

\$48,970,000
City of Medford
Jackson County, Oregon
Sewer Revenue Bonds, Series 2026

DATED: January 27, 2026 ("Date of Delivery")

DUE: June 1, as shown on the inside cover

PURPOSE— The \$48,970,000 Sewer Revenue Bonds, Series 2026 (the “2026 Bonds”) are being issued by the City of Medford (the “City”), located in Jackson County, Oregon. The 2026 Bonds are being issued to finance capital improvements to the City’s Sewer System, and to pay the costs of issuance of the 2026 Bonds. See “Purpose and Use of Proceeds” herein.

S&P GLOBAL RATINGS— “A+” underlying; “AA” BAM insured rating. See “Ratings” herein.

NOT BANK QUALIFIED— The City has NOT designated the 2026 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 2026 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 2026 Bonds. Individual purchases of the 2026 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 2026 Bonds purchased.

PRINCIPAL AND INTEREST PAYMENTS— Interest on the 2026 Bonds will be paid on December 1, 2026 and semiannually thereafter on June 1 and December 1 of each year to the maturity or earlier redemption of the 2026 Bonds. Principal of and interest on the 2026 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 2026 Bonds at the address appearing upon the registration books on the 15th day (the “Record Date”) of the month preceding a payment date.

MATURITY SCHEDULE—See inside front cover.

REDEMPTION—The 2026 Bonds are subject to optional redemption prior to their stated maturities as further described herein.

SECURITY— The 2026 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 October 1, 2024 (as supplemented from time to time, the “Master Declaration”). The 2026 Bonds will be issued on parity with the City’s outstanding Sewer Revenue Bonds, Series 2024 (the “2024 Bonds”) and the City’s outstanding WIFIA Loan Agreement (the “WIFIA Loan”) under the Master Declaration. Additional bonds may be issued on a parity lien with the 2026 Bonds, the 2024 Bonds and the WIFIA Loan, subject to certain conditions described herein and in the Master Declaration. The 2026 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 2026 Bonds are not secured by a reserve account.

The scheduled payment of principal of and interest on the 2026 Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the 2026 Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY.



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 2026 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 2026 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the 2026 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 2026 Bonds. See “Tax Matters.”*

DELIVERY— The 2026 Bonds are offered for sale to the original purchaser subject to the final approving legal opinion of Bond Counsel. It is expected that the 2026 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.

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.

City of Medford
Jackson County, Oregon
Sewer Revenue Bonds, Series 2026

DATED: Date of Delivery

DUE: June 1, as shown below

MATURITY SCHEDULE—

Due June 1	Amount	Interest Rate	Yield	CUSIP® 584295	Due June 1	Amount	Interest Rate	Yield	CUSIP® 584295
2028	\$ 815,000	5.000%	2.370%	BH1	2039	\$ 1,400,000	5.000%	3.250% ⁽¹⁾	BU2
2029	860,000	5.000	2.320	BJ7	2040	1,470,000	5.000	3.360 ⁽¹⁾	BV0
2030	900,000	5.000	2.350	BK4	2041	1,540,000	5.000	3.520 ⁽¹⁾	BW8
2031	945,000	5.000	2.400	BL2	2042	1,620,000	5.000	3.650 ⁽¹⁾	BX6
2032	995,000	5.000	2.490	BM0					
2033	1,045,000	5.000	2.580	BN8	2045	1,840,000	4.000	4.120	CA5
2034	1,095,000	5.000	2.650	BP3	2046	1,910,000	4.000	4.210	CB3
2035	1,150,000	5.000	2.750	BQ1	2047	1,990,000	4.125	4.270	CC1
2036	1,210,000	5.000	2.880	BR9	2048	2,070,000	4.125	4.320	CD9
2037	1,270,000	5.000	3.010 ⁽¹⁾	BS7	2049	2,155,000	4.250	4.420	CE7
2038	1,330,000	5.000	3.140 ⁽¹⁾	BT5	2050	2,250,000	4.250	4.460	CF4

\$3,470,000 4.000% Term Bond due June 1, 2044 @ 4.020% Yield; CUSIP No. 584295BZ1

\$7,335,000 4.250% Term Bond due June 1, 2053 @ 4.520% Yield; CUSIP No. 584295CJ6

\$8,305,000 4.250% Term Bond due June 1, 2056 @ 4.550% Yield; CUSIP No. 584295CM9

(1) Yield based on pricing to the first optional redemption date of June 1, 2036.

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 2026 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 2026 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 2026 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The 2026 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 2026 Bonds in accordance with applicable provisions of securities laws of the States in which the 2026 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 2026 Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the 2026 Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "Bond Insurance" and "Appendix G- Specimen Municipal Bond Insurance Policy".

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

Mayor and City Council

Michael Zarosinski	Mayor
Jessica Ayres	Councilor
Nick Card	Councilor
Kevin Keating	Councilor
Mike Kerlinger	Councilor
John Quinn	Councilor
Zac Smith	Councilor
Kevin Stine	Councilor
Garrett West	Councilor

Key Administrative Staff

John Vial	Interim City Manager
Ryan Martin	Chief Financial Officer
Dan Worth	Public Works Director
Lorraine Peterson	Outgoing Business Manager - Public Works
Rhett Robb	Incoming 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

[This page intentionally left blank]

Table of Contents

	<u>Page</u>
Description of the 2026 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 2026 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
Amendments to the Master Declaration.....	9
Events of Defaults and Remedies.....	9
Bond Insurance.....	10
Bond Insurance Policy	10
Build America Mutual Assurance Company.....	10
Indebtedness.....	12
Debt Limitation.....	12
Outstanding Long-Term Debt.....	12
Debt Payment Record	13
Future Financings.....	13
The City	14
General Description.....	14
Staff.....	14
Government.....	14
Key Administrative Officials.....	15
The Sewer System.....	16
General Description.....	16
Customers & Accounts	17
Sewer Rates.....	18
System Development Charges.....	20
Billing and Collection.....	21
Facility Plan and Capital Improvement Program	21
The Regulatory Environment.....	23
Financial Factors	24
Financial Reporting and Accounting Policies.....	24
Auditing.....	24
Sanitary Sewer Funds Balance Sheet.....	25
Sanitary Sewer Funds Statement of Revenues, Expenditures and Changes in Net Position.....	26
Sanitary Sewer Funds Statement of Revenues, Expenditures and Changes in Fund Balance	27
Actual and Projected Operating Results.....	27
Actual and Projected Net Revenues and Debt Service Coverage.....	28
Budgetary Process	28
Sanitary Sewer Funds Budget.....	29
Investments	29
Pension System	30
Other Postemployment Benefits	35
Paid Leave	36
Risk Management.....	36
Certain Investment Considerations.....	36
General.....	37
Cybersecurity	37
Environmental Considerations.....	37
No Acceleration; Limitation of Remedies.....	38
Change in Law	38
Federal and State Actions.....	38

