

**COMPETITIVE SALE** – The 2024 Bonds will be sold pursuant to a competitive sale held at 9:00 a.m. (Pacific Time) on September 25, 2024, as further described in the Notice of Sale attached hereto.

**PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 16, 2024**

**\$19,650,000<sup>(1)</sup>**  
**City of Medford**  
**Jackson County, Oregon**  
**Sewer Revenue Bonds, Series 2024**

**DATED:** October 9, 2024 (estimated “Date of Delivery”)

**DUE:** June 1, as shown on the inside cover

**PURPOSE** – The \$19,650,000<sup>(1)</sup> Sewer Revenue Bonds, Series 2024 (the “2024 Bonds”) are being issued by the City of Medford (the “City”), located in Jackson County, Oregon. The 2024 Bonds are being issued to finance capital improvements to the City’s Sewer System, and to pay the costs of issuance of the 2024 Bonds. See “Purpose and Use of Proceeds” herein.

**S&P GLOBAL RATING** – “A+”. See “Rating” herein.

**NOT BANK QUALIFIED** – The City has NOT designated the 2024 Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the “Code”).

**BOOK-ENTRY ONLY SYSTEM** – The 2024 Bonds will be issued, executed and delivered in fully registered form under a book-entry only system and registered in the name of Cede & Co., as owner and nominee for The Depository Trust Company (“DTC”). DTC will act as initial securities depository for the 2024 Bonds. Individual purchases of the 2024 Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in the 2024 Bonds purchased.

**PRINCIPAL AND INTEREST PAYMENTS** – Interest on the 2024 Bonds will be paid on June 1, 2025 and semiannually thereafter on December 1 and June 1 of each year to the maturity or earlier redemption of the 2024 Bonds. Principal of and interest on the 2024 Bonds will be payable by the City’s Paying Agent, initially U.S. Bank Trust Company, National Association, to DTC which, in turn, will remit such principal and interest to the DTC participants for subsequent disbursement to the beneficial owners of the 2024 Bonds at the address appearing upon the registration books on the 15<sup>th</sup> day (the “Record Date”) of the month preceding a payment date.

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**MATURITY SCHEDULE** – See inside front cover.

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**REDEMPTION** – The 2024 Bonds are subject to optional redemption prior to their stated maturities as further described herein.

**SECURITY** – The 2024 Bonds are payable solely from the Net Revenues of the System and related amounts pledged to payment of Bonds in the Master Sewer Revenue Bond Declaration dated the Date of Delivery (the “Master Declaration”). Additional bonds may be issued on a parity lien with the 2024 Bonds, subject to certain conditions described herein and in the Master Declaration. The 2024 Bonds are not general obligations of the City, or a charge upon the tax revenues of the City, Jackson County, the State of Oregon, or any other municipal corporation or political subdivision thereof. The 2024 Bonds are not secured by a reserve account.

**TAX MATTERS** – *In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2024 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of Oregon personal income taxes. In the further opinion of Bond Counsel, interest on the 2024 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the 2024 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2024 Bonds. See “Tax Matters.”*

**DELIVERY** – The 2024 Bonds are offered for sale to the original purchaser subject to the final approving legal opinion of Bond Counsel. It is expected that the 2024 Bonds will be available for delivery to the Paying Agent for Fast Automated Securities Transfer on behalf of DTC, on or about the Date of Delivery.

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(1) Preliminary, subject to change.

*This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.*

This is a Preliminary Official Statement, subject to correction and change. The City has authorized the distribution of the Preliminary Official Statement to prospective purchasers and others. Upon the sale of the 2024 Bonds, the City will complete and deliver a final Official Statement substantially in this form.

# City of Medford

## Jackson County, Oregon

### Sewer Revenue Bonds, Series 2024

DATED: Date of Delivery

DUE: June 1, as shown below

**MATURITY SCHEDULE –**

Due June 1	Amount <sup>(1)</sup>	Interest Rate	Yield	CUSIP®	Due June 1	Amount <sup>(1)</sup>	Interest Rate	Yield	CUSIP®
2026	\$ 310,000				2041	\$ 645,000			
2027	325,000				2042	670,000			
2028	345,000				2043	700,000			
2029	360,000				2044	725,000			
2030	380,000				2045	755,000			
2031	395,000				2046	785,000			
2032	415,000				2047	815,000			
2033	440,000				2048	850,000			
2034	460,000				2049	885,000			
2035	480,000				2050	920,000			
2036	505,000				2051	955,000			
2037	530,000				2052	995,000			
2038	560,000				2053	1,040,000			
2039	585,000				2054	1,080,000			
2040	615,000				2055	1,125,000			

(1) Preliminary, subject to change.

The CUSIP® numbers herein are provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP is a registered trademark of the American Bankers Association. CUSIP numbers are provided for convenience of reference only. CUSIP numbers are subject to change. Neither the City nor the Purchaser take any responsibility for the accuracy of such CUSIP numbers.

No website mentioned in this Official Statement is part of this Official Statement, and readers should not rely upon any information presented on any such website in determining whether to purchase the 2024 Bonds. Any references to any website mentioned in this Official Statement are not hyperlinks and do not incorporate such websites by reference.

No dealer, broker, salesman or other person has been authorized by the City or Piper Sandler & Co. (the “Municipal Advisor”) to give information or to make any representations with respect to the 2024 Bonds, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2024 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The 2024 Bonds have not been registered under the Securities Act of 1933, as amended, and the Resolution has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. The registration or qualification of the 2024 Bonds in accordance with applicable provisions of securities laws of the States in which the 2024 Bonds have been registered or qualified and the exemption from the registration or qualification in other states cannot be regarded as a recommendation thereof. Neither these States nor any of their agencies have passed upon the merits of the 2024 Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

This Preliminary Official Statement has been “deemed final” by the City, pursuant to Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, except for information which is permitted to be excluded from this Official Statement under said Rule 15c2-12.

**City of Medford**  
411 W 8th Street  
Medford, Oregon 97501  
(541) 774-2030

**Mayor and City Council**

Randy Sparacino	Mayor
Jessica Ayres	Councilor
Nick Card	Councilor
Tim D'Alessandro	Councilor
Chad Miller	Councilor
Zac Smith	Councilor
Sarah Spansail	Councilor
Eric Stark	Councilor
Kevin Stine	Councilor

**Key Administrative Staff**

Brian Sjothun	Outgoing City Manager <sup>(1)</sup>
Robert Field	Incoming City Manager <sup>(1)</sup>
Ryan Martin	Deputy City Manager/Chief Financial Officer
John Vial	Public Works Director
Lorraine Peterson	Business Manager - Public Works

**Bond Counsel**

Orrick, Herrington & Sutcliffe LLP  
Portland, Oregon  
(503) 943-4800

**Paying Agent**

U.S. Bank Trust Company, National Association  
Portland, Oregon  
(503) 464-3758

**Municipal Advisor**

Piper Sandler & Co.  
Portland, Oregon  
(503) 275-8300

(1) Mr. Sjothun has announced his retirement effective December 31, 2024. The City Council ratified a contract with Robert Field on August 1, 2024, to become the next City Manager. Mr. Field will begin employment with the City on September 16, 2024.

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# Table of Contents

	<u>Page</u>
Official Notice of Sale.....	a
Form of Issue Price Certificate for the 2024 Bonds.....	h
Description of the Bonds.....	1
Authorization for Issuance.....	1
Principal Amount, Date, Interest Rates and Maturities.....	1
Paying Agent and Registration Features.....	1
Redemption Provisions.....	2
Defeasance.....	3
Purpose and Use of Proceeds.....	3
Purpose.....	3
Additional Funding.....	3
Sources and Uses of Funds.....	4
Security for the 2024 Bonds.....	4
General.....	4
Pledge of Revenues.....	4
Bond Funds and Accounts.....	5
Deposit and Use of Gross Revenues.....	7
Rate Covenant.....	7
Additional Bonds.....	8
Events of Defaults and Remedies.....	9
Indebtedness.....	9
Debt Limitation.....	9
Outstanding Long-Term Debt.....	10
Projected Debt Service Requirements.....	11
Debt Payment Record.....	11
Future Financings.....	11
The City.....	12
General Description.....	12
Staff.....	12
Government.....	12
Key Administrative Officials.....	13
The Sewer System.....	14
General Description.....	14
Customers & Accounts.....	14
Sewer Rates.....	16
System Development Charges.....	18
Billing and Collection.....	19
Facility Plan and Capital Improvement Program.....	19
The Regulatory Environment.....	21
Financial Factors.....	22
Financial Reporting and Accounting Policies.....	22
Auditing.....	22
Sanitary Sewer Funds Balance Sheet.....	23
Sanitary Sewer Funds Statement of Revenues, Expenditures and Changes in Net Position.....	24
Sanitary Sewer Funds Statement of Revenues, Expenditures and Changes in Fund Balance.....	25
Projected Operating Results.....	25
Projected Net Revenues and Debt Service Coverage.....	26
Budgetary Process.....	26
Sanitary Sewer Funds Budget.....	27
Investments.....	27
Pension System.....	28
Other Postemployment Benefits.....	33
Paid Leave.....	34
Risk Management.....	34
Certain Investment Considerations.....	34
General.....	35
Cybersecurity.....	35
Environmental Considerations.....	35
No Acceleration; Limitation of Remedies.....	36
Change in Law.....	36
The Initiative and Referendum Process.....	36
Initiative Process.....	37
Referendum.....	37
City Charter.....	38

## Table of Contents, Continued

	<u>Page</u>
Legal Matters and Litigation .....	38
Legal Matters.....	38
Litigation.....	38
Tax Matters .....	39
Qualified Tax-Exempt Obligations.....	41
Continuing Disclosure.....	41
Municipal Advisor.....	41
Preliminary Official Statement.....	41
Rating .....	42
Purchaser of the 2024 Bonds.....	42
Certificate with Respect to Official Statement.....	42
<b>Appendices:</b>	
Form of Bond Counsel Opinion.....	Appendix A
Financial Statements.....	Appendix B
Book-Entry Only System.....	Appendix C
Form of Continuing Disclosure Certificate.....	Appendix D
Form of Master Sewer Revenue Bond Declaration and First Series Declaration.....	Appendix E
Demographic Information .....	Appendix F

# Official Notice of Sale

\$19,650,000<sup>(1)</sup>

## City of Medford, Jackson County, Oregon Sewer Revenue Bonds, Series 2024

NOTICE IS HEREBY GIVEN that bids will be received on behalf of the City of Medford (the "City"), located in Jackson County, Oregon for the purchase of the above-captioned Sewer Revenue Bonds, Series 2024 (the "2024 Bonds") on:

**Bid Date:** Wednesday, September 25, 2024  
**Bid Time:** 9:00 a.m., Prevailing Pacific Time  
**Electronic Bids:** PARITY Bidding System ("Parity")

### Security

The 2024 Bonds shall be special limited obligations of the City that are payable solely from Net Revenues and the related amounts pledged to payment of the City's sewer bonds in the Master Sewer Revenue Bond Declaration dated as of October 1, 2024 (the "Master Declaration"). The 2024 Bonds and any additional Parity Bonds issued under the Master Declaration, do not constitute a general obligation of the City, and neither the full faith and credit nor the taxing power of the City, the State of Oregon, nor any political subdivision of the State of Oregon, is pledged for the payment of principal of or interest on the 2024 Bonds. The 2024 Bonds are not secured by a reserve account.

The City has pledged Net Revenues of the System, as defined in the Master Declaration, to the payment of principal and interest on the Parity Bonds, including the 2024 Bonds. Pursuant to ORS 287A.310, the pledge made by the City is valid and binding from the issuance of the first series of Bonds. The Net Revenues so pledged and received by the City are immediately subject to the lien of such pledge without any physical delivery or further act. The lien of the pledge on the Net Revenues is superior to all other claims and liens except liens and claims for payment of Operating Expenses.

### Rating

The City has received a rating on the 2024 Bonds of "A+" from S&P Global Ratings, and will pay the cost thereof. See "Rating" in the Preliminary Official Statement.

### Interest Payments and Maturity

Interest on the 2024 Bonds is payable semiannually on June 1 and December 1 of each year until maturity, commencing June 1, 2025. The 2024 Bonds will be dated with their date of delivery, will be issued in the aggregate principal amount of \$19,650,000<sup>(1)</sup>, and will mature on June 1 of the following dates in the following amounts, subject to adjustment as provided below:

Due June 1	Amount <sup>(1)</sup>	Due June 1	Amount <sup>(1)</sup>	Due June 1	Amount <sup>(1)</sup>	Due June 1	Amount <sup>(1)</sup>
2026	\$ 310,000	2034	\$ 460,000	2042	\$ 670,000	2050	\$ 920,000
2027	325,000	2035	480,000	2043	700,000	2051	955,000
2028	345,000	2036	505,000	2044	725,000	2052	995,000
2029	360,000	2037	530,000	2045	755,000	2053	1,040,000
2030	380,000	2038	560,000	2046	785,000	2054	1,080,000
2031	395,000	2039	585,000	2047	815,000	2055	1,125,000
2032	415,000	2040	615,000	2048	850,000		
2033	440,000	2041	645,000	2049	885,000		

(1) Preliminary, subject to change.

## **Adjustment of Par Amount and Maturities**

The 2024 Bonds will be awarded based on the maturity schedule above. However, the City reserves the right to increase or decrease the total principal amount of the 2024 Bonds by an amount not to exceed ten percent (10%) of the total following the opening of the bids. Within the limitations of the last sentence, the City also reserves the right to increase or decrease the par amount of any maturity by the greater of fifteen percent (15%) of the par amount of that maturity in order to properly size the issue and adjust debt service. Notice of any adjustment will be given to the winning bidder after bid opening. The underwriter's spread will be preserved at the same percentage as bid.

## **Optional Redemption**

The 2024 Bonds maturing in years 2026 through 2034, inclusive, are not subject to optional redemption prior to maturity. The 2024 Bonds maturing on June 1, 2035 and on any date thereafter are subject to redemption at the option of the City prior to their stated maturity dates at any time on or after June 1, 2034, as a whole or in part, and if in part, with maturities to be selected by the City at a price of par, plus accrued interest, if any, to the date of redemption. See "Description of the 2024 Bonds - Redemption Provisions" in the Preliminary Official Statement for a summary of such terms.

## **Term Bonds**

Bidders may designate two or more consecutive maturities of the 2024 Bonds, with identical interest rates, as Term Bonds. Each Term Bonds will mature on the final maturity date of its consecutive maturities, in an aggregate principal amount equal to the sum of the principal amounts of its consecutive maturities. Term Bonds will be subject to mandatory redemption at par and in accordance with operational procedures then in effect for The Depository Trust Company ("DTC"), New York, New York, in the amounts and on the dates which would have been consecutive maturities. See "Description of the 2024 Bonds - Redemption Provisions" in the Preliminary Official Statement for a summary of such terms. If no Term Bonds are designated in the winning bid, the 2024 Bonds will mature serially as provided in this Official Notice of Sale.

## **Book-Entry Only**

The 2024 Bonds will be issued in registered, book-entry only form through DTC. 2024 Bonds will be available in denominations of \$5,000, or integral multiples. Unless the book-entry-only system is discontinued, 2024 Bond principal and interest payments will be made by the City to DTC through the City's Paying Agent. DTC will be responsible for making payments to beneficial owners of 2024 Bonds.

## **Authorization and Purpose**

The City is authorized to issue revenue bonds pursuant to the terms and provisions of Oregon Revised Statutes ("ORS") ORS Section 287A (the "Act"), and pursuant to Resolution No. 2023-103 adopted by the City Council (the "Council") on August 3, 2023 (the "Bond Resolution"). The 2024 Bonds are also issued pursuant to the Master Declaration and a First Series Declaration, dated the Date of Delivery.

## **Bidding Constraints**

All bids will be subject to the terms and conditions of this Official Notice of Sale. All bids for the 2024 Bonds must comply with the following conditions: (1) the interest rate must be a multiple of 1/8 or 1/20<sup>th</sup> of one percent; (2) the 2024 Bonds must bear interest from their date to their stated maturity date at the interest rate specified in the bid; (3) all 2024 Bonds maturing on the same date must bear the same rate of interest; (4) bids must be for an amount of not less than one hundred percent (100.00%) and not more than one hundred and fifteen percent (115.00%) of the principal amount of the 2024 Bonds; (5) no bid will be considered that does not offer to purchase all of the 2024 Bonds; and (6) each individual maturity of the Obligations must be reoffered at a yield that will produce a price of not less than ninety-four percent (94.00%) of the principal amount for that maturity.

## **Bids**

Bids must be submitted via **PARITY**. Bids must be received by the **PARITY** system not later than the date and time indicated in the first paragraph of this Official Notice of Sale. To the extent any instructions or directions



set forth in *PARITY* conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. Bidders electing to submit bids through *PARITY* must obtain access to the *PARITY* system and bear all risks associated with using that system, including errors and delays in receipt of bids.

For further information about submitting a bid using *PARITY*, potential bidders may contact *PARITY* at Telephone: (212) 849-5021.

### **Selection of Best Bid and Award of Sale**

Unless all bids are rejected, the 2024 Bonds will be sold to the responsible bidder submitting the bid which results in the lowest true interest cost based on the submitted bid to the City. True interest cost will be determined by doubling the semiannual interest rate necessary to discount the debt service on the 2024 Bonds to October 9, 2024 (the estimated closing date of the 2024 Bonds), and the price bid for the 2024 Bonds. Each bidder is requested to supply the total interest cost and the true interest cost that the City will pay on the 2024 Bonds if the bid is accepted.

### **Good Faith Deposit**

The winning bidder will be required to provide a good faith deposit in the amount of \$200,000 in immediately available funds wired to the City not later than 2:00 p.m. (Prevailing Pacific Time) on September 25, 2024. The City or the City's Municipal Advisor will provide the wire information immediately upon the award of bids. If the good faith deposit is not provided in the manner and by the time indicated in this Notice, the City may award the sale to the next most favorable bidder or may cancel the sale.

The good faith deposit will be held by the City to secure the City from any loss resulting from the failure of the bidder to comply with the terms of its bid, and will be forfeited to the City as liquidated damages if the bidder to whom the 2024 Bonds are awarded withdraws its bid or fails to complete its purchase of the 2024 Bonds in accordance with this Official Notice of Sale and its bid.

Interest earnings on the good faith deposit will be the property of the City, and will not be credited against the purchase price of the 2024 Bonds. The successful bidder shall pay the balance of the purchase price of the 2024 Bonds at closing, in funds immediately available to the City on the date and at the time of closing.

### **Right of Rejection**

The City reserves the right to reject any or all bids for any reason, and to waive any irregularities.

### **Right to Cancel, Change Timing and Terms of Sale**

The City reserves the right to change the date, timing or terms under which the 2024 Bonds are offered for sale, or to cancel the sale based on market conditions, as communicated through TM3, the Bond Buyer Wire, or the Bloomberg News Network.

### **Establishment of Issue Price**

By submitting a bid, the winning bidder agrees to assist the City in establishing the issue price of the 2024 Bonds and to execute and deliver to the City at closing an "issue price" or similar certificate (the "Issue Price Certificate") setting forth the reasonably expected initial offering price to the public or the sales price or prices of the 2024 Bonds, together with the supporting pricing wires or equivalent communications. **By submitting a bid, the apparent successful bidder agrees to observe the "hold-the-offering-price" rule (defined below) if the Competitive Sale Safe Harbor (defined below) does not apply on the sale date. Bids will not be accepted if they are subject to cancellation in the event that the Competitive Sale Safe Harbor does not apply.**

The City has attached to this Official Notice of Sale the form of Issue Price Certificate, reflecting either the form that would be used if the safe harbor described in Treasury Regulations Section 1.148-1(f)(3)(i) (the "Competitive Sale Safe Harbor") is applicable on the sale date or the form that would be used if the Competitive Sale Safe Harbor is inapplicable, in which case the City will require that the winning bidder observe the "hold-the-offering-price" rule. The winning bidder agrees to execute the appropriate Issue Price Certificate, substantially in the form attached hereto with only such modifications as may be acceptable to the City, and Bond Counsel.

All communications with the City pursuant to this Official Notice of Sale relating to establishing the issue price of the 2024 Bonds may be directed to the City's Financial Advisor (identified under "Contact Information"). Any notice, report, pricing wire or equivalent communication that is to be provided to the City to establish the issue price is to be provided to the City's Financial Advisor (identified under "Additional Information").

*Competitive Sale Safe Harbor.* The City intends for the provisions of Treasury Regulations Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the 2024 Bonds) to apply to the initial sale of the 2024 Bonds (the "competitive sale requirements"), which require that: (i) the City disseminates this Official Notice of Sale to potential underwriters in a manner reasonably designed to reach potential underwriters; (ii) all bidders have an equal opportunity to bid; (iii) the City receives bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and (iv) the City awards the sale of the 2024 Bonds to the bidder who submits a firm offer to purchase the 2024 Bonds at the highest price (or lowest overall true interest cost), as set forth in this Official Notice of Sale. **By submitting a bid for the 2024 Bonds, each bidder certifies that it has an established industry reputation for underwriting new issuances of municipal bonds.**

Each bid submitted pursuant to this Official Notice of Bond Sale will be considered a firm offer for the purchase of the 2024 Bonds, as specified in the bid. The Competitive Sale Safe Harbor will be considered inapplicable if the City and its Bond Counsel determine that the requirements of Treasury Regulations Section 1.148-1(f)(3)(i), including the requirement to receive at least three bids from underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds, have not been met.

*Hold-the-Offering-Price Rule Applies if Competitive Sale Safe Harbor Not Met.* If the competitive sale requirements are not satisfied, the City will so advise the winning bidder. In such case, the successful bidder shall notify the City, as soon as practicable following the verbal award, the maturities of the 2024 Bonds for which at least 10% were sold to the public at a single price, and which maturities of the 2024 Bonds it did not sell 10% of at a single price (the "Undersold Maturities") as of the date and time of the award of the 2024 Bonds. In such case, the Undersold Maturities shall be subject to the "hold-the-offering price rule" requirements described below, and the City shall treat the initial offering price to the public as of the sale date of any Undersold Maturity as the issue price of that Undersold Maturity (the "hold-the-offering-price rule"), applied on a maturity by maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP within that maturity).

Bids will **not** be accepted if they are subject to cancellation upon a determination by the City to apply the hold-the-offering-price rule to any maturity of the 2024 Bonds. **Bidders should prepare their bids on the assumption that some or all of the maturities of the 2024 Bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the 2024 Bonds.**

By submitting a bid, each bidder agrees that, in the event that it is the winning bidder and the City determines to apply the hold-the-offering-price rule, it will: (i) confirm that the underwriters have offered or will offer the 2024 Bonds to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder; (ii) agree, on behalf of the underwriters participating in the purchase of the 2024 Bonds, that the underwriters will neither offer nor sell unsold 2024 Bonds of any Undersold Maturities to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of (a) the close of the fifth business day after the sale date (the "End of the Holding Period"), or (b) the date on which the underwriters have sold at least 10% of such Undersold Maturity to the public at a price that is no higher than the initial offering price to the public; and (iii) promptly advise the City when the underwriters have sold 10% of each Undersold Maturities of the 2024 Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the End of the Holding Period.

*Reliance on Agreements with Participating Underwriters, Dealers, and Broker-Dealers.* In making the representations set forth above, the winning bidder agrees to obtain and, if obtained, may rely, in part, on: (i) the agreement of each underwriter to comply with the requirements for establishing issue price of the 2024 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires; (ii) if a selling group has been created in connection with the initial sale of the 2024 Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the 2024 Bonds, including, but not limited to, its agreement

to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires; and (iii) if an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the 2024 Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the 2024 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires; provided, however, that the representation set forth above relating to the hold-the-offering price rule may not solely be based on such agreements but must be based upon actual knowledge of the successful bidder and/or representations of members of a selling group or parties acting pursuant to a retail distribution agreement as to actual compliance with the hold-the-offering price rule requirements.

If appropriate agreements have been obtained, the City acknowledges that each underwriter will be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the 2024 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule and that no underwriter will be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the 2024 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule as applicable to the 2024 Bonds.

In addition, by submitting a bid, each bidder confirms that any agreement among underwriters, any selling group agreement, and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the 2024 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (i) report the prices at which it sells to the public the unsold 2024 Bonds of each Undersold Maturity allotted to it until either it is notified by the winning bidder that the 10% test has been satisfied as to the 2024 Bonds of that Undersold Maturity or the End of the Holding Period, whichever occurs first, (ii) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, (iii) promptly notify the winning bidder of any sales of Undersold Maturities of the 2024 Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the 2024 Bonds to the public, and (iv) to acknowledge that, unless otherwise advised by the underwriter, dealer, or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

Further, by submitting a bid, each bidder confirms that (i) any agreement among underwriters relating to the initial sale of the 2024 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the 2024 Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to: (a) report the prices at which it sells to the public the unsold 2024 Bonds of each Undersold Maturity allotted to it until either it is notified by the winning bidder or such underwriter that the 10% test has been satisfied as to the 2024 Bonds of that Undersold Maturity or the End of the Holding Period, whichever occurs first; and (b) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires, and (ii) the successful bidder will certify as to compliance with the hold-the-offering-price rule in its certificate as to issue price, in substantially the applicable form attached to this Notice of Sale, which certification may include or rely upon separate certifications obtained by the successful bidder from any other underwriters as to compliance with the hold-the-offering-price rule, any such additional certifications to be in form and substance satisfactory to Bond Counsel.

*Other Terms.* Sales of any 2024 Bonds to any person that is a related party to an underwriter will not constitute sales to the public for purposes of the representations of the bidder pursuant to this Official Notice of Sale, including any representations to be made in an Issue Price Certificate. Further, for purposes of this Official Notice of Sale and the Issue Price Certificate:

- (i) "public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an underwriter or a related party to an underwriter;
- (ii) "underwriter" means (a) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 2024

- Bonds to the public, and (b) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (a) to participate in the initial sale of the 2024 Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the 2024 Bonds to the public);
- (iii) a purchaser of any of the 2024 Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (a) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (b) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (c) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and
- (iv) “sale date” means the date that the 2024 Bonds are awarded by the City to the winning bidder.

Questions regarding the form of expected Issue Price Certificate should be directed to the City’s Financial Advisor or its Bond Counsel.

### **Legal Opinion**

The approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, of Portland, Oregon, substantially in the form attached to the Preliminary Official Statement as Appendix A, will be delivered to the City at closing. A reliance letter will be provided at no cost to the purchaser.

### **Tax-Exempt Status**

In the opinion of Bond Counsel, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2024 Bonds is excluded from gross income for Federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and is exempt from State of Oregon personal income taxes, and (ii) interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the 2024 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2024 Bonds. The City has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the 2024 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the 2024 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2024 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants.

### **Not Bank Qualified**

The City has not designated the 2024 Bonds as “qualified tax-exempt obligation” under Section 265(b)(3) of the Code.

### **Delivery**

It is expected that delivery of the 2024 Bonds will be made to the Paying Agent under DTC’s Fast Automated Securities Transfer (FAST) program, without cost to the bidder. Delivery of the 2024 Bonds will be made on or about October 9, 2024.

### **CUSIP**

*The Municipal Advisor will apply for CUSIP numbers prior to the sale date. The charge of the CUSIP Service Bureau will be paid by the City.*

CUSIP identification numbers will appear on the 2024 Bonds, but neither the failure to insert such numbers on the 2024 Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser

thereof to accept delivery of and pay for the 2024 Bonds in accordance with the terms of this Official Notice of Sale.

### **Continuing Disclosure**

The City will undertake to provide continuing disclosure for the benefit of the 2024 Bond Owners in compliance with SEC Rule 15c2-12. The form of the undertaking is attached as Appendix D to the Preliminary Official Statement.

### **Compliance with SEC Rules**

The City agrees to provide the successful bidder with one copy of the Final Official Statement in Adobe Portable Document Format (PDF), not later than the seventh business day following the date on which bids are due, to enable the successful bidder to satisfy its responsibilities under the SEC rules, at the expense of the City. The City will also provide paper copies of the Final Official Statement at the request and expense of the bidder. Bidders should expect that the Final Official Statements will not be available prior to the seventh business day following the date on which bids are due, and should not issue confirmations which request payment prior to that date. This provision will constitute a contract with the successful bidder upon acceptance of its bid by the City, in compliance with Section 240.15c2-12(b)(3) in Chapter II of Title 17 of the Code of Federal Regulations.

### **Bidder's Option Insurance**

Bids for the 2024 Bonds may not be conditioned upon obtaining insurance or any other credit enhancement. The City does not intend to qualify the 2024 Bonds for municipal bond insurance. If the successful bidder wishes to obtain municipal bond insurance for any of the 2024 Bonds, the City will cooperate with the bidder and the insurer to allow the insurance to be issued, but only if doing so does not increase the City's risks or expense. All costs related to municipal bond insurance for the 2024 Bonds must be paid by the successful bidder, and no difficulty with, or failure to obtain, any municipal bond insurance will excuse the successful bidder from its obligation to purchase the 2024 Bonds pursuant to its bid.

### **Closing Certificates**

At the time of payment for the delivery of the 2024 Bonds, the City will furnish the successful bidder a certificate confirming that there is no material litigation pending that is not disclosed in the Official Statement, and that the portions of the Official Statement describing the City do not contain any material misstatements or omissions.

### **Municipal Advisor**

Requests for additional information about this sale should also be directed to Lauren MacMillan, Piper Sandler & Co. (the "Municipal Advisor") at (503) 275-8302.

### **Preliminary Official Statement and Additional Information**

The Preliminary Official Statement for the 2024 Bonds (with this Official Notice of Sale) is available in electronic form from i-Deal Prospectus. For information on electronic delivery, please call the i-Deal Prospectus at (212) 849-5024 or contact the Municipal Advisor.

**- End of Official Notice of Sale -**

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FORM OF ISSUE PRICE CERTIFICATE FOR THE 2024 BONDS

\$ \_\_\_\_\_  
City of Medford, Jackson County, Oregon  
Sewer Revenue Bonds, Series 2024

\_\_\_\_\_ (the "Underwriter"), of the \$[amount1] aggregate principal amount of City of Medford, Jackson County, Oregon, Sewer Revenue Bonds, Series 2024 (the "2024 Bonds"), certifies the following facts for purpose of determining the issue price of the 2024 Bonds:

**THE UNDERSIGNED HEREBY CERTIFIES AS FOLLOWS:**

**[AT LEAST 3 BIDS RECEIVED]**

1. Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering prices of the 2024 Bonds to the Public by the Purchaser are the prices listed on Schedule 1 (the "Initial Offering Prices"). The Initial Offering Prices are the prices for the Maturities of the 2024 Bonds used by the Purchaser in formulating its bid to purchase the 2024 Bonds. Attached as Schedule 2 is a true and correct copy of the bid provided by the Purchaser to purchase the 2024 Bonds.

(b) The Purchaser was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Purchaser constituted a firm offer to purchase the 2024 Bonds.

**[LESS THAN 3 BIDS RECEIVED, HOLD-THE-OFFERING-PRICE APPLIES]**

1. As of [SALE DATE] (the "Sale Date"), all of the 2024 Bonds were the subject of an offering to the Public at the initial offering prices or yields of the 2024 Bonds to the Public by the Purchaser are the prices or yields listed on Schedule 1 (the "Initial Offering Prices").

2. As of the date hereof, other than the 2024 Bonds listed on Schedule 1 hereto as undersold maturities (the "Undersold Maturities"), the first price or yield at which at least 10% of each Maturity of the 2024 Bonds was sold to the Public was the respective [Initial Offering Price **OR IF ACTUAL SALES AT OTHER THAN IOP** price set forth on Schedule 1 hereto]. Attached hereto as Schedule [2] is a copy of the final pricing wire for each Undersold Maturity or an equivalent communication. With respect to the Undersold Maturities, as set forth in the Official Notice of Sale and bid award, the Purchaser has agreed in writing that, for a period of time starting on the Sale Date and ending on the earlier of (a) the date on which 10% of the respective Maturity was sold at one or more prices no higher than or yields no lower than the Initial Offering Price or (b) the close of the fifth business day following the Sale Date (the "Holding Period"), (i) for each Maturity of the 2024 Bonds, it would neither offer nor sell any of the 2024 Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "Hold-the-Offering-Price Rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the Hold-the-Offering-Price Rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the 2024 Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the 2024 Bonds during the Holding Period.

2. Defined Terms.

(a) *Issuer* means the City of Medford, Oregon.

(b) *Maturity* means principal payment dates with the same credit and payment terms. 2024 Bonds with different payment dates, or 2024 Bonds with the same payment date but different stated interest rates, are treated as separate Maturities.

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.

(d) *Related Party* means any entity if an Underwriter and such entity are subject, directly or indirectly, to (i) more 50% common ownership of the voting power or the total value of their stock, if both entities

are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(e) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the 2024 Bonds. The Sale Date of the 2024 Bonds is \_\_\_\_\_, 2024.

(f) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 2024 Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the 2024 Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the 2024 Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the 2024 Bonds, and by Orrick, Herrington & Sutcliffe LLP, Bond Counsel, in connection with rendering its opinion that the interest evidenced by the 2024 Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the 2024 Bonds. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein.

Dated: [\_\_\_\_\_], 2024.

[NAME OF PURCHASER]

By: \_\_\_\_\_



**OFFICIAL STATEMENT**  
**City of Medford**  
**Jackson County, Oregon**

**\$19,650,000<sup>(1)</sup>**  
**Sewer Revenue Bonds, Series 2024**

The City of Medford (the “City”), located in Jackson County, Oregon, a political subdivision duly organized and existing under and by virtue of the laws of the State of Oregon (the “State”) furnishes this Official Statement in connection with the offering of \$19,650,000<sup>(1)</sup> aggregate principal amount of Sewer Revenue Bonds, Series 2024 (the “2024 Bonds”), dated the Date of Delivery. This Official Statement, which includes the cover page, inside cover page, Notice of Sale, bid form and appendices, and provides information concerning the City and the 2024 Bonds.

Certain statements contained in this Official Statement do not reflect historical facts but are forecasts and “forward-looking statements.” No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the forecasts described herein. In this respect, words such as “estimated,” “projected,” “anticipate,” “expect,” “intend,” “plan,” “believe” and similar expressions are intended to identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. All projections, assumptions and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement.

Capitalized terms used and not defined herein shall have the meanings assigned to such terms in “Appendix E – Form of Master Sewer Revenue Bond Declaration and First Series Declaration,” which is attached hereto and incorporated by reference herein.

**Description of the Bonds**

**Authorization for Issuance**

The City is authorized to issue revenue bonds pursuant to the terms and provisions of Oregon Revised Statutes (“ORS”) ORS Section 287A (the “Act”), and pursuant to Resolution No. 2023-103 adopted by the City Council (the “Council”) on August 3, 2023 (the “Bond Resolution”). The 2024 Bonds are also issued pursuant to the Master Sewer Revenue Bond Declaration dated the Date of Delivery (the “Master Declaration”).

**Principal Amount, Date, Interest Rates and Maturities**

The 2024 Bonds will be issued in the aggregate principal amount posted on the cover of this Official Statement and will be dated and bear interest from the Date of Delivery. The 2024 Bonds will mature on the dates and in the principal amounts set forth on the inside cover of this Official Statement. Interest on the 2024 Bonds is payable semiannually on June 1 and December 1 of each year, commencing June 1, 2025, until the maturity or earlier redemption of the 2024 Bonds and will be computed on the basis of a 360-day year comprised of twelve 30-day months.

**Paying Agent and Registration Features**

*Paying Agent.* The principal of and interest on the 2024 Bonds will be payable by U.S. Bank Trust Company, National Association (the “Paying Agent”) to The Depository Trust Company (“DTC”), which, in turn, is obligated to remit such principal and interest to its participants (“DTC Participants”) for subsequent disbursement to the persons in whose names such 2024 Bonds are registered (the “Beneficial Owners”) of the 2024 Bonds, as further described in Appendix C attached hereto.

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(1) Preliminary, subject to change.

*Book-Entry System.* The 2024 Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co. as owner and as nominee for DTC. DTC will act as securities depository for the 2024 Bonds. Individual purchases and sales of the 2024 Bonds may be made in book-entry form only in minimum denominations of \$5,000 within a single maturity and integral multiples thereof. Purchasers will not receive certificates representing their interest in the 2024 Bonds. See “Appendix C - Book Entry Only System” for additional information.

*Procedure in the Event of Revisions of Book-Entry Transfer System.* If the City discontinues maintaining the 2024 Bonds in book-entry only form, the City shall cause the Paying Agent to authenticate and deliver replacement 2024 Bonds in fully registered form in authorized denominations in the names of the beneficial owners or their nominees; thereafter the provisions set forth in the Bonds, regarding registration, transfer and exchange of 2024 Bonds shall apply.

## **Redemption Provisions**

*Optional Redemption.* The 2024 Bonds maturing in years 2026 through 2034, inclusive, are not subject to optional redemption prior to maturity. The City reserves the right to redeem all or any portion of the 2024 Bonds maturing on or after June 1, 2035 at the option of the City on June 1, 2034 and on any date thereafter in whole or in part, in any order of maturity with maturities selected by the City, at a price of par, plus accrued interest to the date of redemption. [A Term Bond subject to optional redemption and redeemed in part will have the principal amount redeemed within the respective mandatory redemption dates selected by the City.]

For as long as the 2024 Bonds are in book-entry only form, if fewer than all of the 2024 Bonds of a maturity are called for redemption, the selection of 2024 Bonds within a maturity to be redeemed shall be made by DTC in accordance with its operational procedures then in effect. See Appendix C attached hereto. If the 2024 Bonds are no longer held in book-entry only form, then the Paying Agent would select 2024 Bonds for redemption by lot.

[*Mandatory Redemption.* If not previously redeemed under the provisions for optional redemption, the Term 2024 Bonds maturing on June 1 in the years \_\_\_\_ and \_\_\_\_ are subject to mandatory redemption (in such manner as the Paying Agent and DTC will determine or by lot by the Paying Agent) on June 1 of the following years in the following principal amounts, at a price of par plus accrued interest to the date of redemption.]

[TO BE PROVIDED IN FINAL OFFICIAL STATEMENT]

*Notice of Redemption (Book-Entry).* So long as the 2024 Bonds are in book-entry only form and unless DTC consents to a shorter period, the Paying Agent shall notify DTC of any redemption not less than 20 days and not more than 60 days prior to the date fixed for redemption, and shall provide such information in connection therewith as required by a letter of representation submitted to DTC. Unless waived by the Paying Agent, the City shall give written notice of the intended redemption of the Bonds to the Paying Agent not later than five business days before the date notice of redemption of the 2024 Bonds is required to be made. The City reserves the right to rescind any redemption notice.

*Notice of Redemption (No Book-Entry).* During any period in which the 2024 Bonds are not in book-entry only form, unless waived by any Owner of the 2024 Bonds to be redeemed, official notice of any redemption of 2024 Bonds shall be given by the Paying Agent on behalf of the City by mailing a copy of an official redemption notice in a form generally accepted in the municipal markets by first class mail, postage prepaid, at least 20 days and not more than 60 days prior to the date fixed for redemption, to the Owners of the 2024 Bonds to be redeemed at the address shown on the 2024 Bond Register or at such other address as is furnished in writing by such Owner to the Paying Agent. Unless waived by the Paying Agent, the City shall give written notice of the intended redemption of the Bond to the Paying Agent not later than five business days before the date notice of redemption of the 2024 Bonds is required to be made. The City reserves the right to rescind any redemption notice.

*Conditional Notice.* Any notice of optional redemption to the Paying Agent or to the Owners may state that the optional redemption is conditional upon receipt by the Paying Agent of moneys sufficient to pay the redemption price of such 2024 Bonds or upon the satisfaction of any other condition, and/or that such notice may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any

time before payment of such redemption price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission or of the failure of any such condition shall be given by the Paying Agent to affected Owners of 2024 Bonds as promptly as practicable.

### **Defeasance**

The City may defease the Bonds (a) by paying or causing to be paid the principal, Accreted Value of and interest on such Outstanding Bonds, as and when the same become due and payable; (b) by depositing with an escrow agent or other fiduciary (the "Escrow Agent"), in trust, at or before maturity, money or Government Obligations in the necessary amount (as provided in the Master Declaration) to pay or redeem such Outstanding Bonds; or (c) by delivering to the Registrar, for cancellation by it, such Outstanding Bonds.

## **Purpose and Use of Proceeds**

### **Purpose**

The proceeds from the sale of the 2024 Bonds will be used to finance a portion of the costs of improvements to the City's Regional Wastewater Reclamation Facility (the "Project") and to pay the costs of issuance of the 2024 Bonds.

Specifics on the Project expected to be financed include:

The primary purpose of the Project is to meet regulatory requirements specified in the City's National Pollutant Discharge Elimination System ("NPDES") Permit issued on August 10, 2021 (see "The Sewer System - The Regulatory Environment" herein). The new permit included more stringent temperature limits, more stringent ammonia limits that apply year-round, and new requirements to meet total nitrogen and total phosphorous limits that were not included in previous NPDES permits. The existing facility's conventional activated sludge treatment system is incapable of meeting these new or changed permit requirements and a significant upgrade is required. A broad range of alternatives to meet the new NPDES requirements was analyzed, and the selected alternative includes a secondary 5 Stage Bardenpho suspended growth biological treatment process followed by four new conventional secondary clarifiers for solid-liquid separation and a denitrification filter. It is anticipated that most of the existing RWRf facilities will be incorporated into the required plant modifications. Some of these facilities will require improvements to increase their capacity. Moreover, many of the structures and equipment that will remain in service will require condition related improvements. Ancillary improvements include projects needed to support the new facilities, such as new chemical feed systems, electrical improvements, a SCADA system upgrade, and site improvements, including a new administration, office and plant operators building and a fats, oil and grease (FOG) receiving station.

### **Additional Funding**

The current estimated total cost of the Project is estimated at \$291 million which the City intends to fund from the 2024 Bonds and additional future borrowings. In October 2023, the City submitted a letter of interest to the Water Infrastructure Finance and Innovation Act (the "WIFIA") program which is administered by the United States Environmental Protection Agency (the "EPA"). The City was selected and invited to apply for funding, which indicates the EPA's intent to fund, following the application submittal and negotiation of terms. The City expects to submit the application to WIFIA in fall 2024. The City currently expects to apply for approximately \$142.59 million, and expects to close the loan (the "WIFIA Loan") in the first half of 2025. The WIFIA Loan is expected to be secured as a Bond under the Master Declaration (see "Security for the 2024 Bonds" herein). The WIFIA Loan is structured as a draw-down borrowing and the City anticipates drawing the amount of the loan between Fiscal Years 2027 - 2030. The City currently anticipates capitalizing interest through Fiscal Year 2034 with a final maturity in Fiscal Year 2059. However, these terms are preliminary and subject to change as the City finalizes the loan documents with the EPA. The City also currently plans to issue approximately \$100 million of additional Sewer Revenue Bonds in Fiscal Year 2027. Should WIFIA funding not be available in the future or the terms undesirable, the City expects it would issue additional Sewer Revenue Bonds in order to fund and complete the Project.

**Sources and Uses of Funds**

The proceeds of the 2024 Bonds are estimated to be applied as follows:

**Estimated Sources and Uses of Funds**

<b>Sources of Funds<sup>(1)</sup></b>	
Par Amount of 2024 Bonds	\$ 19,650,000 <sup>(2)</sup>
(Net) Original Issue Premium/(Discount)	_____
Total Sources of Funds	<u>\$ _____</u>
<b>Uses of Funds<sup>(1)</sup></b>	
Available for the Project	\$ _____
Underwriting, Credit Enhancement (if any) and Issuance Costs	_____
Total Uses of Funds	<u>\$ _____</u>

- (1) Amounts will be provided in the final Official Statement.
- (2) Preliminary, subject to change.

**Security for the 2024 Bonds**

**General**

The 2024 Bonds are payable solely from the Net Revenues of the System and related amounts pledged to payment of Bonds in the Master Declaration, attached hereto as Appendix E. Additional bonds may be issued on parity with the 2024 Bonds, subject to certain conditions described herein and in the Master Declaration. The 2024 Bonds are not general obligations of the City, or a charge upon the tax revenues of the City, Jackson County, the State of Oregon, or any other municipal corporation or political subdivision thereof. The 2024 Bonds are not secured by a reserve account.

The City has pledged the Net Revenues of the System, as defined in the Master Declaration, to the payment of principal and interest on the 2024 Bonds. Pursuant to ORS 287A.310, the pledge made by the City is valid and binding from the issuance of the 2024 Bonds. The Net Revenues so pledged and received by the City are immediately subject to the lien of such pledge without any physical delivery or further act. The lien of the pledge on the Net Revenues is superior to all other claims and liens except liens and claims for payment of Operating Expenses.

**Pledge of Revenues**

The City has pledged the Net Revenues of the System, as defined in the Master Declaration, to the payment of principal and interest on the 2024 Bonds. Net Revenues are defined as the Gross Revenues of the System, less the Operating Expenses of the System (see Section 2 and definitions in the Master Declaration).

Gross Revenues are defined in the Master Declaration to include means all fees, charges and other revenues (including eligible System Development Charge Revenues) from the operation of the System, including, without limitation, transfers from the Rate Stabilization Account, any Subsidy Payments that the City receives for Interest Subsidy Bonds, other moneys required to be placed in the funds and accounts created pursuant to this Master Declaration and any interest earnings thereon. The term "Gross Revenues" does not include: (a) the interest income or other earnings derived from the investment of the Bond Proceeds Account, the Rebate Account, or any escrow fund established for the defeasance or refunding of outstanding indebtedness of the City; (b) payments of assessments made with respect to a local improvement (as defined in ORS Chapter 223) levied against benefited properties; (c) any gifts, grants, donations or other moneys received by the City from any State or federal agency or other person if such gifts, grants, donations or other moneys are the subject of any limitation or reservation that is: (i) imposed by the donor or grantor; or (ii) imposed by law or administrative regulation to which the donor or grantor is subject, limiting the application of such funds in a manner inconsistent with the application of Gross Revenues hereunder; (d) the proceeds of any borrowing; (e) the proceeds of any liability or other insurance (excluding business interruption insurance or other insurance of like nature insuring against the

loss of revenues); (f) the proceeds of any casualty insurance that the City intends to use for repair or replacement of the System; (g) the proceeds derived from the sales of assets pursuant to Article 11 of the Master Declaration; (h) any ad valorem taxes or other taxes imposed by the City (except charges or payments for System services that constitute "taxes" within the meaning of Article XI, Section 11b of the Oregon Constitution because such "taxes" are imposed on property or property owners) or any fees imposed by the City that are not related to the System but payment of which is collected as a separate line-item on the bills to customers of the System; (i) amounts deposited in the Rate Stabilization Account, or (j) any income, fees, charges, receipts, profits or other funds received by the City from its ownership and operation of any Separate Utility System.

Operating Expenses are defined in the Master Declaration to include all costs spent or incurred by the City for maintaining and operating the System, calculated in accordance with generally accepted accounting principles used by the City consistently applied, including the expenses of maintenance, repair billing and collection, and other expenses incurred to maintain and preserve the System in good repair and working order, and including, but not limited to administrative expenses, financial and auditing expenses, insurance premiums, claims arising in the ordinary course of business (e.g., claims for workers' compensation (to the extent monies are not available from proceeds of insurance)), payments in lieu of taxes, if required, franchise fees, if any, legal and engineering expenses relating to operation and maintenance, payments for pension, retirement, health, hospitalization, taxes and sick leave benefits, and any other similar expenses to be paid to the extent properly attributable to operations of the System. Operating Expenses do not include: (a) any rebates or penalties paid from Gross Revenues under Section 148 of the Code; (b) payments for the settlement of litigation and payments to any liability reserve fund; (c) depreciation and amortization of property, values or losses, and all amounts treated for accounting purposes as payments for capital expenditures; (d) expenses incurred to maintain and preserve the System that are otherwise paid for from a grant or other restricted funding source; (e) debt service payments (including amounts treated for accounting purposes as debt service payments); (f) capital transfers and capital outlays including without limitation transfers to capital construction accounts, related administrative expenses capitalized in connection with such capital transfers and capital outlays and expenditures for renewals and replacements; (g) extraordinary non-recurring expenses of the System; or (h) implicit subsidies in connection with postemployment benefits and similar non-cash expenses.

The Form of Master Declaration is attached hereto as Appendix E.

### **Bond Funds and Accounts**

The following Funds and Accounts are authorized per the Master Declaration: The City of Medford Sewer Fund is maintained on the books of the City (the "Water Reclamation Fund"). The Water Reclamation Fund includes or shall include subordinate funds and accounts, including but not limited to the following funds and accounts: (i) City of Medford Sewer Operating Fund; (ii) City of Medford Sewer Bond Debt Service Fund; (iii) City of Medford Sewer Rate Stabilization Account; (iv) City of Medford Sewer Bond Reserve Account; (v) City of Medford Sewer Bond Rebate Account; (vi) City of Medford Sewer Bond Proceeds Account; (vii) City of Medford Sewer System Construction Fund; (viii) City of Medford Sewer Subordinate Obligations Account; and (ix) Any subaccount of such accounts, which shall be maintained and used as set forth in this Master Declaration; (x) The City may establish within the Water Reclamation Fund such other accounts or subaccounts as it may designate for each Series of Bonds or Series of Subordinate Obligations issued pursuant the Master Declaration.

*Water Reclamation Fund.* All Gross Revenues shall be deposited or transferred, as and when received by the City, in the Water Reclamation Fund. The Gross Revenues shall be applied in accordance with Article 8 of the Master Declaration.

*Debt Service Fund.* The Debt Service Fund is for the purpose of paying the principal or Accreted Value of, premium, if any, purchase price and interest on the Bonds. The City shall make the following deposits into the Debt Service Fund: (a) The City shall deposit into the Debt Service Fund from the Water Reclamation Fund or the Bond Reserve Account money sufficient to make payments in accordance with Article 8 of the Master Declaration. (b) The City hereby covenants with the Owners of the Bonds that, so long as any Bonds remain outstanding, it shall make deposit into the Debt Service Fund, as soon as practicable, but in any case not later than one (1) Business Day prior to each Interest Payment Date, an interest payment equal to the interest coming due on any Outstanding Bonds on the next succeeding Interest Payment Date, and a principal payment amount equal to the principal, if any, coming due on the succeeding Principal Payment Date. (c) Notwithstanding the

provisions set forth in subsection (b) with respect to the accreted interest on any Bonds that constitute Capital Appreciation Obligations, accreted interest thereon shall be treated as principal coming due on the stated maturity date thereof or date upon which such Capital Appreciation Obligations are required to be redeemed pursuant to a mandatory redemption schedule, and transfers with respect to such accreted interest (as well as the principal of such Capital Appreciation Obligations) shall be made at the times and in the amounts provided in subsection (b) hereof.

*Bond Reserve Account.* The Bond Reserve Account is authorized to be created by the City within the Water Reclamation Fund for the purposes of securing the payment of the principal of, premium, if any, purchase price and interest on all Outstanding Covered Bonds. See Appendix E, Form of Master Declaration, Section 7.04. The City has not created any subaccounts in the Bond Reserve Account to secure the 2024 Bonds, and the 2024 Bonds are not secured by any amounts in the Bond Reserve Account.

*Rate Stabilization Account.* The City may deposit lawfully available funds, including Gross Revenues as permitted under the Master Declaration, into the Rate Stabilization Account from time to time as determined by the City. Amounts deposited in the Rate Stabilization Account from the Water Reclamation Fund shall reduce Gross Revenues for the period for which they are deposited. The City may withdraw funds from the Rate Stabilization Account at any time without limitation, subject only to the terms and conditions set forth in this Master Declaration, including: (i) monies in the Rate Stabilization Account may be withdrawn at any time and used for any purpose for which Gross Revenues may be used, and (ii) amounts withdrawn from the Rate Stabilization Account shall increase Gross Revenues for the period for which they are withdrawn.

Unless otherwise excluded, funds withdrawn from the Rate Stabilization Account shall be included as Net Revenues for all Rate Covenant purposes. Deposits to and withdrawals from the Rate Stabilization Account may be posted in accordance with governmental accounting practices and procedures. Deposits to or withdrawals to or from the Rate Stabilization Account may relate to a prior Fiscal Year consistent with governmental accounting practices and procedures and provided that such deposits or withdrawals occur within the first quarter following the end of the prior Fiscal Year. Interest earnings on the Rate Stabilization Account shall be credited to the Water Reclamation Fund and shall be included in the definition of Gross Revenues for purposes of calculating debt service coverage.

*Bond Proceeds Account.* The proceeds of Bonds shall be deposited to the Bond Proceeds Account and pursuant to the provisions of any Series Declaration in connection with the issuance of any Series of Bonds. Upon the issuance of any Series of Bonds, the City shall deposit into the Bond Proceeds Account (or any subaccount thereof) the amounts required to be deposited therein pursuant to the Series Declaration providing for the issuance of such Series of Bonds. Amounts on deposit in the Bond Proceeds Account shall be applied to pay costs of the Project (as defined by this Master Declaration). Upon completion of a Project or if moneys in the particular account of the Bond Proceeds Account are not immediately needed for completion of the Project, the balance in the particular account of the Bond Proceeds Account relating to that Project in excess of the amount held for the purpose of paying costs of that Project (i) may be transferred to the Debt Service Fund, and (ii) unless such Bonds are Taxable Obligations, shall be invested at a yield that complies with the Tax Covenants or may be used for any other lawful purpose approved by Bond Counsel in writing.

*Subordinate Obligations Account.* The City shall make deposits into the Subordinate Obligations Account in the amounts and on the dates required by the documents governing such Subordinate Obligations; provided that deposits from Gross Revenues shall be in accordance with the priority set forth in Article 8 of the Master Declaration.

*Additional Funds, Accounts and Subaccounts.* The City may establish additional funds, accounts and subaccounts within any of the funds and accounts affirmed, created and established under the Master Declaration for the purpose of identifying more precisely the sources of payments into and disbursements from such funds and accounts. The establishment of any such additional funds, accounts or subaccounts shall not alter any of the requirements of the Master Declaration with respect to the deposit or use of moneys in any fund or account hereunder.

## **Deposit and Use of Gross Revenues**

*Use of Gross Revenues.* All Gross Revenues (other than interest earnings on the Bond Proceeds Account) shall be deposited to and maintained in the Water Reclamation Fund. As long as any Bonds, Subordinate Obligations or Derivative Products remain outstanding, monies and investments in the Water Reclamation Fund shall be used solely to pay the following amounts in the following order:

- (a) To pay Operating Expenses;
- (b) To credit the Debt Service Fund to pay interest, principal or purchase price, and premium, if any, next maturing or coming due on the next Interest Payment Date, required by the Master Declaration, or pursuant to any Mandatory Redemption Schedule;
- (c) To reimburse the Credit Provider for any amounts advanced under a Reserve Credit Facility so long as the Bond Reserve Requirement for any Series of Outstanding Bonds is secured by a Reserve Credit Facility;
- (d) To make all payments required to be made into the Bond Reserve Account to maintain the Bond Reserve Requirement;
- (e) To pay rebates or penalties to the federal government pursuant to the Tax Covenants or credit a Rebate Account with respect to any Bonds;
- (f) To credit first, the Subordinate Obligations Account to make all interest, principal or purchase price, and premium, if any, payments required to be made with respect to any Subordinate Obligations and second, to reimburse the Credit Provider for (a) any amounts advanced under a Credit Facility for each series of Outstanding Subordinate Obligations secured by a Credit Facility and (b) any fees or charges payable to the Credit Provider in connection with a Credit Facility for any Series of Outstanding Subordinate Obligations secured by a Credit Facility;
- (g) To carry out any of the following without priority or preference,
  - (i) To credit the Rate Stabilization Account;
  - (ii) To retire by optional redemption or purchase in the open market any Outstanding Bonds or other revenue obligations of the City as authorized in a Series Declaration of the City in connection with the authorization and issuance of the Bonds;
  - (iii) To make appropriate additions, betterments, improvements and repairs to or extension and replacements of the System, maintain operating reserves consistent with the fiscal policies of the City and for any other lawful purposes related to the System;
  - (iv) To pay costs of acquiring, operating and maintaining the Separate Utility System; or
  - (v) For any other lawful purpose of the City related to the System.

*Payment of Subordinate Obligations.* Subordinate Obligations issued pursuant to the Master Declaration shall be payable from and secured by the Subordinate Security, and shall be paid on a subordinate and junior basis to the Bonds, and only after payments made pursuant to subsections (a) through (e) above, inclusive; provided, however, that any Series of Subordinate Obligations also may be payable from and secured by a Credit Facility pledged specifically to or provided for those Subordinate Obligations. A Series Declaration providing for the issuance of Subordinate Obligations or Additional Subordinate Obligations may provide for a reserve account for such Series of Subordinate Obligations.

## **Rate Covenant**

The City covenants for the benefit of the Owners of all Bonds that it will charge rates and fees in connection with the operation of the System which, when combined with other Gross Revenues, are adequate to generate Net Revenues in each Fiscal Year at least equal to each of (a) 1.25 times Annual Bond Debt Service due in that Fiscal Year for Outstanding Bonds, (b) 1.15 times Annual Bond Debt Service due in that Fiscal Year for Outstanding Bonds, excluding SDC Improvement Fees, (c) 1.00 times Annual Bond Debt Service due in that Fiscal Year for any Subordinate Obligations (after subtracting Annual Bond Debt Service from Net Revenues due in that Fiscal Year for Bonds), and (d) any amounts owed by the City to a Credit Provider for surety premium payments.

Not less than 90 days following the end of each Fiscal Year, the Authorized Representative will determine whether the City has met the requirements described in the preceding paragraph and will document the results of its determination in a certificate to be held on file by the City.

If the Net Revenues fail to meet the Rate Covenant during that Fiscal Year, it shall not constitute a default under this Master Declaration if, within thirty (30) days after the report is filed, the City files a certificate of a City Official that specifies the actions that the City has taken and will take within the next ninety (90) days to permit the City to comply with the covenants described in this subsection for the remainder of the Fiscal Year in which the report is filed, and for the succeeding Fiscal Year, and the City takes the actions specified by the City Official, or actions having a comparable effect.

### **Additional Bonds**

The City may issue Additional Bonds to provide funds for any purpose relating to the System which is authorized by law, but only upon the following conditions: (a) No Default under the Master Declaration has occurred and is continuing; (b) At the time of the issuance of such Additional Bonds there is no deficiency in the Bond Reserve Account, and Net Revenues less Annual Bond Debt Service on Outstanding Bonds for the Base Period are not less than one hundred percent (100%) of any costs due and owing by the City in connection with any Credit Facility or Reserve Credit Facility. The Master Declaration also requires that in connection with the issuance of any Additional Bonds, if so determined by the City, the designation of the Additional Bonds of such Series or portion thereof as Covered Bonds secured by the Bond Reserve Account; provided, that the Bond Resolution authorizing the issuance of such Series of Additional Bonds may designate an Authorized Representative to determine whether the Series of Additional Bonds, or any portion of such Series, will be Covered Bonds; and the Series Declaration providing for the issuance of Additional Bonds shall contain a covenant requiring the City to charge rates and fees sufficient to generate Net Revenues equal to the amount described in the Master Declaration, including the proposed Additional Bonds.

On the earlier of the date of authorization or date delivery of any Series of Additional Bonds, there shall have been filed by the City as part of the documents delivered in connection with such Additional Bonds either:

- (i) a certificate of an Authorized Representative stating that Net Revenues (including any transfers from the Rate Stabilization Account) in the Base Period preceding the delivery of the Additional Bonds then proposed to be issued are not less than:
  - (A) one hundred twenty-five percent (125%) of the Maximum Annual Debt Service on all Bonds, which includes all Outstanding Bonds plus the Additional Bonds then proposed to be issued; and
  - (B) excluding SDC Improvement Fees, one hundred fifteen percent (115%) of the Maximum Annual Debt Service on all Bonds, which includes all Outstanding Bonds plus the Additional Bonds then proposed to be issued.

For purposes of the preceding sentence, in the event that any adjustment in the rates, fees and charges for the services of the System shall be effective on or before the date of the delivery of such Series of Additional Bonds, an Authorized Representative shall reflect in his or her certificate the Net Revenues he or she calculates would have been collected in the Base Period if such new rates, fees and charges had been in effect for the entire Base Period; or

- (ii) a certificate of a Qualified Consultant setting forth:
  - (A) the amount of the Adjusted Net Revenues for the five Fiscal Years succeeding the date of delivery of the Additional Bonds, then proposed to be issued, or, if capitalized interest is used, five Fiscal Years after the last capitalized interest payment;
  - (B) the debt service on all Outstanding Bonds and the Annual Bond Debt Service for each maturity of the Series of Additional Bonds then proposed to be issued, and stating that the amount shown in paragraph (A) above for each of the five Fiscal Years succeeding the date of delivery of the



Additional Bonds, then proposed to be issued, or, if capitalized interest is used, five Fiscal Years after the last capitalized interest payment is not less than:

- (1) one hundred twenty-five percent (125%) of the debt service due in each of those respective years and the final year is not less than one hundred twenty-five percent (125%) of the Maximum Annual Debt Service on all Bonds, which includes all Outstanding Bonds plus the Additional Bonds then proposed to be issued; and
- (2) excluding SDC Improvement Fees, one hundred fifteen percent (115%) of the debt service due in each of those respective years and the final year is not less than one hundred twenty-five percent (115%) of the Maximum Annual Debt Service on all Bonds, which includes all Outstanding Bonds plus the Additional Bonds then proposed to be issued.

There shall have been delivered to the City an opinion from Bond Counsel, to the effect that the Series Declaration executed and delivered by the City in connection with the issuance of such Series of Bonds is entered into in accordance with the Master Declaration and that such Series of Bonds when executed and delivered by the City, or with respect to the initial delivery and execution of Draw-Down Obligations, such Draw-Down Installments when duly received by the City, will be valid and binding obligations of the City. In connection with Draw-Down Obligations issued pursuant to the Master Declaration, the City shall have additionally received an opinion from Bond Counsel upon the earlier of the date of authorization or the date of delivery of any subsequent Draw-Down Installments delivered pursuant to the Master Declaration to the effect that the certificate executed and delivered in connection with such Draw-Down Installments is entered into in accordance with the Master Declaration and the amount of the Draw-Down Installments authorized by such certificate will be valid and binding obligations of the City.

*Refunding Bonds.* The City may issue Additional Bonds to refund Outstanding Bonds, notwithstanding the requirements above, if:

- (a) the Annual Bond Debt Service of the refunding Bonds does not exceed the Annual Bond Debt Service for the refunded Bonds payable in any Fiscal Year by more than \$5,000; or
- (b) the total Bond Debt Service on all Outstanding Bonds will not increase by more than 10% after the issuance of the refunding Bonds.

All Additional Bonds issued in accordance with the Master Declaration shall have a lien on the Security that is equal to the lien of the Bonds.

### **Events of Defaults and Remedies**

*Events of Defaults.* An "Event of Default" includes both failure to pay Bond principal or interest when due and certain other events described within the Master Declaration, attached hereto as Appendix E.

*Remedies.* If an Event of Default occurs, any Owner may exercise any remedy available at law or in equity as more fully described in the Master Declaration, attached hereto as Appendix E. However, the 2024 Bonds shall not be subject to acceleration.

Whenever any Event of Default exists, Owners representing 51 percent or more of the Outstanding Bonds may appoint a commercial bank or other financial institution (the "Trustee") to represent the interests of the Owners.

## **Indebtedness**

### **Debt Limitation**

*Special Fund Obligations.* Several Oregon statutes authorize the City to issue special fund obligations that are secured only by specified sources of revenue, such as sewer revenue bonds secured only by the net revenues of the sewer system. **The 2024 Bonds are special fund obligations.**

## Outstanding Long-Term Debt

<b>Governmental Activities</b>	<b>Date of Issue</b>	<b>Date of Maturity</b>	<b>Amount Issued</b>	<b>Amount Outstanding<sup>(1)</sup></b>
<i>Full Faith and Credit Obligations:</i>				
Series 2015 ODOT Loan <sup>(2)</sup>	06/01/15	12/30/31	\$ 3,532,955	\$ 329,601
Series 2020 (LED Streetlights)	06/23/20	10/01/35	3,842,698	2,800,083
Series 2020A	10/14/20	06/01/50	63,110,000	60,240,000
Series 2020B	10/14/20	07/15/43	36,140,000	34,760,000
Series 2024	09/24/24	06/01/44	6,110,000	6,110,000
<b>Total Full Faith and Credit Obligations</b>				<b>104,239,685</b>
<i>Pension Obligations<sup>(3)</sup>:</i>				
Series 2004	05/27/04	06/01/28	29,205,000	12,230,000
<b>Total Governmental Activities Debt</b>				<b>\$ 116,469,685</b>
<b>Business-type Activities</b>				
<i>Sewer Revenue Bonds:</i>				
Series 2024 <sup>(4)</sup>	10/09/24	06/01/55	\$ 19,650,000	\$ 19,650,000

(1) As of Date of Delivery.

(2) The City signed a loan agreement with the State of Oregon, Department of Transportation for \$10,000,000 to finance a transportation project. Currently, \$6.5M remains on the loan that the City anticipates to draw prior to project completion. The project must be completed by December 31, 2025. The note will mature in 2031. Beginning November 1, 2021, installment payments of \$545,335 are due semiannually. Subject to acceleration upon an event of default.

(3) Also secured by the full faith and credit of the City. The City receives a credit against its nominal pension contribution rate; see "Pension System" herein.

(4) This issue. Preliminary, subject to change.

Source: City of Medford Audited Financial Reports for the Fiscal Year Ended June 30, 2023.

**Sewer Revenue Bonds  
Projected Debt Service Requirements**

Fiscal Year	2024 Bonds <sup>(1)</sup>		Total Debt Service <sup>(1)</sup>
	Principal	Interest	
2025	\$ -	\$ 554,669	\$ 554,669
2026	310,000	860,694	1,170,694
2027	325,000	845,194	1,170,194
2028	345,000	828,944	1,173,944
2029	360,000	811,694	1,171,694
2030	380,000	793,694	1,173,694
2031	395,000	774,694	1,169,694
2032	415,000	754,944	1,169,944
2033	440,000	734,194	1,174,194
2034	460,000	712,194	1,172,194
2035	480,000	689,194	1,169,194
2036	505,000	665,194	1,170,194
2037	530,000	639,944	1,169,944
2038	560,000	613,444	1,173,444
2039	585,000	585,444	1,170,444
2040	615,000	556,194	1,171,194
2041	645,000	525,444	1,170,444
2042	670,000	499,644	1,169,644
2043	700,000	472,844	1,172,844
2044	725,000	444,844	1,169,844
2045	755,000	415,844	1,170,844
2046	785,000	385,644	1,170,644
2047	815,000	354,244	1,169,244
2048	850,000	321,644	1,171,644
2049	885,000	287,644	1,172,644
2050	920,000	252,244	1,172,244
2051	955,000	214,294	1,169,294
2052	995,000	174,900	1,169,900
2053	1,040,000	133,856	1,173,856
2054	1,080,000	90,956	1,170,956
2055	1,125,000	46,406	1,171,406
	<u>\$ 19,650,000</u>	<u>\$ 16,040,776</u>	<u>\$ 35,690,776</u>

- (1) At the time they are issued, the 2024 Bonds will be the only issue outstanding secured by a pledge of Net Revenues. The City also intends to enter into a WIFIA Loan in 2025 which the City expects to issue as a Parity Bond under the Master Declaration. See "Purpose and Use of Proceeds - Purpose - Additional Funding" and "Indebtedness - Future Financings" herein for additional information.
- (2) Principal and interest are provided for illustrative purposes only; amounts and structure are preliminary, subject to change.

**Debt Payment Record**

The City has promptly met principal and interest payments on outstanding bonds and other indebtedness in the past ten years when due.

**Future Financings**

*Long-term Borrowings.* Pursuant to the Resolution, the City is authorized to issue sewer revenue bonds in an aggregate principal amount up to \$300 million (including amounts for capitalized interest) in order to finance the Project. This includes the 2024 Bonds, the WIFIA Loan expected to close in 2025 and potential future sewer revenue bonds (see "Purpose and Use of Proceeds - Purpose - Additional Funding" herein).

*Short-term Borrowings.* The City does not anticipate issuing short-term debt within the next twelve months.

## The City

### General Description

The City was incorporated in 1885. It is located in Jackson County, Oregon, approximately five hours south of Portland, Oregon and less than an hour north of the California border. As of July 1, 2023, the City had an estimated population of 90,887, according to the Portland State University Center for Population Research.

The City provides a full range of municipal services including fire and police protection, street construction, maintenance and lighting, planning, zoning and general administrative services. The City also operates its own parks department which maintains the City's parks, provides year-round recreation programs, trims trees on arterial and collector streets, and maintains a variety of facilities throughout the City. The City operates sewer, storm and sanitary systems. Water services are provided by the Medford Water Commission which is a component unit of the City but functions as an autonomous agency governed by its own Board members who are appointed by the Mayor.

### Staff

As of August 12, 2024, the City had 503 full-time employees. Additionally, the City had part-time non-represented employees that equated to 101 full-time equivalence (FTE).

### Bargaining Units

Bargaining Unit	No. of Employees	Contract Expires
International Association of Firefighters	84	June 30, 2026
AFSCME	89	June 30, 2026
Teamster Medford Municipal Mechanics	6	June 30, 2026
Teamster Medford Park Employees	23	June 30, 2026
Teamster Construction & Maintenance	44	June 30, 2026
Medford Police Officers Association	116	June 30, 2027
Teamster Water Reclamation Division	19	June 30, 2026

Source: *City of Medford.*

### Government

The City is operated under a council-manager form of government. The eight-member City Council (the "Council") is composed of the Mayor, who is elected for a four-year term, and eight Council members, who are elected from four wards for four-year terms. The Mayor is elected at large. Each council member has a vote with the Mayor voting in a tie. All positions are unpaid.

Policy as set by the Council is implemented by the City Manager, who manages the administrative affairs of the City. He is assisted by appointed heads of Departments of Parks and Recreation, Finance, Planning, Public Works, Law Enforcement, Building Codes, Legal and Fire Protection. The Council also serves as the governing body for the Medford Urban Renewal Agency.

The current Mayor and members of the City Council are:

### City Council

Name	Position	Occupation	Service Began	Term Expires
Randy Sparacino	Mayor	Retired Police Chief	January 2021	Dec. 31, 2024
Jessica Ayres	Councilor	VP, Loan Officer	January 2023	Dec. 31, 2026
Nick Card	Councilor	VP of Operations, Transportation	January 2023	Dec. 31, 2026
Tim D'Alessandro	Councilor	Pool Construction	January 2016	Dec. 31, 2024
Chad Miller	Councilor	Sheriff's Deputy	January 2021	Dec. 31, 2024
Zac Smith	Councilor	Finance Manager	January 2023	Dec. 31, 2026
Sarah Spansail	Councilor	Accounting Clerk	January 2021	Dec. 31, 2024
Eric Stark	Councilor	Attorney	February 2019	Dec. 31, 2024
Kevin Stine	Councilor	Navy Funerals Honors, Substitute Teacher	January 2015	Dec. 31, 2026

Source: City of Medford.

### Key Administrative Officials

The day-to-day affairs of the City are managed by a professional administrative staff which includes the following principal officials:

*Brian Sjothun, Outgoing City Manager.* Brian Sjothun was appointed City Manager on September 1, 2016. He has been with the City since March of 2004, previously serving as the Parks and Recreation Director. Prior to coming to the City, Mr. Sjothun spent 16 years with the Woodburn Recreation & Parks Department. Mr. Sjothun received a Bachelor of Arts in Business Administration from Warner Pacific University and Master of Public Administration from Golden Gate University. He has announced his retirement effective December 31, 2024.

*Robert Field, Incoming City Manager.* Robert Field will begin employment with the City on September 16, 2024. He most recently served as the City Manager for the City of San Bernardino, California from September 2020 to January 2023. Previously, he worked at Riverside County, California for over 21 years and Krieger & Stewart, Incorporated for over seven years. Mr. Field received a Bachelor Arts in History from the University of California, Riverside and a Master of Arts in Leadership and Organization Studies from California Baptist University.

*Ryan Martin, Deputy City Manager/Chief Financial Officer.* Ryan Martin has worked at the City since June of 2018. Prior to joining the City, he worked at the City of Talent, Oregon as the Finance Director and the City of Ashland, Oregon as an Accounting Analyst. Mr. Martin received a Bachelor of Science in Business Administration and Master in Business Administration from Southern Oregon University.

*John Vial, Public Works Director.* John Vial has served as the City's Public Works Director since September 2021. Prior to joining the City, he worked as the Director of Jackson County's Roads and Parks Department for 13 years. Prior to working for Jackson County, John worked for 15 years with the Oregon Department of Transportation where he held a variety of project management and leadership positions. He received a Bachelor of Science degree and a Master of Science degree in Geoscience from Oregon State University.

*Lorraine Peterson, Business Manager, Public Works.* Lorraine Peterson has been employed with the City since November 2009. Prior to joining the City, Lorraine was employed by the Southern California Gas Company for 26 years; she began as an internal auditor, worked for many years in customer service and was Director of Mass Market Billing. Ms. Peterson earned a Master in Business Administration with a concentration in Accounting from California State University, Fullerton. She won the American Public Works Association's Everyday Hero Award in 2018 and Joni and Friend's, Oregon's Volunteer of the Year award in 2019.

## The Sewer System

### General Description

Sewage collection systems are designed to collect and transport raw sewage from residences and businesses to the municipality's wastewater treatment facility. The City provides sewer collection services to approximately 84 percent of the City, encompassing a 19.12 square mile service area. The City has a sewer collection system that consists of 270 miles of gravity mains, one mile of force mains, and five pump stations.

The City also owns and operates the Regional Water Reclamation Facility (the "RWRF") that treats and properly disposes of wastewater. The RWRF serves a larger population of approximately 143,829 people and receives wastewater from not only the City, but also Rogue Valley Sanitary Sewer Services ("RVSS"). RVSS provides residential, industrial, and commercial sewage treatment services for the portion of the City not covered by the City's collection system, as well as the cities of Central Point, Eagle Point, Talent, Phoenix, and Jacksonville, as well as the unincorporated community of White City and other areas of unincorporated land around the cities.

*Regional Sewer Agreement with RVSS.* The City and RVSS have signed a Regional Sewer Agreement (the "Agreement") to provide for the operation, maintenance and improvement of the RWRF and the main trunk line which transmits all wastewater from the collection systems to the RWRF (the "Interceptor System"). The City is responsible for the operation, maintenance and improvement of the RWRF and RVSS is responsible for the operation, maintenance and improvement of the Interceptor System. The Agreement is dated February 18, 2021 and is effective for a term of 20 years. The Agreement establishes a Regional Rate Committee (see "The Sewer System – Sewer Rates" herein) to set treatment rates and charges. The Agreement does not allow for termination by either party and requires mediation prior to exercising any other legal remedies. There are other treatment facilities in the Rogue Valley, however, none have the capacity to treat the RVSS wastewater that is currently being sent to the RWRF. The City and RVSS have worked together since the 1960's and the City expects the Agreement will continue to be renewed in the future.

*The Regional Water Reclamation Facility.* The RWRF is owned by the City but is located in White City, approximately eight miles north of the City and adjacent to the Rogue River. The Interceptor System carries all the wastewater from the City's collection system and RVSS' collection system to the RWRF. Major components of the RWRF include a headworks consisting of two 7-foot-wide mechanically raked bar screens, aerated grit tanks, twin rectangular primary sedimentation basins, a 140-foot trickling filter, two activated sludge processing units, five 90-foot diameter secondary clarifiers and disinfection contact basin. Treated wastewater is discharged into the Rogue River. Since its construction in 1969, the RWRF has undergone a number of upgrades and expansions to keep pace with advancing technology, regulatory requirements, and the changing needs of the communities it serves. The RWRF is designed for an average monthly dry weather design flow of 20 million gallons per day (MGD) and a wet weather flow of 100 MGD. On average, the RWRF treats over 17 MGD; roughly half of that is generated by the City with the remaining volume generated by other regional communities served by RVSS. Peak daily demand in 2023 was 36.2 MGD.

### Customers & Accounts

Currently, the City's sewer collection system serves approximately 23,000 accounts. The RWRF serves approximately 43,500 accounts, including RVSS customers. The average number of accounts in each of the past five fiscal years follows:

**Average Number of Accounts  
(Fiscal Years)**

<b>Number of Accounts</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
City Sewer Collection	21,500	21,800	22,000	22,300	22,600
RVSS Accounts <sup>(1)</sup>	24,000	24,300	20,700	20,700	20,900
<b>Total RWRP Accounts</b>	<b>45,500</b>	<b>46,100</b>	<b>42,700</b>	<b>43,000</b>	<b>43,500</b>
<b>Annual Change in Accounts</b>					
City Sewer Collection	---	1.4%	0.9%	1.4%	1.3%
RVSS Accounts <sup>(1)</sup>	---	1.3%	-14.8%	0.0%	1.0%
<b>Total RWRP Accounts</b>	<b>---</b>	<b>1.3%</b>	<b>-7.4%</b>	<b>0.7%</b>	<b>1.2%</b>

(1) Number of accounts decreased in 2021 due to the Almeda Fire in September 2020. Properties are in the process of being rebuilt.

Source: City of Medford.

The ten largest sewer system customers for the City are as follows:

**Top 10 Largest Customers - City of Medford  
(Fiscal Year 2023)**

<b>Customer</b>	<b>Description</b>	<b>Annual Sewer Revenue</b>	<b>% of Total Gross Sewer Revenue</b>
Rogue Valley Sanitary Sewer (RVSS) <sup>(1)</sup>	Sewer collection agency	\$ 4,303,333	26.20%
Asante	Hospital	59,825	0.36%
Rogue Valley Manor	Senior living facility	39,602	0.24%
Steiner Corp	Industrial clothing	36,009	0.22%
Jackson County	Government	34,051	0.21%
Providence Medical Group	Medical center	33,449	0.20%
Surgery Center of Southern Oregon	Outpatient surgery center	20,111	0.12%
Pinehurst Management	Apartments	15,458	0.09%
Woodland Townhomes	Townhomes	14,865	0.09%
Fountain Plaza	Senior living facility	11,838	0.07%
Totals		<u>\$ 4,568,541</u>	<u>27.82%</u>
<b>Total Gross Revenues</b>		<b><u>\$ 16,424,541</u></b>	

(1) RVSS and the City have signed an Agreement governing their relationship (see "The Sewer System - General Description - Regional Sewer Agreement with RVSS" above). The current contract extends through February 2041.

Source: City of Medford.

As stated above, RVSS has an Agreement with the City to send wastewater to the RWRP. While their revenues are a substantial portion of the City's Gross Revenues, RVSS has a diverse customer base. See "The Sewer System - General Description - Regional Sewer Agreement with RVSS" for additional information.

**Top 10 Largest Customers - Rogue Valley Sanitary Sewer Treatment Revenues  
(Fiscal Year 2023)**

<b>Customer</b>	<b>Description</b>	<b>Annual Treatment Revenue</b>	<b>% of Annual Treatment Revenue</b>
Amy's Kitchen	Frozen food manufacturer	\$ 92,778	2.16%
Boise Cascade Corp.	Wood products	59,519	1.38%
Carestream Health Inc	Medical imaging	44,239	1.03%
U.S. Department of Veterans Affairs	VA Medical Center	39,564	0.92%
Bear Creek Operation	Food processing	26,496	0.62%
Roseburg Forest Product	Wood products	20,746	0.48%
Dry Creek Landfill, Inc.	Landfill	13,869	0.32%
Southern Oregon Linen Services	Laundry services	11,631	0.27%
Linde Gas & Equip. Inc	Welding supplies	10,094	0.23%
Plycem USA, Inc	Steel framing/ fiber cement	10,030	0.23%
Totals		<u>\$ 328,966</u>	<u>7.64%</u>
<b>Total Gross Revenues</b>		<b><u>\$ 4,303,333</u></b>	

Source: City of Medford.

**Sewer Rates**

Sewer collection rates for the operation and maintenance of the City’s sewage collection system are set by the City Council. The City typically adopts a series of multi-year increases, which can be updated or revised by the Council at any time.

Sewage treatment charges for both the City and RVSS are set by the Regional Rate Committee (the “RRC”). The RRC consists of four members; two are City Council members and two are RVSS Board members. The RRC reviews as necessary to ensure continued efficient operations and maintenance of the RWRF. Medford’s City Council makes the determination if sewer treatment utility rates adopted by the RRC will be passed on to its end-use sewer customers.

The monthly total sewer fee is the sum of the collection and treatment fees. Single Family customers are assessed a flat rate. All other customers are assessed both a base charge and volumetric gallonage charge based on water consumption. The volumetric quantity for multi-family customers is an average of monthly water consumption during December, January, and February periods.

Approximately every five years, the City contracts with an outside consultant to review utility rates and recommend any adjustments necessary to fund the operation of the utility and planned capital projects. Additionally, a cost-of-service study is performed to determine any rate structure changes needed to achieve equity among customer classes. The most recent sewage collection and treatment studies were completed in August 2024 and included additional analyses to test the impacts of alternate capital funding assumptions on the recommended rate increases. Both studies were completed by FCS Group.

The City Council has approved sewer collection rate adjustments through Fiscal Year 2028. The RRC has approved sewage treatment rate adjustments through Fiscal Year 2026. Inflationary adjustments for the sewage treatment utility fee were only approved for two years with the understanding that additional rate adjustments would be required once a better understanding of financing options for the treatment plant upgrade were developed. Schedules of the monthly fees and annual increases are provided below.



