20.00 %	8.26 %
Opportunity Funds/Absolute Return	5.00 %	6.01 %
Real Estate (Property)	13.75 %	6.51 %
Real Estate (REITS)	2.50 %	6.76 %
Commodities	<u>1.25 %</u>	6.07 %
Total	<u>100.00 %</u>	
Assumed Inflation - Mean		2.75 %

Depletion Date Projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2016

Note III - Detailed notes on all funds, continued

L. Pension plans, continued

Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.75 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
Proportionate share of net pension liability (asset)	\$ 45,949,261	\$ 21,400,701	\$ (3,639,782)

Changes in Plan Provisions During the Measurement Period

The Oregon Supreme Court on April 30, 2015, ruled that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law was unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. OPERS will make restoration payments to those benefit recipients.

OPERS members who have accrued benefits before and after the effective periods of the 2013 legislation will have a blended COLA rate when they retire.

This change in benefit terms were reflected in the current valuation.

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2015 measurement date.

M. 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.

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2016

Note III - Detailed notes on all funds, continued

M. Other Post Employment Benefits, continued

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, 2016, the City's combined plan contributions were \$200,033.

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, 2016, the implicit benefit payments (contributions made), and changes in the City's net OPEB obligation:

Annual required contribution	\$ 535,112
Interest on net OPEB obligation	83,122
Adjustment to the annual required contribution	<u>(140,885)</u>
Annual OPEB cost (expense)	477,349
Contributions made	<u>(200,033)</u>
Increase in net OPEB obligation	277,316
Net OPEB obligation, beginning of year	<u>2,078,049</u>
Net OPEB obligation, end of year	<u><u>\$ 2,355,365</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 2016 and the preceding two years were as follows:

<u>Fiscal year ending June 30</u>	<u>Annual OPEB Cost</u>	<u>Contribution</u>	<u>Percentage of annual OPEB cost contributed</u>	<u>Net OPEB obligation</u>
2014	\$ 637,889	\$ 181,123	29%	\$ 1,782,677
2015	\$ 466,217	\$ 170,845	37%	\$ 2,078,049
2016	\$ 477,349	\$ 200,033	42%	\$ 2,355,365

Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$4,037,870 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,037,870. For the fiscal year ending June 30, 2016, 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 \$31,065,146, and the ratio of the UAAL to the covered payroll was 13.0%.

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.

CITY OF MEDFORD
Notes to the Financial Statements
June 30, 2016

Note III - Detailed notes on all funds, continued

M. Other Post Employment Benefits, continued

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 July 1, 2014 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 7.0% in the first year, 6.5% in the second year, 6.4% in the third year, 6.3% for the 4th year, dropping by 0.1 for the 15 years thereafter. The unfunded actuarially accrued liability and the gains and losses for both plans are amortized as a level dollar amount over an open period of 15 years. Actuarial evaluations are completed on every odd year.



REQUIRED SUPPLEMENTARY INFORMATION



CITY OF MEDFORD
 Required Supplementary Information
 Year Ended June 30, 2016

Schedule of Funding Progress - OPEB

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

Actuarial valuation date	Actuarial value of assets	Actuarial accrued liability	Unfunded actuarial accrued liability	Funded ratio	Covered payroll	Unfunded actuarial accrued liability as a percentage of covered payroll
7/1/2014	\$ -	\$ 4,037,870	\$ 4,037,870	-	\$ 31,065,146	13%

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

Schedule of the Proportionate Share of the Net Pension Liability

Oregon Public Employees Retirement System

	2016	2015	2014
Proportion of the net pension liability (asset)	0.411583 %	0.360404 %	0.360404 %
Proportionate share of the net pension liability (asset)	\$ 23,630,896	\$ (9,017,912)	\$ 20,302,391
Covered payroll	\$ 32,381,717	\$ 32,381,717	\$ 30,829,250
Proportionate share of the pension liability (asset) as a percentage of its covered employee payroll	72.98 %	(27.85)%	65.85 %
Plan net position as a percentage of the total pension liability	91.88 %	103.59 %	92.00 %

Schedule of Pension Contributions

Oregon Public Employees Retirement System

	2016	2015	2014
Contractually required contribution	\$ 3,618,220	\$ 3,421,403	\$ 3,315,068
Contributions in relation to the contractually required contribution	<u>3,618,220</u>	<u>3,421,403</u>	<u>3,315,068</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 32,381,717	\$ 32,381,717	\$ 32,381,717
Contributions as a percentage of covered employee payroll	11.17 %	10.57 %	10.24 %

CITY OF MEDFORD
Required Supplementary Information
Year Ended June 30, 2016

Notes to Required Supplementary Information

Changes in Benefit Terms

The Oregon Supreme Court on April 30, 2015, ruled that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law was unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. OPERS will make restoration payments to those benefit recipients.

OPERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire.

This is a change in benefit terms was not included in the net pension liability (asset) proportionate shares provided by OPERS for the years ending June 30, 2015 and June 30, 2014.

Changes of Assumptions

Details and a comprehensive list of changes in methods and assumptions can be found in the 2012 and 2014 Experience Study for the System, which were published on September 18, 2013 and September 23, 2015. These reports can be found at: http://www.oregon.gov/pers/Pages/section/financial_reports/mercereports.aspx.

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, 2016

	Biennium Budget		First Year Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 70,576,000	\$ 70,576,000	\$ 33,529,456	\$ (37,046,544)
Franchise taxes	17,909,340	17,909,340	8,772,600	(9,136,740)
Lodging taxes	3,390,000	3,390,000	1,912,003	(1,477,997)
Licenses, permits and fees	1,340,000	1,340,000	682,161	(657,839)
Intergovernmental	7,400,850	7,835,530	4,309,651	(3,525,879)
Charges for services	2,961,100	2,961,100	1,658,039	(1,303,061)
Fines and penalties	2,758,000	2,758,000	1,246,507	(1,511,493)
Investment earnings	403,800	403,800	186,473	(217,327)
Other revenue	13,630,760	13,855,180	2,406,180	(11,449,000)
Grants and contracts	149,460	512,130	556,917	44,787
	120,519,310	121,541,080	55,259,987	(66,281,093)
Total revenues				
Expenditures:				
Mayor and council	1,785,090	1,942,900	806,828	1,136,072
Municipal court	2,518,310	2,518,310	1,107,263	1,411,047
Police	42,267,880	42,426,090	20,793,689	21,632,401
Fire	26,055,130	26,143,130	12,924,139	13,218,991
Parks and recreation:				
Parks and recreation	9,370,780	9,370,780	4,395,812	4,974,968
City tree program	301,080	301,080	156,199	144,881
Facilities maintenance	6,631,880	5,805,160	3,378,643	2,426,517
Parks special projects	256,300	256,300	103,547	152,753
Emergency management	315,170	339,820	164,119	175,701
Planning	4,162,410	4,168,410	1,909,783	2,258,627
City managers office	2,361,630	2,361,630	998,088	1,363,542
Technology services	6,457,560	9,446,120	3,802,922	5,643,198
Legal	1,355,020	1,355,020	614,818	740,202
Human resources	1,404,440	1,404,440	682,098	722,342
Finance	3,542,240	3,542,240	1,485,785	2,056,455
Building Safety	431,240	431,240	169,849	261,391
Contingency	12,895,620	12,895,620	-	12,895,620
	122,111,780	124,708,290	53,493,582	71,214,708
Total expenditures				
Excess revenues over (under) expenditures	(1,592,470)	(3,167,210)	1,766,405	4,933,615
Other financing sources (uses):				
Transfers in	5,690,560	5,691,200	2,945,836	(2,745,364)
Transfers out	(20,074,160)	(20,234,730)	(5,586,551)	14,648,179
Total other financing sources (uses)	(14,383,600)	(14,543,530)	(2,640,715)	11,902,815
Net change in fund balance	(15,976,070)	(17,710,740)	(874,310)	16,836,430
Fund Balance:				
Beginning	16,615,670	16,615,670	21,839,781	5,224,111
Ending	\$ 639,600	\$ (1,095,070)	\$ 20,965,471	\$ 22,060,541

CITY OF MEDFORD

Notes to Required Supplementary Information

June 30, 2016

Note 1 - Basis of Budgeting

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

Reconciliation to budgetary basis from modified accrual:

	<u>Fund Balance</u>	<u>Net Change in Fund Balance</u>
Budgetary amount	\$ 20,965,471	\$ (874,310)
Balance due on interfund loan	15,575,000	-
Principal payments received budgeted in other revenue	-	<u>(1,410,000)</u>
Total net position - end of year	<u>\$ 36,540,471</u>	<u>\$ (2,284,310)</u>

CITY OF MEDFORD
 Police Department Fund - 010
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2016

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Licenses, permits and fees	\$ 4,094,960	\$ 4,177,160	\$ 1,320,119	\$ (2,857,041)
Investment earnings	292,200	292,200	93,386	(198,814)
Grants and contracts	<u>31,140</u>	<u>31,140</u>	<u>28,339</u>	<u>(2,801)</u>
Total revenues	<u>4,418,300</u>	<u>4,500,500</u>	<u>1,441,844</u>	<u>(3,058,656)</u>
Expenditures:				
Capital outlay	18,524,000	20,223,700	15,140,856	5,082,844
Public safety	2,157,300	2,157,300	1,542,615	614,685
Contingency	<u>270,000</u>	<u>270,000</u>	<u>-</u>	<u>270,000</u>
Total expenditures	<u>20,951,300</u>	<u>22,651,000</u>	<u>16,683,471</u>	<u>5,967,529</u>
Excess revenues over (under) expenditures	<u>(16,533,000)</u>	<u>(18,150,500)</u>	<u>(15,241,627)</u>	<u>2,908,873</u>
Other financing sources (uses):				
Transfers in	-	998,130	998,130	-
Transfers out	<u>(12,418,900)</u>	<u>(12,636,530)</u>	<u>(11,439,936)</u>	<u>1,196,594</u>
Total other financing sources (uses)	<u>(12,418,900)</u>	<u>(11,638,400)</u>	<u>(10,441,806)</u>	<u>1,196,594</u>
Net change in fund balance	(28,951,900)	(29,788,900)	(25,683,433)	4,105,467
Fund Balance:				
Beginning	<u>29,301,690</u>	<u>30,138,690</u>	<u>30,138,696</u>	<u>6</u>
Ending	<u>\$ 349,790</u>	<u>\$ 349,790</u>	<u>\$ 4,455,263</u>	<u>\$ 4,105,473</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, 2016

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fuel	\$ 8,984,030	\$ 8,984,030	\$ 4,591,902	\$ (4,392,128)
Charges for services	150,000	150,000	196,839	46,839
Investment earnings	101,200	101,200	83,621	(17,579)
Other revenue	-	-	177	177
Grants and contracts	-	517,000	78,072	(438,928)
Total revenues	<u>9,235,230</u>	<u>9,752,230</u>	<u>4,950,611</u>	<u>(4,801,619)</u>
Expenditures:				
Highways and streets	4,582,960	4,582,960	2,067,071	2,515,889
Capital outlay	5,424,000	5,941,000	123,746	5,817,254
Contingency	571,000	571,000	-	571,000
Total expenditures	<u>10,577,960</u>	<u>11,094,960</u>	<u>2,190,817</u>	<u>8,904,143</u>
Excess revenues over (under) expenditures	<u>(1,342,730)</u>	<u>(1,342,730)</u>	<u>2,759,794</u>	<u>4,102,524</u>
Other financing sources (uses):				
Transfers out	<u>(514,130)</u>	<u>(514,130)</u>	<u>(268,463)</u>	<u>245,667</u>
Total other financing sources (uses)	<u>(514,130)</u>	<u>(514,130)</u>	<u>(268,463)</u>	<u>245,667</u>
Net change in fund balance	(1,856,860)	(1,856,860)	2,491,331	4,348,191
Fund Balance:				
Beginning	<u>5,945,050</u>	<u>5,945,050</u>	<u>10,548,196</u>	<u>4,603,146</u>
Ending	<u>\$ 4,088,190</u>	<u>\$ 4,088,190</u>	<u>\$ 13,039,527</u>	<u>\$ 8,951,337</u>

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, 2016

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Licenses, permits and fees	\$14,451,900	\$14,451,900	\$ 8,553,994	\$ (5,897,906)
Intergovernmental	-	-	19,131	19,131
Charges for services	-	-	18,337	18,337
Investment earnings	57,200	57,200	57,551	351
Other	-	-	83,941	83,941
Grants and contracts	<u>1,000,000</u>	<u>1,000,000</u>	<u>500,000</u>	<u>(500,000)</u>
Total revenues	<u>15,509,100</u>	<u>15,509,100</u>	<u>9,232,954</u>	<u>(6,276,146)</u>
Expenditures:				
Highways and streets	17,906,640	18,017,640	8,223,425	9,794,215
Contingency	<u>1,458,970</u>	<u>1,423,370</u>	-	<u>1,423,370</u>
Total expenditures	<u>19,365,610</u>	<u>19,441,010</u>	<u>8,223,425</u>	<u>11,217,585</u>
Excess revenues over (under) expenditures	<u>(3,856,510)</u>	<u>(3,931,910)</u>	<u>1,009,529</u>	<u>4,941,439</u>
Other financing sources (uses):				
Transfers in	277,150	277,150	145,041	(132,109)
Transfers out	<u>(901,000)</u>	<u>(901,000)</u>	<u>(500,577)</u>	<u>400,423</u>
Total other financing sources (uses)	<u>(623,850)</u>	<u>(623,850)</u>	<u>(355,536)</u>	<u>268,314</u>
Net change in fund balance	(4,480,360)	(4,555,760)	653,993	5,209,753
Fund Balance:				
Beginning	<u>6,162,940</u>	<u>6,162,940</u>	<u>6,249,318</u>	<u>86,378</u>
Ending	<u>\$ 1,682,580</u>	<u>\$ 1,607,180</u>	<u>\$ 6,903,311</u>	<u>\$ 5,296,131</u>



OTHER SUPPLEMENTARY INFORMATION



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, 2016

	Biennium Budget		First Year Actual	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 11,730,000	\$ 11,730,000	\$ 6,101,325	\$ (5,628,675)
Interest	<u>-</u>	<u>-</u>	<u>2,658</u>	<u>2,658</u>
Total revenues	<u>11,730,000</u>	<u>11,730,000</u>	<u>6,103,983</u>	<u>(5,626,017)</u>
Expenditures:				
Debt service	<u>13,662,100</u>	<u>13,662,100</u>	<u>1,982,025</u>	<u>11,680,075</u>
Excess revenues over (under) expenditures	<u>(1,932,100)</u>	<u>(1,932,100)</u>	<u>4,121,958</u>	<u>6,054,058</u>
Net change in fund balance	(1,932,100)	(1,932,100)	4,121,958	6,054,058
Fund Balance:				
Beginning	<u>1,982,000</u>	<u>1,982,000</u>	<u>4,293,139</u>	<u>2,311,139</u>
Ending	<u>\$ 49,900</u>	<u>\$ 49,900</u>	<u>\$ 8,415,097</u>	<u>\$ 8,365,197</u>
Reconciliation to modified accrual basis:				
Budgetary fund balance			8,415,097	
Balance due to General fund on interfund advance			<u>(15,575,000)</u>	
Total net position - end of year			<u>\$ (7,159,903)</u>	



COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES



CITY OF MEDFORD

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2016

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Fund</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 32,131,126	\$ 266,451	\$ 5,537,462	\$ 37,935,039
Receivables				
Accounts	793,071	-	438,510	1,231,581
Taxes	7,472	44,722	-	52,194
Loans	-	-	154,799	154,799
Other current assets	1,932	-	-	1,932
Restricted cash and cash equivalents	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
Total assets	<u>\$ 32,953,601</u>	<u>\$ 311,173</u>	<u>\$ 6,130,771</u>	<u>\$ 39,395,545</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,053,208	\$ -	\$ 1,725,776	\$ 3,778,984
Payroll and related accruals	93,719	-	5,710	99,429
Due to other funds	48,769	-	-	48,769
Retainage payable	<u>61,553</u>	<u>-</u>	<u>-</u>	<u>61,553</u>
Total liabilities	<u>2,257,249</u>	<u>-</u>	<u>1,731,486</u>	<u>3,988,735</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	-	37,690	-	37,690
Unavailable revenue - notes receivable	<u>-</u>	<u>-</u>	<u>154,799</u>	<u>154,799</u>
Total deferred inflows of resources	<u>-</u>	<u>37,690</u>	<u>154,799</u>	<u>192,489</u>
Fund balances:				
Restricted				
Public safety	1,401,309	-	-	1,401,309
Highways and streets	11,065,781	-	3,774,041	14,839,822
Culture and recreation	6,397,098	-	349,608	6,746,706
Community development	3,621,565	-	62,841	3,684,406
Debt service	-	273,483	-	273,483
Committed for:				
Public safety	7,703,573	-	57,996	7,761,569
Culture and recreation	<u>507,026</u>	<u>-</u>	<u>-</u>	<u>507,026</u>
Total fund balances	<u>30,696,352</u>	<u>273,483</u>	<u>4,244,486</u>	<u>35,214,321</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 32,953,601</u>	<u>\$ 311,173</u>	<u>\$ 6,130,771</u>	<u>\$ 39,395,545</u>

CITY OF MEDFORD

Nonmajor Governmental Funds

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

Year ended June 30, 2016

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Fund</u>	<u>Total</u>
REVENUES				
Taxes				
Property	\$ -	\$ 464,022	\$ -	\$ 464,022
Franchise and lodging	1,911,999	-	-	1,911,999
Other	1,165,994	-	-	1,165,994
Charges for services	21,437	-	-	21,437
Miscellaneous income	159,380	-	-	159,380
Intergovernmental	9,073	-	-	9,073
Licenses, permits and fees	4,674,505	-	-	4,674,505
Investment earnings	214,090	3,318	96,163	313,571
Grants and contributions	911,178	-	677,787	1,588,965
Loan repayment	-	-	15,284	15,284
Other revenue	152,766	-	30,666	183,432
Contributions and donations	<u>5,323,344</u>	<u>-</u>	<u>-</u>	<u>5,323,344</u>
Total revenues	<u>14,543,766</u>	<u>467,340</u>	<u>819,900</u>	<u>15,831,006</u>
EXPENDITURES				
Current				
Public safety	2,583,663	-	-	2,583,663
Highways and streets	478,701	-	191,387	670,088
Culture and recreation	364,858	-	-	364,858
Community development	2,646,361	-	-	2,646,361
Debt service:				
Principal	-	3,958,000	-	3,958,000
Interest	-	4,702,823	-	4,702,823
Capital outlay	<u>1,296,107</u>	<u>-</u>	<u>1,690,660</u>	<u>2,986,767</u>
Total expenditures	<u>7,369,690</u>	<u>8,660,823</u>	<u>1,882,047</u>	<u>17,912,560</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,174,076</u>	<u>(8,193,483)</u>	<u>(1,062,147)</u>	<u>(2,081,554)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	163,074	-	-	163,074
Transfers in	10,371,072	8,234,931	1,059,400	19,665,403
Transfers out	<u>(4,762,849)</u>	<u>-</u>	<u>(45,708)</u>	<u>(4,808,557)</u>
Total other financing source (uses)	<u>5,771,297</u>	<u>8,234,931</u>	<u>1,013,692</u>	<u>15,019,920</u>
Net change in fund balances	12,945,373	41,448	(48,455)	12,938,366
Beginning fund balances	<u>17,750,979</u>	<u>232,035</u>	<u>4,292,941</u>	<u>22,275,955</u>
Ending fund balances	<u>\$ 30,696,352</u>	<u>\$ 273,483</u>	<u>\$ 4,244,486</u>	<u>\$ 35,214,321</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:

- Fire Public Safety Fund – Accounts for specified resources to be expended on additional or expanded fire operations.
- Park Dedication Fund - Accounts for specified revenues from system development funds, 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.
- State Forfeitures Fund - Accounts for the receipt of state forfeiture funds to be expended on local law enforcement.
- Federal Forfeitures Fund - Accounts for the receipt of federal forfeiture funds to be expended on local law enforcement.
- Community Promotions Fund - Accounts for transient lodging 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.
- 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.
- Bear Creek Reconstruction Fund - Accounts for amounts, held in a fiduciary capacity, dedicated to erect playground facilities within Bear Creek Park.
- Bear Creek Maintenance Fund - Accounts for amounts, held in a fiduciary capacity, dedicated to repair and maintain Bear Creek Park.
- Parks Utility Fund - Accounts for operation, maintenance and construction of parks facilities and beautification for right of way strip maintenance.