Table of Contents, Continued

	<u>Page</u>
The Initiative and Referendum Process	39
Initiative Process	39
Referendum	40
City Charter	40
Legal Matters and Litigation	40
Legal Matters	40
Litigation	40
Tax Matters	41
Qualified Tax-Exempt Obligations	43
Continuing Disclosure	43
Municipal Advisor	43
Ratings	44
Purchaser of the 2026 Bonds	44
Certificate with Respect to Official Statement	44

Appendices:

Form of Bond Counsel Opinion	Appendix A
Financial Statements	Appendix B
Book-Entry Only System	Appendix C
Form of Continuing Disclosure Certificate	Appendix D
Master Sewer Revenue Bond Declaration, First Supplemental Declaration and Form of Third Series Declaration	Appendix E
Demographic Information	Appendix F
Specimen Municipal Bond Insurance Policy	Appendix G

OFFICIAL STATEMENT
City of Medford
Jackson County, Oregon

\$48,970,000
Sewer Revenue Bonds, Series 2026

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 \$48,970,000 aggregate principal amount of Sewer Revenue Bonds, Series 2026 (the "2026 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 2026 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 – Master Sewer Revenue Bond Declaration and Third Series Declaration," which is attached hereto and incorporated by reference herein.

Description of the 2026 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 2026 Bonds are also issued pursuant to the Master Declaration.

Principal Amount, Date, Interest Rates and Maturities

The 2026 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 2026 Bonds will mature on the dates and in the principal amounts set forth on the inside cover of this Official Statement. Interest on the 2026 Bonds is payable semiannually on June 1 and December 1 of each year, commencing December 1, 2026, until the maturity or earlier redemption of the 2026 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 2026 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 2026 Bonds are registered (the "Beneficial Owners") of the 2026 Bonds, as further described in Appendix C attached hereto.

Book-Entry System. The 2026 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 2026

Bonds. Individual purchases and sales of the 2026 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 2026 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 2026 Bonds in book-entry only form, the City shall cause the Paying Agent to authenticate and deliver replacement 2026 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 2026 Bonds, regarding registration, transfer and exchange of 2026 Bonds shall apply.

Redemption Provisions

Optional Redemption. The 2026 Bonds maturing in years 2028 through 2036, inclusive, are not subject to optional redemption prior to maturity. The City reserves the right to redeem all or any portion of the 2026 Bonds maturing on or after June 1, 2037 at the option of the City on June 1, 2036 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 2026 Bonds are in book-entry only form, if fewer than all of the 2026 Bonds of a maturity are called for redemption, the selection of 2026 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 2026 Bonds are no longer held in book-entry only form, then the Paying Agent would select 2026 Bonds for redemption by lot.

Mandatory Redemption. If not previously redeemed under the provisions for optional redemption, the Term Bonds maturing on June 1 in the years 2044, 2053 and 2056 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.

2044 Term Bond		2053 Term Bond		2056 Term Bond	
Due June 1	Amount	Due June 1	Amount	Due June 1	Amount
2043	\$ 1,700,000	2051	\$ 2,345,000	2054	\$ 2,655,000
2044 ⁽¹⁾	1,770,000	2052	2,445,000	2055	2,765,000
	\$ 3,470,000	2053 ⁽¹⁾	2,545,000	2056 ⁽¹⁾	2,885,000
			\$ 7,335,000		\$ 8,305,000

(1) Maturity.

Notice of Redemption (Book-Entry). So long as the 2026 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 2026 Bonds to the Paying Agent not later than five business days before the date notice of redemption of the 2026 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 2026 Bonds are not in book-entry only form, unless waived by any Owner of the 2026 Bonds to be redeemed, official notice of any redemption of 2026 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 2026 Bonds to be redeemed at the address shown on the 2026 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 2026 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 2026 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 2026 Bonds as promptly as practicable.

Defeasance

The City may defease the 2026 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 2026 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 2026 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 Regional Wastewater Reclamation Facility (the "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.

Additional Funding

The current estimated total cost of the Project is estimated at \$302 million which the City intends to fund from the 2026 Bonds, Outstanding Bonds, additional future borrowings and rate revenue. The City previously borrowed \$20 million through issuance of the 2024 Bonds and has executed a WIFIA Loan with draw authority up to \$147.245 million, although no draws have been made to date. The WIFIA Loan was entered into pursuant to the Water Infrastructure Finance and Innovation Act authorized by Congress in 2014, as subsequently amended. Payment of the 2024 Bonds and the WIFIA Loan is secured by a pledge of the Net Revenues on parity in accordance with the Master Declaration. 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 also currently plans

to issue approximately \$60 million of additional Sewer Revenue Bonds in Fiscal Year 2029, however, the amount and timing is subject to change.

Sources and Uses of Funds

The proceeds of the 2026 Bonds are estimated to be applied as follows:

Estimated Sources and Uses of Funds	
Sources of Funds	
Par Amount of 2026 Bonds	\$ 48,970,000.00
Net Original Issue Premium	1,502,453.35
Total Sources of Funds	<u>\$ 50,472,453.35</u>
Uses of Funds	
Available for the Project	\$ 50,000,000.00
Underwriting, Credit Enhancement and Issuance Costs	472,453.35
Total Uses of Funds	<u>\$ 50,472,453.35</u>

Security for the 2026 Bonds

General

The 2026 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. The 2026 Bonds are being issued as Additional Bonds under the Master Declaration. Additional bonds may be issued on parity with the 2026 Bonds, subject to certain conditions described herein and in the Master Declaration. The 2026 Bonds, Outstanding Bonds, and any Additional Bonds issued under the Master Declaration 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 2026 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 2026 Bonds and Outstanding 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.

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 2026 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 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 2026 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 2026 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, Master Declaration, Section 7.04. The City has not created any subaccounts in the Bond Reserve Account to secure the 2026 Bonds, and the 2026 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 2026 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 2026 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. See --"Security for the 2026 Bonds—Amendments to the Master Declaration" below and Appendix E: First Supplemental Declaration for further discussion of a proposed amendment to this provision.

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 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.

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 2026 Bonds.