**Historical and Projected Monthly Sewer Rates<sup>(1)</sup>**

Fiscal Year Effective <sup>(2)</sup>	Historical				Current		Future		
	2021 July 2020	2022 July 2021	2023 July 2022	2024 July 2023	2025 July 2024    Sept. 2024 <sup>(3)</sup>		2026 July 2025	2027 July 2026	2028 July 2027
Single Family-Flat Fee									
Sewer Collection	\$ 17.89	\$ 17.89	\$ 17.89	\$ 18.78	\$ 19.72	\$ 19.72	\$ 20.71	\$ 21.75	\$ 21.96
Sewage Treatment	8.39	8.64	8.90	9.79	10.77	11.45	13.40	15.54	18.03
Total	26.28	26.53	26.79	28.57	30.49	31.17	34.11	37.29	39.99
Multiple Family and Non-Residential									
Base Charge - Sewer Collection	\$ 24.55	\$ 24.55	\$ 24.55	\$ 25.78	\$ 27.07	\$ 27.07	\$ 28.42	\$ 29.84	\$ 30.14
Base Charge - Sewage Treatment	3.02	3.12	3.21	3.53	3.88	4.13	4.83	5.60	6.50
Gallorage-Sewer Collection <sup>(4)</sup>	1.04	1.04	1.04	1.09	1.15	1.15	1.20	1.26	1.28
Gallorage-Sewage Treatment <sup>(4)</sup>	0.86	0.89	0.91	1.00	1.10	1.17	1.37	1.59	1.84
Extra Strength Surcharge (Commercial, Hospital and Industrial Sewer Service) Per 300 BOD									
Sewage Treatment	0.36	0.34	0.35	0.39	0.42	0.45	0.52	0.60	0.70
Recreation Vehicle Waste Dumping Station-Flat Fee									
Sewer Collection	37.25	37.25	37.25	39.11	41.07	41.07	43.12	45.27	45.73
Sewage Treatment	34.29	35.32	36.38	39.91	43.90	46.69	54.63	63.37	73.51

- (1) Sewer collection rates have been adopted by the City Council through July 15, 2027. Sewage treatment rates have been adopted by the RRC through July 1, 2025. Rates for Fiscal Years 2027 and 2028 are projected based up on the current rate model but could change prior to adoption by the RRC which is expected to occur in May 2026.
- (2) Rate increases adopted by the City for sewer collection typically take effect July 15<sup>th</sup>. Rate increases adopted by the RRC for sewage treatment typically take effect July 1<sup>st</sup>.
- (3) The RRC had previously adopted a 10 percent rate increase on July 1, 2024. The updated rate model provided by FCS Group showed a higher rate increase was necessary to begin building sufficient coverage to support debt service. The RRC adopted an additional rate increase to take effect September 1, 2024 to bring rates in line with the rate model.
- (4) Volumetric (gallorage) charges are per 1,000 gallons.

Source: City of Medford.

### Historical and Projected Rate Increases<sup>(1)</sup>

Fiscal Year	Historical				Current		Future		
	2021	2022	2023	2024	2025		2026	2027	2028
Effective Date <sup>(2)</sup>	July 2020	July 2021	July 2022	July 2023	July 2024	Sept. 2024 <sup>(3)</sup>	July 2025	July 2026	July 2027
Sewer Collection	10.0%	0.0%	0.0%	5.0%	5.0%	0.0%	5.0%	5.0%	1.0%
Sewage Treatment	0.0%	3.0%	3.0%	10.0%	10.0%	6.3%	17.0%	16.0%	16.0%

- (1) Sewer collection rates have been adopted by the City Council through July 15, 2027. Sewage treatment rates have been adopted by the RRC through July 15, 2025. Rates for Fiscal Years 2027 and 2028 are projected based up on the current rate model but could change prior to adoption by the RRC which is expected to occur in May 2026.
- (2) Rate increases adopted by the City for sewer collection typically take effect July 15<sup>th</sup>. Rate increases adopted by the RRC for sewage treatment typically take effect July 1<sup>st</sup>.
- (3) The RRC had previously adopted a 10 percent rate increase on July 1, 2024. The updated rate model provided by FCS Group showed a higher increase was necessary to begin building sufficient coverage to support debt service. The RRC adopted an additional rate increase to take effect September 1, 2024 to bring rates in line with the rate model.

Source: City of Medford.

Shown below are comparative sewer rate charges of representative municipalities and districts located in Oregon and Washington:

### Residential Monthly Sewer Bill Comparison (as of Fiscal Year 2024)

City	Rate
Portland	\$ 86.19
Springfield	60.08
Olympia	58.18
Hillsboro	57.27
Vancouver	55.36
Beaverton	54.94
Eugene	53.77
Corvallis	51.55
Salem	51.10
Dallas	45.21
Gresham	42.78
<b>Medford</b>	<b>28.57</b>

Note: Sewer average is based on a typical customer baseline of 8 ccf usage or 5,984 gallons per month.

Source: Utility provider websites and rate publications.

### System Development Charges

In Oregon, local governments are authorized to assess impact fees on new development to recover a portion of the costs to mitigate their impact on existing infrastructure and planned future facilities that will provide them with service. These charges are referred to as system development charges (“SDCs”) and are a one-time fee that all new and expanding development, both residential and business, pay. As with regular sewer rates, sewer collection SDC’s are set by the City Council and sewage treatment SDC’s are set by the RRC (see "The Sewer System - Sewer Rates" above). The City has a policy that updates SDCs annually by the Engineering News-Record Cost of Living Adjustment each July 1. Different fees are charged based upon the type of dwelling being constructed (residential, commercial, school, church, hospital, etc.). Certain structures are subject to review by a technical advisory group which will determine the SDC. The full fee schedule is available on the City’s website.

Current rates for residential properties are below:

**Residential System Development Charges  
(as of Fiscal Year 2025)**

	Sewer Collection	Sewage Treatment	Total
Single Family Residence	\$ 1,887	\$ 1,929	\$ 3,816
Manufactured Home/ Accessory Dwelling Unit (ADU)	1,227	1,254	2,481

Source: City of Medford.

In addition to using SDC revenue to cash-fund projects, local governments are authorized to use SDC revenue for repayment of debt service associated with the infrastructure system for which the fees were collected. SDC revenue is included in the definition of Gross Revenues under the Master Declaration.

**Billing and Collection**

*City Accounts.* Customers receive a monthly utility bill and payment is due within 15 days. If contact information is available, notices may also include email reminders and/or electronic phone calls. Balances can be paid by mail, in-person, on the phone or online. Auto-pay is also available. If the balance is not paid on time additional notices are sent. The City eventually recovers its delinquent sewer amounts through property tax liens. Each July, accounts with delinquent sewer balances, as well as late fees assessed due to nonpayment, are sent to the Jackson County Department of Assessment and Taxation. The amount sent is for the period of May 1 of the prior year to April 30 of the current year. Property taxes are due in full by November 15<sup>th</sup> or partial payments due on the 15<sup>th</sup> of November, February and May. Beginning in November, the County remits monthly collections to the City and sewer tax receipts are posted to the sewer funds monthly. Each year, more than 95 percent of delinquent amounts are paid within the current year of the tax bill. The recovery cost will ultimately end up being 100 percent as Jackson County liens properties if the total amount of tax, including the City’s unpaid sewer amounts, is not paid. For Fiscal Year 2023, \$130,315 (0.82 percent of charges for services revenues) was submitted as property tax liens.

The City’s SDC’s are collected at the time a building permit is issued; the building permit is not issued until the SDC’s have been paid.

*Rogue Valley Sewer Services Billing.* The Agreement provides that RVSS will collect the sewage treatment base and volumetric charges from its customers and pay the City monthly. The Agreement also provides that RVSS will collect the sewage treatment SDC’s and pay the City not later than 30 days after the permits have been issued.

**Facility Plan and Capital Improvement Program**

The City contracted with engineering firms West Yost and Black & Veatch to prepare a new RWRF Facility Plan (the “Facility Plan”) which was completed in April 2024. The Facility Plan provides a 20-year vision for the RWRF and considers planned service area growth, the need to meet new regulations for nutrient removal, and improvements necessary to address aging infrastructure concerns. Improvements are needed to address regulatory requirements, increase the capacity of existing facilities, and improve conditions of existing facilities. The Facility Plan evaluated a range of treatment alternatives and cost estimates were developed for three options that were selected for a more comprehensive evaluation. A business case evaluation was developed to compare the three options which considered all aspects of asset ownership including capital costs, O&M costs, and risks. It also incorporated non-economic factors to ensure that the most appropriate alternative was selected. The selected option includes a secondary 5 Stage Bardenpho suspended growth biological treatment process followed by conventional secondary clarifiers for solid-liquid separation and a denitrification filter.

To help mitigate cost impacts to the RWRF rate payers, the project team developed a Capital Improvement Program (“CIP”) that implements the identified projects in three major steps, as follows:

- Step 1: Construct the Biological Nutrient Removal (“BNR”) facilities (and associated ancillary facilities) needed to meet the RWRF capacity needs through 2040. This step will also include construction of most of the condition-related improvements identified in this Facility Plan, as well as the new administration/maintenance building;
- Step 2: Construct all the facilities identified in the Facility Plan as needed to meet the capacity requirements for the 2045 design condition. This would include expansion of the existing headworks, grit removal and primary clarification facilities. Timing will be based upon the actual loadings experienced at the plant and will be constructed when required based upon these loadings; and
- Step 3: Construct facilities needed to provide full redundancy (i.e. ability to operate any process with a unit out of service) of the BNR system as defined in the Facility Plan (i.e. the Concept Design). This step would also include expansion of the chlorine contact basin if it is determined to be needed.

The Facility Plan is available on the City’s website. A summary of the CIP follows.

**Capital Improvement Plan  
(in millions \$)**

Item	Fiscal Year																						Total
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	
BNR Facilities																							
Temperature Credits	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4										\$ 5.0
Step 1	1.6	7.2	7.2	70.6	70.6	2.9																	160.1
Step 2										0.5	0.5		1.3	1.3	11.5	11.5							26.5
Step 3																			1.0	1.7	15.3		18.0
Capacity Improvements													1.0	1.0	8.5	8.5							27.8
Ancillary Facilities	0.4	1.5	1.7	12.4	12.2	0.5							0.3	0.3	2.3	2.3							33.7
Condition Related Improvements	0.5	0.6	0.6			6.6	2.2						0.2	0.2	1.0	1.0							12.7
Admin./Maintenance Building	0.3	1.2	1.2				17.3	5.8															25.6
<b>Total</b>	<b>\$ 3.3</b>	<b>\$ 10.9</b>	<b>\$ 11.1</b>	<b>\$ 83.3</b>	<b>\$ 83.1</b>	<b>\$ 27.6</b>	<b>\$ 8.3</b>	<b>\$ 0.3</b>	<b>\$ 0.4</b>	<b>\$ 0.9</b>	<b>\$ 0.9</b>	<b>\$ 0.4</b>	<b>\$ 3.0</b>	<b>\$ 2.6</b>	<b>\$ 23.2</b>	<b>\$ 23.2</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1.0</b>	<b>\$ 2.6</b>	<b>\$ 23.4</b>	<b>\$ 309.5</b>

Source: Medford RWRF Facility Plan.

The City currently expects to issue approximately \$263 million in sewer revenue bonds (including the 2024 Bonds, the WIFIA Loan and a future issue). The balance of the Project costs and remaining projects in the CIP are expected to be paid from sewer revenues.

## The Regulatory Environment

The segment of the Rogue River that receives discharge wastewater from the RWRf is listed by Oregon Administrative Rule for beneficial uses including both public and private domestic water supplies, salmonid spawning and rearing, fishing, and water contact recreation. Downstream from the RWRf outfall, the cities of Gold Hill, Rogue River and Grants Pass all draw their municipal drinking water from the Rogue River. Given its regional importance, water quality standards are high and considerable evaluation and regulation of the Rogue River in the vicinity of the RWRf discharge has been completed by private parties, the Oregon Department of Environmental Quality (the “Oregon DEQ”), and the City.

The Federal Water Pollution Control Act of 1972 (also known as the Clean Water Act) and its subsequent amendments, as well as Oregon Revised Statutes (ORS 468B.050), require a National Pollutant Discharge Elimination System (“NPDES”) permit for the discharge of wastewater to surface waters. The permit allows and regulates the discharge of treated sewage to the Rogue River, and allows the RWRf to process, apply to land, transfer to another treatment facility, dispose of or beneficially reuse wastewater solids. The City has the following permits issued by Oregon DEQ which regulate the operation of the RWRf:

Type	Permit No.	Effective Date	Expiration Date
Air Contaminant Discharge Permit	15-0030-ST-01	10/27/20	09/01/25
NPDES Industrial Stormwater Discharge Permit	1200-Z	03/25/21	06/30/26
NPDES Waste Discharge Permit <sup>(1)</sup>	100985	09/01/21	07/31/26

(1) An appeal was filed, challenging the permit requirements. See “Legal Matters and Litigation – Litigation – NWEA Appeal of the 2021 NPDES Permit” herein.

Source: City of Medford.

*NPDES Permit No. 100985 Renewal.* NPDES Permit No. 100985 was previously issued December 13, 2011, and Oregon DEQ subsequently issued several modifications in 2012 and 2015 (the “Prior NPDES Permit”). The Prior NPDES Permit technically expired November 30, 2016, however, a permit remains in effect until a new permit is issued and sometimes delays occur. Oregon DEQ issued a revised NPDES permit on August 10, 2021, effective September 1, 2021 (the “2021 NPDES Permit”), which includes more stringent discharge limits. However, an appeal has been filed by an environmental advocacy group which contests that the 2021 NPDES Permit is not strict enough (see “Legal Matters and Litigation – Litigation – NWEA Appeal of the 2021 NPDES Permit” herein). Therefore, the City is technically operating under the Prior NPDES Permit until the appeal is resolved and the 2021 NPDES Permit officially takes effect. However, the City is already taking steps to comply with the increased requirements of the 2021 NPDES Permit.

The Project is necessary to meet the 2021 NPDES Permit’s more stringent discharge limits for existing pollutants and includes new requirements for total nitrogen and total phosphorus (see “Purpose and Use of Proceeds – Purpose”). The Oregon DEQ has implemented the following permit compliance schedule:

Deadline	Item	Complete?
September 1, 2023	Submit a new Facility Plan	Yes
September 1, 2024	Submit preliminary plant design	Yes
September 1, 2026	Submit final plant design	
September 1, 2028	Finish all plant construction upgrades to meet permit conditions	
September 1, 2030	Meet all new permit conditions	

Source: City of Medford.

The City has met the required deadlines to date. The compliance schedule deadlines may be revised in the future. The RWRf is inspected daily by plant staff and detailed inspection logs are maintained for all observations, abnormalities, or issues needed addressed. The Oregon DEQ completes a comprehensive inspection at least once per permit cycle (every five years) to assess compliance with regulatory requirements. During the most recent June 22, 2023 visit, the RWRf was determined to be well operated and well maintained. No violations or recommendations for improvement were noted. The City and the RWRf have a strong history of regulatory

compliance; the last time the Oregon DEQ found the RWRf in violation of their NPDES Permit was in 2014 when the plant received a written warning for an ammonia exceedance.

## **Financial Factors**

### **Financial Reporting and Accounting Policies**

The City's basic financial statements were prepared using modified accrual accounting in conformity with generally accepted accounting principles ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB").

### **Auditing**

Each Oregon political subdivision must obtain an audit and examination of its funds and account groups at least once each year pursuant to the Oregon Municipal Audit Law, ORS 297.405-297.555. Political subdivisions having annual expenditures of less than \$150,000, with the exception of counties and school districts, are exempt from this requirement. All Oregon counties and school districts, regardless of amount of annual expenditures, must obtain an audit annually. The required audit may be performed by the State Division of Audits or by independent public accountants certified by the State as capable of auditing political subdivisions. Municipal Audit Law, ORS 297.405 to 297.555 and ORS 297.990, requires Oregon local governments to submit annual financial reports to the Secretary of State within six months of the end of the fiscal year. The City has never missed this deadline without an approved extension.

The City audits for the Fiscal Years 2019 through 2023 ("City Audited Financial Statements") were performed by Moss Adams, CPAs, Medford, Oregon (the "Auditor"). The audit report for Fiscal Year 2023 indicates the financial statements, in all material respects, fairly present the City's financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information and the respective changes in financial position and the cash flows, where applicable, in conformance with accounting principles generally accepted in the United States of America. The Auditor was not requested to review this Official Statement and has not completed any additional auditing review procedures subsequent to the issuance of their report on the 2023 Fiscal Year.

Future financial statements may be obtained from the Electronic Municipal Market Access ("EMMA") system, a centralized repository operated by the Municipal Securities Rulemaking Board ("MSRB"), currently located at: [www.emma.msrb.org](http://www.emma.msrb.org).

A five-year summary of certain financial information follows.

### Sanitary Sewer Funds Balance Sheet (Fiscal Years)

	2019	2020	2021	2022	2023
<b>Current assets</b>					
Cash and investments	\$ 15,251,363	\$ 18,567,519	\$ 22,858,204	\$ 28,349,208	\$ 30,062,081
Receivables	1,089,839	1,116,035	1,184,019	825,687	1,385,871
Prepaid expense	-	-	-	-	499
Inventories	336,440	336,440	354,501	383,203	420,969
<b>Noncurrent assets</b>					
<b>Capital assets</b>					
Land and construction	1,794,485	299,656	363,762	2,146	1,692,115
Right-to-use, net	-	-	-	47,086,688	1,490
Capital assets, net	48,438,106	48,559,792	47,927,710	5,331	47,335,767
Net OPEB asset	44,635	72,431	49,735	122,120	119,991
<b>Total Assets</b>	<u>66,954,868</u>	<u>68,951,873</u>	<u>72,737,931</u>	<u>76,774,383</u>	<u>81,018,783</u>
<b>Deferred Outflow of Resources</b>					
OPEB related items	20,626	75,586	77,610	69,521	49,314
Pension related items	1,901,098	1,893,101	2,326,888	2,117,995	1,992,475
<b>Total Deferred Outflow of Resources:</b>	<u>1,921,724</u>	<u>1,968,687</u>	<u>2,404,498</u>	<u>2,187,516</u>	<u>2,041,789</u>
<b>Total Assets and Deferred</b>					
<b>Outflow of Resources:</b>	<u>\$ 68,876,592</u>	<u>\$ 70,920,560</u>	<u>\$ 75,142,429</u>	<u>\$ 78,961,899</u>	<u>\$ 83,060,572</u>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Accounts payable	499,754	509,224	221,768	1,245,045	1,828,593
Payroll and related accounts	152,608	98,754	214,058	216,011	226,145
Retainage payable	41,177	39,586	54,259	55,366	76,474
Unearned revenue	103,745	58,666	7,512	53,475	133,490
Compensated absences, due within one year	58,357	59,733	63,692	66,914	72,513
<b>Noncurrent liabilities</b>					
Compensated absences, due in more than one year	233,427	-	254,766	267,658	290,052
Lease liability	-	238,935	-	2,275	1,593
Total OPEB liability	543,029	603,343	593,529	582,170	545,453
Net pension liability	5,394,600	6,056,916	7,533,738	4,046,596	5,248,375
<b>Total Liabilities:</b>	<u>7,026,697</u>	<u>7,665,157</u>	<u>8,943,322</u>	<u>6,535,510</u>	<u>8,422,688</u>
<b>Deferred Inflow of Resources</b>					
Leases	-	-	-	5,331	-
Pension related items	442,584	385,132	305,741	3,415,297	1,799,613
OPEB related items	12,661	14,551	44,110	148,088	144,789
<b>Total Deferred Inflow of Resources:</b>	<u>455,245</u>	<u>399,683</u>	<u>349,851</u>	<u>3,568,716</u>	<u>1,944,402</u>
<b>Net Position</b>					
Net investment in capital assets	50,232,591	48,859,448	48,291,472	47,409,645	49,027,779
Future system development	8,287,487	9,923,394	12,257,535	13,839,230	14,904,461
Unrestricted	2,874,572	4,072,878	5,300,249	7,931,884	8,761,242
<b>Total Net Position</b>	<u>61,394,650</u>	<u>62,855,720</u>	<u>65,849,256</u>	<u>69,180,759</u>	<u>72,693,482</u>
<b>Total Liabilities, Deferred Inflow of Resources and Net Position</b>					
	<u>\$ 68,876,592</u>	<u>\$ 70,920,560</u>	<u>\$ 75,142,429</u>	<u>\$ 79,284,985</u>	<u>\$ 83,060,572</u>

Note: Includes the following funds which are pledged to pay debt service on the 2024 Bonds: Sewage Treatment Fund – 503, Sewer Collection System SDC Fund – 521, Sanitary Sewer Maintenance Fund – 502, and Sewage Treatment SDC Fund – 523.

Source: City Audited Financial Statements.

**Sanitary Sewer Funds Statement of Revenues, Expenditures and  
Changes in Net Position  
(Fiscal Years)**

	2019	2020	2021	2022	2023
<b>Operating Revenues</b>					
Charges for services	\$ 11,563,772	\$ 12,606,117	\$ 15,559,073	\$ 15,511,445	\$ 15,925,057
Miscellaneous income	34,919	32,286	57,923	93,463	51,776
Total Operating Revenues	<u>11,598,691</u>	<u>12,638,403</u>	<u>15,616,996</u>	<u>15,604,908</u>	<u>15,976,833</u>
<b>Operating Expenses</b>					
Salaries and fringe benefits	5,312,372	5,285,306	4,857,050	4,865,447	4,718,611
Operating supplies	859,530	1,321,405	2,173,534	855,306	1,133,357
Professional services	1,383,334	1,026,261	820,165	813,335	1,238,152
Repairs and maintenance	328,724	523,361	400,734	496,949	684,585
Premiums and claims	73,000	77,800	77,800	132,900	133,311
Utilities	317,282	288,412	298,234	425,667	507,273
General, administrative, and engineering	805,360	544,259	524,805	656,363	766,817
Loss on sale of assets	-	-			
Depreciation and amortization	2,407,622	2,564,939	2,595,560	2,490,242	2,564,102
Total Operating Expenses	<u>11,487,224</u>	<u>11,631,743</u>	<u>11,747,882</u>	<u>10,736,209</u>	<u>11,746,208</u>
<b>Operating Income</b>	<u>111,467</u>	<u>1,006,660</u>	<u>3,869,114</u>	<u>4,868,699</u>	<u>4,230,625</u>
<b>Nonoperating Revenue</b>					
Investment earnings	278,163	449,087	24,742	(336,213)	319,302
Gain (loss) on sale of assets	-	-	(6,765)	-	-
Total Nonoperating Revenues	<u>278,163</u>	<u>449,087</u>	<u>17,977</u>	<u>(336,213)</u>	<u>319,302</u>
<b>Income Before Contributions and Transfers</b>	<b>389,630</b>	<b>1,455,747</b>	<b>3,887,091</b>	<b>4,532,486</b>	<b>4,549,927</b>
<b>Contributions and Transfers</b>					
Contributions	1,990,862	1,463,867	439,952	168,384	374,176
Transfers	<u>(712,713)</u>	<u>(1,458,544)</u>	<u>(1,333,507)</u>	<u>(1,369,367)</u>	<u>(1,411,380)</u>
Total Contributions and Transfers	<u>1,278,149</u>	<u>5,323</u>	<u>(893,555)</u>	<u>(1,200,983)</u>	<u>(1,037,204)</u>
<b>Change in net position</b>	1,667,779	1,461,070	2,993,536	3,331,503	3,512,723
Net Position, beginning of year	<u>59,726,871</u>	<u>61,394,650</u>	<u>62,855,720</u>	<u>65,849,256</u>	<u>69,180,759</u>
Net Position, end of year	<u>\$ 61,394,650</u>	<u>\$ 62,855,720</u>	<u>\$ 65,849,256</u>	<u>\$ 69,180,759</u>	<u>\$ 72,693,482</u>

Note: Includes the following funds which are pledged to pay debt service on the 2024 Bonds: Sewage Treatment Fund - 503, Sewer Collection System SDC Fund - 521, Sanitary Sewer Maintenance Fund - 502, and Sewage Treatment SDC Fund - 523.  
Source: City Audited Financial Statements.



**Sanitary Sewer Funds Statement of Revenues, Expenditures and  
Changes in Fund Balance  
(Fiscal Years – Budgetary Basis)**

	2019	2020	2021	2022	2023	Estimated 2024
<b>Revenues</b>						
Charges for services	\$ 13,126,032	\$ 14,003,924	\$ 15,559,073	\$ 15,516,946	\$ 15,913,560	\$ 17,216,474
Investment earnings	278,163	449,087	(18,073)	120,742	447,708	1,139,007
Other revenue	34,919	32,286	61,506	85,992	63,273	61,608
Total Revenues	<u>13,439,114</u>	<u>14,485,297</u>	<u>15,602,506</u>	<u>15,723,680</u>	<u>16,424,541</u>	<u>18,417,089</u>
<b>Expenditures</b>						
Sewer treatment maintenance	6,291,481	5,630,788	5,553,373	4,739,778	5,562,004	5,728,579
Sewer collection system development	650	361	10,560	200	4,450	9,885
Sewer system maintenance and construction	4,629,939	3,962,198	4,180,579	3,359,592	3,935,994	3,467,822
Sewage treatment SDC	2,650,309	-	-	491,099	-	-
Capital outlay	-	-	-	1,250,577	3,799,301	4,782,827
Total Expenditures	<u>13,572,379</u>	<u>9,593,347</u>	<u>9,744,512</u>	<u>9,841,246</u>	<u>13,301,749</u>	<u>13,989,113</u>
<b>Excess Revenues Over (Under) Expenditures</b>	<u>(133,265)</u>	<u>4,891,950</u>	<u>5,857,994</u>	<u>5,882,434</u>	<u>3,122,792</u>	<u>4,427,976</u>
<b>Other Financing Sources (Uses)</b>						
Transfers out <sup>(1)</sup>	<u>(712,713)</u>	<u>(1,458,544)</u>	<u>(1,333,507)</u>	<u>(1,369,367)</u>	<u>(1,411,380)</u>	<u>(1,226,409)</u>
<b>Net Change in Fund Balance</b>	<u>(845,978)</u>	<u>3,433,406</u>	<u>4,524,487</u>	<u>4,513,067</u>	<u>1,711,412</u>	<u>3,201,567</u>
Fund Balance, beginning of year	<u>16,389,896</u>	<u>15,543,918</u>	<u>18,977,324</u>	<u>23,501,811</u>	<u>28,014,880</u>	<u>29,726,292</u>
Fund Balance, end of year	<u>\$ 15,543,918</u>	<u>\$ 18,977,324</u>	<u>\$ 23,501,811</u>	<u>\$ 28,014,878</u>	<u>\$ 29,726,292</u>	<u>\$ 32,927,859</u>

(1) Transfers are to the General Fund for either indirect costs, Pension Bond debt service payments, or to reimburse a portion of utility billing's budget initially charged as a General Fund expense and reimbursed by the utility fund (Fund 502). In Fiscal Year 2020, transfers increased as a result of moving utility billing functions to the General Fund.

Note: Includes the following funds which are pledged to pay debt service on the 2024 Bonds: Sewage Treatment Fund – 503, Sewer Collection System SDC Fund – 521, Sanitary Sewer Maintenance Fund – 502, and Sewage Treatment SDC Fund – 523.

Source: City Audited Financial Statements.

**Projected Operating Results**

The City has projected operating results for Fiscal Years 2025 through 2029 based on a range of assumptions that the City believes to be reasonable. Because of the nature of projections, including variability in assumptions, economic conditions and changes in the regulations to the water and wastewater industry, the City cannot guarantee those results. Potential investors of the Series 2024 Bonds should not rely on the projections as statements of fact. Such projections are subject to change and will change, from time to time. The City has not committed to providing investors with updated forecasts or projections.

## Projected Net Revenues and Debt Service Coverage (Fiscal Years)

Gross Revenues <sup>(1)</sup>	2025	2026	2027	2028	2029
City charges for services	\$ 11,553,226	\$ 13,760,926	\$ 16,103,712	\$ 18,239,348	\$ 20,566,101
RVSS charges for services	4,674,420	5,691,581	6,701,268	7,890,073	9,289,772
SDCs <sup>(2)</sup>	<u>1,365,800</u>	<u>1,373,396</u>	<u>1,381,069</u>	<u>1,388,819</u>	<u>1,396,650</u>
<b>Total Gross Revenues</b>	<b>17,593,446</b>	<b>20,825,902</b>	<b>24,186,048</b>	<b>27,518,240</b>	<b>31,252,523</b>
<b>Operating Expenses</b>					
Salaries, wages & benefits	6,272,900	6,888,532	7,538,299	8,436,762	9,135,028
Materials & services	3,933,900	4,039,763	4,150,306	4,262,018	6,688,579
Transfers <sup>(3)</sup>	1,736,087	1,781,461	1,828,549	1,876,352	1,925,214
Contingency	<u>2,155,976</u>	<u>2,180,356</u>	<u>2,205,814</u>	<u>2,231,541</u>	<u>2,257,807</u>
<b>Total Operating Expenses</b>	<b>14,098,863</b>	<b>14,890,112</b>	<b>15,722,968</b>	<b>16,806,673</b>	<b>20,006,628</b>
<b>Net Revenues and Debt Service Coverage</b>					
Net Revenues	3,494,583	5,935,790	8,463,080	10,711,567	11,245,895
Net Revenues, excluding SDC Improvement Fees	2,128,783	4,562,395	7,082,012	9,322,748	9,849,245
Debt Service					
2024 Bonds	437,591	1,218,138	1,217,263	1,215,638	1,218,138
2027 Bonds <sup>(4)</sup>	-	-	-	6,019,423	6,019,423
WIFIA Loan <sup>(5)</sup>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Debt Service	437,591	1,218,138	1,217,263	7,235,060	7,237,560
Coverage with Net Revenues <sup>(6)</sup>	7.99	4.87	6.95	1.48	1.55
Coverage with Net Revenues, excluding SDCs <sup>(6)</sup>	4.86	3.75	5.82	1.29	1.36

- (1) Does not include non-rate revenue or interest earnings which can be included in the actual calculation.
- (2) Includes SDC Improvement Fee and SDC Reimbursement Fee.
- (3) Transfers are to the General Fund for either indirect costs, Pension Bond debt service payments, or to reimburse a portion of utility billing's budget initially charged as a General Fund expense and reimbursed by the utility fund (Fund 502).
- (4) The rate model currently projects an additional sewer revenue bond sale for \$100 million to be sold in 2027.
- (5) The WIFIA Loan is expected to be structured with capitalized interest through Fiscal Year 2034 with level debt service payments from Fiscal Year 2035 through and include Fiscal Year 2059. Estimated debt service is factored into the model. See "Purpose and Use of Proceeds - Additional Funding" for more information on the WIFIA Loan.
- (6) The Master Declaration requires the City to charge rates and fees in connection with the operation of the System which, when combined with other Gross Revenues, are adequate to generate Net Revenues in each Fiscal Year at least equal to each of (a) 1.25 times Annual Bond Debt Service due in that Fiscal Year for Outstanding Bonds and (b) 1.15 times Annual Bond Debt Service due in that Fiscal Year for Outstanding Bonds, excluding SDC Improvement Fees. The projection removes both SDC Improvement Fees and SDC Reimbursement Fees and is therefore more conservative than the legal covenants require. See Article 9 of the Master Declaration, attached hereto as Appendix E.

Source: City of Medford rate models prepared by FCS Group.

### Budgetary Process

The City prepares an biennial budget in accordance with Oregon Local Budget Law (ORS Chapter 294) which establishes standard procedures for all budget functions for Oregon local governments. Under the applicable provisions, there must be public participation in the budget process and the adopted budget must be balanced.

The City's administrative staff evaluates the budget requests of the various departments of the City to determine the funding levels of the operating programs. The budget is presented to the public through public hearings held by a budget committee consisting of Board members and lay members. After giving due consideration to the input received from the citizens, the City Council adopts the budget, authorizes the levying of taxes and sets appropriations.

The budget may be amended through the adoption of a supplemental budget. Supplemental budgets may be adopted by the City Council pursuant to ORS 294.471.

**Sanitary Sewer Funds Budget**  
(Fiscal Years)

<b>Resources</b>	<b>2021-23 Biennium Adjusted Budget</b>	<b>2023-25 Biennium Adopted Budget</b>
Charges for Services	\$ 19,721,000	\$ 23,081,400
General Government	40,000	-
Intergovernmental	7,050,600	8,488,100
SDC	2,956,300	2,728,600
Interest Income	183,900	576,400
Beginning Fund Balance	21,634,400	27,731,600
<b>Total Resources</b>	<b>\$ 51,586,200</b>	<b>\$ 62,606,100</b>
<b>Requirements</b>		
Salaries & Wages	\$ 6,767,500	\$ 8,303,500
Fringe Benefits	4,457,700	5,584,800
Materials & Services	7,371,500	7,799,800
Capital Outlay	1,041,200	568,000
Capital Improvement Projects	8,842,800	10,242,300
Transfers	2,915,500	3,536,300
Contingency	13,623,800	17,068,700
Unappropriated Ending Fund Balance	6,566,200	9,502,700
<b>Total Requirements</b>	<b>\$ 51,586,200</b>	<b>\$ 62,606,100</b>

Note: Includes the following funds which are pledged to pay debt service on the 2024 Bonds: Sewage Treatment Fund - 503, Sewer Collection System SDC Fund - 521, Sanitary Sewer Maintenance Fund - 502, Sewage Treatment SDC Fund - 523, and Sewer Treatment Improvement Fund - 553.

Source: City Adopted Biennial Budget 2023-2025.

**Investments**

ORS 294.035 authorizes Oregon political subdivisions to invest in obligations, ranging from U.S. Treasury obligations and Agency securities to municipal obligations, bankers' acceptances, commercial paper, certificates of deposit, corporate debt and guaranteed investment contracts, all subject to certain size and maturity limitations. No municipality may have investments with maturities in excess of 18 months without adopting a written investment policy which has been reviewed by the Oregon Short Term Fund Board. ORS 294.052 authorizes Oregon political subdivisions to invest proceeds of bonds or certificates of participation and amounts held in a fund or account for such bonds or certificates of participation under investment agreements if the agreements: (i) produce a guaranteed rate of return; (ii) are fully collateralized by direct obligations of, or obligations guaranteed by, the United States; and (iii) require that the collateral be held by the municipality, an agent of the municipality or a third-party safekeeping agent. The City has its own investment policy which is available upon request.

Political subdivisions are also authorized to invest approximately \$59.85 million (adjusted for inflation) in the Local Government Investment Pool of the Oregon Short-Term Fund, which is managed by the State Treasurer's office. Such investments are managed in accordance with the "prudent person rule" (ORS 293.726) and administrative regulations of the State Treasurer which may change from time to time. Eligible investments presently include all of those listed above, as well as repurchase agreements and reverse repurchase agreements. A listing of investments held by the Oregon Short-Term Fund is available on the Oregon State Treasury website under "Other OSTF Reports - OSTF Detailed Monthly Reports" at [http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-\(OSTF\).aspx](http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx).

## **Pension System**

*General.* The City participates in a retirement pension benefit program under the State of Oregon Public Employees Retirement System (“PERS” or the “System”). After six full months of employment, all City employees are required to participate in PERS. Employer contribution rates are calculated as a percentage of covered payroll. Employees are required to contribute six percent of their annual salary as well; however, employers are allowed to pay the employees’ contribution in addition to the required employers’ contribution. See “Employer Contribution Rates” herein.

*T1/T2 Pension Programs.* Employees hired before August 29, 2003 participate in the “Tier 1” or “Tier 2” pension programs (the “T1/T2 Pension Programs”). The benefits provided through the T1/T2 Pension Programs are based primarily on a defined benefit model and provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Different benefit structures apply to participants depending on their date of hire. Between January 1, 2004 and June 30, 2020, six percent of each employee’s salary was contributed to fund individual retirement accounts under a separate defined contribution program known as the Individual Account Program (the “IAP”). Effective July 1, 2020, the six percent contribution for employees who earn in excess of \$2,500 per month (indexed annually for inflation) was split in two, with two-and-one-half percent of the employee’s salary deposited in the “Employee Pension Stability Account” (“EPSA”) and 3.50 percent of salary sent to the IAP. The threshold amount was raised in June 2021 to \$3,333 per month (indexed annually for inflation). Effective January 1, 2024, the monthly threshold for this contribution is \$3,688 per month.

*OPSRP.* Employees hired on or after August 29, 2003 participate in the Oregon Public Service Retirement Plan (“OPSRP”) unless membership was previously established in the T1/T2 Pension Programs. OPSRP is a defined benefit pension plan, but also provides access to the IAP. As stated above, effective July 1, 2020, the six percent contribution for employees that earn in excess of \$2,500 per month (indexed annually for inflation) was split in two, with 0.75 percent of the employee’s salary deposited in the EPSA and 5.25 percent of salary sent to the IAP. Effective January 1, 2024, the monthly threshold for this contribution split is \$3,688 per month.

*RHIA/RHIPA.* The Oregon PERS Health Insurance Program offers optional medical, dental, and long-term care insurance plans to eligible T1/T2 retirees, their spouses, and dependents. See “Other Postemployment Benefits, Retirement Health Insurance Account” herein.

*Actuarial Valuation.* Actuarial valuations are performed annually as of December 31 of each year and are designed to measure the liabilities, assets and funded status of the System for each employer, as well as determine employer contribution rates. The valuations are based on complex models which utilize assumptions on rates of return, payroll growth rates and demographic trends. The valuations as of December 31 of odd-number years are used by the Oregon Public Employees Retirement System Board (the “PERB”) to set employer contribution rates; valuations as of even-numbered years are used for advisory purposes only. Should the assumptions used in the actuarial model prove inaccurate, liabilities of the System may be higher or lower than estimated. Any increases or decreases in liabilities will be absorbed into future contribution rates assessed against employer payrolls. An employer’s unfunded actuarial liability (“UAL”) is equal to the excess of the actuarially determined present value of the employer’s benefit obligations to employees over the existing assets available to pay those benefits. PERS’ current actuary is Milliman, Inc. (“Milliman,” or the “Actuary”).

Actuarial valuations are performed for the entire System (the “System Valuation”), and for most participating employers, including the City (the “City Valuation”). Valuations are released nine to eleven months after the valuation date. Current payroll rates are based on the System’s actuarial valuation report as of December 31, 2021 (the “2021 Valuation”), and those rates will extend through June 30, 2025, including the rates for the City. The Summary of the December 31, 2023 System-wide Valuation Results (the “Summary 2023 Valuation”), was released at the July 26, 2024 PERS Board meeting. The Summary 2023 Valuation provides System, School Pool and SLGRP rates for the 2025-27 biennium. The Summary 2023 Valuation shows that rates on both a System-wide basis and for the pool in which the City participates are projected to rise. See “Actuarial Assumptions” and “Employer Contribution Rates” herein. However, final payroll rates for the City itself for the 2025-27 biennium will depend on the results of the individual 2023 Valuation, which should be available in October 2024.

Valuation Date	Release Date	Rates Effective
December 31, 2019	October 2020	July 1, 2021 - June 30, 2023
December 31, 2020	December 2021	Advisory only for July 1, 2023 - June 30, 2025
December 31, 2021	October 2022	Current Rates: July 1, 2023 - June 30, 2025
December 31, 2022	December 2023	Advisory only for July 1, 2025 - June 30, 2027
December 31, 2023	October 2024	July 1, 2025 - June 30, 2027

*System Actuarial Organization.* An employer participates in PERS either on an independent basis, or through an actuarial pool, as follows:

#### T1/T2 Pension Programs

- *Independents:* An Independent Employer is one for whom its T1/T2 Pension Programs assets and liabilities are based on an actuarial analysis performed on its employee base. The City is not an independent employer.
- *School District Pool:* All kindergarten through grade 12 public school district and education service district public employers are pooled for actuarial purposes for the T1/T2 pension programs (the “School District Pool”). Each School District Pool member’s allocated share of the pool’s assets and liabilities is based on the member’s proportionate share of the School District Pool’s pooled payroll, which share may shift in the future due to relative growth in payroll. Further, a school district’s Allocated T1/T2 UAL may increase if other pool participants fail to pay their full employer contributions. The City is not a member of the School District Pool.
- *State and Local Government Rate Pool:* For the T1/T2 Pension Programs, all State agencies, certain Oregon local governments and all community college public employers are pooled (the “State and Local Government Rate Pool” or “SLGRP”). Each SLGRP member’s allocated share of the pool’s assets and liabilities is based on the member’s proportionate share of the SLGRP’s pooled payroll which share may shift in the future due to relative growth in payroll. Further, the City’s Allocated T1/T2 UAL may increase if other pool participants fail to pay their full employer contributions. **The City is a member of the SLGRP.**

#### OPSRP

- *OPSRP’s* assets and liabilities are pooled on a System-wide basis. These assets and liabilities are not tracked or calculated on an employer basis. The City’s allocated share of OPSRP’s assets and liabilities is based on the City’s proportionate share of OPSRP’s pooled payroll.

*Actuarial Assumptions.* Actuarial assumptions are set each biennium and are applied to the System’s valuations. Significant actuarial assumptions and methods used since the 2020 System Valuation included (a) the Entry Age Normal method, (b) asset valuation method based on market value, (c) the assumed earnings rate (the “Assumed Rate”) on the investment of present and future assets of 6.90 percent, (d) payroll growth rate of 3.40 percent, (e) consumer price inflation of 2.40 percent per year, (f) UAL amortization method of a level percentage of payroll, with the 2019 UAL attributable to the Tier 1 and Tier 2 pension programs amortized over a 22-year period, and all subsequent UALs attributable to Tier 1 and Tier 2 amortized over a 20-year period. Any UAL attributable to OPSRP is amortized over 16 years (fixed) from the date of the first rate-setting valuation at which the UAL is recognized, (g) a rate collar to limit increases or decreases in employer contribution rates from biennium to biennium (the “Rate Collar”) (see “Rate Collar” herein), and (h) a portion of the IAP is redirected to the EPSA resulting in a direct offset and reduction of Employer contribution. Beginning with the 2022 Valuation, payrolls shall be assumed to grow at an additional 2 percent above the 3.40 percent base assumption for the next two years.

*Employer Contribution Rates.* Employer contribution rates are calculated as a percent of covered payroll. The rates are based on the current and projected cost of benefits and the anticipated level of funding available from the Oregon Public Employees Retirement Fund (“OPERF”), including anticipated investment performance of the fund. Contribution rates are subject to future adjustment based on factors such as the result of subsequent actuarial valuations, litigation, decisions by the PERB and changes in benefits resulting from legislative modifications. Pursuant to ORS 238.225, all participating employers are required to make their contribution to PERS based on the employer contribution rates set by the PERB. Employees are required to contribute six percent of their annual salary to the IAP and, if applicable, the EPSA. Employers are allowed to pay the employees’ contribution in addition to the required employers’ contribution. The City has elected to make the employee contributions on behalf of its employees for the OPSRP IAP.

*Rate Collar.* The PERB uses a rate collar (the “Rate Collar”) to limit increases (or decreases) in employer contribution rates from biennium to biennium in order to smooth the impact of significant increases or decreases from one valuation to the next.

Beginning with the 2023-25 biennium, for employers participating in either the School District pool or the SLGRP, the collar will be applied as a fixed percentage of payroll, with a limit of three percent of pay for the Tier 1/Tier 2 UAL rate and one percent of pay for OPSRP rate. Further, reductions in the UAL rate would not be allowed unless a funded level thresholds of at least 88 percent is reached, at which point a portion of the reduction would be allowed, gradually increasing until the funded status reaches 90 percent, when the full reduction would be permitted. A wider rate collar was adopted for independent employers who do not participate in either the School District pool or the SLGRP.

*System Funded Status & UAL.* According to the Summary 2023 Valuation, the UAL for the System as of December 31, 2023 was \$29.4 billion, and the funded status, excluding Side Accounts for the System, was approximately 72 percent. This is an increase in UAL and decrease in funded status from the 2022 Valuation, which estimated that the UAL for the System was \$28.6 billion and the funded status was approximately 73 percent, excluding side accounts, due to investment underperformance in 2023 and changes in salary growth assumptions.

The funded status of PERS and related contribution rates of the City will change over time depending on a variety of factors, including the market performance of the investments in which the OPERF is invested, future changes in compensation and benefits of covered employees, demographic characteristics of members, methodologies and assumptions used by the actuary in estimating the assets and liabilities of PERS, legislative or judicial actions, and other actions taken by the PERB. The annual rate of return on the OPERF in 2023 was 5.98 percent, which was lower than the assumed earnings rate of 6.90 percent and will lead to rate increases (see City Contribution Rates herein). Year to date return in 2024 through June was 3.34 percent, which is also lower than the current assumed earnings rate. Total returns in 2023 and thereafter, along with the factors mentioned above, may affect the System-wide and City UALs and related contribution rates in future valuations. Under current PERS policies, any modification to contribution rates based upon investment performance in 2022 and 2023 will occur during the 2025-27 biennium.

The table below includes the UAL and funded status for the System and the pool in which the City participates from the five most recent actuarial valuations.

**Unfunded Actuarial Liability and Funded Status<sup>(1)</sup>**  
**(\$ in millions)**

Valuation Date	System <sup>(2)</sup>		SLGRP	
	UAL	Funded Status	UAL	Funded Status
12/31/22	\$ 28,032.9	72.8%	\$ 14,126.9	75.9%
12/31/21	20,038.2	79.6%	10,839.3	77.0%
12/31/20	28,043.8	70.6%	14,497.3	68.7%
12/31/19	24,600.0	72.0%	12,700.0	71.0%
12/31/18	27,000.0	69.0%	13,800.0	68.0%

- (1) Does not take into account offsets for deposits made by individual employers from pension bond proceeds or cash on hand in side accounts (see “Side Accounts and Pension Bonds” herein).  
(2) System UAL includes total of SLGRP, School District Pool, Independent Employers, and OPSRP.

Source: System Valuations and PERS.

*Side Accounts and Pension Bonds.* Some jurisdictions, including the City, have issued pension bonds (the “Pension Bonds”) and/or used other cash resources to make lump sum payments to PERS. For most jurisdictions, these lump sum payments have been deposited into a “side account” (the “Side Accounts”) that is amortized over a fixed period and used to reduce the contribution rates of the jurisdiction that makes the deposit. Jurisdictions that issued pension bonds in order to make a lump sum deposit also have debt service payments due on their bonds. See “Outstanding Long-Term Debt” herein.

The City has made a lump sum deposit to PERS as follows:

**City of Medford  
Side Account Deposits**

Date	Original Deposit	Value of Side Account as of 2022 Valuation	Source of Funds	Projected End Date of Rate Credits
5/27/04	\$30,577,630	\$15,781,400	Bonds	12/31/27

Source: The City and PERS.

Debt service is also due on the Pension Bonds as follows:

**City of Medford  
Projected Pension Bond Debt Service**

Fiscal Year	Outstanding Pension Bonds		Total Debt Service
	Principal	Interest	
2024	\$ 2,745,000	\$ 912,726	\$ 3,657,726
2025	3,095,000	745,419	3,840,419
2026	3,475,000	556,778	4,031,778
2027	3,880,000	344,977	4,224,977
2028	1,780,000	108,491	1,888,491
	<u>\$ 14,975,000</u>	<u>\$ 2,668,391</u>	<u>\$ 17,643,391</u>

Source: The City.

*Net Unfunded Actuarial Liability.* The City’s net unfunded pension UAL is the total of the City Allocated T1/T2 UAL and City Allocated OPSRP UAL, less the balance in the City’s Side Account, if any. The City’s net unfunded pension UAL as reported in the City’s actuarial valuation reports as of December 31, 2019 (the “2019 City Valuation”), December 31, 2020 (the “2020 City Valuation”), December 31, 2021 (the “2021 City Valuation”) and

as of December 31, 2022 (the “2022 City Valuation”) is shown in the following table. Information from the December 31, 2023 Valuation is expected to be available in October 2024.

**City of Medford  
Net Unfunded Pension Liability**

	2019 Valuation	2020 Valuation	2021 Valuation	2022 Valuation
Allocated pooled T1/T2 UAL	\$ 79,596,200	\$ 89,634,328	\$ 66,883,227	\$ 84,509,146
Allocated pre-SLGRP pooled liability/(surplus)	-	-	-	-
Transition liability/(surplus)	-	-	-	-
Allocated pooled OPSRP UAL	6,953,361	9,029,140	5,640,762	12,130,105
City's Side Account	<u>(21,018,856)</u>	<u>(19,065,607)</u>	<u>(19,594,337)</u>	<u>(15,781,400)</u>
Net unfunded pension actuarial accrued liability/(surplus)	<u>\$ 65,530,705</u>	<u>\$ 79,597,861</u>	<u>\$ 52,929,652</u>	<u>\$ 80,857,851</u>

Note: The pre-SLGRP pooled liability/(surplus) is the liability or surplus that existed when the State/Community College pool and the LGRP were discontinued and the SLGRP was formed. These are pooled liabilities/surpluses. The transition liability/(surplus) is the liability or surplus that was created when the individual employer joined the SLGRP and is solely the individual employer’s.

Source: City Valuations.

*City Contribution Rates.* The City’s prior contribution rates for the 2021-23 biennium under the 2019 City Valuation, current contribution rates for the 2023-25 biennium under the 2021 City Valuation and advisory rates for the 2025-27 biennium under the 2022 City Valuation are provided in the following table. Actual payroll rates for the 2025-27 biennium may be expected to be higher than shown in the 2022 City Valuation based upon weaker investment performance and stronger payroll growth in calendar year 2023 than are assumed in the PERS actuarial model. The weighted average increase in collared base payroll rates from the 2021 Valuation for SLGRP members without Side Accounts is projected to be 1.10% of payroll. For those with Side Accounts, the weighted average increase from the 2021 Valuation is expected to be 3.45% of payroll. Specific information will be provided in the 2023 City Valuation, which is expected to be available in October 2024.

**City of Medford  
Pension Contribution Rates (Percent of Covered Payroll)**

	2019 Valuation			2021 Valuation			2022 Valuation		
	<u>2021-23 Biennium</u>			<u>2023-25 Biennium</u>			<u>Advisory Rates 2025-27 Biennium</u>		
	T1/T2	OPSRP General	OPSRP P&F	T1/T2	OPSRP General	OPSRP P&F	T1/T2	OPSRP General	OPSRP P&F
Normal cost rate	17.68	8.64	13.00	18.79	9.89	14.68	19.16	10.55	15.14
T1/T2 UAL rate <sup>(1)</sup>	12.60	12.60	12.60	12.46	12.46	12.46	12.54	12.54	12.54
Multnomah Fire District #10 UAL rate	-	-	-	0.15	0.15	0.15	0.08	0.08	0.08
OPSRP UAL rate	1.69	1.69	1.69	1.69	1.69	1.69	2.62	2.62	2.62
Transition liability/(surplus) rate	-	-	-	-	-	-	-	-	-
Pre-SLGRP pooled liability rate	-	-	-	-	-	-	-	-	-
Side account rate relief	(7.23)	(7.23)	(7.23)	(7.96)	(7.96)	(7.96)	(6.87)	(6.87)	(6.87)
Member redirect offset <sup>(2)</sup>	(2.45)	(0.70)	(0.70)	(2.40)	(0.65)	(0.65)	(2.40)	(0.65)	(0.65)
Retiree Healthcare rate (RHIA) <sup>(3)</sup>	0.05	-	-	0.04	-	-	0.04	-	-
<b>Total net contribution rate (%)</b>	<b><u>22.34</u></b>	<b><u>15.00</u></b>	<b><u>19.36</u></b>	<b><u>22.77</u></b>	<b><u>15.58</u></b>	<b><u>20.37</u></b>	<b><u>25.17</u></b>	<b><u>18.27</u></b>	<b><u>22.86</u></b>

- (1) For the 2019 Valuation, includes Multnomah Fire District #10 UAL rate.
- (2) Redirected member contributions (2.50 percent of payroll for Tier 1/Tier 2 and 0.75 percent of payroll for OPSRP) will be used to offset employer contribution rates. The redirect of the IAP does not apply to members with monthly pay below a certain threshold. The values shown in the table incorporate an estimate of the effect of this limitation. (See “Pension System herein).
- (3) Contribution rates to fund RHIA benefits are included in the total City employer contribution rate, but are not a cost related to pensions. See “Other Postemployment Benefits - Retirement Health Insurance Account” below.

Source: 2019 City Valuation, 2021 City Valuation, 2022 City Valuation.



*City Contributions.* The City’s historical and projected annual contributions to PERS and pension bond debt service are provided in the following table.

**City of Medford  
Pension Contributions**

<b>Fiscal Year</b>	<b>City Contribution<sup>(1)</sup></b>	<b>Pension Bond Debt Service</b>	<b>Total</b>
2024 <sup>(2)</sup>	\$ 9,526,200	\$ 3,657,726	\$ 13,183,926
2023	7,913,696	3,488,891	11,402,587
2022	7,573,721	3,322,311	10,896,032
2021	7,042,604	3,159,190	10,201,794
2020	6,792,151	3,006,032	9,798,183
2019	5,289,060	2,859,039	8,148,099

- (1) City's contribution to PERS which includes the OPSRP employee contribution paid by the City and is net of the side account rate credit draw.
- (2) Budgeted.

Source: *City of Medford and City Audited Financial Statements.*

*GASB 67 and GASB 68.* GASB Statements No. 67 and No. 68 modify the accounting and financial reporting of pensions by state and local governments and pension plans. Statement No. 67 (“GASB 67”), Financial Reporting for Pension Plans, addresses financial reporting for state and local government pension plans. Statement No. 68 (“GASB 68”), Accounting and Financial Reporting for Pensions, establishes accounting and financial reporting requirements for governments that provide their employees with pensions. The PERS System is subject to GASB 67; each participating employer, including the City is subject to GASB 68. PERS contracted with Milliman to provide information for local governments to use in their financial statements.

The City’s proportionate share of the System’s net pension liability and pension expense under GASB 68 follows.

**City of Medford  
Pension Amounts under GASB 68**

<b>Measurement Date</b>	<b>City’s Share of Net Pension Liability</b>	<b>City’s Proportionate Share</b>	<b>Pension Expense</b>
6/30/2023	\$ 80,440,290	0.429%	\$ 12,859,932
6/30/2022	61,964,416	0.405%	7,495,545
6/30/2021	46,034,974	0.385%	5,523,143
6/30/2020	87,088,775	0.399%	19,098,443
6/30/2019	69,197,137	0.400%	17,253,842

Source: *Oregon Public Employees Retirement System– GASB 68 Exhibits prepared by Milliman.*

**Other Postemployment Benefits**

*Retirement Health Insurance Account.* PERS retirees who receive benefits through the Tier 1 and Tier 2 plans and are enrolled in certain PERS administered health insurance programs, may receive a subsidy towards the payment of health insurance premiums. Under ORS 238.420, retirees may receive a subsidy for Medicare supplemental health insurance of up to \$60 per month towards the cost of their health insurance premium under the RHIA plan. The RHIA program’s assets and liabilities are pooled on a system-wide basis and are not tracked or calculated on an employer basis. According to the 2022 Valuation, this program had a surplus of approximately \$374.9 million as of December 31, 2022. The City’s allocated share of the RHIA program’s assets and liabilities is based on the City’s proportionate share of the program’s pooled payroll. According to the 2022 City Valuation, the City’s allocated share of the RHIA program’s surplus was \$1,302,471.

*Medical Benefits - Implicit Subsidy.* Under ORS 243.303 the City is required to offer the same healthcare benefits for current City employees to all retirees and their dependents until such time as the retirees are eligible for Medicare. This is referred to as an “implicit subsidy” and requires that the corresponding liability be determined and reported.

The City’s projections of total OPEB Liability follows:

**City of Medford  
Projection of Total OPEB Liability - Implicit Rate Subsidy**

	2019	2020	2021	2022	2023	2024
Total liability beginning of Fiscal Year	\$ 4,201,076	\$ 4,668,677	\$ 5,615,089	\$ 5,540,003	\$ 5,208,782	\$ 5,213,846
Changes for the year:						
Service cost	244,641	310,314	404,031	364,329	375,261	335,840
Interest	153,370	171,777	133,337	130,596	192,791	204,700
Differences between expected and actual experience	17,080	-	(404,448)	-	(306,946)	-
Changes in assumptions	179,951	606,476	(21,908)	(625,972)	(104,596)	-
Benefit payments	(127,441)	(142,155)	(186,098)	(200,175)	(151,446)	(182,029)
Net change in total OPEB liability	467,601	946,412	(75,086)	(331,222)	5,064	358,511
Balance end of Fiscal Year	\$ 4,668,677	\$ 5,615,089	\$ 5,540,003	\$ 5,208,781	\$ 5,213,846	\$ 5,572,357
Covered payroll	\$ 39,119,579	\$ 40,734,809	\$ 43,673,110	\$ 43,656,600	\$ 38,323,665	\$ 39,664,993
Total OPEB liability as percentage of covered payroll	11.93%	13.78%	12.69%	11.93%	13.60%	14.05%

Source: *City of Medford Subsidized Retiree Health Benefits Actuarial Valuation Report as of July 1, 2022.*

See Note 3 of the City’s audited financial statements for Fiscal Year 2023 for more information.

**Paid Leave**

In 2019, the Legislature adopted House Bill 2005 (“HB 2005”) to create a family and medical leave insurance program to provide to employees and certain other individuals compensated time off from work for up to 12 weeks to: (1) care for a child following birth or adoption; (2) care for a family member with a serious health condition; or (3) recover from an individual’s own serious health condition. Unless employers have an equivalent program in place, they are required to withhold and contribute 0.6 percent of each worker’s wages as the employee contribution to the fund. For larger organizations – with 25 or more employees – the employer is also responsible for contributing on behalf of each of their workers. In those cases, the employer contribution is 0.4 percent of wages. The program has a ceiling for annual wages at \$132,900 for each employee. The Oregon Employment Department began collecting these contributions January 1, 2023. Employees were able to apply for leave benefits beginning September 3, 2023. The required contributions are not expected to have a material impact on the City’s finances, however, there are additional, unknown costs in situations where the City will need to hire and/or backfill certain positions with overtime. The City cannot predict how many employees will take leave or when they will take leave, nor can it predict the potential implications on the finances or operations of the City.

**Risk Management**

The City is exposed to various risks of loss. A description of the risks is provided in the City’s audited financial statements. The audited financial statement for Fiscal Year 2023 is attached hereto as Appendix B. See also “Certain Investment Considerations” herein.

**Certain Investment Considerations**

*In addition to factors set forth elsewhere in this Official Statement, this section describes certain factors and considerations that purchasers of the 2024 Bonds should carefully consider in connection with an investment in the 2024 Bonds. The following is not meant to present an exhaustive list of the risks and considerations associated with the purchase of any 2024 Bonds (and other considerations that may be relevant to particular investors) and the order in which the information is presented does not necessarily reflect the relative importance of the various factors. Prospective investors are advised to consider the following factors, along with all other information contained or incorporated by reference in this Official*

*Statement, in evaluating whether to purchase the 2024 Bonds. Any one or more of the risk factors discussed below, among others, could lead to a decrease in the market value and/or in the marketability of the 2024 Bonds. There can be no assurance that other risk factors not discussed herein will not become material in the future.*

## **General**

*Economic Considerations.* Global and national economic conditions may have had, and may in the future have, significant effects on the finances and operations of the City and its revenues. No assurance can be given that future changes in economic conditions will not have an effect on the City and its finances and operations, nor can there be any assurances the changes in economic conditions will not have an impact on the ratepayers of the City. Federal and State statutory and regulatory changes, administrative rulings, interpretations of policy, funding restrictions, whether taken as part of federal or State budgetary actions or otherwise, may reduce funds made available to the City to support certain programs and operations. At the same time, the federal or State government may maintain or increase the responsibilities of the City in certain areas, notwithstanding reductions in federal or State funding for such activities. It is difficult for the City to predict the occurrence of such economic or federal or State government changes or the potential effect on the finances and operations of the City and its revenues until the extent and duration of such changes are known.

*Public Health Considerations.* The financial and operating condition of the City may be materially affected by a national or localized outbreak of an infectious disease, such as the outbreak of COVID-19, a respiratory illness caused by a novel strain of coronavirus, or other highly contagious or epidemic disease (an "Outbreak"). There can be no assurances that an Outbreak, including COVID-19 in the State, nationally and globally, will not materially affect the City, state and national economies and accordingly, materially adversely affect the operations and financial condition of the City. The City cannot predict the effects of such events. Further, there may be other developments related to the COVID-19 pandemic. The City does not expect to supplement this Official Statement based on those changes.

## **Cybersecurity**

The City, like other public and private entities, relies on a large and complex technology environment to conduct its operations, and consequently faces the threat of cybersecurity incidents. The City and its departments routinely face cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems. Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the City's information technology systems to misappropriate assets and/or information or to cause operational disruption and damage. The City has not had a material Cybersecurity incident in the past five years.

To reduce and mitigate the risk of business operations impact and/or damage from cybersecurity incidents, the City has invested in multiple forms of cybersecurity and operational safeguards. No assurances can be given that the security and operational control measures of the City will be successful in guarding against any and each cyber threat and attack.

The results of any attack on the computer and information technology systems could have a material adverse impact on the operations of the City and damage the digital networks and systems. The City cannot predict the outcome of any such attack, nor its effect on the operations and finances of the City.

## **Environmental Considerations**

The City, like all communities in the State, may be subject to unpredictable natural or man-made disasters, such as seismic events, seasonal storms, excessive/high winds, flood, fire, toxic dumping or acts of terrorism, any of which could adversely affect the City and the collection and receipt of revenues. In the event of such calamities, there may be significant damage to both property and infrastructure, including the sewer system. The occurrence of a severe natural disaster could have negative effects on the economic, financial and operational status of both the City and its citizens, which could have an adverse impact on the City's ability to make payments of principal of and interest on the 2024 Bonds.

*Seismic and Tsunami Risks.* Oregon is located in an area of seismic activity, with frequent small earthquakes and occasional moderate to larger earthquakes on the coast. The scientific consensus is that the Pacific Northwest region is subject to periodic great earthquakes along the Cascadia Subduction Zone, a large fault that runs offshore from Northern California to British Columbia. Historically, the Pacific Northwest has experienced 8.7 to 9.1 magnitude earthquakes every 300 to 400 years, and such seismic event has not occurred since at least 1700. Such an earthquake would cause widespread damage to structures and infrastructure in affected portions of the State, and potentially catastrophic damage in coastal areas inundated by a possible accompanying tsunami. The City cannot predict how such seismic activity could impact its revenue sources, including applicable fees and charges. This kind of regional disaster could result in a significant, and perhaps permanent, loss of population and business as well as significant damage to both property and infrastructure.

*Wildfire Risks.* In recent years, portions of the State have experienced wildfires that have burned millions of acres and destroyed thousands of homes and structures. Within the last five years, the City has not experienced material wildfire damage within its boundaries. Property damage due to future wildfires could result in a significant decrease in the assessed value of property of the City. It is not possible for the City to make any representation or prediction regarding the extent to which wildfires could cause reduced economic activity within the boundaries of the City or the extent to which wildfires may affect the value of taxable property within the City.

*Drought.* Areas of the State have experienced varying levels of drought conditions in recent years, and may experience extended drought conditions in the future. Over the last five years, the Governor declared drought emergencies in Jackson County in 2020, 2021, 2022 and 2023. As of September 12, 2024, the U.S. Drought Monitor reports that the majority of Jackson County is experiencing Moderate Drought conditions. Extended drought conditions may affect development of undeveloped properties and the value of properties within the boundaries of the City, which may negatively affect the financial condition and operations of the City.

#### **No Acceleration; Limitation of Remedies**

The 2024 Bonds are not subject to acceleration. The rights of holders are limited by the terms of the Declaration.

#### **Change in Law**

State legislation is introduced before the Oregon Legislative Assembly and as described below, initiatives and referenda are placed on the ballot from time to time that could affect the finances or operations of the City. The City cannot predict whether any such legislation, initiative or referenda will be introduced, enacted or approved in the future, nor can it predict the potential implications on the finances or operations of the City.

### **The Initiative and Referendum Process**

Article IV, Section 1 of the Oregon Constitution reserves to the people of the State the initiative power to amend the State Constitution or to enact legislation by placing measures on the statewide general election ballot for consideration by the voters. Oregon law therefore permits any registered Oregon voter to file a proposed initiative with the Oregon Secretary of State's office without payment of fees or other burdensome requirements. Consequently, a large number of initiative measures are submitted to the Oregon Secretary of State's office, and a much smaller number of petitions obtain sufficient signatures to be placed on the ballot.

Because many proposed statewide initiative measures are submitted to the Oregon Secretary of State's office that do not qualify for the ballot, the City does not formally or systematically monitor the impact of those measures or estimate their financial effect prior to the time the measures qualify for the ballot. The City also does not formally or systematically monitor efforts to qualify measures for the ballot that would initiate new provisions for, or amend, the City's charter and ordinances. Consequently, the City does not ordinarily disclose information about proposed initiative measures that have not qualified for the ballot.

Pursuant to ORS 250.125, a five-member Committee composed of the Secretary of State, the State Treasurer, the Director of the Department of Revenue, the Director of the Department of Administrative Services, and a local government representative must prepare an estimate of the direct financial impact of each measure ("Financial Estimate Statements") to be printed in the voters' pamphlet and on the ballot.

## Initiative Process

To place a proposed statewide initiative on a general election ballot, the proponents must submit to the Secretary of State initiative petitions signed by the number of qualified voters equal to a specified percentage of the total number of votes cast for all candidates for governor at the gubernatorial election at which a governor was elected for a term of four years next preceding the filing of the petition with the Secretary of State. Any elector may sign an initiative petition for any measure on which the elector is entitled to vote. Statewide initiatives may only be filed for general elections in even-numbered years.

A statewide initiative petition must be submitted to the Secretary of State not less than four months prior to the general election at which the proposed measure is to be voted upon. As a practical matter, proponents of an initiative have approximately two years in which to gather the necessary number of signatures. State law permits persons circulating initiative petitions to pay money to persons obtaining signatures for the petition. Once an initiative measure has gathered a sufficient number of signatures and qualified for placement on the ballot, the State is required to prepare a formal estimate of the measure's financial impact. Typically, this estimate is limited to an evaluation of the direct dollar impact.

*November 2024 Election.* There were two initiative petitions that garnered sufficient signatures to qualify for the November 2024 ballot, one of which if approved could affect individual and corporate finances in the State. Initiative Petition 17 ("IP17", also referred to as Measure 118), is entitled "Corporate Tax Revenue Rebate for Residents" and if passed would provide revenue to all individuals residing more than 200 days annually in the State by increasing corporate minimum tax by an additional 3 percent on Oregon sales exceeding \$25,000,000 and eliminating the current tax cap beginning in 2025. The Measure directs the Oregon Department of Revenue to equally distribute increased revenue (minus certain costs) to all eligible individuals. If approved, the measure may affect individual and corporate finances in ways that cannot be predicted. At this time the City does not expect that passage of I17, would have a material impact on its revenues or its ability to repay the Bonds.

*Historical Initiative Petitions.* Historically, a larger number of initiative measures have qualified for the ballot than have been approved by the electors. According to the Elections Division of the Secretary of State, the total number of initiative petitions that qualified for the ballot and the numbers that passed in recent general elections are as follows:

### Recent Initiative Petitions

Number of Year of General Election	Number of Initiatives that Qualified	Initiatives that were Approved
2014	4	2
2016	4	3
2018	4	0
2020	2	2
2022	2	2

Source: Elections Division, Oregon Secretary of State, Initiative, Referendum and Referral Log, Elections Division.

## Referendum

"Referendum" generally means measures that have been passed by a legislative body, such as the Legislative Assembly or the governing body of a district, county or other political subdivision and referred to the electors by the legislative body, or by petition prior to the measure's effective date.

In Oregon, both houses of the Legislative Assembly must vote to refer a statute or constitutional amendment for a popular vote. Such referrals cannot be vetoed by the governor. Any change to the Oregon Constitution passed by the Legislative Assembly requires referral to voters. In the case of a referendum by petition, proponents of the referendum must obtain a specified number of signatures from qualified voters. The required number of signatures is equal to four percent of the votes cast for all candidates for governor at the preceding gubernatorial election.

## City Charter

In addition to statutory and constitutional changes by the Legislative Assembly and the initiative and referendum process, the independent basis of legislative authority has been granted to cities in Oregon by municipal charters. A copy of the City Charter is available upon request from the City.

## Legal Matters and Litigation

### Legal Matters

Legal matters incident to the authorization, issuance and sale of 2024 Bonds are subject to the approving legal opinion of Bond Counsel, substantially in the form attached hereto as Appendix A. Bond Counsel has reviewed this document only to confirm that the portions of it describing the 2024 Bonds and the authority to issue them conform to the 2024 Bonds and the applicable laws under which they are issued.

### Litigation

There is no litigation pending questioning the validity of the 2024 Bonds nor the power and authority of the City to issue the 2024 Bonds. There is no litigation pending which would materially affect the finances of the City or affect the City's ability to meet debt service requirements on the 2024 Bonds.

Under the Oregon law local public bodies, such as the City, are subject to the following limits on liability. The State of Oregon is subject to different limits.

*Personal Injury and Death Claim.* The liability of a local public body and its officers, employees and agents acting within the scope of their employment or duties, to any single claimant for covered personal injury or death claims (and not property claims) arising out of a single accident or occurrence may not exceed \$830,300, for causes of action arising on or after July 1, 2023, and before July 1, 2024. The liability limits to all claimants for covered personal injury or death claims (and not property claims) arising from a single accident or occurrence may not exceed \$1,660,400 for causes of action arising on or after July 1, 2023, and before July 1, 2024.

*Property Damage or Destruction Claim.* The liability limits of a public body and its officers, employees and agents acting within the scope of their employment or duties, for covered claims for damage and destruction of property that arise from causes of action arising on or after July 1, 2023: (a) \$136,200, adjusted as described below, to any single claimant, and (b) \$680,900, adjusted as described below, to all claimants.

For causes of action arising on or after July 1, 2023, the liability limits for both a single claimant and all claimants will be adjusted based on a determination by a State Court Administrator of the percentage increase or decrease in the cost of living for the previous calendar year as provided in the statutory formula. The adjustment may not exceed three percent for any year.

*NWEA Lawsuit.* On May 16, 2018, a lawsuit was filed by Northwest Environmental Advocates ("NWEA"), a Portland-based nonprofit environmental advocacy group. The complaint alleged that the discharge from the RWRF exceeded objective limits for the biocriteria of nitrogen and phosphorous (which can contribute to algae growth), and violated subjective standards related to an alleged visible plume and odor. The lawsuit sought relief related to the terms of the Prior NPDES Permit (see "The Sewer System – The Regulatory Environment" herein), as well as civil penalties in the amount of \$52,414 per day, as well as attorney fees. In May 2019, the parties entered into a partial settlement agreement, whereby the City stipulated to certain facts and agreed to pay \$227,053 to NWEA for attorney fees and litigation costs, and \$125,000 for supplemental environmental projects. NWEA made various concessions as well in the settlement agreement, most notably waiving the claim for civil penalties.

A portion of the lawsuit continues to be pending before the federal court. The question of whether nitrogen and phosphorous discharges violated the terms of the Prior NPDES Permit went to federal court. On June 9, 2021, the court agreed with NWEA's interpretation of permit terms and found the City in violation of the Prior NPDES Permit (although it is important to note that Oregon DEQ did not find the City in violation of the Prior NPDES

Permit). However, the federal court subsequently moved to stay the case, stating that the 2021 NPDES Permit, once resolved, may remove the need for continued litigation. To this day, the case is stayed in federal court pending a final decision from the Oregon Court of Appeals regarding the appeal of the 2021 NPDES Permit (see below). While the case remains open, the City expects the issue to be resolved and closed upon resolution of the appeal of the 2021 NPDES Permit.

*NWEA Appeal of the 2021 NPDES Permit.* In addition to the lawsuit noted above, NWEA also appealed the 2021 NPDES Permit to the Oregon Office of Administrative Hearings for the Environmental Quality Commission. In this action, NWEA claimed that the 2021 NPDES Permit was not strict enough and that Oregon DEQ failed to adequately protect the flora and fauna of the Rogue River in setting effluent limits for the RWRP and was in violation of the Federal Clean Water Act. On March 29, 2023, the Administrative Law Judge ruled against NWEA on all counts and upheld the 2021 NPDES Permit. NWEA subsequently appealed this ruling to the Oregon Court of Appeals. Briefs are currently being submitted to the Oregon Court of Appeals. An oral argument date has not yet been set.

Oregon DEQ and the City are aligned in their positions and arguing to uphold the terms of the 2021 NPDES Permit. If the Oregon Court of Appeals finds in favor of NWEA, the 2021 NPDES Permit could be remanded back to the Oregon DEQ to rewrite and further reduce effluent limits and such action could increase the scope of capital improvements to the RWRP and the associated cost. The City cannot determine at this time what the outcome will be, however, it does not expect that it would have an impact on the City's ability to repay the 2024 Bonds.

## **Tax Matters**

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2024 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of Oregon personal income taxes. Bond Counsel is of the further opinion that interest on the 2024 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the 2024 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2024 Bonds. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix C hereto.

To the extent the issue price of any maturity of the 2024 Bonds is less than the amount to be paid at maturity of such 2024 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2024 Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the 2024 Bonds which is excluded from gross income for federal income tax purposes and exempt from State of Oregon personal income taxes. For this purpose, the issue price of a particular maturity of the 2024 Bonds is the first price at which a substantial amount of such maturity of the 2024 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the 2024 Bonds accrues daily over the term to maturity of such 2024 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such 2024 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such 2024 Bonds. Beneficial Owners of the 2024 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2024 Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such 2024 Bonds in the original offering to the public at the first price at which a substantial amount of such 2024 Bonds is sold to the public.

The 2024 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as

having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2024 Bonds. The City has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the 2024 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the 2024 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2024 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the 2024 Bonds may adversely affect the value of, or the tax status of interest on, the 2024 Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the 2024 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of Oregon personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the 2024 Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2024 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the 2024 Bonds. Prospective purchasers of the 2024 Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the 2024 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the City, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The City has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the 2024 Bonds ends with the issuance of the 2024 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the City or the Beneficial Owners regarding the tax-exempt status of the 2024 Bonds in the event of an audit examination by the IRS. Under current procedures, Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the City legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the 2024 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the 2024 Bonds, and may cause the City or the Beneficial Owners to incur significant expense.



Payments on the 2024 Bonds generally will be subject to U.S. information reporting and possibly to “backup withholding.” Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of 2024 Bonds may be subject to backup withholding with respect to “reportable payments,” which include interest paid on the 2024 Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the 2024 Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number (“TIN”) to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a “notified payee underreporting” described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner’s federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

### **Qualified Tax-Exempt Obligations**

The City has not designated the 2024 Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

### **Continuing Disclosure**

The Securities and Exchange Commission Rule 15c2-12 (the “Rule”) requires at least annual disclosure of current financial information and timely disclosure of certain events with respect to the 2024 Bonds. Pursuant to the Rule, the City has agreed to provide audited financial information and certain financial information or operating data at least annually, and timely notice of certain events (collectively, “Continuing Disclosure”) to the MSRB through its EMMA system (so long as such method of disclosure continues to be approved by the Securities and Exchange Commission for such purposes).

*Prior Undertakings.* During the last five fiscal years, the City was obligated to provide Continuing Disclosure filings for its General Obligation Bonds, Series 2006; Limited Tax Revenue Bonds, Series 2013; Limited Tax Revenue and Refunding Bonds, Series 2020; and Limited Tax Pension Obligations, Series 2004 (“Outstanding Debt”). All the City’s undertakings require its annual financial information filing within 270 days of the end of the Fiscal Year (usually March 27). To its knowledge, the City has not failed to comply in the past five years with any prior undertaking under the Rule.

A copy of the form of the City’s Continuing Disclosure Certificate for the 2024 Bonds is attached hereto as Appendix D.

### **Municipal Advisor**

In connection with the authorization and issuance of the 2024 Bonds, the City has retained Piper Sandler & Co., Portland, Oregon, as its Municipal Advisor (the “Municipal Advisor”).

The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for, the accuracy, completeness, or fairness of the information contained in this Official Statement.

### **Preliminary Official Statement**

The City has executed a “deemed final” letter that deemed final the Preliminary Official Statement pursuant to Securities and Exchange Commission Rule 15c2-12 (except for the omission of the following information: offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, credit enhancement, if any, ratings, insurance, and other terms of the securities depending on such

matters). The City has also represented to the Municipal Advisor that the information in this Preliminary Official Statement, except for matters relating to DTC and its book-entry system, the State and the State School Bond Guaranty, financial guaranty insurance, the Paying Agent, the information under the heading "Underwriting" and the statement regarding the Municipal Advisor in the italicized paragraph on page ii, does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

## **Rating**

As noted on the cover page of this Official Statement, S&P Global Ratings, a Division of Standard & Poor's Financial Services LLC, has assigned its underlying rating of "A+" to the 2024 Bonds. There is no assurance that the ratings will be retained for any given period of time or that the ratings will not be revised downward or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the ratings will be likely to have an adverse effect on the market price of the 2024 Bonds.

## **Purchaser of the 2024 Bonds**

The 2024 Bonds are being purchased by \_\_\_\_\_ and they will receive compensation of \$\_\_\_\_\_. The purchaser of the 2024 Bonds may offer and sell the 2024 Bonds to certain dealers (including dealers depositing the 2024 Bonds into investment trusts) and others at prices lower than the initial offering prices corresponding to the yields set forth on page i of this Official Statement, and such initial offering prices may be changed from time to time by such purchaser. After the initial public offering, the public offering prices may be varied from time to time.

In connection with the offering of the 2024 Bonds, the purchaser of the Bonds may overallocate or effect transactions which stabilize or maintain the market price of the 2024 Bonds at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued or recommenced at any time.

## **Certificate with Respect to Official Statement**

At the time of the original delivery of and payment for the 2024 Bonds, the City will deliver a certificate of its authorized representative to the effect that the representative has examined this Official Statement and the financial and other data concerning the City contained herein and that to the best of the representative's knowledge and belief, (i) the Official Statement, both as of its date and as of the date of delivery of the 2024 Bonds, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and (ii) between the date of the Official Statement and the date of delivery of the 2024 Bonds there has been no material adverse change in the affairs (financial or other), financial condition or results of operations of the City except as set forth in or contemplated by the Official Statement.

# Appendix A

Form of Bond Counsel Opinion

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[\_\_\_\_, 2024]

City of Medford, Oregon  
Medford, Oregon

\$[\_\_\_\_]  
City of Medford, Oregon  
Sewer Revenue Bonds, Series 2024  
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the City of Medford, Oregon (the “City”) in connection with issuance of \$[\_\_\_\_] aggregate principal amount of its Sewer Revenue Bonds, Series 2024 (the “Bonds”), issued pursuant to a Master Sewer Revenue Bond Declaration dated as of [\_\_\_\_ 1, 2024] (the “Master Declaration”), as supplemented by the First Series Declaration dated as of [\_\_\_\_ \_\_, 2024] (the “First Series Declaration” and together with the Master Declaration, the “Bond Declaration”) executed and delivered by the City. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Bond Declaration.

In such connection, we have reviewed Resolution No. 2023-103 adopted by the City Council of the City on August 3, 2023 (the “Resolution”), the Bond Declaration, the Tax Certificate, dated the date hereof (the “Tax Certificate”) of the City, certificates of the City, U.S. Bank Trust Company, National Association, as paying agent and registrar, and others, and such other documents and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal

execution and delivery thereof by, and validity against, any parties other than the City. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution, the Bond Declaration and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes.

We call attention to the fact that the rights and obligations under the Bonds, the Resolution, the Bond Declaration and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities such as cities in the State of Oregon. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the property described in or as subject to the lien of the Resolution or the Bond Declaration or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no view with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding limited obligations of the City.
2. The Bond Declaration has been duly executed and delivered by, and constitutes a valid and binding obligation of, the City. The Bond Declaration creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Net Revenues and any other amounts held in any fund or account established pursuant to the Bond Declaration, subject to the provisions of the Bond Declaration permitting the application thereof for the purposes and on the terms and conditions set forth in the Bond Declaration.

City of Medford, Oregon

[\_\_\_\_, 2024]

Page 3

3. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of Oregon personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

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# **Appendix B**

## **Financial Statements**

The City's Auditor has not performed any further review of the City's financial statements since the date of the audit contained herein. The Auditor was not requested to review this Official Statement and has not completed any additional auditing review procedures subsequent to the issuance of its report on the 2023 Fiscal Year.

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# CITY OF MEDFORD

## ANNUAL COMPREHENSIVE FINANCIAL REPORT



MEDFORDOREGON.GOV



FOR THE FISCAL YEAR  
ENDED: JUNE 30, 2023

ANNUAL COMPREHENSIVE FINANCIAL REPORT

CITY OF MEDFORD, OREGON

For the Fiscal Year Ended June 30, 2023

Prepared by:  
City Finance Department

**City of Medford**  
**June 30, 2023**  
**Table of Contents**

	PAGE
<b>Introductory Section</b>	
Letter of Transmittal	i
GFOA Certificate of Achievement for Excellence in Financial Reporting	iv
Officials of the City	v
Organizational Chart	vi
<b>Financial Section</b>	
Report of Independent Auditors	1
Management's Discussion and Analysis	5
<b>Basic Financial Statements</b>	
Government-Wide Financial Statements	
Statement of Net Position	12
Statement of Activities	13
<b>Governmental Fund Financial Statements</b>	
Balance Sheet	14
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balances	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
<b>Proprietary Fund Financial Statements</b>	
Balance Sheet	18
Statement of Revenues, Expenses, and Changes in Fund Net Position	19
Statement of Cash Flows	20
<b>Fiduciary Fund Financial Statements</b>	
Statement of Fiduciary Net Position	21
Statement of Changes in Fiduciary Net Position	22
<b>Notes to the Financial Statements</b>	23
<b>Required Supplementary Information</b>	
Schedule of the Proportionate Share of the Net OPEB Liability	58
Schedule of OPEB Contributions – Cost Sharing Plan	58
Schedule of Changes in the Employer Net OPEB Liability and Related Ratios – Single-employer Plan	59
Schedule of the Proportionate Share of the Net Pension Liability	60
Schedule of Pension Contributions	60
Notes to Required Supplemental Information	60
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual (Budgetary Basis) – General Fund	61

**City of Medford**  
**June 30, 2023**  
**Table of Contents**

	PAGE
Notes to Required Supplementary Information – Basis of Budgeting	62
Federal Stimulus Grant Fund	63
Gas Tax Fund	64
Rogue X Construction Fund	65
<b>Combining and Individual Fund Financial Statements and Schedules</b>	
Nonmajor Governmental Funds	
Combining Balance Sheet	67
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	68
Nonmajor Special Revenue Funds	
Nonmajor Special Revenue Funds Descriptions	69
Combining Balance Sheet	70
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	73
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budgetary Basis)	
Fire Public Safety Utility Fund	76
Park Dedication Fund	77
Cemetery Fund	78
Building Safety Fund	79
Police Public Safety Utility Fund	80
State Forfeitures Fund	81
Federal Forfeitures Fund	82
Community Promotions Fund	83
Council Goals Fund	84
Community Development Block Grant Fund	85
Veteran's Park Fund	86
Community Park Reserve Fund	87
Parks Utility Fund	88
Street Utility Fund	89
Street SDC Fund	90
Construction Excise Tax Fund	91
Treasury Forfeitures Fund	92
Rogue X Operations Fund	93
National Opioid Settlement Fund	94
Nonmajor Debt Service Fund	
Nonmajor Debt Service Fund Description	95
Combining Balance Sheet	96
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	97
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budgetary Basis)	
General Debt Service Fund	98
Revenue Bond Fund	99
MURA Debt Service Fund	100

**City of Medford**  
**June 30, 2023**  
**Table of Contents**

	PAGE
Nonmajor Capital Projects Funds	
Nonmajor Capital Projects Funds Descriptions	101
Combining Balance Sheet	102
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	103
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budgetary Basis)	
Street Improvement Fund	104
Greenway Construction Fund	105
Special Sidewalk Fund	106
Fire Apparatus Reserve	107
Aquatic Facilities Reserve	108
Park Southeast Area SDC Fund	109
Park Improvement Fund	110
MURA Capital Projects Fund	111
Enterprise Funds	
Enterprise Funds Descriptions	112
Combining Balance Sheet – Sewer Utility Fund	113
Combining Statement of Revenues, Expenditures, and Changes in Fund Net Position – Sewer Utility Fund	114
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budgetary Basis)	
Storm Drain SDC Fund	115
Storm Drain Utility Fund	116
Sewage Treatment Fund	117
Sewer Collection System SDC Fund	118
Sanitary Sewer Maintenance Fund	119
Sewage Treatment SDC Fund	120
Parking Facilities Fund	121
Internal Service Funds	
Internal Service Funds Descriptions	122
Combining Balance Sheet	123
Combining Statement of Revenues, Expenditures, and Changes in Fund Net Position	124
Combining Statement of Cash Flows	125
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budgetary Basis)	
Risk Management Fund	126
Fleet Maintenance Fund	127
<b>Other Financial Schedules</b>	
Schedule of Expenditures by Division – Budget and Actual	129

**City of Medford**  
**June 30, 2023**  
**Table of Contents**

	PAGE
<b>Statistical Section</b>	
Net Position by Component	132
Changes in Net Position	133
Fund Balances – Governmental Funds	135
Changes in Fund Balances – Governmental Funds	136
Assessed and Estimated Actual Value of Taxable Property	138
Property Tax Rates – Direct and Overlapping Governments	139
Principal Property Taxpayers – City of Medford	140
Principal Property Taxpayers – Jackson County	141
Property Tax Levies and Collections	142
Ratios of Outstanding Debt by Type	143
Ratios of Net General Bonded Debt Outstanding	144
Direct and Overlapping Governmental Activities Debt – Paid by Property Taxes	145
Legal Debt Margin Information	146
Pledged Revenue Coverage	147
Demographic and Economic Statistics	148
Largest Employers	149
Number of Full Time (FT) Employees and FT Equivalent at End of Each Fiscal Year	150
Operating Indicators by Function	151
Capital Asset Statistics by Function	153
<b>Other Schedules Section</b>	
Outstanding Obligations	155
Debt Information	156
Overlapping Debt	157
Future Debt Service for obligations guaranteed to be paid from the General Fund	158
Real Market Value of Taxable Property, Tax Collection Record and Impact of Tax Limitation on the City	159
Representative Consolidated Tax Rates for Levy Code Area 49-01	160
<b>Compliance Section</b>	
Report of Independent Auditors Required by Oregon State Regulations	162
Single Audit Reports and Schedules	
Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	164
Report of Independent Auditors on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance	166
Schedule of Findings and Questioned Costs	169
Schedule of Expenditures of Federal Awards	171
Notes to Schedule of Expenditures of Federal Awards	172
Corrective Action Plan	173



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## **Introductory Section**

December 21, 2023

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 Annual Comprehensive Financial Report of the City of Medford, Oregon as of June 30, 2023 and for the year then ended.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of an internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

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 Moss Adams LLP conducted the audit for the fiscal year ending June 30, 2023 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 over 87,000 and an estimated service population of over 400,000. 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.