CITY OF MEDFORD

Nonmajor Special Revenue Funds

Combining Balance Sheet

June 30, 2016

	<u>Fire Public Safety Fund - 011</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>State Forfeitures Fund - 026</u>	<u>Federal Forfeitures Fund -027</u>
ASSETS							
Cash and cash equivalents	\$ 8,363,924	\$ 6,263,269	\$ 33,374	\$ 3,978,973	\$ 11,327,988	\$ 475,568	\$ 1,234,427
Receivables							
Accounts	118,128	259,071	-	269	12,836	-	-
Taxes	-	-	-	-	-	-	-
Other current assets	-	-	-	-	1,932	-	-
Restricted cash and cash equivalents	-	-	20,000	-	-	-	-
Total assets	<u>\$ 8,482,052</u>	<u>\$ 6,522,340</u>	<u>\$ 53,374</u>	<u>\$ 3,979,242</u>	<u>\$ 11,342,756</u>	<u>\$ 475,568</u>	<u>\$ 1,234,427</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 690,142	\$ 137,988	\$ -	\$ 323,849	\$ 257,977	\$ 214,500	\$ 94,186
Payroll and related accruals	26,784	7,595	-	33,828	18,998	-	-
Due to other funds	-	-	-	-	-	-	-
Retainage payable	61,553	-	-	-	-	-	-
Total liabilities	<u>778,479</u>	<u>145,583</u>	<u>-</u>	<u>357,677</u>	<u>276,975</u>	<u>214,500</u>	<u>94,186</u>
Fund balances:							
Restricted							
Public safety	-	-	-	-	-	261,068	1,140,241
Highways and streets	-	-	-	-	11,065,781	-	-
Culture and recreation	-	6,376,757	-	-	-	-	-
Community development	-	-	-	3,621,565	-	-	-
Committed to:							
Public safety	7,703,573	-	-	-	-	-	-
Culture and recreation	-	-	53,374	-	-	-	-
Total fund balances	<u>7,703,573</u>	<u>6,376,757</u>	<u>53,374</u>	<u>3,621,565</u>	<u>11,065,781</u>	<u>261,068</u>	<u>1,140,241</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,482,052</u>	<u>\$ 6,522,340</u>	<u>\$ 53,374</u>	<u>\$ 3,979,242</u>	<u>\$ 11,342,756</u>	<u>\$ 475,568</u>	<u>\$ 1,234,427</u>

Community Promotions Fund - 030	Community Development Block Grant Fund - 037	Police Grant Fund - 039	Veteran's Park Fund - 091	Community Park Reserve Fund - 092	Bear Creek Reconstruction Fund - 094	Bear Creek Maintenance Fund - 095	Parks Utility Fund - 098	Total
\$ 74,409	\$ -	\$ -	\$ 7,691	\$ 97,889	\$ 12,650	\$ 35,599	\$ 225,365	\$ 32,131,126
125,909	179,318	-	-	-	-	-	97,540	793,071
-	-	-	-	-	-	-	7,472	7,472
-	-	-	-	-	-	-	-	1,932
-	-	-	-	-	-	-	-	20,000
<u>\$ 200,318</u>	<u>\$ 179,318</u>	<u>\$ -</u>	<u>\$ 7,691</u>	<u>\$ 97,889</u>	<u>\$ 12,650</u>	<u>\$ 35,599</u>	<u>\$ 330,377</u>	<u>\$ 32,953,601</u>

\$ 200,318	\$ 127,632	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,616	\$ 2,053,208
-	2,917	-	-	-	-	-	3,597	93,719
-	48,769	-	-	-	-	-	-	48,769
-	-	-	-	-	-	-	-	61,553
<u>200,318</u>	<u>179,318</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,213</u>	<u>2,257,249</u>

-	-	-	-	-	-	-	-	1,401,309
-	-	-	-	-	-	-	-	11,065,781
-	-	-	7,691	-	12,650	-	-	6,397,098
-	-	-	-	-	-	-	-	3,621,565
-	-	-	-	-	-	-	-	7,703,573
-	-	-	-	97,889	-	35,599	320,164	507,026
-	-	-	7,691	97,889	12,650	35,599	320,164	30,696,352
<u>\$ 200,318</u>	<u>\$ 179,318</u>	<u>\$ -</u>	<u>\$ 7,691</u>	<u>\$ 97,889</u>	<u>\$ 12,650</u>	<u>\$ 35,599</u>	<u>\$ 330,377</u>	<u>\$ 32,953,601</u>

CITY OF MEDFORD

Nonmajor Special Revenue Funds

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

Year ended June 30, 2016

	Fire Public Safety Fund - 011	Park Dedication Fund - 015	Cemetery Fund - 016	Building Safety Fund - 019	Street SDC Fund - 021	State Forfeitures Fund - 026	Federal Forfeitures Fund -027
REVENUES							
Taxes							
Franchise and lodging	\$ -	\$ 956,000	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	1,165,994	-	-	-	-	-
Other services	-	-	-	-	-	-	-
Miscellaneous income	-	17,812	-	-	-	-	141,568
Intergovernmental	-	1,873	-	7,200	-	-	-
Licenses, permits and fees	1,074,704	-	-	2,276,490	-	-	-
Investment earnings	65,316	42,031	289	20,486	65,486	9,921	7,782
Grants and contributions	-	-	-	-	251,231	-	159,093
Other revenue	14,304	39	784	42,597	6	95,036	-
Capital contributions and donations	-	1,372,090	-	-	3,951,254	-	-
Total revenues	1,154,324	3,555,839	1,073	2,346,773	4,267,977	104,957	308,443
EXPENDITURES							
Current							
Public safety	2,231,864	-	-	-	-	70,281	281,518
Highways and streets	-	-	-	-	478,701	-	-
Culture and recreation	-	201,827	4,080	-	-	-	-
Community development	-	-	-	1,189,508	-	-	-
Capital outlay	-	355,706	7,138	60,217	791,666	-	-
Total expenditures	2,231,864	557,533	11,218	1,249,725	1,270,367	70,281	281,518
Excess (deficiency) of revenues over (under) expenditures	<u>(1,077,540)</u>	<u>2,998,306</u>	<u>(10,145)</u>	<u>1,097,048</u>	<u>2,997,610</u>	<u>34,676</u>	<u>26,925</u>
OTHER FINANCING SOURCES (USES)							
Sale of capital assets	-	155,389	-	-	-	-	7,685
Transfers in	10,341,072	-	30,000	-	-	-	-
Transfers out	<u>(1,559,959)</u>	<u>(1,703,115)</u>	<u>-</u>	<u>(136,753)</u>	<u>(183,436)</u>	<u>-</u>	<u>-</u>
Total other financing source (uses)	8,781,113	(1,547,726)	30,000	(136,753)	(183,436)	-	7,685
Net change in fund balances	7,703,573	1,450,580	19,855	960,295	2,814,174	34,676	34,610
Beginning fund balances	-	4,926,177	33,519	2,661,270	8,251,607	226,392	1,105,631
Ending fund balances	\$ 7,703,573	\$ 6,376,757	\$ 53,374	\$ 3,621,565	\$ 11,065,781	\$ 261,068	\$ 1,140,241

Community Promotions Fund - 030	Community Development Grant Fund - 037	Police Grant Fund - 039	Veteran's Park Fund - 091	Community Park Reserve Fund - 092	Bear Creek Reconstruction Fund - 094	Bear Creek Maintenance Fund - 095	Parks Utility Fund - 098	Total
\$ 955,999	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,911,999
-	-	-	-	-	-	-	-	1,165,994
-	-	-	-	21,437	-	-	-	21,437
-	-	-	-	-	-	-	-	159,380
-	-	-	-	-	-	-	-	9,073
-	-	-	-	-	-	-	1,323,311	4,674,505
-	-	7	53	853	87	250	1,529	214,090
-	500,854	-	-	-	-	-	-	911,178
-	-	-	-	-	-	-	-	152,766
-	-	-	-	-	-	-	-	5,323,344
<u>955,999</u>	<u>500,854</u>	<u>7</u>	<u>53</u>	<u>22,290</u>	<u>87</u>	<u>250</u>	<u>1,324,840</u>	<u>14,543,766</u>
-	-	-	-	-	-	-	-	2,583,663
-	-	-	-	-	-	-	-	478,701
-	-	-	-	-	-	1,500	157,451	364,858
955,999	500,854	-	-	-	-	-	-	2,646,361
-	-	35,630	-	45,750	-	-	-	1,296,107
<u>955,999</u>	<u>500,854</u>	<u>35,630</u>	<u>-</u>	<u>45,750</u>	<u>-</u>	<u>1,500</u>	<u>157,451</u>	<u>7,369,690</u>
-	-	(35,623)	53	(23,460)	87	(1,250)	1,167,389	7,174,076
-	-	-	-	-	-	-	-	163,074
-	-	-	-	-	-	-	-	10,371,072
-	-	(640)	-	(892)	-	-	(1,178,054)	(4,762,849)
-	-	(640)	-	(892)	-	-	(1,178,054)	5,771,297
-	-	(36,263)	53	(24,352)	87	(1,250)	(10,665)	12,945,373
-	-	36,263	7,638	122,241	12,563	36,849	330,829	17,750,979
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,691</u>	<u>\$ 97,889</u>	<u>\$ 12,650</u>	<u>\$ 35,599</u>	<u>\$ 320,164</u>	<u>\$ 30,696,352</u>

CITY OF MEDFORD
 Fire Public Safety - 011
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2016

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Licenses, permits and fees	\$ 1,927,040	\$ 1,927,040	\$ 1,074,704	\$ (852,336)
Investment earnings	98,200	98,200	65,316	(32,884)
Other revenue	-	38,120	14,304	(23,816)
Total revenues	<u>2,025,240</u>	<u>2,063,360</u>	<u>1,154,324</u>	<u>(909,036)</u>
Expenditures:				
Fire	<u>11,024,000</u>	<u>10,442,190</u>	<u>2,231,864</u>	<u>8,210,326</u>
Total expenditures	<u>11,024,000</u>	<u>10,442,190</u>	<u>2,231,864</u>	<u>8,210,326</u>
Excess revenues over (under) expenditures	(8,998,760)	(8,378,830)	(1,077,540)	7,301,290
Other financing sources (uses):				
Transfers in	10,148,530	10,526,730	10,341,072	(185,658)
Transfers out	<u>(1,110,380)</u>	<u>(2,108,510)</u>	<u>(1,559,959)</u>	<u>548,551</u>
Total other financing sources (uses)	<u>9,038,150</u>	<u>8,418,220</u>	<u>8,781,113</u>	<u>362,893</u>
Net change in fund balances	39,390	39,390	7,703,573	7,664,183
Fund Balance:				
Beginning	-	-	-	-
Ending	<u>\$ 39,390</u>	<u>\$ 39,390</u>	<u>\$ 7,703,573</u>	<u>\$ 7,664,183</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, 2016

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Lodging taxes	\$ 1,695,000	\$ 1,695,000	\$ 956,000	\$ (739,000)
Other taxes	1,800,000	1,800,000	1,165,994	(634,006)
Intergovernmental	75,000	75,000	1,873	(73,127)
Charges for services	100,000	100,000	-	(100,000)
Miscellaneous income	-	-	17,812	17,812
Investment earnings	53,800	53,800	42,031	(11,769)
Contributions and donations	1,570,000	1,570,000	1,372,090	(197,910)
Other revenue	-	-	39	39
Total revenues	<u>5,293,800</u>	<u>5,293,800</u>	<u>3,555,839</u>	<u>(1,737,961)</u>
Expenditures:				
Culture and recreation	431,070	431,070	201,827	229,243
Capital outlay	4,773,650	5,330,450	355,706	4,974,744
Contingency	651,000	651,000	-	651,000
Total expenditures	<u>5,855,720</u>	<u>6,412,520</u>	<u>557,533</u>	<u>5,854,987</u>
Excess revenues over (under) expenditures	<u>(561,920)</u>	<u>(1,118,720)</u>	<u>2,998,306</u>	<u>4,117,026</u>
Other financing sources (uses):				
Transfers out	(2,624,530)	(3,028,230)	(1,703,115)	1,325,115
Sale of capital assets	100,000	100,000	155,389	55,389
Total other financing sources (uses)	<u>(2,524,530)</u>	<u>(2,928,230)</u>	<u>(1,547,726)</u>	<u>1,380,504</u>
Net change in fund balances	(3,086,450)	(4,046,950)	1,450,580	5,497,530
Fund Balance:				
Beginning	<u>4,079,260</u>	<u>4,079,260</u>	<u>4,926,177</u>	<u>846,917</u>
Ending	<u>\$ 992,810</u>	<u>\$ 32,310</u>	<u>\$ 6,376,757</u>	<u>\$ 6,344,447</u>

CITY OF MEDFORD
 Cemetery Fund - 016
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2016

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ 400	\$ 400	\$ 289	\$ (111)
Other revenue	<u>8,400</u>	<u>8,400</u>	<u>784</u>	<u>(7,616)</u>
Total revenues	<u>8,800</u>	<u>8,800</u>	<u>1,073</u>	<u>(7,727)</u>
Expenditures:				
Parks and recreations:				
Culture and recreation	11,800	11,800	4,080	7,720
Capital outlay	30,000	30,000	7,138	22,862
Contingency	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Total expenditures	<u>43,800</u>	<u>43,800</u>	<u>11,218</u>	<u>32,582</u>
Other financing sources (uses):				
Transfers in	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Net change in fund balance	(5,000)	(5,000)	19,855	24,855
Fund Balance:				
Beginning	<u>8,810</u>	<u>8,810</u>	<u>33,519</u>	<u>24,709</u>
Ending	<u>\$ 3,810</u>	<u>\$ 3,810</u>	<u>\$ 53,374</u>	<u>\$ 49,564</u>

CITY OF MEDFORD
 Building Safety Fund - 019
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2016

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Licenses, permits and fees	\$ 3,060,800	\$ 3,060,800	\$ 2,276,490	\$ (784,310)
Intergovernmental	12,200	12,200	7,200	(5,000)
Investment earnings	27,000	27,000	20,486	(6,514)
Other revenue	<u>3,000</u>	<u>3,000</u>	<u>42,597</u>	<u>39,597</u>
Total revenues	<u>3,103,000</u>	<u>3,103,000</u>	<u>2,346,773</u>	<u>(756,227)</u>
Expenditures:				
Capital outlay	63,220	63,220	60,217	3,003
Community development	2,919,940	2,919,940	1,189,508	1,730,432
Contingency	<u>358,000</u>	<u>358,000</u>	<u>-</u>	<u>358,000</u>
Total expenditures	<u>3,341,160</u>	<u>3,341,160</u>	<u>1,249,725</u>	<u>2,091,435</u>
Excess revenues over (under) expenditures	(238,160)	(238,160)	1,097,048	1,335,208
Other financing sources (uses):				
Transfers out	<u>(212,240)</u>	<u>(212,240)</u>	<u>(136,753)</u>	<u>75,487</u>
Net change in fund balance	(450,400)	(450,400)	960,295	1,410,695
Fund Balance:				
Beginning	<u>2,088,790</u>	<u>2,088,790</u>	<u>2,661,270</u>	<u>572,480</u>
Ending	<u>\$ 1,638,390</u>	<u>\$ 1,638,390</u>	<u>\$ 3,621,565</u>	<u>\$ 1,983,175</u>

CITY OF MEDFORD
Street SDC Fund - 021
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2016

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ 90,400	\$ 90,400	\$ 65,486	\$ (24,914)
Contributions and donations	4,433,470	4,433,470	3,951,254	(482,216)
Other revenue	3,000,000	3,000,000	6	(2,999,994)
Grants and contracts	-	-	251,231	251,231
Total revenues	<u>7,523,870</u>	<u>7,523,870</u>	<u>4,267,977</u>	<u>(3,255,893)</u>
Expenditures:				
Highways and streets	751,080	751,080	478,701	272,379
Capital outlay	-	1,191,670	791,666	400,004
Total expenditures	<u>751,080</u>	<u>1,942,750</u>	<u>1,270,367</u>	<u>672,383</u>
Excess revenues over (under) expenditures	6,772,790	5,581,120	2,997,610	(2,583,510)
Other financing sources (uses):				
Transfers out	<u>(487,160)</u>	<u>(487,160)</u>	<u>(183,436)</u>	<u>303,724</u>
Net change in fund balance	6,285,630	5,093,960	2,814,174	(2,279,786)
Fund Balance:				
Beginning	<u>7,174,690</u>	<u>7,174,690</u>	<u>8,251,607</u>	<u>1,076,917</u>
Ending	<u>\$ 13,460,320</u>	<u>\$ 12,268,650</u>	<u>\$ 11,065,781</u>	<u>\$ (1,202,869)</u>