Amendments to the Master Declaration

The City executed and delivered the First Supplemental Declaration to the Master Sewer Revenue Bond Declaration, dated July 17, 2025 (the "First Supplement") to provide for certain amendments (the "Amendments") clarifying inconsistencies in the provisions of the Master Declaration that provide for the issuance of Additional Bonds and Additional Subordinate Obligations. The Amendments shall take effect once Bondholders of fifty-one percent (51%) of the Bonds outstanding under the Master Declaration have consented to amendments provided for in the First Supplement, which is attached hereto as part of Appendix E. UPON THE ISSUANCE OF THE 2026 BONDS, THE OWNERS OF THE 2026 BONDS SHALL BE DEEMED TO HAVE CONSENTED TO THE AMENDMENTS.

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 2026 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.

Bond Insurance

Bond Insurance Policy

Concurrently with the issuance of the 2026 Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an Appendix G to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.bambonds.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at <https://www.spglobal.com/en/>. The rating of BAM should be evaluated independently. The rating reflects S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM. BAM's total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2025 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$517.2 million, \$273.6 million and \$243.6 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.bambonds.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "Bond Insurance".

Additional Information Available from BAM. Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at <https://bambonds.com/insights/#video>. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at <https://bambonds.com/credit-profiles>. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the 2026 Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the 2026 Bonds, whether at the initial offering or otherwise.

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 2026 Bonds are special fund obligations.**

Outstanding Long-Term Debt

Issue	Date of Issue	Date of Maturity	Amount Issued	Amount Outstanding ⁽¹⁾
<i>Full Faith and Credit Obligations:</i>				
Series 2015 ODOT Loan ⁽²⁾	06/01/15	12/30/31	\$ 10,000,000	\$ 6,467,145
Series 2020 (LED Streetlights)	06/23/20	10/01/35	3,842,698	2,587,611
Series 2020A	10/14/20	06/01/50	63,110,000	58,695,000
Series 2020B	10/14/20	07/15/43	36,140,000	31,455,000
Series 2024	09/24/24	06/01/44	6,110,000	5,840,000
Total Full Faith and Credit Obligations				<u>105,044,756</u>
<i>Pension Obligations⁽³⁾ :</i>				
Series 2004	05/27/04	06/01/28	29,205,000	<u>9,135,000</u>
<i>Sewer Revenue Bonds:</i>				
Series 2024	10/09/24	06/01/55	19,415,000	19,415,000
WIFIA Loan ⁽⁴⁾	12/17/25	06/01/55	147,245,000	-
Series 2026 ⁽⁵⁾	01/27/26	06/01/56	48,970,000	48,970,000
Total Sewer Revenue Bonds				<u>68,385,000</u>
Total Long-Term Debt				<u>\$ 182,564,756</u>

(1) As of Date of Delivery.

(2) Structured as a drawn down loan. The City has drawn the full amount and begun repayment. 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) Structured as a draw-down borrowing and the City anticipates drawing the amount of the loan between Fiscal Years 2027 – 2030.

(5) This issue.

Source: City of Medford Audited Financial Reports for the Fiscal Year Ended June 30, 2025.

Sewer Revenue Bonds
Projected Debt Service Requirements

Fiscal Year	Outstanding Bonds		2026 Bonds		Estimated WIFIA Loan ⁽¹⁾		Total Debt Service
	Principal	Interest	Principal	Interest	Principal	Interest	
2026	\$ 305,000	\$ 842,850					\$ 1,147,850
2027	325,000	827,600	\$ -	\$ 2,944,922			4,097,522
2028	340,000	811,350	815,000	2,190,438			4,156,788
2029	355,000	794,350	860,000	2,149,688			4,159,038
2030	375,000	776,600	900,000	2,106,688			4,158,288
2031	390,000	757,850	945,000	2,061,688			4,154,538
2032	410,000	738,350	995,000	2,014,438			4,157,788
2033	430,000	717,850	1,045,000	1,964,688			4,157,538
2034	455,000	696,350	1,095,000	1,912,438	\$ -	\$ 4,762,524	8,921,311
2035	475,000	673,600	1,150,000	1,857,688	5,572,473	9,458,426	19,187,187
2036	500,000	649,850	1,210,000	1,800,188	5,845,445	9,185,455	19,190,937
2037	525,000	624,850	1,270,000	1,739,688	6,131,787	8,899,112	19,190,437
2038	550,000	598,600	1,330,000	1,676,188	6,432,157	8,598,743	19,185,687
2039	580,000	571,100	1,400,000	1,609,688	6,747,240	8,283,660	19,191,687
2040	610,000	542,100	1,470,000	1,539,688	7,077,758	7,953,142	19,192,687
2041	640,000	511,600	1,540,000	1,466,188	7,424,467	7,606,433	19,188,687
2042	665,000	486,000	1,620,000	1,389,188	7,788,159	7,242,741	19,191,087
2043	690,000	459,400	1,700,000	1,308,188	8,169,667	6,861,233	19,188,487
2044	720,000	431,800	1,770,000	1,240,188	8,569,863	6,461,037	19,192,887
2045	745,000	403,000	1,840,000	1,169,388	8,989,663	6,041,236	19,188,287
2046	775,000	373,200	1,910,000	1,095,788	9,430,028	5,600,872	19,184,887
2047	810,000	342,200	1,990,000	1,019,388	9,891,964	5,138,936	19,192,487
2048	840,000	309,800	2,070,000	937,300	10,376,528	4,654,372	19,188,000
2049	875,000	276,200	2,155,000	851,913	10,884,829	4,146,071	19,189,012
2050	910,000	241,200	2,250,000	760,325	11,418,029	3,612,871	19,192,425
2051	945,000	204,800	2,345,000	664,700	11,977,349	3,053,551	19,190,400
2052	985,000	167,000	2,445,000	565,038	12,564,067	2,466,833	19,192,937
2053	1,020,000	127,600	2,545,000	461,125	13,179,526	1,851,374	19,184,625
2054	1,065,000	86,800	2,655,000	352,963	13,825,133	1,205,767	19,190,662
2055	1,105,000	44,200	2,765,000	240,125	14,502,366	528,534	19,185,225
2056	-	-	2,885,000	122,613	-	-	3,007,613
Total	<u>\$ 19,415,000</u>	<u>\$ 15,088,050</u>	<u>\$ 48,970,000</u>	<u>\$ 41,212,522</u>	<u>\$ 196,798,498</u>	<u>\$ 123,612,923</u>	<u>\$ 445,096,992</u>

(1) Estimated debt service based on projected draw schedule. Includes capitalized interest. Subject to change based on actual draws and final loan schedule; the WIFIA Loan agreement allows the City to make certain adjustments to the amortization schedule. The City is required to pass the additional bonds test prior to each draw.