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 and appears to be returning to pre-pandemic levels of economic activity in most areas of the economy. Existing businesses continue to lead job creation with the vast majority of 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 has historically been the most active in the State. Medford had an increase in revenues from property taxes due to a 4.5% increase in taxable assessed values. Since the largest share of City revenues comes from property taxes, any change is significant and is closely monitored.

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. Transient lodging tax revenues continue to increase, reflecting a return to pre-pandemic levels of demand for tourism in the area. 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 and sports tourism industries continue to grow in Jackson County and Medford with the continued success of Lithia and Driveway Fields and the growing wine and craft beer industries. The City expects this trend to only continue with the opening of the Rogue Credit Union Community Complex in January of 2024.

**Long-term financial planning:**

The economic climate in Medford continues to be strong but is beginning to reflect the economic realities that high inflation and near-record interest rates have had on the global economy. Development applications and building permits have slowed as a result of current economic conditions and several large projects being completed in previous years. The City does not anticipate a significant, long-term, decrease in development applications or building permits and anticipates stronger growth once inflation and interest rates come down to more reasonable levels. The City embraces its core value of accountability by making the best use of taxpayer dollars by 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.

The City continues its emphasis on assisting with the increase of affordable and workforce housing. In the fiscal year ending June 30, 2023, the City granted over \$400,000 in Housing Opportunity Fund monies (funded by a construction excise tax) to projects focused on providing affordable housing. The City also allocated an additional \$650,000 in American Rescue Plan Act monies, to be spent by December 31, 2024, to supplement the Housing Opportunity Fund. The construction excise tax's goal is to provide funding for affordable housing; revenues come from a .33% tax on most new construction and home improvement building permits.

The City continues to rely on long-term forecasts and planning. However, management pivoted in the 2021-2023 biennium from preparing full six year forecasts to preparing the current biennial budget and providing a narrative look at the long-term forecasts. The narrative format of the forecast allows management to discuss future opportunities and potential issues that are anticipated to arise, without associating a specific dollar amount to them. Continuing to prepare for biennia outside of the one being budgeted for is a priority for management and the City believes the narrative format continues to allow stakeholders to look more closely at trends, surpluses, and deficits and gives more opportunity to make the best use of taxpayer dollars. The 2021-2023 biennial budget was adopted by Council in June 2021 and includes management's forecast of future biennia. The 2023-2025 biennial budget, though out of the scope of the year ending June 30, 2023, also contains a narrative format of the City's long-term forecast and can be found on the City's website.

**Awards and Acknowledgments:**

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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive 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 Annual Comprehensive 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 Annual Comprehensive Financial Report could not have been accomplished without the dedicated effort of the Finance Department's 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 Annual Comprehensive Financial Report For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO

City of Medford Officials of the City June 30, 2023

Table with 3 columns: Name, Title, Term Expires December 31. Lists city officials including Mayor Randy Sparacino and Council Members for various wards.

Principal Officials

Brian Sjothun, City Manager
Eric Mitton, City Attorney
Ryan Martin, Chief Financial Officer / Deputy City Manager

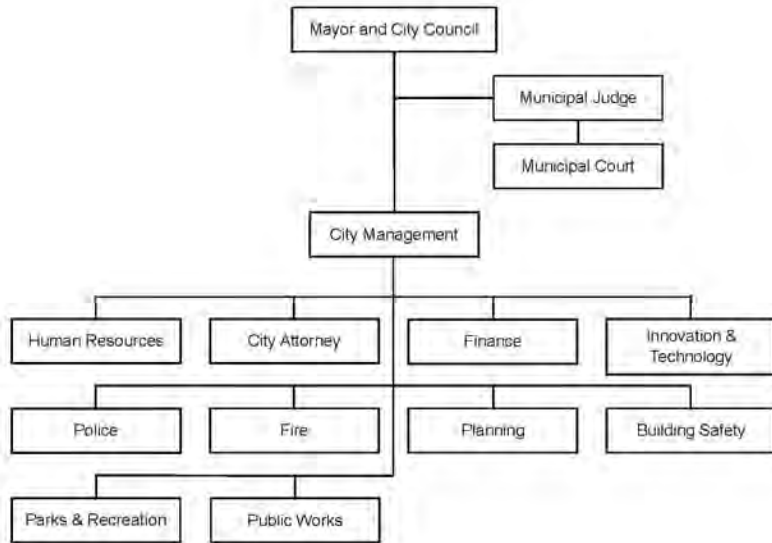
City Address

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



**City of Medford  
Organizational Chart  
June 30, 2023**

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**Financial Section**



## Report of Independent Auditors

The Mayor and City Council Members  
City of Medford, Oregon

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Medford, Oregon (the "City") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Medford Water Commission, a discretely presented component unit, which represents 100% of the assets, net position, and revenues of the discretely presented component unit of the City. Those financial statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Medford Water Commission, is based solely on the report of the other auditors.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of Medford Water Commission were not audited in accordance with *Government Auditing Standards*.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, postemployment benefit schedules, and pension schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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, postemployment benefit schedules, and pension schedules 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 management's discussion and analysis, postemployment benefit schedules, and pension schedules because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The budgetary comparison information described above is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The budgetary comparison 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 budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### **Supplementary 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 schedule of expenditures of federal awards, 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*, the combining and individual nonmajor fund financial statements, budgetary schedules, schedule of expenditures by division – budget and actual (collectively, the supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, statistical section, and other schedules but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

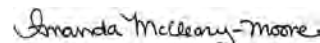
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2023 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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.

#### **Other Reporting Required by Minimum Standards for Audits of Oregon Municipal Corporations**

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated December 21, 2023, on our consideration of the City's compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*. 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.



Amanda McCleary-Moore, Partner for  
Moss Adams LLP  
Medford, Oregon  
December 21, 2023

**City of Medford, Oregon**  
**Management's Discussion and Analysis**  
**June 30, 2023**

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 \$609.1 million at June 30, 2023 consisting of \$401.5 million in capital assets, \$193.1 million in cash and investments and \$14.5 million in receivables and other assets. The City's governmental activities liabilities totaled \$221.8 million at June 30, 2023 consisting of \$125.1 million in noncurrent liabilities, \$46.9 million in accounts payable and other liabilities, and net pension liability of \$50.1 million. Total net position was \$390.4 million of which \$306.0 million was invested in capital assets, \$108.4 million was restricted and the remaining \$24.0 million was a deficit balance.

The City's governmental activities net position increased by \$33.7 million or 9.4 percent. Overall governmental activities revenue increased by \$19.0 million or 15.8 percent. The increase was most noticeable in operating grants and contributions, which increased by \$9.2 million primarily due to an increase in gas taxes received. There was also an increase in capital grants and contributions of \$3.1 million due to an increase in acquisition of developer produced/improved capital assets that come under City control once completed. In addition, total taxes collected increased \$2.4 million due to a combination of property tax and tourism tax increases and investment earnings increased \$5.0 million due to significantly higher interest rates earned on investments.

The City's business-type activities assets totaled \$143.3 million at June 30, 2023 consisting of \$89.3 million in capital assets, \$51.5 million in cash and investments and \$2.5 million in receivables and other assets. The City's business-type activities liabilities totaled \$10.0 million at June 30, 2023 consisting of \$0.5 million in noncurrent liabilities, \$3.6 million in accounts payable and other liabilities, net OPEB liability of \$0.6 million and net pension liability of \$5.3 million. Total net position was \$133.3 million of which \$89.3 million was invested in capital assets, \$17.2 million was restricted and the remaining \$26.9 million was unrestricted.

The City's business-type activities net position increased by \$4.9 million or 3.8 percent. Business-type activities total revenue increased by \$2.8 million primarily due to increases in capital grants and contributions tied to development in the area and investment earnings.

**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, and the Notes to the Financial Statements. 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. Over time, increases or decreases may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.
  - The Statement of Activities focuses on gross and net costs of city programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
  - Fund Financial Statements focus separately on major governmental funds and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements.

**City of Medford, Oregon**  
**Management's Discussion and Analysis**  
**June 30, 2023**

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 (RSI).** Contains budgetary comparison statements for the major general fund and special revenue fund types, presented in a biennium format. RSI also includes certain required pension and OPEB schedules.
- **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
- **Statistical Section.** This section includes trend information and demographics.
- **Reports by independent certified public auditors.** 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**  
**JUNE 30, 2023 AND 2022**  
**(in millions)**

	Governmental Activities		Business-type Activities		Total Governmental	
	2023	2022	2023	2022	2023	2022
Cash and investments	\$ 193.1	\$ 212.4	\$ 51.5	\$ 49.3	\$ 244.6	\$ 261.7
Other assets	13.5	11.0	2.3	1.8	15.8	12.8
Capital assets, net	401.5	353.7	89.3	85.9	490.8	439.6
Net OPEB asset	1.0	1.0	0.1	0.1	1.1	1.1
Total assets	<u>609.1</u>	<u>578.1</u>	<u>143.2</u>	<u>137.1</u>	<u>752.3</u>	<u>715.2</u>
Deferred outflows	22.1	22.9	2.1	2.2	24.2	25.1
Total assets and deferred outflows	<u>\$ 631.2</u>	<u>\$ 601.0</u>	<u>\$ 145.3</u>	<u>\$ 139.3</u>	<u>\$ 776.5</u>	<u>\$ 740.3</u>
Other liabilities	\$ 41.9	\$ 37.3	\$ 3.6	\$ 2.0	\$ 45.5	\$ 39.3
Long-term liabilities	125.1	131.5	0.5	0.5	125.6	132.0
Total OPEB liability	4.7	4.6	0.6	0.6	5.3	5.2
Net pension liability	50.1	37.4	5.3	4.1	55.4	41.5
Total Liabilities	<u>221.8</u>	<u>210.8</u>	<u>10.0</u>	<u>7.2</u>	<u>231.8</u>	<u>218.0</u>
Deferred inflows	19.0	33.5	2.0	3.7	21.0	37.2
Net position:						
Net investment in capital assets	306.0	296.0	89.2	85.8	395.2	381.8
Restricted	108.4	123.4	17.2	16.0	125.6	139.4
Unrestricted	(24.0)	(62.7)	26.9	26.6	2.9	(36.1)
Total Net Position	<u>\$ 390.4</u>	<u>\$ 356.7</u>	<u>\$ 133.3</u>	<u>\$ 128.4</u>	<u>\$ 523.7</u>	<u>\$ 485.1</u>

**City of Medford, Oregon**  
**Management's Discussion and Analysis**  
**June 30, 2023**

**TABLE 2**  
**CITY OF MEDFORD - STATEMENT OF ACTIVITIES**  
**FO THE YEAR ENDED JUNE 30, 2023 AND 2022**  
(In millions)

	Governmental Activities		Business-type Activities		Total Government	
	2023	2022	2023	2022	2023	2022
<b>REVENUES</b>						
General revenues:						
Taxes	\$ 69.8	\$ 67.4	\$ -	\$ -	\$ 69.8	\$ 67.4
Other	3.4	(1.5)	0.6	(0.6)	4.0	(2.1)
Program revenues:						
Charges for services	26.0	26.7	22.9	22.2	48.9	48.9
Operating	32.3	23.1	-	-	32.3	23.1
Capital	8.2	5.1	1.6	0.7	9.8	5.8
Total revenues	<u>139.7</u>	<u>120.8</u>	<u>25.1</u>	<u>22.3</u>	<u>164.8</u>	<u>143.1</u>
<b>EXPENSES</b>						
General government	12.0	10.6	-	-	12.0	10.6
Public safety	48.4	43.9	-	-	48.4	43.9
Highways and streets	16.8	12.2	-	-	16.8	12.2
Culture and recreation	13.5	11.1	-	-	13.5	11.1
Community development	13.8	10.7	-	-	13.8	10.7
Interest on long-term debt	4.1	3.8	-	-	4.1	3.8
Sewer services	-	-	17.2	16.0	17.2	16.0
Parking services	-	-	0.5	0.5	0.5	0.5
Total expenses	<u>108.6</u>	<u>92.3</u>	<u>17.7</u>	<u>16.5</u>	<u>126.3</u>	<u>108.8</u>
Increase in net position before transfers	31.1	28.5	7.4	5.8	38.5	34.3
Transfers	2.5	2.5	(2.5)	(2.5)	-	-
Change in net position	33.6	31.0	4.9	3.3	38.5	34.3
Beginning Net Position	356.7	325.7	128.4	125.1	485.1	450.8
Ending Net Position	<u>\$ 390.3</u>	<u>\$ 356.7</u>	<u>\$ 133.3</u>	<u>\$ 128.4</u>	<u>\$ 523.6</u>	<u>\$ 485.1</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 \$159.6 million, a decrease from the prior year of \$21.8 million. The decrease can mostly be attributed to capital outlay in the Rogue X Construction fund. If that fund were removed from governmental operations, total governmental fund balances would have increased by \$14.0 million.

The General Fund ending fund balance increased by \$5.4 million during the current fiscal year. Total General Fund revenues in 2023 increased by \$3.6 million, which comprised of increases in property taxes of \$1.3 million, franchise and lodging taxes of \$0.7 million, and investment earnings of \$1.5 million (among other changes). General Fund expenditures increased by \$3.4 million in 2023, which comprised mostly of increases to spending for general government of \$1.2 million, public safety of \$1.7 million, and community development of \$2.3 million, and a decrease to spending in capital outlay of \$2.4 million.

**City of Medford, Oregon**  
**Management's Discussion and Analysis**  
**June 30, 2023**

The increases to both general government and public safety are primarily attributable to increases in staffing costs while the increase to community development is primarily related to a continued increase in programs dedicated to homeless services. The decrease in capital outlay is primarily related to the prior year's significant investment in facilities dedicated to homeless services that were one-time costs.

The Federal Stimulus Grant Fund was created during in the prior fiscal year and has an ending fund balance of \$0. The fund received the City's full entitlement of American Rescue Plan Act (ARPA) monies and those funds are reported as unearned revenue until spent. Total revenues in 2023 were \$4.3 million and total expenditures were \$4.3 million. All expenditures are related to the spending of ARPA funds for eligible purposes.

The Gas Tax Fund had a \$2.3 million increase in fund balance during the current fiscal year. Gas Tax Fund revenues increased \$0.3 million due to an increase to investment earnings of \$0.6 million, a reduction in grants and contributions of \$0.4 million and total other revenues of \$0.1 million. Total Gas Tax Fund expenditures decreased by \$1.1 million with the majority of the decrease coming from capital outlay. The City is planning a significant capital improvement project related to the expansion and improvement of a major street and, as such, some current spending has slowed in preparation for significant future capital outlay; the City anticipates a large reduction in fund balance via capital outlay by June 30, 2025.

The Rogue X Construction Fund had a \$35.8 million decrease in fund balance during the current fiscal year. This fund accounts for the construction of the Rogue Credit Union Community Complex (not future ongoing maintenance) and, as such, it is not expected to maintain a consistent fund balance. Construction costs for 2023 were \$41.6 million.

**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 \$26.2 million, restricted net position of \$17.2 million and investment in capital assets of \$87.6 million. Net position increased \$4.9 million to \$130.9 million primarily due to increases in capital contributions of \$0.9 million and investment earnings of \$1.1 million. The Parking Facilities Fund had total net position \$2.4 million of which \$0.7 million is unrestricted. Net position remained steady for the year with revenues matching expenses almost exactly. The City is in active discussions about how to raise parking revenues via new sources as it does not appear the existing revenue streams will return to their pre-pandemic levels.

**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 \$12.3 million during the biennium ending June 30, 2023, primarily due to unexpected state and federal grants awarded. During the year ended June 30, 2023, the City received a significant amount of unanticipated grant awards including \$2.2 million from the State of Oregon to assist in the expansion and improvement of a navigation center to provide a central location for multiple homeless services in Medford along with other public safety grants. Other notable increases were \$0.4 million in investment earnings due to significantly higher interest rates than budgeted and \$0.3 million in fines and penalties due to elevated levels of photo radar and red-light enforcement fines.

Variances between actual biennial revenues and final budgeted biennial revenues should appear as negative numbers (indicating the City collected more revenue than budgeted) or \$0. In the current biennium, all revenue categories except grants exceeded their budgeted amounts in the General Fund. Grant revenues did not meet or exceed budgeted amounts due to several grant-funded projects being extended into the next biennium so both the grant revenue and expenditure of the grant funds came in under budget. Alternatively, all department expenditure categories should have a positive variance (less was expended than budgeted) or be \$0. All departments were in compliance at June 30, 2023. The Community Promotion and Grants department has the largest variance in the General Fund due to several grant-funded projects being extended into the next biennium that were originally fully budgeted in the 2021-2023 biennium.

**City of Medford, Oregon**  
**Management's Discussion and Analysis**  
**June 30, 2023**

**Capital Assets and Debt Administration:**

**Capital Assets.** As of June 30, 2023, the City had \$490.8 million in capital assets, net of depreciation as reflected in the following table, which represents a net increase (additions, deductions and depreciation) of \$51.2 million.

**TABLE 3**  
**CITY OF MEDFORD - CAPITAL ASSETS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023 AND 2022**  
(In millions)

	Governmental Activities		Business-type Activities		Total Government	
	2023	2022	2023	2022	2023	2022
Land	\$ 29.4	\$ 26.6	\$ 1.4	\$ 1.4	\$ 30.8	\$ 28.0
Land rights of way	135.6	132.5	0.2	0.2	135.8	132.7
Construction in progress	69.7	24.5	1.6	0.5	71.3	24.9
Buildings	45.9	44.5	2.3	2.5	48.2	47.0
Improvements	26.9	27.7	9.0	10.2	35.9	37.9
Equipment	9.6	10.9	14.3	14.0	23.9	24.9
Sewers	-	-	23.4	22.1	23.4	22.1
Storm drains	-	-	36.9	34.9	36.9	34.9
Infrastructure	84.5	87.1	-	-	84.5	87.1
Total	<u>\$ 401.5</u>	<u>\$ 353.7</u>	<u>\$ 89.3</u>	<u>\$ 85.9</u>	<u>\$ 490.8</u>	<u>\$ 439.6</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**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**  
(In millions)

	Governmental Activities	Business-type Activities	Total
Beginning balance	\$ 353.7	\$ 85.9	\$ 439.6
Additions	63.8	7.5	71.3
Deletions	(0.4)	(0.1)	(0.5)
Transfers	-	-	-
Depreciation	(15.6)	(4.0)	(19.6)
Ending Balance	<u>\$ 401.5</u>	<u>\$ 89.3</u>	<u>\$ 490.8</u>

Capital assets, net of depreciation for governmental activities increased \$47.8 million. Additions included acquisition of land and rights of way of \$5.9 million, building purchases of \$1.2 million, equipment purchases of \$2.0 million, infrastructure of \$6.3 million, transfers from construction in progress of \$2.7 million and new construction in progress of \$48.3 million. Offsetting these additions were depreciation of \$15.6 million and deletions of \$0.4 million.

Business-type activities capital assets, net of depreciation increased \$3.4 million. Additions included sewers of \$2.1 million, storm drains of \$3.0 million, equipment and other additions of \$1.0 million, transfers from construction in progress of \$0.2 million, and new construction in progress of \$1.5 million. Offsetting these additions were depreciation of \$4.1 million and transfers and dispositions of \$0.1 million. For more detailed information on the City's capital asset activity, refer to Note III (B) of the financial statements.

**City of Medford, Oregon**  
**Management's Discussion and Analysis**  
**June 30, 2023**

**Debt Administration.** As of year-end, the City had \$125.3 million in debt outstanding compared to \$131.9 million last year. For more detailed information, refer to Note III (C) of the financial statements.

**TABLE 5**  
**CITY OF MEDFORD - OUTSTANDING DEBT AT FISCAL YEAR END**  
**JUNE 30, 2023**  
(In millions)

	Governmental Activities	Business-type Activities	Total
Bonds & notes payable	\$ 117.1	\$ -	\$ 117.1
Unamortized premium	3.5	-	3.5
Compensated absences	4.1	0.5	4.6
Total	<u>\$ 124.7</u>	<u>\$ 0.5</u>	<u>\$ 125.2</u>

**Economic Factors and the Biennium Budget:**

Continuing the trend first noted in 2022, the travel and tourism economy appears to be continuing to return to pre-pandemic levels or beyond with lodging, franchise, and car rental taxes up 5.5%. In contrast, revenues for building permits fell 11.1%, continuing a slowdown in commercial and residential development first noted in 2022. The City does not expect the development downturn to be long-term and expects a rebound when inflation and interest rates decrease from their current highs.

The City saw an increase in property taxes of \$1.3 million for 2023, primarily due to growth and increases in the assessed values of properties taxed. For the year ending June 30, 2023, the assessed tax valuation for property taxes was \$8.7 billion. The tax collection rate of 95.3% is lower than the previous year but remains on par with the historical average for tax collection rates.

**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 Chief Financial Officer 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, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Medford Water Commission
<b>ASSETS</b>				
Cash and investments	\$ 193,094,592	\$ 51,467,040	\$ 244,561,632	\$ 34,337,219
Receivables				
Accounts	7,883,855	1,933,273	9,817,128	2,627,236
Taxes	1,891,405	-	1,891,405	-
Leases	580,027	45,239	625,266	-
Inventory	1,297,422	420,969	1,718,391	5,293,702
Prepaid expenses	1,129,307	499	1,129,806	397,050
Restricted cash and cash equivalents	261,176	-	261,176	5,638,856
Notes receivable	-	-	-	2,530,917
Capital assets not being depreciated	234,633,172	3,298,660	237,931,832	37,633,716
Depreciable capital assets, net	166,913,466	85,960,513	252,873,979	142,491,188
Right-to-use asset, net	47,265	1,490	48,755	-
Right-to-use subscription asset, net	339,356	-	339,356	61,796
Net OPEB asset	1,024,822	122,143	1,146,965	-
<b>Total assets</b>	<b>609,095,865</b>	<b>143,249,826</b>	<b>752,345,691</b>	<b>231,011,680</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Bond refunding	2,655,690	-	2,655,690	-
OPEB related	421,183	50,198	471,381	-
Pension related	19,027,731	2,026,130	21,053,861	2,470,107
<b>Total deferred outflows of resources</b>	<b>22,104,604</b>	<b>2,076,328</b>	<b>24,180,932</b>	<b>2,470,107</b>
<b>LIABILITIES</b>				
Accounts payable	11,004,711	2,983,177	13,987,888	5,998,313
Payroll and related accruals	3,047,849	354,768	3,402,617	-
Unearned revenue	18,867,937	166,319	19,034,256	-
Retainage payable	2,699,475	133,108	2,832,583	-
Deposits	4,041,650	-	4,041,650	730,547
Accrued interest payable	586,623	-	586,623	-
Claims payable	1,609,161	-	1,609,161	-
Long-term liabilities				
Due within one year				
Bonds and note payable	6,969,233	-	6,969,233	-
Compensated absences	827,552	96,831	924,383	546,559
Lease Payable	48,061	1,593	49,654	-
Subscription Liability	341,856	-	341,856	51,269
Due in more than one year				
Bonds and note payable	110,132,983	-	110,132,983	25,332,045
Bond premium	3,526,640	-	3,526,640	-
Compensated absences	3,310,208	387,326	3,697,534	136,640
Total OPEB liability	4,658,612	555,234	5,213,846	-
Net pension liability	50,120,887	5,337,029	55,457,916	6,506,500
<b>Total liabilities</b>	<b>221,793,438</b>	<b>10,015,385</b>	<b>231,808,823</b>	<b>39,301,873</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
OPEB related	1,236,618	147,385	1,384,003	-
Pension related	17,185,931	1,830,012	19,015,943	2,231,011
Leases	571,201	44,785	615,986	-
<b>Total deferred inflows of resources</b>	<b>18,993,750</b>	<b>2,022,182</b>	<b>21,015,932</b>	<b>2,231,011</b>
<b>NET POSITION</b>				
Net investment in capital assets	306,000,990	89,259,070	395,260,060	154,792,859
Restricted for				
Future system development	-	17,157,890	17,157,890	-
Public safety	1,763,664	-	1,763,664	-
Highways and streets	60,811,073	-	60,811,073	5,638,856
Culture and recreation	27,260,300	-	27,260,300	-
Community development	17,446,037	-	17,446,037	-
Debt service	1,117,091	-	1,117,091	-
Unrestricted	(23,985,874)	26,871,627	2,885,753	31,517,188
<b>Total net position</b>	<b>\$ 390,413,281</b>	<b>\$ 133,288,587</b>	<b>\$ 523,701,868</b>	<b>\$ 191,948,903</b>

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, 2023**

Functions/Programs	Program Revenues				Net Revenue (Expense) and Changes in Net Position			Component Unit Medford Water Commission
	Expenses	Fines, Fees, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
<b>PRIMARY GOVERNMENT</b>								
Governmental activities								
General government	\$ 12,010,614	\$ 4,066,617	\$ 9,379,227	\$ -	\$ 1,435,230	\$ -	\$ 1,435,230	\$ -
Public safety	48,420,926	6,730,463	1,104,862	-	(40,585,601)	-	(40,585,601)	-
Highways and streets	16,837,259	8,868,176	12,172,535	8,230,673	12,434,125	-	12,434,125	-
Culture and recreation	13,512,123	2,983,780	4,474,661	-	(6,053,682)	-	(6,053,682)	-
Community development	13,798,648	3,379,199	5,194,478	-	(5,224,971)	-	(5,224,971)	-
Interest on long-term debt	4,119,002	-	-	-	(4,119,002)	-	(4,119,002)	-
Total governmental activities	108,698,572	26,028,235	32,325,763	8,230,673	(42,113,901)	-	(42,113,901)	-
Business-type activities								
Sewer services	17,219,355	22,391,781	2,000	1,637,227	-	6,811,653	6,811,653	-
Parking services	508,796	523,111	-	-	-	14,315	14,315	-
Total business-type activities	17,728,151	22,914,892	2,000	1,637,227	-	6,825,968	6,825,968	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 126,426,723</b>	<b>\$ 48,943,127</b>	<b>\$ 32,327,763</b>	<b>\$ 9,867,900</b>	<b>(42,113,901)</b>	<b>6,825,968</b>	<b>(35,287,933)</b>	<b>-</b>
<b>COMPONENT UNITS</b>								
Medford Water Commission	\$ 18,893,858	\$ 23,747,930	\$ 1,222	\$ 2,700,260				\$ 7,555,554
<b>GENERAL REVENUES</b>								
Property taxes					48,886,418	-	48,886,418	-
Use taxes					20,937,292	-	20,937,292	-
Unrestricted investment earnings					3,433,244	553,083	3,986,327	1,028,658
Total general revenues					73,256,954	553,083	73,810,037	1,028,658
<b>TRANSFERS</b>					2,522,772	(2,522,772)	-	-
Total general revenues and transfers					75,779,726	(1,969,689)	73,810,037	1,028,658
<b>CHANGE IN NET POSITION</b>					33,665,825	4,856,279	38,522,104	8,584,212
<b>NET POSITION, beginning of year</b>					356,747,456	128,432,308	485,179,764	183,364,691
<b>NET POSITION, end of year</b>					<b>\$ 390,413,281</b>	<b>\$ 133,288,587</b>	<b>\$ 523,701,868</b>	<b>\$ 191,948,903</b>

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



**City of Medford  
Balance Sheet - Governmental Funds  
June 30, 2023**

	General Fund	Federal Stimulus Grant Fund - 180	Gas Tax Fund - 530	Rogue X Construction Fund - 640	Nonmajor Governmental Funds	Total
<b>ASSETS</b>						
Cash and investments	\$ 47,338,744	\$ 15,658,745	\$ 27,627,233	\$ 29,682,849	\$ 69,433,726	\$ 189,741,297
Receivables						
Accounts	3,286,460	-	703,348	-	3,765,470	7,755,278
Taxes	1,665,603	-	-	-	225,802	1,891,405
Leases	387,823	-	-	-	192,204	580,027
Prepaid items	269,133	-	-	-	20,000	289,133
Inventories	46,334	-	-	-	-	46,334
Restricted cash and cash equivalents	106,907	-	-	-	32,843	139,750
Advances to other funds	450,000	-	-	-	45,000	495,000
<b>Total assets</b>	<b>\$ 53,551,004</b>	<b>\$ 15,658,745</b>	<b>\$ 28,330,581</b>	<b>\$ 29,682,849</b>	<b>\$ 73,715,045</b>	<b>\$ 200,938,224</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 1,268,359	\$ 14,268	\$ 219,522	\$ 8,329,592	\$ 1,039,304	\$ 10,871,045
Retainage payable	-	52,215	6,640	2,590,372	50,248	2,699,475
Customer deposits	354,559	-	-	-	3,687,091	4,041,650
Unearned revenue	2,133,748	15,592,262	-	-	1,141,927	18,867,937
Payroll and related accruals	2,381,183	-	70,490	-	423,043	2,874,716
Advances from other funds	45,000	-	-	-	-	45,000
<b>Total liabilities</b>	<b>6,182,849</b>	<b>15,658,745</b>	<b>296,652</b>	<b>10,919,964</b>	<b>6,341,613</b>	<b>39,399,823</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Leases	379,508	-	-	-	191,693	571,201
Unavailable revenue - property taxes	1,192,042	-	-	-	185,976	1,378,018
<b>Total deferred inflows of resources</b>	<b>1,571,550</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>377,669</b>	<b>1,949,219</b>
<b>FUND BALANCES</b>						
Nonspendable						
Inventory	46,334	-	-	-	-	46,334
Prepaid items	269,133	-	-	-	20,000	289,133
Advances to other funds	450,000	-	-	-	-	450,000
Restricted for						
Public safety	-	-	-	-	1,763,664	1,763,664
Highways and streets	-	-	28,033,929	-	32,777,144	60,811,073
Culture and recreation	-	-	-	18,762,885	8,497,415	27,260,300
Community development	-	-	-	-	17,446,037	17,446,037
Debt services	-	-	-	-	1,117,091	1,117,091
Committed for						
Public safety	-	-	-	-	1,826,612	1,826,612
Culture and recreation	-	-	-	-	1,830,114	1,830,114
Community development	-	-	-	-	1,717,686	1,717,686
PERS debt	3,940,228	-	-	-	-	3,940,228
Assigned						
2023-25 Budget	36,018,400	-	-	-	-	36,018,400
Unassigned	5,072,510	-	-	-	-	5,072,510
<b>Total fund balances</b>	<b>45,796,605</b>	<b>-</b>	<b>28,033,929</b>	<b>18,762,885</b>	<b>66,995,763</b>	<b>159,589,182</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 53,551,004</b>	<b>\$ 15,658,745</b>	<b>\$ 28,330,581</b>	<b>\$ 29,682,849</b>	<b>\$ 73,715,045</b>	<b>\$ 200,938,224</b>

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, 2023**

FUND BALANCES – total governmental funds	\$ 159,589,182
Amounts reported for governmental activities in the statement of net position are different because:	
Capital and right-to-use assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Governmental capital and right-to-use assets, cost	
Less accumulated depreciation and amortization	401,706,825
Certain items, such as liabilities and deferred outflows 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	1,378,018
Deferred outflow of resources	<u>21,800,290</u>
	23,178,308
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	(586,623)
Compensated absences	(4,074,530)
Lease liability	(47,509)
Subscription liability	(311,673)
Total OPEB liability	(4,567,310)
Net OPEB asset	1,004,737
Bonds payable	(117,102,216)
Unamortized bond premium	(3,526,640)
Net pension liability	(49,341,034)
Deferred inflow of resources	<u>(18,130,909)</u>
	(196,683,707)
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.	<u>2,622,673</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 390,413,281</u></b>

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

**City of Medford**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2023**

	General Fund	Federal Stimulus Grant Fund - 180	Gas Tax Fund - 530	Rogue X Construction Fund - 640	Nonmajor Governmental Funds	Total
<b>REVENUES</b>						
Taxes						
Property	\$ 44,738,762	\$ -	\$ -	\$ -	\$ 3,980,580	\$ 48,719,342
Car rental taxes	-	-	-	-	3,412,137	3,412,137
Franchise and lodging	13,039,203	-	-	-	3,745,194	16,784,397
Other taxes	-	-	-	-	740,758	740,758
Fuel	-	-	6,909,316	-	-	6,909,316
Charges for services	2,486,934	-	148,839	-	3,340,247	5,975,020
Fines and penalties	2,092,145	-	-	-	-	2,092,145
Intergovernmental	6,033,618	-	9,841	-	3,361,497	9,404,956
Licenses, permits, and fees	703,325	-	-	-	14,990,259	15,693,584
Investment earnings	872,535	-	289,503	1,064,821	1,151,122	3,377,981
Grants and contributions	3,345,609	4,262,738	-	3,000,000	5,403,144	16,011,491
Other revenue	340,142	-	22,895	51,605	1,308,090	1,722,732
Capital contributions and donations	-	-	-	-	1,835,276	1,835,276
Total revenues	73,652,273	4,262,738	7,380,394	4,116,426	43,268,304	132,680,135
<b>EXPENDITURES</b>						
Current						
General government	11,935,901	-	-	-	-	11,935,901
Public safety	43,473,687	-	-	-	3,283,707	46,757,394
Highways and streets	-	-	1,966,004	-	7,191,232	9,157,236
Culture and recreation	8,506,374	-	-	25,679	1,077,570	9,609,623
Community development	4,697,173	263,158	-	-	7,567,675	12,528,006
Debt service	-	-	-	-	6,611,176	6,611,176
Debt service principal	-	-	-	-	3,663,290	3,663,290
Debt service interest	-	-	-	-	7,779,149	7,779,149
Capital outlay	1,808,986	3,999,580	1,793,077	41,631,591	7,779,149	57,012,383
Total expenditures	70,422,121	4,262,738	3,759,081	41,657,270	37,173,799	157,275,009
Excess (deficiency) of revenues over (under) expenditures	3,230,152	-	3,621,313	(37,540,844)	6,094,505	(24,594,874)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	10,059,821	-	-	1,775,000	19,341,527	31,176,348
Transfers out	(7,935,537)	-	(1,337,765)	-	(19,095,845)	(28,369,147)
Total other financing sources (uses)	2,124,284	-	(1,337,765)	1,775,000	245,682	2,807,201
NET CHANGE IN FUND BALANCES	5,354,436	-	2,283,548	(35,765,844)	6,340,187	(21,787,673)
FUND BALANCES, beginning of year	40,442,169	-	25,750,381	54,528,729	60,655,576	181,376,855
FUND BALANCES, end of year	\$ 45,796,605	\$ -	\$ 28,033,929	\$ 18,762,885	\$ 66,995,763	\$ 159,589,182

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 Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2023**

NET CHANGE IN FUND BALANCES – total governmental funds	\$ (21,787,673)
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 contributions	6,395,397
Capital outlays	57,012,383
Less current year depreciation and amortization	(15,531,040)
	47,876,740
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.	167,077
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Change in compensated absences	64,774
Change in expenses related to pension and OPEB	1,006,216
	1,070,990
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. 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:	
Leases and other changes	(131,376)
Change in accrued interest	(457,070)
Amortization of premium	134,143
Amortization of deferred loss	(132,785)
Principal payments	6,611,176
	6,024,088
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.	314,603
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 33,665,825

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

**City of Medford  
Balance Sheet  
Proprietary Funds  
June 30, 2023**

	Business-type Activities - Enterprise Funds			Governmental Activities
	Sewer Utility Fund	Nonmajor Parking Facilities Fund	Total	Internal Service Funds
<b>ASSETS</b>				
Current assets				
Cash and investments	\$ 50,623,848	\$ 843,192	\$ 51,467,040	\$ 3,353,295
Receivables	1,920,517	12,756	1,933,273	128,577
Prepaid expense	499	-	499	840,174
Inventories	420,969	-	420,969	1,251,088
Total current assets	52,965,833	855,948	53,821,781	5,573,134
Noncurrent assets				
Restricted cash and investments	-	-	-	121,426
Lease Receivable	-	45,239	45,239	-
Capital assets				
Land and construction in progress	1,954,814	1,343,846	3,298,660	7,280
Right-to-use subscription, net	-	-	-	29,947
Right-to-use, net	1,490	-	1,490	513
Capital assets, net	85,643,486	317,027	85,960,513	188,694
Net OPEB asset	119,991	2,152	122,143	20,085
Total noncurrent assets	87,719,781	1,708,264	89,428,045	367,945
Total assets	140,685,614	2,564,212	143,249,826	5,941,079
DEFERRED OUTFLOW OF RESOURCES				
OPEB related	49,314	884	50,198	8,255
Pension related	1,992,475	33,655	2,026,130	296,059
Total deferred outflows of resources	2,041,789	34,539	2,076,328	304,314
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	\$ 142,727,403	\$ 2,598,751	\$ 145,326,154	\$ 6,245,393
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	\$ 2,944,853	\$ 38,324	\$ 2,983,177	\$ 133,666
Payroll and related accruals	350,320	4,448	354,768	173,133
Retainage payable	133,108	-	133,108	-
Unearned revenue	166,319	-	166,319	-
Advances from other funds	-	-	-	450,000
Compensated absences, due within one year	96,258	573	96,831	12,646
Claims payable	-	-	-	1,609,161
Total current liabilities	3,690,858	43,345	3,734,203	2,378,606
Long-term liabilities				
Compensated absences, due in more than one year	385,033	2,293	387,326	50,584
Subscription liability	-	-	-	30,183
Lease liability	1,593	-	1,593	552
Total OPEB liability	545,453	9,781	555,234	91,302
Net pension liability	5,248,375	88,654	5,337,029	779,853
Total long-term liabilities	6,180,454	100,728	6,281,182	952,474
Total liabilities	9,871,312	144,073	10,015,385	3,331,080
DEFERRED INFLOW OF RESOURCES				
Leases	-	44,785	44,785	-
Pension related	1,799,613	30,399	1,830,012	267,405
OPEB related	144,789	2,596	147,385	24,235
Total deferred inflows of resources	1,944,402	77,780	2,022,182	291,640
<b>NET POSITION</b>				
Net investment in capital assets	87,598,197	1,660,873	89,259,070	195,699
Restricted for				
Future system development	17,157,890	-	17,157,890	-
Employee section 125 plan	-	-	-	121,426
Unrestricted	26,155,602	716,025	26,871,627	2,305,548
Total net position	130,911,689	2,376,898	133,288,587	2,622,673
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 142,727,403	\$ 2,598,751	\$ 145,326,154	\$ 6,245,393

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

**City of Medford  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended June 30, 2023**

	Business-type Activities - Enterprise Funds			Governmental Activities
	Sewer Utility Fund	Nonmajor Parking Facilities Fund	Total	Internal Service Funds
<b>OPERATING REVENUES</b>				
Charges for services	\$ 22,317,737	\$ 524,581	\$ 22,842,318	\$ 4,108,150
Other revenue	76,215	-	76,215	78,299
Total operating revenues	22,393,952	524,581	22,918,533	4,186,449
<b>OPERATING EXPENSES</b>				
Salaries and fringe benefits	7,380,122	118,346	7,498,468	1,259,883
Operating supplies	1,593,095	15,978	1,609,073	854,219
Professional services	1,416,895	244,342	1,661,237	53,755
Repairs and maintenance	1,242,960	29,533	1,272,493	23,650
Premiums and claims	203,011	1,000	204,011	1,302,336
Utilities	528,991	50,391	579,382	3,501
General, administrative, and engineering	828,104	17,133	845,237	86,521
Depreciation and amortization	4,026,177	32,073	4,058,250	34,666
Total operating expenses	17,219,355	508,796	17,728,151	3,618,531
OPERATING INCOME	5,174,597	15,785	5,190,382	567,918
<b>NONOPERATING REVENUES</b>				
Investment earnings	541,910	9,532	551,442	31,114
Total nonoperating revenues	541,910	9,532	551,442	31,114
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>				
	5,716,507	25,317	5,741,824	599,032
<b>CONTRIBUTIONS AND TRANSFERS</b>				
Capital contributions	1,637,227	-	1,637,227	-
Transfers out	(2,464,426)	(58,346)	(2,522,772)	(284,429)
Total contributions and transfers	(827,199)	(58,346)	(885,545)	(284,429)
CHANGE IN NET POSITION	4,889,308	(33,029)	4,856,279	314,603
NET POSITION, beginning of year	126,022,381	2,409,927	128,432,308	2,308,070
NET POSITION, end of year	\$ 130,911,689	\$ 2,376,898	\$ 133,288,587	\$ 2,622,673

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, 2023**

	Business-type Activities - Enterprise Funds			Governmental Activities
	Sewer Utility Fund	Nonmajor Parking Facilities Fund	Total	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 21,905,430	\$ 542,273	\$ 22,447,703	\$ 768,943
Receipt from interfund services provided	-	-	-	3,386,186
Payments to suppliers	(4,372,561)	(325,932)	(4,698,493)	(3,531,585)
Payments to employees	(7,638,415)	(123,767)	(7,762,182)	(1,233,754)
Net cash provided (used) by operating activities	9,894,454	92,574	9,987,028	(610,210)
<b>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from (to) other funds	(2,464,426)	(58,346)	(2,522,772)	(284,429)
Net cash provided (used) by noncapital financing activities	(2,464,426)	(58,346)	(2,522,772)	(284,429)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(5,808,733)	(453)	(5,809,186)	(13,050)
Net cash provided (used) by capital and related financing activities	(5,808,733)	(453)	(5,809,186)	(13,050)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends received	541,910	9,532	551,442	31,114
Net cash provided (used) by investing and activities	541,910	9,532	551,442	31,114
<b>INCREASE (DECREASE) IN CASH AND INVESTMENTS</b>	2,163,205	43,307	2,206,512	(426,575)
CASH AND INVESTMENTS, beginning of year	48,460,643	799,885	49,260,528	3,901,296
CASH AND INVESTMENTS, end of year	\$ 50,623,848	\$ 843,192	\$ 51,467,040	\$ 3,474,721
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income	\$ 5,174,597	\$ 15,785	\$ 5,190,382	\$ 567,918
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation expense	4,026,177	32,073	4,058,250	34,666
Pension and OPEB expense	(306,065)	(6,918)	(312,983)	34,616
(Increase) decrease in accounts receivable	(571,796)	17,692	(554,104)	(31,320)
(Increase) decrease in inventories	(37,766)	-	(37,766)	(19,023)
(Increase) decrease in prepaids	(499)	-	(499)	(840,174)
Increase (decrease) in unearned revenue	83,274	-	83,274	-
Increase (decrease) in accounts payable	1,413,867	32,445	1,446,312	74,818
Increase (decrease) in accrued payroll and related expenses	19,354	303	19,657	(10,409)
Increase (decrease) in compensated absences	28,418	1,194	29,612	1,922
Increase (decrease) in retainage payable	64,893	-	64,893	-
Increase (decrease) in claims payable	-	-	-	(423,224)
Total adjustments	4,719,857	76,789	4,796,646	(1,178,128)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	\$ 9,894,454	\$ 92,574	\$ 9,987,028	\$ (610,210)
<b>NONCASH CAPITAL ACTIVITIES</b>				
Contributions of capital assets from developers	\$ 1,637,227	\$ -	\$ 1,637,227	\$ -

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

**City of Medford  
Statement of Fiduciary Net Position  
Fiduciary Fund  
June 30, 2023**

	Custodial Fund
<b>ASSETS</b>	
Cash and investments	\$ 570,605
Total assets	570,605
<b>LIABILITIES</b>	
Unearned revenue	560,512
Total liabilities	560,512
<b>FIDUCIARY NET POSITION</b>	
Restricted for individuals, organizations, and other governments	10,093
Total fiduciary net position	\$ 10,093

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

**City of Medford**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Fund**  
**For the Year Ended June 30, 2023**

	Custodial Fund
ADDITIONS	
Investment earnings	\$ 5,788
Total additions	<u>5,788</u>
NET CHANGE IN FIDUCIARY NET POSITION	5,788
FIDUCIARY NET POSITION, beginning of year	<u>4,305</u>
FIDUCIARY NET POSITION, end of year	<u>\$ 10,093</u>

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

**City of Medford**  
**Notes to the Financial Statements**  
**June 30, 2023**

**Note 1 – 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, deferred outflows of resources, liabilities, deferred inflows of resources, 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.

**City of Medford**  
**Notes to the Financial Statements**  
**June 30, 2023**

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**Note 1 – Summary of Significant Accounting Policies (continued)**

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

Net 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 fund balance/net position in the fund financial statements. This fund balance/net position 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, proprietary fund financial statements, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both *measurable* and *available*. The City considers property tax revenue reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and claims and judgments, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under 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.

**City of Medford**  
**Notes to the Financial Statements**  
**June 30, 2023**

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**Note 1 – Summary of Significant Accounting Policies (continued)**

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 *Federal Stimulus Grant Fund* is a special revenue fund that accounts for revenue from the American Rescue Plan Act and the associated expenditure of those grant funds.

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 *Rogue X Construction Fund* is a capital projects fund and accounts for the construction of the Rogue Credit Union Community Complex (Rogue X).

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.

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 fund 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.

*Fiduciary funds* account for resources held for the benefit of parties outside of the City. These funds are not included in the government-wide financial statement because their resources are not available to support the City's own programs. The City has one custodial fiduciary fund for police forfeitures as forfeitures are held in a custodial capacity for individuals, private organization, and other governments

**City of Medford**  
**Notes to the Financial Statements**  
**June 30, 2023**

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**Note 1 – Summary of Significant Accounting Policies (continued)**

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 affect 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.

**2. Investments**

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments are stated at cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

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).

**City of Medford**  
**Notes to the Financial Statements**  
**June 30, 2023**

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**Note 1 – Summary of Significant Accounting Policies (continued)**

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.oregon.gov/treasury](http://www.oregon.gov/treasury). The weighted-average maturity of LGIP is less than one year. The fair value of the City's position in the pool is the same as the value of the pool shares.

**3. 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.

**City of Medford**  
**Notes to the Financial Statements**  
**June 30, 2023**

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**Note 1 – Summary of Significant Accounting Policies (continued)**

**4. Inventories**

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

**5. Restricted cash**

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

**6. 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 \$10,000 and an estimated useful life of one year or more. If an asset is purchased using federal funds, any asset with an initial cost of \$5,000 and an estimated useful life of one year or more is considered a capital asset. Capital assets are recorded at cost or estimated historical cost. Donated capital assets are recorded at acquisition value at the time of donation. Intangible assets with an indefinite useful life are included in nondepreciable assets.

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:

Assets	Years
Buildings	25–75
Sewers and water infrastructure	20–75
Parking structures	45–50
Improvements	10–50
Road networks	20
Storm drains	20
Equipment	3–20

**7. 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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred out flows include charges on the refunding of long-term debt. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**City of Medford**  
**Notes to the Financial Statements**  
**June 30, 2023**

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**Note 1 – Summary of Significant Accounting Policies (continued)**

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 assets 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, 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, deferred inflows and outflows of resource are reported related to leases, pensions, and other post employment benefit plans (OPEB).

A detailed description of these accounts related to pensions and OPEB and how they are calculated are discussed in Note 3J.

**8. 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.

**9. Long-term liabilities**

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 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. Issuance costs are expensed as incurred.

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.

**10. Fund balance / net position**

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.

On the Statement of Net Position for government-wide reporting and for the proprietary funds, net position is segregated into three categories: net investments in capital assets, restricted net position; and unrestricted net position.



**City of Medford**  
**Notes to the Financial Statements**  
**June 30, 2023**

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**Note 1 – Summary of Significant Accounting Policies (continued)**

Net investment in capital assets represents total capital assets less accumulated depreciation and capital related debt net of unspent bond proceeds. Deferred outflows of resources and deferred inflows of resources and deferred inflows of resources directly related debt should also be included in this section. Significant unspent bond proceeds should not be included.

Restricted net position represents net position that is not subject solely to the government's own discretion. Restrictions may be placed on net position by an external third party that provided the resources, by laws or regulation of other governments, by enabling legislation, by endowment agreements, or by the nature of the asset. Unspent bond proceeds for capital projects are used in the calculation of restricted net position.

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 Chief Financial Officer uses that information to determine whether those resources should be assigned or unassigned for presentation in the City's Annual Comprehensive 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.

**11. Leases and Software Based Information Technology Arrangements**

The City recognizes lease contracts or equivalents (including Software Based Information Technology Arrangements) that have a term exceeding one year and the cumulative future payments on the contract exceed \$25,000 that meet the definition of an other than short-term lease. The City uses a discount rate that is explicitly stated or implicit in the contract. When a readily determinable discount rate is not available, the discount rate is determined using the City's incremental borrowing rate at start of the lease for a similar asset type and term length to the contract.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain indirect costs, if applicable. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

**City of Medford**  
**Notes to the Financial Statements**  
**June 30, 2023**

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**Note 1 – Summary of Significant Accounting Policies (continued)**

Short-term lease payments are expensed when incurred. Short-term lease receipts and variable lease receipts not included in the measurement of the lease receivable are recognized as income when earned.

**12. New Accounting Pronouncement**

**Adoption of New Accounting Pronouncement and Standards**

The City implemented GASB No. 91 *Conduit Debt Obligations* (GASB 91) as of July 1, 2022. The City evaluated all conduit debt arrangements and determined none had any circumstances where the City would be required to report a liability or expense under GASB 91. All GASB 91 disclosure requirements will continue to be met.

The City implemented GASB No. 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94) as of July 1, 2022. The City evaluated all contracts that may require treatment as Public-Private or Public-Public Partnerships (PPPs) or Availability Payment Arrangements (APAs) under GASB 94. The City determined no contracts met the definition of a PPP and all APAs the City has are for the operation of nonfinancial assets. As such, they will be reported as inflows or outflows of resources.

The City implemented GASB No. 96 *Subscription-Based Information Technology Arrangements* (GASB 96) as of July 1, 2022. The City evaluated contracts that involved the use of software to determine if they meet the definition of a Software Based Information Technology Arrangement (SBITA) in GASB 96 wherein a subscription liability needed to be recorded. Contracts that met the definition of a SBITA were identified and intangible right to use subscription assets were recorded along with corresponding subscription liabilities. The beginning net position was not restated for adoption of GASB 96.

**Note 2 – Stewardship, Compliance, and Accountability**

**A. Budgetary information**

The City and Agency adopt biennial budgets for all funds 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 of odd-numbered years, with the Budget Committees approving the budgets in late spring of odd-numbered years. 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 2021-2023.

**City of Medford**  
**Notes to the Financial Statements**  
**June 30, 2023**

**Note 2 – Stewardship, Compliance, and Accountability (continued)**

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 and Agency appropriations lapse at the end of the biennial period.

**B. Excess of Expenditure over Appropriations**

For the year ended June 30, 2023, no expenditures (on a budgetary basis) exceeded appropriations authorized by the City Council or Board of Directors.

**C. Deficit fund balance**

There were no funds with deficit balances as of June 30, 2023.

**Note 3 – 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. As of June 30, 2023, 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	\$ 108,848,866	1.63
Corporate bonds	17,050,555	1.83
Not subject to interest rate risk or maturities are less than one month		
Petty cash	7,235	
Cash equivalents	5,922,504	
Deposits with financial institutions	40,410,687	
LGIP	73,153,566	
Less fiduciary cash and investments	<u>(570,605)</u>	
Total cash and investments	<u>\$ 244,822,808</u>	
Cash and investments are reported as follows		
Cash and investments	\$ 244,561,632	
Restricted cash and cash equivalents	261,176	
Total cash and investments	<u>\$ 244,822,808</u>	

**City of Medford**  
**Notes to the Financial Statements**  
**June 30, 2023**

**Note 3 – Detailed Notes on All Funds (continued)**

**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, 2023, the City's deposits with various financial institutions had a bank balance of \$40,410,687. Of these deposits, \$750,000 was covered by FDIC insurance and \$39,660,687 was collateralized in accordance with ORS 295. 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:

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

*Credit risk – investments* – The City's policy, which adheres to State of Oregon law, is to limit its Corporate and Municipal investments to the following: Issuers must be rated "A-1" (commercial paper and bankers acceptance) or "AA" (bonds and debt obligations for the states of Oregon, California, Idaho, and Washington) or "AA-" (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, 2023**

**Note 3 – Detailed Notes on All Funds (continued)**

At June 30, 2023, the City's investments were rated as follows:

Investment Type	Fair Value	Moody's Rating	Percent of Total Investments
U.S. agency securities			
Federal Farm Credit Bank	\$ 15,313,366	Aaa	7.69%
Federal Home Loan Bank	16,670,563	Aaa	8.37%
U.S. Treasury	69,676,338	Aaa	35.00%
Fannie Mae	5,304,203	Aaa	2.66%
Freddie Mac	1,884,396	Aaa	0.95%
Total U.S. agency securities	<u>108,848,866</u>		
Corporate bonds			
JP Morgan Chase & Co	3,738,992	A1	1.88%
Colgate-Palmolive Co	3,427,198	Aa3	1.72%
State Street Corp	3,140,001	A1	1.58%
Bank of America Corp	2,429,062	A1	1.22%
Morgan Stanley Bank NA	2,167,599	Aa3	1.09%
US Bank NA Cincinnati	2,147,703	A2	1.08%
Total corporate bonds	<u>17,050,555</u>		
LGIP	73,153,566	Not rated	36.75%
<b>TOTAL INVESTMENTS</b>	<u>\$ 199,052,987</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.oregon.gov/treasury](http://www.oregon.gov/treasury). The weighted-average maturity of LGIP is less than one year. The fair value of the City's position in the pool is the same as the value of the pool shares.

**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 5% 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 5% per issuer. Obligations of the states of Oregon, California, Idaho, and Washington are restricted to no more than 5% for any one issuer.

**City of Medford**  
**Notes to the Financial Statements**  
**June 30, 2023**

**Note 3 – Detailed Notes on All Funds (continued)**

**Fair value hierarchy** – GASB Statement No. 72, Fair Value Measurement and Application 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:

**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 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, 2023	Fair Value Measurement			Cost Measurement Not Measured at Fair Value
		Level One	Level Two	Level Three	
U.S. agency securities	\$ 39,172,528	\$ -	\$ 39,172,528	\$ -	\$ -
Corporate bonds	17,050,555	-	17,050,555	-	-
U.S. treasury	69,676,338	69,676,338	-	-	-
LGIP	73,153,566	-	-	-	73,153,566
<b>TOTAL INVESTMENTS</b>	<u>\$ 199,052,987</u>	<u>\$ 69,676,338</u>	<u>\$ 56,223,083</u>	<u>\$ -</u>	<u>\$ 73,153,566</u>

**City of Medford**  
**Notes to the Financial Statements**  
**June 30, 2023**

**Note 3 – Detailed Notes on All Funds (continued)**

**B. Capital assets**

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
PRIMARY GOVERNMENT					
GOVERNMENTAL ACTIVITIES					
Capital assets, not being depreciated					
Land	\$ 26,588,234	\$ 2,827,899	\$ (61,387)	\$ -	\$ 29,354,746
Land - rights of way	132,457,025	3,118,752	-	-	135,575,777
Construction in progress	24,483,598	48,335,017	(367,347)	(2,748,620)	69,702,648
Total capital assets, not being depreciated	183,528,857	54,281,668	(428,734)	(2,748,620)	234,633,171
Capital assets, being depreciated					
Buildings	64,557,497	1,233,916	-	1,879,023	67,670,436
Improvements	57,558,296	1,167,484	-	378,363	59,104,143
Equipment	35,978,997	864,626	(158,660)	281,570	36,966,533
Infrastructure	264,356,139	6,289,413	-	209,664	270,855,216
Total capital assets being depreciated	422,450,929	9,555,439	(158,660)	2,748,620	434,596,328
Less accumulated depreciation for					
Buildings	(20,061,613)	(1,722,379)	-	-	(21,783,992)
Improvements	(29,847,613)	(2,341,336)	-	-	(32,188,949)
Equipment	(25,097,776)	(2,470,328)	165,348	-	(27,402,756)
Infrastructure	(177,281,488)	(9,025,676)	-	-	(186,307,164)
Total accumulated depreciation	(252,288,490)	(15,559,719)	165,348	-	(267,682,861)
Total capital assets being depreciated, net	170,162,439	(6,004,280)	6,688	2,748,620	166,913,467
GOVERNMENTAL ACTIVITIES					
CAPITAL ASSETS, NET	\$ 353,691,296	\$ 48,277,388	\$ (422,046)	\$ -	\$ 401,546,638

**City of Medford**  
**Notes to the Financial Statements**  
**June 30, 2023**

**Note 3 – Detailed Notes on All Funds (continued)**

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
PRIMARY GOVERNMENT					
BUSINESS-TYPE ACTIVITIES					
Capital assets, not being depreciated					
Land	\$ 1,410,253	\$ -	\$ -	\$ -	\$ 1,410,253
Land - rights of way	243,198	-	-	-	243,198
Construction in progress	454,917	1,488,977	(91,083)	(207,602)	1,645,209
Total capital assets, not being depreciated	2,108,368	1,488,977	(91,083)	(207,602)	3,298,660
Capital assets, being depreciated					
Buildings	10,465,294	-	-	-	10,465,294
Improvements	28,486,378	67,911	-	-	28,554,289
Equipment	32,719,184	915,021	-	-	33,634,205
Sewers	41,643,950	2,080,012	-	19,057	43,743,019
Storm drains	54,382,845	2,984,587	-	188,545	57,555,977
Total capital assets being depreciated	167,697,651	6,047,531	-	207,602	173,952,784
Less accumulated depreciation for					
Buildings	(7,974,369)	(185,104)	-	-	(8,159,473)
Improvements	(18,249,061)	(1,326,060)	-	-	(19,575,121)
Equipment	(18,728,803)	(564,108)	-	-	(19,292,911)
Sewers	(19,508,241)	(806,222)	-	(11,780)	(20,326,243)
Storm drains	(19,474,052)	(1,176,251)	-	11,780	(20,638,523)
Total accumulated depreciation	(83,934,526)	(4,057,745)	-	-	(87,992,271)
Total capital assets being depreciated, net	83,763,125	1,989,786	-	207,602	85,960,513
BUSINESS-TYPE ACTIVITIES					
CAPITAL ASSETS, NET	\$ 85,871,493	\$ 3,478,763	\$ (91,083)	\$ -	\$ 89,259,173

**City of Medford**  
**Notes to the Financial Statements**  
**June 30, 2023**

**Note 3 – Detailed Notes on All Funds (continued)**

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

**Depreciation Expense for Primary Business**

Governmental activities		
General government	\$	2,049,105
Public Safety		2,255,482
Highways and streets		8,054,148
Culture and recreation		3,149,057
Community Development		23,248
Internal service		28,679
		<u>28,679</u>
Total depreciation expense - governmental activities	\$	<u>15,559,719</u>
Business-type activities		
Sewer	\$	4,025,672
Parking services		32,073
		<u>32,073</u>
Total depreciation expense - business-type activities	\$	<u>4,057,745</u>

**Medford Water Commission**

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
MEDFORD WATER COMMISSION				
Capital assets, not being depreciated				
Land and rights of way	\$ 5,056,375	\$ -	\$ -	\$ 5,056,375
Construction in progress	15,564,531	18,340,187	(1,327,377)	32,577,341
	<u>20,620,906</u>	<u>18,340,187</u>	<u>(1,327,377)</u>	<u>37,633,716</u>
Capital assets, being depreciated				
Buildings, supply, and distribution system	188,584,172	17,898,652	(3,005,903)	203,476,921
Equipment and software	5,923,159	5,011,885	(160,739)	10,774,305
	<u>194,507,331</u>	<u>22,910,537</u>	<u>(3,166,642)</u>	<u>214,251,226</u>
Less accumulated depreciation for				
Buildings, supply, and distribution system	(54,297,553)	(12,683,198)	2,347,436	(64,633,315)
Equipment and software	(2,209,735)	(4,977,594)	60,606	(7,126,723)
	<u>(56,507,288)</u>	<u>(17,660,792)</u>	<u>2,408,042</u>	<u>(71,760,038)</u>
Total capital assets being depreciated, net	<u>138,000,043</u>	<u>5,249,745</u>	<u>(758,600)</u>	<u>142,491,188</u>
MEDFORD WATER COMMISSION CAPITAL ASSETS, NET	<u>\$ 158,620,949</u>	<u>\$ 23,589,932</u>	<u>\$ (2,085,977)</u>	<u>\$ 180,124,904</u>

**City of Medford**  
**Notes to the Financial Statements**  
**June 30, 2023**

**Note 3 – Detailed Notes on All Funds (continued)**

**C. 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:

Purpose	Original Amount	Interest Rates	Amount Outstanding
General Obligation bond			
PERS actuarial bonds, maturing 2028	\$ 29,205,000	4.91 to 6.10%	\$ 14,975,000
Full faith and credit bond			
2020 full faith and credit for LED street lighting, maturing 2035	3,842,698	1.80%	<u>3,104,146</u>
Total bonds outstanding			<u>\$ 18,079,146</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.

During 2020, the City issued full faith and credit bonds of \$3,842,698 for LED street lighting, maturing in 2035. Interest is paid annually at 1.80%. Debt service payments are expected to be offset by savings on utility bills through reduction in power consumption over the life of the bonds

In an event of default, the lenders may collect the payments then due and all other amounts under the loan agreements when they become due.

The following schedule shows the debt service requirements as of June 30, 2023:

	Governmental Activities	
	Principal	Interest
2024	\$ 2,946,164	\$ 967,708
2025	3,303,659	796,747
2026	3,691,349	604,315
2027	4,104,237	388,585
2028	2,012,328	148,033
2029-2033	1,290,388	131,330
2034-2036	731,021	19,956
Total	<u>\$ 18,079,146</u>	<u>\$ 3,056,674</u>

**City of Medford**  
**Notes to the Financial Statements**  
**June 30, 2023**

**Note 3 – Detailed Notes on All Funds (continued)**

**Revenue bonds**

Revenue bonds at June 30, 2023 are as follows:

Purpose	Original Amount	Interest Rates	Amount Outstanding
Revenue bonds			
2020A, Limited tax revenue and refunding bonds, maturing 2050	\$ 63,110,000	2%-5%	\$ 61,710,000
2020B, Limited tax revenue and refunding bonds, maturing 2035	36,140,000	2%-2.55%	35,230,000
2013 Police, fire, and parks limited tax revenue bonds, maturing 2043	38,155,000	3%-5%	<u>1,120,000</u>
Total revenue bonds outstanding			<u>\$ 98,060,000</u>

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 in the City. 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 Lithia and Driveway Fields 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. The bond was partially refunded into a new bond, series 2020B.

The 2020A (tax-exempt) limited tax revenue and refunding bonds were issued for \$63,110,000 in October 2020 with interest rates ranging between 2.00% to 5.00% and final maturity in fiscal year 2050. The proceeds were used to advance refund the remaining amounts due on the 2017 full faith and credit refunding bonds, maturing 2025 and were issued to finance all or a portion of the construction of a sports and event complex. As a result, the refunding bonds are considered defeased in substance, and the liability for those bonds has been removed from the financial statements. The City advance refunded the aforementioned bond to reduce its total debt service payments over the next five years by \$257,854 and to obtain an economic gain (the difference between the present values of the debt service payments on the old and new debt) of \$393,456.

The 2020B (federally taxable) limited tax revenue refunding bonds were issued for \$36,140,000 in October 2020 with interest rates ranging between 2.00% to 2.55% and final maturity in fiscal year 2043. The proceeds were used to advance refund \$32,040,000, a partial refunding, of the 2013 police, fire, and parks limited tax revenue bonds, maturing 2043. As a result, the refunded bonds are considered defeased in substance, and the liability for those bonds has been removed from the financial statements. The City advance refunded the aforementioned bond to reduce its total debt service payments over the next 22 years by \$6,527,844 and to obtain an economic gain (the difference between the present values of the debt service payments on the old and new debt) of \$5,337,338.

**City of Medford**  
**Notes to the Financial Statements**  
**June 30, 2023**

**Note 3 – Detailed Notes on All Funds (continued)**

The following schedule shows the debt service requirements for revenue bonds as of June 30, 2023:

	Governmental Activities	
	Principal	Interest
2024	\$ 3,060,000	\$ 2,383,611
2025	3,180,000	2,261,061
2026	3,290,000	2,150,761
2027	3,405,000	2,036,011
2028-2032	18,675,000	8,508,791
2033-2037	19,635,000	6,134,512
2038-2042	20,745,000	4,073,239
2043-2047	17,240,000	1,897,823
2048-2050	8,830,000	377,932
Total	<u>\$ 98,060,000</u>	<u>\$ 29,823,741</u>

**Note Payable**

Note payable at June 30, 2023 is as follows:

Purpose	Maximum Draw down	Interest Rates	Amount Outstanding	Unused Credit
Notes Payable				
State of Oregon, Department of Transportation, maturing 2031.	\$ 10,000,000	1.61%	\$ 963,070	\$ 6,911,757

The City signed a loan agreement with the State of Oregon, Department of Transportation for \$10,000,000 to finance a transportation project which expired in 2018 and was renewed in March 2019. The project must be completed by December 31, 2025. The note will mature in 2031. Until project completion, interest is paid annually at 1.61%. Payments will be due semiannually at \$545,335 beginning November 1, 2021. The City drew down \$3,088,243 and had repaid \$2,125,173 in principal as of June 30, 2023 for the project.

The following schedule shows the debt service requirements for note payable as of June 30, 2023:

	Governmental Activities	
	Principal	Interest
2024	\$ 963,070	\$ 11,178
Total	<u>\$ 963,070</u>	<u>\$ 11,178</u>

**City of Medford**  
**Notes to the Financial Statements**  
**June 30, 2023**

**Note 3 – Detailed Notes on All Funds (continued)**

**Changes in long-term liabilities**

Long-term liabilities for the year ended June 30, 2023, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds payable					
General obligation/full faith bonds	\$ 20,703,002	\$ -	\$ (2,623,856)	\$ 18,079,146	\$ 2,946,164
Revenue bonds	100,985,000	-	(2,925,000)	98,060,000	3,060,000
Total bonds payable	121,688,002	-	(5,548,856)	116,139,146	6,006,164
Notes payable	2,025,390	-	(1,062,320)	963,070	963,070
Total notes and bonds	123,713,392	-	(6,611,176)	117,102,216	6,969,234
Compensated absences	4,071,064	4,137,760	(4,071,064)	4,137,760	827,552
<b>GOVERNMENTAL ACTIVITIES LONG-TERM LIABILITIES</b>					
	<u>\$ 127,784,456</u>	<u>\$ 4,137,760</u>	<u>\$ (10,682,240)</u>	<u>\$ 121,239,976</u>	<u>\$ 7,796,786</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Compensated absences	<u>\$ 454,545</u>	<u>\$ 484,157</u>	<u>\$ (454,545)</u>	<u>\$ 484,157</u>	<u>\$ 96,831</u>

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

**D. 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, 2023 is determined as follows:

Capital assets, net	\$ 401,546,638
Right-to-use asset, net	47,265
Right-to-use subscription asset, net	339,356
Less outstanding principal on capital asset related debt	
Lease Liability	(48,061)
Subscription Liability	(341,856)
General obligation bonds, excluding PERS bond	(3,104,146)
Revenue bonds	(98,060,000)
Notes payable	(963,070)
Less: unamortized premium	(3,526,640)
Add: deferred outflows on bond refunding	2,655,690
Add: unspent bond proceeds	7,455,814
Governmental activities net position invested in capital assets, net of related debt	<u>\$ 306,000,990</u>

**City of Medford**  
**Notes to the Financial Statements**  
**June 30, 2023**

**Note 3 – Detailed Notes on All Funds (continued)**

**E. Interfund advances and transfers**

**Interfund advances**

Interfund loan activity and balances for the year ended June 30, 2023, are as follows:

	Beginning of Year	Additions	Payments	End of Year
Fleet Maintenance Fund				
Due to the general fund	\$ -	\$ 450,000	\$ -	\$ 450,000
General Fund				
Due to the CDBG fund	-	45,000	-	45,000
Total Interfund Advances	<u>\$ -</u>	<u>\$ 495,000</u>	<u>\$ -</u>	<u>\$ 495,000</u>

The General Fund loaned the Fleet Maintenance Fund \$450,000 to be repaid by June 30, 2027 at 0% interest. The amount owed from the General Fund to the CDBG Fund will be repaid during the year ending June 30, 2024.

**Interfund transfers**

Transfers In	Transfers Out					Total Transfers In	
	General Fund	Gas Tax Fund	Nonmajor Governmental Funds	Sewer Utility Fund	Parking Facilities Fund		Internal Service Funds
General fund	\$ -	\$ 559,404	\$ 6,697,975	\$ 2,464,426	\$ 53,587	\$ 284,429	\$ 10,059,821
Rogue X Construction fund	-	-	1,775,000	-	-	-	1,775,000
Nonmajor governmental	7,935,537	778,361	10,622,870	-	4,759	-	19,341,527
Total transfers out	<u>\$ 7,935,537</u>	<u>\$ 1,337,765</u>	<u>\$ 19,095,845</u>	<u>\$ 2,464,426</u>	<u>\$ 58,346</u>	<u>\$ 284,429</u>	<u>\$ 31,176,348</u>

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

**City of Medford**  
**Notes to the Financial Statements**  
**June 30, 2023**

**Note 3 – Detailed Notes on All Funds (continued)**

**F. 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.

The City and MURA are self-insured for certain risks. 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,	
	2023	2022
Unpaid claims, beginning of year	\$ 2,032,385	\$ 1,744,889
Incurred claims (including IBNR)	320,913	1,290,528
Claim payments	(744,137)	(1,003,032)
Unpaid claims, end of year	<u>\$ 1,609,161</u>	<u>\$ 2,032,385</u>

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

**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 liabilities are not recorded on the accompanying Statement of Net Position.

**H. Conduit debt**

The Hospital Facilities Authority of the City of Medford has outstanding bonds issued in 2013 (2013A & 2013B issuances) and 2020 (2020A & 2020B issuances). The outstanding balance of these bonds as of June 30, 2023 was \$541,026,000. 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. The City makes a limited commitment to maintain each bond issue's tax-exempt status, as applicable, but assumes no responsibility for debt service payments and makes no other voluntary pledges or guarantees.

**City of Medford**  
**Notes to the Financial Statements**  
**June 30, 2023**

**Note 3 – Detailed Notes on All Funds (continued)**

**I. 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.

**J. 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 Annual Comprehensive Financial Report and Actuarial Valuation that can be obtained at:

<https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

**Plan benefits**

**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.



**City of Medford**  
**Notes to the Financial Statements**  
**June 30, 2023**

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**Note 3 – Detailed Notes on All Funds (continued)**

*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.

*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.

**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, 2023**

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**Note 3 – Detailed Notes on All Funds (continued)**

**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, 2019 actuarial valuation. The rates, based on a percentage of payroll, first became effective July 1, 2021. Employer contributions for the year ended June 30, 2023 were \$6,698,581, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2023 were 22.34 percent for Tier One/Tier Two General Services and 15.00 percent for OPSRP Pension Program General Services, 19.36 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.

**Pension assets, liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions**

At June 30, 2023, the City's proportionate share of the net pension liability is \$55,457,916. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020 rolled forward to June 30, 2022. 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 the June 30, 2022 measurement date, the City's proportion was 0.40468 percent, which was changed from its proportion measured as of June 30, 2021 of 0.38470 percent. For the year ended June 30, 2023, the City recognized pension expense of \$6,708,484.

**City of Medford**  
**Notes to the Financial Statements**  
**June 30, 2023**

**Note 3 – Detailed Notes on All Funds (continued)**

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,692,033	\$ 345,847
Change in assumptions	8,701,647	79,498
Net difference between projected and actual earnings on pension plan investments	-	9,914,804
Changes in proportionate share	2,957,870	1,489,936
Differences between City contributions and proportionate share of contributions	<u>3,730</u>	<u>7,185,858</u>
Subtotal before post-measurement date contributions	14,355,280	19,015,943
City contributions subsequent to the measurement date	<u>6,698,581</u>	-
Total	<u>\$ 21,053,861</u>	<u>\$ 19,015,943</u>

Deferred outflows of resources related to pensions of \$6,698,581 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Net deferred outflows (inflows) of resources will be recognized in pension expense as follows for the fiscal year ended June 30:

2024	\$ (752,156)
2025	(2,276,095)
2026	(5,258,420)
2027	3,881,580
2028	<u>(255,572)</u>
	<u>\$ (4,660,663)</u>

**Actuarial assumptions:**

The employer contribution rates effective July 1, 2022, 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, 2023**

**Note 3 – Detailed Notes on All Funds (continued)**

**Actuarial methods and assumptions used in developing total pension liability**

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	December 31, 2020
Measurement date	June 30, 2022
Experience study report	2020, published July 20, 2021
Actuarial cost method	Entry Age Normal
Actuarial assumptions	
Inflation rate	2.40%
Investment rate of return	6.90%
Projected salary increases	3.40% overall payroll growth; salaries for individuals are assumed to grow at 3.40% plus assumed rates of merit/longevity increases based on service
Mortality	Healthy retirees and beneficiaries Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set backs as described in the valuation. Active members Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees Pub-2010 Disable Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

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 2020 Experience Study which reviewed experience for the four-year period ending on December 31, 2020.

**Long-term expected rate of return**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 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. 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. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at:

<https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

**City of Medford**  
**Notes to the Financial Statements**  
**June 30, 2023**

**Note 3 – Detailed Notes on All Funds (continued)**

**Discount rate**

The discount rate used to measure the total pension liability was 6.9 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 6.9 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 (5.9 percent) or 1- percentage-point higher (7.9 percent) than the current rate:

	1% Decrease (5.9)%	Discount Rate (6.9)%	1% Increase (7.9)%
Proportionate share of net pension liability	\$ 98,349,817	\$ 55,457,916	\$ 19,559,376

**K. Post-employment benefits other than pension**

Aggregate Balances – At June 30, 2023, the City's aggregate OPEB plan balances were as follows:

	City Healthcare Plan	PERS RHIA	Aggregated Total
Net deferred outflows of resources related to OPEBs	\$ 462,400	\$ 8,980	\$ 471,380
Net OPEB liability (asset)	5,213,846	(1,146,965)	4,066,881
Net deferred inflows of resources related to OPEBs	1,169,612	214,392	1,384,004
OPEB expense (income)	502,015	(188,455)	313,560

**1. City Healthcare Plan**

*Plan description and benefit provided* – The City administers a single-employer defined benefit healthcare plan per the requirements of collective bargaining agreements. The healthcare plan provides for 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. There are no assets accumulated in a trust that meets the criteria under generally accepted accounting principles to pay related benefits for this OPEB plan. The plan does not issue a stand-alone financial report.

**City of Medford**  
**Notes to the Financial Statements**  
**June 30, 2023**

**Note 3 – Detailed Notes on All Funds (continued)**

**Employees covered by benefit terms**

At June 30, 2023, the following employees were covered by the benefit terms:

Category	Count
Active employees	477
Inactive employees, spouses, or beneficiaries currently receiving benefit payments	22
Inactive employees entitled to but not yet receiving benefit payments	0

**Contributions**

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, 2023, the City's combined plan contributions were \$151,446.

**Total OPEB Liability**

The City's total OPEB liability was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2022 rolled forward to June 30, 2023.

**Actuarial assumptions**

The OPEB liability in the July 1, 2022 actuarial valuation rolled forward to June 30, 2023 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial assumptions	
Inflation rate	2.50%
Long-term expected rate of return	3.75%
Salary growth	3.50%
Healthcare cost trend rates	4.5%-6.6%

Mortality rates are based on the PUB 2010 Sex-distinct, projected generationally, set-back 12 months for males, no set back for females; 115% of published rates for males, 125% of published rates for females.

**Discount rate**

The discount rate used to measure the total OPEB liability at June 30, 2023 was 3.75 percent which is based on all years discounted at municipal bond rate.

**City of Medford**  
**Notes to the Financial Statements**  
**June 30, 2023**

**Note 3 – Detailed Notes on All Funds (continued)**

**Changes in the net OPEB liability**

Total OPEB Liability	<u>2023</u>
Changes for the year:	
Service cost	\$ 375,261
Interest	192,791
Differences between expected & actual experience	(306,946)
Changes in assumptions	(104,596)
Benefit payment	<u>(151,446)</u>
Net change in total OPEB liability	<u>5,064</u>
Total OPEB liability - beginning of year	<u>5,208,782</u>
Total OPEB liability - end of year	<u>\$ 5,213,846</u>

**Sensitivity of proportionate share of the total OPEB liability to changes in the discount rate and health care cost trend rates**

The following presents the City's total OPEB liability, as well as what the City's total OPEB liability would be if calculated using a discount rate that is 1-percentage-point lower (2.75%) or 1-percentage-point higher (4.75%) than the current discount rate:

	<u>1% Decrease</u> <u>(2.75)%</u>	<u>Current Discount</u> <u>Rate (3.75%)</u>	<u>1% Increase</u> <u>(4.75)%</u>
Total OPEB liability	\$ 5,702,833	\$ 5,213,846	\$ 4,766,591

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u> <u>5.8% Graded</u> <u>Down to 3.5%</u>	<u>Current Trend Rate</u> <u>6.8% Graded</u> <u>Down to 4.5%</u>	<u>1% Increase</u> <u>7.8% Graded</u> <u>Down to 5.5%</u>
Total OPEB liability	\$ 4,556,274	\$ 5,213,846	\$ 6,000,724

**City of Medford**  
**Notes to the Financial Statements**  
**June 30, 2023**

**Note 3 – Detailed Notes on All Funds (continued)**

**OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB**

For the year ended June 30, 2023, the City recognized OPEB expense of \$502,015. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to single employer OPEB plan from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected & actual experience	\$ 8,540	\$ 559,363
Change in assumptions	<u>453,860</u>	<u>610,249</u>
	<u>\$ 462,400</u>	<u>\$ 1,169,612</u>

Net deferred outflows (inflows) of resources will be recognized in OPEB expense as follows for the fiscal year ended June 30:

2024	\$ (66,037)
2025	(66,037)
2026	(66,037)
2027	(66,037)
2028	(66,036)
Thereafter	<u>(377,028)</u>
	<u>\$ (707,212)</u>

**2. Oregon Public Employees Retirement System Retiree Health Insurance Account**

OPERS administers the Retirement Health Insurance Account (RHIA) cost-sharing multiple-employer defined benefit OPEB plan (the Plan) for units of state government, political subdivisions, community colleges, and school districts, containing multiple actuarial pools. Plan assets may be used to pay the benefits of the employees of any employer that provides OPEB through the Plan.

OPERS is administered in accordance with Oregon Revised Statutes (ORS) Chapter 238, Chapter 238A, and Internal Revenue Code Section 401(a). The Oregon Legislature has delegated authority to the Public Employees Retirement Board (Board) to administer and manage OPERS. All members of the board are appointed by the governor and confirmed by the State Senate. The governor designates the chairperson. One member must be a public employer manager or a local elected official, one member must be a union-represented public employee or retiree, and three members must have experience in business management, pension management, or investing. RHIA was established by ORS 238.420 and is administered and managed by the Board. The Plan was closed to new entrants hired on or after August 29, 2003. OPERS issues a publicly available financial report online at:

<http://www.oregon.gov/pers/EMP/Pages/Actuarial-Financial-Information.aspx>

**City of Medford**  
**Notes to the Financial Statements**  
**June 30, 2023**

**Note 3 – Detailed Notes on All Funds (continued)**

**Benefits Provided**

The RHIA provides a monthly premium subsidy available to Medicare entitled (enrolled in Medicare Parts A and B) retirees that are receiving either a PERS service or disability retirement allowance and have had either eight or more years of qualifying service time at retirement or is receiving a PERS disability retirement allowance that is computed as if the retiree had eight or more years of creditable service time.