CITY OF MEDFORD
State Forfeitures Fund - 026
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2016

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ 2,400	\$ 2,400	\$ 9,921	\$ 7,521
Other revenue	<u>40,000</u>	<u>100,000</u>	<u>95,036</u>	<u>(4,964)</u>
Total revenues	<u>42,400</u>	<u>102,400</u>	<u>104,957</u>	<u>2,557</u>
Expenditures:				
Police	<u>79,810</u>	<u>139,810</u>	<u>70,281</u>	<u>69,529</u>
Excess revenues over (under) expenditures	(37,410)	(37,410)	34,676	72,086
Net change in fund balance	(37,410)	(37,410)	34,676	72,086
Fund Balance:				
Beginning	<u>208,190</u>	<u>208,190</u>	<u>226,392</u>	<u>18,202</u>
Ending	<u>\$ 170,780</u>	<u>\$ 170,780</u>	<u>\$ 261,068</u>	<u>\$ 90,288</u>

CITY OF MEDFORD
Federal Forfeitures Fund -027
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2016

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ 9,600	\$ 9,600	\$ 7,782	\$ (1,818)
Miscellaneous income	-	107,800	141,568	33,768
Grants and contracts	-	67,600	159,093	91,493
Total revenues	<u>9,600</u>	<u>185,000</u>	<u>308,443</u>	<u>123,443</u>
Expenditures:				
Public safety	<u>417,000</u>	<u>592,400</u>	<u>281,518</u>	<u>310,882</u>
Excess revenues over (under) expenditures	(407,400)	(407,400)	26,925	434,325
Other financing sources (uses):				
Sale of capital assets	<u>-</u>	<u>-</u>	<u>7,685</u>	<u>7,685</u>
Net change in fund balance	(407,400)	(407,400)	34,610	442,010
Fund Balance:				
Beginning	<u>859,020</u>	<u>859,020</u>	<u>1,105,631</u>	<u>246,611</u>
Ending	<u>\$ 451,620</u>	<u>\$ 451,620</u>	<u>\$ 1,140,241</u>	<u>\$ 688,621</u>

CITY OF MEDFORD
 Community Promotions Fund - 030
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2016

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Lodging taxes	\$ 1,695,000	\$ 1,695,000	\$ 955,999	\$ (739,001)
Expenditures:				
Community promotion	<u>1,695,000</u>	<u>1,695,000</u>	<u>955,999</u>	<u>739,001</u>
Fund Balance:				
Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MEDFORD
 Community Development Block Grant Fund - 037
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2016

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Grants and contracts	\$ 1,610,370	\$ 1,610,370	\$ 500,854	\$ (1,109,516)
Expenditures:				
Community development	<u>1,610,370</u>	<u>1,610,370</u>	<u>500,854</u>	<u>1,109,516</u>
Net change in fund balances	-	-	-	-
Fund Balance:				
Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending	<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, 2016

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ 1,600	\$ 1,600	\$ 7	\$ (1,593)
Total revenues	<u>1,600</u>	<u>1,600</u>	<u>7</u>	<u>(1,593)</u>
Expenditures:				
Police	-	35,640	35,630	10
Excess revenues over (under) expenditures	<u>1,600</u>	<u>(34,040)</u>	<u>(35,623)</u>	<u>(1,583)</u>
Other financing sources (uses):				
Transfers out	-	(640)	(640)	-
Net change in fund balance	1,600	(34,680)	(36,263)	(1,583)
Fund Balance:				
Beginning	<u>430</u>	<u>36,070</u>	<u>36,263</u>	<u>193</u>
Ending	<u>\$ 2,030</u>	<u>\$ 1,390</u>	<u>\$ -</u>	<u>\$ (1,390)</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, 2016

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ -	\$ -	\$ 53	\$ 53
Expenditures:	-	-	-	-
Net change in fund balance	-	-	53	53
Fund Balance:				
Beginning	<u>7,630</u>	<u>7,630</u>	<u>7,638</u>	<u>8</u>
Ending	<u>\$ 7,630</u>	<u>\$ 7,630</u>	<u>\$ 7,691</u>	<u>\$ 61</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, 2016

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 30,000	\$ 30,000	\$ 21,437	\$ (8,563)
Investment earnings	<u>1,200</u>	<u>1,200</u>	<u>853</u>	<u>(347)</u>
Total revenues	<u>31,200</u>	<u>31,200</u>	<u>22,290</u>	<u>(8,910)</u>
Expenditures:				
Capital outlay	50,000	50,000	45,750	4,250
Contingency	<u>6,000</u>	<u>6,000</u>	<u>-</u>	<u>6,000</u>
Total expenditures	<u>56,000</u>	<u>56,000</u>	<u>45,750</u>	<u>10,250</u>
Other financing sources (uses):				
Transfers out	<u>(1,260)</u>	<u>(1,260)</u>	<u>(892)</u>	<u>368</u>
Net change in fund balance	(26,060)	(26,060)	(24,352)	1,708
Fund Balance:				
Beginning	<u>117,930</u>	<u>117,930</u>	<u>122,241</u>	<u>4,311</u>
Ending	<u>\$ 91,870</u>	<u>\$ 91,870</u>	<u>\$ 97,889</u>	<u>\$ 6,019</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, 2016

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	<u>\$ 200</u>	<u>\$ 200</u>	<u>\$ 87</u>	<u>\$ (113)</u>
Expenditures:				
Net change in fund balance	200	200	87	(113)
Fund Balance:				
Beginning	<u>12,590</u>	<u>12,590</u>	<u>12,563</u>	<u>(27)</u>
Ending	<u>\$ 12,790</u>	<u>\$ 12,790</u>	<u>\$ 12,650</u>	<u>\$ (140)</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, 2016

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ 400	\$ 400	\$ 250	\$ (150)
Total revenues	<u>400</u>	<u>400</u>	<u>250</u>	<u>(150)</u>
Expenditures:				
Park maintenance	<u>2,000</u>	<u>2,000</u>	<u>1,500</u>	<u>500</u>
Net change in fund balance	(1,600)	(1,600)	(1,250)	350
Fund Balance:				
Beginning	<u>36,890</u>	<u>36,890</u>	<u>36,849</u>	<u>(41)</u>
Ending	<u>\$ 35,290</u>	<u>\$ 35,290</u>	<u>\$ 35,599</u>	<u>\$ 309</u>

CITY OF MEDFORD
Parks Utility Fund - 098
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2016

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Licenses, permits and fees	\$ 2,605,000	\$ 2,605,000	\$ 1,323,311	\$ (1,281,689)
Investment earnings	<u>6,600</u>	<u>6,600</u>	<u>1,529</u>	<u>(5,071)</u>
Total revenues	<u>2,611,600</u>	<u>2,611,600</u>	<u>1,324,840</u>	<u>(1,286,760)</u>
Expenditures:				
	-	-	-	-
Park maintenance	393,420	393,420	157,451	235,969
Contingency	<u>49,000</u>	<u>49,000</u>	<u>-</u>	<u>49,000</u>
Total expenditures	<u>442,420</u>	<u>442,420</u>	<u>157,451</u>	<u>284,969</u>
Excess revenues over (under) expenditures	2,169,180	2,169,180	1,167,389	(1,001,791)
Other financing sources (uses):				
Transfers out	<u>(2,352,210)</u>	<u>(2,352,210)</u>	<u>(1,178,054)</u>	<u>1,174,156</u>
Net change in fund balance	(183,030)	(183,030)	(10,665)	172,365
Fund Balance:				
Beginning	<u>339,510</u>	<u>339,510</u>	<u>330,829</u>	<u>(8,681)</u>
Ending	<u>\$ 156,480</u>	<u>\$ 156,480</u>	<u>\$ 320,164</u>	<u>\$ 163,684</u>

NONMAJOR DEBT SERVICE FUNDS

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

- General Debt Service Fund - Accounts for payment of principal and interest on the Parks, Public Safety bonds and the City bonds loaned to MURA. The resource for those payments comes from transfers in from other funds for which the bond proceeds were used.
- Revenue Bond Fund - Accounts for the payment of principal and interest on the Revenue Bonds. The resource for those payments come from transfers in from other funds for which the bonds proceeds were used.



CITY OF MEDFORD

Nonmajor Debt Service Funds

Combining Balance Sheet

June 30, 2016

	General Debt Service Fund - 060	Revenue Bond Fund - 062	Total
ASSETS			
Cash and cash equivalents	\$ 266,451	\$ -	\$ 266,451
Receivables			
Taxes	<u>44,722</u>	<u>-</u>	<u>44,722</u>
Total assets	<u>\$ 311,173</u>	<u>\$ -</u>	<u>\$ 311,173</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Deferred inflows of resources:			
Unavailable revenue - property taxes	<u>\$ 37,690</u>	<u>\$ -</u>	<u>\$ 37,690</u>
Fund balances:			
Restricted for			
Debt service	<u>273,483</u>	<u>-</u>	<u>273,483</u>
Total fund balances	<u>273,483</u>	<u>-</u>	<u>273,483</u>
 Total liabilities, deferred inflows of resources and fund balances	<u>\$ 311,173</u>	<u>\$ -</u>	<u>\$ 311,173</u>

CITY OF MEDFORD

Nonmajor Debt Service Funds

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

Year ended June 30, 2016

	General Debt Service Fund - 060	Revenue Bond Fund - 062	Total
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Property taxes	\$ 464,022	\$ -	\$ 464,022
Investment earnings	3,318	-	3,318
	<u>467,340</u>	<u>-</u>	<u>467,340</u>
EXPENDITURES			
Debt service:			
Principal	1,130,000	2,828,000	3,958,000
Interest	1,747,847	2,954,975	4,702,822
	<u>2,877,847</u>	<u>5,782,975</u>	<u>8,660,822</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,410,507)</u>	<u>(5,782,975)</u>	<u>(8,193,482)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	2,451,956	5,782,975	8,234,931
Net change in fund balances	41,449	-	41,449
Beginning fund balances	232,034	-	232,034
Ending fund balances	<u>\$ 273,483</u>	<u>\$ -</u>	<u>\$ 273,483</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, 2016

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 816,000	\$ 816,000	\$ 464,022	\$ (351,978)
Investment earnings	<u>6,400</u>	<u>6,400</u>	<u>3,318</u>	<u>(3,082)</u>
Total revenues	822,400	822,400	467,340	(355,060)
Expenditures:				
Debt service	<u>15,515,490</u>	<u>15,515,490</u>	<u>2,877,847</u>	<u>12,637,643</u>
Excess revenues over (under) expenditures	(14,693,090)	(14,693,090)	(2,410,507)	12,282,583
Other financing sources (uses):				
Transfers in	<u>14,505,600</u>	<u>14,505,600</u>	<u>2,451,956</u>	<u>(12,053,644)</u>
Net change in fund balance	(187,490)	(187,490)	41,449	228,939
Fund Balance:				
Beginning	<u>195,940</u>	<u>195,940</u>	<u>232,034</u>	<u>36,094</u>
Ending	<u>\$ 8,450</u>	<u>\$ 8,450</u>	<u>\$ 273,483</u>	<u>\$ 265,033</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, 2016

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ 1,200	\$ 1,200	\$ -	\$ (1,200)
Expenditures:				
Debt Service	<u>11,540,370</u>	<u>11,540,370</u>	<u>5,782,975</u>	<u>5,757,395</u>
Excess revenues over (under) expenditures	(11,539,170)	(11,539,170)	(5,782,975)	5,756,195
Other financing sources (uses):				
Transfers in	<u>11,540,370</u>	<u>11,540,370</u>	<u>5,782,975</u>	<u>(5,757,395)</u>
Net change in fund balance	1,200	1,200	-	(1,200)
Fund Balance:				
Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending	<u>\$ 1,200</u>	<u>\$ 1,200</u>	<u>\$ -</u>	<u>\$ (1,200)</u>

NONMAJOR CAPITAL PROJECTS FUNDS

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

- Greenway Construction Fund - Accounts for construction of Bear Creek Greenway.
- Street Improvement Fund - is a special revenue fund that accounts for specified resources to be expended on additional improvements and maintenance.
- Special Sidewalk Fund – Accounts for the expenditure of the proceeds of the Sidewalk Bonds.
- Fire Apparatus Reserve Fund - This fund accounts for the replacement of Fire Department Apparatus.
- Aquatic Facilities Reserve - This fund accounts for the development of an aquatic facilities park.
- MURA Capital Projects Fund - Accounts for the expenditure of resources for the Medford Urban Renewal Agency.



CITY OF MEDFORD

Nonmajor Capital Project Funds

Combining Balance Sheet

June 30, 2016

	Greenway Construction Fund - 041	Street Improvement Fund - 042	Special Sidewalk Fund - 044	Fire Apparatus Reserve - 110	Aquatic Facilities Reserve - 111	MURA Capital Projects Fund - 905	Total
ASSETS							
Cash and cash equivalents	\$ 1,864	\$ 4,443,445	\$ 614,094	\$ 67,474	\$ 347,744	\$ 62,841	\$ 5,537,462
Receivables	-	-	-	-	-	-	438,510
Accounts	-	438,510	-	-	-	154,799	154,799
Loans	-	-	-	-	-	-	-
Total assets	\$ 1,864	\$ 4,881,955	\$ 614,094	\$ 67,474	\$ 347,744	\$ 217,640	\$ 6,130,771
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ 1,716,298	\$ -	\$ 9,478	\$ -	\$ -	\$ 1,725,776
Payroll and related accruals	-	5,710	-	-	-	-	5,710
Total liabilities	-	1,722,008	-	9,478	-	-	1,731,486
DEFERRED INFLOW OF RESOURCES							
Unavailable revenues - notes receivable	-	-	-	-	-	154,799	154,799
Fund Balances:							
Restricted for:							
Highways and streets	-	3,159,947	614,094	-	-	-	3,774,041
Culture and recreation	1,864	-	-	-	347,744	-	349,608
Community development	-	-	-	-	-	62,841	62,841
Public Safety	-	-	-	57,996	-	-	57,996
Total fund balances	1,864	3,159,947	614,094	57,996	347,744	62,841	4,244,486
Total liabilities, deferred inflows, and fund balances	\$ 1,864	\$ 4,881,955	\$ 614,094	\$ 67,474	\$ 347,744	\$ 217,640	\$ 6,130,771

CITY OF MEDFORD

Nonmajor Capital Project Funds

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

Year ended June 30, 2016

	Greenway Construction Fund - 041	Street Improvement Fund - 042	Special Sidewalk Fund - 044	Fire Apparatus Reserve - 110	Aquatic Facilities Reserve - 111	MURA Capital Projects Fund - 905	Total
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	13	32,609	4,235	940	844	57,522	96,163
Grants and contributions	-	677,787	-	-	-	-	677,787
Loan repayment	-	-	-	-	-	15,284	15,284
Other revenue	-	30,666	-	-	-	-	30,666
Total revenues	13	741,062	4,235	940	844	72,806	819,900
EXPENDITURES							
Current:							
Highways and streets	\$ -	\$ 191,387	\$ -	\$ -	\$ -	\$ -	\$ 191,387
Community development	-	-	-	-	-	-	-
Capital outlay	-	639,973	-	655,444	-	395,243	1,690,660
Total expenditures	-	831,360	-	655,444	-	395,243	1,882,047
Excess (deficiency) of revenues over (under) expenditures	13	(90,298)	4,235	(654,504)	844	(322,437)	(1,062,147)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	712,500	346,900	-	1,059,400
Transfers out	-	(45,708)	-	-	-	-	(45,708)
Net change in fund balances	13	(136,006)	4,235	57,996	347,744	(322,437)	(48,455)
Beginning fund balances	1,851	3,295,953	609,859	-	-	385,278	4,292,941
Ending fund balances	1,864	3,159,947	614,094	57,996	347,744	62,841	4,244,486

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, 2016

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ -	\$ -	\$ 13	\$ 13
Expenditures:	-	-	-	-
Net change in fund balance	-	-	13	13
Fund Balance:				
Beginning	-	-	1,851	1,851
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,864</u>	<u>\$ 1,864</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, 2016

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ 39,200	\$ 39,200	\$ 32,609	\$ (6,591)
Other revenue	260,000	260,000	30,666	(229,334)
Grants and contracts	<u>6,800,000</u>	<u>6,800,000</u>	<u>677,787</u>	<u>(6,122,213)</u>
Total revenues	<u>7,099,200</u>	<u>7,099,200</u>	<u>741,062</u>	<u>(6,358,138)</u>
Expenditures:				
Highways and streets	7,675,000	7,675,000	831,360	6,843,640
Contingency	<u>959,000</u>	<u>959,000</u>	<u>-</u>	<u>959,000</u>
Excess revenues over (under) expenditures	(1,534,800)	(1,534,800)	(90,298)	1,444,502
Other financing sources (uses):				
Transfers out	<u>(315,980)</u>	<u>(315,980)</u>	<u>(45,708)</u>	<u>270,272</u>
Net change in fund balance	(1,850,780)	(1,850,780)	(136,006)	1,714,774
Fund Balance:				
Beginning	<u>3,827,200</u>	<u>3,827,200</u>	<u>3,295,953</u>	<u>(531,247)</u>
Ending	<u>\$ 1,976,420</u>	<u>\$ 1,976,420</u>	<u>\$ 3,159,947</u>	<u>\$ 1,183,527</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, 2016

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ 7,000	\$ 7,000	\$ 4,235	\$ (2,765)
Expenditures:				
Excess revenues over (under) expenditures	7,000	7,000	4,235	(2,765)
Other financing sources (uses):				
Transfers out	<u>(280)</u>	<u>(280)</u>	<u>-</u>	<u>280</u>
Net change in fund balance	6,720	6,720	4,235	(2,485)
Fund Balance:				
Beginning	<u>609,130</u>	<u>609,130</u>	<u>609,859</u>	<u>729</u>
Ending	<u>\$ 615,850</u>	<u>\$ 615,850</u>	<u>\$ 614,094</u>	<u>\$ (1,756)</u>