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 2026 Bonds, the 2024 Bonds, the WIFIA Loan 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, 2024, the City had an estimated population of 88,353, 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 October 31, 2025, the City had 532 full-time employees. Additionally, the City had part-time non-represented employees that equated to 127 full-time equivalence (FTE).

Bargaining Units

Bargaining Unit	No. of Employees	Contract Expires
International Association of Firefighters	83	June 30, 2026
AFSCME	96	June 30, 2026
Teamster Medford Municipal Mechanics	6	June 30, 2026
Teamster Medford Park Employees	21	June 30, 2026
Teamster Construction & Maintenance	49	June 30, 2026
Medford Police Officers Association	127	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
Michael Zarosinski	Mayor	Civil Engineer	January 2025	Dec. 31, 2028
Jessica Ayres	Councilor	VP, Loan Officer	January 2023	Dec. 31, 2026
Nick Card	Councilor	VP of Operations, Transportation	January 2023	Dec. 31, 2026
Kevin Keating	Councilor	High School Teacher	January 2025	Dec. 31, 2028
Mike Kerlinger	Councilor	Realtor	January 2025	Dec. 31, 2028
John Quinn	Councilor	Lawyer	January 2025	Dec. 31, 2028
Zac Smith	Councilor	Finance Manager	January 2023	Dec. 31, 2026
Kevin Stine	Councilor	Navy Funerals Honors, Substitute Teacher	January 2015	Dec. 31, 2026
Garrett West	Councilor	Lawyer	January 2025	Dec. 31, 2028

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:

John Vial, Interim City Manager. John Vial has served as the City's Interim City Manager since November 2025. Prior to re-joining the City as Interim City Manager, he served as the City's Public Works Director from September 2021 to July 2025. 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, he worked for 15 years with the Oregon Department of Transportation where he held a variety of project management and leadership positions. Mr. Vial received a Bachelor of Science degree and a Master of Science degree in Geoscience from Oregon State University.

Ryan Martin, 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.

Dan Worth, Public Works Director. Dan Worth has worked for the City since July of 2025. Prior to joining to the City, he served as City Engineer, Public Works Director, and for a year as Acting City Manager for the City of Scottsdale, Arizona. Prior to entering municipal government, Mr. Worth served for 22 years as an active duty Army officer in the Corps of Engineers, where he served in engineering and public works leadership positions around the world. He received a Bachelor of Science in Engineering from the US Military Academy, West Point and a Masters of Arts in Geography from the University of Maryland. Mr. Worth is a registered professional engineer in the states of Arizona and Oregon

Lorraine Peterson, Outgoing 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.

Rhett Robb, Incoming Business Manager - Public Works. Rhett Robb began his employment with the City on December 1, 2025. Prior to joining the City, he was employed in the private sector as the Manager of Financial Planning and Analysis. Mr. Robb received a Bachelor's Degree from Harvey Mudd College in Physics and a Master's Degree from University of Southern California-Public Administration in Public Policy Analysis.

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 275 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 145,000 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. The City of Gold Hill is in the process of connecting to RVSS. The existing Gold Hill Sewer Treatment Plant has been operating under orders from DEQ to either rebuild or eliminate the plant. The project will construct a regional sewer intertie to connect Gold Hill to RVSS which involves the construction of approximately eight miles of sewer force main along with two pump stations. At the conclusion of construction (estimated to occur between 2028 and 2030), the existing Gold Hill Sewer Treatment Plant will be decommissioned. The additional load on the RWRF is expected to be negligible.

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 2024 was 83.7 MGD.

Customers & Accounts

Currently, the City's sewer collection system serves approximately 23,150 accounts. The RWRF serves approximately 45,310 accounts, including RVSS customers. The average number of accounts in each of the past five fiscal years follows:

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

Number of Accounts	2021	2022	2023	2024	2025
City Sewer Collection	22,000	22,300	22,600	22,900	23,150
RVSS Accounts ⁽¹⁾	20,700	20,700	20,900	20,900	22,160
Total RWRF Accounts	42,700	43,000	43,500	43,800	45,310
Annual Change in Accounts					
City Sewer Collection	---	1.4%	1.3%	1.3%	1.1%
RVSS Accounts ⁽¹⁾	---	0.0%	1.0%	0.0%	6.0%
Total RWRF Accounts	---	0.7%	1.2%	0.7%	3.4%

(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 2025)**

Customer	Description	Annual Sewer Revenue	% of Total Gross Sewer Revenue
Rogue Valley Sanitary Sewer (RVSS) ⁽¹⁾	Sewer collection agency	\$ 5,549,060	27.94%
Asante	Hospital	75,379	0.38%
Steiner Corp	Industrial clothing	57,048	0.29%
Rogue Valley Manor	Senior living facility	44,743	0.23%
Providence Medical Group	Medical center	36,265	0.18%
CV the Merrick	Hotel	25,111	0.13%
Jackson County Jail	Government	20,083	0.10%
Surgery Center of Southern Oregon	Outpatient surgery center	19,949	0.10%
Rogue Regency Inn	Hotel	18,937	0.10%
Woodland Townhomes	Townhomes	17,662	0.09%
Totals		\$ 5,864,237	29.53%
Total Gross Revenues		\$ 19,861,835	

(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 RWRF. 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 2025)**

Customer	Description	Annual Treatment Revenue	% of Annual Treatment Revenue
Amy's Kitchen	Frozen food manufacturer	\$ 133,288	2.40%
Boise Cascade Corp.	Wood products	74,551	1.34%
U.S. Department of Veterans Affairs	VA Medical Center	52,139	0.94%
Carestream Health Inc	Medical imaging	49,247	0.89%
Bear Creek Operation	Food processing	31,326	0.56%
Dry Creek Landfill, Inc.	Landfill	24,161	0.44%
Roseburg Forest Product	Wood products	18,772	0.34%
Linde Gas & Equip. Inc	Welding supplies	17,022	0.31%
Plycem USA, Inc	Steel framing/fiber cement	12,816	0.23%
Timber Prod Co	Wood products	10,535	0.19%
Totals		<u>\$ 423,857</u>	<u>7.64%</u>
Total Gross Revenues		<u>\$ 5,549,060</u>	

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, however, staff anticipates approaching the City Council for an additional rate increase beginning July 2027 based on the current rate model. The RRC has approved sewage treatment rate adjustments through Fiscal Year 2029. 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⁽¹⁾