**Contributions**

Employer contributions to OPERS are calculated based on creditable compensation for active members reported by employers. Employer contributions are accrued when due pursuant to legal requirements. Employer proportions are determined as a measure of the proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined. Ultimate authority for setting and changing the laws governing contributions rest with the Oregon Legislature. Employees are not required to contribute to the OPEB plan. The contribution, as determined by the proportionate share, as of June 30, 2023 was \$6,324.

**Assets, liabilities, deferred outflows of resources and deferred inflows of resources, and expense related to OPEB**

At June 30, 2023, the City reported an asset of \$1,146,965 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2022, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation date of December 31, 2020. The City's proportionate share as of the June 30, 2022 measurement date was 0.3607%. The proportionate share prior to the June 30, 2021 measurement date was 0.3526%.

For the year ended June 30, 2023, the City recognized OPEB expense (income) of (\$188,455) and deferred outflows of resources and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ -	\$ 31,082
Change in assumptions	8,980	38,232
Net difference between projected and actual earnings on investments	-	87,471
Changes in proportionate share	-	57,607
<b>Total</b>	<b>\$ 8,980</b>	<b>\$ 214,392</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows for the years ended June 30:

2024	\$ (121,300)
2025	(56,928)
2026	(55,198)
2027	28,014
	<u>\$ (205,412)</u>

**City of Medford**  
**Notes to the Financial Statements**  
**June 30, 2023**

**Note 3 – Detailed Notes on All Funds (continued)**

**Actuarial methods and assumptions**

The total OPEB liability based on the December 31, 2020 actuarial valuation date and rolled forward to the June 30, 2022 measurement date. 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 OPEB schedules 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.

The following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified, were used:

Actuarial assumptions	
Inflation rate	2.40%
Long-term expected rate of return	6.90%
Discount rate	6.90%
Salary changes	3.40%
Healthcare cost trend rates	Not applicable

**Discount rate**

The discount rate used to measure the total OPEB liability at June 30, 2022 was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at contractually required rates, as actuarially determined. Based on those assumptions, the RHIA 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 OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Long term expected rate of return**

The long-term expected rate of return was determined by a review of the long-term assumptions developed by Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table showing Milliman's assumptions for each of the asset classes in which the Plan was invested at the time based on OIC's long-term target asset allocation can be found in section J.

**Sensitivity of proportionate share of the net OPEB liability to changes in the discount rate**

The following presents the City's proportionate share of the net OPEB liability, as well as what the City's proportionate share of the net OPEB liability would be if calculated using a discount rate that is 1-percentage-point lower (5.9%) or 1-percentage-point higher (7.9%) than the current discount rate:

	1% Decrease (5.90)%	Current Discount Rate (6.9%)	1% Increase (7.90)%
Net OPEB liability (asset)	\$ (1,033,739)	\$ (1,146,965)	\$ (1,244,027)

**OPEB plan fiduciary net position**

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued OPERS financial report.

**City of Medford**  
**Notes to the Financial Statements**  
**June 30, 2023**

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**Note 3 – Detailed Notes on All Funds (continued)**

**L. Related party transactions**

The Commission paid the City a franchise fee amounting to \$335,940 in fiscal year 2023 and garage charges of \$141,611. The Commission's water sales to the City were \$373,040 during the year ended June 30, 2023.

**M. Leases**

The City is a lessor for noncancellable lease of property and equipment with lease terms through 2027. For the year ending June 30, 2023, the City recognized \$222,711 in lease revenue released from the Deferred Inflows of Resources related to the lease on the statement of changes in net position. The City recognized interest revenue of \$26,244 for the year ending June 30, 2023. No inflows of resources were recognized in the year related to termination penalties or residual value guarantees during the fiscal year. The balance of leases receivable was \$625,266 as of June 30, 2023.

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**Required Supplementary Information**

**City of Medford**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2023**

**Schedule of Proportionate Share of Net OPEB Liability (Asset) - Cost-sharing plan (PERS)**

Measurement date as of June 30:	2022	2021	2020	2019	2018	2017	2016
Proportion of the net OPEB liability (asset)	0.360654%	0.352561%	0.249502%	0.382030%	0.376479%	0.027102%	0.029265%
Proportionate share of the net OPEB liability (asset)	\$ (1,146,965)	\$ (1,092,634)	\$ (464,222)	\$ (674,091)	\$ (383,748)	\$ (154,394)	\$ 105,761
Covered payroll	\$ 40,380,129	\$ 39,532,534	\$ 37,986,189	\$ 36,921,955	\$ 35,841,876	\$ 33,995,721	\$ 32,381,717
Proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-2.84%	-2.76%	-1.22%	-1.83%	-1.07%	-0.45%	0.33%
Plan net position as a percentage of the total OPEB liability	194.60%	183.90%	150.10%	144.40%	123.99%	108.90%	94.20%

**Schedule of OPEB Contributions - Cost-sharing plan (PERS)**

Fiscal year ended June 30:	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 6,324	\$ 8,181	\$ 8,522	\$ 16,299	\$ 170,305	\$ 151,077	\$ 184,180	\$ 173,650
Contributions in relation to the contractually required contribution	6,324	8,181	8,522	16,299	170,305	151,077	184,180	173,650
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	42,365,545	40,380,129	39,532,534	37,986,189	36,921,955	35,841,876	33,995,721	32,381,717
Contributions as a percentage of covered payroll	0.01%	0.02%	0.02%	0.04%	0.46%	0.42%	0.54%	0.54%

Actuarial assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement: Inflation - 2.40%, Payroll Growth - 3.40%, Investment rate of return - 6.90%. The assumptions for Healthy retirees and beneficiaries are based on the Pub-2010 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. The assumptions for Active members are based on Pub-2010 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs. The assumptions for Disabled retirees are based on Pub-2010 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale. These methods and assumptions are based on the 2020 Experience Study, which reviewed experience for the four-year period ended on December 31, 2020.

10-year trend information required by GASB Statements 68 and 75 will be presented prospectively. The pension and OPEB schedules are intended to show information for 10 years and the additional years information will be displayed as it becomes available.

**City of Medford**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2023**

**Schedule of Changes in the Employer Total OPEB Liability and Related Ratios - Single-employer plan**

Measurement date as of June 30:	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Changes for the year							
Service cost	\$ 375,261	\$ 364,329	\$ 404,031	\$ 310,314	\$ 244,641	\$ 238,674	\$ 238,674
Interest	192,791	130,596	133,337	171,777	153,370	140,932	133,484
Differences between expected and actual experience	(306,946)	-	(404,448)	-	17,080	-	-
Changes in assumptions	(104,596)	(625,972)	(21,908)	606,476	179,951	-	-
Benefit payment	(151,446)	(200,175)	(186,098)	(142,155)	(127,441)	(171,640)	(147,069)
Net change in total OPEB liability	5,064	(331,222)	(75,086)	946,412	467,601	207,966	225,089
Total OPEB liability - beginning of year	5,208,782	5,540,003	5,615,089	4,668,677	4,201,076	3,993,110	3,768,021
Total OPEB liability - end of year	\$ 5,213,846	\$ 5,208,781	\$ 5,540,003	\$ 5,615,089	\$ 4,668,677	\$ 4,201,076	\$ 3,993,110
Covered-employee payroll	\$ 38,323,665	\$ 43,656,600	\$ 43,673,110	\$ 40,734,809	\$ 39,357,303	\$ 37,046,092	\$ 36,142,529
Total OPEB liability as percentage of covered-employee payroll	13.60%	11.93%	12.69%	13.78%	11.86%	11.34%	11.05%

There are no assets accumulated in a trust that meets the criteria under generally accepted accounting principles to pay related benefits for this OPEB plan.

Actuarial assumptions. The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement: Inflation - 2.50%, Payroll Growth - 3.50%, Investment rate of return - 3.75%. Annual premium costs will increase 6.80% in the first year. In future years, the medical and vision cost trend varies between 6.60% and 4.50% based in part on the 2023 Segal Health Plan Cost Trend Survey. Mortality rates were based on the PUB 2010 general employees, sex distinct, projected generationally, set back 12 months for males, no setback for females; 115% of published rates for males, 125% of published rates for females. Election rate and lapse assumptions are based on experience implied by valuation data for this and other Oregon public employers. The discount rate in effect for the June 30, 2023 reporting date is 3.75%. See the Notes to the Financial Statements for other key assumptions and changes.

10-year trend information required by GASB Statements 68 and 75 will be presented prospectively. The pension and OPEB schedules are intended to show information for 10 years and the additional years information will be displayed as it becomes available.

**City of Medford**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2023**

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**Schedule of the Proportionate Share of the Net Pension Liability**  
*Oregon Public Employees Retirement System*

Measurement date as of June 30:	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability (asset)	0.404679%	0.384699%	0.400039%	0.379140%	0.392096%	0.392096%	0.399763%	0.411583%
Proportionate share of the net pension liability (asset)	\$ 55,457,916	\$ 41,545,780	\$ 78,876,336	\$ 62,959,645	\$ 52,445,472	\$ 48,266,853	\$ 5,480,413	\$ 23,630,896
Covered payroll	\$ 40,380,129	\$ 39,532,534	\$ 37,986,189	\$ 36,921,955	\$ 35,841,876	\$ 33,995,721	\$ 32,381,717	\$ 30,829,250
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	137.34%	105.09%	207.64%	170.52%	146.32%	141.98%	169.24%	76.65%
Plan net position as a percentage of the total pension liability	84.50%	87.60%	68.80%	80.23%	82.07%	83.12%	80.50%	91.88%

**Schedule of Pension Contributions**  
*Oregon Public Employees Retirement System*

Fiscal year ended June 30:	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 6,698,581	\$ 6,493,122	\$ 5,970,097	\$ 5,774,915	\$ 4,356,173	\$ 4,287,467	\$ 3,681,437	\$ 3,618,220
Contributions in relation to the contractually required contribution	6,698,581	6,493,122	5,970,097	5,774,915	4,356,173	4,287,467	3,681,437	3,618,220
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 42,365,545	\$ 40,380,129	\$ 39,532,534	\$ 37,986,189	\$ 36,921,955	\$ 35,841,876	\$ 33,995,721	\$ 32,381,717
Contributions as a percentage of covered payroll	15.81%	16.08%	15.10%	15.20%	11.80%	11.96%	10.83%	11.17%

Actuarial assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement: Inflation - 2.40%, Payroll Growth - 3.4%, Investment rate of return - 6.90%. The assumptions for Healthy retirees and beneficiaries are based on the Pub-2010 Healthy Retiree mortality tables with group-specific job category and setback adjustments. The assumptions for Disabled retirees are based on Pub-2010 generational Disabled Retiree mortality tables with group-specified job category and setback adjustments. These methods and assumptions are based on the 2020 Experience Study, which reviewed experience for the four-year period ended on December 31, 2020.

10-year trend information required by GASB Statements 68 & 75 will be presented prospectively. The pension and OPEB schedules are intended to show information for 10 years and the additional years information will be displayed as it becomes available.



**City of Medford**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Budgetary Basis)**  
**General Fund - 100**  
**For the Year Ended June 30, 2023**

	Biennium Budget		First Year	Second Year	Total Actual	Variance With
	Original	Final	Actual	Actual		Final Budget
<b>REVENUES</b>						
Property taxes	\$ 86,673,600	\$ 86,673,600	\$ 43,399,610	\$ 44,738,762	\$ 88,138,372	\$ (1,464,772)
Franchise fees	22,109,800	22,109,800	12,317,455	13,039,203	25,356,658	(3,246,858)
Licenses, permits, and fees	1,239,500	1,239,500	687,469	703,325	1,390,794	(151,294)
Intergovernmental	9,214,000	9,788,200	5,122,488	6,160,101	11,282,589	(1,494,389)
Charges for services	3,014,500	3,067,190	2,149,158	2,481,526	4,630,684	(1,563,494)
Fines and penalties	3,513,000	3,787,000	2,348,701	2,092,146	4,440,846	(653,846)
Investment earnings	218,000	668,000	316,537	1,136,316	1,452,853	(784,853)
Other revenue	75,000	406,645	622,940	226,402	849,342	(442,697)
Grants and contracts	456,000	11,116,430	3,950,137	3,329,957	7,280,095	3,836,335
<b>Total revenues</b>	<b>126,513,400</b>	<b>138,856,365</b>	<b>70,914,497</b>	<b>73,907,737</b>	<b>144,822,234</b>	<b>(5,965,869)</b>
<b>EXPENDITURES</b>						
Mayor and council	1,397,800	1,455,000	508,615	485,197	993,812	461,188
City managers office	2,797,000	2,897,000	1,123,265	1,360,979	2,484,244	412,756
Legal	1,741,800	1,744,300	757,804	828,898	1,586,701	157,599
Human resources	1,531,600	1,670,400	741,717	888,089	1,629,806	40,594
Finance	7,918,500	7,898,500	3,479,915	3,616,715	7,096,630	801,870
Municipal court	3,491,400	3,765,400	1,645,461	1,959,283	3,604,744	160,656
Innovation and technology	5,802,600	5,886,400	2,553,425	2,681,255	5,234,680	651,720
Planning	4,106,900	4,302,392	2,028,190	2,061,213	4,089,402	212,990
Parks and recreation						
Facilities maintenance	6,917,800	6,636,200	2,822,341	2,904,007	5,726,347	909,853
Parks and recreation	12,157,600	12,276,600	6,097,617	6,137,397	12,235,014	41,586
Police	52,663,300	53,884,931	25,795,811	26,740,742	52,536,553	1,348,378
Fire	33,382,400	34,116,650	16,400,451	17,230,749	33,631,200	485,450
Building safety	40,200	40,200	15,018	19,475	34,493	5,707
Community promotions & grants	668,200	10,120,942	3,057,508	3,508,123	6,565,631	3,555,311
Contingency	3,200,000	2,807,600	-	-	-	2,807,600
<b>Total expenditures</b>	<b>137,817,100</b>	<b>149,502,515</b>	<b>67,027,137</b>	<b>70,422,121</b>	<b>137,449,258</b>	<b>12,053,257</b>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(11,303,700)</b>	<b>(10,646,150)</b>	<b>3,887,360</b>	<b>3,485,616</b>	<b>7,372,976</b>	<b>(18,019,126)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	19,650,600	20,235,300	9,515,792	10,309,820	19,825,612	409,688
Transfers out	(25,408,700)	(26,687,200)	(8,660,349)	(8,590,537)	(17,250,886)	(9,436,314)
<b>Total other financing sources (uses)</b>	<b>(5,758,100)</b>	<b>(6,451,900)</b>	<b>855,443</b>	<b>1,719,283</b>	<b>2,574,726</b>	<b>(9,026,626)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(17,061,800)</b>	<b>(17,098,050)</b>	<b>4,742,803</b>	<b>5,204,899</b>	<b>9,947,702</b>	<b>(27,045,752)</b>
<b>FUND BALANCE, beginning of year</b>	<b>35,926,900</b>	<b>35,926,900</b>	<b>36,533,577</b>	<b>41,276,380</b>	<b>41,276,380</b>	<b>(5,349,480)</b>
<b>FUND BALANCE, end of year</b>	<b>\$ 18,865,100</b>	<b>\$ 18,828,850</b>	<b>\$ 41,276,380</b>	<b>46,481,279</b>	<b>\$ 46,481,279</b>	<b>\$ (27,652,429)</b>
<b>RECONCILIATION TO GAAP BASIS</b>						
Advances to other funds				(45,000)		
Advances from other funds				450,000		
GASB 72 adjustment				(1,097,989)		
GASB 87 lease receivable				387,823		
GASB 87 deferred inflow of resources				(379,508)		
<b>TOTAL GAAP BASIS FUND BALANCE, end of year</b>				<b>\$ 45,796,605</b>		

**City of Medford**  
**Notes to Required Supplementary Information – Basis of Budgeting**  
**For the Year Ended June 30, 2023**

**Note 1 – Basis of Budgeting**

Interfund loans are classified as a due to from in the basic financial statements, but are reported as a transfer on the budgetary basis. The subsequent loan payments are recorded as debt payments and revenue on the budgetary basis. These payments are recorded as a reduction of the loan receivable/ payable in the basic financial statements. There is one interfund loan for the year ended June 30, 2023. The General Fund loaned the Fleet Maintenance Fund \$450,000 to be repaid by June 30, 2027 at 0% interest.

**City of Medford**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Budgetary Basis)**  
**Federal Stimulus Grant Fund - 180**  
**For the Year Ended June 30, 2023**

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With Final Budget
	Original	Final				
REVENUES						
Intergovernmental	\$ 9,167,700	\$ 9,167,700	\$ 1,378,802	\$ 4,262,738	\$ 5,641,541	\$ 3,526,159
Total revenues	9,167,700	9,167,700	1,378,802	4,262,738	5,641,541	3,526,159
EXPENDITURES						
Community Development	-	3,945,570	130,313	1,771,977	1,902,290	2,043,280
Capital outlay	-	11,440,000	1,248,489	2,490,761	3,739,251	7,700,749
Contingency	18,344,600	2,959,030	-	-	-	2,959,030
Total expenditures	18,344,600	18,344,600	1,378,802	4,262,738	5,641,541	12,703,059
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(9,176,900)	(9,176,900)	-	-	-	(9,176,900)
OTHER FINANCING SOURCES (USES)						
Transfers in	9,176,900	9,176,900	-	-	-	9,176,900
Total other financing sources (uses)	9,176,900	9,176,900	-	-	-	9,176,900
NET CHANGE IN FUND BALANCE	-	-	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-	-	-
FUND BALANCE, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**City of Medford**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Budgetary Basis)**  
**Gas Tax Fund - 530**  
**For the Year Ended June 30, 2023**

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With Final Budget
	Original	Final				
REVENUES						
Fuel Taxes	\$ 10,700,000	\$ 10,700,000	\$ 6,859,200	\$ 6,909,312	\$ 13,768,512	\$ (3,068,512)
Investment earnings	216,700	216,700	117,910	405,187	523,097	(306,397)
Charges for services	167,800	167,800	119,968	148,839	268,807	(101,007)
Grants and contracts	-	560,000	-	9,841	9,841	550,159
Miscellaneous	-	6,400	372,786	22,895	395,682	(389,282)
Total revenues	11,084,500	11,650,900	7,469,864	7,496,074	14,965,939	(3,315,039)
EXPENDITURES						
Highway and streets	5,683,500	5,682,400	2,252,959	2,427,652	4,680,611	1,001,789
Capital outlay	15,077,700	15,877,700	2,563,828	1,331,422	3,895,250	11,982,450
Contingency	3,000,000	2,760,000	-	-	-	2,760,000
Total expenditures	23,761,200	24,320,100	4,816,787	3,759,074	8,575,861	15,744,239
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(12,676,700)	(12,669,200)	2,653,077	3,737,000	6,390,078	(19,059,277)
OTHER FINANCING SOURCES (USES)						
Transfers out	(2,796,600)	(2,796,600)	(1,450,586)	(1,337,765)	(2,788,351)	(8,249)
Total other financing sources (uses)	(2,796,600)	(2,796,600)	(1,450,586)	(1,337,765)	(2,788,351)	(8,249)
NET CHANGE IN FUND BALANCE	(15,473,300)	(15,465,800)	1,202,491	2,399,235	3,601,727	(19,067,527)
FUND BALANCE, beginning of year	22,783,700	22,783,700	24,909,000	26,111,491	26,111,491	(3,327,791)
FUND BALANCE, end of year	\$ 7,310,400	\$ 7,317,900	\$ 26,111,491	28,510,726	\$ 28,510,726	\$ (21,192,826)
RECONCILIATION TO GAAP BASIS						
GASB 72 adjustment				(476,797)		
TOTAL GAAP BASIS FUND BALANCE, end of year				\$ 28,033,929		

**City of Medford**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Budgetary Basis)**  
**Rogue X Construction Fund - 640**  
**For the Year Ended June 30, 2023**

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With Final Budget
	Original	Final				
<b>REVENUES</b>						
Grants and contracts	\$ -	\$ 3,000,000	\$ -	\$ 3,000,000	\$ 3,000,000	\$ -
Charges for services	2,215,000	1,009,200	985,187	-	985,187	24,013
Other Revenue	-	51,700	-	51,605	51,605	95
Investment earnings	-	72,000	216,440	972,857	1,189,297	(1,117,297)
Total revenues	2,215,000	4,132,900	1,201,626	4,024,462	5,226,089	(1,093,189)
<b>EXPENDITURES</b>						
Culture and recreation	241,400	313,400	180,033	102,887	282,920	30,480
Capital outlay	55,000,000	72,227,500	13,035,174	41,554,383	54,589,557	17,637,943
Contingency	4,289,200	-	-	-	-	-
Total expenditures	59,530,600	72,540,900	13,215,207	41,657,270	54,872,477	17,668,423
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(57,315,600)	(68,408,000)	(12,013,581)	(37,632,808)	(49,646,388)	(18,761,611)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	4,317,300	7,354,700	5,579,700	1,775,000	7,354,700	-
Transfers out	(4,743,400)	-	-	-	-	-
Total other financing sources (uses)	(426,100)	7,354,700	5,579,700	1,775,000	7,354,700	-
NET CHANGE IN FUND BALANCE	(57,741,700)	(61,053,300)	(6,433,881)	(35,857,808)	(42,291,688)	(18,761,611)
FUND BALANCE, beginning of year	57,741,700	61,053,300	61,053,299	54,619,418	54,619,418	6,433,882
FUND BALANCE, end of year	\$ -	\$ -	\$ 54,619,418	18,761,610	\$ 18,761,610	\$ (18,761,610)
<b>RECONCILIATION TO GAAP BASIS</b>						
GASB 72 adjustment				1,275		
TOTAL GAAP BASIS FUND BALANCE, end of year				\$ 18,762,885		

**Combining and Individual Fund Statements and Schedules**

**City of Medford  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2023**

	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
<b>ASSETS</b>				
Cash and investments	\$ 35,269,218	\$ 1,077,211	\$ 33,087,297	\$ 69,433,726
Receivables				
Accounts	2,687,508	54	1,077,908	3,765,470
Taxes	-	225,802	-	225,802
Leases	-	-	192,204	192,204
Prepaid items	20,000	-	-	20,000
Restricted cash and cash equivalents	32,843	-	-	32,843
Advances to other funds	45,000	-	-	45,000
<b>TOTAL ASSETS</b>	<b>\$ 38,054,569</b>	<b>\$ 1,303,067</b>	<b>\$ 34,357,409</b>	<b>\$ 73,715,045</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 856,023	\$ -	\$ 183,281	\$ 1,039,304
Retainage payable	48,150	-	2,098	50,248
Customer deposits	347,334	-	3,339,757	3,687,091
Unearned revenue	1,141,927	-	-	1,141,927
Payroll and related accruals	398,324	-	24,719	423,043
<b>Total liabilities</b>	<b>2,791,758</b>	<b>-</b>	<b>3,549,855</b>	<b>6,341,613</b>
<b>Deferred inflows of resources</b>				
Leases	-	-	191,693	191,693
Unavailable revenue - property taxes	-	185,976	-	185,976
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>185,976</b>	<b>191,693</b>	<b>377,669</b>
<b>Fund Balances</b>				
Nonspendable				
Prepaid items	20,000	-	-	20,000
Restricted				
Public safety	1,591,202	-	172,462	1,763,664
Highways and streets	16,622,832	-	16,154,312	32,777,144
Culture and recreation	2,502,140	-	5,995,275	8,497,415
Community development	9,152,225	-	8,293,812	17,446,037
Debt service	-	1,117,091	-	1,117,091
Committed for				
Public safety	1,826,612	-	-	1,826,612
Culture and recreation	1,830,114	-	-	1,830,114
Community development	1,717,686	-	-	1,717,686
<b>Total fund balances</b>	<b>35,262,811</b>	<b>1,117,091</b>	<b>30,615,861</b>	<b>66,995,763</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 38,054,569</b>	<b>\$ 1,303,067</b>	<b>\$ 34,357,409</b>	<b>\$ 73,715,045</b>

**City of Medford  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2023**

	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
<b>REVENUES</b>				
<b>Taxes</b>				
Property	\$ -	\$ 3,980,580	\$ -	\$ 3,980,580
Car rental taxes	-	-	3,412,137	3,412,137
Franchise and lodging	1,586,946	-	2,158,248	3,745,194
Other taxes	740,758	-	-	740,758
Charges for services	3,260,983	-	79,264	3,340,247
Intergovernmental	111,497	-	3,250,000	3,361,497
Licenses, permits, and fees	14,990,259	-	-	14,990,259
Investment earnings	384,515	4,982	761,625	1,151,122
Grants and contributions	3,492,672	-	1,910,472	5,403,144
Other revenue	1,078,396	-	229,694	1,308,090
Capital contributions and donations	1,835,276	-	-	1,835,276
<b>Total revenues</b>	<b>27,481,302</b>	<b>3,985,562</b>	<b>11,801,440</b>	<b>43,268,304</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
Public safety	3,241,677	-	42,030	3,283,707
Highways and streets	6,303,138	-	888,094	7,191,232
Culture and recreation	830,967	-	246,603	1,077,570
Community development	5,578,162	-	1,989,513	7,567,675
Debt service				
Principal	-	6,611,176	-	6,611,176
Interest	-	3,663,290	-	3,663,290
Capital outlay	3,848,723	-	3,930,426	7,779,149
<b>Total expenditures</b>	<b>19,802,667</b>	<b>10,274,466</b>	<b>7,096,666</b>	<b>37,173,799</b>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	<b>7,678,635</b>	<b>(6,288,904)</b>	<b>4,704,774</b>	<b>6,094,505</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	627,061	10,274,466	8,440,000	19,341,527
Transfers out	(8,725,603)	(4,070,000)	(6,300,242)	(19,095,845)
<b>Total other financing sources (uses)</b>	<b>(8,098,542)</b>	<b>6,204,466</b>	<b>2,139,758</b>	<b>245,682</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(419,907)</b>	<b>(84,438)</b>	<b>6,844,532</b>	<b>6,340,187</b>
<b>FUND BALANCE, beginning of year</b>	<b>35,682,718</b>	<b>1,201,529</b>	<b>23,771,329</b>	<b>60,655,576</b>
<b>FUND BALANCE, end of year</b>	<b>\$ 35,262,811</b>	<b>\$ 1,117,091</b>	<b>\$ 30,615,861</b>	<b>\$ 66,995,763</b>

**City of Medford**  
**Nonmajor Special Revenue Funds**  
**June 30, 2023**

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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 Utility 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 projects at the cemetery.

**Building Safety Fund** – Accounts for fees received for the purpose of building inspections and permits.

**Police Public Safety Utility Fund** – Accounts for the revenues collected for the purpose of providing additional police funding.

**State Forfeitures Fund** – Accounts for the receipt of state forfeiture funds to be expended on local law enforcement.

**Federal DOJ 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.

**Council Community Initiative Fund** – This fund accounts for revenues received from the City's 3% tax on retail marijuana sales as well as the City's portion of state-shared marijuana tax.

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

**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.

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

**Street Utility Fund** – Accounts for street utility fees to be expended on street improvements and maintenance.

**Street System Development Charge Fund** – Accounts for System Development Charges (SDCs) to be expended on arterial and collector street improvements & maintenance.

**Construction Excise Tax Fund** – Accounts for revenues from the imposition of a construction excise tax.

**Federal Treasury Forfeiture Fund** – Accounts for the receipt and expenditures of federal forfeiture funds from treasury to be expended on local law enforcement.

**Rogue X Operations Fund** – Accounts for the operations of the Rogue X Complex, including payments for bonded debt.

**National Opioid Settlement Fund** – Accounts for the receipt and expenditure of funds received from the national opioid settlement agreement.

**City of Medford  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2023**

	Fire Public Safety Utility Fund - 300	Park Dedication Fund - 620	Cemetery Fund - 633	Building Safety Fund - 400	Police Public Safety Utility Fund - 200	State Forfeitures Fund - 202	Federal DOJ Forfeitures Fund - 201	Community Promotions Fund - 730
<b>ASSETS</b>								
Cash and investments	\$ 860,290	\$ 2,536,396	\$ (2,528)	\$ 7,750,922	\$ 633,407	\$ 521,225	\$ 286,481	\$ 149,812
Receivables	166,827	284,097	-	1,319	299,170	-	-	183,573
Prepaid items	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	32,843	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,027,117</b>	<b>\$ 2,820,493</b>	<b>\$ 30,315</b>	<b>\$ 7,752,241</b>	<b>\$ 932,577</b>	<b>\$ 521,225</b>	<b>\$ 286,481</b>	<b>\$ 333,385</b>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities</b>								
Accounts payable	\$ 9,046	\$ 39,622	\$ 428	\$ 315,065	\$ 4,132	\$ -	\$ -	\$ 143,997
Retainage payable	-	-	-	-	-	3,710	-	-
Customer deposits	-	-	-	(4,277)	-	-	-	-
Unearned revenue	-	279,495	-	-	-	-	-	-
Payroll and related accruals	41,093	2,448	-	82,224	78,811	-	-	-
<b>Total liabilities</b>	<b>50,139</b>	<b>321,565</b>	<b>428</b>	<b>393,012</b>	<b>82,943</b>	<b>3,710</b>	<b>-</b>	<b>143,997</b>
<b>Fund Balances</b>								
<b>Nonspendable</b>								
Prepaid items	-	-	-	-	-	-	-	-
<b>Restricted for</b>								
Public Safety	-	-	-	-	-	517,515	286,481	-
Highways and streets	-	-	-	-	-	-	-	-
Culture and recreation	-	2,498,928	-	-	-	-	-	-
Community development	-	-	-	7,359,229	-	-	-	-
<b>Committed for</b>								
Public safety	976,978	-	-	-	849,634	-	-	-
Culture and recreation	-	-	29,887	-	-	-	-	-
Community development	-	-	-	-	-	-	-	189,388
<b>Total fund balances</b>	<b>976,978</b>	<b>2,498,928</b>	<b>29,887</b>	<b>7,359,229</b>	<b>849,634</b>	<b>517,515</b>	<b>286,481</b>	<b>189,388</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,027,117</b>	<b>\$ 2,820,493</b>	<b>\$ 30,315</b>	<b>\$ 7,752,241</b>	<b>\$ 932,577</b>	<b>\$ 521,225</b>	<b>\$ 286,481</b>	<b>\$ 333,385</b>

70

**City of Medford  
Combining Balance Sheet  
Nonmajor Special Revenue Funds (continued)  
June 30, 2023**

	Council Community Initiative Fund - 420	Community Development Block Grant Fund - 731	Veteran's Park Fund - 634	Community Park Reserve Fund - 670	Parks Utility Fund - 600	Street Utility Fund - 500	Street SDC Fund - 520	Construction Excise Tax Fund - 120
<b>ASSETS</b>								
Cash and investments	\$ 1,261,407	\$ (23,264)	\$ 3,212	\$ 246,054	\$ 1,352,111	\$ 4,456,735	\$ 12,636,401	\$ 1,223,579
Receivables	275,941	132,508	-	-	147,634	773,331	331,846	-
Prepaid items	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-
Advances to other funds	-	45,000	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,537,348</b>	<b>\$ 154,244</b>	<b>\$ 3,212</b>	<b>\$ 246,054</b>	<b>\$ 1,499,745</b>	<b>\$ 5,230,066</b>	<b>\$ 12,968,247</b>	<b>\$ 1,223,579</b>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities</b>								
Accounts payable	\$ 9,050	\$ 125,143	\$ -	\$ -	\$ 2,948	\$ 156,442	\$ 10,572	\$ -
Retainage payable	-	-	-	-	-	44,440	-	-
Customer deposits	-	-	-	-	-	336,452	-	15,159
Unearned revenue	-	-	-	-	-	543,431	319,001	-
Payroll and related accruals	-	-	-	-	28,453	148,496	16,647	152
<b>Total liabilities</b>	<b>9,050</b>	<b>125,143</b>	<b>-</b>	<b>-</b>	<b>31,401</b>	<b>1,229,261</b>	<b>346,220</b>	<b>15,311</b>
<b>Fund Balances</b>								
<b>Nonspendable</b>								
Prepaid items	-	-	-	-	-	-	-	-
<b>Restricted for</b>								
Public Safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	4,000,805	12,622,027	-
Culture and recreation	-	-	3,212	-	-	-	-	-
Community development	-	29,101	-	-	-	-	-	1,208,268
<b>Committed for</b>								
Public safety	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	246,054	1,468,344	-	-	-
Community development	1,528,298	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>1,528,298</b>	<b>29,101</b>	<b>3,212</b>	<b>246,054</b>	<b>1,468,344</b>	<b>4,000,805</b>	<b>12,622,027</b>	<b>1,208,268</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,537,348</b>	<b>\$ 154,244</b>	<b>\$ 3,212</b>	<b>\$ 246,054</b>	<b>\$ 1,499,745</b>	<b>\$ 5,230,066</b>	<b>\$ 12,968,247</b>	<b>\$ 1,223,579</b>

71

**City of Medford  
Combining Balance Sheet  
Nonmajor Special Revenue Funds (continued)  
June 30, 2023**

	Federal Treasury Forfeiture Fund - 204	Rogue X Operations Fund - 641	National Opioid Settlement Fund - 732	Total
<b>ASSETS</b>				
Cash and investments	\$ 826,779	\$ (5,428)	\$ 555,627	\$ 35,269,218
Receivables	-	91,262	-	2,687,508
Prepaid items	-	-	20,000	20,000
Restricted cash and cash equivalents	-	-	-	32,843
Advances to other funds	-	-	-	45,000
<b>TOTAL ASSETS</b>	<b>\$ 826,779</b>	<b>\$ 85,834</b>	<b>\$ 575,627</b>	<b>\$ 38,054,569</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 39,573	\$ 5	\$ -	\$ 856,023
Retainage payable	-	-	-	48,150
Customer deposits	-	-	-	347,334
Unearned revenue	-	-	-	1,141,927
Payroll and related accruals	-	-	-	398,324
<b>Total liabilities</b>	<b>39,573</b>	<b>5</b>	<b>-</b>	<b>2,791,758</b>
<b>Fund Balances</b>				
<b>Nonspendable</b>				
Prepaid items	-	-	20,000	20,000
<b>Restricted for</b>				
Public Safety	787,206	-	-	1,591,202
Highways and streets	-	-	-	16,622,832
Culture and recreation	-	-	-	2,502,140
Community development	-	-	555,627	9,152,225
<b>Committed for</b>				
Public safety	-	-	-	1,826,612
Culture and recreation	-	85,829	-	1,830,114
Community development	-	-	-	1,717,686
<b>Total fund balances</b>	<b>787,206</b>	<b>85,829</b>	<b>575,627</b>	<b>35,262,811</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 826,779</b>	<b>\$ 85,834</b>	<b>\$ 575,627</b>	<b>\$ 38,054,569</b>

72

**City of Medford  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2023**

	Fire Public Safety Utility Fund - 300	Park Dedication Fund - 620	Cemetery Fund - 633	Building Safety Fund - 400	Police Public Safety Utility Fund - 200	State Forfeitures Fund - 202	Federal DOJ Forfeitures Fund - 201	Community Promotions Fund - 730
<b>REVENUES</b>								
Taxes - Franchise and lodging	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,586,946
Other taxes	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	3,062,601	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Licenses, permits, and fees	1,575,681	-	-	2,417,252	-	-	-	-
Investment earnings	6,854	21,661	(25)	76,522	3,679	4,753	2,535	-
Grants and contributions	72,727	1,449,667	3,513	5,800	150,000	143,770	144,219	-
Other revenue	-	-	4,300	38,052	-	1	-	-
Capital contributions and donations	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>1,655,262</b>	<b>1,471,328</b>	<b>7,788</b>	<b>2,537,626</b>	<b>3,216,280</b>	<b>148,524</b>	<b>146,754</b>	<b>1,586,946</b>
<b>EXPENDITURES</b>								
<b>Current</b>								
Public safety	762,897	-	-	-	1,962,042	153,518	39,563	-
Highways and streets	-	-	-	-	-	-	-	-
Culture and recreation	-	68,697	9,785	-	-	-	-	-
Community development	-	-	-	1,981,837	-	-	-	1,403,372
Capital outlay	-	163,603	-	106,320	17,205	12,306	24,293	-
<b>Total expenditures</b>	<b>762,897</b>	<b>232,300</b>	<b>9,785</b>	<b>2,088,157</b>	<b>1,979,247</b>	<b>165,824</b>	<b>63,856</b>	<b>1,403,372</b>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	<b>892,365</b>	<b>1,239,028</b>	<b>(1,997)</b>	<b>449,469</b>	<b>1,237,033</b>	<b>(17,300)</b>	<b>82,898</b>	<b>183,574</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	125,000	-	-	-	125,000	-	-	-
Transfers out	(697,846)	(341,174)	-	(333,451)	(1,399,919)	-	-	-
<b>Total other financing sources (uses)</b>	<b>(572,846)</b>	<b>(341,174)</b>	<b>-</b>	<b>(333,451)</b>	<b>(1,274,919)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>319,519</b>	<b>897,854</b>	<b>(1,997)</b>	<b>116,018</b>	<b>(37,886)</b>	<b>(17,300)</b>	<b>82,898</b>	<b>183,574</b>
<b>FUND BALANCE, beginning of year</b>	<b>657,459</b>	<b>1,601,074</b>	<b>31,884</b>	<b>7,243,211</b>	<b>887,520</b>	<b>534,815</b>	<b>203,583</b>	<b>5,814</b>
<b>FUND BALANCE, end of year</b>	<b>\$ 976,978</b>	<b>\$ 2,498,928</b>	<b>\$ 29,887</b>	<b>\$ 7,359,229</b>	<b>\$ 849,634</b>	<b>\$ 517,515</b>	<b>\$ 286,481</b>	<b>\$ 189,388</b>

73

**City of Medford**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds (continued)**  
**For the Year Ended June 30, 2023**

	Council Community Initiative Fund - 420	Community Development Block Grant Fund - 731	Veteran's Park Fund - 634	Community Park Reserve Fund - 670	Parks Utility Fund - 600	Street Utility Fund - 500	Street SDC Fund - 520	Construction Excise Tax Fund - 120
<b>REVENUES</b>								
Taxes - Franchise and lodging	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	740,758	-	-	-	-	-	-	-
Charges for services	-	-	-	149,935	-	48,447	-	-
Intergovernmental	-	-	-	-	-	-	111,497	-
Licenses, permits, and fees	-	-	-	-	1,445,793	8,375,564	-	-
Investment earnings	20,973	-	36	1,903	11,462	61,022	136,772	12,153
Grants and contributions	173,871	751,694	-	-	-	3,265	-	-
Other revenue	-	-	-	-	-	124,272	54,212	271,932
Capital contributions and donations	-	-	-	-	-	-	1,835,276	-
<b>Total revenues</b>	<b>935,602</b>	<b>751,694</b>	<b>36</b>	<b>151,838</b>	<b>1,457,255</b>	<b>8,612,570</b>	<b>2,137,757</b>	<b>284,085</b>
<b>EXPENDITURES</b>								
<b>Current</b>								
Public safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	5,895,960	407,178	-
Culture and recreation	-	-	-	-	752,485	-	-	-
Community development	879,371	886,411	-	-	-	-	-	417,171
Capital outlay	165,797	-	-	-	-	2,271,774	955,645	-
<b>Total expenditures</b>	<b>1,045,168</b>	<b>886,411</b>	<b>-</b>	<b>-</b>	<b>752,485</b>	<b>8,167,734</b>	<b>1,362,823</b>	<b>417,171</b>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(109,566)</b>	<b>(134,717)</b>	<b>36</b>	<b>151,838</b>	<b>704,770</b>	<b>444,836</b>	<b>774,934</b>	<b>(133,086)</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	45,000	-	-	-	82,061	-	250,000
Transfers out	(500,000)	-	-	-	(541,274)	(1,224,640)	(615,611)	-
<b>Total other financing sources (uses)</b>	<b>(500,000)</b>	<b>45,000</b>	<b>-</b>	<b>-</b>	<b>(541,274)</b>	<b>(1,142,579)</b>	<b>(615,611)</b>	<b>250,000</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(609,566)</b>	<b>(89,717)</b>	<b>36</b>	<b>151,838</b>	<b>163,496</b>	<b>(697,743)</b>	<b>159,323</b>	<b>116,914</b>
<b>FUND BALANCE, beginning of year</b>	<b>2,137,864</b>	<b>118,818</b>	<b>3,176</b>	<b>94,216</b>	<b>1,304,848</b>	<b>4,698,548</b>	<b>12,462,704</b>	<b>1,091,354</b>
<b>FUND BALANCE, end of year</b>	<b>\$ 1,528,298</b>	<b>\$ 29,101</b>	<b>\$ 3,212</b>	<b>\$ 246,054</b>	<b>\$ 1,468,344</b>	<b>\$ 4,000,805</b>	<b>\$ 12,622,027</b>	<b>\$ 1,208,268</b>

74

**City of Medford**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds (continued)**  
**For the Year Ended June 30, 2023**

	Federal Treasury Forfeiture Fund - 204	Rogue X Operations Fund - 641	National Opioid Settlement Fund - 732	Total
<b>REVENUES</b>				
Taxes - Franchise and lodging	\$ -	\$ -	\$ -	\$ 1,586,946
Other taxes	-	-	-	740,758
Charges for services	-	-	-	3,260,983
Intergovernmental	-	-	-	111,497
Licenses, permits, and fees	-	1,175,969	-	14,990,259
Investment earnings	6,879	17,336	-	384,515
Grants and contributions	594,146	-	-	3,492,672
Other revenue	-	-	585,627	1,078,396
Capital contributions and donations	-	-	-	1,835,276
<b>Total revenues</b>	<b>601,025</b>	<b>1,193,305</b>	<b>585,627</b>	<b>27,481,302</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
Public safety	323,657	-	-	3,241,677
Highways and streets	-	-	-	6,303,138
Culture and recreation	-	-	-	830,967
Community development	-	-	10,000	5,578,162
Capital outlay	131,780	-	-	3,848,723
<b>Total expenditures</b>	<b>455,437</b>	<b>-</b>	<b>10,000</b>	<b>19,802,667</b>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	<b>145,588</b>	<b>1,193,305</b>	<b>575,627</b>	<b>7,678,635</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	627,061
Transfers out	-	(3,071,688)	-	(8,725,603)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(3,071,688)</b>	<b>-</b>	<b>(8,098,542)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>145,588</b>	<b>(1,878,383)</b>	<b>575,627</b>	<b>(419,907)</b>
<b>FUND BALANCE, beginning of year</b>	<b>641,618</b>	<b>1,964,212</b>	<b>-</b>	<b>35,682,718</b>
<b>FUND BALANCE, end of year</b>	<b>\$ 787,206</b>	<b>\$ 85,829</b>	<b>\$ 575,627</b>	<b>\$ 35,262,811</b>

75



**City of Medford**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Budgetary Basis)**  
**Fire Public Safety Utility Fund - 300**  
**For the Year Ended June 30, 2023**

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With Final Budget
	Original	Final				
<b>REVENUES</b>						
Licenses, permits, and fees	\$ 3,149,600	\$ 3,149,600	\$ 1,565,773	\$ 1,575,682	\$ 3,141,455	\$ 8,145
Intergovernmental	-	72,727	-	72,727	72,727	-
Investment earnings	2,400	2,400	2,855	10,552	13,407	(11,007)
Total revenues	3,152,000	3,224,727	1,568,629	1,658,960	3,227,589	(2,862)
<b>EXPENDITURES</b>						
Fire	1,656,500	1,775,250	681,515	762,897	1,444,412	330,838
Capital outlay	-	172,727	172,727	-	172,727	-
Contingency	150,000	50,000	-	-	-	50,000
Total expenditures	1,806,500	1,997,977	854,243	762,897	1,617,140	380,838
EXCESS REVENUES OVER (UNDER) EXPENDITURES	1,345,500	1,226,750	714,386	896,063	1,610,449	(383,699)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	125,000	-	125,000	125,000	-
Transfers out	(1,692,900)	(1,692,900)	(994,810)	(697,846)	(1,692,655)	(245)
Total other financing sources (uses)	(1,692,900)	(1,567,900)	(994,810)	(572,846)	(1,567,655)	(245)
NET CHANGE IN FUND BALANCE	(347,400)	(341,150)	(280,424)	323,217	42,794	(383,944)
FUND BALANCE, beginning of year	482,100	482,100	945,923	665,499	665,499	(183,399)
FUND BALANCE, end of year	\$ 134,700	\$ 140,950	\$ 665,499	988,716	\$ 988,716	\$ (847,766)
<b>RECONCILIATION TO GAAP BASIS</b>						
GASB 72 adjustment				(11,738)		
TOTAL GAAP BASIS FUND BALANCE, end of year				\$ 976,978		

**City of Medford**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Budgetary Basis)**  
**Park Dedication Fund - 620**  
**For the Year Ended June 30, 2023**

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With Final Budget
	Original	Final				
<b>REVENUES</b>						
Investment earnings	\$ 27,100	\$ 27,100	\$ 17,582	\$ 32,476	\$ 50,058	\$ (22,958)
Contributions and donations	1,700,000	2,197,400	1,267,202	1,423,133	2,690,335	(492,935)
Grants and contracts	-	-	218	26,535	26,753	(26,753)
Total revenues	1,727,100	2,224,500	1,285,002	1,482,144	2,767,146	(542,646)
<b>EXPENDITURES</b>						
Capital outlay	2,283,300	909,900	226,221	232,300	458,520	451,380
Contingency	1,115,900	681,800	-	-	-	681,800
Total expenditures	3,399,200	1,591,700	226,221	232,300	458,520	1,133,180
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(1,672,100)	632,800	1,058,781	1,249,844	2,308,626	(1,675,825)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out	(7,700)	(2,881,100)	(2,539,873)	(341,174)	(2,881,047)	(53)
Total other financing sources (uses)	(7,700)	(2,881,100)	(2,539,873)	(341,174)	(2,881,047)	(53)
NET CHANGE IN FUND BALANCE	(1,679,800)	(2,248,300)	(1,481,092)	908,670	(572,421)	(1,675,879)
FUND BALANCE, beginning of year	2,599,100	3,167,600	3,142,750	1,661,658	1,661,658	1,505,942
FUND BALANCE, end of year	\$ 919,300	\$ 919,300	\$ 1,661,658	2,570,328	\$ 2,570,328	\$ (1,651,028)
<b>RECONCILIATION TO GAAP BASIS</b>						
GASB 72 adjustment				(71,400)		
TOTAL GAAP BASIS FUND BALANCE, end of year				\$ 2,498,928		

**City of Medford**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Budgetary Basis)**  
**Cemetery Fund - 633**  
**For the Year Ended June 30, 2023**

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With	
	Original	Final				Final Budget	
<b>REVENUES</b>							
Investment earnings	\$ -	\$ -	\$ 6	\$ (25)	\$ (19)	\$ 19	
Grants and contracts	-	3,113	-	3,113	3,113	-	
Other revenue	7,000	7,000	6,550	4,700	11,250	(4,250)	
Total revenues	7,000	10,113	6,556	7,788	14,344	(4,231)	
<b>EXPENDITURES</b>							
Culture and recreation	11,700	20,513	10,523	9,785	20,308	205	
Contingency	28,200	22,500	-	-	-	22,500	
Total expenditures	39,900	43,013	10,523	9,785	20,308	22,705	
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(32,900)	(32,900)	(3,967)	(1,997)	(5,964)	(26,936)	
NET CHANGE IN FUND BALANCE	(32,900)	(32,900)	(3,967)	(1,997)	(5,964)	(26,936)	
FUND BALANCE, beginning of year	32,900	32,900	35,845	31,878	31,878	1,022	
FUND BALANCE, end of year	\$ -	\$ -	\$ 31,878	29,881	\$ 29,881	\$ (29,881)	
<b>RECONCILIATION TO GAAP BASIS</b>							
GASB 72 adjustment				6			
TOTAL GAAP BASIS FUND BALANCE, end of year				\$ 29,887			

**City of Medford**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Budgetary Basis)**  
**Building Safety Fund - 400**  
**For the Year Ended June 30, 2023**

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With	
	Original	Final				Final Budget	
<b>REVENUES</b>							
Licenses, permits, and fees	\$ 3,738,300	\$ 3,738,300	\$ 2,719,537	\$ 2,417,252	\$ 5,136,789	\$ (1,398,489)	
Investment earnings	46,900	46,900	30,044	109,226	139,270	(92,370)	
Other revenue	70,700	77,895	58,123	43,852	101,975	(24,080)	
Total revenues	3,855,900	3,863,095	2,807,704	2,570,330	5,378,034	(1,514,939)	
<b>EXPENDITURES</b>							
Community development	4,307,900	4,184,367	1,823,015	1,938,996	3,762,012	422,355	
Capital outlay	30,000	160,728	-	149,166	149,166	11,562	
Contingency	200,000	200,000	-	-	-	200,000	
Total expenditures	4,537,900	4,545,095	1,823,015	2,088,162	3,911,177	633,918	
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(682,000)	(682,000)	984,689	482,168	1,466,857	(2,148,856)	
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	333,000	333,000	333,000	-	333,000	-	
Transfers out	(659,300)	(659,300)	(325,732)	(333,451)	(659,183)	(117)	
Total other financing sources (uses)	(326,300)	(326,300)	7,268	(333,451)	(326,183)	(117)	
NET CHANGE IN FUND BALANCE	(1,008,300)	(1,008,300)	991,957	148,717	1,140,674	(2,148,973)	
FUND BALANCE, beginning of year	5,196,100	5,196,100	6,360,003	7,351,960	7,351,960	(2,155,860)	
FUND BALANCE, end of year	\$ 4,187,800	\$ 4,187,800	\$ 7,351,960	7,500,677	\$ 7,500,677	\$ (3,312,877)	
<b>RECONCILIATION TO GAAP BASIS</b>							
GASB 72 adjustment				(141,448)			
TOTAL GAAP BASIS FUND BALANCE, end of year				\$ 7,359,229			

**City of Medford**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Budgetary Basis)**  
**Police Public Safety Utility - 200**  
**For the Year Ended June 30, 2023**

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With Final Budget
	Original	Final				
<b>REVENUES</b>						
Licenses, permits, and fees	\$ 6,114,100	\$ 6,114,100	\$ 3,025,176	\$ 3,062,602	\$ 6,087,777	\$ 26,323
Investment earnings	1,400	1,400	1,116	6,472	7,588	(6,188)
Grants and contracts	-	150,000	-	150,000	150,000	-
Other revenue	-	-	1,014	-	1,014	(1,014)
Total revenues	<u>6,115,500</u>	<u>6,265,500</u>	<u>3,027,306</u>	<u>3,219,073</u>	<u>6,246,379</u>	<u>19,121</u>
<b>EXPENDITURES</b>						
Public safety	3,235,600	3,510,600	1,492,509	1,954,817	3,447,326	63,274
Capital outlay	50,000	50,000	20,184	24,430	44,614	5,386
Contingency	100,000	100,000	-	-	-	100,000
Total expenditures	<u>3,385,600</u>	<u>3,660,600</u>	<u>1,512,693</u>	<u>1,979,247</u>	<u>3,491,940</u>	<u>168,660</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>2,729,900</u>	<u>2,604,900</u>	<u>1,514,613</u>	<u>1,239,826</u>	<u>2,754,439</u>	<u>(149,539)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	125,000	-	125,000	125,000	-
Transfers out	(2,794,900)	(2,794,900)	(1,394,511)	(1,399,919)	(2,794,430)	(470)
Total other financing sources (uses)	<u>(2,794,900)</u>	<u>(2,669,900)</u>	<u>(1,394,511)</u>	<u>(1,274,919)</u>	<u>(2,669,430)</u>	<u>(470)</u>
NET CHANGE IN FUND BALANCE	(65,000)	(65,000)	120,102	(35,093)	85,009	(150,008)
FUND BALANCE, beginning of year	<u>478,300</u>	<u>478,300</u>	<u>777,298</u>	<u>897,400</u>	<u>897,400</u>	<u>(419,100)</u>
FUND BALANCE, end of year	<u>\$ 413,300</u>	<u>\$ 413,300</u>	<u>\$ 897,400</u>	<u>862,307</u>	<u>\$ 862,307</u>	<u>\$ (449,007)</u>
<b>RECONCILIATION TO GAAP BASIS</b>						
GASB 72 adjustment				(12,673)		
TOTAL GAAP BASIS FUND BALANCE, end of year				<u>\$ 849,634</u>		

**City of Medford**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Budgetary Basis)**  
**State Forfeitures Fund - 202**  
**For the Year Ended June 30, 2023**

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With Final Budget
	Original	Final				
<b>REVENUES</b>						
Grants and contracts	\$ -	\$ 90,000	\$ 31,383	\$ 143,770	\$ 175,153	\$ (85,153)
Investment earnings	18,000	18,000	3,108	9,003	12,111	5,889
Other revenue	-	188,000	196,929	1	196,930	(8,930)
Total revenues	<u>18,000</u>	<u>296,000</u>	<u>231,420</u>	<u>152,774</u>	<u>384,194</u>	<u>(88,194)</u>
<b>EXPENDITURES</b>						
Police	55,000	270,400	94,475	148,350	242,824	27,576
Capital outlay	125,000	187,600	156,305	17,474	173,779	13,821
Contingency	373,800	373,800	-	-	-	373,800
Total expenditures	<u>553,800</u>	<u>831,800</u>	<u>250,779</u>	<u>165,824</u>	<u>416,603</u>	<u>415,197</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>(535,800)</u>	<u>(535,800)</u>	<u>(19,359)</u>	<u>(13,050)</u>	<u>(32,409)</u>	<u>(503,390)</u>
NET CHANGE IN FUND BALANCE	(535,800)	(535,800)	(19,359)	(13,050)	(32,409)	(503,390)
FUND BALANCE, beginning of year	<u>535,900</u>	<u>535,900</u>	<u>570,723</u>	<u>551,364</u>	<u>551,364</u>	<u>(15,464)</u>
FUND BALANCE, end of year	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 551,364</u>	<u>538,314</u>	<u>\$ 538,314</u>	<u>\$ (538,214)</u>
<b>RECONCILIATION TO GAAP BASIS</b>						
GASB 72 adjustment				(20,799)		
TOTAL GAAP BASIS FUND BALANCE, end of year				<u>\$ 517,515</u>		

**City of Medford**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Budgetary Basis)**  
**Federal DOJ Forfeitures Fund - 201**  
**For the Year Ended June 30, 2023**

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With Final Budget
	Original	Final				
<b>REVENUES</b>						
Investment earnings	\$ 10,500	\$ 10,500	\$ 1,741	\$ 3,736	\$ 5,477	\$ 5,023
Other revenue	-	119,100	104,621	144,218	248,839	(129,739)
Total revenues	10,500	129,600	106,362	147,954	254,316	(124,716)
<b>EXPENDITURES</b>						
Public Safety	18,000	137,100	82,938	29,362	112,300	24,800
Capital outlay	427,000	427,000	316,205	34,494	350,699	76,301
Contingency	388,800	388,800	-	-	-	388,800
Total expenditures	833,800	952,900	399,143	63,856	462,999	489,901
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(823,300)	(823,300)	(292,781)	84,098	(208,683)	(614,616)
NET CHANGE IN FUND BALANCE	(823,300)	(823,300)	(292,781)	84,098	(208,683)	(614,616)
FUND BALANCE, beginning of year	823,400	823,400	498,750	205,969	205,969	617,431
FUND BALANCE, end of year	\$ 100	\$ 100	\$ 205,969	290,067	\$ 290,067	\$ (289,967)
<b>RECONCILIATION TO GAAP BASIS</b>						
GASB 72 adjustment				(3,586)		
TOTAL GAAP BASIS FUND BALANCE, end of year				\$ 286,481		

**City of Medford**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Budgetary Basis)**  
**Community Promotions Fund - 730**  
**For the Year Ended June 30, 2023**

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With Final Budget
	Original	Final				
<b>REVENUES</b>						
Lodging taxes	\$ 2,250,000	\$ 3,335,000	\$ 1,634,847	\$ 1,586,946	\$ 3,221,793	\$ 113,207
Total revenues	2,250,000	3,335,000	1,634,847	1,586,946	3,221,793	113,207
<b>EXPENDITURES</b>						
Community promotion	2,250,000	3,335,000	1,807,974	1,403,372	3,211,346	123,654
Total expenditures	2,250,000	3,335,000	1,807,974	1,403,372	3,211,346	123,654
EXCESS REVENUES OVER (UNDER) EXPENDITURES	-	-	(173,127)	183,574	10,447	(10,447)
NET CHANGE IN FUND BALANCE	-	-	(173,127)	183,574	10,447	(10,447)
FUND BALANCE, beginning of year	-	-	178,941	5,814	5,814	(5,814)
FUND BALANCE, end of year	\$ -	\$ -	\$ 5,814	\$ 189,388	\$ 189,388	\$ (189,388)

**City of Medford**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Budgetary Basis)**  
**Council Community Initiative Fund - 420**  
**For the Year Ended June 30, 2023**

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With Final Budget
	Original	Final				
<b>REVENUES</b>						
Marijuana Taxes	\$ 2,175,000	\$ 2,175,000	\$ 839,424	\$ 740,759	\$ 1,580,183	\$ 594,817
Grants and contracts	210,000	210,000	166,514	173,871	340,385	(130,385)
Investment earnings	5,100	5,100	9,007	26,378	35,384	(30,284)
Total revenues	<u>2,390,100</u>	<u>2,390,100</u>	<u>1,014,945</u>	<u>941,007</u>	<u>1,955,953</u>	<u>434,147</u>
<b>EXPENDITURES</b>						
Community development	-	1,299,655	306,625	809,753	1,116,378	183,277
Capital outlay	275,000	1,120,500	180,497	235,414	415,911	704,589
Contingency	3,599,800	672,335	-	-	-	672,335
Total expenditures	<u>3,874,800</u>	<u>3,092,490</u>	<u>487,121</u>	<u>1,045,167</u>	<u>1,532,288</u>	<u>1,560,202</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>(1,484,700)</u>	<u>(702,390)</u>	<u>527,824</u>	<u>(104,160)</u>	<u>423,665</u>	<u>(1,126,054)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out	-	(782,310)	(282,310)	(500,000)	(782,310)	-
Total other financing sources (uses)	<u>-</u>	<u>(782,310)</u>	<u>(282,310)</u>	<u>(500,000)</u>	<u>(782,310)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(1,484,700)	(1,484,700)	245,514	(604,160)	(358,645)	(1,126,054)
FUND BALANCE, beginning of year	1,484,700	1,484,700	1,921,121	2,166,635	2,166,635	(681,935)
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,166,635</u>	<u>1,562,475</u>	<u>\$ 1,562,475</u>	<u>\$ (1,562,475)</u>
<b>RECONCILIATION TO GAAP BASIS</b>						
GASB 72 adjustment				(34,177)		
TOTAL GAAP BASIS FUND BALANCE, end of year				<u>\$ 1,528,298</u>		

**City of Medford**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Budgetary Basis)**  
**Community Development Block Grant Fund - 731**  
**For the Year Ended June 30, 2023**

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With Final Budget
	Original	Final				
<b>REVENUES</b>						
Grants and contracts	\$ 1,950,000	\$ 3,578,000	\$ 1,088,918	\$ 751,694	\$ 1,840,612	\$ 1,737,388
Total revenues	<u>1,950,000</u>	<u>3,578,000</u>	<u>1,088,918</u>	<u>751,694</u>	<u>1,840,612</u>	<u>1,737,388</u>
<b>EXPENDITURES</b>						
Community development	1,950,000	3,854,100	1,300,451	886,411	2,186,862	1,667,238
Total expenditures	<u>1,950,000</u>	<u>3,854,100</u>	<u>1,300,451</u>	<u>886,411</u>	<u>2,186,862</u>	<u>1,667,238</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(276,100)</u>	<u>(211,533)</u>	<u>(134,717)</u>	<u>(346,250)</u>	<u>70,150</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out	-	(45,000)	(45,000)	-	(45,000)	-
Total other financing sources (uses)	<u>-</u>	<u>(45,000)</u>	<u>(45,000)</u>	<u>-</u>	<u>(45,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	(321,100)	(256,533)	(134,717)	(391,250)	70,150
FUND BALANCE, beginning of year	-	-	375,351	118,818	118,818	(118,818)
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ (321,100)</u>	<u>\$ 118,818</u>	<u>(15,899)</u>	<u>\$ (15,899)</u>	<u>\$ (305,201)</u>
<b>RECONCILIATION TO GAAP BASIS</b>						
Advances from other funds				45,000		
TOTAL GAAP BASIS FUND BALANCE, end of year				<u>\$ 29,101</u>		

**City of Medford**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Budgetary Basis)**  
**Veteran's Park Fund - 634**  
**For the Year Ended June 30, 2023**

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With Final Budget
	Original	Final				
REVENUES						
Investment earnings	\$ -	\$ -	\$ 15	\$ 51	\$ 66	\$ (66)
Total revenues	-	-	15	51	66	(66)
EXPENDITURES						
Contingency	8,300	8,300	-	-	-	8,300
Total expenditures	8,300	8,300	-	-	-	8,300
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(8,300)	(8,300)	15	51	66	(8,366)
NET CHANGE IN FUND BALANCE	(8,300)	(8,300)	15	51	66	(8,366)
FUND BALANCE, beginning of year	8,300	8,300	3,195	3,210	3,210	5,090
FUND BALANCE, end of year	-	-	3,210	3,261	3,261	(3,261)
RECONCILIATION TO GAAP BASIS						
GASB 72 adjustment				(49)		
TOTAL GAAP BASIS FUND BALANCE, end of year				\$ 3,212		

**City of Medford**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Budgetary Basis)**  
**Community Park Reserve Fund - 670**  
**For the Year Ended June 30, 2023**

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With Final Budget
	Original	Final				
REVENUES						
Investment earnings	\$ -	\$ -	\$ 469	\$ 2,924	\$ 3,393	\$ (3,393)
Other revenue	60,000	60,000	114,987	149,935	264,922	(204,922)
Total revenues	60,000	60,000	115,456	152,859	268,315	(208,315)
OTHER FINANCING SOURCES (USES)						
Transfers out	(156,400)	(156,400)	(156,400)	-	(156,400)	-
Total other financing sources (uses)	(156,400)	(156,400)	(156,400)	-	(156,400)	-
NET CHANGE IN FUND BALANCE	(96,400)	(96,400)	(40,944)	152,859	111,915	(208,315)
FUND BALANCE, beginning of year	116,400	116,400	136,435	95,491	95,491	20,909
FUND BALANCE, end of year	\$ 20,000	\$ 20,000	\$ 95,491	248,350	\$ 248,350	\$ (228,350)
RECONCILIATION TO GAAP BASIS						
GASB 72 adjustment				(2,296)		
TOTAL GAAP BASIS FUND BALANCE, end of year				\$ 246,054		

**City of Medford**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Budgetary Basis)**  
**Parks Utility Fund - 600**  
**For the Year Ended June 30, 2023**

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With Final Budget
	Original	Final				
<b>REVENUES</b>						
Licenses, permits, and fees	\$ 2,729,000	\$ 2,729,000	\$ 1,513,257	\$ 1,445,793	\$ 2,959,049	\$ (230,049)
Investment earnings	8,600	8,600	4,200	17,160	21,361	(12,761)
Total revenues	2,737,600	2,737,600	1,517,457	1,462,953	2,980,410	(242,810)
<b>EXPENDITURES</b>						
Culture and recreation	1,116,400	1,337,900	583,365	752,485	1,335,851	2,049
Contingency	500,000	278,500	-	-	-	278,500
Total expenditures	1,616,400	1,616,400	583,365	752,485	1,335,851	280,549
EXCESS REVENUES OVER (UNDER) EXPENDITURES	1,121,200	1,121,200	934,092	710,468	1,644,559	(523,359)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out	(1,433,000)	(1,433,000)	(891,554)	(541,274)	(1,432,829)	(171)
Total other financing sources (uses)	(1,433,000)	(1,433,000)	(891,554)	(541,274)	(1,432,829)	(171)
NET CHANGE IN FUND BALANCE	(311,800)	(311,800)	42,538	169,194	211,730	(523,531)
FUND BALANCE, beginning of year	1,207,600	1,207,600	1,279,632	1,322,170	1,322,170	(114,570)
FUND BALANCE, end of year	\$ 895,800	\$ 895,800	\$ 1,322,170	1,491,364	\$ 1,491,364	\$ (595,564)
<b>RECONCILIATION TO GAAP BASIS</b>						
GASB 72 adjustment				(23,020)		
TOTAL GAAP BASIS FUND BALANCE, end of year				\$ 1,468,344		

**City of Medford**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Budgetary Basis)**  
**Street Utility Fund - 500**  
**For the Year Ended June 30, 2023**

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With Final Budget
	Original	Final				
<b>REVENUES</b>						
Licenses, permits, and fees	\$ 16,487,200	\$ 16,487,200	\$ 8,301,294	\$ 8,424,015	\$ 16,725,309	\$ (238,109)
Investment earnings	71,400	71,400	34,033	83,239	117,272	(45,872)
Other revenue	77,600	77,600	141,229	127,537	268,766	(191,166)
Total revenues	16,636,200	16,636,200	8,476,556	8,634,790	17,111,347	(475,147)
<b>EXPENDITURES</b>						
Highways and streets	10,548,900	10,938,000	4,806,076	4,974,161	9,780,237	1,157,763
Capital outlay	7,063,800	6,963,800	3,232,072	3,193,574	6,425,646	538,154
Contingency	1,000,000	703,400	-	-	-	703,400
Total expenditures	18,612,700	18,605,200	8,038,147	8,167,735	16,205,883	2,399,317
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(1,976,500)	(1,969,000)	438,409	467,055	905,464	(2,874,464)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	420,000	420,000	78,690	82,061	160,751	259,249
Transfers out	(2,552,300)	(2,552,300)	(1,188,933)	(1,224,640)	(2,413,573)	(138,727)
Total other financing sources (uses)	(2,132,300)	(2,132,300)	(1,110,243)	(1,142,579)	(2,252,822)	120,522
NET CHANGE IN FUND BALANCE	(4,108,800)	(4,101,300)	(671,834)	(675,524)	(1,347,358)	(2,753,942)
FUND BALANCE, beginning of year	5,893,700	5,893,700	5,450,195	4,778,361	4,778,361	1,115,339
FUND BALANCE, end of year	\$ 1,784,900	\$ 1,792,400	\$ 4,778,361	4,102,837	\$ 4,102,837	\$ (2,310,437)
<b>RECONCILIATION TO GAAP BASIS</b>						
GASB 72 adjustment				(102,032)		
TOTAL GAAP BASIS FUND BALANCE, end of year				\$ 4,000,805		

**City of Medford**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Budgetary Basis)**  
**Street SDC Fund - 520**  
**For the Year Ended June 30, 2023**

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With Final Budget
	Original	Final				
<b>REVENUES</b>						
Contributions earnings	\$ 3,648,200	\$ 3,648,200	\$ 2,304,107	\$ 1,835,276	\$ -	\$ -
Other Revenue	-	-	-	165,709	165,709	(165,709)
Investment earnings	135,100	135,100	60,746	190,062	250,808	(115,708)
Total revenues	3,783,300	3,783,300	2,364,853	2,191,047	416,518	(281,418)
<b>EXPENDITURES</b>						
Highways and streets	1,059,100	1,059,100	629,787	532,436	1,162,223	(103,123)
Capital outlay	8,608,000	8,608,000	2,037,449	830,387	2,867,836	5,740,164
Contingency	500,000	500,000	-	-	-	500,000
Total expenditures	10,167,100	10,167,100	2,667,237	1,362,823	4,030,060	6,137,040
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(6,383,800)	(6,383,800)	(302,384)	828,224	(3,613,542)	(6,418,458)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out	(1,229,100)	(1,229,100)	(605,387)	(615,611)	(1,220,998)	(8,102)
Total other financing sources (uses)	(1,229,100)	(1,229,100)	(605,387)	(615,611)	(1,220,998)	(8,102)
NET CHANGE IN FUND BALANCE	(7,612,900)	(7,612,900)	(907,771)	212,613	(4,834,540)	(6,426,560)
FUND BALANCE, beginning of year	11,186,500	11,186,500	13,544,401	12,636,630	12,636,630	(1,450,130)
FUND BALANCE, end of year	\$ 3,573,600	\$ 3,573,600	\$ 12,636,630	12,849,243	\$ 12,849,243	\$ (9,275,643)
<b>RECONCILIATION TO GAAP BASIS</b>						
GASB 72 adjustment				(227,216)		
TOTAL GAAP BASIS FUND BALANCE, end of year				\$ 12,622,027		

**City of Medford**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Budgetary Basis)**  
**Construction Excise Tax Fund - 120**  
**For the Year Ended June 30, 2023**

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With Final Budget
	Original	Final				
<b>REVENUES</b>						
Investment earnings	\$ 3,200	\$ 3,200	\$ 4,179	\$ 17,231	\$ 21,410	\$ (18,210)
Other revenue	425,200	425,200	488,988	271,932	760,920	(335,720)
Total revenues	428,400	428,400	493,167	289,164	782,330	(353,930)
<b>EXPENDITURES</b>						
Community development	360,000	1,311,210	79,765	417,171	496,936	814,274
Contingency	418,900	-	-	-	-	-
Total expenditures	778,900	1,311,210	79,765	417,171	496,936	814,274
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(350,500)	(882,810)	413,402	(128,007)	285,394	(1,168,204)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	532,310	282,310	250,000	532,310	-
Transfers out	(333,000)	(333,000)	(333,000)	-	(333,000)	-
Total other financing sources (uses)	(333,000)	199,310	(50,690)	250,000	199,310	-
NET CHANGE IN FUND BALANCE	(683,500)	(683,500)	362,712	121,993	484,704	(1,168,204)
FUND BALANCE, beginning of year	683,500	683,500	744,579	1,107,291	1,107,291	(423,791)
FUND BALANCE, end of year	\$ -	\$ -	\$ 1,107,291	1,229,284	\$ 1,229,284	\$ (1,229,284)
<b>RECONCILIATION TO GAAP BASIS</b>						
GASB 72 adjustment				(21,016)		
TOTAL GAAP BASIS FUND BALANCE, end of year				\$ 1,208,268		



**City of Medford**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Budgetary Basis)**  
**Federal Treasury Foreitures Fund - 204**  
**For the Year Ended June 30, 2023**

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With Final Budget
	Original	Final				
<b>REVENUES</b>						
Grants and contracts	\$ -	\$ 581,900	\$ 566,506	\$ 594,146	\$ 1,160,652	\$ (578,752)
Investment earnings	-	-	2,503	10,380	12,882	(12,882)
Other revenue	-	5,500	5,465	-	5,465	35
Total revenues	-	587,400	574,474	604,525	1,178,999	(591,599)
<b>EXPENDITURES</b>						
Public safety	153,400	512,800	224,032	268,322	492,355	20,445
Capital outlay	183,000	411,000	50,819	187,115	237,933	173,067
Total expenditures	336,400	923,800	274,851	455,437	730,288	193,512
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(336,400)	(336,400)	299,623	149,088	448,711	(785,111)
NET CHANGE IN FUND BALANCE	(336,400)	(336,400)	299,623	149,088	448,711	(785,111)
FUND BALANCE, beginning of year	336,400	336,400	351,090	650,713	650,713	(314,313)
FUND BALANCE, end of year	\$ -	\$ -	\$ 650,713	799,801	\$ 799,801	\$ (799,801)
<b>RECONCILIATION TO GAAP BASIS</b>						
GASB 72 adjustment				(12,595)		
TOTAL GAAP BASIS FUND BALANCE, end of year				\$ 787,206		

**City of Medford**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Budgetary Basis)**  
**Rogue X Operations Fund - 641**  
**For the Year Ended June 30, 2023**

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With Final Budget
	Original	Final				
<b>REVENUES</b>						
Licenses, permits, and fees	\$ -	\$ 1,205,800	\$ 98,300	\$ 1,175,969	\$ 1,274,269	\$ (68,469)
Investment Earnings	-	-	-	17,336	17,336	(17,336)
Total revenues	-	1,205,800	98,300	1,193,305	1,291,605	(85,805)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	3,537,600	3,537,600	-	3,537,600	-
Transfers out	-	(4,743,400)	(1,671,688)	(3,071,688)	(4,743,375)	(25)
Total other financing sources (uses)	-	(1,205,800)	1,865,912	(3,071,688)	(1,205,775)	(25)
NET CHANGE IN FUND BALANCE	-	-	1,964,212	(1,878,383)	85,830	(85,830)
FUND BALANCE, beginning of year	-	-	-	1,964,212	1,964,212	(1,964,212)
FUND BALANCE, end of year	\$ -	\$ -	\$ 1,964,212	\$ 85,829	\$ 85,829	\$ (85,829)

**City of Medford**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Budgetary Basis)**  
**National Opioid Settlement Fund - 732**  
**For the Year Ended June 30, 2023**

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With Final Budget
	Original	Final				
REVENUES						
Other revenue	\$ -	\$ 75,000	\$ -	\$ 585,627	\$ 585,627	\$ (510,627)
Total revenues	-	75,000	-	585,627	585,627	(510,627)
EXPENDITURES						
Culture and recreation	-	75,000	-	10,000	10,000	65,000
Total expenditures	-	75,000	-	10,000	10,000	65,000
EXCESS REVENUES OVER (UNDER) EXPENDITURES	-	-	-	575,627	575,627	(575,627)
NET CHANGE IN FUND BALANCE	-	-	-	575,627	575,627	(575,627)
FUND BALANCE, beginning of year	-	-	-	-	-	-
FUND BALANCE, end of year	\$ -	\$ -	\$ -	\$ 575,627	\$ 575,627	\$ (575,627)

**City of Medford**  
**Nonmajor Debt Service Funds**  
**June 30, 2023**

**General Debt Service Fund** – Accounts for payment of principal and interest on the City’s General Obligation or Full Faith and Credit bonds and loans. The resource for those payments comes from transfers in from other funds for which the bond proceeds were used.

**Revenue Bond Fund** – Accounts for payment of principal and interest on the City’s Revenue Bonds. The resource for those payments comes from transfers in from other funds for which the bond proceeds were used.

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

**City of Medford  
Combining Balance Sheet  
Nonmajor Debt Service Funds  
June 30, 2023**

	General Debt Service Fund - 160	Revenue Bond Fund - 161	MURA Debt Service Fund - 902	Total
<b>ASSETS</b>				
Cash and investments	\$ 304,491	\$ 604	\$ 772,116	\$ 1,077,211
Receivables				
Accounts	-	-	54	54
Taxes	-	-	225,802	225,802
<b>TOTAL ASSETS</b>	<b>\$ 304,491</b>	<b>\$ 604</b>	<b>\$ 997,972</b>	<b>\$ 1,303,067</b>
<b>DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	\$ -	\$ -	\$ 185,976	\$ 185,976
<b>Fund Balances</b>				
Restricted - Debt service	304,491	604	811,996	1,117,091
Total fund balances	304,491	604	811,996	1,117,091
<b>TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 304,491</b>	<b>\$ 604</b>	<b>\$ 997,972</b>	<b>\$ 1,303,067</b>

**City of Medford  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Debt Service Funds  
For the Year Ended June 30, 2023**

	General Debt Service Fund - 160	Revenue Bond Fund - 161	MURA Debt Service Fund - 902	Total
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ 3,980,580	\$ 3,980,580
Investment earnings	2,693	6	2,283	4,982
Total revenues	2,693	6	3,982,863	3,985,562
<b>EXPENDITURES</b>				
Debt service principal	3,492,320	3,118,856	-	6,611,176
Debt service interest	1,087,241	2,576,049	-	3,663,290
Total expenditures	4,579,561	5,694,905	-	10,274,466
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(4,576,868)</b>	<b>(5,694,899)</b>	<b>3,982,863</b>	<b>(6,288,904)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	4,579,561	5,694,905	-	10,274,466
Transfers out	-	-	(4,070,000)	(4,070,000)
Total other financing sources (uses)	4,579,561	5,694,905	(4,070,000)	6,204,466
<b>NET CHANGE IN FUND BALANCE</b>	<b>2,693</b>	<b>6</b>	<b>(87,137)</b>	<b>(84,438)</b>
<b>FUND BALANCE, beginning of year</b>	<b>301,798</b>	<b>598</b>	<b>899,133</b>	<b>1,201,529</b>
<b>FUND BALANCE, end of year</b>	<b>\$ 304,491</b>	<b>\$ 604</b>	<b>\$ 811,996</b>	<b>\$ 1,117,091</b>

**City of Medford**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Budgetary Basis)**  
**General Debt Service Fund - 160**  
**For the Year Ended June 30, 2023**

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With Final Budget
	Original	Final				
REVENUES						
Property taxes	\$ -	\$ -	\$ (3,475)	\$ -	\$ (3,475)	\$ 3,475
Investment earnings	-	-	1,466	3,977	5,444	(5,444)
Total revenues	-	-	(2,008)	3,977	1,969	(1,969)
EXPENDITURES						
Debt services	8,992,900	8,992,900	4,397,246	4,579,561	8,976,807	16,093
Total expenditures	8,992,900	8,992,900	4,397,246	4,579,561	8,976,807	16,093
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(8,992,900)	(8,992,900)	(4,399,254)	(4,575,584)	(8,974,838)	(18,062)
OTHER FINANCING SOURCES (USES)						
Transfers in	8,992,900	8,992,900	4,397,246	4,579,561	8,976,807	16,093
Total other financing sources (uses)	8,992,900	8,992,900	4,397,246	4,579,561	8,976,807	16,093
NET CHANGE IN FUND BALANCE	-	-	(2,008)	3,977	1,969	(1,969)
FUND BALANCE, beginning of year	331,500	331,500	308,123	306,115	306,115	25,385
FUND BALANCE, end of year	\$ 331,500	\$ 331,500	\$ 306,115	310,092	\$ 310,092	\$ 21,408
RECONCILIATION TO GAAP BASIS						
GASB 72 adjustment				(5,601)		
TOTAL GAAP BASIS FUND BALANCE, end of year				\$ 304,491		

**City of Medford**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Budgetary Basis)**  
**Revenue Bond Fund - 161**  
**For the Year Ended June 30, 2023**

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With Final Budget
	Original	Final				
REVENUES						
Investment earnings	\$ -	\$ -	\$ 104	\$ 8	\$ 113	\$ (113)
Total revenues	-	-	104	8	113	(113)
EXPENDITURES						
Debt service	10,131,900	10,131,900	4,436,494	5,694,905	10,131,399	501
Total expenditures	10,131,900	10,131,900	4,436,494	5,694,905	10,131,399	501
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(10,131,900)	(10,131,900)	(4,436,390)	(5,694,897)	(10,131,286)	(614)
OTHER FINANCING SOURCES (USES)						
Transfers in	10,132,300	10,132,300	4,436,494	5,694,905	10,131,399	901
Total other financing sources (uses)	10,132,300	10,132,300	4,436,494	5,694,905	10,131,399	901
NET CHANGE IN FUND BALANCE	400	400	104	8	113	287
FUND BALANCE, beginning of year	6,500	6,500	503	607	607	5,893
FUND BALANCE, end of year	\$ 6,900	\$ 6,900	\$ 607	615	\$ 615	\$ 6,285
RECONCILIATION TO GAAP BASIS						
GASB 72 adjustment				(11)		
TOTAL GAAP BASIS FUND BALANCE, end of year				\$ 604		

**City of Medford**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Budgetary Basis)**  
**MURA Debt Service Fund - 902**  
**For the Year Ended June 30, 2023**

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With Final Budget
	Original	Final				
REVENUES						
Property taxes	\$ 7,991,000	\$ 7,991,000	\$ 3,812,576	\$ 3,980,580	\$ 7,793,155	\$ 197,845
Investment earnings	3,000	3,000	223	2,283	2,506	494
Total revenues	<u>7,994,000</u>	<u>7,994,000</u>	<u>3,812,799</u>	<u>3,982,863</u>	<u>7,795,662</u>	<u>198,338</u>
OTHER FINANCING SOURCES (USES)						
Transfers out	(7,991,000)	(7,991,000)	(3,921,000)	(4,070,000)	(7,991,000)	-
Total other financing sources (uses)	<u>(7,991,000)</u>	<u>(7,991,000)</u>	<u>(3,921,000)</u>	<u>(4,070,000)</u>	<u>(7,991,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	3,000	3,000	(108,201)	(87,137)	(195,338)	198,338
FUND BALANCE, beginning of year	<u>790,000</u>	<u>790,000</u>	<u>1,007,334</u>	<u>899,133</u>	<u>899,133</u>	<u>(109,133)</u>
FUND BALANCE, end of year	<u>\$ 793,000</u>	<u>\$ 793,000</u>	<u>\$ 899,133</u>	<u>\$ 811,996</u>	<u>\$ 811,996</u>	<u>\$ (18,996)</u>

**City of Medford**  
**Nonmajor Capital Projects Funds**  
**June 30, 2023**

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:

**Street Improvement Fund** – Accounts for construction and improvement of streets and is financed primarily with funds from the State and County.

**Greenway Construction Fund** – Accounts for construction of Bear Creek Greenway.

**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.

**Park Southeast Area System Development Charge Fund** – Accounts for SDCs collected in the SE Area to be expended on park and recreation improvements & new construction.

**Park Improvement Fund** – Accounts for specified resources to be expended on park and recreation improvements & new construction.