CITY OF MEDFORD
 Fire Apparatus Reserve - 110
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2016

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ -	\$ -	\$ 940	\$ 940
Total revenues	<u>-</u>	<u>-</u>	<u>940</u>	<u>940</u>
Expenditures:				
Fire	<u>750,000</u>	<u>-</u>	<u>655,444</u>	<u>(655,444)</u>
Excess revenues over (under) expenditures	(750,000)	-	(654,504)	(654,504)
Other financing sources (uses):				
Transfers in	<u>800,000</u>	<u>800,000</u>	<u>712,500</u>	<u>(87,500)</u>
Net change in fund balance	50,000	800,000	57,996	(742,004)
Fund Balance:				
Beginning	<u>3,295,953</u>	<u>3,295,953</u>	<u>-</u>	<u>(3,295,953)</u>
Ending	<u>\$ 3,345,953</u>	<u>\$ 4,095,953</u>	<u>\$ 57,996</u>	<u>\$ (4,037,957)</u>

CITY OF MEDFORD
 Aquatic Facilities Reserve - 111
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2016

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ -	\$ -	\$ 844	\$ 844
Expenditures:				
Excess revenues over (under) expenditures	-	-	844	844
Other financing sources (uses):				
Transfers in	-	346,900	346,900	-
Net change in fund balance	-	346,900	347,744	844
Fund Balance:				
Beginning	-	-	-	-
Ending	<u>\$ -</u>	<u>\$ 346,900</u>	<u>\$ 347,744</u>	<u>\$ 844</u>

CITY OF MEDFORD
MURA Capital Projects Fund - 905
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2016

	<u>Biennium Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ 60,000	\$ 60,000	\$ 57,522	\$ (2,478)
Income from forest products	<u>34,000</u>	<u>34,000</u>	<u>15,284</u>	<u>(18,716)</u>
Total revenues	<u>94,000</u>	<u>94,000</u>	<u>72,806</u>	<u>(21,194)</u>
Expenditures:				
Community Development	<u>380,000</u>	<u>410,000</u>	<u>395,243</u>	<u>14,757</u>
Total expenditures	<u>380,000</u>	<u>410,000</u>	<u>395,243</u>	<u>14,757</u>
Excess revenues over (under) expenditures	<u>(286,000)</u>	<u>(316,000)</u>	<u>(322,437)</u>	<u>(6,437)</u>
Net change in fund balances	(286,000)	(316,000)	(322,437)	(6,437)
Fund Balance:				
Beginning	<u>286,000</u>	<u>316,000</u>	<u>385,278</u>	<u>69,278</u>
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,841</u>	<u>\$ 62,841</u>

ENTERPRISE FUNDS BUDGET AND ACTUAL SCHEDULES

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

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

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



CITY OF MEDFORD
Sewer Utility Fund
Combining Balance Sheet
June 30, 2016

	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	\$ 2,359,181	\$ 10,241,705	\$ 2,556,500	\$ 733,843	\$ 3,419,821	\$ 6,251,072	\$ 25,562,122		
Receivables	-	392,899	390,395	-	285,508	26,294	1,095,096		
Inventories	-	-	25,985	-	-	-	25,985		
Total current assets	<u>2,359,181</u>	<u>10,634,604</u>	<u>2,972,880</u>	<u>733,843</u>	<u>3,705,329</u>	<u>6,277,366</u>	<u>26,683,203</u>		
Noncurrent assets:									
Capital assets:									
Land and construction in progress	-	229,000	673,718	-	174,672	-	1,077,390		
Capital assets, net of accumulated depreciation	-	31,017,559	29,918,743	-	17,784,581	-	78,720,883		
Total noncurrent assets	-	<u>31,246,559</u>	<u>30,592,461</u>	-	<u>17,959,253</u>	-	<u>79,798,273</u>		
Total assets	2,359,181	41,881,163	33,565,341	733,843	21,664,582	6,277,366	106,481,476		
Deferred outflow of resources related to pensions	-	-	424,807	-	-	-	424,807		
Total assets and deferred outflows	<u>\$ 2,359,181</u>	<u>\$ 41,881,163</u>	<u>\$ 33,990,148</u>	<u>\$ 733,843</u>	<u>\$ 21,664,582</u>	<u>\$ 6,277,366</u>	<u>\$ 106,906,283</u>		
LIABILITIES									
Current liabilities:									
Accounts payable	\$ 400	\$ 19,766	\$ 99,722	\$ -	\$ 91,036	\$ 37,973	\$ 248,897		
Payroll and related accruals	5,217	59,160	89,764	342	56,200	-	210,683		
Retainage payable	-	35	400	-	26,482	-	26,917		
Deposits and other liabilities	-	292,170	-	-	145,819	-	437,989		
Compensated absences, due within one year	-	12,500	28,200	-	16,800	-	57,500		
Total current liabilities	<u>5,617</u>	<u>383,631</u>	<u>218,086</u>	<u>342</u>	<u>336,337</u>	<u>37,973</u>	<u>981,986</u>		
Noncurrent liabilities:									
Compensated absences, due in more than one year	-	49,972	112,861	-	67,412	-	230,245		
Net pension liability	-	-	2,133,358	-	-	-	2,133,358		
Total liabilities	<u>5,617</u>	<u>433,603</u>	<u>2,464,305</u>	<u>342</u>	<u>403,749</u>	<u>37,973</u>	<u>3,345,589</u>		
DEFERRED OUTFLOW OF RESOURCES									
Deferred inflow of resources related to pensions	-	-	527,456	-	-	-	527,456		
NET POSITION									
Net investment in capital assets	-	31,246,559	30,592,461	-	17,959,253	-	79,798,273		
Restricted for future development	2,353,564	-	-	733,501	-	6,239,393	9,326,458		
Unrestricted	-	10,201,001	405,926	-	3,301,580	-	13,908,507		
Total net position	<u>2,353,564</u>	<u>41,447,560</u>	<u>30,998,387</u>	<u>733,501</u>	<u>21,260,833</u>	<u>6,239,393</u>	<u>103,033,238</u>		
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 2,359,181</u>	<u>\$ 41,881,163</u>	<u>\$ 33,990,148</u>	<u>\$ 733,843</u>	<u>\$ 21,664,582</u>	<u>\$ 6,277,366</u>	<u>\$ 106,906,283</u>		

CITY OF MEDFORD

Sewer Utility Fund

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

Year ended June 30, 2016

	Storm Drain SDC Fund - 022	Storm Drain Utility Fund - 046	Storm Drain 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	\$ -	\$ 5,551,154	\$ 4,931,918	\$ -	\$ 3,896,142	\$ -	\$ -	\$ 14,379,214
Miscellaneous income	-	7,694	20,584	-	13,089	606	-	41,973
Total operating revenues	-	5,558,848	4,952,502	-	3,909,231	606	-	14,421,187
OPERATING EXPENSES								
Salaries and fringe benefits	137,756	1,708,275	4,357,634	18,322	1,590,284	25,312	-	7,837,583
Operating supplies	50,291	285,401	520,347	-	460,228	-	-	1,316,267
Professional services	-	309,753	1,500,441	-	111,518	124,254	-	2,045,966
Repairs and maintenance	-	55,999	187,149	-	131,719	-	-	374,867
Premiums and claims	-	8,370	81,790	-	9,520	-	-	99,680
Utilities	-	2,915	300,935	-	9,151	-	-	313,001
General, administrative, and engineering	-	65,285	115,003	-	72,989	-	-	253,277
Depreciation	-	1,057,693	1,688,764	-	747,402	-	-	3,493,859
Total operating expenses	188,047	3,493,691	8,752,063	18,322	3,132,811	149,566	-	15,734,500
Operating income (loss)	(188,047)	2,065,157	(3,799,561)	(18,322)	776,420	(148,960)	-	(1,313,313)
NONOPERATING REVENUE (EXPENSES)								
Investment earnings	15,085	72,231	16,830	4,148	33,172	38,739	-	180,205
Total nonoperating revenues (expenses)	15,085	72,231	16,830	4,148	33,172	38,739	-	180,205
Income (loss) before contributions and transfers	(172,962)	2,137,388	(3,782,731)	(14,174)	809,592	(110,221)	-	(1,133,108)
CONTRIBUTIONS AND TRANSFERS								
Contributions	507,178	1,258,086	-	289,522	-	1,409,302	-	3,464,088
Transfers out	(29,117)	(302,656)	(321,955)	(15,665)	(224,697)	(59,034)	-	(953,124)
Total contributions and transfers	478,061	955,430	(321,955)	273,857	(224,697)	1,350,268	-	2,510,964
Change in net position	305,099	3,092,818	(4,104,686)	259,683	584,895	1,240,047	-	1,377,856
Beginning net position	2,048,465	38,354,742	35,103,073	473,818	20,675,938	4,999,346	-	101,655,382
Ending net position	\$ 2,353,564	\$ 41,447,560	\$ 30,998,387	\$ 733,501	\$ 21,260,833	\$ 6,239,393	\$ -	\$ 103,033,238

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, 2016

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 450,000	\$ 450,000	\$ 507,178	\$ 57,178
Investment earnings	<u>23,400</u>	<u>23,400</u>	<u>15,085</u>	<u>(8,315)</u>
Total revenues	473,400	473,400	522,263	48,863
Expenditures:				
Storm drain system development	2,034,570	2,034,570	188,047	1,846,523
Contingency	<u>254,000</u>	<u>254,000</u>	<u>-</u>	<u>254,000</u>
Total expenditures	<u>2,288,570</u>	<u>2,288,570</u>	<u>188,047</u>	<u>2,100,523</u>
Excess revenues over (under) expenditures	(1,815,170)	(1,815,170)	334,216	2,149,386
Other financing sources (uses):				
Transfers out	<u>(35,940)</u>	<u>(35,940)</u>	<u>(29,117)</u>	<u>6,823</u>
Net change in fund balance	(1,851,110)	(1,851,110)	305,099	2,156,209
Fund Balance:				
Beginning	<u>2,045,960</u>	<u>2,045,960</u>	<u>2,048,465</u>	<u>2,505</u>
Ending	<u>\$ 194,850</u>	<u>\$ 194,850</u>	<u>\$ 2,353,564</u>	<u>\$ 2,158,714</u>

CITY OF MEDFORD
Storm Drain Utility Fund - 046
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2016

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 10,815,000	\$ 10,815,000	\$ 5,551,153	\$ (5,263,847)
Investment earnings	86,400	86,400	72,231	(14,169)
Other revenue	-	-	7,694	7,694
Total revenues	<u>10,901,400</u>	<u>10,901,400</u>	<u>5,631,078</u>	<u>(5,270,322)</u>
Expenditures:				
Storm drain system maintenance	11,177,580	11,177,580	2,708,125	8,469,455
Contingency	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
Total expenditures	<u>12,177,580</u>	<u>12,177,580</u>	<u>2,708,125</u>	<u>9,469,455</u>
Excess revenues over (under) expenditures	(1,276,180)	(1,276,180)	2,922,953	4,199,133
Other financing sources (uses):				
Transfers out	<u>(595,060)</u>	<u>(595,060)</u>	<u>(302,656)</u>	<u>292,404</u>
Net change in fund balance	(1,871,240)	(1,871,240)	2,620,297	4,491,537
Fund Balance:				
Beginning	<u>2,484,090</u>	<u>2,484,090</u>	<u>7,643,177</u>	<u>5,159,087</u>
Ending	<u>\$ 612,850</u>	<u>\$ 612,850</u>	<u>\$ 10,263,474</u>	<u>\$ 9,650,624</u>
Reconciliation to GAAP Basis:				
Capital assets, net			31,246,559	
Compensated absences			<u>(62,472)</u>	
Total net position - end of year			<u>\$ 41,447,561</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, 2016

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 10,248,010	\$ 10,248,010	\$ 4,931,918	\$ (5,316,092)
Investment earnings	42,000	42,000	16,830	(25,170)
Other revenue	<u>10,800</u>	<u>19,300</u>	<u>20,584</u>	<u>1,284</u>
Total revenues	<u>10,300,810</u>	<u>10,309,310</u>	<u>4,969,332</u>	<u>(5,339,978)</u>
Expenditures:				
Sewage treatment maintenance	11,730,880	12,039,380	5,815,270	6,224,110
Contingency	<u>1,112,000</u>	<u>812,000</u>	<u>-</u>	<u>812,000</u>
Total expenditures	<u>12,842,880</u>	<u>12,851,380</u>	<u>5,815,270</u>	<u>7,036,110</u>
Excess revenues over (under) expenditures	<u>(2,542,070)</u>	<u>(2,542,070)</u>	<u>(845,938)</u>	<u>1,696,132</u>
Other financing sources (uses):				
Transfers out	<u>(623,020)</u>	<u>(623,020)</u>	<u>(321,955)</u>	<u>301,065</u>
Net change in fund balance	(3,165,090)	(3,165,090)	(1,167,893)	1,997,197
Fund Balance:				
Beginning	<u>3,922,170</u>	<u>3,922,170</u>	<u>3,924,905</u>	<u>2,735</u>
Ending	<u>\$ 757,080</u>	<u>\$ 757,080</u>	<u>\$ 2,757,012</u>	<u>\$ 1,999,932</u>
Reconciliation to GAAP Basis (Fund Balance to Net Position):				
Inventory			25,985	
Capital assets, net			30,592,458	
Compensated absences			(141,061)	
Net pension liability			(2,133,358)	
Deferred outflow of resources			424,807	
Deferred inflow of resources			<u>(527,456)</u>	
Total net position - end of year			<u>\$ 30,998,387</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, 2016

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 200,000	\$ 200,000	\$ 289,522	\$ 89,522
Investment earnings	<u>4,600</u>	<u>4,600</u>	<u>4,148</u>	<u>(452)</u>
Total revenues	<u>204,600</u>	<u>204,600</u>	<u>293,670</u>	<u>89,070</u>
Expenditures:				
Sewer collection system development	304,850	304,850	18,322	286,528
Contingency	<u>38,000</u>	<u>38,000</u>	<u>-</u>	<u>38,000</u>
Total expenditures	<u>342,850</u>	<u>342,850</u>	<u>18,322</u>	<u>324,528</u>
Excess revenues over (under) expenditures	(138,250)	(138,250)	275,348	413,598
Other financing sources (uses):				
Transfers out	<u>(16,400)</u>	<u>(16,400)</u>	<u>(15,665)</u>	<u>735</u>
Net change in fund balance	(154,650)	(154,650)	259,683	414,333
Fund Balance:				
Beginning	<u>266,270</u>	<u>266,270</u>	<u>473,817</u>	<u>207,547</u>
Ending	<u>\$ 111,620</u>	<u>\$ 111,620</u>	<u>\$ 733,500</u>	<u>\$ 621,880</u>

CITY OF MEDFORD
Sanitary Sewer Maintenance Fund - 014
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2016

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 8,200,000	\$ 8,200,000	\$ 3,896,142	\$ (4,303,858)
Investment earnings	33,000	33,000	33,172	172
Other revenue	-	-	13,089	13,089
Total revenues	<u>8,233,000</u>	<u>8,233,000</u>	<u>3,942,403</u>	<u>(4,290,597)</u>
Expenditures:				
Sewer system maintenance and construction	8,620,870	8,620,870	3,373,953	5,246,917
Contingency	760,000	760,000	-	760,000
Excess revenues over (under) expenditures	<u>(1,147,870)</u>	<u>(1,147,870)</u>	<u>568,450</u>	<u>1,716,320</u>
Other financing sources (uses):				
Transfers out	<u>(467,020)</u>	<u>(467,020)</u>	<u>(224,697)</u>	<u>242,323</u>
Net change in fund balance	(1,614,890)	(1,614,890)	343,753	1,958,643
Fund Balance:				
Beginning	<u>2,351,900</u>	<u>2,351,900</u>	<u>3,042,039</u>	<u>690,139</u>
Ending	<u>\$ 737,010</u>	<u>\$ 737,010</u>	<u>\$ 3,385,792</u>	<u>\$ 2,648,782</u>
Reconciliation to GAAP Basis:				
Capital assets, net			17,959,253	
Compensated absences			<u>(84,212)</u>	
 Total net position - end of year			 <u>\$ 21,260,833</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, 2016

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 1,320,000	\$ 1,320,000	\$ 1,409,302	\$ 89,302
Investment earnings	56,400	56,400	38,739	(17,661)
Other revenue	-	-	606	606
Total revenues	<u>1,376,400</u>	<u>1,376,400</u>	<u>1,448,647</u>	<u>72,247</u>
Expenditures:				
Sewage treatment SDC	<u>1,000,000</u>	<u>1,000,000</u>	<u>149,566</u>	<u>850,434</u>
Excess revenues over (under) expenditures	376,400	376,400	1,299,081	922,681
Other financing sources (uses):				
Transfers out	<u>(57,360)</u>	<u>(57,360)</u>	<u>(59,034)</u>	<u>(1,674)</u>
Net change in fund balance	319,040	319,040	1,240,047	921,007
Fund Balance:				
Beginning	<u>4,999,346</u>	<u>4,999,346</u>	<u>4,999,346</u>	<u>-</u>
Ending	<u>\$ 5,318,386</u>	<u>\$ 5,318,386</u>	<u>\$ 6,239,393</u>	<u>\$ 921,007</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, 2016

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 1,060,000	\$ 1,060,000	\$ 663,204	\$ (396,796)
Investment earnings	5,600	5,600	4,293	(1,307)
Other revenue	600	600	522	(78)
Total revenues	<u>1,066,200</u>	<u>1,066,200</u>	<u>668,019</u>	<u>(398,181)</u>
Expenditures:				
Parking facilities maintenance and construction	1,111,760	1,111,760	500,652	611,108
Contingency	<u>131,000</u>	<u>131,000</u>	<u>-</u>	<u>131,000</u>
Total expenditures	<u>1,242,760</u>	<u>1,242,760</u>	<u>500,652</u>	<u>742,108</u>
Excess revenues over (under) expenditures	(176,560)	(176,560)	167,367	343,927
Other financing sources (uses):				
Transfers out	<u>(45,980)</u>	<u>(45,980)</u>	<u>(28,297)</u>	<u>17,683</u>
Total other financing sources (uses)	<u>(45,980)</u>	<u>(45,980)</u>	<u>(28,297)</u>	<u>17,683</u>
Net change in fund balance	(222,540)	(222,540)	139,070	361,610
Fund Balance:				
Beginning	<u>486,500</u>	<u>486,500</u>	<u>583,373</u>	<u>96,873</u>
Ending	<u>\$ 263,960</u>	<u>\$ 263,960</u>	<u>\$ 722,443</u>	<u>\$ 458,483</u>
Reconciliation to GAAP Basis:				
Capital assets, net			2,829,499	
Net pension liability			(17,031)	
Deferred outflow of resources			3,391	
Deferred inflow of resources			<u>(4,211)</u>	
Total net position - end of year			<u>\$ 3,534,091</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, 2016