Fiscal Year	Historical						Current 2026 July 2025	Future		
	2022 July 2021	2023 July 2022	2024 July 2023	2025 July 2024	Sept. 2024 ⁽³⁾			2027 July 2026	2028 July 2027 ⁽⁴⁾	2029 July 2028 ⁽⁴⁾
Effective⁽²⁾										
Single Family-Flat Fee										
Sewer Collection	\$ 17.89	\$ 17.89	\$ 18.78	\$ 19.72	\$ 19.72	\$ 21.69	\$ 23.64	\$ 25.77	\$ 28.09	
Sewage Treatment	8.64	8.90	9.79	10.77	11.45	13.40	15.41	17.88	20.56	
Total	26.53	26.79	28.57	30.49	31.17	35.09	39.05	43.65	48.65	
Multiple Family and Non-Residential										
Base Charge - Sewer Collection	\$ 24.55	\$ 24.55	\$ 25.78	\$ 27.07	\$ 27.07	\$ 28.42	\$ 29.84	\$ 32.53	\$ 35.45	
Base Charge - Sewage Treatment	3.12	3.21	3.53	3.88	4.13	4.83	5.55	6.44	7.41	
Gallonage-Sewer Collection ⁽⁵⁾	1.04	1.04	1.09	1.15	1.15	1.20	1.26	1.37	1.50	
Gallonage-Sewage Treatment ⁽⁵⁾	0.89	0.91	1.00	1.10	1.17	1.37	1.58	1.83	2.10	
Extra Strength Surcharge (Commercial, Hospital and Industrial Sewer Service) Per 300 BOD										
Sewage Treatment	0.34	0.35	0.39	0.42	0.45	0.52	0.60	0.69	0.80	
Recreation Vehicle Waste Dumping Station-Flat Fee										
Sewer Collection	37.25	37.25	39.11	41.07	41.07	43.12	45.27	49.34	53.81	
Sewage Treatment	35.32	36.38	39.91	43.90	46.69	54.63	62.82	72.88	83.81	

(1) Sewer collection rates have been adopted by the City Council through July 15, 2027, however, staff anticipates approaching the City Council for an additional rate increase beginning July 2027 based on the current rate model. Sewage treatment rates have been adopted by the RRC through July 1, 2028.

(2) Rate increases adopted by the City for sewer collection typically take effect July 15. Rate increases adopted by the RRC for sewage treatment typically take effect July 1.

(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) Sewer collection rates presented for Fiscal Years 2028 and 2029 are projected based on the City's rate model and have not been adopted.

(5) Volumetric (gallonage) charges are per 1,000 gallons.

Source: City of Medford.

Historical and Projected Rate Increases⁽¹⁾

Fiscal Year	Historical					Current 2026 July 2025	Future		
	2022	2023	2024	2025	Sept. 2024 ⁽³⁾		2027	2028	2029
Effective Date ⁽²⁾	July 2021	July 2022	July 2023	July 2024	Sept. 2024 ⁽³⁾	July 2026	July 2027 ⁽⁴⁾	July 2028 ⁽⁴⁾	
Sewer Collection	0.0%	0.0%	5.0%	5.0%	0.0%	10.0%	9.0%	9.0%	9.0%
Sewage Treatment	3.0%	3.0%	10.0%	10.0%	6.3%	17.0%	15.0%	16.0%	15.0%

- (1) Sewer collection rates have been adopted by the City Council through July 15, 2027, however, staff anticipates approaching the City Council for an additional rate increase beginning July 2027 based on the current rate model. Sewage treatment rates have been adopted by the RRC through July 15, 2028.
- (2) Rate increases adopted by the City for sewer collection typically take effect July 15th. Rate increases adopted by the RRC for sewage treatment typically take effect July 1st.
- (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.
- (4) The rate model currently projects the above increases in sewer collection rates for Fiscal Years 2028 and 2029, however, these have not yet been adopted by the City Council.

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 2025)

City	Rate
Portland	\$ 108.32
Springfield	71.11
Olympia	62.60
Hillsboro	59.92
Beaverton	59.19
Vancouver	58.72
Eugene	56.89
Salem	53.37
Corvallis	53.11
Gresham	47.28
Dallas	45.21
Medford	31.17

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 2026)**

	Sewer Collection	Sewage Treatment	Total
Single Family Residence	\$1,917.59	\$1,959.90	\$3,877.49
Manufactured Home/Accessory Dwelling Unit (ADU)	\$1,246.43	\$1,273.94	\$2,520.37

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 15th or partial payments due on the 15th 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 2025, \$122,822.50 (1.1 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	\$ 0.5	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 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	
Capacity Improvements																							18.0		
Ancillary Facilities	0.4	1.5	1.7	12.4	12.2	0.5																	0.9	8.1	27.8
Condition Related Improvements	0.5	0.6	0.6			6.6	2.2																	33.7	
Admin./Maintenance Building	0.3	1.2	1.2			17.3	5.8																	12.7	
Total	\$ 3.3	\$ 10.9	\$ 11.1	\$ 83.3	\$ 83.1	\$ 27.6	\$ 8.3	\$ 0.3	\$ 0.4	\$ 0.9	\$ 0.9	\$ 0.4	\$ 3.0	\$ 2.6	\$ 23.2	\$ 23.2	\$ -	\$ -	\$ -	\$ 1.0	\$ 2.6	\$ 23.4	\$ 309.5		

Note: Some of these values have changed due to progression of design and deferring parts of the project as a result of value engineering efforts. An updated long-term Capital Improvement Plan to reflect these changes is not available at this time.

Source: Medford RWRF Facility Plan April 2024.

The City currently expects to issue approximately \$300 million in sewer revenue bonds (including the 2026 Bonds, 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 (“ACDP”)	15-0030-ST-01	10/27/20	09/01/25 ⁽¹⁾
NPDES Industrial Stormwater Discharge Permit	1200-Z	03/25/21	06/30/26
NPDES Waste Discharge Permit ⁽²⁾	100985	09/01/21	07/31/26

- (1) The City submitted a renewal application to DEQ on February 20, 2025. To date, the City has not received a renewed ACDP from DEQ.
- (2) 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
December 31, 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 2020 through 2024 ("City Audited Financial Statements") were performed by Moss Adams, CPAs, Medford, Oregon. In 2025, Moss Adams and Baker Tilly merged, with Baker Tilly (the "Auditor") being the surviving firm name for the Fiscal Year 2025 audit. The audit report for Fiscal Year 2025 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 2025 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.

A five-year summary of certain financial information follows.