**MURA Capital Projects Fund** – Accounts for the expenditure of resources for the Medford Urban Renewal Agency.

**City of Medford  
Combining Balance Sheet  
Nonmajor Capital Project Funds  
June 30, 2023**

	Street Improvement Fund - 550	Greenway Construction Fund - 650	Special Sidewalk Fund - 531	Fire Apparatus Reserve - 370	Aquatic Facilities Reserve - 671	Park Southeast Area SDC Fund - 621	Park Improvement Fund - 630	MURA Capital Projects Fund - 901	Total
<b>ASSETS</b>									
Cash and investments	\$ 18,382,109	\$ 1,990	\$ 654,246	\$ 195,452	\$ 1,696	\$ 466,231	\$ 4,968,352	\$ 8,417,221	\$ 33,087,297
Receivables									
Accounts	511,750	-	-	-	-	-	566,138	20	1,077,908
Leases	-	-	-	-	-	-	-	192,204	192,204
Total assets	\$ 18,893,859	\$ 1,990	\$ 654,246	\$ 195,452	\$ 1,696	\$ 466,231	\$ 5,534,490	\$ 8,609,445	\$ 34,357,409
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>									
<b>Liabilities</b>									
Accounts payable	\$ 54,036	\$ -	\$ -	\$ 22,990	\$ -	\$ -	\$ 422	\$ 105,833	\$ 183,281
Retainage payable	-	-	-	-	-	-	-	2,098	2,098
Customer deposits	3,339,757	-	-	-	-	-	-	-	3,339,757
Payroll and related accruals	-	-	-	-	-	-	8,710	16,009	24,719
Total liabilities	3,393,793	-	-	22,990	-	-	9,132	123,940	3,549,855
<b>Deferred inflows of resources</b>									
Leases	-	-	-	-	-	-	-	191,693	191,693
<b>Fund balances</b>									
<b>Restricted for</b>									
Public safety	-	-	-	172,462	-	-	-	-	172,462
Highways and streets	15,500,066	-	654,246	-	-	-	-	-	16,154,312
Culture and recreation	-	1,990	-	-	1,696	466,231	5,525,358	-	5,995,275
Community development	-	-	-	-	-	-	-	8,293,812	8,293,812
Total fund balances	15,500,066	1,990	654,246	172,462	1,696	466,231	5,525,358	8,293,812	30,615,861
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 18,893,859</b>	<b>\$ 1,990</b>	<b>\$ 654,246</b>	<b>\$ 195,452</b>	<b>\$ 1,696</b>	<b>\$ 466,231</b>	<b>\$ 5,534,490</b>	<b>\$ 8,609,445</b>	<b>\$ 34,357,409</b>

102

**City of Medford  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Capital Project Funds  
For the Year Ended June 30, 2023**

	Street Improvement Fund - 550	Greenway Construction Fund - 650	Special Sidewalk Fund - 531	Fire Apparatus Reserve - 370	Aquatic Facilities Reserve - 671	Park Southeast Area SDC Fund - 621	Park Improvement Fund - 630	MURA Capital Projects Fund - 901	Total
<b>REVENUES</b>									
Car rental taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,412,137	\$ -	\$ 3,412,137
Lodging tax	-	-	-	-	-	-	2,158,248	-	2,158,248
Charges for services	79,264	-	-	-	-	-	-	-	79,264
Intergovernmental	3,250,000	-	-	-	-	-	-	-	3,250,000
Investment earnings	185,021	23	7,169	2,053	19	4,238	40,117	521,985	761,625
Grants and contributions	1,888,616	-	-	-	-	-	21,481	375	1,910,472
Other revenue	14,683	-	-	-	-	141,300	-	73,711	229,694
Total revenues	5,418,584	23	7,169	2,053	19	145,538	5,631,983	596,071	11,801,440
<b>EXPENDITURES</b>									
<b>Current</b>									
Public safety	-	-	-	42,030	-	-	-	-	42,030
Highways and streets	888,094	-	-	-	-	-	-	-	888,094
Culture and recreation	-	-	-	-	-	-	246,603	-	246,603
Community development	-	-	-	-	-	-	-	1,989,513	1,989,513
Capital outlay	2,108,411	-	-	100,095	-	-	587,287	1,134,633	3,930,426
Total expenditures	2,996,505	-	-	142,125	-	-	833,890	3,124,146	7,096,666
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,422,079</b>	<b>23</b>	<b>7,169</b>	<b>(140,072)</b>	<b>19</b>	<b>145,538</b>	<b>4,798,093</b>	<b>(2,528,075)</b>	<b>4,704,774</b>
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	-	-	-	300,000	-	-	-	8,140,000	8,440,000
Transfers out	(22,763)	-	(31)	-	-	-	(2,207,448)	(4,070,000)	(6,300,242)
Total other financing sources	(22,763)	-	(31)	300,000	-	-	(2,207,448)	4,070,000	2,139,758
<b>NET CHANGE IN FUND BALANCE</b>	<b>2,399,316</b>	<b>23</b>	<b>7,138</b>	<b>159,928</b>	<b>19</b>	<b>145,538</b>	<b>2,590,645</b>	<b>1,541,925</b>	<b>6,844,532</b>
<b>FUND BALANCE, beginning of year</b>	<b>13,100,750</b>	<b>1,967</b>	<b>647,108</b>	<b>12,534</b>	<b>1,677</b>	<b>320,693</b>	<b>2,934,713</b>	<b>6,751,887</b>	<b>23,771,329</b>
<b>FUND BALANCE, end of year</b>	<b>\$ 15,500,066</b>	<b>\$ 1,990</b>	<b>\$ 654,246</b>	<b>\$ 172,462</b>	<b>\$ 1,696</b>	<b>\$ 466,231</b>	<b>\$ 5,525,358</b>	<b>\$ 8,293,812</b>	<b>\$ 30,615,861</b>

103

**City of Medford**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Budgetary Basis)**  
**Street Improvement Fund - 550**  
**For the Year Ended June 30, 2023**

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With Final Budget
	Original	Final				
<b>REVENUES</b>						
Grants and contracts	\$ 2,143,100	\$ 4,093,100	\$ (19,393)	\$ 1,888,616	\$ 1,869,224	\$ 2,223,876
Intergovernmental	-	-	-	3,250,000	3,250,000	(3,250,000)
Investment earnings	87,500	87,500	74,631	264,149	338,779	(251,279)
Other revenue	3,000,000	3,000,000	705,083	93,947	799,030	2,200,970
Total revenues	5,230,600	7,180,600	760,321	5,496,712	6,257,034	923,567
<b>EXPENDITURES</b>						
Street development	12,100	12,100	65,859	112,231	178,090	(165,990)
Capital outlay	12,500,000	14,450,000	1,641,628	2,884,274	4,525,901	9,924,099
Contingency	2,000,000	2,000,000	-	-	-	2,000,000
Total expenditures	14,512,100	16,462,100	1,707,487	2,996,505	4,703,992	11,758,108
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(9,281,500)	(9,281,500)	(947,166)	2,500,207	1,553,042	(10,834,542)
<b>OTHER FINANCING SOURCES (USES)</b>						
Loan Proceeds	8,500,000	8,500,000	1,570,139	-	1,570,139	6,929,861
Transfers out	(45,100)	(45,100)	(22,203)	(22,763)	(44,966)	(134)
Total other financing sources (uses)	8,454,900	8,454,900	1,547,936	(22,763)	1,525,173	6,929,727
NET CHANGE IN FUND BALANCE	(826,600)	(826,600)	600,770	2,477,444	3,078,215	(3,904,815)
FUND BALANCE, beginning of year	10,710,600	10,710,600	12,726,593	13,327,363	13,327,363	(2,616,763)
FUND BALANCE, end of year	\$ 9,884,000	\$ 9,884,000	\$ 13,327,363	15,804,807	\$ 15,804,807	\$ (5,920,807)
<b>RECONCILIATION TO GAAP BASIS</b>						
GASB 72 adjustment				(304,741)		
TOTAL GAAP BASIS FUND BALANCE, end of year				\$ 15,500,066		

**City of Medford**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Budgetary Basis)**  
**Greenway Construction Fund - 650**  
**For the Year Ended June 30, 2023**

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With Final Budget
	Original	Final				
<b>REVENUES</b>						
Investment earnings	\$ -	\$ -	\$ 9	\$ 30	\$ 39	\$ (39)
Total revenues	-	-	9	30	39	(39)
<b>EXPENDITURES</b>						
Contingency	2,000	2,000	-	-	-	2,000
Total expenditures	2,000	2,000	-	-	-	2,000
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(2,000)	(2,000)	9	30	39	(2,039)
NET CHANGE IN FUND BALANCE	(2,000)	(2,000)	9	30	39	(2,039)
FUND BALANCE, beginning of year	2,000	2,000	1,990	1,999	1,999	1
FUND BALANCE, end of year	\$ -	\$ -	\$ 1,999	2,029	\$ 2,029	\$ (2,029)
<b>RECONCILIATION TO GAAP BASIS</b>						
GASB 72 adjustment				(39)		
TOTAL GAAP BASIS FUND BALANCE, end of year				\$ 1,990		

**City of Medford**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Budgetary Basis)**  
**Special Sidewalk Fund - 531**  
**For the Year Ended June 30, 2023**

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With Final Budget
	Original	Final				
REVENUES						
Investment earnings	\$ 6,400	\$ 6,400	\$ 3,046	\$ 9,928	\$ 12,974	\$ (6,574)
Total revenues	6,400	6,400	3,046	9,928	12,974	(6,574)
EXPENDITURES						
Capital outlay	663,000	663,000	-	-	-	663,000
Total expenditures	663,000	663,000	-	-	-	663,000
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(656,600)	(656,600)	3,046	9,928	12,974	(669,574)
OTHER FINANCING SOURCES (USES)						
Transfers out	(200)	(200)	(30)	(31)	(61)	(139)
Total other financing sources (uses)	(200)	(200)	(30)	(31)	(61)	(139)
NET CHANGE IN FUND BALANCE	(656,800)	(656,800)	3,016	9,897	12,913	(669,712)
FUND BALANCE, beginning of year	657,300	657,300	653,286	656,302	656,302	998
FUND BALANCE, end of year	\$ 500	\$ 500	\$ 656,302	666,199	\$ 666,199	\$ (665,699)
RECONCILIATION TO GAAP BASIS						
GASB 72 adjustment				(11,953)		
TOTAL GAAP BASIS FUND BALANCE, end of year				\$ 654,246		

**City of Medford**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Budgetary Basis)**  
**Fire Apparatus Reserve - 370**  
**For the Year Ended June 30, 2023**

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With Final Budget
	Original	Final				
REVENUES						
Other revenue	\$ -	\$ -	\$ 18,000	\$ -	\$ 18,000	\$ (18,000)
Investment earnings	700	700	110	2,866	2,975	(2,275)
Total revenues	700	700	18,110	2,866	20,975	(20,275)
EXPENDITURES						
Public Safety	1,200,000	1,200,000	986,634	142,125	1,128,758	71,242
Total expenditures	1,200,000	1,200,000	986,634	142,125	1,128,758	71,242
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(1,199,300)	(1,199,300)	(968,524)	(139,259)	(1,107,783)	(91,517)
OTHER FINANCING SOURCES (USES)						
Transfers in	900,000	900,000	600,000	300,000	900,000	-
Total other financing sources (uses)	900,000	900,000	600,000	300,000	900,000	-
NET CHANGE IN FUND BALANCE	(299,300)	(299,300)	(368,524)	160,741	(207,783)	(91,517)
FUND BALANCE, beginning of year	382,000	382,000	381,153	12,629	12,629	369,371
FUND BALANCE, end of year	\$ 82,700	\$ 82,700	\$ 12,629	173,370	\$ 173,370	\$ (90,670)
RECONCILIATION TO GAAP BASIS						
GASB 72 adjustment				(908)		
TOTAL GAAP BASIS FUND BALANCE, end of year				\$ 172,462		



**City of Medford**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Budgetary Basis)**  
**Aquatic Facilities Reserve - 671**  
**For the Year Ended June 30, 2023**

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With Final Budget
	Original	Final				
REVENUES						
Investment earnings	\$ -	\$ -	\$ 8	\$ 27	\$ 35	\$ (35)
NET CHANGE IN FUND BALANCE	-	-	8	27	35	(35)
FUND BALANCE, beginning of year	-	-	1,692	1,700	1,700	(1,700)
FUND BALANCE, end of year	\$ -	\$ -	\$ 1,700	1,727	\$ 1,727	\$ (1,727)
RECONCILIATION TO GAAP BASIS						
GASB 72 adjustment				(31)		
TOTAL GAAP BASIS FUND BALANCE, end of year			\$ 1,696			

**City of Medford**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Budgetary Basis)**  
**Park Southeast Area SDC Fund - 621**  
**For the Year Ended June 30, 2023**

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With Final Budget
	Original	Final				
REVENUES						
Charges for services	\$ 300,000	\$ 300,000	\$ 199,646	\$ 141,300	\$ 340,946	\$ (40,946)
Investment earnings	2,100	2,100	2,772	6,157	8,929	(6,829)
Other revenue	-	-	48,424	-	48,424	(48,424)
Total revenues	302,100	302,100	250,842	147,457	398,299	(96,199)
EXPENDITURES						
Capital outlay	385,400	-	-	-	-	-
Contingency	122,700	122,700	-	-	-	122,700
Total expenditures	508,100	122,700	-	-	-	122,700
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(206,000)	179,400	250,842	147,457	398,299	(218,899)
OTHER FINANCING SOURCES (USES)						
Transfers out	-	(385,400)	(385,400)	-	(385,400)	-
Total other financing sources (uses)	-	(385,400)	(385,400)	-	(385,400)	-
NET CHANGE IN FUND BALANCE	(206,000)	(206,000)	(134,558)	147,457	12,899	(218,899)
FUND BALANCE, beginning of year	213,400	213,400	465,120	330,562	330,562	(117,162)
FUND BALANCE, end of year	\$ 7,400	\$ 7,400	\$ 330,562	478,019	\$ 478,019	\$ (470,619)
RECONCILIATION TO GAAP BASIS						
GASB 72 adjustment				(11,788)		
TOTAL GAAP BASIS FUND BALANCE, end of year				\$ 466,231		

**City of Medford**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Budgetary Basis)**  
**Park Improvement Fund - 630**  
**For the Year Ended June 30, 2023**

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With Final Budget
	Original	Final				
<b>REVENUES</b>						
Car rental tax	\$ 2,450,000	\$ 2,852,900	\$ 2,959,498	\$ 3,412,137	\$ 6,371,635	\$ (3,518,735)
Lodging tax	3,060,000	3,060,000	2,223,394	2,158,248	4,381,641	(1,321,641)
Grants and contracts	-	-	-	21,481	21,481	(21,481)
Investment earnings	39,200	39,200	22,730	60,048	82,778	(43,578)
Other revenue	-	-	464	-	464	(464)
<b>Total revenues</b>	<b>5,549,200</b>	<b>5,952,100</b>	<b>5,206,086</b>	<b>5,651,913</b>	<b>10,857,999</b>	<b>(4,905,899)</b>
<b>EXPENDITURES</b>						
Parks and recreations	650,600	650,600	290,939	246,072	537,010	113,590
Capital outlay	2,400,000	2,097,600	1,143,164	587,819	1,730,982	366,618
Contingency	282,200	282,200	-	-	-	282,200
<b>Total expenditures</b>	<b>3,332,800</b>	<b>3,030,400</b>	<b>1,434,102</b>	<b>833,890</b>	<b>2,267,992</b>	<b>762,407</b>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,216,400</b>	<b>2,921,700</b>	<b>3,771,984</b>	<b>4,818,023</b>	<b>8,590,006</b>	<b>(5,668,306)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	156,400	156,400	156,400	-	156,400	-
Transfers out	(4,421,100)	(7,448,500)	(5,240,925)	(2,207,448)	(7,448,373)	(127)
<b>Total other financing sources (uses)</b>	<b>(4,264,700)</b>	<b>(7,292,100)</b>	<b>(5,084,525)</b>	<b>(2,207,448)</b>	<b>(7,291,973)</b>	<b>(127)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(2,048,300)</b>	<b>(4,370,400)</b>	<b>(1,312,541)</b>	<b>2,610,575</b>	<b>1,298,033</b>	<b>(5,668,433)</b>
<b>FUND BALANCE, beginning of year</b>	<b>2,048,300</b>	<b>4,370,400</b>	<b>4,334,462</b>	<b>3,021,921</b>	<b>3,021,921</b>	<b>1,348,479</b>
<b>FUND BALANCE, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,021,921</b>	<b>5,632,496</b>	<b>\$ 5,632,496</b>	<b>\$ (5,632,496)</b>
<b>RECONCILIATION TO GAAP BASIS</b>						
GASB 72 adjustment				(107,138)		
<b>TOTAL GAAP BASIS FUND BALANCE, end of year</b>				<b>\$ 5,525,358</b>		

**City of Medford**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Budgetary Basis)**  
**MURA Capital Projects Fund - 901**  
**For the Year Ended June 30, 2023**

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With Final Budget
	Original	Final				
<b>REVENUES</b>						
Investment earnings	\$ 60,000	\$ 431,585	\$ 75,016	\$ 521,985	\$ 597,002	\$ (165,417)
Other revenue	-	283,165	213,072	73,575	286,647	(3,482)
<b>Total revenues</b>	<b>60,000</b>	<b>714,750</b>	<b>288,089</b>	<b>595,560</b>	<b>883,649</b>	<b>(168,899)</b>
<b>EXPENDITURES</b>						
Community development	1,398,700	3,722,450	1,121,992	1,513,077	2,635,069	1,087,381
Capital outlay	3,430,000	1,936,000	38,060	1,611,069	1,649,130	286,870
Contingency	7,506,100	7,331,100	-	-	-	7,331,100
<b>Total expenditures</b>	<b>12,334,800</b>	<b>12,989,550</b>	<b>1,160,052</b>	<b>3,124,146</b>	<b>4,284,199</b>	<b>8,705,351</b>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(12,274,800)</b>	<b>(12,274,800)</b>	<b>(871,963)</b>	<b>(2,528,586)</b>	<b>(3,400,550)</b>	<b>(8,874,250)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	15,982,000	15,982,000	7,842,000	8,140,000	15,982,000	-
Transfers out	(7,991,000)	(7,991,000)	(3,921,000)	(4,070,000)	(7,991,000)	-
<b>Total other financing sources (uses)</b>	<b>7,991,000</b>	<b>7,991,000</b>	<b>3,921,000</b>	<b>4,070,000</b>	<b>7,991,000</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(4,283,800)</b>	<b>(4,283,800)</b>	<b>3,049,037</b>	<b>1,541,414</b>	<b>4,590,450</b>	<b>(8,874,250)</b>
<b>FUND BALANCE, beginning of year</b>	<b>4,283,800</b>	<b>4,283,800</b>	<b>3,702,850</b>	<b>6,751,887</b>	<b>6,751,887</b>	<b>(2,468,087)</b>
<b>FUND BALANCE, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,751,887</b>	<b>8,293,301</b>	<b>\$ 8,293,301</b>	<b>\$ (8,293,301)</b>
<b>RECONCILIATION TO GAAP BASIS</b>						
GASB 87 Lease Receivable				192,204		
GASB 87 Deferred Inflow of Resources				(191,693)		
<b>TOTAL GAAP BASIS FUND BALANCE, end of year</b>				<b>\$ 8,293,812</b>		

**City of Medford  
Enterprise Funds  
June 30, 2023**

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.

**Parking Facilities Fund** – Accounts for the maintenance, operation, improvement, and expansion of the City's off-street parking facilities.

**City of Medford  
Combining Balance Sheet  
Enterprise Fund - Sewer Utility Fund  
June 30, 2023**

	Storm Drain SDC Fund - 522	Storm Drain Utility Fund - 501	Sewage Treatment Fund - 503	Sewer Collection System SDC Fund - 521	Sanitary Sewer Maintenance Fund - 502	Sewage Treatment SDC Fund - 523	Total
<b>ASSETS</b>							
<b>Current assets</b>							
Cash and investments	\$ 2,265,330	\$ 18,296,437	\$ 7,173,873	\$ 3,076,636	\$ 8,076,462	\$ 11,735,110	\$ 50,623,848
Receivables	30,958	503,688	593,375	42,497	544,697	205,302	1,920,517
Prepaid expense	-	-	499	-	-	-	499
Inventories	-	-	420,969	-	-	-	420,969
Total current assets	2,296,288	18,800,125	8,188,716	3,119,133	8,621,159	11,940,412	52,965,833
<b>Noncurrent assets</b>							
<b>Capital assets</b>							
Land and construction in progress	-	262,699	438,194	-	1,253,921	-	1,954,814
Right-to-use, net	-	-	1,490	-	-	-	1,490
Capital assets, net	-	38,307,719	24,978,145	-	22,357,622	-	85,643,486
Net OPEB asset	-	-	119,891	-	-	-	119,891
Total noncurrent assets	-	38,570,418	25,537,820	-	23,611,543	-	87,719,781
Total assets	2,296,288	57,370,543	33,726,536	3,119,133	32,232,702	11,940,412	140,685,614
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
OPEB related items	-	-	49,314	-	-	-	49,314
Pension related items	-	-	1,992,475	-	-	-	1,992,475
Total deferred outflows of resources	-	-	2,041,789	-	-	-	2,041,789
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 2,296,288</b>	<b>\$ 57,370,543</b>	<b>\$ 35,768,325</b>	<b>\$ 3,119,133</b>	<b>\$ 32,232,702</b>	<b>\$ 11,940,412</b>	<b>\$ 142,727,403</b>
<b>LIABILITIES</b>							
<b>Current liabilities</b>							
Accounts payable	\$ -	\$ 1,116,260	\$ 406,033	\$ 3,518	\$ 1,405,124	\$ 13,918	\$ 2,944,853
Payroll and related accounts	10,030	114,145	133,955	-	92,190	-	350,320
Retainage payable	-	56,634	-	4,158	72,316	-	133,108
Unearned revenue	32,829	-	-	42,497	-	90,993	166,319
Compensated absences, due within one year	-	23,745	47,149	-	25,364	-	96,258
Total current liabilities	42,859	1,310,784	587,137	50,173	1,594,994	104,911	3,690,858
<b>Noncurrent liabilities</b>							
Compensated absences, due in more than one year	-	94,981	188,598	-	101,454	-	385,033
Lease liability	-	-	1,593	-	-	-	1,593
Total OPEB liability	-	-	545,453	-	-	-	545,453
Net pension liability	-	-	5,248,375	-	-	-	5,248,375
Total noncurrent liabilities	-	94,981	5,984,019	-	101,454	-	6,180,454
Total liabilities	42,859	1,405,765	6,571,156	50,173	1,696,448	104,911	9,871,312
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Pension related items	-	-	1,799,613	-	-	-	1,799,613
OPEB related items	-	-	144,789	-	-	-	144,789
Total deferred inflows of resources	-	-	1,944,402	-	-	-	1,944,402
<b>NET POSITION</b>							
Net investment in capital assets	-	38,570,418	25,416,236	-	23,611,543	-	87,598,197
Future system development	2,253,429	-	-	3,068,960	-	11,835,501	17,157,890
Unrestricted	-	17,394,360	1,836,531	-	6,924,711	-	26,155,602
Total net position	2,253,429	55,964,778	27,252,767	3,068,960	30,536,254	11,835,501	130,911,689
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 2,296,288</b>	<b>\$ 57,370,543</b>	<b>\$ 35,768,325</b>	<b>\$ 3,119,133</b>	<b>\$ 32,232,702</b>	<b>\$ 11,940,412</b>	<b>\$ 142,727,403</b>

**City of Medford**  
**Combining Schedule of Revenues, Expenditures, and**  
**Changes in Fund Net Position**  
**Enterprise Fund - Sewer Utility Fund**  
**For the Year Ended June 30, 2023**

	Storm Drain SDC Fund - 522	Storm Drain Utility Fund - 501	Sewage Treatment Fund - 503	Sewer Collection System SDC Fund - 521	Sanitary Sewer Maintenance Fund - 502	Sewage Treatment SDC Fund - 523	Total
<b>OPERATING REVENUES</b>							
Charges for services	\$ 345,422	\$ 6,047,258	\$ 7,651,677	\$ 368,652	\$ 6,534,770	\$ 1,369,958	\$ 22,317,737
Miscellaneous income	-	24,439	48,574	-	3,202	-	76,215
Total operating revenues	345,422	6,071,697	7,700,251	368,652	6,537,972	1,369,958	22,393,952
<b>OPERATING EXPENSES</b>							
Salaries and fringe benefits	177,135	2,484,376	2,644,203	4,250	2,070,158	-	7,380,122
Operating supplies	68,400	391,338	261,316	171,754	47,673	652,614	1,593,095
Professional services	-	178,743	764,586	-	473,566	-	1,416,895
Repairs and maintenance	-	558,375	188,171	-	496,414	-	1,242,960
Premiums and claims	1,700	68,000	77,300	200	55,811	-	203,011
Utilities	-	21,718	469,438	-	37,835	-	528,991
General, administrative, and engineering	-	61,287	716,311	-	50,506	-	828,104
Depreciation and amortization	-	1,462,075	1,598,624	-	965,478	-	4,026,177
Total operating expenses	247,235	5,225,912	6,719,949	176,204	4,197,441	652,614	17,219,355
OPERATING INCOME	98,187	845,785	980,302	192,448	2,340,531	717,344	5,174,597
<b>NONOPERATING REVENUE</b>							
Investment earnings	23,926	198,682	73,192	31,961	90,609	123,540	541,910
Total nonoperating revenue	23,926	198,682	73,192	31,961	90,609	123,540	541,910
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	122,113	1,044,467	1,053,494	224,409	2,431,140	840,884	5,716,507
<b>CONTRIBUTIONS AND TRANSFERS</b>							
Contributions	-	1,263,051	-	-	374,176	-	1,637,227
Transfers out	(18,315)	(1,034,731)	(407,844)	(62)	(1,003,474)	-	(2,464,426)
Total contributions and transfers	(18,315)	228,320	(407,844)	(62)	(629,298)	-	(827,199)
CHANGE IN NET POSITION	103,798	1,272,787	645,650	224,347	1,801,842	840,884	4,889,308
NET POSITION, beginning of year	2,149,631	54,691,991	26,607,117	2,844,613	28,734,412	10,994,617	126,022,381
NET POSITION, end of year	\$ 2,253,429	\$ 55,964,778	\$ 27,252,767	\$ 3,068,960	\$ 30,536,254	\$ 11,835,501	\$ 130,911,689

**City of Medford**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Budgetary Basis)**  
**Storm Drain SDC Fund - 522**  
**For the Year Ended June 30, 2023**

	Biennium Budget		First Year	Second Year	Total Actual	Variance With
	Original	Final	Actual	Actual		Final Budget
<b>REVENUES</b>						
Contributions	\$ 633,200	\$ 633,200	\$ 203,640	\$ 345,421	\$ 549,061	\$ 84,139
Investment earnings	21,300	21,300	10,512	33,516	44,027	(22,727)
Total revenues	654,500	654,500	214,152	378,936	593,088	61,412
<b>EXPENDITURES</b>						
Sewer system maintenance and construction	580,700	580,700	133,357	178,833	312,190	268,510
Capital outlay	1,180,000	1,180,000	121,974	68,400	190,374	989,626
Contingency	200,000	200,000	-	-	-	200,000
Total expenditures	1,960,700	1,960,700	255,331	247,233	502,564	1,458,136
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(1,306,200)	(1,306,200)	(41,179)	131,703	90,524	(1,396,724)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out	(36,300)	(36,300)	(17,821)	(18,315)	(36,136)	(164)
Total other financing sources (uses)	(36,300)	(36,300)	(17,821)	(18,315)	(36,136)	(164)
NET CHANGE IN FUND BALANCE	(1,342,500)	(1,342,500)	(59,000)	113,388	54,388	(1,396,888)
FUND BALANCE, beginning of year	2,299,300	2,299,300	2,240,038	2,181,038	2,181,038	118,262
FUND BALANCE, end of year	\$ 956,800	\$ 956,800	\$ 2,181,038	2,294,426	\$ 2,294,426	\$ (1,337,626)
RECONCILIATION TO GAAP BASIS						
GASB 72 adjustment				(40,997)		
TOTAL GAAP BASIS FUND BALANCE, end of year				\$ 2,253,429		

**City of Medford**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Budgetary Basis)**  
**Storm Drain Utility Fund - 501**  
**For the Year Ended June 30, 2023**

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With Final Budget
	Original	Final				
<b>REVENUES</b>						
Charges for services	\$ 11,920,800	\$ 11,920,800	\$ 6,019,229	\$ 6,047,259	\$ 12,066,488	\$ (145,688)
Investment earnings	180,600	180,600	83,255	277,905	361,161	(180,561)
Other revenue	-	-	8,771	24,439	33,210	(33,210)
Total revenues	<u>12,101,400</u>	<u>12,101,400</u>	<u>6,111,255</u>	<u>6,349,603</u>	<u>12,460,859</u>	<u>(359,459)</u>
<b>EXPENDITURES</b>						
Storm drain system development	9,422,600	9,415,100	3,919,541	3,822,385	7,741,926	1,673,174
Capital outlay	4,692,500	4,692,500	319,400	1,941,700	2,261,100	2,431,400
Contingency	5,500,000	5,500,000	-	-	-	5,500,000
Total expenditures	<u>19,615,100</u>	<u>19,607,600</u>	<u>4,238,941</u>	<u>5,764,085</u>	<u>10,003,026</u>	<u>9,604,574</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>(7,513,700)</u>	<u>(7,506,200)</u>	<u>1,872,314</u>	<u>585,518</u>	<u>2,457,833</u>	<u>(9,964,033)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out	(2,172,400)	(2,172,400)	(1,003,015)	(1,034,731)	(2,037,746)	(134,654)
Total other financing sources (uses)	<u>(2,172,400)</u>	<u>(2,172,400)</u>	<u>(1,003,015)</u>	<u>(1,034,731)</u>	<u>(2,037,746)</u>	<u>(134,654)</u>
NET CHANGE IN FUND BALANCE	(9,686,100)	(9,678,600)	869,299	(449,213)	420,087	(10,098,687)
FUND BALANCE, beginning of year	17,061,300	17,061,300	17,433,422	18,302,721	18,302,721	(1,241,421)
FUND BALANCE, end of year	<u>\$ 7,375,200</u>	<u>\$ 7,382,700</u>	<u>\$ 18,302,721</u>	17,853,508	<u>\$ 17,853,508</u>	<u>\$ (10,470,808)</u>
<b>RECONCILIATION TO GAAP BASIS</b>						
GASB 72 adjustment				(340,421)		
Capital assets, net				38,570,417		
Compensated absences				(118,726)		
TOTAL GAAP BASIS FUND BALANCE, end of year				<u>\$ 55,964,778</u>		

**City of Medford**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Budgetary Basis)**  
**Sewage Treatment Fund - 503**  
**For the Year Ended June 30, 2023**

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With Final Budget
	Original	Final				
<b>REVENUES</b>						
Charges for services	\$ 13,586,600	\$ 13,586,600	\$ 6,748,805	\$ 7,651,677	\$ 14,400,482	\$ (813,882)
Investment earnings	34,300	34,300	24,080	103,017	127,097	(92,797)
Other revenue	40,000	40,000	79,188	48,574	127,762	(87,762)
Total revenues	<u>13,660,900</u>	<u>13,660,900</u>	<u>6,852,074</u>	<u>7,803,267</u>	<u>14,655,341</u>	<u>(994,441)</u>
<b>EXPENDITURES</b>						
Sewer treatment maintenance	9,922,300	11,033,600	4,739,778	5,562,004	10,301,783	731,817
Capital outlay	2,430,000	2,067,800	199,123	618,559	817,681	1,250,119
Contingency	2,500,000	1,750,900	-	-	-	1,750,900
Total expenditures	<u>14,852,300</u>	<u>14,852,300</u>	<u>4,938,901</u>	<u>6,180,563</u>	<u>11,119,464</u>	<u>3,732,836</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>(1,191,400)</u>	<u>(1,191,400)</u>	<u>1,913,173</u>	<u>1,622,704</u>	<u>3,535,877</u>	<u>(4,727,277)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out	(804,600)	(804,600)	(396,665)	(407,844)	(804,509)	(91)
Total other financing sources (uses)	<u>(804,600)</u>	<u>(804,600)</u>	<u>(396,665)</u>	<u>(407,844)</u>	<u>(804,509)</u>	<u>(91)</u>
NET CHANGE IN FUND BALANCE	(1,996,000)	(1,996,000)	1,516,508	1,214,860	2,731,368	(4,727,368)
FUND BALANCE, beginning of year	3,996,400	3,996,400	4,614,191	6,130,699	6,130,699	(2,134,299)
FUND BALANCE, end of year	<u>\$ 2,000,400</u>	<u>\$ 2,000,400</u>	<u>\$ 6,130,699</u>	7,345,559	<u>\$ 7,345,559</u>	<u>\$ (5,345,159)</u>
<b>RECONCILIATION TO GAAP BASIS</b>						
GASB 72 adjustment				(117,802)		
Inventory				420,969		
Capital assets, net				25,416,341		
Right to use asset, net				1,490		
Compensated absences				(235,747)		
Lease liability				(1,593)		
Net OPEB liability / asset				(425,462)		
Net pension liability				(5,248,375)		
Deferred outflow of resources				2,041,789		
Deferred inflow of resources				(1,944,402)		
TOTAL GAAP BASIS FUND BALANCE, end of year				<u>\$ 27,252,767</u>		

**City of Medford**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Budgetary Basis)**  
**Sewer Collection System SDC Fund - 521**  
**For the Year Ended June 30, 2023**

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With Final Budget
	Original	Final				
REVENUES						
Charges for services	\$ 535,500	\$ 535,500	\$ 586,932	\$ 368,652	\$ 955,584	\$ (420,084)
Investment earnings	17,500	17,500	12,212	44,914	57,126	(39,626)
Total revenues	553,000	553,000	599,144	413,566	1,012,710	(459,710)
EXPENDITURES						
Sewer collection system development	400	400	200	4,450	4,650	(4,250)
Capital outlay	1,322,500	1,322,500	4,325	171,753	176,078	1,146,422
Contingency	275,000	275,000	-	-	-	275,000
Total expenditures	1,597,900	1,597,900	4,525	176,203	180,728	1,417,172
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(1,044,900)	(1,044,900)	594,619	237,363	831,982	(1,876,882)
OTHER FINANCING SOURCES (USES)						
Transfers out	(200)	(200)	(61)	(62)	(123)	(77)
Total other financing sources (uses)	(200)	(200)	(61)	(62)	(123)	(77)
NET CHANGE IN FUND BALANCE	(1,045,100)	(1,045,100)	594,558	237,301	831,859	(1,876,959)
FUND BALANCE, beginning of year	2,051,100	2,051,100	2,291,478	2,886,036	2,886,036	(834,936)
FUND BALANCE, end of year	\$ 1,006,000	\$ 1,006,000	\$ 2,886,036	3,123,337	\$ 3,123,337	\$ (2,117,337)
RECONCILIATION TO GAAP BASIS						
GASB 72 adjustment				(54,377)		
TOTAL GAAP BASIS FUND BALANCE, end of year				\$ 3,068,960		

**City of Medford**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Budgetary Basis)**  
**Sanitary Sewer Maintenance Fund - 502**  
**For the Year Ended June 30, 2023**

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With Final Budget
	Original	Final				
REVENUES						
Charges for services	\$ 13,185,000	\$ 13,185,000	\$ 6,528,694	\$ 6,523,272	\$ 13,051,967	\$ 133,033
Investment earnings	53,700	53,700	34,837	126,842	161,680	(107,980)
Other revenue	-	-	6,804	14,699	21,504	(21,504)
Total revenues	13,238,700	13,238,700	6,570,336	6,664,814	13,235,150	3,550
EXPENDITURES						
Sewer system maintenance and construction	8,494,300	8,603,900	3,359,592	3,935,994	7,295,586	1,308,314
Capital outlay	4,067,500	3,967,500	1,047,129	2,356,374	3,403,503	563,997
Contingency	2,100,000	2,082,900	-	-	-	2,082,900
Total expenditures	14,661,800	14,654,300	4,406,721	6,292,368	10,699,089	3,955,211
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(1,423,100)	(1,415,600)	2,163,615	372,446	2,536,061	(3,951,661)
OTHER FINANCING SOURCES (USES)						
Transfers out	(2,110,700)	(2,110,700)	(972,641)	(1,003,474)	(1,976,115)	(134,585)
Total other financing sources (uses)	(2,110,700)	(2,110,700)	(972,641)	(1,003,474)	(1,976,115)	(134,585)
NET CHANGE IN FUND BALANCE	(3,533,800)	(3,526,300)	1,190,974	(631,028)	559,946	(4,086,246)
FUND BALANCE, beginning of year	6,179,500	6,179,500	6,652,619	7,843,593	7,843,593	(1,664,093)
FUND BALANCE, end of year	\$ 2,645,700	\$ 2,653,200	\$ 7,843,593	7,212,565	\$ 7,212,565	\$ (4,559,365)
RECONCILIATION TO GAAP BASIS						
GASB 72 adjustment				(161,037)		
Capital assets, net				23,611,544		
Compensated absences				(126,818)		
TOTAL GAAP BASIS FUND BALANCE, end of year				\$ 30,536,254		

**City of Medford**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Budgetary Basis)**  
**Sewage Treatment SDC Fund - 523**  
**For the Year Ended June 30, 2023**

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With Final Budget
	Original	Final				
REVENUES						
Charges for services	\$ 2,420,800	\$ 2,420,800	\$ 1,652,515	\$ 1,369,959	\$ 3,022,475	\$ (601,675)
Investment earnings	78,400	78,400	49,613	172,935	222,548	(144,148)
Total revenues	2,499,200	2,499,200	1,702,128	1,542,894	3,245,023	(745,823)
EXPENDITURES						
Capital outlay	1,000,000	1,485,000	491,099	652,615	1,143,714	341,286
Contingency	10,000,000	9,515,000	-	-	-	9,515,000
Total expenditures	11,000,000	11,000,000	491,099	652,615	1,143,714	9,856,286
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(8,500,800)	(8,500,800)	1,211,029	890,279	2,101,309	(10,602,108)
NET CHANGE IN FUND BALANCE	(8,500,800)	(8,500,800)	1,211,029	890,279	2,101,309	(10,602,108)
FUND BALANCE, beginning of year	9,407,400	9,407,400	9,943,523	11,154,552	11,154,552	(1,747,152)
FUND BALANCE, end of year	\$ 906,600	\$ 906,600	\$ 11,154,552	12,044,831	\$ 12,044,831	\$ (11,138,231)
RECONCILIATION TO GAAP BASIS						
GASB 72 adjustment				(209,330)		
TOTAL GAAP BASIS FUND BALANCE, end of year				\$ 11,835,501		

**City of Medford**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Budgetary Basis)**  
**Parking Facilities Fund - 701**  
**For the Year Ended June 30, 2023**

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With Final Budget
	Original	Final				
REVENUES						
Charges for services	\$ 908,400	\$ 908,400	\$ 356,113	\$ 524,581	\$ 880,694	\$ 27,706
Investment earnings	13,600	13,600	4,189	12,537	16,725	(3,125)
Other revenue	-	-	920	-	920	(920)
Total revenues	922,000	922,000	361,221	537,118	898,339	23,661
EXPENDITURES						
Parking facilities maintenance and construction	1,124,900	1,124,900	476,168	482,446	958,614	166,286
Total expenditures	1,124,900	1,124,900	476,168	482,446	958,614	166,286
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(202,900)	(202,900)	(114,947)	54,672	(60,275)	(142,625)
OTHER FINANCING SOURCES (USES)						
Transfers out	(118,700)	(118,700)	(60,180)	(58,346)	(118,525)	(175)
Total other financing sources (uses)	(118,700)	(118,700)	(60,180)	(58,346)	(118,525)	(175)
NET CHANGE IN FUND BALANCE	(321,600)	(321,600)	(175,127)	(3,674)	(178,800)	(142,800)
FUND BALANCE, beginning of year	736,800	736,800	1,006,599	831,472	831,472	(94,672)
FUND BALANCE, end of year	\$ 415,200	\$ 415,200	\$ 831,472	827,798	\$ 827,798	\$ (412,598)
RECONCILIATION TO GAAP BASIS						
GASB 72 adjustment				(14,622)		
Lease receivable				45,239		
Capital assets, net				1,660,873		
Net OPEB liability				(7,629)		
Net pension liability				(88,654)		
Deferred outflow of resources				34,539		
Deferred inflow of resources				(77,780)		
Compensated absences				(2,866)		
TOTAL GAAP BASIS FUND BALANCE, end of year				\$ 2,376,898		

**City of Medford  
Internal Service Funds  
June 30, 2023**

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

**Risk Management Fund** – Accounts for administration and associated cost of workers' compensation insurance and other insurance programs provided by the City.

**Fleet Maintenance Fund** – Accounts for fleet maintenance services provided by the City.

**City of Medford  
Combining Balance Sheet  
Internal Service Funds  
June 30, 2023**

	Risk Management Fund - 700	Fleet Maintenance Fund - 540	Total
<b>ASSETS</b>			
Current assets			
Cash and investments	\$ 3,439,445	\$ (86,150)	\$ 3,353,295
Receivables	5,226	123,351	128,577
Prepaid expense	840,174	-	840,174
Inventories	-	1,251,088	1,251,088
Total current assets	<u>4,284,845</u>	<u>1,288,289</u>	<u>5,573,134</u>
Noncurrent assets			
Restricted cash and investments	121,426	-	121,426
Land and construction in progress	-	7,280	7,280
Right-to-use subscription, net	29,947	-	29,947
Right-to-use, net	513	-	513
Capital assets, net	-	188,694	188,694
Net OPEB asset	4,686	15,399	20,085
Total noncurrent assets	<u>156,572</u>	<u>211,373</u>	<u>367,945</u>
Total assets	<u>4,441,417</u>	<u>1,499,662</u>	<u>5,941,079</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
OPEB related items	1,926	6,329	8,255
Pension related items	69,067	226,992	296,059
Total deferred outflows of resources	<u>70,993</u>	<u>233,321</u>	<u>304,314</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 4,512,410</u>	<u>\$ 1,732,983</u>	<u>\$ 6,245,393</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	\$ 40,182	\$ 93,484	\$ 133,666
Payroll and related accounts	134,681	38,452	173,133
Advances from other funds	-	450,000	450,000
Compensated absences, due within one year	4,518	8,128	12,646
Claims payable	1,609,161	-	1,609,161
Total current liabilities	<u>1,788,542</u>	<u>590,064</u>	<u>2,378,606</u>
Noncurrent liabilities			
Compensated absences, due in more than one year	18,071	32,513	50,584
Subscription liability	30,183	-	30,183
Lease liability	552	-	552
Total OPEB liability	21,300	70,002	91,302
Net pension liability	181,930	597,923	779,853
Total noncurrent liabilities	<u>252,036</u>	<u>700,438</u>	<u>952,474</u>
Total liabilities	<u>2,040,578</u>	<u>1,290,502</u>	<u>3,331,080</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related items	62,383	205,022	267,405
OPEB related items	5,654	18,581	24,235
Total deferred inflows of resources	<u>68,037</u>	<u>223,603</u>	<u>291,640</u>
<b>NET POSITION</b>			
Net investment in capital assets	(275)	195,974	195,699
Employee section 125 plan	121,426	-	121,426
Unrestricted	2,282,644	22,904	2,305,548
Total net position	<u>2,403,795</u>	<u>218,878</u>	<u>2,622,673</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<u>\$ 4,512,410</u>	<u>\$ 1,732,983</u>	<u>\$ 6,245,393</u>



**City of Medford**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2023**

	Risk Management Fund - 700	Fleet Maintenance Fund - 540	Total
<b>OPERATING REVENUES</b>			
Charges for services	\$ 2,214,157	\$ 1,893,993	\$ 4,108,150
Other revenue	77,396	903	78,299
Total operating revenues	<u>2,291,553</u>	<u>1,894,896</u>	<u>4,186,449</u>
<b>OPERATING EXPENSES</b>			
Salaries and fringe benefits	276,560	983,323	1,259,883
Operating supplies	1,650	852,569	854,219
Professional services	43,748	10,007	53,755
Repairs and maintenance	-	23,650	23,650
Premiums and claims	1,279,236	23,100	1,302,336
Utilities	-	3,501	3,501
General, administrative, and engineering	67,335	19,186	86,521
Depreciation and amortization	5,987	28,679	34,666
Total operating expenses	<u>1,674,516</u>	<u>1,944,015</u>	<u>3,618,531</u>
<b>OPERATING INCOME (LOSS)</b>	<u>617,037</u>	<u>(49,119)</u>	<u>567,918</u>
<b>NONOPERATING EXPENSES</b>			
Investment earnings	36,813	(5,699)	31,114
Total nonoperating expenses	<u>36,813</u>	<u>(5,699)</u>	<u>31,114</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<u>653,850</u>	<u>(54,818)</u>	<u>599,032</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>			
Transfers out	(131,971)	(152,458)	(284,429)
Total contributions and transfers	<u>(131,971)</u>	<u>(152,458)</u>	<u>(284,429)</u>
<b>NET CHANGE IN NET POSITION</b>	<u>521,879</u>	<u>(207,276)</u>	<u>314,603</u>
<b>NET POSITION, beginning of year</b>	<u>1,881,916</u>	<u>426,154</u>	<u>2,308,070</u>
<b>NET POSITION, end of year</b>	<u>\$ 2,403,795</u>	<u>\$ 218,878</u>	<u>\$ 2,622,673</u>

**City of Medford**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2023**

	Risk Management Fund - 700	Fleet Maintenance Fund - 540	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ -	\$ 768,943	\$ 768,943
Receipt from interfund services provided	2,286,634	1,099,552	3,386,186
Payments to suppliers	(2,624,060)	(907,525)	(3,531,585)
Payments to employees	(283,558)	(950,196)	(1,233,754)
Net cash provided (used) by operating activities	<u>(620,984)</u>	<u>10,774</u>	<u>(610,210)</u>
<b>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers to other funds	(131,971)	(152,458)	(284,429)
Proceeds from interfund loan	-	450,000	450,000
Net cash provided (used) by noncapital financing activities	<u>(131,971)</u>	<u>297,542</u>	<u>(284,429)</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(5,769)	(7,281)	(13,050)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends received	36,813	(5,699)	31,114
Net cash provided (used) by investing activities	<u>36,813</u>	<u>(5,699)</u>	<u>31,114</u>
<b>INCREASE (DECREASE) IN CASH AND INVESTMENTS</b>	<u>(721,911)</u>	<u>295,336</u>	<u>(426,575)</u>
<b>CASH AND INVESTMENTS, beginning of year</b>	<u>4,282,782</u>	<u>(381,486)</u>	<u>3,901,296</u>
<b>CASH AND INVESTMENTS, end of year</b>	<u>\$ 3,560,871</u>	<u>\$ (86,150)</u>	<u>\$ 3,474,721</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 617,037	\$ (49,119)	\$ 567,918
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation expense	5,987	28,679	34,666
Pension and OPEB expense	(5,106)	39,722	34,616
(Increase) decrease in accounts receivable	(4,919)	(26,401)	(31,320)
(Increase) decrease in prepaids expenses	(840,174)	-	(840,174)
(Increase) decrease in inventory	-	(19,023)	(19,023)
Increase (decrease) in accounts payable	31,307	43,511	74,818
Increase (decrease) in compensated absences	6,775	(4,853)	1,922
Increase (decrease) in accrued payroll and related expenses	(8,667)	(1,742)	(10,409)
Increase (decrease) in claims payable	(423,224)	-	(423,224)
Total adjustments	<u>(1,238,021)</u>	<u>59,893</u>	<u>(1,178,128)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ (620,984)</u>	<u>\$ 10,774</u>	<u>\$ (610,210)</u>

**City of Medford**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Budgetary Basis)**  
**Risk Management Fund - 700**  
**For the Year Ended June 30, 2023**

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With Final Budget
	Original	Final				
<b>REVENUES</b>						
Charges for services	\$ 4,140,000	\$ 4,397,315	\$ 2,435,960	\$ 2,291,553	\$ 4,727,514	\$ (330,199)
Investment earnings	43,400	53,400	19,510	53,873	73,383	(19,983)
Total revenues	4,183,400	4,450,715	2,455,470	2,345,426	4,800,897	(350,182)
<b>EXPENDITURES</b>						
Risk management	3,856,400	4,123,715	1,920,845	2,096,088	4,016,933	106,782
Contingency	500,000	500,000	-	-	-	500,000
Total expenditures	4,356,400	4,623,715	1,920,845	2,096,088	4,016,933	606,782
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(173,000)	(173,000)	534,625	249,338	783,964	(956,964)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out	(261,600)	(261,600)	(129,545)	(131,971)	(261,516)	(84)
Total other financing sources (uses)	(261,600)	(261,600)	(129,545)	(131,971)	(261,516)	(84)
NET CHANGE IN FUND BALANCE	(434,600)	(434,600)	405,080	117,367	522,448	(957,048)
FUND BALANCE, beginning of year	3,533,900	3,533,900	3,779,795	4,184,875	4,184,875	(650,975)
FUND BALANCE, end of year	\$ 3,099,300	\$ 3,099,300	\$ 4,184,875	4,302,242	\$ 4,302,242	\$ (1,202,942)
<b>RECONCILIATION TO GAAP BASIS</b>						
GASB 72 adjustment				(71,070)		
Right to use asset, net				513		
Lease liability				(552)		
Claims payable				(1,609,161)		
Net OPEB liability / asset				(16,614)		
Net pension liability				(181,930)		
Deferred outflow of resources				70,993		
Deferred inflow of resources				(68,037)		
Compensated absences				(22,589)		
TOTAL GAAP BASIS FUND BALANCE, end of year				\$ 2,403,795		

**City of Medford**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Budgetary Basis)**  
**Fleet Maintenance Fund - 540**  
**For the Year Ended June 30, 2023**

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With Final Budget
	Original	Final				
<b>REVENUES</b>						
Charges for services	\$ 3,989,000	\$ 3,989,000	\$ 1,881,633	\$ 1,893,993	\$ 3,775,626	\$ 213,374
Investment earnings	1,400	1,400	(1,305)	(5,699)	(7,004)	8,404
Other revenue	-	-	1,720	903	2,623	(2,623)
Total revenues	3,990,400	3,990,400	1,882,048	1,889,198	3,771,246	219,154
<b>EXPENDITURES</b>						
Storm drain system development	3,286,100	3,838,800	1,811,441	1,880,471	3,691,912	146,888
Capital outlay	110,000	7,300	-	7,280	7,280	20
Contingency	200,000	200,000	-	-	-	200,000
Total expenditures	3,596,100	4,046,100	1,811,441	1,887,751	3,699,192	346,908
EXCESS REVENUES OVER (UNDER) EXPENDITURES	394,300	(55,700)	70,607	1,447	72,054	(127,753)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	450,000	-	450,000	450,000	-
Transfers out	(301,200)	(301,200)	(148,614)	(152,458)	(301,072)	(128)
Total other financing sources (uses)	(301,200)	148,800	(148,614)	297,542	148,928	(128)
NET CHANGE IN FUND BALANCE	93,100	93,100	(78,007)	298,989	220,982	(127,881)
FUND BALANCE, beginning of year	452,100	452,100	935,370	857,363	857,363	(405,263)
FUND BALANCE, end of year	\$ 545,200	\$ 545,200	\$ 857,363	1,156,352	\$ 1,156,352	\$ (611,152)
<b>RECONCILIATION TO GAAP BASIS</b>						
Advances from other funds				(450,000)		
Capital assets, net				195,975		
Net OPEB liability / asset				(54,603)		
Net pension liability				(597,923)		
Deferred outflow of resources				233,321		
Compensated absences				(40,641)		
Deferred inflow of resources				(223,603)		
TOTAL GAAP BASIS FUND BALANCE, end of year				\$ 218,878		

**Other Financial Schedules**

**City of Medford  
Budget and Actual  
Schedule of Expenditures by Division  
For the Year Ended June 30, 2023**

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With Final Budget
	Original	Final				
<b>EXPENDITURES</b>						
Mayor and council	\$ 1,397,800	\$ 1,455,000	\$ 508,615	485,197	\$ 993,812	\$ 461,188
City manager	2,797,000	2,897,000	1,123,305	1,360,979	2,484,284	412,716
City attorney	4,047,100	4,059,600	1,872,283	2,014,000	3,886,283	173,317
Human resources	3,043,300	3,439,415	1,528,597	1,779,352	3,307,949	131,466
Finance	27,043,300	27,023,300	12,313,656	13,891,181	26,204,837	818,463
Municipal court	3,491,400	3,765,400	1,645,461	1,959,283	3,604,744	160,656
Innovation & technology	6,206,200	6,290,000	2,700,192	2,847,990	5,548,182	741,818
Planning	4,466,900	5,613,602	2,107,955	2,478,383	4,586,338	1,027,264
Facilities	7,383,300	7,101,700	3,057,886	3,114,665	6,172,551	929,149
Police	56,910,300	59,391,431	28,236,335	29,410,678	57,647,013	1,744,418
Fire	36,238,900	37,264,627	18,241,327	18,135,771	36,377,098	887,529
Building safety	4,313,400	4,320,595	1,826,267	2,098,974	3,925,241	395,354
Public works	38,887,700	39,607,700	16,742,582	19,309,623	36,052,205	3,555,495
Regional water reclamation	13,334,000	14,568,100	5,396,639	6,786,200	12,182,839	2,385,261
Engineering & development	55,203,800	57,973,900	11,093,198	11,214,779	22,307,977	35,665,923
Parks & recreation	74,246,400	89,834,013	21,567,036	49,623,127	71,190,163	18,643,850
Community promotion & grants	5,143,200	35,115,767	8,031,859	11,105,813	19,137,672	15,978,095
Parking Management	659,400	659,400	240,584	271,791	512,375	147,025
Community & social services	-	75,000	-	10,000	10,000	65,000
Contingency	60,899,400	34,936,765	-	-	-	34,936,765
<b>Total expenditures</b>	<b>405,712,800</b>	<b>435,392,315</b>	<b>138,233,777</b>	<b>177,897,786</b>	<b>316,131,563</b>	<b>119,260,752</b>
<b>OTHER FINANCING SOURCES</b>						
Interfund transfers and loans	54,079,400	62,471,410	28,917,233	23,691,346	52,608,579	9,862,831
<b>Total other financing sources</b>	<b>54,079,400</b>	<b>62,471,410</b>	<b>28,917,233</b>	<b>23,691,346</b>	<b>52,608,579</b>	<b>9,862,831</b>
<b>TOTAL APPROPRIATIONS</b>	<b>\$ 459,792,200</b>	<b>\$ 497,863,725</b>	<b>\$ 167,151,010</b>	<b>\$ 201,589,132</b>	<b>\$ 368,740,142</b>	<b>\$ 129,123,583</b>

**City of Medford, Oregon**  
**Introduction to the Statistical Section**  
**(Unaudited)**

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

<b>CONTENTS</b>	<b>PAGE</b>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Schedule 1 – net position by component	132
Schedule 2 – changes in net position	133
Schedule 3 – fund balances	135
Schedule 4 – changes in fund balances	136
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its own source revenue, such as property taxes.	
Schedule 5 – assessed and estimated actual value of taxable property	138
Schedule 6 – property tax rates - direct and overlapping governments	139
Schedule 7 – principal property taxpayers (City of Medford)	140
Schedule 7a – principal property taxpayers (Jackson County)	141
Schedule 8 – property tax levies and collections	142
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Schedule 9 – ratios of outstanding debt by type	143
Schedule 10 – ratios of net general bonded debt outstanding	144
Schedule 11 – direct and overlapping governmental activities debt	145
Schedule 12 – legal debt margin information	146
Schedule 13 – pledged-revenue coverage	147
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make the comparisons over time and with other governments.	
Schedule 14 – demographic and economic statistics	148
Schedule 15 – largest employers	149

<b>CONTENTS</b>	<b>PAGE</b>
<b>Operating Information</b>	
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it provides.	
Schedule 16 – number of full time (FT) employees and FT equivalent at end of each fiscal year	150
Schedule 17 – operating indicators by function	151
Schedule 18 – capital asset statistics by function	153
<b>Sources</b>	
Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.	

**City of Medford, Oregon**  
**Schedule 1 - Net Position by Component**  
**Last Ten Fiscal Years - Unaudited - Amounts in Dollars**  
**Accrual Basis of Accounting**  
**June 30, 2023**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Governmental activities</b>										
Net investment in capital assets	\$ 233,292,847	\$ 230,039,491	\$ 265,499,121	\$ 235,720,103	\$ 245,269,283	\$ 250,699,201	\$ 249,539,148	\$ 281,930,796	\$ 296,045,941	\$ 306,000,990
Restricted										
Public safety	1,122,688	1,368,286	1,401,309	1,488,800	1,906,792	2,032,934	1,746,318	1,935,539	1,392,550	1,763,664
Employee section 125 plan	-	100,793	-	-	-	-	-	-	-	-
Highways and streets	18,475,789	22,705,617	15,079,266	16,100,310	41,318,842	43,640,737	58,405,314	57,812,979	45,288,141	60,811,073
Culture and recreation	8,119,399	4,948,229	6,746,706	8,575,469	6,479,986	5,503,652	6,617,633	6,146,938	61,356,241	27,260,300
Community development	6,208,364	3,046,548	3,701,166	4,654,293	5,065,787	5,069,357	5,635,594	10,450,742	14,113,916	17,446,037
Debt service	192,619	232,034	273,483	241,508	249,367	3,415,192	4,456,048	1,316,525	1,201,529	1,117,091
Unrestricted	18,345,502	5,592,837	(29,259,072)	(429,335)	(30,023,621)	(30,522,902)	(35,377,955)	(33,918,683)	(62,650,862)	(23,985,874)
Total governmental activities	285,757,208	268,033,835	263,441,979	266,351,148	270,266,436	279,838,171	291,022,100	325,674,836	356,747,456	390,413,281
<b>Business-type activities</b>										
Net investment in capital assets	82,026,363	82,234,047	82,627,772	81,772,691	83,314,311	86,847,143	85,693,826	87,022,742	85,871,489	89,259,070
Restricted										
Future system development	6,811,138	7,498,708	9,326,458	10,753,119	11,298,926	10,410,666	12,066,060	12,257,535	15,988,861	17,157,890
Unrestricted	14,626,227	13,637,545	14,613,099	16,566,948	18,568,810	20,521,614	23,389,683	25,750,825	26,571,958	26,871,627
Total business-type activities	103,463,728	103,370,300	106,567,329	109,092,758	113,182,047	117,779,423	121,149,569	125,031,102	128,432,308	133,288,587
<b>Total activities</b>	<b>\$ 389,220,936</b>	<b>\$ 371,404,135</b>	<b>\$ 370,009,308</b>	<b>\$ 375,443,906</b>	<b>\$ 383,448,483</b>	<b>\$ 397,617,594</b>	<b>\$ 412,171,669</b>	<b>\$ 450,705,938</b>	<b>\$ 485,179,764</b>	<b>\$ 523,701,868</b>
<b>Primary Government</b>										
Net investment in capital assets	\$ 315,319,210	\$ 312,273,538	\$ 348,126,893	\$ 317,492,794	\$ 328,583,594	\$ 337,546,344	\$ 335,232,974	\$ 368,953,538	\$ 381,917,430	\$ 395,260,060
Restricted										
Future system development	6,811,138	7,498,708	9,326,458	10,753,119	11,298,926	10,410,666	12,066,060	12,257,535	15,988,861	17,157,890
Public safety	1,122,688	1,368,286	1,401,309	1,488,800	1,906,792	2,032,934	1,746,318	1,935,539	1,392,550	1,763,664
Employee section 125 plan	-	100,793	-	-	-	-	-	-	-	-
Highways and streets	18,475,789	22,705,617	15,079,266	16,100,310	41,318,842	43,640,737	58,405,314	57,812,979	45,288,141	60,811,073
Culture and recreation	8,119,399	4,948,229	6,746,706	8,575,469	6,479,986	5,503,652	6,617,633	6,146,938	61,356,241	27,260,300
Community development	6,208,364	3,046,548	3,701,166	4,654,293	5,065,787	5,069,357	5,635,594	10,450,742	14,113,916	17,446,037
Debt service	192,619	232,034	273,483	241,508	249,367	3,415,192	4,456,048	1,316,525	1,201,529	1,117,091
Unrestricted	32,971,729	19,230,382	(14,645,973)	16,137,613	(11,454,811)	(10,001,288)	(11,988,272)	(8,167,858)	(36,078,904)	2,885,753
Total primary government	<b>\$ 389,220,936</b>	<b>\$ 371,404,135</b>	<b>\$ 370,009,308</b>	<b>\$ 375,443,906</b>	<b>\$ 383,448,483</b>	<b>\$ 397,617,594</b>	<b>\$ 412,171,669</b>	<b>\$ 450,705,938</b>	<b>\$ 485,179,764</b>	<b>\$ 523,701,868</b>

**City of Medford, Oregon**  
**Schedule 2 - Changes in Net Position**  
**Last Ten Fiscal Years - Unaudited - Amounts in Dollars**  
**Accrual Basis of Accounting**  
**June 30, 2023**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>EXPENSES</b>										
<b>Governmental activities</b>										
General government	\$ 9,147,201	\$ 7,228,471	\$ 9,172,301	\$ 10,144,563	\$ 11,109,819	\$ 9,490,305	\$ 14,013,746	\$ 15,841,518	\$ 9,264,931	\$ 12,010,614
Public safety	34,509,062	30,837,168	44,619,287	41,444,039	43,996,831	45,008,775	48,459,147	51,411,828	44,486,593	48,420,926
Highways and streets	15,947,096	10,934,221	16,731,900	14,076,169	15,166,454	17,713,304	16,894,003	15,574,968	9,667,856	16,837,259
Culture and recreation	8,589,430	10,682,389	11,741,062	9,830,669	13,165,281	11,965,388	13,737,843	11,099,679	12,141,770	13,512,123
Community development	6,161,258	5,923,238	7,926,878	7,829,634	5,206,836	7,933,411	6,270,370	9,581,961	12,802,727	13,798,648
Interest on long-term debt	4,444,205	5,934,341	5,010,100	4,846,700	4,216,335	3,487,880	3,211,424	2,571,966	3,818,869	4,119,002
Total governmental activities expenses	78,698,252	71,539,828	95,200,628	88,171,774	92,861,556	95,959,063	102,586,533	106,081,618	92,182,546	108,698,572
<b>Business-type activities</b>										
Sewer services	11,184,462	12,013,563	15,734,500	15,279,007	14,633,336	16,587,237	16,675,878	16,577,810	15,976,635	17,219,355
Parking services	388,584	454,410	563,198	600,176	615,381	650,646	518,939	669,165	472,084	568,796
Total business-type activities expenses	11,573,046	12,467,973	16,297,698	15,888,183	15,248,717	17,237,883	17,194,717	17,246,975	16,448,729	17,788,151
<b>TOTAL PRIMARY</b>										
<b>GOVERNMENT EXPENSES</b>	<b>\$ 90,271,298</b>	<b>\$ 84,007,801</b>	<b>\$ 111,498,326</b>	<b>\$ 104,059,957</b>	<b>\$ 108,110,273</b>	<b>\$ 112,836,946</b>	<b>\$ 119,781,250</b>	<b>\$ 123,328,593</b>	<b>\$ 108,631,275</b>	<b>\$ 126,426,723</b>
<b>PROGRAM REVENUES</b>										
<b>Governmental activities</b>										
Charges for services										
General government	\$ 5,761,672	\$ 4,557,513	\$ 9,729,778	\$ 3,538,171	\$ 2,536,443	\$ 2,892,728	\$ 2,557,088	\$ 2,823,718	\$ 3,534,747	\$ 4,066,617
Public safety	3,523,187	3,830,132	4,972,018	6,531,071	5,377,194	5,831,015	6,757,738	6,958,857	7,144,453	6,730,463
Highways and streets	9,468,041	13,453,383	8,919,538	7,472,221	7,892,045	8,671,653	8,705,504	8,699,384	9,270,333	8,868,176
Culture and recreation	2,851,023	3,266,037	3,465,813	2,166,861	1,596,283	1,680,673	1,584,882	309,807	2,928,444	2,983,790
Community development	1,847,670	850,765	977,437	993,442	2,033,871	2,250,546	2,586,336	5,175,983	3,333,203	3,379,199
Operating grants and contributions										
General government	4,429,715	2,845,401	4,866,568	4,568,469	6,364,348	6,653,679	7,911,618	7,217,328	9,276,781	9,379,227
Public safety	-	474,873	265,504	16,326	39,354	21,714	25,480	85,658	721,524	1,104,862
Highways and streets	4,342,965	1,762,886	37,468	5,308,119	5,595,574	6,427,123	13,613,329	6,645,762	7,209,336	12,172,535
Culture and recreation	-	-	-	1,388,829	834,389	999,175	940,653	2,772,685	1,315,844	4,474,861
Community development	-	729,640	500,854	509,726	964,441	1,298,110	1,586,393	2,535,408	2,780,751	6,194,478
Capital grants and contributions										
Highways and streets	2,115,707	1,788,691	5,129,041	2,542,567	5,481,747	8,097,759	4,034,874	34,373,174	7,424,692	8,230,673
Culture and recreation	1,177,600	1,035,203	1,372,090	1,572,984	540,000	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenue	35,517,580	34,584,524	40,236,409	36,608,786	39,257,689	44,824,175	50,303,895	77,597,764	54,940,508	66,584,671
<b>Business-type activities</b>										
Sewer Services										
Charges for services	13,405,162	12,961,499	14,421,187	15,652,898	17,085,810	18,245,373	19,217,996	21,876,728	21,829,859	22,391,781
Operating grants and contributions	4,624	19,899	-	-	-	-	-	6,725	2,000	2,000
Capital grants and contributions	1,272,724	1,107,321	3,464,088	2,732,852	2,484,548	3,341,253	2,443,079	2,157,141	687,978	1,637,227
Parking services	517,155	598,685	663,726	714,739	760,500	738,817	616,264	318,976	357,033	523,111
Charges for services	15,199,665	14,687,404	18,549,001	19,100,489	20,330,858	22,325,443	22,277,339	24,352,845	22,881,595	24,554,119
Total business-type activities program revenue	15,199,665	14,687,404	18,549,001	19,100,489	20,330,858	22,325,443	22,277,339	24,352,845	22,881,595	24,554,119
<b>TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES</b>	<b>\$ 50,717,245</b>	<b>\$ 49,281,928</b>	<b>\$ 58,785,410</b>	<b>\$ 55,709,275</b>	<b>\$ 59,588,547</b>	<b>\$ 67,149,618</b>	<b>\$ 72,581,234</b>	<b>\$ 101,950,609</b>	<b>\$ 77,822,103</b>	<b>\$ 91,138,790</b>
<b>NET (EXPENSE)/REVENUE</b>										
Governmental activities	\$ (43,180,672)	\$ (36,945,304)	\$ (54,964,219)	\$ (51,562,988)	\$ (53,603,867)	\$ (50,774,888)	\$ (52,282,638)	\$ (28,483,854)	\$ (37,242,038)	\$ (42,113,901)
Business-type activities	3,626,619	2,219,431	2,251,303	3,212,306	5,082,141	5,087,560	5,082,622	7,105,870	6,432,866	6,825,968
<b>TOTAL PRIMARY GOVERNMENT NET (EXPENSE) REVENUE</b>	<b>\$ (39,554,053)</b>	<b>\$ (34,725,873)</b>	<b>\$ (52,712,916)</b>	<b>\$ (48,350,682)</b>	<b>\$ (48,521,726)</b>	<b>\$ (45,687,328)</b>	<b>\$ (47,200,016)</b>	<b>\$ (21,377,984)</b>	<b>\$ (30,809,172)</b>	<b>\$ (35,287,933)</b>

**City of Medford, Oregon**  
**Schedule 2 - Changes in Net Position (Continued)**  
**Last Ten Fiscal Years - Unaudited - Amounts in Dollars**  
**Accrual Basis of Accounting**  
**June 30, 2023**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>										
Governmental activities										
Property taxes	\$ 36,009,226	\$ 38,410,779	\$ 39,659,600	\$ 41,421,349	\$ 39,245,039	\$ 42,030,584	\$ 43,574,555	\$ 43,601,755	\$ 47,426,199	\$ 48,886,418
Other taxes	9,847,977	10,374,157	10,684,603	11,041,994	15,239,513	15,498,001	14,499,364	16,040,767	19,974,618	20,937,292
Unrestricted investment earnings	675,501	643,510	743,326	844,262	1,184,690	1,720,663	2,679,977	817,608	(1,536,542)	3,433,244
Gain (loss) on disposal of capital assets	(190,062)	-	46,227	197,066	-	-	-	259,268	-	-
Transfers	722,390	895,300	(761,390)	967,486	1,049,775	1,097,375	2,712,671	2,418,192	2,450,383	2,522,772
Total governmental activities	47,065,032	50,323,746	50,372,363	54,472,157	56,719,017	60,346,623	63,466,567	63,136,590	68,314,658	75,779,726
Business-type activities										
Investment earnings	110,179	133,831	184,498	280,609	444,107	607,191	1,000,195	26,906	(581,277)	553,083
Gain (loss) on disposal of capital assets	-	-	-	-	-	-	-	(833,051)	-	-
Transfers	(722,390)	(895,300)	761,393	(967,486)	(1,049,775)	(1,097,375)	(2,712,671)	(2,418,192)	(2,450,383)	(2,522,772)
Total business-type activities	(612,211)	(761,469)	945,891	(686,877)	(605,668)	(490,184)	(1,712,476)	(3,224,337)	(3,031,660)	(1,969,689)
<b>TOTAL PRIMARY GOVERNMENT GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>	<b>\$ 46,452,821</b>	<b>\$ 49,562,277</b>	<b>\$ 51,318,254</b>	<b>\$ 53,785,280</b>	<b>\$ 56,113,349</b>	<b>\$ 59,856,439</b>	<b>\$ 61,754,091</b>	<b>\$ 59,912,253</b>	<b>\$ 65,282,998</b>	<b>\$ 73,810,037</b>
<b>CHANGES IN NET POSITION</b>										
Governmental activities	\$ 3,884,260	\$ 13,378,442	\$ (4,591,856)	\$ 2,909,169	\$ 3,115,150	\$ 9,571,735	\$ 11,183,929	\$ 34,652,736	\$ 31,072,620	\$ 33,685,825
Business-type activities	3,014,408	1,457,962	3,197,194	2,525,429	4,476,473	4,597,376	3,370,146	3,881,533	3,401,206	4,856,279
<b>TOTAL PRIMARY GOVERNMENT CHANGES IN NET POSITION</b>	<b>\$ 6,898,768</b>	<b>\$ 14,836,404</b>	<b>\$ (1,394,662)</b>	<b>\$ 5,434,598</b>	<b>\$ 7,591,623</b>	<b>\$ 14,169,111</b>	<b>\$ 14,554,075</b>	<b>\$ 38,534,269</b>	<b>\$ 34,473,826</b>	<b>\$ 38,522,104</b>

**City of Medford, Oregon**  
**Schedule 3 - Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years - Unaudited - Amounts in Dollars**  
**Modified Accrual Basis of Accounting**  
**June 30, 2023**

	2014 <sup>1</sup>	2015 <sup>1</sup>	2016 <sup>1</sup>	2017 <sup>1</sup>	2018 <sup>1</sup>	2019 <sup>1</sup>	2020	2021	2022	2023
<b>GENERAL FUND</b>										
Nonspendable										
Inventory	\$ 53,840	\$ 43,194	\$ 44,418	\$ 44,103	\$ 40,549	\$ 43,480	\$ 50,034	\$ 48,303	\$ 44,493	\$ 46,334
Prepaid items	-	-	-	-	-	-	-	-	-	269,133
Advances to other funds	18,355,000	16,985,000	15,575,000	4,400,000	3,651,519	1,735,331	-	-	-	450,000
Unassigned	18,097,582	1,739,021	538,182	252,888	(68,283)	2,516,829	6,289,971	12,754,326	16,886,378	5,072,510
Assigned										
Future Budget	-	16,615,670	16,615,670	17,411,900	17,411,900	17,630,300	17,630,300	19,365,100	19,365,100	36,018,400
Committed for PERS debt	3,028,488	3,441,896	3,767,201	4,104,713	4,156,965	4,328,596	4,328,596	443,125	4,146,198	3,940,228
<b>TOTAL GENERAL FUND</b>	<b>\$ 39,534,910</b>	<b>\$ 38,824,781</b>	<b>\$ 36,540,471</b>	<b>\$ 26,213,604</b>	<b>\$ 25,192,650</b>	<b>\$ 26,254,536</b>	<b>\$ 28,298,901</b>	<b>\$ 32,610,854</b>	<b>\$ 40,442,169</b>	<b>\$ 45,796,605</b>
<b>ALL OTHER GOVERNMENT FUNDS</b>										
Nonspendable										
Advances to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 666,000	\$ 333,000	\$ -	\$ 45,000
Prepaid items	-	-	-	-	-	-	-	-	-	20,000
Restricted for										
Public safety	1,122,668	1,368,286	1,401,309	1,488,800	1,906,792	2,032,934	1,746,318	1,805,929	1,392,550	1,763,664
Highways and streets	18,475,790	22,705,617	14,839,822	16,100,310	41,318,842	43,640,737	58,405,314	57,812,979	46,160,999	60,811,073
Culture and recreation	8,119,399	4,948,229	6,746,706	8,575,469	6,479,986	5,503,652	6,617,633	69,127,334	59,392,029	27,260,300
Community development	6,208,364	3,046,548	3,884,406	4,654,293	5,065,787	5,069,357	5,635,594	10,450,742	15,205,270	17,446,037
Debt service	192,619	232,034	273,483	241,508	249,367	3,415,192	4,456,048	1,316,525	1,201,529	1,117,091
Committed for										
Public safety	34,456,786	30,138,696	12,216,832	3,445,154	408,691	458,033	938,107	1,725,800	1,544,979	1,826,612
Highways and streets	5,399,629	6,249,318	19,942,838	22,920,738	-	-	-	-	12,462,704	-
Culture and recreation	528,012	523,437	507,026	593,891	1,218,416	1,941,082	739,558	1,454,147	1,430,948	1,830,114
Community development	-	-	-	-	-	-	1,080,957	2,103,288	2,143,678	1,717,686
Unassigned	(12,837,550)	(12,691,861)	(7,159,903)	(1,399,165)	(1,234,009)	(1,626)	-	-	-	-
<b>TOTAL ALL OTHER GOVERNMENT FUNDS</b>	<b>\$ 61,665,717</b>	<b>\$ 56,520,304</b>	<b>\$ 52,452,519</b>	<b>\$ 56,620,998</b>	<b>\$ 55,413,872</b>	<b>\$ 62,059,361</b>	<b>\$ 80,285,529</b>	<b>\$ 146,129,744</b>	<b>\$ 140,934,686</b>	<b>\$ 113,837,577</b>

**Note**

<sup>1</sup> 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 6/30/20 was \$0.

**City of Medford, Oregon**  
**Schedule 4 - Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years - Unaudited - Amounts in Dollars**  
**June 30, 2023**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>REVENUES</b>										
Taxes										
Property	\$ 34,685,616	\$ 36,499,226	\$ 38,140,648	\$ 40,094,803	\$ 41,430,063	\$ 42,256,346	\$ 43,825,762	\$ 44,697,922	\$ 47,208,714	\$ 48,719,342
Franchise	8,135,229	8,383,706	8,716,866	8,772,600	9,108,862	11,790,585	11,864,767	13,276,840	14,540,849	10,436,611
Lodging <sup>1</sup>	2,645,582	2,928,540	3,314,578	3,824,002	3,866,262	3,301,685	1,452,016	2,263,627	1,634,847	6,347,786
State gas tax	4,122,907	4,328,786	4,409,077	4,591,902	4,674,310	5,865,207	5,540,497	6,131,951	6,859,200	6,909,316
Marijuana	-	-	-	-	-	-	-	-	839,424	740,758
Car rental tax <sup>2</sup>	408,345	702,932	1,085,049	1,165,994	1,203,386	405,731	1,182,581	2,000,300	2,959,498	3,412,137
Special assessments	33,955	6,534	4,094	-	-	-	-	-	-	-
System development charges	2,589,940	3,293,306	2,824,164	5,323,344	-	-	-	-	-	-
Charges for services	1,567,208	1,744,325	1,773,929	1,894,652	1,736,139	2,261,490	1,645,460	5,031,187	3,254,313	5,976,020
Fines and penalties	1,448,684	1,348,188	1,294,691	1,246,507	1,236,599	2,091,059	1,880,587	1,854,023	2,348,701	2,092,145
Intergovernmental	4,003,532	3,740,102	7,408,139	4,337,855	4,329,680	6,192,334	11,587,669	5,505,220	6,501,290	9,404,956
License and permits	12,145,376	13,525,857	14,392,673	15,230,779	14,930,016	15,445,465	16,509,099	16,541,322	17,873,588	15,693,584
Investment earnings	493,331	675,501	643,510	737,260	906,818	1,720,666	2,679,977	687,644	(1,490,777)	3,377,981
Grants and contributions	1,865,169	2,583,446	2,578,882	2,752,293	5,640,343	5,201,193	8,763,282	9,577,634	9,722,469	17,846,767
Miscellaneous	1,949,911	2,870,925	1,072,814	1,438,394	2,083,145	1,484,770	2,117,555	1,595,581	2,960,943	1,722,732
<b>TOTAL REVENUES</b>	<b>76,094,785</b>	<b>82,631,374</b>	<b>87,659,114</b>	<b>91,410,385</b>	<b>91,145,623</b>	<b>98,016,531</b>	<b>109,049,252</b>	<b>109,163,251</b>	<b>115,213,059</b>	<b>132,680,135</b>
<b>EXPENDITURES</b>										
General government	7,761,943	7,098,188	7,836,743	7,518,464	8,355,723	8,996,264	10,443,415	10,443,237	10,702,160	11,935,901
Public safety	31,418,003	32,927,779	34,957,250	37,505,671	36,179,527	38,764,997	41,368,338	42,252,863	44,306,953	46,757,394
Highways and streets	8,104,918	7,867,330	7,972,227	8,631,470	7,706,527	8,317,157	6,375,000	6,849,190	6,485,401	9,157,236
Culture and recreation	5,806,654	6,062,980	6,346,620	8,139,941	7,311,031	8,284,234	8,508,500	7,911,324	8,636,228	9,609,623
Community development	5,687,988	4,695,190	4,706,126	4,589,668	4,158,153	6,337,476	6,076,887	7,463,094	8,891,874	12,528,006
Capital outlay	12,744,837	15,846,426	18,583,618	23,457,818	15,903,642	12,248,047	14,057,415	17,487,292	33,019,126	57,012,383
Debt service										
Principal	4,120,801	4,430,000	8,134,000	3,958,000	13,965,000	5,144,340	6,691,128	3,439,941	4,976,874	6,611,176
Interest	4,551,366	4,201,307	6,078,671	5,274,848	5,020,692	3,696,525	3,433,405	3,585,861	3,856,867	3,663,290
<b>TOTAL EXPENDITURES</b>	<b>80,196,510</b>	<b>83,129,200</b>	<b>94,615,255</b>	<b>99,075,880</b>	<b>98,600,295</b>	<b>91,789,040</b>	<b>96,954,088</b>	<b>99,432,802</b>	<b>120,875,483</b>	<b>157,275,009</b>

136

**City of Medford, Oregon**  
**Schedule 4 - Changes in Fund Balances, Governmental Funds (Continued)**  
**Last Ten Fiscal Years - Unaudited - Amounts in Dollars**  
**June 30, 2023**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ (4,101,725)</b>	<b>\$ (497,826)</b>	<b>\$ (6,956,141)</b>	<b>\$ (7,665,495)</b>	<b>\$ (7,454,672)</b>	<b>\$ 6,227,491</b>	<b>\$ 12,095,164</b>	<b>\$ 9,730,449</b>	<b>\$ (5,662,424)</b>	<b>\$ (24,594,874)</b>
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	16,283,175	11,302,403	10,453,945	12,025,891	24,825,388	14,323,417	33,070,289	85,990,224	36,176,233	31,176,348
Transfers out	(15,787,335)	(10,748,880)	(9,535,002)	(10,925,291)	(23,735,447)	(12,843,533)	(30,092,335)	(83,304,183)	(33,447,691)	(28,369,147)
Issuance of debt (bonds)	27,649,094	-	39,592,143	-	-	-	3,842,698	103,180,598	-	-
Issuance of notes payable	-	-	-	-	-	-	1,354,717	63,387	1,570,139	-
Land purchase contract	-	-	-	-	-	-	-	-	-	-
Bonds defeasement and issuance costs	-	-	-	-	-	-	-	(43,004,308)	-	-
Sale of capital assets	123,482	10,889	-	-	206,342	-	-	1,500,000	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>28,268,416</b>	<b>564,412</b>	<b>40,511,086</b>	<b>1,100,600</b>	<b>1,296,283</b>	<b>1,479,884</b>	<b>8,175,369</b>	<b>64,425,718</b>	<b>4,298,681</b>	<b>2,807,201</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 24,166,691</b>	<b>\$ 66,586</b>	<b>\$ 33,554,945</b>	<b>\$ (6,564,895)</b>	<b>\$ (6,158,389)</b>	<b>\$ 7,707,375</b>	<b>\$ 20,270,533</b>	<b>\$ 74,156,167</b>	<b>\$ (1,363,743)</b>	<b>\$ (21,787,673)</b>
<b>DEBT SERVICE AS % OF NONCAPITAL EXPENDITURES <sup>3</sup></b>	<b>12.86%</b>	<b>12.83%</b>	<b>18.69%</b>	<b>12.21%</b>	<b>22.96%</b>	<b>11.11%</b>	<b>12.21%</b>	<b>8.57%</b>	<b>8.34%</b>	<b>10.25%</b>

**Note**

<sup>1</sup> Transient lodging tax is 11%

<sup>2</sup> 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 phase 4 of the sports park. Effective 08/01/2020, the tax was expanded to include non-airport rentals.

<sup>3</sup> 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 on page 18.

137

**City of Medford, Oregon**  
**Schedule 5 - Assessed and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years - Unaudited - Amounts in Dollars**  
**June 30, 2023**

Fiscal Year Ending June 30,	Real Property		Personal Property		Other		Less	Total Taxable Assessed Value	Total Direct Tax Rate	(M5) Estimated Actual Value (RMV)	Tax District totals RMV	Taxable Assessed Value as a
	Real Property	Real Manufactured Structures	Personal Manufactured Structures	Personal Properties	Utilities	Non Profit	UR Excess					Percentage of Estimated Actual Value
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	6,230,295,131	-	24,174,838	221,839,250	242,941,600	10,782,000	(242,241,543)	6,497,761,276	5.18	8,290,018,484	8,303,569,654	78.26%
2017	6,459,722,797	-	23,948,147	235,777,110	261,869,100	10,841,090	(250,117,121)	6,742,041,123	5.16	8,722,636,821	8,751,952,318	77.29%
2018	6,748,356,649	-	24,880,218	255,906,880	289,227,916	11,217,720	(71,950,000)	7,257,639,383	5.30	9,496,133,536	9,543,729,915	76.43%
2019	7,064,693,734	-	26,877,332	271,762,460	332,279,700	11,554,240	(279,844,456)	7,427,323,010	5.16	10,587,280,947	10,591,489,262	70.15%
2020	7,341,926,296	-	35,923,670	271,794,910	370,252,400	11,900,860	(283,334,426)	7,748,463,710	5.16	11,136,255,069	11,186,093,800	69.58%
2021	7,652,855,439	-	37,762,233	239,101,640	362,986,930	12,189,480	(18,635,299)	8,286,260,423	5.34	11,511,577,791	11,561,697,460	71.98%
2022	8,009,155,900	-	39,293,288	223,678,215	362,351,800	12,555,140	(292,638,914)	8,354,395,429	5.12	13,092,628,372	13,149,466,411	63.81%
2023	8,360,509,132	-	43,126,404	219,866,397	404,686,600	12,931,780	(311,927,062)	8,729,193,251	5.11	15,411,100,240	15,507,028,518	56.64%

Data Source: Jackson County Assessor

**Note**

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**  
**June 30, 2023**

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	Transportation District	Rogue Community College	4H Agric. Extension	Vector Control	Jackson County Soil Water		Urban Renewal District
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
2017	5.11	-	0.06	5.16	2.10	0.34	5.92	0.50	0.30	0.65	0.04	0.04	0.05	0.94	16.04
2018	5.24	-	0.06	5.30	2.14	0.35	5.93	0.51	0.31	0.66	0.04	0.04	0.05	0.14	15.47
2019	5.10	-	0.06	5.16	2.06	0.34	5.67	0.50	0.30	0.63	0.04	0.04	0.05	0.51	15.30
2020	5.11	-	0.06	5.16	2.05	0.34	5.62	0.50	0.30	0.64	0.04	0.04	0.05	0.49	15.25
2021	5.28	-	0.05	5.34	2.09	0.35	5.73	0.52	0.31	0.66	0.04	0.04	0.05	0.03	15.16
2022	5.12	-	-	5.12	2.02	0.34	5.52	0.50	0.30	0.63	0.04	0.04	0.05	0.47	15.04
2023	5.11	-	-	5.11	2.02	0.34	5.46	0.50	0.30	0.64	0.04	0.04	0.05	0.48	14.98

Data source: Jackson County

**Note**

The 2022-23 taxable assessed value to compute the tax rate code area of 4901 is \$7,681,517,495 which is 88% of the total 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 FY 1997-1998, 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 year's requirements.