	Risk Management Fund - 003	Fleet Maintenance Fund - 082	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,717,953	\$ 763,921	\$ 3,481,874
Receivables	65,316	79,417	144,733
Inventories	-	518,035	518,035
Prepaid expenses	<u>422,484</u>	<u>-</u>	<u>422,484</u>
Total current assets	<u>3,205,753</u>	<u>1,361,373</u>	<u>4,567,126</u>
Noncurrent assets:			
Restricted cash and cash equivalents	118,463	-	118,463
Capital assets, net of accumulated depreciation	<u>-</u>	<u>338,274</u>	<u>338,274</u>
Total noncurrent assets	<u>118,463</u>	<u>338,274</u>	<u>456,737</u>
Total assets	<u>3,324,216</u>	<u>1,699,647</u>	<u>5,023,863</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow of resources related to pensions	<u>\$ 7,307</u>	<u>\$ 34,825</u>	<u>\$ 42,132</u>
Total assets and deferred outflow of resources	<u>\$ 3,331,523</u>	<u>\$ 1,734,472</u>	<u>\$ 5,065,995</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 101,032	\$ 50,943	\$ 151,975
Payroll and related accruals	125,660	22,476	148,136
Compensated absences, due within one year	-	10,253	10,253
Claims payable	<u>547,968</u>	<u>-</u>	<u>547,968</u>
Total current liabilities	774,660	83,672	858,332
Noncurrent liabilities:			
Compensated absences, due in more than one year	-	30,758	30,758
Net pension liability	<u>36,698</u>	<u>174,892</u>	<u>211,590</u>
Total noncurrent liabilities	<u>36,698</u>	<u>205,650</u>	<u>242,348</u>
Total liabilities	<u>811,358</u>	<u>289,322</u>	<u>1,100,680</u>
DEFERRED INFLOW OF RESOURCES			
Deferred inflow of resources related to pension	<u>9,074</u>	<u>43,240</u>	<u>52,314</u>
NET POSITION			
Net investment in capital assets	-	338,274	338,274
Restricted for employee section 125 plan	118,463	-	118,463
Unrestricted	<u>2,392,628</u>	<u>1,063,636</u>	<u>3,456,264</u>
Total net position	<u>2,511,091</u>	<u>1,401,910</u>	<u>3,913,001</u>
Total liabilities, deferred inflows and net position	<u>\$ 3,331,523</u>	<u>\$ 1,734,472</u>	<u>\$ 5,065,995</u>

CITY OF MEDFORD

Internal Service Funds

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

Year ended June 30, 2016

	Risk Management Fund - 003	Fleet Maintenance Fund - 082	Total
OPERATING REVENUES			
Charges for services	\$ 1,869,573	\$ 1,380,975	\$ 3,250,548
Other revenue	<u>9,137</u>	<u>958</u>	<u>10,095</u>
Total operating revenues	<u>1,878,710</u>	<u>1,381,933</u>	<u>3,260,643</u>
OPERATING EXPENSES			
Salaries and fringe benefits	221,678	803,154	1,024,832
Operating supplies	22,265	547,352	569,617
Professional services	169,330	31,893	201,223
Repairs and maintenance	-	6,573	6,573
Premiums and claims	1,183,802	7,350	1,191,152
Utilities	-	2,170	2,170
General, administrative, and engineering	2,874	9,721	12,595
Depreciation	<u>-</u>	<u>38,090</u>	<u>38,090</u>
Total operating expenses	<u>1,599,949</u>	<u>1,446,303</u>	<u>3,046,252</u>
Operating income (loss)	<u>278,761</u>	<u>(64,370)</u>	<u>214,391</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	<u>17,836</u>	<u>5,321</u>	<u>23,157</u>
Income before contributions and transfers	296,597	(59,049)	237,548
CONTRIBUTIONS AND TRANSFERS			
Transfers out	<u>(84,569)</u>	<u>(84,336)</u>	<u>(168,905)</u>
Change in net position	212,028	(143,385)	68,643
Beginning net position	<u>2,299,063</u>	<u>1,545,295</u>	<u>3,844,358</u>
Ending net position	<u>\$ 2,511,091</u>	<u>\$ 1,401,910</u>	<u>\$ 3,913,001</u>

CITY OF MEDFORD

Internal Service Funds

Combining Statement of Cash Flows

Year ended June 30, 2016

	Risk Management Fund - 003	Fleet Maintenance Fund - 082	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipt from interfund services provided	\$ 1,814,775	\$ 1,337,195	\$ 3,151,970
Payments to suppliers	(1,771,645)	(636,296)	(2,407,941)
Payments to employees	<u>(156,676)</u>	<u>(654,632)</u>	<u>(811,308)</u>
Net cash provided (used) by operating activities	<u>(113,546)</u>	<u>46,267</u>	<u>(67,279)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	<u>(84,569)</u>	<u>(84,336)</u>	<u>(168,905)</u>
Net cash provided (used) by noncapital financing activities	<u>(84,569)</u>	<u>(84,336)</u>	<u>(168,905)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	<u>-</u>	<u>(27,917)</u>	<u>(27,917)</u>
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(27,917)</u>	<u>(27,917)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends received	<u>17,836</u>	<u>5,321</u>	<u>23,157</u>
Increase (decrease) in cash	<u>(180,279)</u>	<u>(60,665)</u>	<u>(240,944)</u>
Cash at beginning of year	<u>3,016,695</u>	<u>824,586</u>	<u>3,841,281</u>
Cash at end of year	<u>\$ 2,836,416</u>	<u>\$ 763,921</u>	<u>\$ 3,600,337</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 278,761	\$ (64,370)	\$ 214,391
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	-	38,090	38,090
Net reduction of expenses under GASB 68	29,734	140,195	169,929
(Increase) decrease in accounts receivable	(63,935)	(44,738)	(108,673)
(Increase) decrease in inventory	-	(14,328)	(14,328)
(Increase) decrease in prepaids	(422,484)	-	(422,484)
Increase (decrease) in accounts payable	2,875	(16,909)	(14,034)
Increase (decrease) in accrued payroll and related expenses	36,580	8,327	44,907
Increase (decrease) in claims payable	24,923	-	24,923
Total adjustments	<u>(392,307)</u>	<u>110,637</u>	<u>(281,670)</u>
Net cash provided (used) by operating activities	<u>\$ (113,546)</u>	<u>\$ 46,267</u>	<u>\$ (67,279)</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, 2016

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 3,156,320	\$ 3,306,320	\$ 1,869,573	\$ (1,436,747)
Investment earnings	28,200	28,200	17,836	(10,364)
Other revenue	-	-	9,137	9,137
Total revenues	<u>3,184,520</u>	<u>3,334,520</u>	<u>1,896,546</u>	<u>(1,437,974)</u>
Expenditures:				
Risk management	3,044,160	3,194,160	1,545,292	1,648,868
Contingency	<u>1,500,000</u>	<u>1,500,000</u>	-	<u>1,500,000</u>
Total expenditures	<u>4,544,160</u>	<u>4,694,160</u>	<u>1,545,292</u>	<u>3,148,868</u>
Excess revenues over (under) expenditures	(1,359,640)	(1,359,640)	351,254	1,710,894
Other financing sources (uses):				
Transfers out	<u>(143,480)</u>	<u>(143,480)</u>	<u>(84,569)</u>	<u>58,911</u>
Net change in fund balance	(1,503,120)	(1,503,120)	266,685	1,769,805
Fund Balance:				
Beginning	<u>2,572,800</u>	<u>2,572,800</u>	<u>2,830,839</u>	<u>258,039</u>
Ending	<u>\$ 1,069,680</u>	<u>\$ 1,069,680</u>	\$ 3,097,524	<u>\$ 2,027,844</u>
Reconciliation to GAAP Basis:				
Claims payable			(547,968)	
Net pension liability			(36,698)	
Deferred outflow of resources			7,307	
Deferred inflow of resources			<u>(9,074)</u>	
Total net position - end of year			<u>\$ 2,511,091</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, 2016

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 2,401,000	\$ 2,446,600	\$ 1,380,975	\$ (1,065,625)
Investment earnings	7,800	7,800	5,321	(2,479)
Other revenue	<u>2,000</u>	<u>2,000</u>	<u>958</u>	<u>(1,042)</u>
Total revenues	<u>2,410,800</u>	<u>2,456,400</u>	<u>1,387,254</u>	<u>(1,069,146)</u>
Expenditures:				
Fleet maintenance and operations	2,383,960	2,429,560	1,289,049	1,140,511
Contingency	<u>292,000</u>	<u>292,000</u>	<u>-</u>	<u>292,000</u>
Total expenditures	<u>2,675,960</u>	<u>2,721,560</u>	<u>1,289,049</u>	<u>1,432,511</u>
Excess revenues over (under) expenditures	(265,160)	(265,160)	98,205	363,365
Other financing sources (uses):				
Transfers out	<u>(155,720)</u>	<u>(155,720)</u>	<u>(84,336)</u>	<u>71,384</u>
Net change in fund balance	(420,880)	(420,880)	13,869	434,749
Fund Balance:				
Beginning	<u>633,700</u>	<u>633,700</u>	<u>1,274,085</u>	<u>640,385</u>
Ending	<u>\$ 212,820</u>	<u>\$ 212,820</u>	<u>\$ 1,287,954</u>	<u>\$ 1,075,134</u>
Reconciliation to GAAP Basis:				
Capital assets, net			338,274	
Net pension liability			(174,892)	
Deferred outflow of resources			34,825	
Compensated absences			(41,011)	
Deferred inflow of resources			<u>(43,240)</u>	
Total net position - end of year			<u>\$ 1,401,910</u>	



OTHER FINANCIAL SCHEDULES



CITY OF MEDFORD
Schedule of Expenditures by Division
Budget and Actual
For the Year Ended June 30, 2016

	Biennium Budget		First Year Actual	Variance with Final Budget
	Original	Final		
Expenditures:				
Mayor and council	\$ 1,025,100	\$ 1,129,400	\$ 453,234	\$ 676,166
Community promotion	3,860,920	3,694,690	1,692,934	2,001,756
Advisory services	18,040	18,040	1,428	16,612
Special events	166,400	166,400	69,207	97,193
Vision implementation	20,000	15,700	5,000	10,700
Technology services	5,144,810	5,144,810	2,071,005	3,073,805
Technology services - capital improvements	1,817,700	2,517,700	569,332	1,948,368
City management	1,664,290	1,664,290	734,080	930,210
Capital Improvement	-	2,288,560	1,424,665	863,895
Economic development	292,170	292,170	33,524	258,646
City recorder	405,170	405,170	230,484	174,686
Emergency management	315,170	339,820	164,119	175,701
Facilities maintenance	-	4,635,020	1,994,005	2,641,015
City attorney	1,355,020	1,355,020	614,818	740,202
Municipal court	2,518,310	2,518,310	1,107,263	1,411,047
Human resources	1,404,440	1,404,440	682,098	722,342
Risk management	3,044,160	3,194,160	1,545,292	1,648,868
Finance	2,965,840	2,965,840	1,374,722	1,591,118
Bond interest & redemption	27,055,860	27,055,860	8,660,823	18,395,037
Downtown parking enforcement	714,870	714,870	333,035	381,835
General expense	576,400	576,400	111,063	465,337
Police - administration	3,669,240	3,725,090	1,993,569	1,731,521
Police - technical support	3,328,760	3,328,760	1,510,926	1,817,834
Police - patrol	21,185,080	21,491,730	10,181,111	11,310,619
Police - operations support	4,953,370	4,984,480	2,446,361	2,538,119
Police - police investigation	5,891,660	5,891,660	2,787,992	3,103,668
Police - administrative support	5,815,190	5,815,190	2,729,318	3,085,872
Police - capital improvements	18,602,690	20,302,390	16,179,682	4,122,708
Fire - administration	483,450	483,450	235,148	248,302
Fire - operations	25,445,940	25,533,940	12,797,825	12,736,115
Fire - prevention	1,620,220	1,620,220	780,404	839,816
Fire - training	476,830	476,830	244,772	232,058
Fire - capital improvements	9,802,690	9,220,880	1,753,297	7,467,583
Engineering and development	8,110,270	8,110,270	2,745,819	5,364,451
Engineering - capital improvements	44,105,550	44,846,590	3,430,225	41,416,365
Utility billing	2,134,360	2,134,360	887,715	1,246,645
PW - administration	1,649,430	1,649,430	772,275	877,155
PW - traffic maintenance	4,901,650	4,901,650	2,187,338	2,714,312
PW - street maintenance	6,544,020	6,655,020	3,160,838	3,494,182
PW - sewer maintenance	3,229,040	3,229,040	1,512,186	1,716,854
PW - storm drain maintenance	3,713,750	3,713,750	1,509,526	2,204,224
PW - fleet maintenance	2,315,940	2,361,540	1,291,623	1,069,917
PW - capital improvements	6,740,000	6,740,000	2,442,764	4,297,236
Water reclamation division	8,993,780	9,002,280	4,193,392	4,808,888
Water reclamation - capital improvements	3,719,000	4,019,000	1,768,231	2,250,769
Planning	4,162,410	4,168,410	1,909,783	2,258,627

Continued on next page

CITY OF MEDFORD
Schedule of Expenditures by Division, continued
Budget and Actual
For the Year Ended June 30, 2016

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Parks - administration	938,950	938,950	446,128	492,822
Parks - general recreation	3,231,450	3,231,450	1,553,246	1,678,204
Parks - arts & cultural events	149,360	149,360	43,145	106,215
Parks - park maintenance	5,389,940	5,389,940	2,488,689	2,901,251
Parks - special restricted funds	69,300	69,300	27,635	41,665
Parks - city tree program	301,080	301,080	156,199	144,881
Parks - building maintenance	4,635,020	-	-	-
Parks - capital improvements	7,678,470	7,444,190	2,238,305	5,205,885
Parks - UCC special events	234,150	234,150	95,735	138,415
Street Banner Parks	22,150	22,150	7,812	14,338
Building safety	3,315,440	3,315,440	1,348,069	1,967,371
Contingency	<u>23,674,010</u>	<u>23,263,010</u>	<u>-</u>	<u>23,263,010</u>
Total expenditures	305,598,310	310,861,650	113,729,214	197,132,436
Other financing sources:				
Transfers out	<u>43,152,210</u>	<u>44,932,880</u>	<u>23,754,410</u>	<u>21,178,470</u>
Total appropriations	<u>\$ 348,750,520</u>	<u>\$ 355,794,530</u>	<u>\$ 137,483,624</u>	<u>\$ 218,310,906</u>

CITY OF MEDFORD, OREGON
INTRODUCTION TO THE STATISTICAL SECTION

(Unaudited)

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

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<u>Financial Trends</u>	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
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<u>Operating Information</u>	
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Sources:

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



City of Medford, Oregon

Schedule 1

Net Assets by Component

Last Ten Fiscal Years - Unaudited

(Amounts in dollars)

(Accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Investment in capital assets, net of related debt	183,862,786	195,552,099	208,801,287	214,648,301	225,070,486	214,017,088	230,304,448	233,292,847	230,039,491	265,499,121
Restricted										
Public Safety					1,710,116	304,287	599,884	1,122,668	1,368,286	1,401,309
Employee section 125 plan	52,793	39,850	58,002	41,139	-	-	-	-	100,793	-
Highways and streets	27,600,775	10,227,655	12,059,374	17,995,987	18,355,893	12,367,765	16,696,007	18,475,789	22,705,617	15,079,266
Culture & recreation	21,951,083	11,888,260	1,934,604	1,741,936	1,847,405	1,308,384	2,004,134	8,119,399	4,948,229	6,746,706
Community development	4,325,945	3,032,664	1,112,862	3,703,587	3,766,736	1,688,873	11,981,400	6,208,364	3,046,548	3,701,166
Debt service	3,481,140	3,681,053	4,082,382	4,146,973	3,778,977	3,188,173	149,022	192,619	232,034	273,483
Unrestricted	3,988,585	23,765,001	25,496,752	19,541,765	14,466,647	38,250,316	23,166,428	18,345,502	5,592,837	(29,259,972)
Total governmental activities	245,263,107	248,186,582	253,545,263	261,819,688	268,996,260	271,124,886	284,901,323	285,757,188	268,033,835	263,441,979
Business type activities										
Invested in capital assets										
Restricted	71,948,661	75,594,516	73,165,671	73,620,645	76,190,298	80,445,022	82,369,791	82,026,363	82,234,047	82,627,772
Future system development	12,880,115	13,011,448	13,343,828	13,040,845	11,544,184	7,154,013	6,023,646	6,811,138	7,498,708	9,326,458
Unrestricted	5,480,196	6,441,849	7,822,336	8,912,358	8,994,238	10,571,254	12,055,882	14,626,227	13,637,545	14,613,099
Total business-type activities net assets	90,308,972	95,047,813	94,331,835	95,573,848	96,728,720	98,170,289	100,449,319	103,463,728	103,370,300	106,567,329
Primary Government										
Invested in capital assets, net of related debt	255,811,447	271,146,615	281,966,958	288,268,946	301,260,784	294,462,110	312,674,239	315,319,210	312,273,538	348,126,893
Restricted										
Future system development	12,880,115	13,011,448	13,343,828	13,040,845	11,544,184	7,154,013	6,023,646	6,811,138	7,498,708	9,326,458
Public Safety					1,710,116	304,287	599,884	1,122,668	1,368,286	1,401,309
Employee section 125 plan	52,793	39,850	58,002	41,139	-	-	-	-	100,793	-
Highways and streets	27,600,775	10,227,655	12,059,374	17,995,987	18,355,893	12,367,765	16,696,007	18,475,789	22,705,617	15,079,266
Culture & recreation	21,951,083	11,888,260	1,934,604	1,741,936	1,847,405	1,308,384	2,004,134	8,119,399	4,948,229	6,746,706
Community development	4,325,945	3,032,664	1,112,862	3,703,587	3,766,736	1,688,873	11,981,400	6,208,364	3,046,548	3,701,166
Debt service	3,481,140	3,681,053	4,082,382	4,146,973	3,778,977	3,188,173	149,022	192,619	232,034	273,483
Unrestricted	9,468,781	30,206,850	33,319,088	28,454,123	23,460,885	48,821,570	35,222,310	32,971,729	19,230,382	(14,645,973)
Total primary government net assets	335,572,079	343,234,395	347,877,098	357,393,536	365,724,980	369,295,175	385,350,642	389,220,916	371,404,135	370,009,308