Sanitary Sewer Funds Balance Sheet (Fiscal Years)

Assets	2021	2022	2023	2024	2025
Current assets					
Cash and investments	\$ 22,858,204	\$ 28,349,208	\$ 30,062,081	\$ 32,878,443	\$ 53,865,013
Receivables	1,184,019	825,687	1,385,871	1,526,796	1,469,303
Prepaid expense	-	-	499	1,164	956
Inventories	354,501	383,203	420,969	467,883	481,421
Noncurrent assets					
Capital assets					
Land and construction	363,762	323,086	1,692,115	2,454,476	9,389,003
Right-to-use, net	-	2,146	1,490	30,565	20,085
Capital assets, net	47,927,710	47,086,688	47,335,767	47,995,488	49,125,278
Lease receivable	-	5,331	-	-	-
Net OPEB asset	49,735	122,120	119,991	134,408	144,663
Total Assets	<u>72,737,931</u>	<u>77,097,469</u>	<u>81,018,783</u>	<u>85,489,223</u>	<u>114,495,722</u>
Deferred Outflow of Resources					
OPEB related items	77,610	69,521	49,314	42,962	50,683
Pension related items	2,326,888	2,117,995	1,992,475	2,334,308	2,986,452
Total Deferred Outflow of Resources:	<u>2,404,498</u>	<u>2,187,516</u>	<u>2,041,789</u>	<u>2,377,270</u>	<u>3,037,135</u>
Total Assets and Deferred Outflow of Resources:	<u>\$ 75,142,429</u>	<u>\$ 79,284,985</u>	<u>\$ 83,060,572</u>	<u>\$ 87,866,493</u>	<u>\$ 117,532,857</u>
Liabilities					
Current liabilities					
Accounts payable	221,768	1,245,045	1,828,593	1,528,190	3,452,690
Payroll and related accounts	214,058	216,011	226,145	256,613	273,904
Retainage payable	54,259	55,366	76,474	83,477	124,537
Unearned revenue	7,512	53,475	133,490	318,417	22,654
Accrued interest payable	-	-	-	-	140,475
Bonds payable, due within one year	-	-	-	-	305,000
Subscription liability	-	-	-	-	10,515
Compensated absences, due within one year	63,692	66,914	72,513	51,697	163,356
OPEB liability	-	-	-	30,106	21,192
Noncurrent liabilities					
Bonds payable, due in more than one year	-	-	-	-	19,884,597
Compensated absences, due in more than one year	254,766	267,658	290,052	306,694	653,425
Lease liability	-	2,275	1,593	-	-
Subscription liability	-	-	-	-	10,110
Total OPEB liability	593,529	582,170	545,453	587,350	630,577
Net pension liability	7,533,738	4,046,596	5,248,375	7,203,137	7,942,030
Total Liabilities:	<u>8,943,322</u>	<u>6,535,510</u>	<u>8,422,688</u>	<u>10,365,681</u>	<u>33,635,062</u>
Deferred Inflow of Resources					
Leases	-	5,331	-	-	-
Pension related items	305,741	3,415,297	1,799,613	761,249	1,062,830
OPEB related items	44,110	148,088	144,789	132,702	138,689
Total Deferred Inflow of Resources:	<u>349,851</u>	<u>3,568,716</u>	<u>1,944,402</u>	<u>893,951</u>	<u>1,201,519</u>
Net Position					
Net investment in capital assets	48,291,472	47,409,645	49,027,779	50,367,997	54,220,643
OPEB asset	-	-	-	134,408	144,663
Future system development	12,257,535	13,839,230	14,904,461	16,882,918	18,533,664
Unrestricted	5,300,249	7,931,884	8,761,242	9,175,936	9,797,306
Total Net Position	<u>65,849,256</u>	<u>69,180,759</u>	<u>72,693,482</u>	<u>76,561,259</u>	<u>82,696,276</u>
Total Liabilities, Deferred Inflow of Resources and Net Position	<u>\$ 75,142,429</u>	<u>\$ 79,284,985</u>	<u>\$ 83,060,572</u>	<u>\$ 87,820,891</u>	<u>\$ 117,532,857</u>

Note: Includes the following funds which are pledged to pay debt service on the 2026 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 Audited Financial Statements.

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

	2021	2022	2023	2024	2025
Operating Revenues					
Charges for services	\$ 15,559,073	\$ 15,511,445	\$ 15,925,057	\$ 17,641,671	\$ 19,175,342
Miscellaneous income	57,923	93,463	51,776	61,482	26,911
Total Operating Revenues	15,616,996	15,604,908	15,976,833	17,703,153	19,202,253
Operating Expenses					
Salaries and fringe benefits	4,857,050	4,865,447	4,718,611	6,463,250	6,956,870
Operating supplies	2,173,534	855,306	1,133,357	1,956,667	545,061
Professional services	820,165	813,335	1,238,152	1,036,936	768,826
Repairs and maintenance	400,734	496,949	684,585	437,113	533,806
Premiums and claims	77,800	132,900	133,311	165,200	165,200
Utilities	298,234	425,667	507,273	680,506	676,383
General, administrative, and engineering	524,805	656,363	766,817	715,274	886,226
Depreciation and amortization	2,595,560	2,490,242	2,564,102	2,550,236	2,603,165
Total Operating Expenses	11,747,882	10,736,209	11,746,208	14,005,182	13,135,537
Operating Income	3,869,114	4,868,699	4,230,625	3,697,971	6,066,716
Nonoperating Revenue					
Intergovernmental revenues	-	-	-	-	35,039
Interest expenses	-	-	-	(148)	(659,129)
Investment earnings	24,742	(336,213)	319,302	1,451,690	2,252,521
Gain (loss)on sale of assets	(6,765)	-	-	-	-
Total Nonoperating Revenues	17,977	(336,213)	319,302	1,451,542	1,628,431
Income Before Contributions and Transfers	3,887,091	4,532,486	4,549,927	5,149,513	7,695,147
Contributions and Transfers					
Contributions	439,952	168,384	374,176	425,440	616,200
Transfers in	-	-	-	1,307,857	1,390,589
Transfers out	(1,333,507)	(1,369,367)	(1,411,380)	(3,015,033)	(3,198,577)
Total Contributions and Transfers	(893,555)	(1,200,983)	(1,037,204)	(1,281,736)	(1,191,788)
Change in net position	2,993,536	3,331,503	3,512,723	3,867,777	6,503,359
Net Position, beginning of year, as previously reported	62,855,720	65,849,256	69,180,759	72,693,482	76,561,259
Adjustment - implementation of GASB Statement 101	-	-	-	-	(368,342)
Net Position, beginning of year	62,855,720	65,849,256	69,180,759	72,693,482	76,192,917
Net Position, end of year	\$ 65,849,256	\$ 69,180,759	\$ 72,693,482	\$ 76,561,259	\$ 82,696,276

Note: Includes the following funds which are pledged to pay debt service on the 2026 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 Audited Financial Statements.