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



**City of Medford, Oregon**  
**Schedule 7 - Principal Property Tax Payers (City of Medford)**  
**Current Year and Nine Years Ago - Amounts in Dollars**  
**June 30, 2023**

Taxpayer	Type of Business	2023 Top 10 All Roll Taxpayers for City of Medford			2014 Top Tax Payers			
		2023 Current Taxes Imposed	2022-23 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	6/30/2014 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Rogue Valley Manor	Retirement Housing	\$ 1,751,951	\$ 118,254,390	1	1.35%	\$ 86,405,760	1	1.47%
Charter Communications	Television	1,291,900	86,653,500	2	0.99%	52,313,300	2	0.89%
Pacificorp (PP&L)	Electric Utility	1,150,338	77,166,000	3	0.88%	37,650,000	4	0.64%
Avista Corp DBA Washington	Gas Utility	1,088,148	73,004,000	4	0.84%	34,256,000	5	0.58%
Deluca Ronald L Trustee Et Al	Housing	947,263	63,209,230	5	0.72%			
Lithia Real Estate, Inc	Auto Dealerships	684,720	45,687,120	6	0.52%	33,424,230	6	0.57%
Skywest Airlines	Aviation	544,047	36,302,000	7	0.42%			
Charles Point 2015 LLC	Apartments	542,423	36,226,280	8	0.42%			
Asante	Healthcare	524,718	35,008,630	9	0.40%	21,248,320	10	0.36%
Wal-Mart Real Estate Business	Shopping Center	505,940	33,848,840	10	0.39%	24,997,860	9	0.43%
Brixton Rogue LLC	Shopping Center	447,264	30,000,000		0.34%			
Deluca Revocable Trust Et Al	Housing	438,214	29,241,720		0.33%			
Lumen Technologies Inc	Internet Utility	422,557	28,344,000		0.32%			
Hunter Communications Inc	Internet Utility	400,240	26,715,760		0.31%			
Rogue Federal Credit Union	Banking	382,668	25,535,330		0.29%			
Bear Creek Partners LLC	Housing	356,137	23,763,520		0.27%			
FM Medford F LLC	Housing	310,690	20,731,080		0.24%			
Fred Meyer Stores, Inc	Shopping Center	305,620	20,392,740		0.23%			
Alba Village Phase II LLC	Housing	284,410	18,977,470		0.22%			
Orchard Glen Estates LLC	Housing	280,814	18,737,520		0.21%			
Total		\$ 12,660,062	\$ 847,799,130		9.69%	\$ 290,295,470		4.94%

**Note**

The 2022-23 taxable assessed valuation for the City of Medford is \$ 8,729,193,251  
The taxable assessed valuation for the year ended 6/30/2014 was \$ 5,877,773,099  
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 7a - Principal Property Tax Payers (Jackson County)**  
**Current Year and Nine Years Ago - Amounts in Dollars**  
**June 30, 2023**

Taxpayer	Type of Business	2023 Top 10 All Roll Taxpayers for Jackson County			2014 Top Tax Payers			
		2023 Current Taxes Imposed	2022-23 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	6/30/2014 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Pacificorp	Electric Utility	\$ 5,287,580	\$ 464,456,000	1	1.88%	\$ 247,906,000	1	1.47%
Avista Corp DBA Avista Utilities	Gas Utility	2,804,855	201,733,000	2	0.82%	82,699,000	3	0.49%
Rogue Valley Manor	Retirement Housing	1,881,383	128,888,220	3	0.52%	86,405,760	2	0.51%
Charter Communications	Television	1,800,958	122,504,500	4	0.50%	73,825,600	4	0.44%
Deluca Ronald L Trustee Et Al	Housing	1,639,895	106,513,940	5	0.43%			
Lumen Technologies Inc	Internet Utility	1,063,406	79,897,150	6	0.32%	55,428,400	8	0.33%
Boise Cascade Wood Products	Timber Products	1,055,004	78,812,698	7	0.32%	60,468,693	6	0.36%
Harry & David Operations Inc	Food Production	880,700	72,944,867	8	0.30%	68,625,631	9	0.41%
Amy's Kitchen	Food Production	860,230	59,584,290	9	0.24%	24,964,040	16	0.15%
Carestream Health Inc	Manufacturing	709,235	48,098,400	10	0.19%	63,339,900	5	0.37%
Deluca Revocable Trust Et Al	Housing	692,650	46,758,530		0.19%			
Wal-Mart Real Estate Business	Shopping Center	686,173	46,676,480		0.19%			
Lithia Real Estate Inc.	Automobile Dealership	684,720	45,687,120		0.19%			
Roseburg Forest Products Co	Timber Products	662,273	53,877,640		0.22%			
Linde LLC	Industrial Gases	582,374	40,338,430		0.16%			
Skywest Airlines	Aviation	544,047	36,302,000		0.15%			
Charles Point 2015 LLC	Apartments	542,423	36,226,280		0.15%			
Asante	Healthcare	540,201	35,984,060		0.15%			
Siskiyou Timberlands LLC	Forest Management	488,164	24,234,509		0.10%			
Costco Wholesale Corporation	Shopping Center	477,305	27,737,390		0.11%			
Total		\$ 23,883,576	\$ 1,757,255,504		7.13%	\$ 763,663,024		4.53%

Note: The 2022-23 Taxable Assessed Valuation for Jackson County is: \$ 24,666,914,843  
The Taxable Assessed Valuation for year ended 6/30/2014 was: \$ 16,916,458,811  
This schedule includes the ten largest tax payers of Jackson County, 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**  
**June 30, 2023**

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					
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%
2017	42,561,713	40,357,090	94.8%	1,072,973	41,430,063	97.341%	2,728,936	6.4%
2018 <sup>1</sup>	39,886,508	37,579,703	94.2%	922,596	38,502,299	96.530%	3,183,033	8.0%
2019	43,684,665	39,786,268	91.1%	2,792,617	42,578,885	97.469%	2,742,143	6.3%
2020	45,316,690	41,485,940	91.5%	2,396,633	43,882,573	96.835%	2,670,446	5.9%
2021 <sup>2</sup>	44,687,010	42,471,272	95.0%	1,713,253	44,184,525	98.876%	1,624,130	3.6%
2022	48,165,627	46,714,316	97.0%	716,637	47,430,953	98.475%	1,659,716	3.4%
2023	50,435,415	48,040,668	95.3%	695,534	48,736,202	96.631%	1,891,405	3.8%

Data source: Jackson County Assessor's Office

**Note**

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

<sup>1</sup> The combined City and MURA tax levy was reduced in FY 2017-2018 due to a reduction in MURA levies.

<sup>2</sup> The combined City and MURA tax levy was reduced in FY 2020-2021 due to a reduction in MURA levies.

**City of Medford, Oregon**  
**Schedule 9 - Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years - Unaudited - Amounts in Dollars**  
**June 30, 2023**

Fiscal Year Ended June 30,	Governmental Activities					Total Primary Government	Per Capita <sup>1</sup>	Percentage Per Capita <sup>1</sup>	Percentage of Personal Income
	General Obligation Bonds	GO Supported Revenue Bonds	Contract/ Loan	Medford Urban Renewal Agency (Mura) Bonds	Contract/Loan (Mura)				
2014	\$ 48,845,000	\$ 55,265,000	\$ -	\$ 4,463,000	\$ -	\$ 108,573,000	\$ 1,430	0.07%	1.45%
2015	46,520,000	53,919,000	-	-	-	100,439,000	2,725	0.08%	1.31%
2016	43,980,000	52,501,000	-	-	-	96,481,000	2,563	0.08%	1.22%
2017	31,485,000	51,031,000	-	-	-	82,516,000	1,972	0.10%	0.91%
2018	37,374,005	38,941,000	-	-	-	76,315,005	1,720	0.11%	0.79%
2019	33,268,738	39,507,042	-	-	-	72,775,780	1,562	0.11%	0.71%
2020	32,122,265	36,200,000	1,354,717	-	-	69,676,982	1,443	0.12%	0.65%
2021	23,172,757	102,445,000	1,418,104	-	-	127,035,861	2,451	0.07%	1.10%
2022	20,703,002	100,985,000	2,025,389	-	-	123,713,391	2,176	0.07%	0.97%
2023	18,079,146	98,060,000	963,069	-	-	117,102,215	2,035	0.08%	0.92%

Data sources: City Finance Department and Medford Urban Renewal Agency

**Note**

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

Includes general obligation revenue bonds, gas tax revenue bonds, Bancroft bonds, and urban renewal bonds. Interest not included

<sup>1</sup> See the demographic and economic schedule 14 for population and personal income data

**City of Medford, Oregon**  
**Schedule 10 - Ratios of Net General Bonded Debt Outstanding**  
**Last Ten Fiscal Years - Unaudited - Amounts in Dollars**  
**As of June 30, 2023**

Fiscal Year Ending June 30,	General Obligation Bonds	GO Supported Revenue Bonds	Medford Urban Renewal Agency (MURA) Bonds	Total Bonds	Less Amounts Available in Debt Service Fund <sup>3</sup>	Net General Bonded Debt Total	Percentage of Estimated Actual Taxable Value of Property <sup>2</sup>	Per Capita <sup>1</sup>
2014	\$ 48,845,000	\$ 55,265,000	\$ 4,463,000	\$ 108,573,000	\$ 5,735,102	\$ 102,837,898	1.75%	\$ 1,354.56
2015	46,520,000	53,919,000	-	100,439,000	4,525,174	95,913,826	1.54%	1,251.32
2016	43,980,000	52,501,000	-	96,481,000	8,688,581	87,792,419	1.35%	1,130.54
2017	31,485,000	51,031,000	-	82,516,000	3,242,415	79,273,585	1.18%	996.02
2018	37,374,005	38,941,000	-	76,315,005	2,700,402	73,614,603	1.01%	915.89
2019	33,268,738	39,507,042	-	72,775,780	3,415,192	69,360,588	0.93%	851.42
2020	32,122,265	36,200,000	-	68,322,265	4,456,048	63,866,217	0.82%	741.57
2021	23,172,757	102,445,000	-	125,617,757	1,316,525	124,301,232	1.50%	1,422.98
2022	20,703,002	100,985,000	-	121,688,002	1,045,770	120,642,232	1.44%	1,374.04
2023	18,079,146	98,060,000	-	116,139,146	1,117,090	115,022,056	1.32%	1,276.85

**Note**

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

<sup>1</sup> Population data can be found in the demographic and economic schedule 14

<sup>2</sup> Details regarding the City's estimated actual taxable value of property can be found in schedule 5

<sup>3</sup> This column reflects amounts available in both the City and Medford Urban Renewal Agency

**City of Medford, Oregon**  
**Schedule 11 - Direct and Overlapping Governmental Activities Debt**  
**Paid by Property Taxes**  
**Amounts in Dollars**  
**As of June 30, 2023**

GOVERNMENTAL UNIT	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Net Overlapping Debt
<b>DEBT REPAID WITH PROPERTY TAXES</b>			
Jackson County	\$ 21,475,000	35.66%	\$ 7,656,954
Jackson County Housing Authority	6,848,673	35.66%	977,778
JC School District #4 (Phoenix-Talent)	68,308,685	35.62%	24,332,373
JC School District #549C (Medford)	132,580,000	75.12%	99,595,687
JC School District #6 (Central Point)	80,450,087	1.48%	1,193,799
Rogue Community College	56,010,000	26.31%	11,957,852
Rogue Community College (Jackson Cty Bond)	4,355,000	35.30%	1,537,524
Rogue Valley Transit District	152,978	47.30%	72,351
Subtotal Overlapping Debt	\$ 370,180,423		\$ 147,324,318
<b>CITY DIRECT DEBT</b>			
City Gross Property Tax Backed Direct Debt	18,079,146		4,224,146
	<u>\$ 388,259,569</u>		<u>\$ 151,548,464</u>

Sources: Oregon State Treasury, Debt Management Information System

**Note**

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**  
**June 30, 2023**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt Limit	\$ 211,199,108	\$ 234,568,272	\$ 249,107,090	\$ 261,679,105	\$ 284,884,006	\$ 317,618,428	\$ 334,097,652	\$ 346,347,334	\$ 392,778,861	\$ 462,333,007
Total net debt applicable to limit	25,834,379	41,994,826	35,291,420	28,242,657	25,749,558	29,858,652	29,118,438	18,289,122	19,657,232	16,962,056
Legal debt margin	185,364,729	192,573,446	213,815,670	233,436,448	259,134,408	287,759,776	304,989,214	327,058,212	373,121,629	445,370,952
Total net debt applicable to the limit as a percentage of debt limit	13.94%	21.81%	16.51%	12.10%	9.94%	10.38%	9.55%	5.59%	5.27%	3.81%
LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2023										
Real Market Value	\$ 15,411,100,240									
Add Back: exempt real property	-									
Total Real Market Value (RMV)	\$ 15,411,100,240									
Debt Limit (3% of total RMV Value)	462,333,007									
Amount of debt applicable to debt limit	116,139,146									
Total Bonded Debt	116,139,146									
Deductions:										
Assets in debt service funds available for payment of principal	305,095									
Special assessment bonds (Urban Renewal)	811,995									
Revenue bonds	98,950,000									
Total deductions	99,177,090									
Total net debt applicable to limit	16,962,056									
LEGAL DEBT MARGIN	\$ 445,370,951									
TOTAL NET DEBT APPLICABLE TO THE LIMIT AS A PERCENTGE OF DEBT LIMIT	3.81%									

Sources: Jackson County Assessor's Office; audited financial statements; Oregon Revised Statutes (ORS) 287.004; and City of Medford Finance Department

**Note 1**  
 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 2**  
 Total bonded debt includes Medford Urban Renewal Agency (as of 6/30/23 MURA had no bonded debt)

**City of Medford, Oregon**  
**Schedule 13 - Pledged Revenue Coverage**  
**Last Ten Fiscal Years - Unaudited Amounts in Dollars**  
**June 30, 2023**

Fiscal Year Ended June 30,	Parks Revenue Bonds					Coverage Actual Debt Service
	Gross Revenues <sup>1</sup>	Operating Expenses	Net Revenue Available for Debt Service	Total Parks Bonds Paid During Year		
				Principal	Interest	
2014	\$ 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
2017	3,973,220	385,286	3,587,933	1,470,000	838,406	1.55
2018 <sup>2</sup>	4,043,931	520,065	3,523,866	13,165,965	473,438	0.26
2019	5,468,230	184,793	5,283,437	1,814,340	501,288	2.28
2020	6,145,520	372,346	5,773,174	2,696,128	436,722	1.84
2021 <sup>3</sup>	9,264,491	1,422,104	7,842,387	250,000	1,207,258	5.38
2022	10,400,852	583,365	9,817,487	379,600	1,791,046	4.52
2023	8,282,543	752,484	7,530,059	2,925,000	2,517,535	1.38

Source: City of Medford Finance Department

**Note**  
 Details regarding the City's outstanding debt can be found in the financial statements.

<sup>1</sup> Parks revenue comes from a portion of the transient lodging tax (34%), car rental tax, and a parks utility fee

<sup>2</sup> The parks limited series 2007 bond was paid off in FY18

<sup>3</sup> The gross revenues do not include bond proceeds of \$67,514,427 for FY21

**City of Medford, Oregon**  
**Schedule 14 - Demographic and Economic Statistics**  
**Last Ten Fiscal Years - Unaudited**  
**June 30, 2023**

<b>SIGNIFICANT DATES/FORMS OF GOVERNMENT</b>	
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 <sup>1</sup>	School Enrollment <sup>2</sup>	Number of Schools <sup>2</sup>	Unemployment Rate <sup>4</sup>	Labor Force <sup>4</sup>	Personal Income (Millions of Dollars) <sup>3</sup>	Per Capita Personal Income (Dollars) <sup>3</sup>	Commercial Construction <sup>5</sup>		Residential Construction <sup>5</sup>	
								Number of Units (in thousands)	Value (in thousands)	Number of Units (in thousands)	Value (in thousands)
2014	75,920	12,705	19	8.0	95,500	\$ 7,490	\$ 36,289	650	\$ 249,864	267	\$ 70,937
2015	76,650	13,828	14	7.1	95,900	7,687	36,861	680	256,182	246	59,738
2016	77,655	13,836	24	6.3	97,648	7,914	37,637	638	199,162	249	59,079
2017	79,590	14,081	24	4.6	82,180	9,062	41,852	594	151,776	341	78,627
2018	80,375	14,271	24	4.8	98,993	9,647	44,360	497	150,360	281	67,854
2019	81,465	14,392	24	4.8	104,763	10,232	46,603	323	89,827	310	78,548
2020	86,123	14,468	24	4.4	103,451	10,670	48,291	309	76,171	268	69,853
2021	87,353	13,940	25	7.8	105,147	11,497	51,824	337	314,539	315	85,136
2022	87,801	14,135	25	5.4	107,706	12,717	56,842	245	153,962	312	94,575
2023	90,083	13,849	25	4.7	106,841	12,756	57,552	258	56,849	233	70,103

**Note**

- <sup>1</sup> Portland State University
- <sup>2</sup> Oregon Department of Education (for Medford SD549C)
- <sup>3</sup> Per Bureau of Economic Analysis (Regional Economic Accounts) (www.bea.gov) (Jackson County)
- <sup>4</sup> U.S. Department of Labor, Bureau of Labor Statistics Data (www.bls.gov)
- <sup>5</sup> City Building Department

**City of Medford, Oregon**  
**Schedule 15 - Largest Employers for Jackson County**  
**2022 and Nine Years Prior**  
**June 30, 2023**

Employer	Type of Business	2022		Percentage of Total City Employment	2013		Percentage of Total City Employment
		Employees <sup>1</sup>	Rank		Employees	Rank	
Asante (RV Medical)	Health Care	4,231	1	3.96%	4,231	1	4.34%
Lithia Motors	Auto Dealership	3,000	2	2.81%	697	5	0.71%
Harry & David Operations	Gourmet Fruit & Gifts	2,000	3	1.87%	2,000	2	2.05%
Rogue Valley Medical Center	Health Care	1,638	4	1.53%			
Allegiant Air	Commercial Airline	1,500	5	1.40%			
Medford School District 549C <sup>2</sup>	Schools	1,393	6	1.30%			
Providence Medical Center	Health Care	1,300	7	1.22%	1,100	3	1.13%
Wal-Mart Stores	Department Stores	930	8	0.87%			
Jackson County <sup>2</sup>	County Government	894	9	0.84%			
Boise	Plywood Mills	875	10	0.82%	745	4	0.76%

**Note**

- <sup>1</sup> Information for private businesses is not currently tracked by any entity, this data was last available 1/29/18 via the Chamber of Commerce Website.
- <sup>2</sup> 2022 Information for public employers (government) was provided by OR Employment Dept 10/06/23

**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**  
**June 30, 2023**

	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23
City Manager	9.0	10.2	8.0	8.0	7.9	7.4	7.9	6.4	6.2	7.0
Facilities Management			12.9	18.1	18.7	18.7	15.4	15.8	16.9	17.7
Innovation & Technology	12.0	10.0	10.0	11.0	10.9	11.1	10.6	8.5	9.0	10.4
Human Resources	5.4	6.0	7.0	7.3	7.9	6.6	6.4	5.7	5.0	5.9
Finance	10.2	11.2	10.3	9.2	10.1	21.3	24.4	20.7	20.7	21.3
Planning	17.0	17.0	14.4	17.1	17.4	17.8	17.3	14.2	14.8	15.3
Building Inspection	9.0	11.0	11.1	11.2	12.7	13.3	13.7	12.8	15.2	13.6
Business Licenses			2.0	2.0	2.0	1.5	1.5	1.5		
Public Works										
Engineering	34.2	34.6	38.5	39.6	43.4	34.6	33.8	30.5	33.6	32.2
Maintenance	56.0	58.4	56.1	58.4	65.0	71.3	69.6	61.6	60.5	61.5
WRD	25.0	24.3	23.1	24.2	27.4	26.5	25.2	26.1	24.8	24.6
City Attorney	4.0	4.0	4.5	4.0	5.0	6.3	5.6	5.5	5.7	5.9
Municipal Court	7.6	8.0	7.4	7.2	7.9	9.6	7.9	7.5	7.2	8.3
Police										
Sworn Officers	103.0	100.3	98.9	103.0	113.6	134.5	126.4	127.1	126.6	127.9
Civilians	39.1	36.4	40.3	40.0	41.7	62.4	40.1	26.1	26.2	27.9
Fire										
Firefighters/officers	74.0	72.0	72.0	71.0	98.7	114.9	97.0	95.0	99.4	103.0
Civilians	3.5	7.1	7.1	10.1	9.1	11.4	11.0	9.8	8.7	7.5
Parks & Recreation	54.1	44.0	42.7	38.6	54.6	64.7	57.8	49.2	49.9	51.8
Urban Renewal	-	-	-	-	-	-	-	-	-	-
TOTAL	463.1	454.5	466.3	480.0	554.0	633.9	571.6	524.0	530.4	541.8

Source: City Finance Department

**Note**  
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**

Fiscal Year Ending June 30,	2014	2015	2016	2017	2018	2019	2020	2021 <sup>1</sup>	2022	2023
<b>FUNCTION</b>										
<b>Police</b>										
Group A Offenses <sup>2</sup>	6,892	6,291	6,805	7,608	6,544	5,905	5,577	-	7,533	6,832
Group B Offenses <sup>2</sup>	17,529	17,615	19,626	22,386	19,152	16,973	15,615	-	3,371	4,088
Total Group A & B	24,421	23,906	26,431	29,994	25,696	22,878	21,192	-	10,904	10,920
Clearance Rate Group A & B	76.40%	74.40%	75.20%	72.70%	76.29%	71.66%	68.46%	-	40.00%	61.00%
Cases Cleared Group A & B	17,474	16,890	18,562	20,681	19,604	16,394	14,509	-	4,361	6,661
# of Juvenile Charges Group A & B	986	1,161	881	648	631	513	524	-	328	415
# of Adult Arrest Charges Group A & B	16,353	15,838	18,325	21,285	18,886	17,235	14,671	-	6,428	7,209
Traffic Accidents - Fatal	2	5	3	4	9	3	2	-	6	N/A <sup>3</sup>
Traffic Accidents - Injury	387	433	528	532	505	521	442	-	332	N/A <sup>3</sup>
Traffic Accidents - Prop Damage	1,063	1,242	1,370	1,372	1,296	1,271	1,125	-	1,130	N/A <sup>3</sup>
Total Accidents	1,452	1,680	1,901	1,908	1,810	1,795	1,569	-	1,468	1,390
<b>Fire</b>										
Number of Fires	320	475	320	372	336	431	376	436	339	408
Overpressure, heat, explosion	13	29	13	6	15	15	17	23	18	14
EMS, Rescue, MVA	6,819	6,544	6,819	7,388	7,243	7,567	6,813	6,986	8,637	8,516
Hazardous Conditions	117	1	117	221	8	-	160	161	188	211
Service Call	374	361	374	658	554	858	948	988	1,164	961
Good Intent Calls	1,456	1,180	1,456	1,959	1,960	2,643	2825	3,542	2,811	2,760
False Alarm	504	420	504	484	407	506	500	516	568	608
Severe Weather	5	4	5	8	3	2	10	9	-	4
Special Incident	15	294	15	10	122	48	15	11	10	11
Uncategorized	7	0	7	0	0	0	0	0	0	0
Total Incident Responses	9,630	9,308	9,630	11,106	10,648	12,070	11,664	12,692	13,735	13,493
Total City only	8,410	8,254	8,410	N/A	9,836	10,551	10,001	11,190	12,326	12,106
Total Rural Only	656	651	656	N/A	824	869	2,248	738	711	716
Out of District Responses	564	403	564	N/A	N/A	650	581	764	698	671
Mutual Aid Received	N/A	N/A	N/A	N/A	631	852	629	534	574	528
Mutual Aid Given	N/A	N/A	N/A	N/A	580	640	581	764	698	671

151

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

Fiscal Year Ending June 30,	2014	2015	2016	2017	2018	2019	2020	2021 <sup>1</sup>	2022	2023
<b>Highways and streets</b>										
Miles of Streets Added	3	1	2	2	2	3	5.3	3.38	4.24	3.06
Streetslights added	276	83	152	171	152	210	192	178	82	67
<b>Culture and recreation</b>										
Aquatics	22,000	22,000	22,000	20,000	11,000	14,400	9,270	250	6,400	6,400
Youth & Adult Sports	10,000	10,000	10,000	12,000	12,000	16,000	11,000	11,000	12,000	13,000
Youth Programs/Day Camps	2,000	2,000	2,000	3,000	3,600	3,100	4,000	3,000	3,000	3,000
Community Recreation	15,000	15,000	15,000	16,000	16,000	15,000	12,000	4,500	5,000	4,000
Special Interest Classes	2,000	2,000	2,000	2,200	2,200	1,900	1,800	300	800	700
<b>Wastewater</b>										
Miles of Sanitary Sewers Added	1	1	1	1	1	2	0.33	2.38	0.93	2.08
Miles of Storm Sewers Added	2	-	3	2	2	3	1.38	4.64	1.74	3.92
Average Daily Million Gallons Treated	18.1	16.5	17.5	18.8	20.3	15.6	17.7	15.8	15.5	15.2
<b>Building/Planning/Engineering</b>										
Total Permits	6,515	6,074	5,815	6,331	5,846	5,789	5,682	4,161	4,059	3,245
Commercial Building Permits Issued	650	680	638	594	497	323	309	299	245	258
Value Commercial Construction	229,864,567	266,181,937	199,162,002	151,775,643	150,359,928	89,827,017	76,171,297	272,887,510	153,962,208	56,849,479
Single Family Residence Issued	267	246	249	341	281	310	268	362	312	233
Value Residential	70,936,549	59,738,022	59,078,945	78,626,552	67,853,914	78,547,794	69,853,053	88,957,066	194,575,140	70,103,071
Square miles Added to City	-	-	-	-	-	0.0026	-	-	-	-

Source: Various City departments

**Notes**

- <sup>1</sup> Police Data for 2021 was unavailable due to a change in systems during the year
- <sup>2</sup> Crime Reporting methodology changed to NIBRS in Dec. 2020. Group A & B offenses were reported as Part I & II offenses in years prior to 2021. Group A & B offense categories are not totally comparable to Part I & II. Many offenses formerly reported as Part II are no longer reported.
- <sup>3</sup> Traffic Accident data by type was unavailable in 2023 due to the way the accidents were entered into the new system.

152



**City of Medford, Oregon**  
**Schedule 18 - Capital Asset Statistics by Function**  
**Last Ten Fiscal Years - Unaudited**  
**June 30, 2023**

Fiscal Year Ending June 30,	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>PUBLIC SAFETY</b>										
Fire Protection <sup>2</sup>										
Number of Stations	5	5	5	5	5	5	5	5	5	5
Police Protection <sup>3</sup>										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Sewers <sup>1</sup>										
Miles of Sanitary Sewers	261	262	263	265	265	267.67	268	270	271	273
Miles of Storm Sewers	173	173	176	179	181	183.97	185.35	189.99	191.73	195.65
Public Works <sup>1</sup>										
Area -- Square Miles	25.73	25.73	25.73	25.73	25.75	25.78	26.59	27.50	28.11	28.69
Miles of Streets	265.34	266.42	268.51	270.45	272.41	275.34	280.64	284.02	288.26	291.32
Number of Street Lights	6,452	6,535	6,687	6,858	7,010	7,485	7,516	7,846	7,940	8,007
Culture and recreation <sup>4</sup>										
Number of Parks <sup>5</sup>	36	36	36	36	38	36	36	36	36	36
Total Park Acreage	2,396	2,396	2,396	2,396	2,437	2,437	2,437	2,437	2,223 <sup>6</sup>	2,225
Number of Libraries	1	1	1	1	1	1	1	1	1	1

**Sources**

<sup>1</sup> City Public Works Department

<sup>2</sup> City Fire Chief

<sup>3</sup> City Police Department

<sup>4</sup> City Parks Department

**Notes**

<sup>5</sup> The number of parks includes 5 community parks, 17 neighborhood/school parks, 11 special use/facility areas, and 3 natural areas.

<sup>6</sup> Prior year acreage included path systems of Larson & Lazy creek which are maintained by the City

**City of Medford, Oregon**  
**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.

<b>CONTENTS</b>	<b>PAGE</b>
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Table 1 – outstanding obligations	155
Table 2 – debt information	156
Table 3 – overlapping debt	157
Table 4 – future debt service for obligations guaranteed to be paid from the general fund	158
Table 5 – real market value of taxable property, tax collection record and impact of tax limitation on the City	159
Table 6 – representative consolidated tax rates for levy code area 49-01	160

**Sources**

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

**City of Medford, Oregon**  
**Table 1 - Outstanding Obligations**  
**Continuing Disclosures for the Following: Series 2006 Sidewalk Bonds Table 12**  
**Unaudited**  
**June 30, 2023**

	Issue Date	Maturity Date	Amount Issued	Amount Outstanding as of 6/30/2023
FULL FAITH & CREDIT OBLIGATIONS OR LIMITED TAX BONDS PAID FROM TAX SOURCE (not subject to annual appropriations)				
2020 full faith credit, series 2020	6/23/2020	10/1/2035	\$ 3,842,698	\$ 3,104,146
Pension obligations, series (2004)(taxable) <sup>1</sup>	5/27/2004	6/1/2028	29,205,000	14,975,000
Total FF&C obligations and limited tax bonds			33,047,698	\$ 18,079,146
TOTAL NET DIRECT DEBT (including pension obligations) <sup>2</sup>			33,047,698	\$ 18,079,146
TOTAL NET DIRECT DEBT (excluding pension obligations) <sup>2</sup>			3,842,698	3,104,146
REVENUE OBLIGATIONS (self-supporting, not included in net direct debt)				
Parks, police, fire 2013	12/18/2013	7/1/2043	\$ 38,155,000	\$ 1,120,000
2020A, Limited tax revenue and refunding bonds			63,110,000	61,710,000
2020B, Limited tax revenue and refunding bonds			36,140,000	35,230,000
Total self-supporting revenue obligations			\$ 137,405,000	\$ 98,060,000
TOTAL GROSS DIRECT DEBT (including pension obligations) <sup>3</sup>			\$ 170,452,698	\$ 116,139,146
TOTAL GROSS DIRECT DEBT (excluding pension obligations) <sup>3</sup>			\$ 141,247,698	\$ 101,164,146

**Source:** City of Medford

<sup>1</sup> This debt was issued as part of a \$126,260,000 pooled pension obligation financing involving multiple Oregon cities and counties

<sup>2</sup> Net direct debt is gross direct debt less obligations or leases paid from non-tax sources

<sup>3</sup> 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.

**City of Medford, Oregon**

**Table 2 - Debt Ratios**

**Continuing Disclosures for the Following: Series 2006 Sidewalk Bonds Table 11**

**Unaudited**

**June 30, 2023**

	Including Pension Obligations			Excluding Pension Obligations		
	Values	Per Capita	Percent RMV	Values	Per Capita	Percent RMV
2023 Population	90,083			90,083		
2023 Real Market Value	\$ 15,411,100,240	\$ 171,077		\$ 15,411,100,240	\$ 171,077	
Gross Direct Debt <sup>1</sup>	117,102,215	1,300	0.76%	102,127,215	1,134	0.66%
Net Direct Debt <sup>2</sup>	98,060,000	1,089	0.64%	98,060,000	1,089	0.64%
Net Overlapping Debt	147,324,318	1,635	0.96%	147,324,318	1,635	0.96%
Net Direct & Overlapping Debt	245,384,318	2,724	1.59%	245,384,318	2,724	1.59%

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

<sup>1</sup> 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.

<sup>2</sup> Net direct debt is gross direct debt less self-supporting unlimited tax general obligation and self-supporting limited tax debt

**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, not 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

2023 Real market value	15,411,100,240
Debt limitation (3% of RMV)	462,333,007
Total applicable bonded debt	16,962,056
Debt margin	445,370,951
Percent of limit issued	3.81%

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

**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 June 30, 2023, the project was in progress and the City had drawn down \$3,088,243 and had repaid \$2,125,173 in principal.

**City of Medford, Oregon**

**Table 3 - Overlapping Debt**

**Continuing Disclosures for the Following: Series 2006 Sidewalk Bonds Table 14**

**Unaudited**

**June 30, 2023**

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	\$ 36,720,091,812	35.66%	\$ 21,475,000	\$ 7,656,954
Jackson County Housing Authority	36,720,091,812	35.66%	6,848,673	977,778
JC School District #4 (Phoenix-Talent)	3,751,310,035	35.62%	68,308,685	24,332,373
JC School District #549C (Medford)	15,553,792,485	75.12%	132,580,000	99,595,687
JC School District #6 (Central Point)	4,864,207,716	1.48%	80,450,087	1,193,799
Rogue Community College	49,757,593,309	26.31%	56,010,000	11,957,852
Rogue Community College (Jackson Cty Bond)	37,084,540,766	35.30%	4,355,000	1,537,524
Rogue Valley Transit District	27,682,768,042	47.30%	152,978	72,351
	<u>\$ 212,134,395,977</u>		<u>\$ 370,180,423</u>	<u>\$ 147,324,318</u>

**Sources:** State of Oregon, Debt Management Information System

**Note**

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 obligations (GO) bonds and limited-tax GO bonds.

Full faith and credit obligations, revenue bonds, and special assessment bonds are not included in the debt outstanding and direct debt.

**City of Medford, Oregon**

**Table 4 - Future Debt Service for Obligations Guaranteed to be Paid from the General Fund**

**Continuing Disclosures**

**Unaudited**

**June 30, 2023**

Year of Maturity	Full faith and credit LED lighting, Series 2020		PERS 2004		Limited tax revenue and refunding, 2020A		Limited tax revenue and refunding, 2020B		Police, Fire, Parks Series 2013		Total Requirements	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023-24	\$ 201,164	\$ 54,982	\$ 2,745,000	\$ 912,726	\$ 1,470,000	\$ 1,601,688	\$ 470,000	\$ 753,923	\$ 1,120,000	\$ 28,000	\$ 6,006,164	\$ 3,351,319
2024-25	208,659	51,328	3,095,000	745,419	1,545,000	1,528,188	1,635,000	732,873	-	-	6,483,659	3,057,808
2025-26	216,349	47,537	3,475,000	556,778	1,620,000	1,450,938	1,670,000	699,823	-	-	6,981,349	2,755,076
2026-27	224,237	43,608	3,880,000	344,977	1,700,000	1,369,938	1,705,000	666,073	-	-	7,509,237	2,424,596
2027-28	232,328	39,536	1,780,000	108,491	1,875,000	1,284,938	1,735,000	631,673	-	-	5,532,328	2,064,638
2028-29	240,624	35,317	-	-	1,875,000	1,195,688	1,770,000	596,623	-	-	3,885,624	1,827,628
2029-30	249,132	30,947	-	-	1,895,000	1,172,250	1,810,000	560,823	-	-	3,954,132	1,764,020
2030-31	257,856	26,424	-	-	1,990,000	1,077,500	1,845,000	524,273	-	-	4,092,856	1,628,197
2031-32	266,802	21,743	-	-	2,090,000	978,000	1,880,000	487,023	-	-	4,236,802	1,486,766
2032-33	275,974	16,899	-	-	2,135,000	936,200	1,920,000	449,023	-	-	4,330,974	1,402,122
2033-34	285,376	11,890	-	-	2,175,000	893,500	1,965,000	410,173	-	-	4,425,376	1,315,563
2034-35	295,015	6,710	-	-	2,220,000	850,000	1,515,000	375,373	-	-	4,030,015	1,232,083
2035-36	150,630	1,356	-	-	2,265,000	805,600	1,545,000	344,000	-	-	3,960,630	1,150,956
2036-37	-	-	-	-	2,310,000	760,300	1,585,000	310,343	-	-	3,895,000	1,070,643
2037-38	-	-	-	-	2,355,000	714,100	1,620,000	274,683	-	-	3,975,000	988,783
2038-39	-	-	-	-	2,405,000	667,000	1,655,000	237,425	-	-	4,060,000	904,425
2039-40	-	-	-	-	2,450,000	618,900	1,695,000	198,476	-	-	4,145,000	817,376
2040-41	-	-	-	-	2,500,000	569,900	1,735,000	157,740	-	-	4,235,000	727,640
2041-42	-	-	-	-	2,550,000	519,900	1,780,000	115,115	-	-	4,330,000	635,015
2042-43	-	-	-	-	2,600,000	468,900	1,825,000	70,498	-	-	4,425,000	539,398
2043-44	-	-	-	-	2,655,000	416,900	1,870,000	23,843	-	-	4,525,000	440,743
2044-45	-	-	-	-	2,705,000	363,900	-	-	-	-	2,705,000	363,900
2045-46	-	-	-	-	2,765,000	306,319	-	-	-	-	2,765,000	306,319
2046-47	-	-	-	-	2,820,000	247,563	-	-	-	-	2,820,000	247,563
2047-48	-	-	-	-	2,880,000	187,638	-	-	-	-	2,880,000	187,638
2048-49	-	-	-	-	2,945,000	126,438	-	-	-	-	2,945,000	126,438
2049-50	-	-	-	-	3,005,000	63,856	-	-	-	-	3,005,000	63,856
	<u>\$ 3,104,146</u>	<u>\$ 388,277</u>	<u>\$ 14,975,000</u>	<u>\$ 2,668,391</u>	<u>\$ 61,710,000</u>	<u>\$ 21,175,942</u>	<u>\$ 35,230,000</u>	<u>\$ 8,619,799</u>	<u>\$ 1,120,000</u>	<u>\$ 28,000</u>	<u>\$ 116,139,146</u>	<u>\$ 32,880,409</u>

**Note**

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

**City of Medford, Oregon**

**Table 5 - Real Market Value of Taxable Property, Tax Collection, Record, and Impact of Tax Limitation on the City**  
**Continuing Disclosures for the Following: Series 2006 Sidewalk Bonds**  
**Table 16, 17, and 18**  
**Unaudited**  
**June 30, 2023**

**Real Market Value of Taxable Property**  
**Continuing Disclosure for the Following: Series 2006 Sidewalk Bonds Table 16**

Fiscal Year Ended June 30,	Real Market Value (RMV)	Percent Change	Total Assessed Value (AV)	Percent Change	AV as a Percent of RMV
2014	\$ 6,999,431,817	-2.13%	\$ 5,877,773,099	3.19%	83.98%
2015	7,805,391,223	11.51%	6,228,322,628	5.96%	79.80%
2016	8,290,018,484	6.21%	6,487,781,276	4.17%	78.26%
2017	8,722,636,821	5.22%	6,742,041,123	3.92%	77.29%
2018	9,496,133,536	8.87%	7,257,639,383	7.65%	76.43%
2019	10,587,280,947	11.49%	7,427,323,010	2.34%	70.15%
2020	11,136,255,069	5.19%	7,748,463,710	4.32%	69.58%
2021	11,511,577,791	3.37%	8,286,260,423	6.94%	71.98%
2022	13,092,628,372	13.73%	8,354,395,429	0.82%	63.81%
2023	15,411,100,240	17.71%	8,729,193,251	4.49%	56.64%

Source: Jackson County Assessor and financial statements of the City

<sup>1</sup> 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.

**Tax Collection Record**  
**Continuing Disclosure for the Following: Series 2006 Sidewalk Bonds Table 17**

Fiscal Year Ended June 30,	Total Assessed Valuation	Percent Change	Operating Levy <sup>1</sup>	Bond Levy	Total Levy per County	Tax Rate/ \$1,000	% Collected Year of Levy	% Collected as of June 30, 2023
2014	\$ 5,877,773,099	3.19%	\$ 32,993,860	\$ 474,656	\$ 33,468,516	5.2953	97%	99.98%
2015	6,228,322,628	5.96%	33,468,516	474,656	33,943,172	5.2953	97%	99.95%
2016	6,487,781,276	4.17%	40,645,586	475,085	41,120,671	5.2953	97%	99.96%
2017	6,742,041,123	3.92%	35,726,980	400,233	36,127,213	5.2953	97%	99.96%
2018	7,257,639,383	7.65%	38,464,587	449,683	38,914,270	5.2953	98%	99.95%
2019	7,427,323,010	2.34%	39,336,868	449,400	39,786,268	5.2953	98%	99.90%
2020	7,748,463,710	4.32%	41,036,097	449,843	41,485,940	5.2953	99%	99.79%
2021	8,286,260,423	6.94%	44,011,711	430,662	44,442,373	5.2953	98%	99.58%
2022	8,354,395,429	0.82%	44,244,537	-	44,244,537	5.2953	98%	99.23%
2023	8,729,193,251	4.49%	46,255,552	-	46,255,552	5.2953	98%	98.07%

Source: Jackson County Assessor and financial statements of the City

<sup>1</sup> Operating levy per Jackson County Assessor (table 4A) does not include levy for bonds (does not include MURA)

**Impact of Tax Limitation on the City**  
**Continuing Disclosure for the Following: Series 2006 Sidewalk Bonds Table 18**

Historical impact of the \$10/\$1,000 tax limitation on City property tax revenues

Fiscal Year Ended June 30,	Levy Used to Compute Rate	Loss Due to Tax Limitation	Percent Loss
2014	\$ 30,162,396	79.48	0.00026%
2015	32,980,912	119.97	0.00036%
2016	34,365,304	116.44	0.00034%
2017	35,701,130	340.71	0.00095%
2018	38,431,378	218.11	0.00057%
2019	39,329,904	232.66	0.00059%
2020	41,030,440	193.23	0.00047%
2021	43,878,917	350.44	0.00080%
2022	44,239,030	163.63	0.00037%
2023	46,223,697	29.66	0.00000%

**City of Medford, Oregon**

**Table 6 - Representative Consolidated Tax Rates for Levy Code Area 49-01**  
**Continuing Disclosures for the Following: Series 2006 Sidewalk Bonds Table 20**  
**Unaudited**  
**Period Ending June 30, 2023**

Area - Within the City of Medford	Tax Rate For Operations	Tax Rate For Bonds	Tax Rate Total
<b>SCHOOLS</b>			
School District 549C	\$ 4.2422	\$ 1.2163	\$ 5.4585
Education Service District	0.3403	-	0.3403
Rogue Community College	0.4952	0.1491	0.6443
<b>Total Education</b>	<b>\$ 5.0777</b>	<b>\$ 1.3654</b>	<b>\$ 6.4431</b>
<b>LOCAL GOVERNMENT</b>			
Jackson County	\$ 1.9406	\$ 0.0759	\$ 2.0165
Library District	0.5021	-	0.5021
City of Medford	5.1127	-	5.1127
Medford Urban Renewal Agency	0.4800	-	0.4800
Vector	0.0415	-	0.0415
4H Ag/Ext	0.0412	-	0.0412
Jackson County Soil Water	0.0483	-	0.0483
Rogue Valley Transit District	0.1711	0.1300	0.3011
<b>Total Local Government</b>	<b>\$ 8.3375</b>	<b>\$ 0.2059</b>	<b>\$ 8.5434</b>
	<b>\$ 13.4152</b>	<b>\$ 1.5713</b>	<b>\$ 14.9865</b>

Source: Jackson County, Department of Assessment

<sup>1</sup> The 2022-23 taxable assessed value to compute the tax rate code of 49-01 is \$7,681,517,495, which is 85.1% of the total assessed value of the City.



## **Report of Independent Auditors Required by Oregon State Regulations**

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### **Compliance Section**

Honorable Mayor and Members of the City Council  
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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Medford, Oregon (the City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Medford, Oregon's basic financial statements, and have issued our report thereon dated December 21, 2023.

#### **Compliance**

As part of obtaining reasonable assurance about whether the City's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules (OAR) 162-010-0000 to 162-010-0330, of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the financial statements. 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:

- Accounting records and internal control
- Public fund deposits
- Indebtedness
- Budget
- Insurance and fidelity bonds
- Programs funded from outside sources
- Highway funds
- Investments
- Public contracts and purchasing

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 grant agreements, including the provisions of ORS as specified in OAR 162-010-0000 through 162-010-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations.



**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) as a basis for designing 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. Accordingly, we do not express an opinion on the effectiveness of the 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 a 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 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 or significant deficiencies may exist that have not been identified.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the council members and management of the City and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Amanda McCleary-Moore, Partner for  
Moss Adams LLP  
Medford, Oregon  
December 21, 2023

**Report of Independent Auditors 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**

The Mayor and City Council Members  
City of Medford, Oregon

We have audited, in accordance with the 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Medford, Oregon (the "City") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Medford, Oregon's basic financial statements, and have issued our report thereon dated December 21, 2023. Our report includes a reference to other auditors who audited the financial statements of Medford Water Commission, a discretely presented component unit, as described in our report on the City's financial statements. The financial statements of Medford Water Commission, the discretely presented component unit, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with Medford Water Commission or that those reported on separately by those auditors who audited the financial statements of Medford Water Commission.

**Report on 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) as a basis for designing 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. 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 a 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 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 or significant deficiencies may exist that were not identified.

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

**Purpose of this Report**

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



Medford, Oregon  
December 21, 2023



**Report of Independent Auditors on Compliance for Each Major Federal Program and Report on Internal Control Over Required by the Uniform Guidance**

The Mayor and City Council Members  
City of Medford, Oregon

**Report on Compliance for Each Major Federal Program**

*Opinion on Each Major Federal Program*

We have audited City of Medford, Oregon's (the City) compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

In our opinion, the City complied, in all material respects, with the 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, 2023.

*Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

*Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.



### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses or significant deficiencies in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 a 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Medford, Oregon's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City of Medford, Oregon's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



Medford, Oregon  
December 21, 2023

**City of Medford, Oregon**  
**Schedule of Findings and Questioned Costs**  
**For the Year June 30, 2023**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  Yes  No

Identification of major federal programs and type of auditor’s report issued on compliance for major federal programs:

<i>Federal Assistance Listing Number</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor’s Report Issued on Compliance for Major Federal Programs</i>
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds	Unmodified
14.218	CDBG – Entitlement Grants Cluster	Unmodified
20.205	Highway Planning and Construction	Unmodified

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

Auditee qualified as low-risk auditee?  Yes  No

**Section II – Financial Statement Findings**

None reported.

**City of Medford, Oregon**  
**Schedule of Findings and Questioned Costs**  
**For the Year June 30, 2023**

**Section III – Federal Award Findings and Questioned Costs**

**2023-001 Reporting (Significant Deficiency in Internal Controls over Compliance)**

<i>Assistance Listing Number(s)</i>	<i>Name of Federal Program</i>	<i>Award Number</i>	<i>Award Year</i>
14.218	CDBG – Entitlement Grants Cluster	Multiple	Multiple

<b>Transactions Tested</b>	<b>Subaward not</b>	<b>Report not timely</b>	<b>Subaward amount</b>	<b>Subaward missing</b>
6	6	6	0	0
<b>Dollar Amount of</b>	<b>Subaward not</b>	<b>Report not timely</b>	<b>Subaward amount</b>	<b>Subaward missing</b>
\$ 480,738	\$ 480,738	\$ 480,738	\$ -	\$ -

**Condition:** Reports required to be submitted under the Federal Funding Accountability and Transparency Act (FFATA) were not submitted during the year ended June 30, 2023.

**Criteria:** Under the requirements of FFATA (Pub. L. No. 109-282), as amended by Section 6202 of Public Law 110-252, the City is required to submit reports to the Federal Funding Accountability and Transparency Act Subaward Reporting System for any subawards of \$30,000 or more. Reports are due by the end of the month following the month in which the prime awardee awards any sub-award equal to or greater than \$30,000.

**Context:** FFATA reports were not submitted for the programs.

**Cause:** The City has not implemented the proper controls to ensure all required FFATA reports are submitted to the federal agency timely.

**Effect:** FFATA reports were not submitted by their due dates.

**Questioned Costs:** None

**Repeat Finding:** No.

**Recommendation:** We recommend that the City ensure that adequate controls are in place to ensure that report due dates are met.

**Views of Responsible Officials:** FFATA reports for subawards awarded during the year ending June 30, 2023 were submitted on December 11, 2023. The Housing and Community Development Division will also submit FFATA reports for all subaward expenditures from prior program years included on the Schedule of Expenditures of Federal Awards for the year ended June 30, 2023. This process has been added to the Division’s checklist for processing funding agreements with subrecipients to avoid recurrence in the future. In addition, this task has been added to monthly tracking.

**Responsible Person:** Sheila Giorgetti, Grants Manager.

**City of Medford, Oregon**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2023**

Federal Grantor/Pass-Through Grantor/Program or Cluster-Title	Federal Assistance Listing Number (ALN)	Award number / Pass-Through Entity Identifying Number	Passed Through to Sub-recipients	Federal Expenditures
<b>U.S. Department of Housing and Urban Development</b>				
Direct Federal Award:				
Community Development Block Grants/Entitlement Grants	14.218	B-18-MC-41-0005	\$ 6,127	\$ 14,193
Community Development Block Grants/Entitlement Grants	14.218	B-19-MC-41-0005	101,701	105,253
Community Development Block Grants/Entitlement Grants	14.218	B-20-MC-41-0005	108,838	129,008
Community Development Block Grants/Entitlement Grants	14.218	B-20-MW-41-0005	18,802	127,879
Community Development Block Grants/Entitlement Grants	14.218	B-21-MC-41-0005	74,733	99,288
Community Development Block Grants/Entitlement Grants	14.218	B-22-MC-41-0005	20,495	94,814
Community Development Block Grants/Entitlement Grants Program Income	14.218	n/a	278,960	315,975
Total CDBG - Entitlement Grants Cluster			609,656	886,410
Lead Hazard Control and Healthy Homes Grant	14.905	ORLH0767-21	18,839	31,599
<b>Total U.S. Department of Housing and Urban Development</b>			628,495	918,009
<b>U.S. Department of Justice (DOJ)</b>				
Direct Federal Award:				
Edward Byrne Memorial Justice Assistance Program 2020	16.738	2020-DJ-BX-0721	-	41,644
Edward Byrne Memorial Justice Assistance Program 2021	16.738	2021-DJ-BX-0721	-	45,608
Edward Byrne Memorial Justice Assistance Program 2022	16.738	2022-DJ-BX-0721	-	17,950
Total ALN 16.738			-	104,302
Direct Federal Award:				
Equitable Sharing Program	16.922	Direct	-	63,856
<b>Total U.S. Department of Justice (DOJ)</b>			-	168,158
<b>U.S. Department of Transportation</b>				
Passed Through Oregon Department of Transportation:				
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	73000-00002967	-	1,888,616
Total ALN 20.205			-	1,888,616
Passed Through Oregon Parks and Recreation Department:				
Recreation Trails Program	20.219	41RT18011	-	26,535
Total ALN 20.219			-	26,535
Passed Through Oregon Department of Transportation:				
Oregon Impact DUII Grant 2022	20.608	n/a	-	5,295
Oregon Impact DUII Grant 2023	20.608	n/a	-	2,494
Total ALN 20.608			-	7,789
Passed Through Oregon Department of Transportation:				
State and Community Highway Safety (Safety Belt Overtime Enforcement Grant)	20.616	M1HVE-19-46-03	-	2,615
State and Community Highway Safety (Speed Enforcement Grant)	20.600	SE-20-35-05AAN	-	6,071
Oregon Impact Distracted Driving 2021	20.600	n/a	-	1,116
Oregon Impact Distracted Driving 2022	20.600	n/a	-	2,441
Pedestrian Safety Enforcement Grant 2021	20.600	n/a	-	3,295
Pedestrian Safety Enforcement Grant 2022	20.600	n/a	-	2,981
Total Highway Safety Cluster			-	18,499
<b>Total U.S. Department of Transportation</b>			-	1,941,439
<b>U.S. Department of Treasury</b>				
Direct Federal Award:				
Equitable Sharing Program	21.016	Direct	-	455,437
SLOT Reimbursements	21.016	Direct	-	1,284
Total ALN 21.016			-	456,721
Direct Federal Award:				
COVID-19 Coronavirus State and Local Fiscal Recovery Fund	21.027		-	2,473,118
Total ALN 21.027			-	2,473,118
<b>Total U.S. Department of Treasury</b>			-	2,929,839
<b>Executive Office of the President, Office of National Drug Control Policy</b>				
Passed Through Oregon Department of Public Safety Standards & Training:				
High Intensity Drug Trafficking Areas (HIDTA) Programs 2021	95.001	n/a	-	182,887
High Intensity Drug Trafficking Areas (HIDTA) Programs 2022	95.001	n/a	-	90,332
Total ALN 95.001			-	273,219
<b>Total Executive Office of the President Office of National Drug Control Policy</b>			-	273,219
<b>Total Expenditures of Federal Awards</b>			\$ 628,495	\$ 6,230,664

See notes to schedule of expenditures of federal awards.

**City of Medford, Oregon**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2023**

**Note 1 – Basis of Presentation**

The accompanying Schedule of expenditures of federal awards includes the federal grant activity of the City of Medford (the City) under programs of the federal government for the year ended June 30, 2023. 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.

**Note 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* indirect cost rate.



**Finding Reference Number:** 2023-001

**Description of Finding:** The City has not implemented the proper controls to ensure all required Federal Funding Accountability and Transparency Act (FFATA) reports are submitted to the federal agency timely.

**Statement of Concurrence or Nonconcurrence:** The City concurs with this finding.

**Corrective Action:** FFATA reports for subawards awarded during the year ending June 30, 2023 were submitted on 12/11/2023. The Housing and Community Development Division will also submit FFATA reports for all subaward expenditures from prior program years included on the Schedule of Expenditures of Federal Awards for the year ended June 30, 2023.

This process has been added to the Division's checklist for processing funding agreements with subrecipients to avoid recurrence in the future. In addition, this task has been added to monthly tracking.

**Projected Completion Date:** January 16, 2024

**Name of Contact Person:** Sheila Giorgetti, Grants Manager, Housing & Community Services Division

# Appendix C

**Book Entry Only System**

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**SAMPLE OFFERING DOCUMENT LANGUAGE  
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE**

(Prepared by DTC--bracketed material may apply only to certain issues)

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed

by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.



# Appendix D

Form of Continuing Disclosure Certificate

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**CONTINUING DISCLOSURE CERTIFICATE**

\$[\_\_\_\_\_]  
**CITY OF MEDFORD, OREGON**  
**SEWER REVENUE BONDS**  
**SERIES 2024**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Medford, Oregon (the “City”) in connection with the issuance of the above-named bonds (the “Bonds”). The Bonds are being issued pursuant to Resolution No. 2023-103 adopted by the City Council of the City on August 3, 2023 (the “Resolution”) and pursuant to a Bond Declaration (as defined below). The City covenants and agrees as follows:

**SECTION 1. Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the City for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission (“Commission”) Rule 15c2-12(b)(5).

**SECTION 2. Definitions.** In addition to the definitions set forth in the Resolution and Bond Declaration, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Bond Declaration” shall mean, collectively, the Master Sewer Revenue Bond Declaration dated as of October 1, 2024 and the First Series Declaration dated as of October 1, 2024, executed and delivery by the City and specifying the terms and conditions of the issuance, sale, execution and delivery of the Bonds.

“Dissemination Agent” shall mean the City, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

“Financial Obligation” shall mean, for purposes of the Listed Events set out in Section 5(a)(10) and Section (5)(b)(8), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Holder” shall mean the person in whose name any Bond shall be registered.

“Listed Events” shall mean any of the events listed in Section 5(a) or (b) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” shall mean the final official statement dated September 25, 2024 relating to the Bonds.

“Participating Underwriter” shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

### SECTION 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than 270 days after the end of the City’s fiscal year, commencing with the report for the City’s fiscal year ending June 30, 2024, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City’s fiscal year changes, it shall give notice of such change in a filing with the MSRB. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Bonds by name and CUSIP number.

(b) Not later than 15 business days prior to said date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If the City is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the City shall, in a timely manner, send or cause to be sent to the MSRB a notice in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the City) file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

SECTION 4. Content of Annual Reports. The City’s Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the City for the preceding fiscal year, prepared in accordance with the laws of the State of Oregon. If the City's audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

To the extent not included in the audited financial statement of the City, the Annual Report shall also include the following:

(b) Operating data of the System, which shall include an update of the information generally of the type presented in the tables under the following headings in the Official Statement for the most recent ended Fiscal Year:

- (1) Average Number of Accounts;
- (2) Top 10 Largest Customers – City of Medford (Fiscal Year 2023);
- (3) Top 10 Largest Customers – Rogue Valley Sanitary Sewer Treatment Revenues (Fiscal Year 2023);
- (4) Historical and Projected Monthly Sewer Rates;
- (5) Historical and Projected Rate Increases;
- (6) Residential Monthly Sewer Bill Comparison (as of Fiscal Year 2024);
- (7) Sanitary Sewer Funds Balance Sheet (Fiscal Years);
- (8) Sanitary Sewer Funds Statement of Revenues, Expenditures and Changes in Net Position (Fiscal Years);
- (9) Sanitary Sewer Funds Statement of Revenues, Expenditures and Changes in Net Position (Fiscal Years – Budgetary Basis);
- (10) Projected Net Revenues and Debt Service Coverage; and
- (11) Sanitary Sewer Funds Budget

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which have been made available to the public on the MSRB's website. The City shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
6. Tender offers;
7. Defeasances;
8. Rating changes;
9. Bankruptcy, insolvency, receivership or similar event of the obligated person; or
10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

1. Unless described in Section 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
2. Modifications to rights of Bond holders;
3. Optional, unscheduled or contingent Bond calls;
4. Release, substitution, or sale of property securing repayment of the Bonds;
5. Non-payment related defaults;
6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
7. Appointment of a successor or additional trustee or the change of name of a trustee; or
8. Incurrence of a Financial Obligation of the City, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders.

(c) Upon the occurrence of a Listed Event described in Section 5(a), or upon the occurrence of a Listed Event described in Section 5(b) which the City determines would be material under applicable federal securities laws, the City shall within ten business days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in Section 5(b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution and Bond Declaration.

(d) The City intends to comply with the Listed Events described in Section 5(a)(10) and Section 5(b)(8), and the definition of “Financial Obligation” in Section 1, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Commission in Release No. 34-83885 dated August 20, 2018 (the “2018 Release”), and any further amendments or written guidance provided by the Commission or its staff with respect the amendments to the Rule effected by the 2018 Release.

**SECTION 6. Format for Filings with MSRB.** Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

**SECTION 7. Termination of Reporting Obligation.** The City’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in

full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in a filing with the MSRB.

SECTION 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the City.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a) or (b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice required to be filed pursuant to this Disclosure Certificate, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.



SECTION 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate; provided, that any such action may be instituted only in Deschutes County Circuit Court or if a federal forum is required, in the federal courts of the State of Oregon. The sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds and shall create no rights in any other person or entity.

Date: October 9, 2024.

**CITY OF MEDFORD, OREGON**

By \_\_\_\_\_  
Authorized Representative

**CONTINUING DISCLOSURE EXHIBIT A**

**FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD  
OF FAILURE TO FILE ANNUAL REPORT**

Name of City: City of Medford, Oregon

Name of Bond Issue: \$[\_\_\_\_\_] Sewer Revenue Bonds, Series 2024

Date of Issuance: October 9, 2024

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the City, dated the Date of Issuance. [The City anticipates that the Annual Report will be filed by \_\_\_\_\_.]

Dated: \_\_\_\_\_

**CITY OF MEDFORD, OREGON**

By \_\_\_\_\_ [to be signed only if filed]

# **Appendix E**

**Master Sewer Revenue Bond Declaration and First Series Declaration**

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**MASTER SEWER REVENUE BOND  
DECLARATION**

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*by the*

**City of Medford, Oregon**

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Dated as of October 1, 2024

# TABLE OF CONTENTS

	Page
ARTICLE 1 DEFINITIONS.....	1
ARTICLE 2 SEWER REVENUE BONDS.....	18
Section 2.01 Generally.....	18
Section 2.02 Security.....	19
Section 2.03 Subordinate Security.....	20
Section 2.04 Pledge of Net Revenues.....	20
Section 2.05 Separate Utility System.....	21
ARTICLE 3 USE OF DEPOSITORY; BOOK-ENTRY ONLY SYSTEM.....	21
Section 3.01 Designation of Book-Entry Bonds.....	21
Section 3.02 Book-Entry Bonds.....	22
Section 3.03 Discontinuation of Book-Entry Bonds System.....	22
Section 3.04 Payment of Book-Entry Bonds.....	23
Section 3.05 Subsequent Letter of Representations.....	23
Section 3.06 Transfer and Exchange.....	23
ARTICLE 4 REDEMPTION.....	23
Section 4.01 General Redemption Matters.....	23
Section 4.02 Optional Redemption.....	23
Section 4.03 Mandatory Redemption.....	23
Section 4.04 Notice of Redemption.....	24
Section 4.05 Deposit of Funds.....	25
Section 4.06 Effect of Redemption.....	25
ARTICLE 5 AUTHENTICATION, REGISTRATION, EXCHANGE AND TRANSFER.....	26
ARTICLE 6 DISPOSITION OF BOND PROCEEDS.....	27
Section 6.01 Disbursement of Proceeds.....	27
Section 6.02 Investment.....	28
ARTICLE 7 BOND FUNDS AND ACCOUNTS.....	28
Section 7.01 Funds and Accounts Established.....	28
Section 7.02 Water Reclamation Fund.....	29
Section 7.03 Debt Service Fund.....	29
Section 7.04 Bond Reserve Account.....	29
Section 7.05 Rate Stabilization Account.....	31
Section 7.06 Bond Proceeds Account.....	32
Section 7.07 Subordinate Obligations Account.....	32
Section 7.08 Additional Funds, Accounts and Subaccounts.....	32
ARTICLE 8 DEPOSIT AND USE OF GROSS REVENUES.....	33
Section 8.01 Use of Gross Revenues.....	33
Section 8.02 Payment of Subordinate Obligations.....	34
ARTICLE 9 RATE COVENANT.....	34
Section 9.01 Rate Covenant.....	34
Section 9.02 Transfers from Rate Stabilization Account.....	34

# TABLE OF CONTENTS

(Continued)

	Page
Section 9.03 Compliance With Rate Covenant.....	35
ARTICLE 10 ADDITIONAL BONDS; ADDITIONAL SUBORDINATE OBLIGATIONS.....	35
Section 10.01 Additional Bonds Authorized .....	35
Section 10.02 Refunding Additional Bonds .....	37
Section 10.03 Security for Additional Bonds .....	38
Section 10.04 Additional Subordinate Obligations Authorized .....	38
ARTICLE 11 GENERAL COVENANTS.....	40
Section 11.01 General Covenants .....	40
Section 11.02 Disposition in Certain Circumstances.....	42
Section 11.03 Transfer of Ownership .....	42
Section 11.04 Merger or Consolidation.....	42
ARTICLE 12 DERIVATIVE PRODUCTS.....	42
Section 12.01 Derivative Products Authorized; Definitions.....	42
Section 12.02 General Parity Tests .....	44
Section 12.03 Opinion of Bond Counsel .....	44
Section 12.04 Payments .....	44
Section 12.05 Supplemental Declaration to Govern Derivative Products .....	44
ARTICLE 13 MAINTENANCE OF TAX-EXEMPT STATUS.....	45
Section 13.01 Covenant to Maintain Tax-Exempt Obligations.....	45
Section 13.02 Covenant to Maintain Status as Tax-Advantage Obligations.....	45
Section 13.03 Tax Covenant as Contract.....	45
ARTICLE 14 DEFAULTS AND REMEDIES.....	45
Section 14.01 Events of Default .....	45
Section 14.02 Appointment of Trustee .....	47
Section 14.03 Books of City Open to Inspection.....	47
Section 14.04 No Acceleration .....	47
Section 14.05 Possession by Bondowners Committee of Properties of System; Receivership.....	47
Section 14.06 Application of Funds by Bondowners Committee.....	48
Section 14.07 Relinquishment of Possession and Funds Upon Remedy of Default .....	49
Section 14.08 Suits at Law or in Equity. ....	49
Section 14.09 Direction of Actions of Bondowners Committee .....	50
Section 14.10 Suits by Individual Bondowners .....	51
Section 14.11 Waivers of Default.....	51
Section 14.12 Remedies Granted in Master Declaration Not Exclusive .....	51
ARTICLE 15 BONDOWNERS MEETINGS .....	52
Section 15.01 Call of Bondowners Meetings .....	52
Section 15.02 Notice to Bondowners.....	52
Section 15.03 Proxies; Proof of Ownership of Bonds. ....	52

# TABLE OF CONTENTS

(Continued)

	Page
Section 15.04 Execution of Instruments by Bondowners .....	53
Section 15.05 Appointment of Officers at Bondowners Meetings .....	53
Section 15.06 Quorum at Bondowners Meetings .....	53
Section 15.07 Vote Required to Amend Master Declaration .....	54
Section 15.08 Obtaining Approval of Amendments at Bondowners Meeting .....	54
ARTICLE 16 AMENDMENT OF MASTER DECLARATION .....	55
Section 16.01 Amendment Not Requiring Consent .....	55
Section 16.02 Amendment Requiring Consent .....	57
Section 16.03 Credit Facility Provider Deemed Bondholder .....	57
Section 16.04 Computation of Outstanding Bonds for Consent .....	58
ARTICLE 17 DEFEASANCE .....	58
Section 17.01 Payment Generally .....	58
Section 17.02 Discharge of Liability on Bonds .....	59
Section 17.03 Discharge of Master Declaration .....	59
Section 17.04 Deposit of Money or Securities With Escrow Agent .....	60
Section 17.05 Payment of Bonds After Discharge of Master Declaration .....	60
ARTICLE 18 PROVISIONS RELATING TO BOND INSURANCE .....	61
ARTICLE 19 MASTER DECLARATION TO CONSTITUTE CONTRACT .....	62
ARTICLE 20 MISCELLANEOUS .....	62
Section 20.01 Liability of City Limited to Security .....	62
Section 20.02 Waiver of Notice .....	63
Section 20.03 Waiver of Personal Liability .....	63
Section 20.04 Governing Law .....	63
Section 20.05 Limitation of Rights .....	63
Section 20.06 Business Day .....	63
ARTICLE 21 EFFECTIVE DATE .....	63



**CITY OF MEDFORD, OREGON  
MASTER SEWER REVENUE BOND DECLARATION**

**Dated as of October 1, 2024**

**RECITALS**

**WHEREAS**, the City of Medford, in Jackson County, Oregon (the “City”), is authorized pursuant to the laws of the State of Oregon, including the applicable provisions of ORS chapter 287A, including without limitation ORS 287A.150 and Section 32 of the City Charter to issue revenue bonds for a public purpose including, without limitation, to finance capital improvements and other costs that the City Council of the City (the “City Council”) determines are needed; and

**WHEREAS**, the City owns and operates a water reclamation system (as further defined below, the “System”), which requires, from time to time, investment for purposes of capital improvements including replacements, expansions and improvements, along with the acquisition of real and personal property and all equipment and appurtenances necessary, useful or convenient thereto;

**WHEREAS**, the City has determined that it is necessary to raise funds, from time to time, to finance such capital improvements and related costs through the issuance of sewer revenue bonds;

**WHEREAS**, the City Council adopted Resolution No. 2023-103 on August 3, 2023, to authorize the execution and delivery of this Master Sewer Revenue Bond Declaration (the “Master Declaration”) to provide for the issuance of Bonds or Subordinate Obligations, as defined herein;

**WHEREAS**, the City has determined that all acts, conditions and things required by law to exist, to have happened, to have been performed precedent to and in connection with the execution and entering into of this Master Declaration do exist, have happened and have been performed in regular and in due time, form and manner as required by law;

**NOW, THEREFORE,**

**ARTICLE 1  
DEFINITIONS**

As used in this Master Declaration, the following words shall have the following meanings and, in addition, terms related to Derivative Products are contained in Article 12 hereof:

“**Accreted Value**” means, as of the date of computation with respect to any Capital Appreciation Obligations, an amount equal to:

(a) the principal amount of such Capital Appreciation Obligations (the issue price at the date of issuance), plus

(b) the interest accrued on such Capital Appreciation Obligations from the date of original issuance of such Capital Appreciation Obligations to the Interest Payment Date next preceding the date of computation or the date of computation if an Interest Payment Date, such interest to accrue at an approximate rate per annum of the Capital Appreciation Obligations, set forth in the Series Declaration providing for the issuance of such Capital Appreciation Obligations, compounded at such intervals as shall be specified in such Series Declaration, plus

(c) with respect to matters related to the payment upon redemption of such Capital Appreciation Obligations, if such date of computation shall not be an Interest Payment Date, a portion of the difference between the Accreted Value as of the immediately preceding Interest Payment Date (or the date of original issuance if the date of computation is prior to the first Interest Payment Date succeeding the date of the original issuance) and the Accreted Value as of the immediately succeeding Interest Payment Date, calculated based on the assumption that Accreted Value accrues during any period in equal daily amounts on the basis of a year of twelve 30-day months.

A table of Accreted Values for each Series of Bonds or Series of Subordinate Obligations issued as Capital Appreciation Obligations shall be incorporated in a Series Declaration, relating to such Capital Appreciation Obligations.

“**Act**” means ORS Chapter 287A, and Section 32 of the City Charter, each as may be amended from time to time and including any successor thereto.

“**Additional Bonds**” means Bonds, including one or more Draw-Down Installments, issued pursuant to Section 10.01 of this Master Declaration, which Additional Bonds shall be secured on an equal and ratable (pari passu) basis with Outstanding Bonds with respect to the lien on the Security.

“**Additional Subordinate Obligations**” means Subordinate Obligations, including one or more Draw-Down Installments, issued pursuant to Section 10.04 of this Master Declaration, which Additional Subordinate Obligations shall be secured on an equal and ratable (pari passu) basis with Outstanding Subordinate Obligations with respect to the lien on the Subordinate Security.

“**Adjusted Net Revenues**” means the amount computed by the Qualified Consultant by adjusting the Net Revenues (including any transfers from the Rate Stabilization Account) for the period certified pursuant to Section 10.01(e)(ii) or Section 10.04(d)(ii) by any or all of the following conditions and requirements as may be appropriate to the circumstances:

(a) If the Additional Bonds or Subordinate Obligations are being issued for the purpose of acquiring operating sewer utility properties, the Qualified Consultant shall estimate the effect on the Net Revenues for the period certified pursuant to Section 10.01(e)(ii) or Section 10.04(d)(ii) hereof of the acquisition of such sewer utility properties and the integration thereof into the System, and shall adjust the Net Revenues

for the period certified pursuant to Section 10.01(e)(ii) or Section 10.04(d)(ii) hereof to give effect to such estimate. Any such estimate shall be based on the statements and records relating to the earnings of such sewer utility properties to be acquired.

(b) If any changes in rates and charges have been adopted by the City Council and which are:

(i) in effect on the date of delivery of the Additional Bonds or Subordinate Obligations, or

(ii) to go into effect not later than twelve months after such date, the Qualified Consultant may, if such changes result in increases in such rates and charges, and shall, if such changes result in reductions in such rates and charges, adjust the Net Revenues for the period certified pursuant to Section 10.01(e)(ii) or Section 10.04(d)(ii) hereof to reflect any change in such Net Revenues during that period certified pursuant to Section 10.01(e)(ii) or Section 10.04(d)(ii) hereof.

(c) If there are forecasted to be any customers added to the System during the period certified pursuant to Section 10.01(e)(ii) or Section 10.04(d)(ii) hereof or thereafter and prior to the date of the Qualified Consultant's certificate, the Net Revenues may be adjusted to reflect the additional revenues paid by such added customers.

(d) If extensions of or additions to the System are in the process of construction on the date of the Qualified Consultant's certificate, or if the proceeds of the Additional Bonds or Subordinate Obligations being issued are to be used to acquire or construct extensions of or additions to the System, the Net Revenues for the period certified pursuant to Section 10.01(e)(ii) or Section 10.04(d)(ii) hereof may be adjusted by adding any additional revenues not included in the preceding paragraphs that will be derived from such additions and extensions and deducting the estimated increase in operating and maintenance expenses resulting from such additions and extensions.

**“Alternate Credit Facility”** means any letter or line of credit, bond insurance policy, surety bond, standby bond purchase agreement or other similar Credit Facility provided pursuant to a Series Declaration supporting payment of principal, interest and purchase price of one or more Series of Bonds or one or more Series of Subordinate Obligations and taking effect prior to the original stated expiration date of the then current letter of credit or Credit Facility.

**“Annual Bond Debt Service”** means the amount required to be paid in the then current or any succeeding Fiscal Year in respect of the principal or Accreted Value of and interest on any Outstanding Bonds and under any existing Derivative Product related to any Bonds; provided that:

(a) there shall be credited against any such sum the amount of subsidies received or expected to be received in connection with any Interest Subsidy Bonds during the applicable Fiscal Year;

(b) there shall be credited against such sum any interest capitalized or otherwise payable from proceeds derived from the sale of such Bonds to the extent that

the Series Declaration authorizing the issuance of such Bonds designates that the proceeds of such Bonds shall be applied to the payment of such interest;

(c) the amount required to be paid in any Fiscal Year under any Derivative Product related to Bonds shall be calculated by offsetting the aggregate amount of all Reciprocal Payments for such Fiscal Year against the aggregate amount of all City Payments for such Fiscal Year;

(d) the amount of Term Obligations subject to mandatory redemption in any Fiscal Year pursuant to a Mandatory Redemption Schedule shall be deemed to mature in the Fiscal Year in which such Term Obligations are subject to such mandatory redemption and only the principal amount of such Term Obligations scheduled to remain Outstanding on the final maturity date thereof shall be included in determining the Annual Bond Debt Service for Bonds in the Fiscal Year in which such maturity date occurs;

(e) for purposes of determining Annual Bond Debt Service for the Outstanding Bonds which constitute Option Obligations, any such Option Obligations Outstanding at the time of such determination shall be assumed to mature on their stated dates of maturity; provided that if such Option Obligations are subject, without contingency, to scheduled mandatory redemption on specific determinable dates and in specific amounts, then such Option Obligations shall be deemed to mature on the dates and in the amounts provided in connection with such scheduled mandatory redemption;

(f) for purposes of computing Annual Bond Debt Service on Outstanding Bonds which constitute Capital Appreciation Obligations, only that portion of the Accreted Value becoming due at maturity or by virtue of scheduled mandatory redemption prior to maturity with respect to such Bonds shall be included in the calculations of accrued and unpaid interest and principal requirements;

(g) for purposes of determining the Bond Reserve Requirement for the Bonds and for purposes of the Rate Covenant and the certificate required by Section 10.01(e)(i) or 10.01(e)(ii) of this Master Declaration, Annual Bond Debt Service shall be computed by assuming that Variable Rate Obligations shall be deemed to bear interest at all times to maturity thereof at the Estimated Average Interest Rate applicable thereto and if such Variable Rate Obligations are subject, without contingency, to scheduled mandatory redemption on specific or determinable dates and in specific amounts, then such Variable Rate Obligations shall be deemed to mature on the dates and in the amounts provided in connection with such scheduled mandatory redemption; and

(h) each Balloon Payment shall be assumed to be paid according to its Balloon Debt Service Requirement.

**“Annual Certificate”** means a City Certificate filed annually on EMMA within 270 days after the close of each Fiscal Year, based on the City’s audited financial statements for such Fiscal Year, setting forth the City’s’ compliance with the Rate Covenant and other covenants in

Article 9, as applicable, and including the financial and operating information required under any applicable continuing disclosure undertaking with respect to each series of Bonds.

**“Annual Subordinate Obligation Debt Service”** means the amount required to be paid in the then current or any succeeding Fiscal Year in respect of the principal or Accreted Value of and interest on any Outstanding Subordinate Obligations; provided that:

(a) there shall be credited against any such sum the amount of subsidies received or expected to be received in connection with any Interest Subsidy Bonds during the applicable Fiscal Year;

(b) there shall be credited against such sum any interest capitalized or otherwise payable from proceeds derived from the sale of such Subordinate Obligations to the extent that this Master Declaration or other act of the City authorizing the issuance of such Subordinate Obligations designates that the proceeds of such Subordinate Obligations shall be applied to the payment of such interest;

(c) the amount required to be paid in any Fiscal Year under any Derivative Product related to Subordinate Obligations shall be calculated by offsetting the aggregate amount of all Reciprocal Payments for such Fiscal Year against the aggregate amount of all City Payments for such Fiscal Year;

(d) the amount of Term Obligations subject to mandatory redemption in any Fiscal Year pursuant to a Mandatory Redemption Schedule shall be deemed to mature in the Fiscal Year in which such Term Obligations are subject to such mandatory redemption and only the principal amount of such Term Obligations scheduled to remain outstanding on the final maturity date thereof shall be included in determining the Annual Subordinate Obligation Debt Service for Subordinate Obligations in the Fiscal Year in which such maturity date occurs;

(e) for purposes of determining Annual Subordinate Obligation Debt Service for the Outstanding Subordinate Obligations which constitute Option Obligations, any such Option Obligations outstanding at the time of such determination shall be assumed to mature on their stated dates of maturity; provided that if such Option Obligations are subject, without contingency, to scheduled mandatory redemption on specific determinable dates and in specific amounts, then such Option Obligations shall be deemed to mature on the dates and in the amounts provided in connection with such scheduled mandatory redemption;

(f) for purposes of computing Annual Subordinate Obligation Debt Service on Outstanding Subordinate Obligations which constitute Capital Appreciation Obligations, only that portion of the Accreted Value becoming due at maturity or by virtue of scheduled mandatory redemption prior to maturity with respect to such Subordinate Obligations shall be included in the calculations of accrued and unpaid interest and principal requirements;

(g) for purposes of computing Annual Subordinate Obligation Debt Service on any Outstanding Subordinate Obligations that constitute Interim Subordinate

Obligations, (i) interest shall be computed by assuming that such Outstanding Subordinate Obligations bear interest at all times to maturity thereof at the Interim Obligation Rate applicable thereto, and (ii) debt service of such Outstanding Subordinate Obligations shall be assumed to be paid in equal annual installments sufficient to fully amortize such principal over a twenty (20) year term;

(h) for purposes of the Rate Covenant and the certificate required by Section 10.04(c)(i) or 10.04(d)(ii) of this Master Declaration, Annual Subordinate Obligation Debt Service shall be computed by assuming that Variable Rate Obligations shall be deemed to bear interest at all times to maturity thereof at the Estimated Average Interest Rate applicable thereto and if such Variable Rate Obligations are subject, without contingency, to scheduled mandatory redemption on specific or determinable dates and in specific amounts, then such Variable Rate Obligations shall be deemed to mature on the dates and in the amounts provided in connection with such scheduled mandatory redemption; and

(i) each Balloon Payment shall be assumed to be paid according to its Balloon Debt Service Requirement.

“**Audit**” means the audit required by ORS 297.425.

“**Auditor**” means a person authorized by the State Board of Accountancy to conduct municipal audits pursuant to ORS 297.670.

“**Authorized Denomination**” means with respect to a particular Bond or Subordinate Obligation, the minimum denomination in which such Bond or Subordinate Obligation is permitted to be issued as set forth in the Series Declaration providing for the issuance of such Bond or Subordinate Obligation.

“**Authorized Representative**” means each of the City Manager, the Finance Director, or their respective designee.

“**Balloon Debt Service Requirement**” means the Committed Debt Service Requirement for a Balloon Payment or, if the City has not entered into a Firm Commitment to Sell Bonds or other obligations to refund that Balloon Payment, the Estimated Debt Service Requirement for that Balloon Payment.

“**Balloon Payment**” means any payment of twenty-five percent (25%) or more of the principal of a Series of Bonds or Series of Subordinate Obligations that is designated as a Balloon Payment in the closing documents for the Series and that becomes due during any period of twelve (12) consecutive months if such maturing principal amount is not required to be amortized below such percentage by mandatory redemption prior to such 12-month period.

“**Base Period**” means any twelve consecutive months selected by the City out of the most recent twenty-four months preceding the delivery of a Series of Bonds or Series of Subordinate Obligations proposed to be issued.

“**Beneficial Owner,**” “**Bondowner,**” “**Owner**” or “**Registered Owner**” means a registered owner of a Bond.

“**Bond Counsel**” means Orrick, Herrington & Sutcliffe LLP, or any other law firm appointed as bond counsel to the City and having knowledge and expertise in the field of Oregon municipal law and federal tax law and whose opinions are nationally accepted by purchasers of municipal bonds.

“**Bond Proceeds Account**” means the account on the books of the City designated as the “City of Medford Sewer Bond Proceeds Account” created within the Water Reclamation Fund as provided in Section 7.01 of this Master Declaration.

“**Bond Registrar**” or “**Registrar**” means the paying agent and registrar designated by the City.

“**Bond Reserve Account**” means the account on the books of the City designated as the “City of Medford Sewer Bond Reserve Account” created within the Water Reclamation Fund as provided in Section 7.01 of this Master Declaration.

“**Bond Reserve Requirement**” means, for any Bonds, as of any date of calculation:

(a) for that portion of the Bonds which are Covered Bonds, the lesser of: (i) the greatest amount of principal or purchase price, interest and premium, if any, required to be paid in any Fiscal Year on such Covered Bonds as of the date of calculation; (ii) 125% of the average amount of Annual Bond Debt Service required to be paid on such Covered Bonds Series during all Fiscal Years in which such Covered Bonds are scheduled to be Outstanding, calculated as of the date of issuance of such Series of Covered Bonds; or (iii) ten percent (10%) of the proceeds of such Covered Bonds, as proceeds is defined for purposes of Section 148(d) of the Code, or

(b) for any other Bonds, the reserve requirement (which may be zero) established in the Series Declaration providing for the issuance of such Bonds.