City of Medford, Oregon
Schedule 2

Change in Net Assets

Last Ten Fiscal Years - Unaudited
(Amounts in dollars)
(Accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities										
General government	10,576,931	9,650,050	11,067,765	9,089,299	7,943,745	8,930,685	8,641,807	9,147,201	7,228,471	9,172,301
Public safety	26,002,825	26,741,920	30,638,676	29,113,251	33,360,267	33,766,228	30,763,148	34,509,062	30,837,168	44,619,287
Highways and streets	10,476,941	25,716,151	14,435,178	13,994,865	14,435,178	14,300,180	15,769,938	15,847,096	10,934,221	16,731,000
Culture and recreation	6,069,022	8,155,051	8,349,507	7,095,384	7,573,132	8,373,605	8,324,613	8,589,430	10,682,389	11,741,062
Community development	3,893,996	4,202,157	3,983,346	5,712,703	6,044,326	6,103,180	7,230,916	6,151,258	5,923,238	7,626,876
Interest on long-term debt	57,019,715	76,465,333	68,374,472	68,879,588	72,331,049	75,202,265	75,179,914	78,688,252	8,934,341	5,010,100
Total governmental activities expenses	6,563,724	9,592,039	10,150,933	10,179,351	12,485,964	10,433,372	10,661,977	11,184,462	12,013,563	15,794,500
Business type activities	356,165	416,670	386,800	411,681	332,673	379,167	384,563	388,584	454,410	563,136
Sewer services	6,919,889	10,008,709	10,537,793	10,591,032	12,818,637	10,813,139	11,046,540	11,573,046	12,467,973	16,297,899
Total business-type activities expenses	63,939,604	86,474,042	78,912,205	79,470,620	85,149,886	86,015,404	86,226,654	90,271,298	84,007,801	111,498,326
Total primary Government expenses	\$ 7,280,852	\$ 8,253,978	\$ 7,840,536	\$ 7,578,207	\$ 4,921,821	\$ 5,617,405	\$ 5,127,014	\$ 5,761,672	\$ 4,557,513	\$ 9,729,778
Program Revenues										
Governmental Activities										
Charges for Services	1,787,939	2,535,764	2,468,885	2,585,990	2,789,003	2,229,342	1,337,617	3,523,167	3,830,132	4,972,018
Public safety	9,521,470	7,718,496	7,323,231	6,505,957	7,241,299	8,132,177	7,907,387	9,488,041	13,453,383	8,919,898
Highways and streets	1,579,967	2,298,502	2,292,263	2,646,391	3,123,140	2,354,531	1,337,631	2,851,023	3,266,037	3,465,813
Culture and recreation	741,660	1,693,151	1,110,204	963,721	1,716,297	630,913	1,921,074	1,847,670	850,765	977,437
Community development	327,586	-	7,072	-	-	-	-	-	-	-
General government	3,451,650	3,319,986	3,828,824	5,225,536	3,751,548	5,249,324	4,255,860	4,342,965	1,762,886	2,654,504
Highways and streets	1,239,844	96,023	886,523	88,340	18,000	1,279,406	3,225	4,342,965	1,762,886	37,468
Culture and recreation	3,754,866	5,827,494	-	3,142,514	7,914,014	3,080,688	12,654,060	2,115,707	1,788,691	5,129,041
Community development	-	1,347,500	4,704,449	-	1,835,134	544,778	1,448,730	1,177,600	1,035,203	1,372,080
Total governmental activities program revenue	29,685,734	33,090,894	30,476,957	28,935,428	36,294,687	32,328,809	42,490,263	35,517,680	34,594,524	40,236,406
Business type activities										
Sewer services	11,706,912	9,409,181	9,909,154	10,237,379	10,740,971	11,599,953	12,507,099	13,405,162	12,961,499	14,421,187
Charges for services	-	61,727	350,809	2,797	228,961	7,320	16,278	4,624	19,889	-
Operating grants and contributions	96,599	4,789,355	1,706,725	1,561,237	1,110,753	802,288	1,004,292	1,272,724	1,107,321	3,464,088
Capital grants and contributions	347,283	349,748	293,815	487,696	272,916	425,426	499,970	517,155	598,685	663,726
Charges for services	12,150,794	14,590,011	12,290,503	12,289,129	12,353,601	12,834,987	14,029,639	15,199,665	14,687,404	18,549,001
Total business type activities program revenues	41,636,528	47,680,905	42,769,460	41,224,557	46,648,288	45,163,786	56,519,902	59,717,245	49,281,928	58,785,410
Total primary government program revenues	\$ (27,333,981)	\$ (43,374,439)	\$ (37,895,515)	\$ (39,944,160)	\$ (36,036,362)	\$ (42,873,486)	\$ (32,689,651)	\$ (43,180,672)	\$ (36,945,304)	\$ (64,964,219)
Net (expense)/revenue										
Governmental activities	5,230,905	4,581,302	1,752,770	1,698,097	(485,036)	2,021,848	2,983,099	3,626,619	2,219,431	2,251,303
Business Type activities	(22,103,076)	(38,783,137)	(36,142,745)	(38,246,063)	(36,501,398)	(40,851,608)	(29,706,552)	(39,554,053)	(34,725,873)	(62,712,816)
Total primary government net expenses	\$ (16,872,171)	\$ (34,201,835)	\$ (34,389,975)	\$ (36,547,966)	\$ (37,757,128)	\$ (38,829,760)	\$ (26,723,453)	\$ (35,927,433)	\$ (32,506,442)	\$ (60,511,513)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes	29,184,039	32,063,487	33,227,657	33,669,718	34,837,199	34,777,008	34,374,090	36,009,226	38,410,779	39,659,600
Other taxes	9,682,089	10,034,787	9,501,990	8,840,324	8,840,324	9,354,732	9,458,020	9,847,977	10,374,157	10,684,603
Unrestricted investment earnings	3,769,094	3,519,750	1,224,645	625,355	343,150	565,817	474,987	675,501	643,510	743,326
Gain (Loss) on disposal of capital assets	48,064	17,161	59,150	41,350	(46,097)	103,858	(190,062)	(190,062)	46,227	46,227
Transfers	587,400	662,729	708,943	693,198	696,058	778,140	831,714	722,300	895,300	(761,393)
Total Governmental Activities	43,270,686	46,297,914	43,254,136	48,218,582	44,670,634	45,579,555	45,149,700	47,065,032	50,323,746	50,372,363
Business type activities										
Investment earnings	862,844	820,268	418,642	237,114	130,587	173,844	127,646	110,179	133,831	184,498
Gain (Loss) on disposal of capital assets	11,000	-	6,272	24,129	(2,184,718)	24,129	(2,184,718)	(2,184,718)	(2,184,718)	(2,184,718)
Loss on abandonment of capital expenditures	(687,400)	(682,729)	(708,943)	(693,198)	(696,058)	(778,140)	(831,714)	(722,300)	(895,300)	761,393
Transfers	286,444	137,539	(2,468,747)	(458,084)	(383,471)	(580,167)	(704,068)	(612,211)	(761,469)	945,891
Total Business type activities	43,557,130	46,455,453	40,765,449	44,762,498	44,105,163	44,899,388	44,445,632	46,452,621	48,562,277	51,318,254
Total primary government	\$ 15,936,705	\$ 2,923,475	\$ 5,356,681	\$ 8,274,422	\$ 8,634,272	\$ 7,706,099	\$ 12,460,049	\$ 3,884,360	\$ 13,378,442	\$ (4,591,856)
Business type activities	5,517,949	4,738,641	(715,977)	1,242,013	(1,090,507)	1,441,681	3,014,408	1,457,962	3,014,408	1,399,194
Total Primary Government	\$ 21,454,051	\$ 7,662,316	\$ 4,640,704	\$ 9,516,435	\$ 7,603,765	\$ 4,147,780	\$ 14,739,080	\$ 6,898,768	\$ 14,836,404	\$ (3,192,662)

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	2007	2008	2009	2010 ¹	2011	2012 ²	2013 ²	2014 ²	2015 ²	2016 ²
General Fund										
Nonspendable					56,353	66,104	57,553	53,840	43,194	44,418
Inventory						20,950,000	19,700,000	18,355,000	16,985,000	15,575,000
Advances to other Funds					17,820,875	18,107,099	17,240,916	18,097,582	1,739,021	538,182
Unassigned	17,865,765	19,627,721	16,700,620	19,022,954						
Assigned										
20157-17Budget					1,457,607	2,035,080	2,617,712	3,028,488	3,441,896	16,615,670
Committed for PERS Debt					19,334,835	41,158,283	39,616,181	39,534,910	38,824,781	3,767,201
Total General Fund	\$ 17,865,765	\$ 19,627,721	\$ 16,700,620	\$ 19,022,954	\$ 19,334,835	\$ 41,158,283	\$ 39,616,181	\$ 39,534,910	\$ 38,824,781	\$ 36,540,471
All Other Governmental Funds										
Reserved										
Highways and streets	27,600,775	10,227,655	12,069,374	17,995,987						
Culture and recreation	21,951,083	11,888,260	1,934,604	1,741,936						
Community Development				3,703,587						
Debt service	3,481,140	3,681,053	4,082,382	4,146,970						
Capital outlay										
Unreserved, reported in:										
Special revenue funds	3,926,002	3,810,465	3,825,743	3,606,787						
Capital projects funds	4,382,889	7,497,964	4,992,011							
Restricted for:										
Public safety					108,594	304,287	599,884	1,122,668	1,368,286	1,401,309
Highways and streets					9,867,064	12,367,765	16,696,007	18,475,790	22,705,617	14,839,822
Culture and recreation					1,504,922	1,308,384	2,044,134	8,119,399	4,948,229	6,746,706
Community development					3,766,736	1,688,873	11,981,400	6,208,364	3,046,548	3,684,406
Debt Service					3,778,977	3,188,173	149,022	192,619	232,034	273,483
Committed for:										
Public safety					1,601,522	1,578,026	1,778,011	34,456,786	30,138,696	12,216,832
Highways and streets					8,487,026	7,568,251	4,378,330	5,399,629	6,249,318	19,942,838
Culture and recreation					344,286	431,636	494,435	528,012	523,437	507,026
Unassigned					17,820,875	(4,868,989)	(16,550,028)	(12,837,550)	(12,691,861)	(7,159,903)
Total of all other governmental funds	\$ 61,341,889	\$ 37,105,397	\$ 26,894,114	\$ 31,195,267	\$ 47,280,002	\$ 23,566,406	\$ 21,571,196	\$ 61,665,717	\$ 56,520,304	\$ 52,452,519

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

¹ 2010 and later - Community Development was reported separately

² The 2011C series bonds were issued to enable the City to loan funds to the Medford Urban Renewal Agency. This appears as a negative unassigned balance due to the interfund loan. The balance due as of 6/30/16 was \$15,575,000

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes										
Property	29,015,206	30,938,364	32,716,967	33,550,863	34,558,484	34,817,095	34,685,616	36,499,226	38,140,648	40,094,803
Franchise	6,259,689	7,805,599	7,498,935	7,417,721	7,667,517	8,103,753	8,135,229	8,383,706	8,716,866	8,772,600
Lodging ¹	2,409,719	2,553,494	2,282,538	2,273,219	2,373,254	2,501,953	2,645,582	2,928,540	3,314,578	3,824,002
State gas tax	3,389,522	3,256,822	2,938,714	3,201,504	3,751,548	4,089,443	4,122,907	4,328,786	4,409,077	4,591,902
State Shared Revenues	1,303,663	-	-	-	-	-	-	-	-	-
Car Rental Tax ²	311,446	314,066	291,150	296,517	313,011	338,587	408,345	702,932	1,085,049	1,165,994
Special Assessments	49,630	27,084	13,988	2,122	11,533	88,037	33,955	6,534	4,094	-
System development charges	4,139,557	2,684,561	3,300,889	1,516,968	1,322,155	3,625,466	2,589,940	3,293,306	2,824,164	5,323,344
Charges for services	6,229,665	7,234,145	6,336,212	8,168,600	2,102,585	1,549,305	1,567,208	1,744,325	1,773,929	1,894,652
Fines and penalties	1,285,286	1,376,390	1,303,508	1,332,950	1,395,800	1,187,906	1,448,684	1,348,188	1,294,691	1,246,507
Intergovernmental	2,547,231	4,493,337	4,733,885	5,038,659	4,105,206	4,257,320	4,003,532	3,740,102	7,408,139	4,337,855
Licenses and permits	4,789,573	3,887,457	3,298,628	3,107,511	11,074,896	11,467,015	12,145,376	13,525,857	14,392,673	15,230,779
Investment earnings	3,719,747	3,468,143	1,192,367	604,692	330,493	479,874	493,331	675,501	643,510	737,260
Grants and contributions	1,989,517	1,832,981	2,871,864	7,342,141	9,092,639	3,390,654	1,865,169	2,583,446	2,578,882	2,752,293
Miscellaneous	908,459	323,972	256,309	227,260	246,902	747,399	1,949,911	2,870,925	1,072,814	1,438,394
Rental income		80,733	72,220		24,842	21,987				
	68,347,910	70,277,148	69,108,173	74,080,728	78,370,865	76,665,794	76,094,785	82,631,374	87,659,114	91,410,385
Expenditures										
General government	8,587,907	7,314,274	8,410,989	7,287,388	7,943,745	8,061,216	7,761,943	7,098,188	7,836,743	7,518,464
Public Safety	25,263,463	27,728,314	29,647,717	28,599,595	30,497,243	30,880,952	31,418,003	32,927,779	34,957,250	37,505,671
Highway and streets	5,954,938	18,876,974	6,816,248	6,876,039	6,756,904	7,397,912	8,104,918	7,867,330	7,972,227	8,631,470
Culture and recreation	5,548,007	6,339,937	6,514,950	4,874,990	5,116,189	5,780,817	5,806,654	6,062,980	6,346,620	8,139,941
Community development	-	1,200,344	1,149,696	4,350,674	4,386,927	3,976,038	5,687,988	4,695,190	4,706,126	4,589,668
Capital Outlay	13,925,625	22,425,555	20,814,762	9,384,274	16,897,242	14,879,091	12,744,837	15,846,426	18,583,618	23,457,818
Bond issuance costs	127,215	-	-	-	-	-	-	-	-	-
Debt service										
Principal	5,751,978	5,329,516	5,816,101	6,085,693	6,202,289	14,673,892	4,120,801	4,430,000	8,134,000	3,958,000
Interest	3,508,923	4,298,916	3,930,884	3,811,248	3,562,294	3,353,562	4,551,366	4,201,307	6,078,671	5,274,848
Total Expenditures	68,668,056	93,513,830	83,101,347	71,269,901	81,362,833	89,003,480	80,196,510	83,129,200	94,615,255	99,075,880
Excess of revenues over (under) expenditures	(320,146)	(23,236,682)	(13,993,174)	2,810,827	(2,991,968)	(12,337,686)	(4,101,725)	(497,826)	(6,956,141)	(7,665,495)

Continued on next page

Schedule 4
Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years - Unaudited
 (Amounts in dollars)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Other Financing sources (uses)										
Transfers in	4,927,244	7,742,212	8,567,765	8,311,152	9,587,321	16,283,175	11,302,403	10,453,945	12,025,891	23,454,410
Transfers out	(4,175,245)	(6,997,227)	(7,770,336)	(7,536,654)	(8,813,263)	(15,787,335)	(10,748,880)	(9,535,002)	(10,925,291)	(22,304,084)
Issuance of Debt (Bonds)	21,535,000	-	-	3,000,000	-	27,649,094	-	39,592,143	-	-
Issuance of Debt (State Loan)	-	-	-	-	-	-	-	-	-	-
Land purchase contract	-	-	-	-	375,175	-	-	-	-	-
Capital Leases	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	53,236	17,161	57,360	38,163	418,476	123,482	10,889	-	-	163,074
Total other financing sources	22,340,235	762,146	854,789	3,812,661	1,567,709	28,268,416	564,412	40,511,086	1,100,600	1,313,400
Net change in fund balances	\$ 22,020,089	\$ (22,474,536)	\$ (13,138,385)	\$ 6,623,488	\$ (1,424,259)	\$ 15,930,730	\$ (3,537,313)	\$ 40,013,260	\$ (5,855,541)	\$ (6,352,095)

Debt service as % of noncapital expenditures (3)

	22.89%	15.67%	18.55%	18.97%	17.48%	30.89%	15.43%	13.77%	22.04%	15.15%
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Note:

- 1 Transient Lodging tax is 9%.
- 2 The Car Rental tax was implemented in August 2005. As of 11/1/13 the tax went from 5% to 12.5% per Council Bill 2013-137 in order to repay bonds sold to finish the Phase 4 of the Sports Park
- 3 The amount of capital outlay used to calculate the ratio of total debt service expenditures to noncapital expenditures is the reconciling item for capital outlay in the reconciliation between the government-wide statement of activities and the statement of revenues, expenditures, and changes in fund balance

City of Medford, Oregon
Schedule 5
Assessed and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years - Unaudited
 (Amounts in dollars)
 6/30/2016

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	Real Manufactured Structures	Personal Structures	Personal Properties	Utilities	Non Profit	UR Excess						
2007	4,550,377,762	-	-	32,142,750	224,937,040	145,043,300	8,624,380	(169,017,222)	4,792,106,010	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	5,336,273,270	-	-	32,809,408	229,451,500	165,013,840	9,424,020	(186,107,901)	5,868,864,137	5.20	9,681,294,553	9,738,243,291	57.73%	
2011	5,476,716,488	-	-	27,158,724	225,461,750	178,745,740	9,706,730	(188,784,717)	5,729,004,715	5.21	8,518,457,598	8,579,118,921	67.25%	
2012	5,499,014,979	-	-	28,031,361	214,245,370	182,769,465	9,997,920	(186,164,393)	5,747,894,702	5.21	7,641,323,994	7,690,447,934	75.22%	
2013	5,449,584,198	-	-	24,723,801	209,164,320	190,096,600	10,297,840	(187,851,764)	5,696,014,995	5.21	7,151,504,446	7,192,243,450	79.65%	
2014	5,648,610,371	-	-	23,765,676	215,788,310	186,000,500	10,413,330	(206,805,088)	5,877,773,099	5.19	6,999,431,817	7,039,970,253	83.98%	
2015	5,976,625,494	-	-	24,754,412	222,653,360	220,821,781	10,621,750	(227,154,169)	6,228,322,628	5.18	7,805,391,223	7,818,942,393	79.80%	
2016	6,230,285,131	-	-	24,174,838	221,839,250	242,941,600	10,782,000	(242,241,543)	6,487,781,276	5.18	8,290,018,484	8,303,569,654	78.26%	

Data Source: Jackson County Assessor

Notes: Real Market Value is assigned to every property in the County by the Assessor. Up until several years ago all properties were physically reappraised once every six years. Now properties within a market area are physically reappraised when statistical indicators suggest that the values within that group are out of alignment with the market. There is no longer a pre-established cycle for reappraisal. However, properties that are changed or have new construction in an assessment year are reappraised to reflect the change.