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

	2021	2022	2023	2024	2025
Revenues					
Charges for services	\$ 15,559,073	\$ 15,516,946	\$ 15,913,560	\$ 17,628,020	\$ 19,196,452
Investment earnings	(18,073)	120,742	447,708	1,139,007	1,865,434
Other revenue	61,506	85,992	63,273	75,133	40,850
Total Revenues	<u>15,602,506</u>	<u>15,723,680</u>	<u>16,424,541</u>	<u>18,842,160</u>	<u>21,102,736</u>
Expenditures					
Sewer treatment maintenance	5,553,373	4,739,778	5,562,004	5,765,767	5,962,238
Sewer collection system development	10,560	200	4,450	10,340	4,172
Sewer system maintenance and construction	4,180,579	3,359,592	3,935,994	3,714,831	4,746,317
Sewage treatment SDC	-	491,099	-	-	-
Capital outlay	-	1,250,577	3,799,301	4,868,402	9,424,885
Total Expenditures	<u>9,744,512</u>	<u>9,841,246</u>	<u>13,301,749</u>	<u>14,359,340</u>	<u>20,137,612</u>
Excess Revenues Over (Under) Expenditures	<u>5,857,994</u>	<u>5,882,434</u>	<u>3,122,792</u>	<u>4,482,820</u>	<u>965,124</u>
Other Financing Sources (Uses)					
Transfers out ⁽¹⁾	<u>(1,333,507)</u>	<u>(1,369,367)</u>	<u>(1,411,380)</u>	<u>(1,707,176)</u>	<u>(2,894,328)</u>
Net Change in Fund Balance	<u>4,524,487</u>	<u>4,513,067</u>	<u>1,711,412</u>	<u>2,775,644</u>	<u>(1,929,204)</u>
Fund Balance, beginning of year	<u>18,977,324</u>	<u>23,501,811</u>	<u>28,014,880</u>	<u>29,726,292</u>	<u>32,501,934</u>
Fund Balance, end of year	<u>\$ 23,501,811</u>	<u>\$ 28,014,878</u>	<u>\$ 29,726,292</u>	<u>\$ 32,501,936</u>	<u>\$ 30,572,730</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).

Note: Includes the following funds which are pledged to pay debt service on the 2026 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 Audited Financial Statements*.

Actual and Projected Operating Results

The City has projected operating results for Fiscal Years 2026 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 2026 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.

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

	<u>Actual</u> 2025	<u>Projected</u>			
		2026	2027	2028	2029
Gross Revenues					
City charges for services	\$ 11,438,629	\$ 13,274,582	\$ 15,041,588	\$ 17,060,595	\$ 19,369,786
RVSS charges for services	5,549,060	5,642,935	6,643,992	7,822,636	9,210,372
Interest	692,308	-	-	-	-
SDCs ⁽¹⁾	2,181,838	1,373,396	1,381,069	1,388,819	1,396,650
Total Gross Revenues	19,861,835	20,290,913	23,066,649	26,272,050	29,976,808
Operating Expenses					
Salaries, wages & benefits	6,956,871	6,888,532	7,538,299	8,436,762	9,135,028
Materials & services	3,425,905	4,039,763	4,150,306	4,262,018	6,688,579
Transfers ⁽²⁾	1,807,988	1,781,461	1,828,549	1,876,352	1,925,214
Contingency	-	2,180,356	2,205,814	2,231,541	2,257,807
Total Operating Expenses	12,190,764	14,890,112	15,722,968	16,806,673	20,006,628
Net Revenues and Debt Service Coverage					
Net Revenues	7,671,071	5,400,801	7,343,681	9,465,377	9,970,180
Net Revenues, excluding SDC Improvement Fees	5,489,233	4,027,405	5,962,612	8,076,558	8,573,530
Debt Service ⁽³⁾					
2024 Bonds	543,170	1,147,850	1,152,600	1,151,350	1,149,350
2026 Bonds	-	-	2,944,922	3,005,438	3,009,688
WIFIA Loan ⁽⁴⁾	-	-	-	-	-
Total Debt Service	543,170	1,147,850	4,097,522	4,156,788	4,159,038
Coverage with Net Revenues ⁽⁵⁾	14.12	4.71	1.79	2.28	2.40
Coverage with Net Revenues, excluding SDCs ⁽⁵⁾	10.11	3.51	1.46	1.94	2.06

(1) Includes SDC Improvement Fee and SDC Reimbursement Fee.

(2) 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).

(3) The rate model currently includes an additional sewer revenue bond sale for \$60 million to be sold in 2029.

(4) The WIFIA Loan is structured with capitalized interest through December 1, 2033, an interest only payment on June 1, 2034 and level debt service payments from Fiscal Year 2035 through and including Fiscal Year 2055. Estimated debt service is factored into the model. See "Purpose and Use of Proceeds – Additional Funding" for more information on the WIFIA Loan.

(5) 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 coverage calculation 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 a 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)

Resources	2023-25 Biennium Adjusted Budget	2025-27 Biennium Adopted Budget
Charges for Services	\$ 23,081,400	\$ 28,268,800
Grants	35,000	-
General Government	5,000	-
Intergovernmental	8,488,100	13,895,700
Debt Proceeds	19,415,000	110,000,000
SDC	2,728,600	3,480,100
Interest Income	1,534,600	3,761,000
Sale of Property	21,800	-
Transfers	543,200	8,300,500
Beginning Fund Balance	<u>27,731,600</u>	<u>50,891,100</u>
Total Resources	<u>\$ 83,584,300</u>	<u>\$ 218,597,200</u>
Requirements		
Salaries and Wages	\$ 8,303,500	\$ 8,884,000
Fringe Benefits	5,584,800	6,643,500
Materials and Services	8,499,900	8,712,600
Capital Outlay	758,000	592,800
Capital Improvement Projects	33,479,800	119,202,200
Capital Renewal Projects	-	4,546,000
Debt Service	-	2,300,500
Transfers	4,102,800	12,424,100
Contingency	12,809,600	37,684,700
Unappropriated Ending Fund Balance	<u>10,045,900</u>	<u>17,606,800</u>
Total Requirements	<u>\$ 83,584,300</u>	<u>\$ 218,597,200</u>

Note: Includes the following funds which are pledged to pay debt service on the 2026 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 2025-2027*.

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, 2025, the monthly threshold for this contribution is \$3,777 per month. This policy will apply until the funded status reaches 90 percent.

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, 2025, the monthly threshold for this contribution split is \$3,777 per month. This policy will apply until the funded status reaches 90 percent.