“**Bond Resolution**” means a resolution, ordinance or other lawful form of authorizing action adopted by the City Council authorizing the issuance of Bonds, Subordinate Obligations or Derivative Products that are governed by this Master Declaration.

“**Bondowners Committee**” means that committee as provided in Article 15 hereof.

“**Bonds**” or “**Bond**” means Bonds and any Additional Bonds issued pursuant to this Master Declaration with an equal and ratable (pari passu) lien on the Security.

“**Book-Entry Bonds**” means any Series of Bonds or Series of Subordinate Obligations registered in the name of Cede & Co. and held by The Depository Trust Company or any successor Depository.

**“Book-Entry Only System”** means a system for clearance and settlement of securities transactions through electronic book-entry changes, which eliminates the need for physical movement of securities.

**“Business Day”** means any day which is not a Saturday, Sunday, legal holiday or a day on which the offices of banks in Oregon or New York are authorized or required by law or executive order to remain closed and which shall not be a day on which the New York Stock Exchange is closed.

**“Capital Appreciation Obligations”** means those Bonds or Subordinate Obligations for which interest is compounded periodically on each of the applicable periodic dates designated for compounding and payable in an amount equal to the then current Accreted Value only at the maturity or earlier redemption thereof, all as so designated in a Series Declaration of the City providing for the issuance thereof, including any Bonds or Subordinate Obligations, as applicable, which accrue and compound interest thereon as aforesaid for a period of time, after which periods such Bonds or Subordinate Obligations, as applicable, commence having interest on a periodic basis and convert into Current Interest Obligations.

**“City”** means the City of Medford, Oregon.

**“City Certificate”** means a certificate executed on behalf of the City by an Authorized Representative.

**“City Council”** means the City Council of the City of Medford, Oregon.

**“Code”** means the Internal Revenue Code of 1986, as amended, together with the rules and regulations promulgated thereunder and amendments thereto.

**“Construction Account”** means the account on the books of the City designated as the “City of Medford Sewer System Construction Account” created within the Water Reclamation Fund as provided in Section 7.01 of this Master Declaration.

**“Committed Debt Service Requirement”** means the schedule of principal and interest payments for a Series of Bonds or Subordinate Obligations which refund a Balloon Payment, as shown in the documents evidencing the City’s Firm Commitment to Sell that Series.

**“Covered Bonds”** means those Bonds designated in a Series Declaration providing for their issuance as Covered Bonds secured by the Bond Reserve Account.

**“County”** means Jackson County, Oregon.

**“Credit Agreement”** means an agreement with a Credit Provider pursuant to which a Credit Facility is issued or given as security for all or a portion of a particular Series of Bonds or a particular Series of Subordinate Obligations or an agreement with an insurer, or other guarantor pursuant to which a Credit Facility or a Derivative Facility is given as security for the City’s obligations under the Bonds, Subordinate Obligations or a Derivative Product.



**“Credit Event”** means the occurrence of any of the following events, (a) a Credit Facility terminates, (b) the issuer of a Credit Facility or a Reserve Credit Facility becomes insolvent or no longer exists, or (c) a Credit Facility or Reserve Credit Facility no longer meets the definition thereof set forth in this resolution.

**“Credit Facility”** means any letter or line of credit, municipal bond insurance policy or surety bond that constitutes “Qualified Insurance” as defined herein, standby bond purchase agreement or other credit enhancement device given, issued or posted as security for one or more Series of Bonds, one or more Series of Subordinate Obligations or one or more Derivative Products, including any Alternate Credit Facility and any Reserve Credit Facility.

**“Credit Provider”** means the person or entity, if any, providing a Credit Facility as security for a Series of Bonds, a Series of Subordinate Obligations or a Derivative Product.

**“Current Interest Obligations”** means those Bonds or Subordinate Obligations which bear interest payable periodically on specified or determinable dates prior to the maturity or redemption dates thereto, including any Capital Appreciation Obligations from and after the date upon which interest becomes payable on a periodic basis prior to the maturity thereof, all as so designated in a Series Declaration providing for the issuance or incurrence of such Bonds or such Subordinate Obligations, and which may be either Serial or Term Obligations including Variable Rate Obligations and Option Obligations.

**“Debt Service Fund”** means the account on the books of the City designated as the “City of Medford Sewer Bond Debt Service Fund” created within the Water Reclamation Fund as provided in Section 7.01 of this Master Declaration.

**“Default”** or **“Event of Default”** means any event specified in Article 14 of this Master Declaration.

**“Depository”** or **“DTC”** means The Depository Trust Company or any other qualified securities depository designated by the City as its successor.

**“Derivative Facility”** has the meaning set forth for such term in Article 12 hereof.

**“Derivative Product”** has the meaning set forth for such term in Article 12 hereof.

**“Draw-Down Installment”** means each installment of principal of a Draw-Down Obligation delivered to the City.

**“Draw-Down Obligations”** means Bonds or Subordinate Obligations the principal of which shall be funded from time to time in Draw-Down Installments pursuant to the terms and conditions provided for in a related Series Declaration.

**“EMMA”** means the Electronic Municipal Market Access repository maintained by the Municipal Securities Rulemaking Board or any successor repository.

**“Estimated Average Interest Rate”** means:

(a) for the purpose of the Rate Covenant and for purposes of Section 10.01(e)(i) and Section 10.04(d)(i):

(i) for any Outstanding Bonds or any Outstanding Subordinate Obligations during any period in which such Bonds or Subordinate Obligations are Variable Rate Obligations:

(A) to the extent such Variable Rate Obligations have been Outstanding for a period of 12 months or more, the weighted average rate of interest applicable to such Bonds or such Subordinate Obligations during the immediately preceding 12 month period; or

(B) to the extent such Variable Rate Obligations have not been Outstanding for a period of 12 months or more, the higher of:

(1) the most current actual interest rate on such Variable Rate Obligations; or

(2) 100% of the most recently published interest rate in the SIFMA Index, and

(b) for the purposes of the certificate required by Section 10.01(e)(ii) or by Section 10.04(d)(ii) of this Master Declaration:

(i) for any Outstanding Bonds or any Outstanding Subordinate Obligations during any period in which such Bonds or Subordinate Obligations are Variable Rate Obligations, the higher of:

(A) the most current actual interest rate on such Variable Rate Obligations; or

(B) 100% of the most recently published interest rate in the SIFMA Index.

(c) for any Bonds or any Subordinate Obligations which have been authorized but have not yet been issued or incurred, 100% of the most recently published interest rate for municipal bonds in the Revenue Bond Index or any successor index for municipal bonds.

**“Estimated Debt Service Requirement”** means the schedule of principal and interest payments for a hypothetical Series of Bonds or a hypothetical Series of Subordinate Obligations that refunds a Balloon Payment which schedule is prepared by an Authorized Representative and that meets the requirements of Section 10.01(g) with respect to a Series of Bonds or the requirements of Section 10.04(e) with respect to a Series of Subordinate Obligations.

**“Finance Director”** means the City’s Financial Officer, Finance Director, Assistant Finance Director, or other senior financial manager.

**“Firm Commitment to Sell”** means a bond purchase agreement or similar document which obligates the City to sell, and obligates a purchaser to purchase, the Series of Bonds, refunding Bonds, Subordinate Obligations or other obligations subject only to the conditions which customarily are included in such documents.

**“Fiscal Year”** means the period beginning on July 1 of each year and ending on the next succeeding June 30, or as otherwise defined by applicable State law.

**“Fitch”** means Fitch Ratings, its successor and assigns.

**“Government Obligations”** means:

(a) lawfully issued general obligations of the United States, the agencies and instrumentalities of the United States or enterprises sponsored by the United States Government and obligations whose payment is guaranteed by the United States, the agencies and instrumentalities of the United States or enterprises sponsored by the United States Government;

(b) bonds of a state of the United States that are rated in one of the four highest grades by a recognized investment service organization that has engaged regularly and continuously for a period of not less than 10 years in rating state and municipal bond;

(c) bonds of a county, city, school district, port district or other public body in the United States that are payable from or secured by ad valorem taxes and that meet the rating requirement in paragraph (b);

(d) bonds of a county, city, school district, port district or other public body that are issued pursuant to the Constitution or statutes of the State of Oregon or the charter or ordinances of a county or city within the State of Oregon, if the bonds meet the rating requirement in paragraph (b);

(e) such other securities as may be approved by the Credit Provider, if any.

**“Gross Revenues”** means all fees, charges and other revenues (including eligible System Development Charge Revenues) from the operation of the System, including, without limitation, transfers from the Rate Stabilization Account, any Subsidy Payments that the City receives for Interest Subsidy Bonds, other moneys required to be placed in the funds and accounts created pursuant to this Master Declaration and any interest earnings thereon. The term “Gross Revenues” does not include:

(a) the interest income or other earnings derived from the investment of the Bond Proceeds Account, the Rebate Account, or any escrow fund established for the defeasance or refunding of outstanding indebtedness of the City;

(b) payments of assessments made with respect to a local improvement (as defined in ORS Chapter 223) levied against benefited properties;

(c) any gifts, grants, donations or other moneys received by the City from any State or federal agency or other person if such gifts, grants, donations or other moneys are the subject of any limitation or reservation that is: (i) imposed by the donor or grantor; or (ii) imposed by law or administrative regulation to which the donor or grantor is subject, limiting the application of such funds in a manner inconsistent with the application of Gross Revenues hereunder;

(d) the proceeds of any borrowing;

(e) the proceeds of any liability or other insurance (excluding business interruption insurance or other insurance of like nature insuring against the loss of revenues);

(f) the proceeds of any casualty insurance that the City intends to use for repair or replacement of the System;

(g) the proceeds derived from the sales of assets pursuant to Article 11 of this Master Declaration;

(h) any ad valorem taxes or other taxes imposed by the City (except charges or payments for System services that constitute “taxes” within the meaning of Article XI, Section 11b of the Oregon Constitution because such “taxes” are imposed on property or property owners) or any fees imposed by the City that are not related to the System but payment of which is collected as a separate line-item on the bills to customers of the System;

(i) amounts deposited in the Rate Stabilization Account as provided by Section 7.05(a), or

(j) any income, fees, charges, receipts, profits or other funds received by the City from its ownership and operation of any Separate Utility System.

**“Interest Payment Date”** means with respect to a particular Series of Bonds or Series of Subordinate Obligations, any date upon which interest on and/or principal of such Series is due and payable in accordance with the terms thereof, whether at maturity or upon redemption or prepayment prior to maturity.

**“Interest Subsidy Bonds”** means any Bonds or Subordinate Obligations for which the City is entitled to receive Subsidy Payments that are designated as “Interest Subsidy Bonds” in the Series Declaration establishing the terms and conditions for such Bonds or Subordinate Obligations.

**“Interim Obligation Rate”** means the most recently published Bond Buyer Revenue Bond Index Rate published in *The Bond Buyer*, or, if that index rate ceases to be available, a reasonably comparable index rate selected by the City.

**“Interim Subordinate Obligations”** means any Subordinate Obligations that mature within five years or less after they are issued, and that are designated as “Interim Subordinate

Obligations” in a Series Declaration or certificate signed by an Authorized Representative. Interim Subordinate Obligations may be issued in the form of bonds, bond anticipation notes, notes, lines of credit or other variable rate obligations and must satisfy the requirements of State law applicable to short-term financings by local governments.

“**Mandatory Redemption Schedule**” means with respect to particular Bonds or Subordinate Obligations, the schedule pursuant to which the principal portions thereof howsoever designated are subject, without contingency, to mandatory redemption or prepayment prior to maturity, all as set forth with respect to the Bonds or the Subordinate Obligations in a Series Declaration pursuant to which Additional Bonds or Subordinate Obligations are issued.

“**Master Declaration**” means this Master Sewer Revenue Bond Declaration dated as of October 1, 2024, as may be amended or supplemented pursuant to any Supplemental Declaration.

“**Maximum Annual Debt Service**” means, for any Bonds or Subordinate Obligations, as of any date of calculation, the highest remaining Annual Bond Debt Service for such Bonds or Subordinate Obligations due in any Fiscal Year.

“**Moody’s**” means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns.

“**Net Revenues**” means the Gross Revenues less the Operating Expenses.

“**Operating Expenses**” means all costs spent or incurred by the City for maintaining and operating the System, calculated in accordance with generally accepted accounting principles used by the City consistently applied, including the expenses of maintenance, repair billing and collection, and other expenses incurred to maintain and preserve the System in good repair and working order, and including, but not limited to administrative expenses, financial and auditing expenses, insurance premiums, claims arising in the ordinary course of business (e.g., claims for workers’ compensation (to the extent monies are not available from proceeds of insurance)), payments in lieu of taxes, if required, franchise fees, if any, legal and engineering expenses relating to operation and maintenance, payments for pension, retirement, health, hospitalization, taxes and sick leave benefits, and any other similar expenses to be paid to the extent properly attributable to operations of the System. Operating Expenses do not include:

- (a) any rebates or penalties paid from Gross Revenues under Section 148 of the Code;
- (b) payments for the settlement of litigation and payments to any liability reserve fund;
- (c) depreciation and amortization of property, values or losses, and all amounts treated for accounting purposes as payments for capital expenditures;
- (d) expenses incurred to maintain and preserve the System that are otherwise paid for from a grant or other restricted funding source;

(e) debt service payments (including amounts treated for accounting purposes as debt service payments);

(f) capital transfers and capital outlays including without limitation transfers to capital construction accounts, related administrative expenses capitalized in connection with such capital transfers and capital outlays and expenditures for renewals and replacements;

(g) extraordinary non-recurring expenses of the System; or

(h) implicit subsidies in connection with postemployment benefits and similar non-cash expenses.

**“Opinion of Bond Counsel”** means an opinion in writing of Bond Counsel addressed to the City to the effect that the action proposed to be taken will not adversely affect the validity of the Bonds under the laws of the State or the exclusion from gross income for federal income tax purposes of interest on the Bonds to the extent such Bonds were issued as Tax-Exempt Obligations.

**“Option Obligations”** means, with respect to a particular Series of Bonds or Series of Subordinate Obligations, as applicable, Bonds which by their terms may be tendered by and at the option of the Owner for purchase prior to the stated maturity thereof.

**“ORS”** means the Oregon Revised Statutes.

**“Outstanding Bonds”** means all Bonds authorized and delivered pursuant to this Master Declaration except Bonds theretofore canceled or defeased pursuant to this Master Declaration.

**“Outstanding Covered Bonds”** means all Covered Bonds authorized and delivered pursuant to this Master Declaration except Covered Bonds theretofore canceled or defeased pursuant to this Master Declaration.

**“Outstanding Subordinate Obligations”** means all Subordinate Obligations authorized and delivered pursuant to this Master Declaration except Subordinate Obligations theretofore canceled or defeased pursuant to Article 17 of this Master Declaration.

**“Permitted Investments”** means any investments in which the City is authorized to invest surplus funds under the laws of the State, subject to the City’s formal investment policy.

**“Principal Payment Date”** means any date on which any Bonds or Subordinate Obligations are scheduled to be retired, whether by virtue of their maturity or by mandatory sinking fund redemption prior to maturity.

**“Project”** means any additions, replacements, expansions, renewals or improvements to the System of the City, and the acquisition of all real and personal property related thereto, which may be lawfully financed with the proceeds of the Bonds or Subordinate Obligations.

“**Purchaser**” means the purchaser of a Series of Bonds or Series of Subordinate Obligations.

“**Qualified Consultant**” means an independent engineer, independent auditor, independent financial advisor or similar independent professional consultant generally recognized to be well qualified in and having experience and expertise in the area for which such person or firm is appointed and paid by the City for the purposes of performing activities specified in this Master Declaration, and who, or each of whom (a) is in fact independent and not under the domination of the City or the Purchaser; (b) does not have any substantial interest, direct or indirect, with the City or the Purchaser; and (c) is not connected with the City as a member, officer or employee of the City, but who may be regularly retained to make annual or other reports to the City.

“**Qualified Insurance**” means any non-cancelable municipal bond insurance policy or surety bond issued by any insurance company licensed to conduct an insurance business in any state of the United States (or by a service corporation acting on behalf of one or more such insurance companies) which insurance company or companies, as of the time of issuance of such policy or surety bond, (i) are rated in one of the two highest rating categories by one or more of the Rating Agencies for unsecured debt or insurance underwriting or claims-paying ability or (ii) by issuing its policies such insurance company or insurance companies causes obligations insured thereby to be rated in one of the two highest rating categories.

“**Rate Covenant**” means the covenant of the City for the benefit of the Owners of all Bonds with respect to rates and fees set forth in Section 9.01(a) of this Master Declaration.

“**Rate Stabilization Account**” means the account designated as the “City of Medford Sewer Rate Stabilization Account” created within the Water Reclamation Fund as provided in Section 7.01 of this Master Declaration.

“**Rating Agency**” means:

- (a) with respect to any Bonds which, at the request of the City, are then rated by S&P;
- (b) with respect to any Bond which, at the request of the City, are then rated by Moody’s;
- (c) with respect to any Bonds which, at the request of the City, are then rated by Fitch; and
- (d) with respect to any Bonds which, at the request of the City, are then rated by any other financial rating service, such financial rating service; provided that when used with respect to a Reserve Credit Facility, the term “Rating Agency” shall mean S&P, Moody’s, Fitch or any other nationally recognized financial Rating Agency, including but not limited to such agencies that rate the claims-paying ability of insurance companies.

**“Rebate Account”** means any account designated as the “City of Medford Sewer Bond Rebate Account” which may be established pursuant to the provisions of Article 7 hereof to comply with the Tax Covenants.

**“Record Date”** means with respect to a particular Series of Bonds or Series of Subordinate Obligations, such date or dates established by the Series Declaration pursuant to which such Series of Bonds or Series of Subordinate Obligations is issued.

**“Redemption”** means any mandatory or optional redemption or prepayment of any Bond or any Subordinate Obligation.

**“Redemption Price”** means, with respect to any Bond or any Subordinate Obligation, the amount payable upon the redemption or prepayment thereof prior to maturity, including the principal of, premium (if any) and accrued or accreted interest thereon.

**“Reserve Credit Facility”** means a Credit Facility or Qualified Insurance issued for the purpose of funding, in lieu of cash, all or any portion of the Bond Reserve Requirement and which is issued or provided by a Credit Provider whose long-term debt obligations or claims-paying ability (as appropriate) is rated, at the time of the issuance of such Credit Facility, within one of the two highest rating categories by one or more of the Rating Agencies, at the request of the City, the Series of Bonds or Series of Subordinate Obligations in connection with which such Reserve Credit Facility is being given or provided.

**“Revenue Bond Index”** means the most recently published Bond Buyer Revenue Bond Index published in *The Bond Buyer*, or, if that index ceases to be available, a reasonably comparable index selected by the City.

**“S&P”** means S&P Global Ratings, its successors and their assigns.

**“SDC Improvement Fees”** means revenues that are attributable to the System and received by the City as a result of the system development charges imposed by the City pursuant to Chapter 3, Medford Municipal Code or any successor provision thereof, imposed to obtain the cost of capital improvements needed to increase the capacity of the System to meet the projected need of future users and based on the projected costs of those capital improvements.

**“SDC Reimbursement Fees”** means revenues that are attributable to the System and received by the City as a result of the system development charges imposed by the City pursuant to Chapter 3, Medford Municipal Code or any successor provision thereof, imposed so that future system users shall contribute an equitable share of the cost of then-existing facilities and based on the cost of then-existing facilities and deemed an eligible project as approved by City Council.

**“Security”** means the revenues, funds and any Credit Facility set forth in Section 2.02 of this Master Declaration for any Bonds.

**“Separate Utility System”** means any utility that is declared by the City Council to constitute a system that is distinct from the System in accordance with Section 2.05 of this Master Declaration.



**“Serial Obligations”** means, with respect to a particular Series of Bonds or Series of Subordinate Obligations, the portions of such Series which shall be stated to mature or become due and payable serially in annual installments but not including Term Obligations.

**“Series,” “Series of Bonds” or “Series of Subordinate Obligations”** means all of the Bonds or Subordinate Obligations issued, authenticated and delivered pursuant to this Master Declaration, which are sold at the same time and which are designated by the City as a separate series, and any Bonds or Subordinate Obligations thereafter authenticated and delivered in lieu of or in substitution therefor pursuant to this Master Declaration regardless of variations in maturity, interest rate or other provisions.

**“Series Declaration”** means a declaration executed by an Authorized Representative pursuant to the terms of this Master Declaration providing for the issuance of any Series of Bonds or Subordinate Obligations and the specific terms and conditions for such Series.

**“SIFMA Index”** means the Securities Industry and Financial Markets Association Municipal Swap Index, or its successor.

**“State”** means the State of Oregon.

**“Subordinate Obligations”** means any revenue bonds or other obligations of the City (including Derivative Products) incurred or issued pursuant to this Master Declaration or other document that are secured by and payable from the Subordinate Security on a subordinate and junior basis in relation to the Bonds.

**“Subordinate Obligations Account”** means the account designated as the “City of Medford Sewer Subordinate Obligations Account” created within the Water Reclamation Fund as provided in Section 7.01 of this Master Declaration.

**“Subordinate Security”** means the revenues, funds and any Credit Facility set forth in Section 2.03 of this Master Declaration for any Subordinate Obligations.

**“Subsidy Payments”** means payments made by the United States Treasury or other federal department or agency to the City for all or a portion of the debt service payments due on any Series of Bonds or any Series of Subordinate Obligations that are designated as Interest Subsidy Bonds by the Series Declaration specifying the terms and conditions for the issuance of such obligations.

**“Supplemental Declaration”** means a declaration executed by an Authorized Representative pursuant to the terms of this Master Declaration setting forth amendments or supplements to the terms and conditions of the Master Declaration.

**“System”** means all real and personal property now or hereafter owned, operated by, used, or used by, or maintained by the City for collection, treatment, delivery, and distribution of potable and non-potable water and disposal of wastewater within or without the corporate limits of the City; provided, however, that the System does not include any Separate Utility System.

**“System Development Charge Revenues”** means, collectively, SDC Improvement Fees and SDC Reimbursement Fees, together with any other revenues attributable to the System and received by the City as a result of the system development charges imposed by the City pursuant to Chapter 3, Medford Municipal Code or any successor thereof.

**“Tax Covenants”** means with respect to Tax-Exempt Obligations the covenants of the City to comply with the Code to ensure the initial and continued exclusion from gross income for federal income tax purposes of the interest on such Bonds or Subordinate Obligations.

**“Tax Maximum”** means the maximum dollar amount permitted by the Code to be allocated to a bond reserve account from bond proceeds without requiring a balance to be invested at a restricted yield.

**“Taxable Obligation”** means any Bond or any Subordinate Obligation, the interest on which is included in gross income for federal income tax purposes.

**“Tax-Advantaged Obligations”** means any Bonds or Subordinate Obligations, other than Tax-Exempt Obligations, that provides a federal tax benefit to the holder, such as tax credit obligations.

**“Tax-Exempt Obligation”** means any Bond or any Subordinate Obligation, the interest on which is excluded from gross income for federal income tax purposes.

**“Term Obligations”** means the portion of a Series of Bonds or Series of Subordinate Obligations, as applicable, which shall be slated to mature on one date and which are subject to scheduled mandatory redemption prior to maturity pursuant to a Mandatory Redemption Schedule.

**“Variable Rate Obligations”** means any Bonds or Subordinate Obligations, which may be either Serial Obligations, Term Obligations, Capital Appreciation Obligations or Option Obligations, issued with a variable, adjustable, convertible, or other similar interest rate that is not fixed for the entire term thereof at the date of issue or is not, as of the date of issuance, determinable by percentage through maturity.

**“Water Reclamation Fund”** means the existing fund by that name established and maintained by the City on its books as further described in Section 7.01 of this Master Declaration.

## **ARTICLE 2 SEWER REVENUE BONDS**

**Section 2.01 Generally.** The City hereby enters and delivers this Master Declaration (i) to authorize and direct the issuance from time to time City of Medford Sewer Revenue Bonds, City of Medford Sewer Subordinate Obligations or any Derivative Product, as authorized by the City pursuant to the Act and a Bond Resolution and subject to this Master Declaration, to provide sufficient funds for the capital costs of the System, (ii) to fund, if necessary, the Bond Reserve Account and (ii) to pay any costs of a Credit Facility or Reserve Credit Facility and any

costs of issuance in connection with any Series of Bonds, any Series of Subordinate Obligations or any Derivative Product.

(a) Bonds and Subordinate Obligations may be issued under this Master Declaration in one or more Series, in such form and in such maturities, bearing interest at such rates, with or without a Credit Facility and with such captions or designations and subject to such redemption and to other terms and conditions as provided in this Master Declaration, or determined by an Authorized Representative and provided in a Series Declaration providing for the issuance thereof and consistent with the provisions of this Master Declaration. Bonds, Subordinate Obligations and Derivative Products shall be executed on behalf of the City with the manual or facsimile signature of the City Manager of the City or their designee and attested to by the manual or facsimile signature of the Finance Director of the City or their designee. If Bonds or Subordinate Obligations are issued with a Registrar, the Registrar shall manually authenticate such Bonds or Subordinate Obligations to be delivered at closing.

(b) Interest on the Bonds and the Subordinate Obligations shall be computed and the principal of and interest on the Bonds and the Subordinate Obligations shall be paid pursuant to this Master Declaration and as specified in the Series Declaration providing for each Series of Bonds.

**Section 2.02 Security.** The Bonds shall be revenue bond obligations of the City and shall be payable solely from the Security as provided by this Master Declaration. As security for the payment of the principal, interest and premium (if any) on all Outstanding Bonds, the City hereby pledges to the Registered Owners of the Bonds all of the City's right, title and interest in the following:

(a) the Net Revenues;

(b) any Subsidy Payments;

(c) the moneys and investments (including investment earnings thereon) on deposit in the Debt Service Fund and the Bond Reserve Account, including without limitation the City's right, title and interest in any Reserve Credit Facility (and any moneys drawn or paid thereunder) given with respect to meeting the Bond Reserve Requirement on a particular Series of Bonds;

(d) any Credit Facility other than a Reserve Credit Facility given as security for the payment of any amounts owing on any Bonds (and any moneys drawn or paid thereunder); provided that such Credit Facility secures only those Bonds for which it was given; and

(e) such other properties and assets as may be hereafter pledged to the payment of Bonds pursuant to any Supplemental Declaration or which may be delivered, pledged, mortgaged or assigned by any person as security for Bonds.

The foregoing is referred to herein as the "Security."

**Section 2.03 Subordinate Security.** The Subordinate Obligations shall be revenue bond obligations of the City and shall be payable solely from the Security on a subordinate and junior basis to the Bonds as provided by this Master Declaration. As security for the payment of the principal, interest and premium (if any) on all Outstanding Subordinate Obligations, the City hereby pledges all of the City's right, title and interest in the following on a subordinate and junior basis to the pledge of Security for all of the City's Outstanding Bonds:

- (a) the Net Revenues;
- (b) any Subsidy Payments;
- (c) the moneys and investments (including investment earnings thereon) on deposit in the Subordinate Obligations Account and in any reserve account, if any such account is established pursuant to a Series Declaration for such Subordinate Obligations, including without limitation the City's right, title and interest in any Reserve Credit Facility (and any moneys drawn or paid thereunder), if any, for a particular Series of Subordinate Obligations;
- (d) any Credit Facility other than a Reserve Credit Facility given as security for the payment of any amounts owing on any Subordinate Obligations (and any moneys drawn or paid thereunder); provided that such Credit Facility secures only those Subordinate Obligations for which it was given; and
- (e) such other properties and assets as may be hereafter pledged to the payment of Subordinate Obligations pursuant to any Supplemental Declaration or which may be delivered, pledged, mortgaged or assigned by any person as security for Subordinate Obligations.

The foregoing is referred to herein as the "Subordinate Security."

**Section 2.04 Pledge of Net Revenues.**

(a) Senior Lien. The City hereby pledges the Net Revenues to the payment of principal of, premium (if any) and interest on all Bonds as herein provided. Pursuant to ORS 287A.310, or any successor statute, the pledge of the Net Revenues hereby made by the City shall be valid and binding from the time of the adoption of this Master Declaration. The Net Revenues so pledged and hereafter received by the City shall immediately be subject to the lien of such pledge without any physical delivery or further act, and the lien of the pledge shall be superior to all other claims and liens, except liens and claims for the payment of Operating Expenses, to the fullest extent permitted by ORS 287A.310, or any successor statute.

(b) Subordinate Lien. The City hereby pledges, on a subordinate and junior basis to the payment of the Bonds, the Net Revenues to the payment of principal of, premium (if any) and interest on all Subordinate Obligations as herein provided. Pursuant to ORS 287A.310, or any successor statute, the pledge of the Net Revenues hereby made by the City shall be valid and binding from the time of the adoption of this Master Declaration. The Net Revenues so pledged and hereafter received by the City

shall immediately be subject to the lien of such pledge without any physical delivery or further act, and the lien of the pledge shall be superior to all other claims and liens whatsoever (except for the lien of the Bonds) to the fullest extent permitted by ORS 287A.310, or any successor statute.

**Section 2.05 Separate Utility System.** The City Council may take official action to declare and establish one or more “Separate Utility System” that consists of property that the City owns and is part of the System, but has a value of less than five percent (5%) of the System as of the date of the City Council declaration establishing the Separate Utility System, and/or property that the City has not yet acquired but that would otherwise be part of the System.

(a) Upon such declaration by the City Council:

(i) the revenues of that Separate Utility System shall not be included in Gross Revenues and may be pledged to the payment of revenue obligations issued to purchase, construct, condemn or otherwise acquire or expand such Separate Utility System; and

(ii) the Net Revenues of the System shall not be pledged by the City to the payment of any obligations of such Separate Utility System except in accordance with other provisions of this Master Declaration.

(b) The City is permitted to use Net Revenues to pay costs of acquiring, operating and maintaining the Separate Utility System, provided that there is no deficit in the Debt Service Fund or the Bond Reserve Account and that the City can demonstrate compliance with this Master Declaration, including without limitation the financial covenants set forth in Sections 9.01 and 9.03 after the use of Net Revenues for the benefit of the Separate Utility System.

(c) The City is permitted to issue Subordinate Obligations to pay for costs of a Separate Utility System, and may include a pledge the revenues of the Separate Utility System to secure Subordinate Obligations issued for the benefit of the Separate Utility System.

### **ARTICLE 3 USE OF DEPOSITORY; BOOK-ENTRY ONLY SYSTEM**

**Section 3.01 Designation of Book-Entry Bonds.** Any series of Bonds issued hereunder may be issued as Book-Entry Bonds if so designated in the Series Declaration for such Series of Bonds. Book-Entry Bonds shall be evidenced by one Bond maturing on each of the maturity dates as set forth in a Series Declaration providing for the issuance of such Bonds in a denomination corresponding to the total principal amount of the Bonds maturing on each maturity date. Each Bond shall be assigned by the Registrar a distinctive number or letter or letter and number, and a record of the same shall be maintained by the Registrar. Registered ownership of Bonds, or any portion thereof, may not thereafter be transferred except as set forth in this Article 3. Payment of the interest on any Bond shall be made on each Interest Payment Date to the account, in the manner and at the address indicated in or pursuant to the Letter of

Representations. While the Bonds are in book-entry-only form, the Bonds will be available in denominations of \$5,000 or any integral multiple thereof.

**Section 3.02 Book-Entry Bonds.** Upon the initial issuance of Book-Entry Bonds, the ownership of all such Book-Entry Bonds shall be registered in the name of Cede & Co. as nominee of DTC, or such other nominee as DTC shall request pursuant to the Blanket Letter of Representations (the “Letter of Representations”) dated August 7, 1995, executed and delivered by the City to the Depository. The Registrar and the City may treat DTC (or its nominee) as the sole and exclusive owner of Book-Entry Bonds registered in its name for the purposes of payment of the principal of and interest on such Book-Entry Bonds, giving any notice permitted or required to be given to Owners of Book-Entry Bonds under the Master Declaration, registering the transfer of Book-Entry Bonds, obtaining any consent or other action to be taken by Owners of the Book-Entry Bonds and for all other purposes whatsoever; and neither the Registrar nor the City shall be affected by any notice to the contrary. Neither the Registrar nor the City shall have any responsibility or obligation to any Participant (which shall mean, for purposes of this Article 3, securities brokers and dealers, banks, trust companies, clearing corporations and other entities, some of whom directly or indirectly own DTC), any person claiming a beneficial ownership interest in the Book-Entry Bonds under or through DTC or any Participant, or any other person which is not shown on the registration records as being an Owner of Book-Entry Bonds, with respect to (i) the accuracy of any records maintained by DTC or any Participant, (ii) the payment by DTC or any Participant of any amount in respect of the principal of or interest on the Book-Entry Bonds, (iii) any notice which is permitted or required to be given to Owners of Book-Entry Bonds under the Master Declaration, or (iv) any consent given or other action taken by DTC as an Owner of Book-Entry Bonds. The Registrar shall pay all principal of and interest on the Book-Entry Bonds only at the times, to the accounts, at the addresses and otherwise in accordance with the Representation Letter, and all such payments shall be valid and effective to satisfy fully and discharge the City’s obligations with respect to the principal of and interest on the Book-Entry Bonds to the extent of the sum or sums so paid. Upon delivery by DTC to the Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of its then existing nominee, the Book-Entry Bonds will be transferable to such new nominee in accordance with Section 3.06.

**Section 3.03 Discontinuation of Book-Entry Bonds System.** In the event that the City determines to discontinue use of the system of book-entry transfers, the Registrar shall, upon the written instruction of the City, so notify DTC of such decision and the availability of bond certificates. In such event, the Bonds which were previously Book-Entry Bonds will be transferable in accordance with Section 3.06. DTC may determine to discontinue providing its services with respect to the Book-Entry Bonds at any time by giving written notice of such discontinuance to the City and the Registrar and discharging its responsibilities with respect thereto under applicable law. In such event, such Bonds will be transferable in accordance with Section 3.06. Whenever DTC requests the City and the Registrar to do so, the Registrar and the City will cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of all certificates evidencing the Book-Entry Bonds then Outstanding. In such event, the Book-Entry Bonds will be transferable to such securities depository in accordance with Section 3.06, and thereafter, all reference in this Master Declaration to DTC or its nominee shall be deemed to refer to such successor securities depository and its nominee, as appropriate.

**Section 3.04 Payment of Book-Entry Bonds.** Notwithstanding any other provision of this Master Declaration to the contrary, so long as all Outstanding Bonds are registered in the name of any nominee of DTC, all payments with respect to the principal of and interest on each such Bond and all notices with respect to each such Bond shall be made and given, respectively, to DTC as provided in the Letter of Representations.

**Section 3.05 Subsequent Letter of Representations.** The Registrar is hereby authorized and requested to execute and deliver a Letter of Representations with respect to any Series of Bonds which are designated as Book-Entry Bonds and, in connection with any successor nominee for DTC and any successor depository, enter into comparable arrangements, and shall have the same rights with respect to its actions thereunder as it has with respect to its actions under this Master Declaration.

**Section 3.06 Transfer and Exchange.** In the event that any transfer or exchange of Book-Entry Bonds is authorized under Section 3.02 or Section 3.03, such transfer or exchange shall be accomplished upon receipt by the Registrar from the registered owner thereof of the Book-Entry Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee, all in accordance with the applicable provisions of Article 5 of this Master Declaration. In the event bond certificates are issued to Owners other than Cede & Co., its successor as nominee for DTC as holder of all the Book-Entry Bonds, another securities depository as holder of all the Book-Entry Bonds, or the nominee of such successor securities depository, the provisions of Article 5 of this Master Declaration shall also apply to, among other things, the registration, exchange and transfer of the Book-Entry Bonds and the method of payment of principal of and interest on the Book-Entry Bonds.

## **ARTICLE 4 REDEMPTION**

**Section 4.01 General Redemption Matters.** Notwithstanding the following, any Series of Bonds and any Series of Subordinate Obligations issued pursuant to this Master Declaration may be subject to redemption as so stated in the Series Declaration providing for issuance of such Series of Bonds or Series of Subordinate Obligations.

**Section 4.02 Optional Redemption.** Bonds and Subordinate Obligations may be subject to optional redemption as specified in a Series Declaration.

**Section 4.03 Mandatory Redemption.**

(a) Bonds or Subordinate Obligations may be subject to mandatory redemption to the extent designated by the successful bidder or Purchaser of any Series of Bonds or any Series of Subordinate Obligations as set forth in the Series Declaration related thereto.

(b) To the extent not specified in any Series Declaration or Supplemental Declaration, on or before the 30th day prior to any payment date specified in the Mandatory Redemption Schedule, if any, the Registrar shall:

(i) select for redemption (by lot from such Series in such manner as the Registrar may determine), from all Term Obligations Outstanding of such Series that are subject to Mandatory Redemption on such date, an aggregate principal amount of such Term Obligations equal to the amount specified in the Mandatory Redemption Schedule;

(ii) call such Term Obligations or portions thereof of such Series (in denominations of \$5,000 or any integral multiple thereof) for redemption from the Redemption Account on such payment date; and,

(iii) give notice of such call as provided herein.

(c) To the extent not specified in any Series Declaration or Supplemental Declaration, at the option of the City, to be exercised by delivery of a written certificate signed by an Authorized Representative to the Registrar on or before the sixtieth (60th) day preceding any payment date, it may:

(i) deliver to the Registrar for cancellation Term Obligations of such Series or portions thereof (in denominations of \$5,000 or any integral multiple thereof) in any aggregate principal amount desired by the City, and

(ii) specify a principal amount of Term Obligations or portions thereof (in denominations of \$5,000 or any integral multiple thereof) of such Series which prior to said date have been purchased or redeemed (otherwise than through the operation of the Mandatory Redemption Schedule) and canceled by the Registrar at the request of the City and not theretofore applied as a credit against any payment.

(d) To the extent not specified in any Series Declaration or Supplemental Declaration, any such Term Obligations purchased pursuant to the provisions of this Section 4.02 shall be thereupon canceled by the Registrar. Each such Term Obligation or portion thereof so purchased, delivered or previously redeemed shall be credited by the Registrar at one hundred percent (100%) of the principal amount thereof against the obligation of the City on such payment date. Any excess shall be credited against such future payments as an Authorized Representative shall direct.

(e) In the event the City shall avail itself of the provisions of Section 4.02(c)(i), the certificate required by Section 4.02(c) shall be accompanied by the Term Obligations or portions thereof to be canceled.

**Section 4.04 Notice of Redemption.** Unless otherwise specified in a Series Declaration or Supplemental Declaration, each notice of redemption shall be mailed by the Registrar, not less than twenty (20) nor more than sixty (60) days prior to the redemption date, to each Owner and the Depository. Notice of redemption to the Depository shall be given by certified, registered or overnight mail or by such other method as may be requested by the Depository. Each notice of redemption shall state the following information: (i) the date of such notice; (ii) the date of issue of the Bonds or the Subordinate Obligations to which such notice relates; (iii) the redemption date; (iv) the Redemption Price; (v) the place or places of redemption



(including the name and appropriate address or addresses of the Registrar); (vi) the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity, the distinctive certificate numbers of the Bonds or Subordinate Obligations of such maturity to be redeemed and, in the case of Bonds or Subordinate Obligations to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Bonds or Subordinate Obligations the Redemption Price thereof or of said specified portion of the principal amount thereof in the case of a Bond or Subordinate Obligation to be redeemed in part only, together with interest accrued thereon to the date fixed for redemption, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds or Subordinate Obligations be then surrendered at the address or addresses of the Registrar specified in the redemption notice. Neither the City nor the Registrar shall have any responsibility for any defect in the CUSIP number that appears on any Bond or Subordinate Obligation or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the City nor the Registrar shall be liable for any inaccuracy in such numbers.

With respect to any notice of optional redemption of Bonds or Subordinate Obligations, unless upon the giving of such notice, such Bonds or Subordinate Obligations shall be deemed to have been paid within the meaning of this Master Declaration or unless the Registrar has cash or Government Obligations sufficient to pay the principal of and premium, if any, purchase price and interest on the Bonds or Subordinate Obligations to be redeemed, such notice may state that such redemption shall be conditional upon the receipt by the Registrar on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of and premium, if any, purchase price and interest on such Bonds or Subordinate Obligations and that if such moneys shall not have been so received said notice shall be of no force and effect and the Registrar shall not be required to redeem such Bonds or Subordinate Obligations. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Registrar shall be within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

Failure by the Registrar to give notice to the Depository or failure of any Owner to receive notice or any defect in any such notice shall not affect the sufficiency of the proceedings for redemption.

**Section 4.05 Deposit of Funds.** Unless otherwise specified in a Series Declaration or Supplemental Declaration, the City shall deposit with the Registrar, on or before the redemption date, an amount of money sufficient to pay the redemption price of all the Bonds or Subordinate Obligations or portions of the Bonds or Subordinate Obligations that are to be redeemed on that date.

**Section 4.06 Effect of Redemption.** Official notice of redemption having been given as aforesaid, the Bonds or Subordinate Obligations or portions of the Bonds or Subordinate Obligations to be redeemed shall, on the redemption date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or Subordinate Obligations or portions of the

Bonds or Subordinate Obligations shall cease to bear interest. Upon surrender of such Bonds or Subordinate Obligations for redemption in accordance with said notice, such Bonds or Subordinate Obligations shall be paid by the Registrar at the Redemption Price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption (in denominations of \$5,000 or any integral multiple thereof) of any Series of Bond or Subordinate Obligation there shall be prepared for the Registered Owner a new Bond or Bonds or Subordinate Obligation or Subordinate Obligations of the same maturity in the amount of the unpaid principal. All the Bonds or Subordinate Obligations that have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued. Notwithstanding that any Bonds or Subordinate Obligations called for redemption shall not have been surrendered, no further interest shall accrue on any such Bonds. From and after such notice having been given and such deposit having been made, the Bonds or Subordinate Obligations to be redeemed shall not be deemed to be Outstanding hereunder, and the City shall be under no further liability in respect thereof. Neither failure to receive any notice nor any defect in such notice so given shall affect the sufficiency of the proceedings for redemption of the Bonds or the Subordinate Obligations. Failure by the Registrar to give notice to the Depository or the Bondowners pursuant to Section 4.04, or any defect in such notice shall not affect the validity of the redemption of any other Bonds or Subordinate Obligations or the sufficiency of the proceedings for redemption.

## **ARTICLE 5 AUTHENTICATION, REGISTRATION, EXCHANGE AND TRANSFER**

**Section 5.01** Sections 5.06 through 5.08 apply only if any Series of the Bonds ceases to be subject to the Book-Entry Only System. Subordinate Obligations issued pursuant to this Master Declaration shall be subject to such authentication, registration, exchange and transfer provisions as set forth in a Series Declaration.

**Section 5.02** No Bond shall be entitled to any right or benefit under this Master Declaration unless it shall have been authenticated by an authorized officer of the Registrar. The Registrar shall authenticate all Bonds to be delivered at closing, and shall additionally authenticate all Bonds properly surrendered for exchange or transfer pursuant to this Master Declaration.

**Section 5.03** All Bonds shall be in registered form. The City has appointed U.S. Bank Trust Company, National Association to serve as Registrar for the Bonds. A successor Registrar may be appointed for any Series or all of the Bonds by a resolution of the City. The Registrar shall provide notice to Bondowners of any change in the Registrar not later than the Bond payment date following the change in Registrar.

**Section 5.04** The ownership of all Bonds shall be entered in the Bond register maintained by the Registrar and the City and Registrar may treat the person listed as Owner in the Bond register as the Owner of the Bond for all purposes.

**Section 5.05** The Registrar shall mail or cause to be delivered each interest payment on the Interest Payment Date (or the next Business Day if the Interest Payment Date is not a Business Day) to the name and address of the Bondowner, as that name and address appear on

the Bond register as of the Record Date. If payment is so mailed or delivered, neither the City nor the Registrar shall have any further liability to any party for such payment. The principal of or purchase price, and premium, if any, on the Bonds shall be payable at the corporate trust office of the Registrar, upon presentation and surrender of such Bonds.

**Section 5.06** Bonds may be exchanged for an equal principal amount of Bonds of the same maturity which are in different Authorized Denominations, and Bonds may be transferred to other Owners if the Bondowner submits the following to the Registrar:

- (a) written instructions for exchange or transfer satisfactory to the Registrar, signed by the Bondowner or his attorney in fact and guaranteed or witnessed in a manner satisfactory to the Registrar; and
- (b) the Bonds to be exchanged or transferred.

**Section 5.07** The Registrar shall not be required to exchange or transfer any Bonds submitted to it during any period beginning with a Record Date and ending on the next following payment date; however, such Bonds shall be exchanged or transferred promptly following the payment date.

- (a) The Registrar shall not be required to exchange or transfer any Bonds which have been designated for redemption if such Bonds are submitted to it during the fifteen-day (15) period preceding the designated redemption date.
- (b) For purposes of this Article 5, Bonds shall be considered submitted to the Registrar on the date the Registrar actually receives the materials described in Section 5.06.

**Section 5.08** The City may alter these provisions regarding registration and transfer by mailing notification of the altered provisions to all Bondowners. The altered provisions shall take effect on the date stated in the notice, which shall not be earlier than forty-five (45) days after notice is mailed.

## **ARTICLE 6 DISPOSITION OF BOND PROCEEDS**

**Section 6.01 Disbursement of Proceeds.** Except as may otherwise be provided in a Series Declaration or Supplemental Declaration, the proceeds of any Bonds issued under this Master Declaration shall be disbursed as follows:

- (a) Interest accrued, if any, from the date of the Bonds until the date of closing shall be placed in the Debt Service Fund to pay a portion of the interest due on the Bonds.
- (b) An amount equal to the Bond Reserve Requirement shall be deposited to the Bond Reserve Account, unless a Reserve Credit Facility is obtained in an amount equal to the Bond Reserve Requirement.

(c) The balance of the Bond proceeds shall be placed in the Bond Proceeds Account and shall be disbursed to finance the Project and to pay the costs incurred in connection with the issuance of the Bonds.

(d) To the extent monies transferred to the Bond Proceeds Account pursuant to Section 6.01(c) above are in excess of the amount necessary to finance the Project and to pay the costs incurred in connection with the issuance of the Bonds, such monies may be transferred to the Debt Service Fund to pay debt service on the Bonds.

**Section 6.02 Investment.** Monies in the Bond Proceeds Account may be invested in Permitted Investments. Earnings from investment of the funds in the Bond Proceeds Account shall be maintained in the Bond Proceeds Account and shall be treated and disbursed as Bond proceeds.

## **ARTICLE 7 BOND FUNDS AND ACCOUNTS**

**Section 7.01 Funds and Accounts Established.** The following Funds and Accounts are hereby authorized:

(a) The City of Medford Sewer Fund is maintained on the books of the City (the “Water Reclamation Fund”). The Water Reclamation Fund includes or shall include subordinate funds and accounts, including but not limited to the following funds and accounts:

- (i) City of Medford Sewer Operating Fund;
- (ii) City of Medford Sewer Bond Debt Service Fund;
- (iii) City of Medford Sewer Rate Stabilization Account;
- (iv) City of Medford Sewer Bond Reserve Account;
- (v) City of Medford Sewer Bond Rebate Account;
- (vi) City of Medford Sewer Bond Proceeds Account;
- (vii) City of Medford Sewer System Construction Fund;
- (viii) City of Medford Sewer Subordinate Obligations Account; and

(ix) Any subaccount of such accounts, which shall be maintained and used as set forth in this Master Declaration.

(x) The City may establish within the Water Reclamation Fund such other accounts or subaccounts as it may designate for each Series of Bonds or Series of Subordinate Obligations issued pursuant the Master Declaration.

**Section 7.02 Water Reclamation Fund.** All Gross Revenues shall be deposited or transferred, as and when received by the City, in the Water Reclamation Fund. The Gross Revenues shall be applied in accordance with Article 8 of this Master Declaration.

**Section 7.03 Debt Service Fund.** The Debt Service Fund is for the purpose of paying the principal or Accreted Value of, premium, if any, purchase price and interest on the Bonds. The City shall make the following deposits into the Debt Service Fund:

(a) The City shall deposit into the Debt Service Fund from the Water Reclamation Fund or the Bond Reserve Account money sufficient to make payments in accordance with Article 8 of this Master Declaration.

(b) The City hereby covenants with the Owners of the Bonds that, so long as any Bonds remain outstanding, it shall make deposit into the Debt Service Fund, as soon as practicable, but in any case not later than one (1) Business Day prior to each Interest Payment Date, an interest payment equal to the interest coming due on any Outstanding Bonds on the next succeeding Interest Payment Date, and a principal payment amount equal to the principal, if any, coming due on the succeeding Principal Payment Date.

(c) Notwithstanding the provisions set forth in Section 7.03(b) and in lieu thereof, this Section 7.03(c) shall govern transfers to the Debt Service Fund with respect to the accreted interest on any Bonds that constitute Capital Appreciation Obligations. With respect to the Bonds of any Series that constitute Capital Appreciation Obligations, accreted interest thereon shall be treated as principal coming due on the stated maturity date thereof or date upon which such Capital Appreciation Obligations are required to be redeemed pursuant to a mandatory redemption schedule, and transfers with respect to such accreted interest (as well as the principal of such Capital Appreciation Obligations) shall be made at the times and in the amounts provided in Section 7.03(b) hereof.

**Section 7.04 Bond Reserve Account.** The Bond Reserve Account is authorized to be created by the City within the Water Reclamation Fund for the purposes of securing the payment of the principal of, premium, if any, purchase price and interest on all Outstanding Covered Bonds.

(a) Notwithstanding the provisions of this Section 7.04 with respect to Covered Bonds, the City may establish in a Series Declaration for any one or more series of Bonds that are not Covered Bonds (A) a separate reserve requirement (which may be zero) and (B) a separate reserve account in the Water Reclamation Fund to secure the payment of such Bonds.

(b) The Bond Reserve Account shall be administered as follows with respect to Outstanding Covered Bonds:

(i) The City shall make deposits to the Bond Reserve Account as provided in this Section 7.04 so that the balance therein shall be at least equal the Bond Reserve Requirement for Covered Bonds.

(ii) The Bond Reserve Requirement for Covered Bonds may be funded at the date of issuance of Covered Bonds or may be funded in approximately equal monthly deposits over a period of time (not greater than three years) established in the Series Declaration related thereto; provided, that if the dollar amount required to be contributed as a result of the issuance of a series of Bonds exceeds the Tax Maximum, then the amount required to be contributed shall be equal to the Tax Maximum, and the Bond Reserve Requirement for Covered Bonds shall be adjusted accordingly and remain in effect until the earlier of (i) an annual calculation by the City, (ii) a payment of principal of Covered Bonds or (iii) the issuance of a subsequent series of Covered Bonds (when the Bond Reserve Requirement for Covered Bonds shall be recalculated).

(iii) The Bond Reserve Requirement shall be maintained by deposits of cash or Permitted Investments, a Reserve Credit Facility or a combination of the foregoing. An Authorized Representative may determine to utilize a Reserve Credit Facility to satisfy all or a portion of the Bond Reserve Requirement. Upon such determination, an Authorized Representative is hereby authorized to execute and deliver one or more agreements with issuers of Reserve Credit Facilities to effect the delivery of the appropriate instrument. To the extent that the City obtains a Reserve Credit Facility in substitution for cash or securities in the Bond Reserve Account, all or a portion of the money on hand in the Bond Reserve Account shall be transferred in accordance with the priorities for use of Gross Revenue set forth in Section 8.01.

(iv) In computing the amount on hand in the Bond Reserve Account, a Reserve Credit Facility shall be valued at the lower of the face amount thereof and the amount available to be drawn thereunder, and all other obligations purchased as an investment of moneys therein shall be valued on a marked to market basis at least once annually. As used herein, the term “cash” shall include U.S. currency, cash equivalents and evidence thereof, including demand deposits, certified checks or cashier’s checks, and the deposit to the Bond Reserve Account may be satisfied by the transfer of investments to such account.

(v) If a deficiency in the Bond Reserve Requirement shall exist as a result of the foregoing valuation, such deficiency shall be made up within one year thereof. If a Credit Event occurs, the Bond Reserve Requirement shall be satisfied (A) within one year after the occurrence of such Credit Event with another Credit Facility or Reserve Credit Facility or (B) within three years (in not more than three equal annual installments) after the occurrence of such Credit Event, out of Net Revenues (or out of other money on hand and legally available for such purpose) after first making necessary provisions for all other payments required to be made in the Debt Service Fund.

(vi) If the balance on hand in the Bond Reserve Account is sufficient to satisfy the Bond Reserve Requirement for Covered Bonds, amounts in excess of the Bond Reserve Requirement shall be applied as provided in the following sentences. Whenever there is a sufficient amount in the Debt Service Fund and the

Bond Reserve Account to pay the principal of, premium, if any, purchase price and interest on all Outstanding Covered Bonds, the money in the Bond Reserve Account may be used to pay such principal, premium, if any, purchase price and interest. If the balance on deposit in the Bond Reserve Account is at least equal to the Bond Reserve Requirement for Covered Bonds, money in the Bond Reserve Account in excess of the Bond Reserve Requirement for Covered Bonds may be transferred to the fund or account specified in writing by an Authorized Representative.

(vii) If a deficiency in the Debt Service Fund with respect to Covered Bonds shall occur, such deficiency shall be made up from the Bond Reserve Account by withdrawal of cash therefrom for that purpose and by the sale or redemption of investments held in the Bond Reserve Account sufficient to make up any such deficiency. If such deficiency still exists immediately prior to an interest rate payment date and after the transfer of cash from the Bond Reserve Account to the Debt Service Fund, the City shall then draw from any Reserve Credit Facility then credited to the Bond Reserve Account in sufficient amount to make up the deficiency. Such draw shall be made at such times and under such conditions as the agreement for such Reserve Credit Facility shall provide. Reimbursement may be made to the issuer of any Reserve Credit Facility in accordance with the agreement related thereto, and after making necessary provision for the payments required pursuant to Section 8.01(a) and (b).

(viii) If the City shall have failed to make any payment required to be made under such agreement for Bonds, the issuer of such Reserve Credit Facility shall be entitled to exercise all remedies available at law or under this Master Declaration; provided, that no acceleration of the Bonds shall be permitted, and no remedies that adversely affect Registered Owners of the Bonds shall be permitted.

(ix) Any deficiency created in the Bond Reserve Account by reason of any withdrawal provided for in this Section 7.04 shall be made up within one year from Net Revenues after first making necessary provisions for all payments required to be made in the Debt Service Fund within such year.

#### **Section 7.05 Rate Stabilization Account.**

(a) The City may deposit lawfully available funds, including Gross Revenues as permitted under Section 8.01 (g), into the Rate Stabilization Account from time to time as determined by the City. Amounts deposited in the Rate Stabilization Account from the Water Reclamation Fund shall reduce Gross Revenues for the period for which they are deposited.

(b) The City may withdraw funds from the Rate Stabilization Account at any time without limitation, subject only to the terms and conditions set forth in this Master Declaration, including:

(i) Monies in the Rate Stabilization Account may be withdrawn at any time and used for any purpose for which Gross Revenues may be used, and

(ii) Amounts withdrawn from the Rate Stabilization Account shall increase Gross Revenues for the period for which they are withdrawn.

(c) Unless otherwise excluded, funds withdrawn from the Rate Stabilization Account shall be included as Net Revenues for all Rate Covenant purposes.

(d) Deposits to and withdrawals from the Rate Stabilization Account may be posted in accordance with governmental accounting practices and procedures. Deposits to or withdrawals to or from the Rate Stabilization Account may relate to a prior Fiscal Year consistent with governmental accounting practices and procedures and provided that such deposits or withdrawals occur within the first quarter following the end of the prior Fiscal Year. Interest earnings on the Rate Stabilization Account shall be credited to the Water Reclamation Fund and shall be included in the definition of Gross Revenues for purposes of calculating debt service coverage.

**Section 7.06 Bond Proceeds Account.** The proceeds of Bonds shall be deposited to the Bond Proceeds Account in accordance with Section 6.01 hereof and pursuant to the provisions of any Series Declaration in connection with the issuance of any Series of Bonds. Upon the issuance of any Series of Bonds, the City shall deposit into the Bond Proceeds Account (or any subaccount thereof) the amounts required to be deposited therein pursuant to the Series Declaration providing for the issuance of such Series of Bonds. Amounts on deposit in the Bond Proceeds Account shall be applied to pay costs of the Project (as defined by this Master Declaration). Upon completion of a Project or if moneys in the particular account of the Bond Proceeds Account are not immediately needed for completion of the Project, the balance in the particular account of the Bond Proceeds Account relating to that Project in excess of the amount held for the purpose of paying costs of that Project (i) may be transferred to the Debt Service Fund, and (ii) unless such Bonds are Taxable Obligations, shall be invested at a yield that complies with the Tax Covenants or may be used for any other lawful purpose approved by Bond Counsel in writing.

**Section 7.07 Subordinate Obligations Account.** The City shall make deposits into the Subordinate Obligations Account in the amounts and on the dates required by the documents governing such Subordinate Obligations; provided that deposits from Gross Revenues shall be in accordance with the priority set forth in Article 8 of this Master Declaration.

**Section 7.08 Additional Funds, Accounts and Subaccounts.** The City may establish additional funds, accounts and subaccounts within any of the funds and accounts affirmed, created and established by Section 7.01 of this Master Declaration for the purpose of identifying more precisely the sources of payments into and disbursements from such funds and accounts. The establishment of any such additional funds, accounts or subaccounts shall not alter any of the requirements of this Master Declaration with respect to the deposit or use of moneys in any fund or account hereunder.



**ARTICLE 8  
DEPOSIT AND USE OF GROSS REVENUES**

**Section 8.01 Use of Gross Revenues.** All Gross Revenues (other than interest earnings on the Bond Proceeds Account) shall be deposited to and maintained in the Water Reclamation Fund. As long as any Bonds, Subordinate Obligations or Derivative Products remain outstanding, monies and investments in the Water Reclamation Fund shall be used solely to pay the following amounts in the following order:

- (a) To pay Operating Expenses;
- (b) To credit the Debt Service Fund to pay interest, principal or purchase price, and premium, if any, next maturing or coming due on the next Interest Payment Date, subject to Section 7.03(b) and (c) hereof, or pursuant to any Mandatory Redemption Schedule;
- (c) To reimburse the Credit Provider for any amounts advanced under a Reserve Credit Facility so long as the Bond Reserve Requirement for any Series of Outstanding Bonds is secured by a Reserve Credit Facility;
- (d) To make all payments required to be made into the Bond Reserve Account to maintain the Bond Reserve Requirement;
- (e) To pay rebates or penalties to the federal government pursuant to the Tax Covenants or credit a Rebate Account with respect to any Bonds;
- (f) To credit first, the Subordinate Obligations Account to make all interest, principal or purchase price, and premium, if any, payments required to be made with respect to any Subordinate Obligations and second, to reimburse the Credit Provider for (a) any amounts advanced under a Credit Facility for each series of Outstanding Subordinate Obligations secured by a Credit Facility and (b) any fees or charges payable to the Credit Provider in connection with a Credit Facility for any Series of Outstanding Subordinate Obligations secured by a Credit Facility;
- (g) To carry out any of the following without priority or preference,
  - (i) To credit the Rate Stabilization Account;
  - (ii) To retire by optional redemption or purchase in the open market any Outstanding Bonds or other revenue obligations of the City as authorized in a Series Declaration of the City in connection with the authorization and issuance of the Bonds;
  - (iii) To make appropriate additions, betterments, improvements and repairs to or extension and replacements of the System, maintain operating reserves consistent with the fiscal policies of the City and for any other lawful purposes related to the System;

(iv) To pay costs of acquiring, operating and maintaining the Separate Utility System; or

(v) For any other lawful purpose of the City related to the System.

**Section 8.02 Payment of Subordinate Obligations.** Subordinate Obligations issued pursuant to this Master Declaration shall be payable from and secured by the Subordinate Security, and shall be paid on a subordinate and junior basis to the Bonds, and only after payments made pursuant to Sections 8.01(a) through (e), inclusive; provided, however, that any Series of Subordinate Obligations also may be payable from and secured by a Credit Facility pledged specifically to or provided for those Subordinate Obligations. A Series Declaration providing for the issuance of Subordinate Obligations or Additional Subordinate Obligations may provide for a reserve account for such Series of Subordinate Obligations.

## **ARTICLE 9 RATE COVENANT**

### **Section 9.01 Rate Covenant.**

(a) The City covenants for the benefit of the Owners of all Bonds that it will charge rates and fees in connection with the operation of the System which, when combined with other Gross Revenues, are adequate to generate Net Revenues in each Fiscal Year at least equal to each of (a) 1.25 times Annual Bond Debt Service due in that Fiscal Year for Outstanding Bonds, (b) 1.15 times Annual Bond Debt Service due in that Fiscal Year for Outstanding Bonds, excluding SDC Improvement Fees, (c) 1.00 times Annual Bond Debt Service due in that Fiscal Year for any Subordinate Obligations (after subtracting Annual Bond Debt Service from Net Revenues due in that Fiscal Year for Bonds), and (d) any amounts owed by the City to a Credit Provider for surety premium payments.

(b) Not less than 90 days following the end of each Fiscal Year, the Authorized Representative will determine whether the City has met the requirements of Section 9.01(a), and will document the results of its determination in a certificate to be held on file by the City.

(c) If the Net Revenues fail to meet the Rate Covenant during that Fiscal Year, it shall not constitute a default under this Master Declaration if, within thirty (30) days after the report is filed, the City files a certificate of a City Official that specifies the actions that the City has taken and will take within the next ninety (90) days to permit the City to comply with Section 9.01(a) for the remainder of the Fiscal Year in which the report is filed, and for the succeeding Fiscal Year, and the City takes the actions specified by the City Official, or actions having a comparable effect.

**Section 9.02 Transfers from Rate Stabilization Account.** The City may transfer funds from the Rate Stabilization Account to satisfy the requirements of the Rate Covenant during the current Fiscal Year or within the first quarter of the following Fiscal Year and designate that such transfer shall relate to the immediately preceding Fiscal Year to satisfy such Rate Covenant. If the City transfers funds from the Rate Stabilization Account pursuant to the

previous sentence, the City covenants for the benefit of the Owners of all Bonds that it will charge rates and fees in connection with operation of the System which, when combined with other Gross Revenues, are adequate to generate Net Revenues (exclusive of transfers from the Rate Stabilization Account) in the current Fiscal Year at least equal to 1.00 times Annual Bond Debt Service due in that Fiscal Year for all Outstanding Bonds. If the Net Revenues fail to meet this level, the City will promptly, but in no event more than 270 days after the close of the Fiscal Year in which the failure occurred, increase its rates and fees or reduce its expenses to a level so that Net Revenues (exclusive of transfers from the Rate Stabilization Account) are projected to meet the covenant in this Section 9.02 for the then-current Fiscal Year and the succeeding Fiscal Year. The City will demonstrate its compliance with the provisions of this Section 9.02 by filing the Annual Certificate.

**Section 9.03 Compliance With Rate Covenant.** The City shall file the Annual Certificate setting forth the City's compliance with the Rate Covenant and, if applicable, the covenant set forth in Section 9.02 of this Master Declaration. If Net Revenues for any Fiscal Year fail to meet the requirements of Section 9.01 and, if applicable, Section 9.02, then an Authorized Representative shall certify in the Annual Certificate the actions that the City has taken to permit the City to comply with the Rate Covenant and, if applicable, the covenant set forth in Section 9.02 for the remainder of the then-current Fiscal Year and for the succeeding Fiscal Year.

## **ARTICLE 10**

### **ADDITIONAL BONDS; ADDITIONAL SUBORDINATE OBLIGATIONS**

**Section 10.01 Additional Bonds Authorized.** The City may issue Additional Bonds to provide funds for any purpose relating to the System which is authorized by law, but only upon the following conditions:

- (a) No Default under this Master Declaration has occurred and is continuing.
- (b) At the time of the issuance of such Additional Bonds there is no deficiency in the Bond Reserve Account, and Net Revenues less Annual Bond Debt Service on Outstanding Bonds for the Base Period are not less than one hundred percent (100%) of any costs due and owing by the City in connection with any Credit Facility or Reserve Credit Facility.
- (c) In connection with the issuance of any Additional Bonds, if so determined by the City, the designation of the Additional Bonds of such Series or portion thereof as Covered Bonds secured by the Bond Reserve Account; provided, that the Bond Resolution authorizing the issuance of such Series of Additional Bonds may designate an Authorized Representative to determine whether the Series of Additional Bonds, or any portion of such Series, will be Covered Bonds.
- (d) The Series Declaration providing for the issuance of Additional Bonds shall contain a covenant requiring the City to charge rates and fees sufficient to generate Net Revenues equal to the amount described in Article 9 of this Master Declaration, including the proposed Additional Bonds.

(e) On the earlier of the date of authorization or date delivery of any Series of Additional Bonds, there shall have been filed by the City as part of the documents delivered in connection with such Additional Bonds either:

(i) a certificate of an Authorized Representative stating that Net Revenues (including any transfers from the Rate Stabilization Account) in the Base Period preceding the delivery of the Additional Bonds then proposed to be issued are not less than:

(A) one hundred twenty-five percent (125%) of the Maximum Annual Debt Service on all Bonds, which includes all Outstanding Bonds plus the Additional Bonds then proposed to be issued; and

(B) excluding SDC Improvement Fees, one hundred fifteen percent (115%) of the Maximum Annual Debt Service on all Bonds, which includes all Outstanding Bonds plus the Additional Bonds then proposed to be issued.

For purposes of the preceding sentence, in the event that any adjustment in the rates, fees and charges for the services of the System shall be effective on or before the date of the delivery of such Series of Additional Bonds, an Authorized Representative shall reflect in his or her certificate the Net Revenues he or she calculates would have been collected in the Base Period if such new rates, fees and charges had been in effect for the entire Base Period; *or*

(ii) a certificate of the Qualified Consultant setting forth:

(A) the amount of the Adjusted Net Revenues for the five Fiscal Years succeeding the date of delivery of the Additional Bonds, then proposed to be issued, or, if capitalized interest is used, five Fiscal Years after the last capitalized interest payment;

(B) the debt service on all Outstanding Bonds and the Annual Bond Debt Service for each maturity of the Series of Additional Bonds then proposed to be issued, and stating that the amount shown in paragraph (A) above for each of the five Fiscal Years succeeding the date of delivery of the Additional Bonds, then proposed to be issued, or, if capitalized interest is used, five Fiscal Years after the last capitalized interest payment is not less than:

(1) one hundred twenty-five percent (125%) of the debt service due in each of those respective years and the final year is not less than one hundred twenty-five percent (125%) of the Maximum Annual Debt Service on all Bonds, which includes all Outstanding Bonds plus the Additional Bonds then proposed to be issued; and

(2) excluding SDC Improvement Fees, one hundred fifteen percent (115%) of the debt service due in each of those respective years and the final year is not less than one hundred twenty-five percent (115%) of the Maximum Annual Debt Service on all Bonds, which includes all Outstanding Bonds plus the Additional Bonds then proposed to be issued.

(f) There shall have been delivered to the City an opinion from Bond Counsel, to the effect that the Series Declaration executed and delivered by the City in connection with the issuance of such Series of Bonds is entered into in accordance with this Master Declaration and that such Series of Bonds when executed and delivered by the City, or with respect to the initial delivery and execution of Draw-Down Obligations, such Draw-Down Installments when duly received by the City, will be valid and binding obligations of the City. In connection with Draw-Down Obligations issued pursuant to this Section 10.01, the City shall have additionally received an opinion from Bond Counsel upon the earlier of the date of authorization or the date of delivery of any subsequent Draw-Down Installments delivered pursuant to this Section 10.01 to the effect that the certificate executed and delivered pursuant to Section 10.01(e)(i) or (ii) in connection with such Draw-Down Installments is entered into in accordance with this Master Declaration and the amount of the Draw-Down Installments authorized by such certificate will be valid and binding obligations of the City.

(g) The Estimated Debt Service Requirement for Balloon Payments shall be calculated in accordance with this Section 10.01(g).

(i) Whenever a Balloon Payment will be Outstanding on the date a Series of Additional Bonds is issued, an Authorized Representative shall prepare a schedule of principal and interest payments for a hypothetical Series of Additional Bonds that refunds each Balloon Payment in accordance with this Section 10.01(g). An Authorized Representative shall prepare that schedule using the date the Balloon Payment is scheduled to be paid, and that schedule shall be used to determine compliance with the tests for the issuance of Additional Bonds in this Article 10.

(ii) Each hypothetical Series of refunding Additional Bonds shall be assumed to be paid in equal annual installments of principal and interest sufficient to amortize the principal amount of the Balloon Payment over the term selected by an Authorized Representative; however, an Authorized Representative shall not select a term that exceeds the lesser of 20 years from the date the Balloon Payment is scheduled to be paid or the City's estimate of the remaining weighted average useful life (expressed in years and rounded to the next highest integer) of the assets which are financed with the Balloon Payment.

**Section 10.02 Refunding Additional Bonds.** The City may issue Additional Bonds to refund Outstanding Bonds, notwithstanding the requirements of Section 10.01, if

(a) the Annual Bond Debt Service of the refunding Bonds does not exceed the Annual Bond Debt Service for the refunded Bonds payable in any Fiscal Year by more than \$5,000; or

(b) the total Bond Debt Service on all Outstanding Bonds will not increase by more than 10% after the issuance of the refunding Bonds.

**Section 10.03 Security for Additional Bonds.** All Additional Bonds issued in accordance with this Article 10 shall have a lien on the Security that is equal to the lien of the Bonds issued in accordance with this Master Declaration.

**Section 10.04 Additional Subordinate Obligations Authorized.** The City may issue Additional Subordinate Obligations to provide funds for any purpose relating to the System that is authorized by law, but only if the following conditions are met prior to the issuance thereof:

(a) No Default under this Master Declaration has occurred and is continuing.

(b) The Series Declaration providing for the issuance of the Additional Subordinate Obligations contains a covenant requiring the City to charge rates and fees sufficient to generate Net Revenues equal to the amount described in Article 9 of this Master Declaration, including the proposed Additional Subordinate Obligations.

(c) On the earlier of the date of authorization or date of delivery of any Subordinate Obligations, there shall have been filed by the City as part of the documents delivered in connection with such Subordinate Obligations either:

(i) certificate of an Authorized Representative stating that Net Revenues (including any transfers from the Rate Stabilization Account) in the Base Period preceding the delivery of the Additional Subordinate Obligations then proposed to be issued are not less than one hundred percent (100%) of the Maximum Annual Debt Service on all Outstanding Bonds and on all Subordinate Obligations, which includes all Outstanding Subordinate Obligations plus the Additional Subordinate Obligations then proposed to be issued. For purposes of the preceding sentence, in the event that any adjustment in the rates, fees and charges for the services of the System shall be effective on or before the date of the delivery of such Series of Additional Subordinate Obligations, an Authorized Representative shall reflect in his or her certificate the Net Revenues he or she calculates would have been collected in the Base Period if such new rates, fees and charges had been in effect for the entire Base Period; or

(ii) a certificate of the Qualified Consultant setting forth:

(A) the amount of the Adjusted Net Revenues for the five Fiscal Years succeeding the date of delivery of the Additional Subordinate Obligations, then proposed to be issued, or, if capitalized interest is used, five Fiscal Years after the last capitalized interest payment;

(B) the debt service on all Outstanding Subordinate Obligations and the Annual Subordinate Obligation Debt Service for each maturity of the Series of Additional Subordinate Obligations then proposed to be issued, and stating that the amount shown in paragraph (i) above for each of the five Fiscal Years succeeding the date of delivery of the Additional Subordinate Obligations, then proposed to be issued, or, if capitalized interest is used, five Fiscal Years after the last capitalized interest payment is not less than one hundred percent (100%) of the debt service due in each of those respective years and the final year is not less than one hundred twenty-five percent (100%) of the Maximum Annual Debt Service on all Outstanding Bonds and all Subordinate Obligations, which includes all Outstanding Subordinate Obligations plus the Additional Subordinate Obligations then proposed to be issued.

(d) There shall have been delivered to the City an opinion from Bond Counsel, to the effect that the Series Declaration executed and delivered by the City in connection with the issuance of such Series of Subordinate Obligations is entered into in accordance with this Master Declaration and that such Series of Subordinate Obligations when executed and delivered by the City, or with respect to the initial delivery and execution of Draw-Down Obligations, such Draw-Down Installments when duly received by the City, will be valid and binding obligations of the City. In connection with Draw-Down Obligations issued pursuant to this Section 10.04, the City shall have additionally received an opinion from Bond Counsel upon the earlier of the date of authorization or the date of delivery of any subsequent Draw-Down Installments delivered pursuant to this Section 10.04 to the effect that the certificate executed and delivered pursuant to Section 10.01(c)(i) or (ii) in connection with such Draw-Down Installments is entered into in accordance with this Master Declaration and the amount of the Draw-Down Installments authorized by such certificate will be valid and binding obligations of the City.

(e) The Estimated Debt Service Requirement for Balloon Payments shall be calculated in accordance with this Section 10.04(e).

(i) Whenever a Balloon Payment will be Outstanding on the date a Series of Additional Subordinate Obligations is issued, the Finance Director of the City shall prepare a schedule of principal and interest payments for a hypothetical Series of Additional Subordinate Obligations that refunds each Balloon Payment in accordance with this Section 10.04(e). The Finance Director of the City shall prepare that schedule using the date the Balloon Payment is scheduled to be paid, and that schedule shall be used to determine compliance with the tests for Additional Subordinate Obligations in this Article 10.

(ii) Each hypothetical Series of refunding Additional Subordinate Obligations shall be assumed to be paid in equal annual installments of principal and interest sufficient to amortize the principal amount of the Balloon Payment over the term selected by the Finance Director of the City; however, the Finance Director of the City shall not select a term that exceeds the lesser of 20 years from the date the Balloon Payment is scheduled to be paid or the City's estimate of the

remaining weighted average useful life (expressed in years and rounded to the next highest integer) of the assets which are financed with the Balloon Payment.

(f) The City may issue Additional Subordinate Obligations to refund Outstanding Subordinate Obligations, notwithstanding the requirements of Section 10.04, if:

(i) the Annual Subordinate Obligation Debt Service of the refunding Subordinate Obligations does not exceed the Annual Subordinate Obligation Debt Service for the refunded Subordinate Obligations payable in any Fiscal Year by more than \$5,000, or

(ii) the total Subordinate Obligation Debt Service will not increase by more than 10% after the issuance of the refunding Subordinate Obligations.

(g) All Additional Subordinate Obligations issued in accordance with this Article 10 shall have a lien on the Subordinate Security, such lien is junior to the lien of the Security for the Bonds issued in accordance with this Master Declaration.

(h) A Series Declaration providing for the issuance of Subordinate Obligations or Additional Subordinate Obligations may provide for a reserve account for such Series of Subordinate Obligations.

## **ARTICLE 11 GENERAL COVENANTS**

**Section 11.01 General Covenants.** The City hereby covenants and agrees with the Owners of all Outstanding Bonds and all Outstanding Subordinate Obligations as follows:

(a) That it will promptly cause the principal, Accreted Value, premium, if any, purchase price and interest on the Bonds and the Subordinate Obligations to be paid as they become due in accordance with the provisions of this Master Declaration.

(b) That it will maintain complete books and records relating to the operation of the System and all District funds and accounts in accordance with generally accepted accounting principles, and will cause such books and records to be audited annually at the end of each Fiscal Year, and an audit report prepared by the Auditor and made available for the inspection of Bondowners.

(c) That it will not issue Bonds or other obligations having a claim superior to the claim of the Bonds upon the Security.

(d) That it will not issue Subordinate Obligations or other obligations (excluding Bonds) having a claim superior to the claim of the Subordinate Obligations upon the Subordinate Security.

(e) That it will promptly deposit into all funds and accounts all sums required by this Master Declaration to be so deposited.



(f) That the City shall cause the System to be operated at all times in a safe, sound, efficient and economic manner in compliance with all applicable health, safety and environmental laws, regulatory body rules, regulatory body orders and court orders applicable to the City's operation and ownership of the System.

(g) The City shall cause the System to be maintained, preserved, reconstructed, expended and kept, with all appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time cause to be made, without undue deferral, all necessary and proper repairs, replacements and renewals so that at all times the operation of the System shall be properly and advantageously conducted. The City shall also maintain deposits to funds and accounts that cause the System to be reasonably maintained and renewed.

(h) That it will at all times maintain with responsible insurers all such insurance on the System as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to such works or properties. If any useful part of the System is damaged or destroyed, such part will be restored to use or will be replaced. The money collected from insurance against accident to or destruction of the System will be used for repairing or rebuilding or replacing the damaged or destroyed System, and to the extent not so applied, will be applied to the payment or redemption of the Bonds on a pro rata basis, and for such purpose paid into the Debt Service Fund.

Any such insurance must be in the form of policies or contracts for insurance with insurers of good standing and shall be payable to the City, or in the form of self-insurance by the City. The City shall establish such fund or funds or reserves as are necessary to provide for its share of any such self-insurance.

(i) The City will not, nor will it permit others to sell, mortgage, lease or otherwise dispose of or encumber all or any portion of the System except:

(i) The City may dispose of all or substantially all of the System, provided that simultaneously the City shall cause all of the Bonds and all of the Subordinate Obligations to be, or deemed to be, no longer outstanding.

(ii) Except as provided below, the City will not dispose of any part of the System in excess of five percent (5%) of the value of the System in service unless prior to such disposition:

(A) there has been filed with the City a certificate of a Qualified Consultant stating that such disposition will not impair the ability of the City to comply with the Rate Covenants contained in Article 9 of this Master Declaration; or

(B) provision is made for the payment, redemption or other defeasance of a principal amount of Bonds equal to the greater of the following amounts

(1) An amount which will be in the same proportion to the net principal amount of Bonds then outstanding (defined as the total principal amount of Bonds then outstanding less the amount of cash and investments in the Bond Fund) that the Gross Revenues attributable to the part of the System sold or disposed of for the 12 preceding months bears to the total Gross Revenues for such period; or

(2) An amount which will be in the same proportion to the net principal amount of Bonds then outstanding that the book value of the part of the System sold or disposed of bears to the book value of the System immediately prior to such sale or disposition.

**Section 11.02 Disposition in Certain Circumstances.** Notwithstanding any other provision of this Article 11, the City may:

(a) dispose of any portion of the System that has become unserviceable, inadequate, obsolete, or unfit to be used or no longer necessary for use in the operation of the System; and

(b) establish a Separate Utility System and dispose of a portion of the System consistent with the provisions of Section 2.05 of this Master Declaration.

**Section 11.03 Transfer of Ownership.** If the ownership of all or part of the System is transferred from the City through the operation of law, the City shall to the extent authorized by law, reconstruct or replace such transferred portion using any proceeds of the transfer unless the City Council reasonably determines that such reconstruction or replacement is not in the best interest of the City and the Bondowners, in which case any proceeds shall be used for the payment, redemption or defeasance of Bonds and Subordinate Obligations.

**Section 11.04 Merger or Consolidation.** In the event that a city, district or other local government entity proposes a merger or consolidation with respect to the City and the System pursuant to the provisions of ORS Chapter 222 or other applicable law, any such merger or consolidation shall require a debt distribution plan that provides for all outstanding indebtedness of the City to be defeased consistent with the provisions of this Master Declaration upon such merger or consolidation.

## **ARTICLE 12 DERIVATIVE PRODUCTS**

**Section 12.01 Derivative Products Authorized; Definitions.** The City may enter into Derivative Products on a parity with the Bonds subject to the applicable requirements of State law and the conditions provided in this Article 12.

(a) For purposes of this Master Declaration the following terms have the following meanings:

“City Payment” means any payment required to be made by or on behalf of the City under a Derivative Product and which is determined according to a formula set forth in the Derivative Product.

“Derivative Facility” means a letter of credit, an insurance policy, a surety bond or other credit enhancement device, given, issued or posted as security for the City’s obligations under one or more Derivative Products.

“Derivative Payment Date” means any date specified in the Derivative Product on which a City Payment is due and payable under the Derivative Product.

“Derivative Product” means a written contract or agreement between the City and a third party that has at least an investment grade rating from a Rating Agency (the “Reciprocal Payor,”) which provides that the City’s obligations thereunder will be conditioned on the absence of: (i) a failure by the Reciprocal Payor to make any payment required thereunder when due and payable, or (ii) a default thereunder with respect to the financial status of the Reciprocal Payor; and under which the City is obligated to pay, on one or more scheduled and specified Derivative Payment Dates, the City Payments in exchange for the Reciprocal Payor’s obligation to pay or to cause to be paid to the City, on scheduled and specified Derivative Payment Dates, the Reciprocal Payments;

(i) for which the City’s obligations to make City Payments may be secured by a pledge of and lien on the Net Revenues on an equal and ratable basis with the Outstanding Bonds;

(ii) under which Reciprocal Payments are to be made directly into the Debt Service Fund;

(iii) for which the City Payments are either specified to be one or more fixed amounts or are determined according to a formula set forth in the Derivative Product; and

(iv) for which the Reciprocal Payments are either specified to be one or more fixed amounts or are determined according to a formula set forth in the Derivative Product.

“Derivative Product Account” means the Derivative Product Account, if any, created and established under Section 12.05 hereof.

“Reciprocal Payment” means any payment to be made to, or for the benefit of the City under a Derivative Product by the Reciprocal Payor.

“Reciprocal Payor” means a party to a Derivative Product that is obligated to make one or more Reciprocal Payments thereunder.

(b) The following Sections 12.02 through 12.05 shall be conditions precedent to the use of any Derivative Product on a parity with the Bonds under this Master Declaration.

**Section 12.02 General Parity Tests.** The Derivative Product must satisfy the requirements for Additional Bonds described in Article 10 of this Master Declaration.

**Section 12.03 Opinion of Bond Counsel.** The City shall obtain an opinion from Bond Counsel as to the due authorization and execution of such Derivative Product, the validity and enforceability thereof and opining that the action proposed to be taken is authorized or permitted by this Master Declaration and will not adversely affect the excludability for federal income tax purposes of the interest on any Outstanding Tax-Exempt Obligations.

**Section 12.04 Payments.** Each Derivative Product shall set forth the manner in which the City Payments and Reciprocal Payments are to be calculated and a schedule of Derivative Payment Dates.