All sales of real estate that occur in Jackson County are collected and the sales price is compared to the Assessor's real market value for property. These sales are grouped by like kinds of properties and these groupings are broken down into market areas. The value of properties may be adjusted to reflect these market trends without a physical reappraisal (trending)

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

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

City of Medford, Oregon

Schedule 6

Property Tax Rates

Direct and Overlapping Governments

Last Ten Fiscal Years - Unaudited

6/30/2016

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	Library District	Transpor-tation District	RCC Community College	4H Ag Ext	Vector Control	JC Soil Wtr	Urban Renewal District		
2007	5.11	-	0.08	5.19	2.10	0.33	4.87		0.17	0.60		0.04	-	1.24	14.54	
2008	5.11	-	0.08	5.19	2.10	0.33	6.05		0.16	0.60		0.04	0.05	1.27	15.79	
2009	5.11	-	0.08	5.19	2.19	0.33	6.36		0.16	0.59		0.04	0.05	1.02	15.93	
2010	5.12	-	0.07	5.20	2.29	0.34	6.31		0.17	0.61		0.04	0.05	0.85	15.86	
2011	5.13	-	0.09	5.21	2.25	0.34	6.30		0.17	0.62		0.04	0.05	0.84	15.82	
2012	5.13	-	0.08	5.21	2.14	0.34	5.08		0.17	0.60		0.04	0.05	0.65	14.28	
2013	5.13	-	0.08	5.21	2.13	0.34	6.16		0.17	0.61		0.04	0.05	0.84	15.55	
2014	5.11	-	0.08	5.19	2.12	0.34	6.20		0.17	0.61		0.04	0.05	0.91	15.62	
2015	5.11	-	0.07	5.18	2.16	0.34	6.10	0.50	0.17	0.60		0.04	0.05	0.92	16.07	
2016	5.10	-	0.07	5.18	2.10	0.34	5.92	0.50	0.17	0.60	0.04	0.04	0.05	0.95	15.88	

Data Source: Jackson county

The 2015-16 Taxable Assessed Value to compute the tax rate code area of 4901 is \$5,715,296,812 which is 88.09% 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)

6/30/2016

		2015 Top 10 All Roll Taxpayers for City of Medford				2006 Top Tax Payers			
Taxpayer	Type of Business	2015	2015-16	Rank	Percentage of Total Taxable Assessed Value	6/30/2005 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	
		Current Taxes Imposed	Taxable Assessed Value						
Rogue Valley Manor	Retirement Housing	1,364,172	93,089,795	1	1.43%	59,518,390	1	1.32%	
Charter Communications	Television	1,093,756	68,860,300	2	1.06%				
Rogue Valley Mall LLC (RV Partners in 2002)	Shopping Mall	834,423	52,726,190	3	0.81%	46,974,190	2	1.05%	
Avista Corp DBA Washington	Gas Utility	67,385	42,700,000	4	0.66%	23,574,300	5	0.52%	
Pacificorp (PP&L)	Electric Utility	609,501	38,637,000	5	0.60%	23,660,000	7	0.53%	
Lithia Real Estate Inc.	Automobile Dealership	527,363	33,230,250	6	0.51%				
Wal-Mart Real Estate Business	Shopping Center	521,440	32,891,230	7	0.51%				
Kogap Enterprises	Commercial Contractor	514,166	33,336,630	8	0.51%	20,068,507	9	0.45%	
Asante	Health Organization	426,716	27,278,756	9	0.42%	20,471,740	8	0.46%	
AT&T Inc	Telephone Utility	412,938	26,150,500	10	0.40%				
Key West Properties	Developer				0.00%	21,758,906	6	0.48%	
Edge Wireless	Telephone Utility				0.00%	17,472,400	10	0.39%	
Qwest Corporation	Telephone Utility					33,939,900	3	0.76%	
Haagen Alexander Properties	Shopping Mall				0.00%	28,894,500	4	0.64%	
Total		6,371,859	448,900,651		6.92%	296,332,833		6.60%	

Note: The 2015-16 Taxable Assessed Valuation for the City of Medford is: 6,487,781,276
 The Taxable Assessed Valuation for year ended 6/30/2007 was: 4,492,708,015

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

Data Source: Jackson County Assessor's Office

City of Medford, Oregon
Schedule 8
Property Tax Levies and Collections
 Last Ten Fiscal Years - Unaudited
 (Amounts in dollars)
6/30/2016

Fiscal Year Ended June 30,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy			Collections in Subsequent Years	Total Tax Collections	Total Collections as percent of current Levy	Outstanding Taxes	Outstanding Taxes as Percent of Current Levy
		Amount	Percentage of the Levy	Years					
2007	30,521,942	28,710,513	94.1%	757,855	29,468,368	96.548%	1,624,748	5.3%	
2008	32,206,133	30,272,542	94.0%	929,482	31,202,024	96.882%	1,928,079	6.0%	
2009	34,234,682	32,021,550	93.5%	999,767	33,021,317	96.456%	2,420,801	7.1%	
2010	34,874,113	32,691,353	93.7%	1,303,906	33,995,259	97.480%	2,224,171	6.4%	
2011	35,347,185	33,063,713	93.5%	1,210,632	34,274,345	96.965%	2,840,074	8.0%	
2012	35,866,964	34,469,488	96.1%	1,388,313	35,857,801	99.974%	2,779,475	7.7%	
2013	35,504,544	33,129,361	93.3%	1,463,825	34,593,186	97.433%	2,755,186	7.8%	
2014	37,142,598	34,898,432	94.0%	1,398,966	36,297,398	97.724%	2,506,525	6.7%	
2015	39,335,111	37,246,678	94.7%	893,970	38,140,648	96.963%	2,510,933	6.4%	
2016	41,120,671	39,171,211	95.3%	923,592	40,094,803	97.505%	2,646,653	6.4%	

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

Data Source: Jackson County Assessors Office

City of Medford, Oregon

Schedule 9

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years - Unaudited

(Amounts in dollars)

6/30/2016

Fiscal Year Ended June 30,	Governmental Activities				Business Type Activities				Total Primary Government	Per Capita ¹	Percentage of Personal Income	
	General Obligation Bonds	Special Assessment Bonds ²	Capital Leases	Medford Urban Renewal (MURA) Bonds	Contract/ Loan (MURA) ²	Sewer Bonds	General Obligation Bonds	Capital Leases				
2007	66,560,000	-	17,645	20,400,000	483,205	-	-	-	87,460,850	1,156	0.09%	1.31%
2008	64,000,000	-	-	17,689,000	424,689	-	-	-	82,113,689	1,085	0.09%	1.20%
2009	61,165,000	-	-	14,767,000	365,587	-	-	-	76,297,587	993	0.10%	1.11%
2010	58,185,000	-	-	14,721,000	305,894	-	-	-	73,211,894	977	0.10%	1.06%
2011	55,550,000	-	-	11,214,000	245,693	-	-	-	67,009,693	894	0.11%	0.95%
2012	73,818,000	-	-	4,966,000	184,801	-	-	-	78,968,801	1,045	0.10%	1.14%
2013	70,041,000	-	-	4,807,000	-	-	-	-	74,848,000	996	0.10%	1.06%
2014	104,110,000	-	-	4,463,000	-	-	-	-	108,573,000	1,430	0.07%	1.45%
2015	100,439,000	-	-	-	-	-	-	-	100,439,000	2,725	0.04%	1.31%
2016	96,481,000	-	-	-	-	-	-	-	96,481,000	2,563	0.04%	1.22%

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.

² 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 State Loan to MURA was paid in full on 8/1/12

City of Medford, Oregon

Schedule 10

Ratios of Net General Bonded Debt Outstanding

Last Ten Fiscal Years - Unaudited

(Amounts in dollars)

6/30/2016

Fiscal Year Ended	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
June 30,							
2007	66,560,000	20,400,000	86,960,000	3,481,140	83,478,860	1.74%	1,103.12
2008	64,000,000	17,689,000	81,689,000	3,681,053	78,007,947	1.53%	1,030.42
2009	61,165,000	14,767,000	75,932,000	4,082,382	71,849,618	1.33%	934.73
2010	58,185,000	14,721,000	72,906,000	4,146,970	68,759,030	1.23%	917.93
2011	55,550,000	11,214,000	66,764,000	3,689,980	63,074,020	1.10%	841.21
2012	73,818,000	4,966,000	78,784,000	3,188,173	75,595,827	1.32%	1,000.67
2013	70,041,000	24,507,000	94,548,000	3,298,995	91,249,005	1.60%	1,213.74
2014	104,110,000	4,463,000	108,573,000	5,735,102	102,837,898	1.75%	1,354.56
2015	100,439,000	-	100,439,000	4,525,174	95,913,826	1.54%	1,251.32
2016	96,481,000	-	96,481,000	8,688,581	87,792,419	1.35%	1,130.54

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 \$52,501,000 as of 6/30/16.

City of Medford, Oregon
Schedule 11
Direct and Overlapping Governmental Activities Debt
As of June 30, 2016
(Amounts in dollars)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct & Net Overlapping Debt
Debt repaid with property taxes			
Jackson County	15,239,672	34.58%	5,269,162
Jackson County Housing Authority	4,870,686	34.58%	117,718
JC School District #4 (Phoenix-Talent)	19,567,000	33.16%	6,488,613
JC School District #549C (Medford)	184,605,000	74.96%	138,383,415
JC School District #6 (Central Point)	11,744,618	1.32%	155,569
Rogue Community College	17,080,000	25.12%	-
Rogue Community College (Jackson Cty Bond)	16,605,000	34.58%	5,741,229
Rogue Valley Transit District	247,600	46.11%	114,173
Subtotal Overlapping Debt	269,959,576		156,269,879
City Direct Debt			
City Gross Property Tax Backed Direct Debt	96,481,000		96,481,000
	366,440,576		252,750,879

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 Full Faith & Credit Bonds. "Net Property Tax Backed Debt" is Gross Property Tax Backed Debt less Self supporting Unlimited tax GO and less Self-Supporting Full Faith & Credit debt. The following obligations are NOT included in Property-tax backed calculations: Appropriation Credits, Conduit Revenue Bonds, Dedicated Niche Obligations, Revenue Bonds, obligations issued for less than 13 months (e.g. Bond Anticipation Notes, Tax Anticipation Notes, lease purchase agreements, loans, lines of credit or other non-publicly offered financial obligations).

City of Medford, Oregon

Schedule 12

Legal Debt Margin Information

Last Ten Fiscal Years - Unaudited
(Amounts in dollars)

6/30/2016

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	285,914,705	320,052,118	319,582,996	292,147,299	257,373,568	230,713,438	215,767,304	211,199,108	234,568,272	249,107,090
Total net debt applicable to limit	31,673,860	30,886,602	29,728,410	28,698,030	34,902,020	44,729,667	24,001,005	25,834,379	41,994,826	35,291,420
Legal debt margin	254,240,845	289,165,516	289,854,586	263,449,269	222,471,548	185,983,771	191,766,299	185,364,728	192,573,446	213,815,670
Total net debt applicable to the limit as a percentage of debt limit	12.46%	10.68%	10.26%	10.89%	15.69%	24.05%	12.52%	13.94%	21.81%	16.51%

Legal Debt Margin Calculation for Fiscal Year 2016

Real Market Value	8,303,569,654
Add Back: exempt real property	-
Total Real Market Value (M5)	<u>8,303,569,654</u>

Debt Limit (3% of total RMV Value)	249,107,090
Amount of debt applicable to debt limit	96,481,000
Total Bonded Debt:	

Deductions:

Assets in debt service funds available for payment of principal	273,484
Special assessment bonds (Urban Renewal)	8,415,096
Revenue bonds	52,501,000
Urban redevelopment bonds	-
Total deductions	<u>61,189,580</u>

Total net debt applicable to limit	35,291,420
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Legal Debt Margin	<u>213,815,670</u>
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Total net debt applicable to the limit as a percentage of the debt limit	<u>16.51%</u>
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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 (as of 6/30/16 MURA had no bonded debt)
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 06/30/16
Last Ten Fiscal Years - Unaudited
(Amounts in dollars)

Parks Revenue Bonds						
Fiscal Year Ended June 30,	Gross Revenues ¹	Operating Expenses	Net Revenue Available For Debt Service	Total Parks Bonds Paid during year		Coverage Actual Debt Service
				Principal	Interest	
2007 ²	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	3,531,259	340,506	3,190,752	895,000	947,280	1.73
2010	2,828,662	178,369	2,650,292	930,000	911,480	1.44
2011	2,889,686	195,467	2,694,219	965,000	873,667	1.47
2012 ⁴	2,901,938	500,107	2,401,831	4,528,000	926,641	0.44
2013 ⁵	4,068,145	185,455	3,882,689	1,076,000	746,619	2.13
2014 ⁶	4,045,678	317,608	3,728,070	1,124,000	705,905	2.04
2015	4,315,628	360,458	3,955,170	1,346,000	961,398	1.71
2016	5,036,069	359,278	4,676,791	1,213,000	619,245	2.55
	\$ 37,612,769	\$ 2,932,140	\$ 34,680,629	\$ 12,997,000	\$ 8,041,418	

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 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

² Gross Revenues do not include Bond proceeds of \$18,965,000

³ Gross Revenues were higher in FY09 due to receipt of grants for the Santo Center & the Sports Park.

⁴ The 2002 Parks bond was defeased in FY11/12 and \$3,673,000 was reissued.

⁵ SDC revenue was up from prior year due to increased building. We also received a \$400,000 grant

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

City of Medford, Oregon
Schedule 14
Demographic and Economic Statistics
 Last Ten Fiscal Years - Unaudited
 6/30/2016

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)	# of Units	Value (in thousands)
2007	75,675	12,490	20	5.3	36,735	6,670	33,516	458	91,063	385	103,895	
2008	75,705	12,408	20	7.2	36,982	6,849	34,051	413	103,975	141	24,963	
2009	76,867	12,252	21	13.2	37,715	6,849	34,051	382	146,729	107	18,930	
2010	74,907	12,201	21	11.9	37,105	6,911	34,506	263	23,444	115	21,702	
2011	74,980	12,583	23	11.7	37,851	7,073	34,314	348	56,595	98	17,257	
2012	75,545	11,181	17	11.1	102,500	6,951	34,168	438	100,539	100	21,096	
2013	75,180	12,681	19	9.8	97,500	7,087	34,602	668	130,699	209	45,103	
2014	75,920	12,705	19	8	95,500	7,490	36,289	650	249,864	267	70,937	
2015	76,650	13,628	14	7.1	95,900	7,687	36,861	680	266,182	246	59,738	
2016	77,655	13,836	24	6.3	97,648	7,914	37,637	638	199,162	249	59,079	

(1) Portland State University - April 2016

(2) Oregon Department of Education (for Medford SD549C)

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

The latest personal income & per capita personal income available was in 2014 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 for Jackson County
2015 and 9 years ago
6/30/2016

<u>Employer</u>		<u>2016 ¹</u>			<u>Feb 2006 ²</u>		
		<u>Employees (1)</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Asante (RV Medical)	Health Care	4,231	1	4.33%	3,782	1	10.43%
Lithia Motors	Auto Dealership	3,000	2	3.07%	470	8	1.30%
Harry & David Operations	Gourmet Fruit & Gifts	2,000	3	2.05%	3,500	2	9.65%
Rogue Valley Medical Center	Hospitals	1,638	4	1.68%			
Allegiant Air	Commercial Airline	1,500	5	1.54%			
Providence Medical Center	Health Care	1,300	6	1.33%	1,150	3	3.17%
Medford School District 549C	Schools	1,157	7	1.18%	1,083	4	2.99%
Jackson County	County Government	1,027	8	1.05%	1,023	5	2.82%
Wal-Mart Stores	Department Stores	930	9	0.95%			
Boise	Plywood Mills	875	10	0.90%			
Boise Building Solutions	Secondary Wood				970	6	2.68%
Timber Products	Secondary Wood				692	7	1.91%
City of Medford	Government	405	16	0.41%	433	9	1.19%
Rogue Valley Manor	Health Care/Retirement	450	14	0.46%	357	10	0.98%

Note: Information is for the largest employers in Jackson County per the Chamber of Commerce 10/16/15