**Section 12.05 Supplemental Declaration to Govern Derivative Products.** Prior to entering into a Derivative Product, the City shall execute a Supplemental Declaration, which shall:

(a) create and establish a Derivative Product Account or provide for some other way to account for the use of a Derivative Product within the Debt Service Fund; establish general provisions for the retention of Net Revenues in amounts sufficient to make, when due, City Payments;

(b) establish general provisions for the rights of providers of Derivative Products or Derivative Facilities;

(c) designate whether regularly scheduled payments are to be paid on a parity basis or subordinate basis with respect to the Bonds and Subordinate Obligations and designate that termination payments are to be paid on a subordinate basis with respect to the Bonds; and

(d) set forth such other matters as the City deems necessary or desirable in connection with the management of Derivative Products as are not clearly inconsistent with the provisions of this Master Declaration.

Except as may be otherwise provided in the Supplemental Declaration establishing the Derivative Product Account, additional Supplemental Declarations may be delivered pursuant to Article 16 of this Master Declaration in connection with any Derivative Product.

The City may enter into Derivative Products on a subordinate basis to the Bonds.

**ARTICLE 13  
MAINTENANCE OF TAX-EXEMPT STATUS**

**Section 13.01 Covenant to Maintain Tax-Exempt Obligations.** The City covenants for the benefit of the Owners of all Tax-Exempt Obligations to comply with all provisions of the Code which are required for Tax-Exempt Obligation interest to be excluded from gross income for federal taxation purposes, unless the City obtains an opinion from Bond Counsel that such compliance is not required for the interest paid on the Tax-Exempt Obligations to be so excluded. The City makes the following specific covenants with respect to the Code:

- (a) The City will not take any action or omit any action if it would cause the Tax-Exempt Obligations to become arbitrage bonds under Section 148 of the Code.
- (b) The City shall operate the facilities financed with the Tax-Exempt Obligations or shall cause such facilities to be operated so that the Tax-Exempt Obligations which were not issued as “private activity bonds” within the meaning of Section 141 of the Code do not become private activity bonds.
- (c) The City shall comply with appropriate reporting requirements.
- (d) The City shall pay, when due, all rebates and penalties with respect to the Tax-Exempt Obligations which are required by Section 148(f) of the Code.

**Section 13.02 Covenant to Maintain Status as Tax-Advantaged Obligations.** The City covenants that, if it should issue Tax-Advantaged Obligations, it will comply with all provisions of the Code that are required to preserve the tax advantages of such obligations to the holders of such Tax-Advantaged Obligations.

**Section 13.03 Tax Covenant as Contract.** The covenants contained in this Article 13 and any covenants in the closing documents for the Tax-Exempt Obligations and Tax-Advantaged Obligations shall constitute contracts with the Owners of the Tax-Exempt Obligations, and shall be enforceable by them.

**ARTICLE 14  
DEFAULTS AND REMEDIES**

**Section 14.01 Events of Default.** The City hereby finds and determines that the continuous operation of the System and the collection, deposit and disbursement of the Net Revenues in the manner provided in this Master Declaration are essential to the payment and security of the Bonds and Derivative Products (if any), and the failure or refusal of the City to perform the covenants and obligations contained in this Master Declaration will endanger the necessary continuous operation of the System and the application of the Net Revenues to the purposes set forth in this Master Declaration.

The City hereby covenants and agrees with the purchasers and Owners from time to time of the Bonds, to protect and safeguard the covenants and obligations undertaken by the City securing the Bonds, that the following shall constitute “Events of Default”:

(a) If default shall be made in the due and punctual payment of the principal of, premium, if any, or purchase price on any of the Bonds when the same shall become due and payable, either at maturity, tender or by proceedings for redemption or otherwise;

(b) If default shall be made in the due and punctual payment of any installment of interest on any Bonds whether scheduled or payable by reason of redemption or tender;

(c) If the City shall default in the observance and performance of any other of the covenants, conditions and agreements on the part of the City contained in this Master Declaration, and such default or defaults shall have continued for a period of ninety (90) days after the City shall have received from the Bondowners Committee or from the Owners of not less than 25% in aggregate principal amount of the Bonds Outstanding, a written notice specifying the Event of Default and demanding the cure of such default;

(d) If the City shall (except as herein permitted) sell, transfer, assign or convey any properties constituting the System or interests therein, or any part or parts thereto or shall make any agreement for such sale or transfer (except as expressly authorized by this Article 14);

(e) If an order, judgment or decree shall be entered by any court of competent jurisdiction:

(i) appointing a receiver, trustee or liquidator for the City or the whole or any part of the System;

(ii) approving a petition filed against the City seeking the bankruptcy, arrangement or reorganization of the City under any applicable law of the United States or the State; or

(iii) assuming custody or control of the City or of the whole or any part of the System under the provisions of any other law for the relief or aid of debtors and such order, judgment or decree shall not be vacated or set aside or stayed (or, in case custody or control is assumed by said order, such custody or control shall not be otherwise terminated within sixty (60) days from the date of the entry of such order, judgment or decree); or

(f) If the City shall:

(i) admit in writing its inability to pay its debts generally as they become due;

(ii) file a petition in bankruptcy or seeking a composition of indebtedness under any state or federal bankruptcy or insolvency law;

(iii) make an assignment for the benefit of its creditors;

(iv) consent to the appointment of a receiver of the whole or any part of the System; or

(v) consent to the assumption by any court of competent jurisdiction under the provisions of any other law for the relief or aid of debtors of custody or control of the City or of the whole or any part of the System.

**Section 14.02 Appointment of Trustee.** During the continuance of an Event of Default, the Owners of fifty-one percent (51%) in aggregate principal amount of the Bonds then Outstanding may call a Bondowners meeting for the purpose of electing a Bondowners Committee. Such meeting shall be called and the proceedings hereof shall be conducted in the manner provided in Article 15 hereof.

At such meeting the Bondowners present in person or by proxy may, by a majority of the votes cast, elect one or more persons, who may or may not be Bondowners, to the Bondowners Committee which shall act as trustee for all Bondowners, and the Bondowners Committee as such trustee may have and exercise all the rights and powers provided for in this Master Declaration to be exercised by the Bondowners Committee. The Bondowners present in person or by proxy at said meeting, or at any adjourned meeting thereof shall prescribe the manner in which the successors of the persons elected to the Bondowners Committee at such Bondowners meeting shall be elected or appointed, and may prescribe rules and regulations governing the exercise by the Bondowners Committee of the powers conferred upon it herein and may provide for the termination of the existence of the Bondowners Committee. The members of the Bondowners Committee elected by the Bondowners in the manner herein provided, and their successors, as a committee are hereby declared to be trustees for the Owners of all the Bonds then outstanding, and are empowered to exercise in the name of the Bondowners Committee as trustee, all the rights and powers hereinafter conferred on the Bondowners Committee.

**Section 14.03 Books of City Open to Inspection.**

(a) The City covenants that if an Event of Default shall have happened and shall not have been remedied and a Bondowners Committee has been formed pursuant to Section 14.02, the books of record and account of the City and all other records relating to the System shall at all reasonable times be subject to the inspection and use of the Bondowners Committee and any persons holding at least twenty-five percent (25%) of the principal amount of Outstanding Bonds and their respective agents and attorneys.

(b) The City covenants that if the Event of Default shall happen and shall not have been remedied, the City will continue to account, as a trustee of an express trust, for all Net Revenues and other moneys, securities and funds pledged under this Master Declaration.

**Section 14.04 No Acceleration.** Notwithstanding any other provisions of this Master Declaration, the Bonds shall not be subject to acceleration.

**Section 14.05 Possession by Bondowners Committee of Properties of System; Receivership.** At any time after the occurrence of an Event of Default and prior to the curing of such Event of Default the Bondowners Committee, as a matter of right against the City, shall, to

the extent permitted by law, be entitled to take possession and control of the business and properties of the System. Upon taking such possession, the Bondowners Committee shall operate and maintain the System, make any necessary repairs, renewals and replacements in respect thereof, prescribe rates and charges for the System, collect the Gross Revenues, and perform all of the agreements and covenants contained in all contracts which the City is at the time obligated to perform. At any such time and if permitted by law the Bondowners Committee shall be entitled to the appointment of a receiver of the business and property of the System, of the moneys, securities and funds of the City pledged under this Master Declaration, and of the Gross Revenues, and of the income therefrom, with all such powers as the court or courts making such appointment shall confer, including the power to perform and enforce all contracts, to the same extent that the City shall then be entitled and obligated to do. Notwithstanding the appointment of any receiver, the Bondowners Committee shall be entitled to retain possession and control of and to collect and receive income from any moneys, securities, funds and Gross Revenues deposited or pledged with it under this Master Declaration or agreed or provided to be delivered to or deposited or pledged with it under this Master Declaration.

#### **Section 14.06 Application of Funds by Bondowners Committee.**

(a) During the continuance of an Event of Default, the Gross Revenues received by the Bondowners Committee, whether pursuant to the provisions of the preceding paragraph, or as the result of taking possession of the business and properties of the System, shall be applied by the Bondowners Committee, first to the payment of the reasonable and proper charges, expenses and liabilities paid or incurred by the Bondowners Committee (including the cost of securing the services of any engineer or firm of engineers selected for the purpose of rendering advice with respect to the operation, maintenance, repair and replacement of the System necessary to prevent any loss of Gross Revenues, and with respect to the sufficiency of the rates and charges for services and products sold, furnished or supplied by the System), and thereafter in accordance with the priorities established in Article 8 hereof.

(b) In the event that at any time the funds held by the Bondowners Committee and the paying agent for the Bonds shall be insufficient for the payment of the principal of, premium, if any, purchase price and interest then due on the Bonds, such funds (other than funds held for the payment or redemption of particular Bonds which have theretofore become due at maturity or by call for redemption) and all Gross Revenues and other moneys received or collected for the benefit or for the account of Owners of the Bonds by the Bondowners Committee shall be applied as follows:

*First*, to the payment to the persons entitled thereto of all installments of interest then due on Bonds in the order of the maturity of such installments, earliest maturities first, and, if the amount available shall not be sufficient to pay in full any installment or installments or interest maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference;

*Second*, to the payment to the persons entitled thereto of the unpaid principal or purchase price and premium, if any, of any Bonds which shall have



become due, whether at maturity or by call for redemption, in the order of their due dates, earliest maturities first, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or purchase price and premium, if any, due on such date, to the persons entitled thereto, without any discrimination or preference;

*Third*, to the payment to the persons entitled thereto of all installments of interest then due on Subordinate Obligations in the order of the maturity of such installments, earliest maturities first, and, if the amount available shall not be sufficient to pay in full any installment or installments or interest maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

*Fourth*, to the payment to the persons entitled thereto of the unpaid principal or purchase price and premium, if any, of any Subordinate Obligations which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, earliest maturities first, and, if the amount available shall not be sufficient to pay in full all the Subordinate Obligations due on any date, then to the payment thereof ratably, according to the amounts of principal or purchase price and premium, if any, due on such date, to the persons entitled thereto, without any discrimination or preference.

**Section 14.07 Relinquishment of Possession and Funds Upon Remedy of Default.** If and whenever all overdue installments of interest on all Bonds, together with the reasonable and proper charges, expenses, and liabilities of the Bondowners Committee and the Owners of Bonds, their respective agents and attorneys, and all other sums payable by the City under this Master Declaration including the principal of, premium, if any, purchase price and accrued unpaid interest on all Bonds which shall then be payable, shall either be paid by or for the account of the City, or provision satisfactory to the Bondowners Committee shall be made for such payment, and all defaults under this Master Declaration or the Bonds shall be made good or secured to the satisfaction of the Bondowners Committee or provision deemed by the Bondowners Committee to be adequate shall be made therefor, the Bondowners Committee shall relinquish possession and control of the System and pay over to the City all moneys, securities, funds and Gross Revenues then remaining unexpended in the hands of the Bondowners Committee and thereupon all Gross Revenues shall thereafter be applied as provided in Article 8 of this Master Declaration. No such payment over to the City by the Bondowners Committee or resumption of the application of Gross Revenues as provided in Article 8 of this Master Declaration shall extend to or affect any subsequent default under this Master Declaration or impair any right consequent thereon.

**Section 14.08 Suits at Law or in Equity.**

(a) If an Event of Default shall happen and shall not have been remedied, then and in every such case, the Bondowners Committee by its agents and attorneys, shall be entitled and empowered to proceed forthwith to take such necessary steps and institute

such suits, actions and proceedings at law or in equity for the collection of all sums due in connection with the Bonds and to protect and enforce the rights of the Owners of the Bonds under this Master Declaration, for the specific performance of any covenant herein contained or in aid of the execution of any power herein granted, or for an accounting against the City as trustee of an express trust, or in the enforcement of any other legal or equitable right as the Bondowners Committee, being advised by counsel, shall deem most effectual to enforce any of the rights of the Owners of the Bonds.

(b) Any action, suit or other proceedings instituted by the Bondowners Committee hereunder shall be brought in its name as trustee for the Bondowners and all such rights of action upon or under any of the Bonds or the provisions of this Master Declaration may be enforced by the Bondowners Committee without the possession of any of said Bonds, and without the production of the same at any trial or proceedings relative thereto except where otherwise required by law, and the respective Owners of said Bonds, by taking and holding the same, shall be conclusively deemed irrevocably to appoint the Bondowners Committee the true and lawful trustee of the respective Owners of said Bonds, the authority to institute any such action, suit or proceeding, to receive as trustee and deposit in trust any sums becoming distributable on account of said Bonds; to execute any paper or documents for the receipt of such moneys, and to do all acts with respect thereto that the Bondowner himself might have done in person, provided however, that nothing herein contained shall be deemed to authorize or empower the Bondowners Committee to consent to, accept or adopt, on behalf of any Owner of Bonds, any plan of reorganization or adjustment affecting the said Bonds of the City or any right of any Owner thereof, or to authorize or empower the Bondowners Committee to vote the claims of the Owners hereof in any receivership, insolvency, liquidation, bankruptcy, reorganization or other proceeding to which the City shall be a party; and provided further, however, that any Bondowner or Bondowners may by mutual agreement transfer title to the Bonds held by him or them to the Bondowners Committee, or may by agreement with other Bondowners create or organize a separate trustee or Bondowners Committee and may confer upon the Bondowners Committee or such separate trustee or Bondowners Committee, such powers and duties as such agreement or agreements shall provide, and the provisions of this Master Declaration shall not be construed as a limitation on the powers and duties which consenting Bondowners may by agreement confer on the Bondowners Committee or such separate trustee or Bondowners Committee. The Bondowners Committee shall have full power of substitution and delegation in respect to any of the powers hereby granted.

**Section 14.09 Direction of Actions of Bondowners Committee.** The Owners of not less than a majority in aggregate principal amount of the Bonds that are the subject of a Bondowners Committee at the time Outstanding, may direct the time, method and place of conducting any proceeding for any remedy available to the Bondowners Committee, or exercising any trust or power conferred upon the Bondowners Committee, provided that the Bondowners Committee shall be provided with reasonable security and indemnity and shall have the right to decline to follow any such direction only if (i) the Bondowners Committee shall be advised by counsel that the action or proceeding so directed may not lawfully be taken, or (ii) if the Bondowners Committee in good faith shall determine that the action or proceeding so directed would involve the Bondowners Committee in personal liability or that the action or

proceeding so directed would be unjustly prejudicial to the Owners of Bonds not parties to such direction.

**Section 14.10 Suits by Individual Bondowners.** No Owner of any one or more of the Bonds shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of any provision of the Master Declaration or the execution of any trust under the Master Declaration or for any remedy under the Master Declaration, unless an Event of Default shall have happened and be continuing, and unless no Bondowners Committee has been created as herein provided; but any remedy herein authorized to be exercised by the Bondowners Committee, except the right to take possession of the Gross Revenues and properties of the System, but including the right to the appointment of a receiver of the business and properties of the System, may be exercised individually by any Bondowner, in his own name and on his own behalf or for the benefit of all Bondowners, in the event no Bondowners Committee has been created, or with the consent of the Bondowners Committee, if such Bondowners Committee has been created; provided, however, that nothing contained in the Master Declaration or in the Bonds shall affect or impair the obligation of the City, which is absolute and unconditional, to pay at the respective dates of maturity and places therein expressed the principal of, premium, if any, purchase price and interest on the Bonds to the respective Owners thereof or affect or impair the rights of action, which are also absolute and unconditional, of any Owner to enforce the payment of these Bonds, or to reduce to judgment his claim against the City for the payment of the principal of and interest on his Bonds, without reference to, or the consent of, the Bondowners Committee or any other Owner of Bonds.

**Section 14.11 Waivers of Default.**

(a) No delay or omission of the Bondowners Committee or of any Owner of Bonds to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such Event of Default or to be an acquiescence therein; and every power and remedy given by this Article 14 to the Bondowners Committee or to the owners of Bonds may be exercised from time to time and as often as may be deemed expedient by the Bondowners Committee or by such Owners.

(b) The Bondowners Committee or the Owners of not less than fifty-one percent (51%) in principal amount of the Bonds that are the subject of the Bondowners Committee and are at the time Outstanding, or their attorneys-in-fact duly authorized, may on behalf of the Owners of all of the Bonds that are the subject of the Bondowners Committee waive any past default under the Master Declaration with respect to such Bonds and its consequences, except a default in the payment of the principal of, premium, if any, purchase price or interest on any of the Bonds. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

**Section 14.12 Remedies Granted in Master Declaration Not Exclusive.** No remedy by the terms of the Master Declaration conferred upon or reserved to the Bondowners Committee or the Owners of the Bonds is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the

Master Declaration or existing at law or in equity or by statute on or after the date of adoption of this Master Declaration.

## **ARTICLE 15 BONDOWNERS MEETINGS**

**Section 15.01 Call of Bondowners Meetings.** The City, the Bondowners Committee or the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding may at any time call a meeting of the Owners of the Bonds. Every such meeting shall be held at such place in the County, City of Medford, State of Oregon or other location, as may be specified in the notice calling such meeting. Written notice of such meeting, stating the place and time of the meeting and in general terms the business to be transacted, shall be mailed to the Bondowners by the City, the Bondowners Committee or the Bondowners calling such meeting not less than thirty (30) nor more than sixty (60) days before such meeting, and shall be published at least once a week for four (4) successive calendar weeks on any day of the week, the date of first publication to be not less than thirty (30) nor more than sixty (60) days preceding the meeting; provided, however, that the mailing of such notice shall in no case be a condition precedent to the validity of any action taken at any such meeting. The expenses of publication of such notice shall be paid or reimbursed by the City. The list of Bondowners' names and addresses maintained by the Registrar may only be released by the City. Any meeting of Bondowners shall, however, be valid without notice if the Owners of all Bonds then Outstanding are present in person or by proxy or if notice is waived before or within thirty (30) days after the meeting by those not so present.

**Section 15.02 Notice to Bondowners.** The provision of Section 15.01 hereof for the giving of notice to Bondowners shall be fully complied with if it is mailed by first class mail, postage prepaid, to each Registered Owner of any of the Bonds then outstanding at their address, if any, appearing upon the Bond Register and published in *The Bond Buyer* in the City of New York, State of New York (or any paper published in lieu of publication of *The Bond Buyer*), and also in a daily newspaper printed in the English language and customarily published on Business Days and of general circulation in the City.

### **Section 15.03 Proxies; Proof of Ownership of Bonds.**

(a) Attendance and voting by Bondowners at such meetings may be in person or by proxy. Owners of Bonds may, by an instrument in writing under their hands, appoint any person or persons, with full power and substitution as their proxy to vote at any meeting for them. Officers or nominees of the City may be present or represented at such meeting and take part therein but shall not be entitled to vote thereat, except as such officers or nominees are Bondowners or proxies for Bondowners.

(b) Any Registered Owner of Bonds shall be entitled in person or by proxy to attend and vote at such meeting as Owner of the Bonds registered in his name without producing such Bonds, and such persons and their proxies shall, if required, produce such proof of personal identity as shall be satisfactory to the secretary of the meeting. All proxies presented at such meeting shall be delivered to the Inspectors of Votes (as defined in Section 15.05) and filed with the secretary of the meeting.

(c) The vote at any such meeting of the Owner of any Bond entitled to vote thereat shall be binding upon such Owner and upon every such subsequent Owner of such Bond (whether or not such subsequent Owner has notice thereof).

**Section 15.04 Execution of Instruments by Bondowners.** Any request, direction, consent or other instrument in writing required or permitted by the Master Declaration to be signed or executed by Bondowners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Bondowners in person or by agent appointed by an instrument in writing. Proof of the execution of any such instrument shall be sufficient for any purpose of this Master Declaration if made by either:

(a) an acknowledgment executed by a notary public or other officer empowered to take acknowledgments of deeds to be recorded in the particular jurisdiction, or

(b) an affidavit of a witness to such execution sworn to before such a notary public or other officer.

(c) Where such execution is by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such acknowledgment or affidavit shall also constitute sufficient proof of his authority.

(d) The foregoing shall not be construed as limiting the City to such proof, it being intended that the City may accept any other evidence of the matters herein stated which it may deem sufficient. Any request or consent of the Owner of any Bond shall bind every future Owner of the same Bond in respect of anything done by the City in pursuance of such request, direction or consent.

(e) The right of a proxy for a Bondowner to act may be proved (subject to the City's right to require additional proof) by a written proxy executed by such Bondowner as aforesaid.

**Section 15.05 Appointment of Officers at Bondowners Meetings.** Persons named by the City or elected by the Owners of a majority in principal amount of the Outstanding Bonds represented at the meeting in person or by proxy in the event the City is not represented at such meeting, shall act as temporary chairman and temporary secretary of any meeting of Bondowners. A permanent chairman and a permanent secretary of such meeting shall be elected by the Owners of a majority in principal amount of the Bonds represented at such meeting in person or by proxy. The permanent chairman of the meeting shall appoint two (2) inspectors (the "Inspectors of Votes") who shall count all votes cast at such meeting, except votes on the election of chairman and secretary as aforesaid, and who shall make and file with the secretary of the meeting and with the City their verified report of all such votes cast at the meeting.

**Section 15.06 Quorum at Bondowners Meetings.** The Owners of not less than the principal amount of the Bonds required for any action to be taken at such meeting must be present at such meeting in person or by proxy to constitute a quorum for the transaction of business, less than a quorum, however, having power to adjourn from time to time without any other notice than the announcement thereof at the meeting; provided, however, that, if such

meeting is adjourned by less than a quorum for more than ten (10) days, notice thereof shall be published by the City at least five (5) days prior to the adjourned date of the meeting.

**Section 15.07 Vote Required to Amend Master Declaration.** Subject to Section 16.02 of this Master Declaration, any amendment to the provisions of this Master Declaration, except for an amendment of the percentage of Bondowners the approval of which is required to approve such amendment, may be made by a Series Declaration or Supplemental Declaration of the City and a resolution duly adopted by the affirmative vote at a meeting of Bondowners duly convened and held, or with written consent as hereinafter provided in this Section 15.07, of the Owners of not less than fifty-one percent (51%) in principal amount of the Bonds Outstanding when such meeting is held or such consent is given; provided, however, that no such amendment shall

(a) extend the date of payment of the principal of any Bond or of any installment of interest thereon or reduce the principal or redemption price thereof or the rate of interest thereon or advance the date upon which any Bond may first be called for redemption prior to its fixed maturity date;

(b) give to any Bond or Bonds any preference over any other Bond or Bonds secured equally and ratably therewith;

(c) reduce the aforesaid percentage of Bonds, the Owners of which are required to consent to any such resolution amending the provisions of this Master Declaration; or

(d) authorize the creation of any pledge prior to or, except as provided in Article 10 hereof, on a parity with the pledge afforded by this Master Declaration, without the consent of the Owner of each such Bond affected thereby.

**Section 15.08 Obtaining Approval of Amendments at Bondowners Meeting.** The City may at any time adopt a resolution amending the provisions of this Master Declaration to the extent that such amendment is permitted by the provisions of Article 16 hereof, to take effect when and as provided in this Article 15. At any time thereafter such resolution may be submitted by the City for approval to a meeting of the Bondowners duly convened and held in accordance with the provisions of this Master Declaration. A record in duplicate of the proceedings of each meeting of the Bondowners shall be prepared by the permanent secretary of the meeting and shall have attached thereto the original reports of the Inspectors of Votes and affidavits by a person or persons having knowledge of the facts, showing a copy of the notice of the meeting and setting forth the facts with respect to the mailing and publication thereof under the provisions of this Master Declaration. Such a record shall be signed and verified by the affidavits of the permanent chairman and the permanent secretary of the meeting, and one duplicate thereof shall be delivered to the City. Any record so signed and verified shall be proof of the matters therein stated. If the resolution of the City making such amendment shall be approved by a resolution duly adopted at such meeting of Bondowners by the affirmative vote of the Owners of the required percentages of Bonds, a notice stating that a resolution approving such amendment has been so adopted shall be mailed by the City to each Bondowner who has requested such notice (but failure so to mail copies of such notice shall not affect the validity of such resolution) and shall be published at least once in the manner provided in Section 15.02

hereof. Proof of such mailing and publication by the affidavit or affidavits of a person or persons having knowledge of the facts shall be filed with the City. Such resolution of the City making such amendment shall be deemed conclusively to be binding upon the City, the paying agent, and the Owners of all Bonds at the expiration of thirty (30) days after the publication of the notice provided for in this Article 15, except in the event of a final decree of court of competent jurisdiction setting aside such resolution or annulling the action taken thereby in a legal action or equitable proceeding for such purpose commenced within such period; provided that the City and any paying agent during such thirty (30) day period and any such further period during which such action or proceeding may be pending shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such resolution as they may deem expedient. Nothing in this Master Declaration contained shall be deemed or construed to authorize or permit, by reason of any call of a meeting of Bondowners or of any right conferred hereunder to make such a call, any hindrance or delay in the exercise of any rights conferred upon or reserved to the paying agent or the Bondowners under any of the provisions of this Master Declaration.

## **ARTICLE 16 AMENDMENT OF MASTER DECLARATION**

### **Section 16.01 Amendment Not Requiring Consent.**

- 1) This Master Declaration may be amended by a Series Declaration without the consent of any Bondowners for the following purpose:
  - (a) To provide for the issuance of any Additional Bonds, Subordinate Obligations or to refund any Outstanding Bonds or Outstanding Subordinate Obligations, and to provide the terms and conditions under which such Additional Bonds or Subordinate Obligations may be issued, including without limitation any terms and conditions necessary to designate any such Bonds or Subordinate Obligations as Interest Subsidy Bonds and to receive Subsidy Payments related thereto, subject to and in accordance with the provisions of Article 10.
  
- 2) This Master Declaration may be amended by a Supplemental Declaration without the consent of any Bondowners for any one or more of the following purposes:
  - (a) To cure any ambiguity or formal defect or omission in this Master Declaration;
  - (b) To add to the covenants and agreements of the City in this Master Declaration, other covenants and agreements to be observed by the City which are not contrary to or inconsistent with this Master Declaration as theretofore in effect;
  - (c) To add to the limitations and restrictions in this Master Declaration, other limitations and restrictions to be observed by the City which are not contrary to or inconsistent with this Master Declaration as theretofore in effect;
  - (d) To modify, amend or supplement this Master Declaration in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939, as

amended, or any similar federal statute hereafter in effect or to permit the qualification of any Bonds for sale under the securities laws of any of the states of the United States of America;

(e) To add additional security subject to the pledge and lien of this Master Declaration;

(f) To provide any of the Tax Covenants not provided by this Master Declaration or to modify in any respect any Tax Covenant so as to conform to the then applicable requirements of the Code or to delete or restrict the applicability of any Tax Covenant which, under the Code as then in effect, and in the Opinion of Bond Counsel, is no longer applicable to all or any Bonds issued or to be issued hereunder;

(g) To surrender any right, power or privilege reserved to or conferred upon the City by the terms of this Master Declaration, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the applicable covenants and agreement of the City contained in this Master Declaration;

(h) To confirm, as further assurance, any security interest or pledge created under this Master Declaration;

(i) To insert such provisions clarifying matters or questions arising under this Master Declaration as are necessary or desirable and are not contrary to or inconsistent with the applicable provisions of this Master Declaration as theretofore in effect;

(j) To modify any of the provisions of this Master Declaration in any other respect whatever, provided that:

(i) no Bonds affected by such modification shall be Outstanding at the date of the adoption of such amendment; or

(ii) such modification shall be effective only after all affected Outstanding Bonds at the date of the adoption of such amendment shall cease to be Outstanding Bonds, and such amendment shall be specifically referred to in the text of all Bonds authenticated and delivered after the date of the adoption of such amendment and of Bonds issued in exchange therefor or in place thereof; or

(iii) such modification does not materially and adversely affect the rights of the Bondowners of any Outstanding Bonds;

(k) To make any change required by a Rating Agency as precondition to the issuance of a rating on any Series of Bonds which is not to the prejudice of the Bondowners of the Bonds of any other Series;

(l) So long as a Credit Facility is in full force and effect with respect to the Bonds affected by such amendment, to make any other change which is consented to in writing by the issuer of such Credit Facility other than any change which:



(i) would result in a downgrading or withdrawal of the rating then assigned to the affected Bonds by the Rating Agencies; or

(ii) changes the maturity (except as permitted herein), the Interest Payment Dates, interest rates, redemption and purchase provisions, and provisions regarding notices of redemption and purchase applicable to the affected Bonds or diminishes the security afforded by such Credit Facility; or

(iii) materially and adversely affects the rights and security afforded to the Owners of any Outstanding Bonds not secured by such Credit Facility; or

(m) To incorporate into this Master Declaration any financing powers hereafter granted to or conferred upon the City by law;

(n) To enter into any Derivative Product permitted by the laws applicable to the City and this Master Declaration, and to specify and determine the matters and things thought necessary or desirable in connection with the entering of such Derivative Product as are not contrary to or inconsistent with the provisions of this Master Declaration with respect to Derivative Products as theretofore in effect.

**Section 16.02 Amendment Requiring Consent.** This Master Declaration may be amended for any other purpose only upon consent of Bondowners of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds outstanding; provided, however, that no amendment shall be valid without the consent of Bondowners of one hundred percent (100%) of the aggregate principal amount of the Bonds outstanding which:

(a) Excluding any Bonds issued pursuant to Section 10.02, extends the maturity of any Bond, reduces the rate of interest upon any Bond, extends the time of payment or interest on any Bond, reduces the amount of principal payable on any Bond, or reduces any premium payable on any Bond, without the consent of the affected Bondowner; or

(b) Reduces the percent of Bondowners required to approve amendments.

**Section 16.03 Credit Facility Provider Deemed Bondholder.** Except as otherwise expressly provided in a Series Declaration, as long as a Credit Facility securing all or a portion of any Outstanding Bonds is in effect, the issuer of such Credit Facility shall be deemed to be the Bondowner of the Bonds secured by such Credit Facility at all times for the purpose of the execution and delivery of a Supplemental Declaration or of any amendment, change or modification of this Master Declaration or the initiation by Bondowners of any action which under this Master Declaration requires the written approval or consent of or can be initiated by the Bondowners of at least a majority in principal amount of the affected Bonds at the time Outstanding; and following an Event of Default for all other purposes.

(a) Notwithstanding the foregoing, the issuer of such Credit Facility shall not be deemed to be a Bondowner secured thereby with respect to any such Supplemental Declaration or of any amendment, change or modification of this Master Declaration which:

(i) would result in a downgrading or withdrawal of the rating then assigned to the affected Bonds by the Rating Agencies; or

(ii) changes the maturity (except as expressly permitted herein), the Interest Payment Dates, interest rates, redemption and purchase provisions, and provisions regarding notices of redemption and purchase applicable to the affected Bonds or diminishes the security afforded by such Credit Facility; or

(iii) reduces the percentage or otherwise affects the classes of affected Bonds, the consent of the Bondowners of which is required to effect any such modification or amendment;

(b) In addition and notwithstanding the foregoing, no issuer of a Credit Facility given as security for any Bonds shall be entitled to exercise any rights under this Article 16 during any period where:

(i) the Credit Agreement or Credit Facility to which such Credit Provider is a party shall not be in full force and effect;

(ii) such Credit Provider shall have been downgraded by any Rating Agency rating the Bonds below the credit rating of the Bonds by such Rating Agency;

(iii) such Credit Provider shall have filed a petition or otherwise sought relief under any federal or state bankruptcy or similar law;

(iv) such Credit Provider shall, for any reason, have failed or refused to honor a proper demand for payment under such Credit Facility; or

(v) an order or decree shall have been entered, with the consent or acquiescence of such Credit Provider, appointing a receiver or receivers or the assets of the Credit Provider, or if such order or decree having been entered without the consent or acquiescence of such Credit Provider, shall not have been vacated or discharged or stayed within ninety (90) days after the entry thereof.

**Section 16.04 Computation of Outstanding Bonds for Consent.** For purposes of determining the percentage of Bondowners consenting to, waiving or otherwise acting with respect to any matter that may arise under this Master Declaration, the Owners of Bonds which constitute Capital Appreciation Obligations shall be treated as Owners of Bonds in an aggregate principal amount equal to the Accreted Value of such Bonds as of the date the Bond Registrar sends out notice of requesting consent, waiver or other action as provided herein.

## **ARTICLE 17 DEFEASANCE**

**Section 17.01 Payment Generally.** Bonds of any Series or a portion thereof may be paid by the City in any of the following ways:

- (a) by paying or causing to be paid the principal, Accreted Value of and interest on such Outstanding Bonds, as and when the same become due and payable;
- (b) by depositing with an escrow agent or other fiduciary (the “Escrow Agent”), in trust, at or before maturity, money or Government Obligations in the necessary amount (as provided in Section 17.04) to pay or redeem such Outstanding Bonds; or
- (c) by delivering to the Registrar, for cancellation by it, such Outstanding Bonds.

**Section 17.02 Discharge of Liability on Bonds.** Upon the deposit with the Escrow Agent, in trust, at or before maturity, of money or Government Obligations in the necessary amount (as provided in Section 17.04 to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption shall have been given as provided in Article 4 or provision satisfactory to the Registrar shall have been made for the giving of such notice, then (but subject to any additional requirements with respect thereto as may be imposed by any Credit Provider of the Bonds and set forth in a Supplemental Declaration) all liability of the City in respect of such Bond shall cease, terminate and be completely discharged, provided that the Owner thereof shall thereafter be entitled to the payment of the principal, Accreted Value and premium, if any, purchase price and interest on the Bonds, and the City shall remain liable for such payment, but only out of such money or Government Obligations deposited with the Escrow Agent as aforesaid for their payment, subject, however, to the provisions of Section 17.01 and the continuing duties of the Registrar hereunder.

The City may at any time surrender to the Registrar for cancellation by it any Bonds previously issued and delivered, which the City may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

**Section 17.03 Discharge of Master Declaration.** If the City shall pay all Series for which any Bonds are Outstanding and also pay or cause to be paid all other sums payable hereunder by the City, then and in that case (but subject to any additional requirements in connection therewith as may be imposed by any Credit Provider of the Bonds and set forth in a Series Declaration), at the election of the City (evidenced by a City Certificate filed with the Registrar signifying the intention of the City to discharge all such indebtedness and this Master Declaration), and notwithstanding that any Bonds shall not have been surrendered for payment, this Master Declaration and the pledge of Net Revenues and other assets made under this Master Declaration and all covenants, agreements and other obligations of the City under this Master Declaration shall cease, terminate, become void and be completely discharged and satisfied. In such event, upon request of the City, the Registrar shall cause an accounting for such period or periods as may be requested by the City to be prepared and filed with the City and shall execute and deliver to the City all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Registrar shall pay over, transfer, assign or deliver to the City all moneys or securities or other property held by it pursuant to this Master Declaration which, as evidenced by a verification report, upon which the Registrar may conclusively rely, from a firm

of certified public accountants, are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

**Section 17.04 Deposit of Money or Securities With Escrow Agent.** Whenever in this Master Declaration it is provided or permitted that there be deposited with or held in trust by the Escrow Agent money or Government Obligations in the necessary amount to pay or redeem any Bonds, the money or Government Obligations so to be deposited or held may include money or Government Obligations in the funds and accounts established pursuant to this Master Declaration and shall be:

(a) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided in Article 4 or provision satisfactory to the Registrar shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount, Accreted Value or Redemption Price of such Bonds and all unpaid interest thereon to the redemption date; or

(b) Government Obligations, the principal of and interest on which when due will, in the opinion of an independent certified public accountant delivered to the City (upon which opinion the Escrow Agent may conclusively rely), provide money sufficient to pay the principal or Redemption Price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal, Accreted Value or Redemption Price and interest become due, provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in Article 4 or provision satisfactory to the Registrar shall have been made for the giving of such notice;

provided, in each case, that the Escrow Agent shall have been irrevocably instructed (by the terms of this Master Declaration or by request of the City) to apply such money to the payment of such principal or Redemption Price and interest with respect to such Bonds.

**Section 17.05 Payment of Bonds After Discharge of Master Declaration.** Any moneys held by the Escrow Agent in trust for the payment of the principal or Redemption Price of, or interest on, any Bonds and remaining unclaimed for two years after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption as provided in this Master Declaration), if such moneys were so held at such date, or two (2) years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall be repaid to the City free from the trust created by this Master Declaration, and all liability of the Escrow Agent with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the City as aforesaid, the Escrow Agent may (at the cost of the City) first mail to the Owners of any Bonds remaining unpaid at the addresses shown on the registration books maintained by the Registrar a notice, in such form as may be deemed appropriate by the Registrar, with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the City of the moneys held for the payment thereof. All moneys held by or on behalf of the Escrow Agent for

the payment of principal of or interest or premium on Bonds, whether at redemption or maturity, shall be held in trust for the account of the Owners thereof and the Escrow Agent shall not be required to pay Owners any interest on, or be liable to the Owners or any other person (other than the City) for any interest earned on, moneys so held. Any interest earned thereon shall belong to the City and shall be deposited monthly by the Escrow Agent into the Water Reclamation Fund.

## **ARTICLE 18 PROVISIONS RELATING TO BOND INSURANCE**

For purposes of this Article 18 of the Master Declaration, the Credit Provider means a provider of a municipal bond insurance policy, and the Credit Facility means a municipal bond insurance policy insuring the payment of principal of and interest on all or a portion of such Series of Bonds. The provisions of this Article 18 shall apply to the Credit Provider in the event and to the extent provided in a closing certificate of an Authorized Representative with respect to such Series of Bonds insured by such Credit Provider, so long as (i) its Credit Facility is in effect, (ii) the Credit Provider has not asserted that its Credit Facility is not in effect, (iii) the Credit Provider is not in default thereunder, (iv) the Credit Provider is not insolvent, (v) the Credit Provider has not been downgraded by any Rating Agency rating the Bonds below the credit rating of the Bonds by such Rating Agency, and (vi) the Credit Provider has not waived any such rights; provided, that, notwithstanding the foregoing, such rights shall continue with respect to amounts previously paid and due and owing the Credit Provider.

(a) Any amendment to the Master Declaration requiring the consent of Owners of such Series of Bonds or the portion thereof secured by a Credit Facility (the “Insured Bonds”) shall also require the prior written consent of the Credit Provider with respect to such Insured Bonds.

(b) Any amendment not requiring the consent of Owners of the Insured Bonds shall require the prior written consent of the Credit Provider with respect to such Insured Bonds if its rights shall be materially and adversely affected by such amendment.

(c) The prior written consent of the Credit Provider with respect to the Insured Bonds shall be a condition precedent to the deposit by the City of any Reserve Credit Facility in lieu of a cash deposit into the Bond Reserve Account relating to such Insured Bonds, which consent shall not be unreasonably withheld unless the Credit Provider is providing a Reserve Credit Facility in connection with such Series of Bonds.

(d) For purposes of Article 14 of the Master Declaration (regarding defaults and remedies), if an Event of Default shall have occurred and be continuing, the Credit Provider with respect to the Insured Bonds shall be deemed to be the Owner of such Insured Bonds in connection with any consent or direction, appointment, request or waiver to be provided thereunder.

(e) The Credit Provider with respect to the Insured Bonds shall have the right to institute any suit, action or proceeding at law or in equity under the same terms as an Owner of such Insured Bonds in accordance with the Master Declaration.

(f) The Credit Provider shall, to the extent it makes any payment of principal of or interest on the Insured Bonds it insures, become subrogated to the rights of the recipients of such payments in accordance with the terms of its Credit Facility.

(g) Principal and/or interest paid by a Credit Provider under its Credit Facility shall not be deemed paid for purposes of the Master Declaration, and the Insured Bonds with respect to which such payments were made shall remain Outstanding and continue to be due and owing until paid by the City in accordance with the Master Declaration.

(h) In the event of any defeasance of the Insured Bonds, the City shall provide the applicable Credit Provider with copies of all documents as required to be delivered to the Bond Registrar under the Master Declaration.

(i) The City shall not discharge the Master Declaration unless all amounts due or to become due to the Credit Provider have been paid in full or duly provided for.

(j) The City shall send or cause to be sent to the Credit Provider copies of notices required to be sent to Owners or the Bond Registrar pursuant to the Master Declaration.

(k) The City shall observe and perform any payment procedures under the Credit Facility required by the Credit Provider as a condition to the issuance and delivery of such Credit Provider's Credit Facility.

## **ARTICLE 19 MASTER DECLARATION TO CONSTITUTE CONTRACT**

In consideration of the purchase and acceptance of any or all of the Bonds by the Bondowners, the provisions of this Master Declaration shall be part of the contract of the City with the Bondowners and shall be deemed to be and shall constitute a contract between the City and the Bondowners. The covenants, pledges, representations and warranties contained in this Master Declaration or in the closing documents executed in connection with the Bonds, including without limitation the City's covenants and pledges contained in Article 9 hereof, and the other covenants and agreements herein set forth to be performed by or on behalf of the City shall be contracts for the equal benefit, protection and security of the Bondowners, all of which shall be of equal rank without preference, priority or distinction of any of such Bonds over any other thereof, except as expressly provided in or pursuant to this Master Declaration.

## **ARTICLE 20 MISCELLANEOUS**

**Section 20.01 Liability of City Limited to Security.** Notwithstanding anything in this Master Declaration or in the Bonds or the Subordinate Obligations, the City shall not be required to advance any moneys derived from any source other than the Security for any of the purposes mentioned in this Master Declaration, whether for the payment of the principal, purchase price, or redemption price of or interest on the Bonds or Subordinate Obligations or for any other purpose of this Master Declaration.

**Section 20.02 Waiver of Notice.** Whenever in this Master Declaration the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice, and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

**Section 20.03 Waiver of Personal Liability.** No member of the City Council of the City or officer, agent, or employee of the City shall be individually or personally liable for the payment of the principal, purchase price or Redemption Price of or interest on the Bonds, the Subordinate Obligations or any Derivative Products or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such member of the City Council of the City or officer, agent, or employee of the City from the performance of any official duty provided by law or by this Master Declaration.

**Section 20.04 Governing Law.** This Master Declaration shall be construed and governed in accordance with the laws of the State.

**Section 20.05 Limitation of Rights.** Nothing expressed or implied in this Master Declaration shall give any person other than the Registrar, the City and the Bondowners any right, remedy or claim under or with respect to this Master Declaration.

**Section 20.06 Business Day.** Except as specifically set forth in this Master Declaration, Series Declaration or a Supplemental Declaration, transfers which would otherwise become due on any day which is not a Business Day shall become due or shall be made on the next succeeding Business Day with the same effect as if made on such prior date.

**ARTICLE 21  
EFFECTIVE DATE**

This Master Declaration shall take effect immediately upon its execution.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the City hereby executes and delivers this Master Declaration by its duly authorized officers as of the day and year first written above.

**CITY OF MEDFORD, OREGON**

By: \_\_\_\_\_  
Authorized Representative



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**FIRST SERIES DECLARATION TO THE  
MASTER SEWER REVENUE BOND  
DECLARATION**

---

*by the*

**City of Medford, Oregon**

---

*Relating to*

\$\_[ ]  
City of Medford, Oregon  
Sewer Revenue Bonds  
Series 2024

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Dated as of October \_\_, 2024

# TABLE OF CONTENTS

## Page

ARTICLE 1	DEFINITIONS; INTERPRETATIONS .....	2
Section 1.01	Definitions .....	2
Section 1.02	Article and Section References.....	2
ARTICLE 2	THE 2024 BONDS .....	2
Section 2.01	2024 Bonds Authorized .....	2
Section 2.02	Purpose of Issue .....	2
Section 2.03	No Reserve Account Designation; Not Covered Bonds.....	2
Section 2.04	General Terms of the 2024 Bonds.....	2
Section 2.05	Payment of the 2024 Bonds.....	3
Section 2.06	Book-Entry-Only System .....	4
Section 2.07	Security for the 2024 Bonds .....	4
Section 2.08	Compliance with Financial Covenants and Rate Covenant.....	4
ARTICLE 3	REDEMPTION AND PURCHASE OF 2024 BONDS .....	4
Section 3.01	Redemption of the 2024 Bonds .....	4
Section 3.02	Payment of 2024 Bonds Called for Redemption .....	5
ARTICLE 4	APPLICATION OF PROCEEDS; SOURCES OF PAYMENT OF 2024 BONDS; DEPOSIT TO AND DISBURSEMENTS FROM REBATE ACCOUNT .....	5
Section 4.01	Application of Proceeds.....	5
Section 4.02	Rebate Account.....	5
ARTICLE 5	MISCELLANEOUS SECTION .....	5
Section 5.01	Notices.....	5
Section 5.02	Notices to Rating Agencies .....	6
Section 5.03	Limitation of Rights.....	7
Section 5.04	Parties Interested Herein.....	7
Section 5.05	Severability .....	7
Section 5.06	Payments or Actions Occurring on Non-Business Days .....	7
Section 5.07	Captions .....	7
Section 5.08	Counterparts.....	7
Section 5.09	Application of Provisions of the Master Declaration .....	7
Section 5.10	First Series Declaration to Constitute Contract with Bondowners .....	7
Section 5.11	Effective Date .....	8

EXHIBIT A – Bond Form

EXHIBIT B – Bond Maturity Schedules and Interest Rates

**FIRST SERIES DECLARATION TO THE  
MASTER SEWER REVENUE BOND DECLARATION**

providing for

\$[\_\_\_\_]

**City of Medford  
Sewer Revenue Bonds  
Series 2024**

This First Series Declaration to the Master Sewer Revenue Bond Declaration, dated as of October \_\_, 2024 (the “First Series Declaration”), is executed and delivered by the City of Medford, Oregon (the “City”), pursuant to the Master Sewer Revenue Bond Declaration, dated as of October 1, 2024 (the “Master Declaration”). Capitalized terms not defined herein shall have the meaning ascribed to them in the Master Declaration.

**WITNESSETH**

**WHEREAS**, the City is authorized pursuant to Oregon Revised Statutes (“ORS”) chapter 287A to issue revenue bonds to finance capital improvements, including the 2024 Project (as defined below), that the City Council determines are needed; and

**WHEREAS**, Resolution No. 2023-103 (the “Bond Resolution”), was adopted by the City Council on August 3, 2023, pursuant to which the City was authorized to issue one or more series of sewer revenue bonds (the “2024 Bonds”) to finance the costs of improvements to the City’s water reclamation system (the “2024 Project”) and to execute the Master Declaration, including any necessary Supplemental or Series Declarations;

**WHEREAS**, the City has determined that it is financially feasible and in the best interests of the City to authorize the issuance, sale, execution and delivery of the 2024 Bonds and apply the proceeds to (i) finance or refinance all or a portion of the 2024 Project and (ii) pay costs of issuance of the 2024 Bonds; and

**WHEREAS**, the Master Declaration authorizes the execution and delivery of a Series Declaration providing for the issuance of any Series of Bonds or Subordinate Obligations and setting the specific terms and conditions of those Bonds or Subordinate Obligations; and

**WHEREAS**, the City has determined that all acts, conditions and things required by law to exist, to have happened to have been performed precedent to and in connection with the execution and delivery of this First Series Declaration and the 2024 Bonds do exist, have happened and have been performed in regular and in due time, form and manner as required by law.

**NOW, THEREFORE, THIS FIRST SERIES DECLARATION WITNESSETH:**

**ARTICLE 1**  
**DEFINITIONS; INTERPRETATIONS**

**Section 1.01 Definitions.** All words and phrases used in the Master Declaration have the same meaning in this First Series Declaration, except as specifically provided otherwise herein. In addition, the following words and terms used in this First Series Declaration shall have the following meanings unless the context or use indicates another or different meaning or intent:

“*Delivery Date*” means October [9], 2024, the date of issue and delivery of the 2024 Bonds.

“*Interest Payment Date*” means October 1 and April 1 of each year any of the 2024 Bonds remain outstanding, beginning April 1, 2025.

“*Principal Payment Date*” means October 1 of each year any of the 2024 Bonds remain outstanding, beginning with October 1, 2025.

“*Record Date*” means the fifteenth (15th) day of the month preceding the month in which each Interest Payment Date or Principal Payment Date occurs, whether or not a Business Day.

**Section 1.02 Article and Section References.** Except as otherwise indicated, references to Articles and Sections are to Articles and Sections of this First Series Declaration.

**ARTICLE 2**  
**THE 2024 BONDS**

**Section 2.01 2024 Bonds Authorized.** Pursuant to the authority of the ORS 287A and the Master Declaration, the City hereby authorizes and directs the issuance of the 2024 Bonds in the aggregate principal amount of \$[\_\_\_\_\_]. The 2024 Bonds shall be sold by competitive sale to [\_\_\_\_\_], as the Purchaser for the 2024 Bonds.

**Section 2.02 Purpose of Issue.** The proceeds of the 2024 Bonds shall be deposited as set forth in Section 4.01 and shall provide funds to (i) finance or refinance all or a portion of the costs of the 2024 Project and (ii) pay costs of issuance of the 2024 Bonds.

**Section 2.03 No Reserve Account Designation; Not Covered Bonds.** The 2024 Bonds shall not be secured by a Bond Reserve Account and shall not be designated as Covered Bonds.

**Section 2.04 General Terms of the 2024 Bonds.**

(a) General. The 2024 Bonds shall be issued as fully registered bonds in Authorized Denominations of \$5,000, or any integral multiple of \$5,000 (not exceeding the principal amount of such Bonds maturing at any one time). The 2024 Bonds shall be Book-Entry Bonds. The 2024 Bonds shall be Current Interest Obligations and shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless such date of authentication is an Interest Payment Date, in which event they shall

bear interest from such Interest Payment Date, or unless such date of authentication is prior to the first Interest Payment Date, in which event they shall bear interest from the date of their delivery. Principal, redemption premiums, if any, and interest on the 2024 Bonds shall be payable in lawful money of the United States of America through the principal corporate trust office of the Bond Registrar. Each payment of principal or interest on the 2024 Bonds shall include the CUSIP identification number, if any, of the 2024 Bond with respect to which such payment is made.

(b) Maturity Dates, Principal Amounts. The 2024 Bonds shall mature on the dates and in the principal amounts set forth in EXHIBIT B hereto. The 2024 Bonds shall be subject to optional and mandatory redemption as provided herein.

(c) Form of 2024 Bonds. The 2024 Bonds shall be numbered in consecutive numerical order from R-1 upwards and shall be in substantially the form set forth as EXHIBIT A to this First Series Declaration, which form is hereby incorporated by reference. The 2024 Bonds may be printed, lithographed, photocopied or typewritten.

(d) Interest Rates, Accrual and Payment. The 2024 Bonds shall bear interest at the fixed interest rates set forth in EXHIBIT B hereto, and interest on the 2024 Bonds shall be payable on each Interest Payment Date. Interest on the 2024 Bonds shall accrue on the basis of a 360-day year based on twelve 30-day months.

## **Section 2.05 Payment of the 2024 Bonds**

(a) Payment of Interest. Payment of interest on the 2024 Bonds shall be made to the person whose name appears on the bond registration books of the Registrar as the registered owner thereof, as of the Record Date, such interest to be paid by check mailed to such registered owner at their address as it appears on such books or at such other address as they may have filed with the Registrar for that purpose prior to the Record Date, or, upon request of an Owner of at least \$1,000,000 in aggregate principal amount of 2024 Bonds, by wire transfer in immediately available funds to an account within the United States designated by such Owner prior to the Record Date if such Owner makes a written request of the Registrar at least thirty (30) days preceding any Interest Payment Date specifying the wire transfer instructions for such Owner. Such notice may provide that it will remain in effect for later interest payments until changed or revoked by another written notice. Payments of default interest shall be paid by check, draft or wire transfer to the Owners as of a special record date to be fixed by the Registrar, notice of which special record date shall be given to the Owners by the Registrar not less than ten (10) days prior thereto.

(b) Payment of Principal. Payment of principal on the 2024 Bonds shall be made to the person whose name appears on the bond registration books of the Registrar as the registered owner thereof, as of the Record Date, such principal to be paid by check mailed to such registered owner at their address as it appears on such books or at such other address as they may have filed with the Registrar for that purpose prior to the Record Date, or, upon request of an Owner of at least \$1,000,000 in aggregate principal amount of 2024 Bonds, by wire transfer in immediately available funds to an account

within the United States designated by such Owner prior to the Record Date if such Owner makes a written request of the Registrar at least thirty (30) days preceding any Principal Payment Date specifying the wire transfer instructions for such Owner. Such notice may provide that it will remain in effect for later interest payments until changed or revoked by another written notice. Principal on the 2024 Bonds shall be paid as set forth in EXHIBIT B. Principal and redemption premiums, if any, on the 2024 Bonds shall be payable by check upon the surrender thereof at maturity or upon the prior redemption thereof. Payments of default principal shall be paid by check, draft or wire transfer to the Owners as of a special record date to be fixed by the Registrar, notice of which special record date shall be given to the Owners by the Registrar not less than ten (10) days prior thereto.

**Section 2.06 Book-Entry-Only System.** The 2024 Bonds shall be issued as Book-Entry Bonds. Payment of principal, premium, if any, or interest for any 2024 Bond registered in the name of Cede & Co. shall be made by wire transfer of New York clearing house or equivalent next day funds or by wire transfer of same day funds to the account of Cede & Co. at the address indicated on the Record Date or special record date for Cede & Co. in the Bond register.

**Section 2.07 Security for the 2024 Bonds.** The 2024 Bonds are secured by the City's pledge of the Net Revenues, as described more fully in Article 2 of the Master Declaration, on an equal and ratable (*pari passu*) basis with any Additional Bonds issued pursuant to the Master Declaration.

**Section 2.08 Compliance with Financial Covenants and Rate Covenant.** As of the Delivery Date, the City is in compliance with all of the financial covenants, the Rate Covenant and any additional requirements imposed by the Master Declaration for the issuance of Bonds.

### **ARTICLE 3 REDEMPTION AND PURCHASE OF 2024 BONDS**

**Section 3.01 Redemption of the 2024 Bonds.** The 2024 Bonds shall be subject to redemption prior to maturity as provided in this Section:

(a) Optional Redemption of the 2024 Bonds. The 2024 Bonds maturing in years [2025 through 2034], inclusive, are not subject to redemption prior to maturity. The Bonds maturing on or after [October 1, 2035] are subject to redemption prior to maturity at the option of the City, in whole or in part on any date, on or after [October 1, 2034], (with maturities to be selected by the City and by lot within a maturity) at a price of par, plus accrued interest, if any, to the date of redemption.

(b) Mandatory Redemption of the 2024 Bonds. Unless previously called under the provisions for optional redemption, the term Bond maturing [October 1, 20\_\_], (the "[20\_\_ Term Bond]") shall be subject to mandatory redemption in part, by lot, at the principal amount thereof, without premium, plus accrued interest to the date fixed for redemption, in the amounts and on the dates set forth below:

**Term Bonds Maturing on [October 1, 20\_\_]**

Year [(October 1)]	Sinking Fund Redemption
-----------------------	----------------------------

†

† Final maturity.

If a Series 2024 Term Bond is redeemed, in part, under the optional redemption provisions, defeased or purchased by the City and surrendered for cancellation, the principal amount of the Series 2024 Term Bond so redeemed, defeased or purchased (irrespective of its actual redemption or purchase price) will be credited against one or more scheduled mandatory redemption installments for that Series 2024 Term Bond in the manner described below regarding the selection of 2024 Bonds for redemption.

**Section 3.02 Payment of 2024 Bonds Called for Redemption.** Upon surrender to the Registrar, any 2024 Bonds called for redemption shall be paid at the redemption price stated in the notice, plus, when applicable, interest accrued to the redemption date.

**ARTICLE 4  
APPLICATION OF PROCEEDS; SOURCES OF PAYMENT OF 2024 BONDS;  
DEPOSIT TO AND DISBURSEMENTS FROM REBATE ACCOUNT**

**Section 4.01 Application of Proceeds.** The net proceeds of the sale of the 2024 Bonds shall be applied as follows:

- (a) \$[\_\_\_\_\_] deposited into the Bond Proceeds Account to pay costs of the 2024 Project; and
- (b) \$[\_\_\_\_\_] deposited into the Bond Proceeds Account to pay costs of issuing the 2024 Bonds and additional proceeds as contingency.

**Section 4.02 Rebate Account.** Consistent with the terms of the Master Declaration, the City shall make deposits in connection with the 2024 Bonds into the Rebate Account and disbursements as required by law from the same account. The City shall invest the Rebate Account in accordance with the Tax Certificate of the City. The provisions of this Section shall survive the discharge of the Master Declaration until any rebate obligations on the 2024 Bonds are remitted to the United States. Any balance remaining in the Rebate Account after the Master Declaration and such rebate obligation are discharged shall be distributed to the City.

**ARTICLE 5  
MISCELLANEOUS SECTION**

**Section 5.01 Notices.**

- (a) Any notice, request, direction, designation, consent, acknowledgment, certification, appointment, waiver or other communication required or permitted by this First Series Declaration or the 2024 Bonds must be in writing except as expressly provided otherwise in this First Series Declaration or the 2024 Bonds.

(b) Any notice or other communication, unless otherwise specified, shall be sufficiently given and deemed given when mailed by first-class mail, postage prepaid, addressed to the City and the Registrar, at the addresses set forth below. Any addressee may designate additional or different addresses for purposes of this Section.

To the City: City of Medford  
411 W 8<sup>th</sup> Street  
Medford, Oregon 97501  
Attention: Chief Financial Officer

To the Registrar: U.S. Bank Trust Company, National Association  
Global Corporate Trust Services  
555 SW Oak Street  
Portland, Oregon 97204  
Attention: Cheryl Nelson

**Section 5.02 Notices to Rating Agencies.** The City shall provide or shall cause to be provided to S&P and, if applicable, any other Rating Agency then rating the 2024 Bonds, written notice of the following events related to the 2024 Bonds:

- (a) the unscheduled redemption or defeasance of the 2024 Bonds;
- (b) any successor Bond Registrar;
- (c) any amendments or supplements to the Master Declaration or this First Series Declaration; or
- (d) any other information that the Rating Agencies may reasonably request in order to maintain the rating on the 2024 Bonds.

As applicable, notices to the Rating Agencies shall be sent to the following addresses of those agencies then rating the 2024 Bonds:

To Fitch: Fitch, Inc.  
One State Street Plaza  
New York, New York 10004

To Moody's: Moody's Investors Service, Inc.  
7 World Trade Center at 250 Greenwich Street  
New York, New York 10007

To S&P: S&P Global Ratings  
55 Water Street, 38th Floor  
New York, New York 10041



**Section 5.03 Limitation of Rights.** Nothing expressed or implied in this First Series Declaration or the 2024 Bonds shall give any person other than the Registrar, the City and the Bondowners any right, remedy or claim under or with respect to this First Series Declaration.

**Section 5.04 Parties Interested Herein.** Nothing in this First Series Declaration expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the City, the Registrar, and the registered Owners of the 2024 Bonds, any right, remedy or claim under or by reason of this First Series Declaration or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this First Series Declaration contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Registrar, and the Registered Owners of the 2024 Bonds.

**Section 5.05 Severability.** If any provision of this First Series Declaration shall be determined to be unenforceable, that shall not affect any other provision of this First Series Declaration.

**Section 5.06 Payments or Actions Occurring on Non-Business Days.** If an Interest Payment Date or Principal Payment Date is not a Business Day at the place of payment or if any action required hereunder is required on a date that is not a Business Day, then payment may be made at that place on the next Business Day or such action may be taken on the next Business Day with the same effect as if payment were made on the action taken on the stated date, and no interest shall accrue for the intervening period.

**Section 5.07 Captions.** The captions in this First Series Declaration are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this First Series Declaration.

**Section 5.08 Counterparts.** This First Series Declaration may be signed in several counterparts. Each will be an original, but all of them together constitute the same instrument.

**Section 5.09 Application of Provisions of the Master Declaration.** All of the provisions of the Master Declaration to the extent not inconsistent herewith, are hereby incorporated in this First Series Declaration and made a part hereof. Notwithstanding any provision of this First Series Declaration, all of the provisions of the Master Declaration shall remain in effect and enforceable by the Registrar and the holders of any Bonds issued under the Master Declaration as provided by the terms thereof. To the extent not otherwise expressly provided herein, the 2024 Bonds shall be of such terms, conditions and provisions, shall be issued upon and subject to such terms and conditions, and shall be entitled to such rights and benefits, all as provided by the applicable terms, conditions and provisions of the Master Declaration. The Master Declaration as supplemented hereby is in all such respects hereby ratified and confirmed and this First Series Declaration and all provisions contained herein shall be deemed a part of the Master Declaration in the manner and to the extent herein and therein provided.

**Section 5.10 First Series Declaration to Constitute Contract with Bondowners.** In consideration of the purchase and acceptance of any or all of the 2024 Bonds by the Bondowners, the provisions of this First Series Declaration shall be part of the contract of the

City with the Bondowners and shall be deemed to be and shall constitute a contract between the City and the Bondowners. The covenants, pledges, representations and warranties contained in this First Series Declaration or in the closing documents executed in connection with the 2024 Bonds, and the other covenants and agreements set forth in the Master Declaration to be performed by or on behalf of the City shall be contracts for the equal benefit, protection and security of the Bondowners, all of which shall be of equal rank without preference, priority or distinction of any of such Bonds over any other thereof, except as expressly provided in or pursuant to the Master Declaration or this First Series Declaration.

**Section 5.11 Effective Date.** This First Series Declaration shall take effect immediately upon its execution.

[Signature pages follow]

IN WITNESS WHEREOF, the Authorized Representative of the City executes this First Series Declaration, dated as of October \_\_, 2024.

**CITY OF MEDFORD, OREGON**

By: \_\_\_\_\_

Ryan Martin  
Deputy City Manager/Chief Financial  
Officer

**ACKNOWLEDGEMENT AND AGREEMENT  
OF THE BOND REGISTRAR AND PAYING AGENT**

The Bond Registrar hereby acknowledges and agrees to the provisions applicable to it in the First Series Declaration.

Effective as of the \_\_\_\_\_ day of \_\_\_\_\_, 2024.

U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION,  
Bond Registrar and Paying Agent

By: \_\_\_\_\_  
Authorized Representative

**EXHIBIT A**  
**BOND FORM**

No. R-1

\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF OREGON  
JACKSON COUNTY

**CITY OF MEDFORD, OREGON**

SEWER REVENUE BOND  
SERIES 2024

DATED DATE	INTEREST RATE PER ANNUM	MATURITY DATE	CUSIP NUMBER
_____, 2024	_____%	[October 1, 20__]	584288- ____

REGISTERED OWNER: -- CEDE & CO. --

PRINCIPAL AMOUNT: \_\_\_\_\_ (\$ \_\_\_\_\_) DOLLARS

THE CITY OF MEDFORD, located in Jackson County, in the State of Oregon (the “City”), for value received, acknowledges itself indebted and hereby promises to pay to the registered owner hereof, or registered assigns, the principal amount indicated above on the above maturity date together with interest thereon from the date hereof at the rate per annum indicated above. Interest is payable semiannually on the first day of June and the first day of December in each year until maturity or prior call and redemption to the Registered Owner at the address appearing on the Bond register as of the close of business on the fifteenth day of the calendar month immediately preceding the applicable Interest Payment Date. The initial interest shall be payable commencing [October 1, 20\_\_]. The City’s paying agent and registrar, which is currently U.S. Bank Trust Company, National Association, in Portland, Oregon (the “Registrar”), will make principal and interest payments to the registered owner. Principal and interest payments shall be received by Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), or its registered assigns, in same-day funds on each payment date. Such payments shall be made payable to the order of “Cede & Co.” Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the City’s Resolution No. 2023-103, adopted by the City Council of the City (the “City Council”) on August 3, 2023 (the “Resolution”), the City’s Master Sewer Revenue Bond Declaration, (the “Master Declaration”) dated as of October 1, 2024, and the First Series Declaration to the Master Sewer Revenue Bond Declaration (the “First Series Declaration”), dated as of October \_\_, 2024.

ADDITIONAL PROVISIONS OF THIS 2024 BOND APPEAR ON THE REVERSE SIDE HEREOF AND ON SUBSEQUENT PAGES; THESE PROVISIONS HAVE THE SAME EFFECT AS IF THEY WERE PRINTED HEREON.

This bond is subject to the terms of the Master Declaration in all respects and is one of a duly authorized series of bonds designated “City of Medford, Oregon Sewer Revenue Bonds, Series 2024, in the aggregate principal amount of \$[\_\_\_\_\_] (the “2024 Bonds”), issued pursuant to the Resolution by the City for the purpose of providing funds to (i) to finance all or a portion of the costs of improvements to the City’s water reclamation system, including but not limited to the [\_\_\_\_\_], and (ii) pay costs of issuance of the 2024 Bonds including, without limitation, any costs in connection with obtaining a Credit Enhancement Device (as defined in ORS 287A) for the Series 2024 Bonds, if beneficial to the City.

This 2024 Bond is not a general obligation or liability of the City, and shall be payable solely from the Security as provided in the Master Declaration. The City covenants and agrees with the Owner of this 2024 Bond that it will keep and perform all of the covenants in this 2024 Bond and in the Master Declaration. As security for the payment of the principal, interest and premium (if any) on this 2024 Bond, the City hereby pledges to the Registered Owners of the 2024 Bonds all of the City’s right, title and interest in the following: (a) the Net Revenues of the System; (b) the moneys and investments (including investment earnings thereon) on deposit in the Debt Service Account; and (c) any Credit Facility given as security for the payment of any amounts owing on the 2024 Bonds (and any moneys drawn or paid thereunder).

*Optional Redemption:* The 2024 Bonds maturing in years [2025 through 2034], inclusive, are not subject to redemption prior to maturity. The 2024 Bonds maturing on or after [October 1, 2035] are subject to redemption prior to maturity at the option of the City, in whole or in part on any date, on or after [October 1, 2034], (with maturities to be selected by the City and by lot within a maturity) at a price of par, plus accrued interest, if any, to the date of redemption.

Official notice of any such redemption shall be given by the Registrar on behalf of the City pursuant to the provisions of the Master Declaration. Notice of redemption shall be mailed by the Registrar, not less than twenty (20) nor more than sixty (60) days prior to the redemption date, to each Owner and the Depository. Notice of redemption to the Depository shall be given by certified, registered or overnight mail or by such other method as may be requested by the Depository.

With respect to any notice of optional redemption of 2024 Bonds, unless upon the giving of such notice, such 2024 Bonds shall be deemed to have been paid within the meaning of the Master Declaration or unless the Registrar has cash or Government Obligations sufficient to pay the principal of and premium, if any, purchase price and interest on the 2024 Bonds to be redeemed, such notice may state that such redemption shall be conditional upon the receipt by the Registrar on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of and premium, if any, purchase price and interest on such 2024 Bonds and that if such moneys shall not have been so received said notice shall be of no force and effect and the Registrar shall not be required to redeem such 2024 Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Registrar shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

This 2024 Bond is issued as a Book-Entry Bond. The ownership of all such Book-Entry Bonds shall be registered in the name of Cede & Co. as nominee of DTC, or such other nominee as DTC shall request pursuant to the Letter of Representations. The Registrar and the City may treat DTC (or its nominee) as the sole and exclusive owner of Book-Entry Bonds registered in its name for the purposes of payment of the principal of and interest on such Book-Entry Bonds, giving any notice permitted or required to be given to Owners of Book-Entry Bonds under the Master Declaration, registering the transfer of Book-Entry Bonds, obtaining any consent or other action to be taken by Owners of the Book-Entry Bonds and for all other purposes whatsoever; and neither the Registrar nor the City shall be affected by any notice to the contrary.

The Registrar shall pay all principal of and interest on the Book-Entry Bonds only at the times, to the accounts, at the addresses and otherwise in accordance with the Representation Letter, and all such payments shall be valid and effective to satisfy fully and discharge the City's obligations with respect to the principal of and interest on the Book-Entry Bonds to the extent of the sum or sums so paid.

In the event that the City determines to discontinue use of the system of book-entry transfers, the Registrar shall, upon the written instruction of the City, so notify DTC of such decision and the availability of bond certificates. In such event, the 2024 Bonds which were previously Book-Entry Bonds will be transferable in accordance with the provisions of the Master Declaration.

In the event that any transfer or exchange of Book-Entry Bonds is authorized under the Master Declaration, such transfer or exchange shall be accomplished upon receipt by the Registrar from the registered owner thereof of the Book-Entry Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee, all in accordance with the applicable provisions of the Master Declaration. In the event bond certificates are issued to Owners other than Cede & Co., its successor as nominee for DTC as holder of all the Book-Entry Bonds, another securities depository as holder of all the Book-Entry Bonds, or the nominee of such successor securities depository, the provisions of the Master Declaration shall also apply to, among other things, the registration, exchange and transfer of the Book-Entry Bonds and the method of payment of principal of and interest on the Book-Entry Bonds.

All 2024 Bonds shall be in registered form. The ownership of all 2024 Bonds shall be entered in the Bond register maintained by the Registrar and the City and Registrar may treat the person listed as Owner in the Bond register as the Owner of the 2020 Bond for all purposes. The Registrar shall mail or cause to be delivered each interest payment on the Interest Payment Date (or the next Business Day if the Interest Payment Date is not a Business Day) to the name and address of the Bondowner, as that name and address appear on the Bond register as of the Record Date. If payment is so mailed or delivered, neither the City nor the Registrar shall have any further liability to any party for such payment. The principal of or purchase price, and premium, if any, on the 2024 Bonds shall be payable at the corporate trust office of the Registrar, upon presentation and surrender of such 2024 Bonds.

Pursuant to the Master Declaration, 2024 Bonds may be exchanged for an equal principal amount of 2024 Bonds of the same maturity which are in different authorized denominations, and Bonds may be transferred to other Owners if the Bondowner submits the following to the

Registrar: (a) written instructions for exchange or transfer satisfactory to the Registrar, signed by the Bondowner or thier attorney in fact and guaranteed or witnessed in a manner satisfactory to the Registrar; and (b) the 2024 Bonds to be exchanged or transferred. The City may alter these provisions regarding registration and transfer by mailing notification of the altered provisions to all Bondowners. The altered provisions shall take effect on the date stated in the notice, which shall not be earlier than forty-five (45) days after notice is mailed.

IT IS HEREBY CERTIFIED, RECITED, AND DECLARED that all conditions, acts, and things required to exist, to happen, and to be performed precedent to and in the issuance of this 2024 Bond have existed, have happened, and have been performed in due time, form, and manner as required by the Constitution and Statutes of the State of Oregon; that the issue of which this 2024 Bond is a part, and all other obligations of such City, are within every debt limitation and other limit prescribed by such Constitution and Statutes.

This 2024 Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Master Declaration until the Certificate of Authentication hereon shall have been manually signed by the Registrar.



IN WITNESS WHEREOF, the City of Medford, Oregon, has caused this 2024 Bond to be signed by manual or facsimile signature of its City Manager and attested by manual or facsimile signature of its Finance Director as of the date indicated above.

CITY OF MEDFORD, OREGON

By: \_\_\_\_\_  
City Manager

ATTEST:

By: \_\_\_\_\_  
Chief Financial Officer

THIS 2024 BOND SHALL NOT BE VALID UNLESS PROPERLY AUTHENTICATED BY THE REGISTRAR IN THE SPACE INDICATED BELOW.

AUTHENTICATION DATE: [\_\_\_\_\_, 2024].

**CERTIFICATE OF AUTHENTICATION**

This is one of the City’s \$[\_\_\_\_\_] Sewer Revenue Bonds, Series 2024, issued pursuant to the Master Declaration described herein.

U.S Bank Trust Company, National Association, as Registrar

By \_\_\_\_\_  
Authorized Officer

*This 2024 Bond shall remain in the Registrar’s custody subject to the provisions of the Fast Automated Securities Transfer (FAST) agreement currently in effect between \_\_\_\_\_, as Registrar and The Depository Trust Company, New York, New York.*

**ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

\_\_\_\_\_

(Please insert social security or other identifying number of assignee)

This 2024 Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_ as attorney to transfer this 2024 Bond on the books kept for registration thereof with the full power of substitution in the premises.

Dated: \_\_\_\_\_

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of this 2024 Bond in every particular, without alteration or enlargement or any change whatever.

NOTICE: The signatures to this Assignment must be guaranteed by a financial institution that is a member of the Securities Transfer Agents Medallion Program (“STAMP”), the Stock Exchange Medallion Program (“SEMP”) or the New York Stock Exchange, Inc. Medallion Securities Program (“MSP”).

Signature Guaranteed

\_\_\_\_\_  
(Bank, Trust Company or Brokerage Firm)

\_\_\_\_\_  
Authorized Officer

The following abbreviations, when used in the inscription on the face of this 2024 Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	--	as tenants in common	UNIF TRFS MIN ACT .....	(Cust)	(Minor)
TEN ENT	--	as tenants by the entireties	under Uniform Transfer to Minors Act .....		(State)
JT TEN	--	as joint tenants with right of survivorship and not as tenants in common			

Additional abbreviations may also be used although not in the above list.

**EXHIBIT B**

**BOND MATURITY SCHEDULES AND INTEREST RATES**

**[\$\_\_\_\_\_]  
CITY OF MEDFORD  
SEWER REVENUE BONDS  
SERIES 2024**

Dated Date: [\_\_\_\_\_, 2024]

Delivery Date: [\_\_\_\_\_, 2024]

<b>Maturity Date (October 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>CUSIP No. 584288</b>
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# Appendix F

## Demographic Information

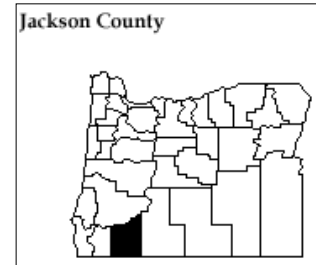
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## Demographic Information

### General

Medford is the largest city in southern Oregon and comprises a land area totaling 22.6 square miles. The City is the center of commerce, industry, transportation, finance and services for an immediate metropolitan area including Jackson and Josephine counties. Medford is the county seat of Jackson County (the “County”).

Historical data have been collected from generally accepted standard sources, usually from public bodies. This section bases information on the County and the City.



### Population

The following table shows the historical population for the State, the County and the City:

Population			
July 1 <sup>(1)</sup>	State of Oregon	Jackson County	City of Medford
2023	4,291,525	222,949	90,887
2022	4,269,529	222,762	88,277
2021	4,263,827	224,208	87,353
2020	4,268,055	223,240	83,115
2019	4,236,400	221,290	81,465
April 1 <sup>(2)</sup>			
2020	4,237,256	223,259	85,824
2010	3,831,074	203,206	74,907
2000	3,421,399	181,269	63,687

(1) Source: Center for Population Research and Census, Portland State University.

(2) Source: U.S. Census Count on April 1.

### Economic Overview

The County's principal industries are healthcare, retail/manufacturing, government, agriculture, lumber, and tourism. Major employers in and around the City include Asante Health System (Rouge Valley Medical), Providence Medical Center, Medford School District, Jackson County, and Lithia Motors. Major agricultural commodities produced in the region include hay, pears, grapes, and vegetables.

As of July, private education and health services accounts for 22 percent of the total non-farm employment in the County, while transportation and utilities accounts for 21.3 percent, leisure and hospitality 12.5 percent, government jobs 12.3 percent, professional and business services 9.1 percent, and manufacturing 7.6 percent.

*Income.* Historical personal income and per capita income levels for the County and the State are shown below:

**Jackson County and State of Oregon  
Total Personal and Per Capita Income**

Year	Jackson County				State of Oregon			
	Personal Income (\$000 Omitted)	Dividends, Interest, Rent (\$000 Omitted)	Per Capita Income	Per Capita Dividends, Interest, Rent	Personal Income (\$000 Omitted)	Dividends, Interest, Rent (\$000 Omitted)	Per Capita Income	Per Capita Dividends, Interest, Rent
2023	N/A	N/A	N/A	N/A	\$ 276,972,800	\$ 53,136,500	\$ 65,426	\$ 12,552
2022	\$ 12,755,983	\$ 2,615,053	\$ 57,552	\$ 11,798	264,173,844	50,824,175	62,303	11,986
2021	12,770,524	2,515,069	56,928	11,212	262,382,376	48,851,668	61,646	11,477
2020	11,594,427	2,230,071	51,850	9,973	239,862,474	44,335,883	56,507	10,445
2019	10,484,815	2,199,063	47,187	9,897	219,982,662	43,014,685	52,178	10,203
2018	10,016,020	2,163,725	45,355	9,798	210,044,887	42,021,923	50,209	10,045

Note: Dollar estimates are in current dollars (not adjusted for inflation).

Source: U.S. Department of Commerce, Bureau of Economic Analysis. County data as of November 16, 2023; State data as of March 29, 2024.

*Employment.* Non-farm employment within the County is described in the following tables:

**Jackson County  
Labor Force Summary <sup>(1)</sup>  
(by place of residence)**

	2019	2020	2021	2022	2023	2024 <sup>(2)</sup>	2024 Change from				
							2019	2020	2021	2022	2023
Civilian Labor Force	103,404	105,244	107,177	106,841	105,402	107,508	4,104	2,264	331	667	2,106
Unemployment	4,424	8,223	5,865	4,997	4,574	5,046	622	-3,177	-819	49	472
Percent of Labor Force	4.3%	7.8%	5.5%	4.7%	4.3%	4.7%	---	---	---	---	---
Total Employment	98,980	97,021	101,312	101,844	100,828	102,462	3,482	5,441	1,150	618	1,634

**Non-Agricultural Wage & Salary Employment <sup>(3)</sup>**

	2019	2020	2021	2022	2023	2024 <sup>(2)</sup>	2024 Change from				
							2019	2020	2021	2022	2023
Total Nonfarm Payroll Employment	89,950	85,700	87,590	88,682	89,453	90,300	350	4,600	2,710	1,618	847
Total Private	78,500	74,540	76,490	77,580	77,805	78,820	320	4,280	2,330	1,240	1,015
Mining, logging and construction	5,240	5,190	5,500	5,759	5,846	6,060	820	870	560	301	214
Manufacturing	8,050	7,670	7,690	7,393	7,165	6,920	-1,130	-750	-770	-473	-245
Trade, transportation, and utilities	20,000	19,410	20,030	20,098	19,698	19,230	-770	-180	-800	-868	-468
Information	1,210	1,060	1,000	1,028	939	960	-250	-100	-40	-68	21
Financial activities	4,130	4,140	4,280	4,434	3,748	3,580	-550	-560	-700	-854	-168
Professional and business services	7,770	7,620	8,130	8,129	8,213	8,220	450	600	90	91	7
Private education and health services	17,850	17,780	17,900	17,668	18,782	19,830	1,980	2,050	1,930	2,162	1,048
Leisure and hospitality	11,510	9,180	9,410	10,458	10,752	11,310	-200	2,130	1,900	852	558
Other services	2,750	2,490	2,560	2,611	2,662	2,710	-40	220	150	99	48
Government	11,440	11,160	11,110	11,102	11,648	11,080	-360	-80	-30	-22	-568

(1) Civilian labor force includes employed and unemployed individuals 16 years and older by place of residence. Employed includes nonfarm payroll employment, self-employed, unpaid family workers, domestics, agriculture and labor disputants. Data are adjusted for multiple job-holding and commuting.

(2) Data for month of July, seasonally adjusted; preliminary and subject to change.

(3) Nonfarm payroll data are based on the 1987 Standard Industrial Classification manual. The data are by place of work. Persons working multiple jobs are counted more than once. The data excludes the self-employed, volunteers, unpaid family workers, and domestics.

Source: State of Oregon Employment Department.



### Major Employers in the City

Company	Service	No. Employees
Asante Rogue Regional Medical Center	Health care/hospital	2,570
Providence Medical Center	Health care	2,546
Medford School District 549C	Schools	1,024
Jackson County	County government	1,001
Lithia Motors	Auto dealership	502
Rogue Valley Manor	Retirement community	500
City of Medford	Government	455
Pure Light Power	Solar installation	300
UNIFI Aviation, LLC	Aviation	256
Boise Cascade Company	Wood products	251
Transamerica Retirement Solutions Corporation	Investment services	250
PacifiCorp	Utility	211
Naumes, Inc.	Orchards	199
Harry & David Operations	Gourmet fruit & gifts	187
Stahlbush Island Farms, Inc.	Farm and food processor	187
Hearthstone Operator LLC	Nursing and rehabilitative services	160
Sabroso Company	Food manufacturing	150

Note: The above list of employers does not reflect layoffs or furloughs that may have occurred due to the impacts of the current pandemic. Total number of employees may include full, part-time, temporary and seasonal employment.

Source: Hoovers Business Database; data extracted March 21, 2024.

**Building Permits.** Residential building permits are an indicator of growth within a region. The number and valuation of new single-family and multi-family residential building permits in the City are listed below:

#### City of Medford Residential Building Permits

Year	New Single Family		New Multi Family			Total
	Number	Construction Cost	Number	Units	Construction Cost	Construction Cost
2024 <sup>(1)</sup>	166	\$ 52,016,687	16	56	\$ 9,690,540	\$ 61,707,227
2023	322	101,839,701	45	506	84,812,803	186,652,504
2022	264	80,468,158	10	46	6,094,691	86,562,849
2021	318	88,687,545	11	119	16,627,111	105,314,656
2020	265	73,184,181	4	20	2,343,156	75,527,337
2019	303	73,959,773	6	32	4,428,228	78,388,001

(1) As of June.

Source: U.S. Census Bureau.

**Higher Education.** Southern Oregon University is a public liberal arts and sciences university located in Ashland, with a branch campus in Medford. The university offers bachelor and master degrees in more than 35 majors and more than 100 academic programs. Rogue Community College, which has a main campus in Josephine County, operates the Riverside Campus in downtown Medford. The branch campus was established in 1997 and currently includes 8 buildings totaling 103,130 square feet. Programs at the college include associate degrees, certificates, and training programs.

**Transportation.** The City is located along Interstate 5 between Portland and San Francisco with direct access to US 99 West and four major state highways. Air transportation is available at Rogue Valley International-Medford Airport, which is owned and operated by Jackson County. Commercial air service is provided by Alaska

Airlines, Allegiant Air, American Eagle, Delta Connection, United Airlines, and United Express. Rail freight service is also available via the Central Oregon and Pacific Railroad (CORP).

*Healthcare.* Healthcare services are available at the Rogue Valley Medical Center and Providence Medford Medical Center.