Source

(1) Chamber of Commerce 8/30/2016 website -- Largest employers in Jackson County

City of Medford, Oregon

Schedule 16

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

Last Ten Fiscal Years - Unaudited

6/30/2016

	(1) <u>06-07</u>	(1) <u>07-08</u>	(1) <u>08-09</u>	(1) <u>09-10</u>	1, 2 <u>10-11</u>	<u>11-12</u>	<u>12-13</u>	<u>13-14</u>	<u>14-15</u>	<u>15-16</u>
City Manager	11.0	9.3	8.0	8.0	9.0	8.0	7.0	9.0	10.2	8.0
Facilities Management										12.9
Information Services	10.8	12.0	13.5	13.0	12.0	11.0	10.0	12.0	10.0	10.0
Recorder	1.0	1.0	1.0	1.0	-	-	-	-	-	-
Human Resources	3.5	4.4	4.2	4.0	4.0	4.0	4.3	5.4	6.0	7.0
Finance	11.4	11.4	11.3	11.2	10.2	11.4	11.2	10.2	11.2	10.3
Planning	18.5	17.0	16.0	16.5	17.0	17.0	16.0	17.0	17.0	14.4
Building Inspection	16.0	14.6	11.2	11.2	9.0	8.0	8.3	9.0	11.0	11.1
Business Licenses										2.0
Public Works										
Engineering	32.7	34.7	34.0	32.5	32.6	32.4	33.1	34.2	34.6	38.5
Maintenance	56.5	57.1	57.6	58.0	52.8	57.0	55.6	56.0	58.4	56.1
WRD	23.8	25.7	25.5	24.9	23.0	24.8	24.7	25.0	24.3	23.1
City Attorney	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.5
Municipal Court	7.5	7.5	7.5	7.5	7.5	7.9	7.5	7.6	8.0	7.4
Police										
Sworn Officers	99.0	99.0	99.0	101.0	101.3	103.8	102.8	103.0	100.3	98.9
Civilians	63.8	69.3	68.1	68.7	41.6	44.5	37.3	39.1	36.4	40.3
Fire										
Firefighters/officers	67.0	67.0	72.0	73.0	66.0	72.0	71.0	74.0	72.0	72.0
Civilians	7.9	7.9	7.2	6.3	8.9	9.5	6.4	3.5	7.1	7.1
Parks & Recreation	48.5	53.7	55.7	56.7	60.5	61.6	50.8	54.1	44.0	42.7
Urban Renewal	4.3	4.0	4.0	1.0	-	-	-	-	-	-
TOTAL	486.2	499.6	499.8	498.6	459.5	477.0	450.1	463.3	454.6	466.2

Source: City Finance Department

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

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

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

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

Function	Fiscal Year Ending 6/30/XX									
	2007	2008	2009	2010	2011	2012 ¹	2013 ¹	2014	2015	2016
Police										
Part I - Major Crimes	4,898	4,379	4,285	4,706	5,510	5,999	6,698	6,892	6,291	6,805
Part II - Other Crimes	8,633	10,525	11,087	11,903	14,093	15,964	17,369	17,529	17,615	19,626
Total Part I & II	13,531	14,904	15,372	16,609	19,603	21,963	24,067	24,421	23,906	26,431
Clearance Rate Part I & II	57.25%	73.53%	77.49%	79.28%	73.15%	73.10%	73.10%	76.40%	74.40%	75.20%
Cases Cleared Part I & II	7,826	6,434	6,675	12,749	14,085	15,082	17,266	17,474	16,890	18,562
# of Juvenile Charges Part I & II	1,818	2,098	1,219	1,819	1,500	13,666	1,086	986	1,161	881
# of Adult Arrest Charges Part I & II	9,001	9,065	5,250	9,390	11,909	14,049	16,630	16,353	15,838	18,325
Traffic Accidents - Fatal	3	3	2	1	2	2	1	2	5	3
Traffic Accidents - Injury	199	180	324	370	377	329	325	387	433	528
Traffic Accidents - Prop Damage	1,232	1,241	1,161	1,184	1,141	1,132	1,089	1,063	1,242	1,370
Total Accidents	1,434	1,424	1,487	1,555	1,520	1,463	1,415	1,452	1,680	1,901
Fire										
Number of Fires	369	362	348	288	270	328	341	320	475	320
Overpressure, heat, explosion	20	13	14	14	16	20	20	13	29	13
EMS, Rescue, MVA	5,471	5,665	5,496	5,189	5,501	5,872	6,560	6,819	6,544	6,819
Hazardous Conditions	179	160	132	134	124	119	140	117	1	117
Service Call	296	261	272	218	210	267	23	374	361	374
Good Intent Calls	3,008	3,170	1,226	953	933	922	1,232	1,456	1,180	1,456
False Alarm	617	529	444	457	437	468	544	504	420	504
Severe Weather	-	3	2	7	4	2	-	5	4	5
Special Incident	7	13	17	9	9	10	10	15	294	15
Uncategorized	8	9	-	-	-	-	-	7	0	7
Total Incident Responses	9,975	10,185	7,951	7,269	8,078	8,626	9,268	9,630	9,308	9,630
Total City only	-	553	6,897	6,899	7,108	7,552	6,180	8,410	8,254	8,410
Total Rural Only	-	9,461	725	616	703	687	558	656	651	656
Out of District Responses	-	-	-	-	-	-	-	564	403	564
Mutual Aid Received	-	-	62	52	44	71	66	N/A	N/A	N/A
Mutual Aid Given	-	-	115	118	107	96	194	N/A	N/A	N/A
Highways and streets										
Miles of Streets Added	5.80	5.59	2.74	2.58	0.98	0.12	3.77	2.54	1.08	2.09
Streetslights added	247	233	54	87	56	-171	-190	276	83	152
Culture and recreation (2)										
Aquatics	30,043	35,665	30,260	27,434	28,639	29,000	22,000	N/A	N/A	N/A
Youth & Adult Sports	5,928	6,811	8,740	9,614	19,043	10,000	10,000	N/A	N/A	N/A
Youth Programs/Day Camps	736	1,641	1,856	2,146	3,046	2,000	2,000	N/A	N/A	N/A
Community Recreation	15,050	18,200	9,717	10,623	25,950	15,000	15,000	N/A	N/A	N/A
Special Interest Classes	2,396	3,040	1,429	1,571	1,791	2,000	2,000	N/A	N/A	N/A
Wastewater										
Miles of Sanitary Sewers Added	3	3.65	0.77	0.42	0.18	0.32	1	1.11	1	1
Miles of Storm Sewers Added	6	5.7	2.17	1.69	1.08	0.05	3.49	2.44	0	3
Average Daily Million Gallons Treated	19,000	18,850	16,800	16,700	19,480	17,500	18,100	16,500	17,500	18,800
Building/Planning/Engineering										
Total Permits	7,904	5,491	3,998	3,631	3,861	4,107	5,978	6,515	6,074	5,815
Commercial Building Permits Issued	458	413	382	263	348	438	668	650	680	638
Value Commercial Construction	91,033,057	103,975,011	146,729,009	23,444,266	56,595,164	100,538,768	130,698,992	229,864,567	286,181,937	199,162,002
Single Family Residence Issued	385	141	107	115	98	100	209	267	246	249
Value Residential	73,424,688	24,963,894	18,930,470	21,702,285	17,257,053	21,095,566	45,102,560	70,936,549	59,738,022	59,078,945
Square miles Added to City	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
6/30/2016

		2007	2008	2009	2010	2011	2012	2013 ⁶	2014 ⁶	2015 ⁶	2016
Fiscal Year Ending 6/30/XX											
Public Safety											
Fire Protection:	(2)										
Number of Stations		5	5	5	5	5	5	5	5	5	5
Police Protection:	(3)										
Number of Stations		1	1	1	1	1	1	1	1	1	1
Sewers:	(1)										
Miles of Sanitary Sewers		253	257	258	258	258	259	260	261	262	263
Miles of Storm Sewers		156	162	164	166	167	167	170	173	173	176
Public Works											
Area -- Square Miles	(1)	25.30	25.62	25.72	25.72	25.72	25.72	25.73	25.73	25.73	25.73
Miles of Streets	(1)	247.02	252.61	255.35	257.93	258.91	259.03	262.80	265.34	266.42	268.51
Number of Street Lights	(1)	6,107	6,340	6,394	6,481	6,537	6,366	6,176	6,452	6,535	6,687
Culture and recreation:	(4)										
Number of Parks	(5, 6)	39	48	48	45	46	46	37	36	36	36
Total Park Acreage		2,364	2,393	2,393	2,393	2,399	2,392	2,392	2,396	2,396	2,396
Number of Libraries		-	1	1	1	1	1	1	1	1	1

Sources:

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

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

OTHER SCHEDULES

CONTINUING DISCLOSURE

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

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

Contents

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 6/30/16

Outstanding Obligations

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

	Issue Date	Maturity Date	Amount Issued	Amount Outstanding as of 6/30/16
General Obligation Bonds				
General Obligation Bonds, Series 2006	6/27/2006	6/1/2026	4,600,000	1,870,000
Total G.O. bonds			4,600,000	1,870,000
Full Faith & Credit Obligations or Limited Tax Bonds Paid from Tax Sources (NOT subject to annual appropriation)				
General Obligation Bonds, Series 2011C	12/15/2011	1/10/2025	20,950,000	15,575,000
Pension Obligations, Series (2004) (Taxable) ⁽¹⁾	5/27/2004	6/1/2028	29,205,000	26,535,000
Total FF&C Obligations & Limited Tax Bonds			50,155,000	42,110,000
Total Net Direct Debt (Including Pension Obligations) ⁽²⁾			54,755,000	43,980,000
Total Net Direct Debt (Excluding Pension Obligations) ⁽²⁾			25,550,000	17,445,000
Revenue Obligations (Self-Supporting, not included in Net direct Debt)				
Parks Police Fire 2013	12/18/2013	7/1/2043	38,155,000	37,770,000
Limited Tax Revenue Bonds, Series 2011B (Parks)	8/4/2011	6/1/2022	3,673,000	2,321,000
Limited Tax Revenue Bonds, Series 2007 (Parks)	3/20/2007	6/1/2027	18,965,000	12,410,000
				-
Total Self-Supporting Revenue Obligations			60,793,000	52,501,000
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⁾			115,548,000	96,481,000
Total Gross direct Debt (excluding Pension Obligations) ⁽³⁾			86,343,000	69,946,000

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, 2016 the total outstanding debt of the Medford Urban Renewal Agency (MURA) was \$0. However, the City issued the 2011C bonds on behalf of MURA and MURA will repay these bonds (the balance was \$15,575,000 as of 6/30/16.

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
2016 Population	77,655			77,655		
2016 Real Market Value	8,290,018,484	\$ 106,754		8,290,018,484	\$ 106,754	
Gross Direct Debt ⁽²⁾	96,481,000	\$ 1,242	1.16%	69,946,000	\$ 901	0.84%
Net Direct Debt ⁽³⁾	52,501,000	\$ 676	0.63%	17,445,000	\$ 225	0.21%
Net Overlapping Debt	156,269,879	\$ 2,012	1.89%	156,269,879	\$ 2,012	1.89%
Net Direct & Net Overlapping Debt	208,770,879	\$ 2,688	2.52%	173,714,879	\$ 2,237	2.10%

(1) Outstanding Debt information is as of **06/30/16**

(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

2015 Real Market Value	8,290,018,484
Debt limitation (3% of RMV)	248,700,555
Total Applicable bonded debt	35,316,451
Debt Margin	213,384,104
Percent of limit issued	16.55%

Under ORS 223.295, cities may issue additional assessment related bonds and notes subject to a separate 3% statutory limitation.

The 2011C series bonds were issued to enable the City to loan the funds to the Medford Urban Renewal Agency. As of 6/30/16, the balance was \$15,575,000.

FUTURE DEBT PLANS

The City of Medford executed a loan with the State of Oregon (ODOT) for \$10,000,000 to widen Foothill Road from Hillcrest to McAndrews. The city will have a matching obligation of \$3,000,000. As of 6/30/16, the project has not begun and the City did not draw down any of the loan.

CITY OF MEDFORD - UNAUDITED

Table 3
6/30/2016

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	23,976,729,106	34.5800%	15,239,672	5,269,162
Jackson County Housing Authority	23,976,729,106	34.5800%	4,870,686	117,718
JC School District #4 (Phoenix-Talent)	2,488,412,225	33.1600%	19,567,000	6,488,613
JC School District #549C (Medford)	9,905,079,554	74.9600%	184,605,000	138,383,415
JC School District #6 (Central Point)	3,004,990,870	1.3200%	11,744,618	155,569
Rogue Community College	33,003,457,486	25.1200%	17,080,000	-
Rogue Community College (Jackson Cty Bond)	23,976,729,106	34.5800%	16,605,000	5,741,229
Rogue Valley Transit District	17,978,028,843	46.1100%	247,600	114,173
Totals			269,959,576	156,269,879

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
6/30/2016

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
2007	9,530,490,159	20.40%	4,961,125,232	6.58%	52.06%
2008	10,668,403,922	11.94%	5,297,196,325	6.77%	49.65%
2009	10,652,766,542	-0.15%	5,601,233,324	5.74%	52.58%
2010	9,738,243,291	-8.58%	5,774,972,038	3.10%	59.30%
2011	8,579,118,921	-11.90%	5,917,789,432	2.47%	68.98%
2012	7,690,447,934	-10.36%	5,934,059,095	0.27%	77.16%
2013	7,192,243,450	-6.48%	5,696,014,995	-4.01%	79.20%
2014	7,039,970,253	-2.12%	6,074,164,857	6.64%	86.28%
2015	7,805,391,223	10.87%	6,455,476,797	6.28%	82.71%
2016	8,290,018,484	6.21%	6,487,781,276	0.50%	78.26%

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 6/30/2016
2007	4,792,108,010	6.66%	25,583,055	380,026	25,963,080	5.2953	0.97	0.9871
2008	5,112,340,465	6.68%	27,152,233	423,929	27,576,161	5.2953	0.96	0.9611
2009	5,601,233,324	9.56%	29,171,449	425,035	29,596,484	5.2953	0.96	0.9571
2010	5,774,972,038	3.10%	34,444,886	429,227	34,874,113	5.2953	0.96	0.9641
2011	5,917,789,432	2.47%	34,837,127	510,058	35,347,185	5.2953	0.96	0.9642
2012	5,934,059,095	0.27%	30,446,889	474,876	30,921,766	5.2953	0.96	0.9605
2013	5,696,014,995	-4.01%	31,304,017	477,467	31,781,484	5.2953	0.96	0.9637
2014	6,074,164,857	6.64%	32,993,860	474,656	33,468,516	5.2953	0.97	0.9685
2015	6,455,476,797	6.28%	33,468,516	474,656	33,943,173	5.2953	0.97	0.9698
2016	6,487,781,276	0.50%	40,645,586	475,085	41,120,671	5.2953	0.97	0.8213

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 6/30/16 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
2007	23,790,437	60.01	0.00025%
2008	25,375,596	61.06	0.00024%
2009	27,071,783	67.81	0.00025%
2010	28,635,704	41.06	0.00014%
2011	29,594,947	52.71	0.00018%
2012	30,336,848	108.06	0.00036%
2013	30,436,685	91.11	0.00030%
2014	30,162,386	79.48	0.00026%
2015	32,980,912	119.97	0.00036%
2016	34,355,304	116.44	0.00034%

CITY OF MEDFORD - UNAUDITED

Table 6

Period Ending 6/30/16

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	4.2361	1.6836	5.9197
Education Service district	0.3398		0.3398
Rogue CC	0.4944	0.1069	0.6013
Total Education	\$ 5.0703	\$ 1.7905	\$ 6.8608
Local Government			
Jackson County	1.9376	0.1654	2.1030
Library District	0.5013	-	0.5013
City of Medford	5.1048	0.0705	5.1753
Medford URA	0.5056	0.4396	0.9452
Vector	0.0414		0.0414
4H Ag/Ext	0.0375		0.0375
JC Soil Water	0.0483		0.0483
Rogue Valley TD	0.1709		0.1709
Total Local Government	\$ 8.3474	\$ 0.6755	\$ 9.0229
	\$ 13.4177	\$ 2.4660	\$ 15.8837

1. The 2015-16 Taxable Assessed Value to compute the tax rate code of 49-01 is \$5,715,296,812 which is 88.09 percent of the Total Taxable Assessed Value of the City.

Source: Jackson County, Department of Assessment

COMPLIANCE SECTION





INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

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

An Independently Owned Member
McGLADREY ALLIANCE



We have audited the basic financial statements of City of Medford, Oregon (City) as of and for the year ended June 30, 2016, and have issued our report thereon dated December 29, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State, and *Government Auditing Standards*.

Compliance

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

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

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

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

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

OAR 162-10-0230 Internal Control

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

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

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

ISLER CPA

By Paul R Nielson, CPA, a member of the firm
December 29, 2016



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



An Independently Owned Member
McGLADREY ALLIANCE



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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of City of Medford ("City") as of and for the year ended June 30, 2016, 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 29, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

ISLER CPA

A handwritten signature in black ink that reads "Paul R. Nielson". The signature is written in a cursive style with a long, sweeping tail on the letter "n".

Paul R Nielson, CPA, a member of the firm
Eugene, Oregon
December 29, 2016



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

An Independently Owned Member
McGLADREY ALLIANCE



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 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, 2016. 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 Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2016.

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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

ISLER CPA



By Paul R Nielson, CPA, a member of the firm
December 29, 2016

CITY OF MEDFORD
Schedule of Findings and Questioned Costs
Year Ended June 30, 2016

Section I – Summary of Auditor’s Results

Financial Statements:

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

Federal Awards:

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) that are not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs?	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 516(a) of the Uniform Guidance?	No

Identification of Major Federal Award Programs:

Name of Federal Program or Cluster	CFDA Number
Highway Planning and Construction	20.205

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures	Amounts Provided to Sub Recipients
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
CDBG Entitlement Grants:			
Direct programs:			
Community Development Block Grant: B11-MC-410005	14.218	\$ 426,596	\$ 426,596
U.S. DEPARTMENT OF JUSTICE			
Public Safety Partnership and Community Policing Grants	16.710	50,606	-
Passed through OR Criminal Justice Commission:			
Bulletproof Vest Partnership Program	16.607	3,372	-
TOTAL U.S. DEPARTMENT OF JUSTICE		53,978	-
DEPARTMENT OF INTERIOR			
Direct program:			
Historic Preservation Fund Grants in Aid	15.904	12,000	-
DEPARTMENT OF TRANSPORTATION			
Passed through Oregon Department of Transportation:			
Highway Planning and Construction	20.205	726,393	-
Occupant Protection Incentive Grants	20.616	5,805	-
Passed through from Oregon Parks & Recreation Department			
Recreations Trails Program Federal Aid Project Agreement	20.616	19,685	-
TOTAL DEPARTMENT OF TRANSPORTATION		751,883	-
GENERAL SERVICES ADMINISTRATION			
Direct Program			
Donation of Federal Surplus Personal Property	39.003	410	-
EXECUTIVE OFFICE OF THE PRESIDENT			
Passed through OR Criminal Justice Commission:			
High Intensity Drug Trafficking Areas Program	95.001	131,389	-
DEPARTMENT OF HOMELAND SECURITY			
Direct Program:			
State Homeland Security Program	97.067	9,377	-
TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ 1,385,633	\$ -

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Medford under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flow of the City.

2. Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. Expenditures reported on this schedule are recognized following the cost principles in Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, where certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

The City has not elected to use the 10% *de minimis* cost rate.