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, 2023 (the "2023 System Valuation"), and those rates will extend through June 30, 2027, including the rates for the City. The System's actuarial valuation report as of December 31, 2024 (the "2024 System Valuation"), which was released on December 17, 2025 provides projections of contribution rates for the 2027-2029 biennium. See "Actuarial Assumptions" and "Employer Contribution Rates" herein. Actual contribution rates for the 2027-2029 biennium

will be set by the System's actuarial valuation report as of December 31, 2025, which is expected to be released late in calendar year 2026.

Valuation Date	Release Date	Rates Effective
December 31, 2021	October 2022	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	Current Rates: July 1, 2025 – June 30, 2027
December 31, 2024	December 2025	Advisory only for July 1, 2027 – June 30, 2029

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.

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 (“OPRF”), 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 2024 System Valuation, the UAL for the System as of December 31, 2024 was \$29.2 billion, and the funded status, excluding Side Accounts for the System, was approximately 73 percent. This maintains approximately the same UAL and funded status as in the 2023 Valuation, which estimated that the UAL for the System was \$29.4 billion and the funded status was approximately 72 percent, excluding side accounts.

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 OPRF 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 OPRF in 2024 was 5.71 percent, which was lower than the assumed earnings rate of 6.90 percent. Year to date return in 2025 through October was 7.49 percent. Total returns in 2026 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, modification to contribution rates based upon investment performance in 2026 and 2027 will occur during the 2027-29 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⁽¹⁾
(\$ in millions)

Valuation Date	System ⁽²⁾		SLGRP	
	UAL	Funded Status	UAL	Funded Status
12/31/24	\$ 29,200.0	73.0%	\$ 14,600.0	70.0%
12/31/23	29,381.3	72.4%	14,681.8	69.9%
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%

(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 2024		Source of Funds	Projected End Date of Rate Credits
		Valuation			
5/27/04	\$30,577,630	\$8,999,677		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	
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>\$ 9,135,000</u>	<u>\$ 1,010,246</u>	<u>\$ 10,145,246</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, 2021 (the "2021 City Valuation"), December 31, 2022 (the "2022 City Valuation") December 31, 2023 (the "2023 City Valuation"), and as of December 31, 2024 (the "City 2024 Valuation) is shown in the following table.

City of Medford
Net Unfunded Pension Liability

	2020 Valuation	2021 Valuation	2022 Valuation	2023 Valuation	2024 Valuation
Allocated pooled T1/T2 UAL	\$ 89,634,328	\$ 66,883,227	\$ 84,509,146	\$ 86,152,070	\$ 85,787,246
Allocated pre-SLGRP pooled liability/(surplus)	-	-	-	-	-
Transition liability/(surplus)	-	-	-	-	-
Allocated pooled OPSRP UAL	9,029,140	5,640,762	12,130,105	14,134,623	15,197,738
City's Side Account	<u>(19,065,607)</u>	<u>(19,594,337)</u>	<u>(15,781,400)</u>	<u>(12,744,613)</u>	<u>(8,999,677)</u>
Net unfunded pension actuarial accrued liability/(surplus)	<u><u>\$ 79,597,861</u></u>	<u><u>\$ 52,929,652</u></u>	<u><u>\$ 80,857,851</u></u>	<u><u>\$ 87,542,080</u></u>	<u><u>\$ 91,985,307</u></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 2023-25 biennium under the 2021 City Valuation, current rates for the 2025-27 biennium under the 2023 City Valuation, and projected rates for the 2027-29 biennium under the 2024 City Valuation are provided in the following table.

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

	2021 Valuation			2023 Valuation			2024 Valuation		
	2023-25 Biennium			2025-27 Biennium			Advisory Rates 2027-29 Biennium		
	T1/T2	OPSRP General	OPSRP P&F	T1/T2	OPSRP General	OPSRP P&F	T1/T2	OPSRP General	OPSRP P&F
Normal cost rate	18.79	9.89	14.68	18.79	10.47	15.74	18.77	10.35	15.74
T1/T2 UAL rate	12.46	12.46	12.46	12.46	12.46	12.46	12.46	12.46	12.46
Multnomah Fire District #10 UAL rate	0.15	0.15	0.15	0.06	0.06	0.06	0.06	0.06	0.06
OPSRP UAL rate	1.69	1.69	1.69	2.69	2.69	2.69	2.92	2.92	2.92
Transition liability/(surplus) rate	-	-	-	-	-	-	-	-	-
Pre-SLGRP pooled liability rate	-	-	-	-	-	-	-	-	-
Side account rate relief ⁽¹⁾	(7.96)	(7.96)	(7.96)	(5.62)	(5.62)	(5.62)	-	-	-
Member redirect offset ⁽²⁾	(2.40)	(0.65)	(0.65)	(2.40)	(0.65)	(0.65)	(2.40)	(0.65)	(0.65)
Retiree Healthcare rate (RHIA) ⁽³⁾	0.04	-	-	-	-	-	-	-	-
Total net contribution rate (%)	22.77	15.58	20.37	25.98	19.41	24.68	31.81	25.14	30.53

- (1) Rate credits for side accounts ending in 2027 are not reflected in the 2024 Valuation. PERS has provided two options to affected issuers; actual rates paid may be lower than reported above.
- (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: *2021 City Valuation, 2023 City Valuation, 2024 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**

Fiscal Year	City Contribution ⁽¹⁾	Pension Bond Debt Service	Total
2026 ⁽²⁾	\$ 13,887,600	\$ 4,031,778	\$ 17,919,378
2025	9,887,124	3,840,419	13,727,543
2024	8,834,983	3,657,726	12,492,709
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

(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**

Measurement Date	City's Share of Net Pension Liability	City's Proportionate Share	Pension Expense
6/30/2024	\$ 85,652,046	0.385%	\$ 12,505,459
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

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 2024 Valuation, this program had a surplus of approximately \$434 million as of December 31, 2024. 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 2024 City Valuation, the City's allocated share of the RHIA program's surplus was \$1,517,157.

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						
	2021	2022	2023	2024	2025	
Total liability beginning of Fiscal Year	\$ 5,615,089	\$ 5,540,003	\$ 5,208,782	\$ 5,213,846	\$ 5,450,258	
Changes for the year:						
Service cost	404,031	364,329	375,261	335,840	320,984	
Interest	133,337	130,596	192,791	204,700	227,672	
Differences between expected and actual experience	(404,448)	-	(306,946)	-	80,606	
Changes in assumptions	(21,908)	(625,972)	(104,596)	(122,099)	(217,564)	
Benefit payments	(186,098)	(200,175)	(151,446)	(182,029)	(158,891)	
Net change in total OPEB liability	<u>(75,086)</u>	<u>(331,222)</u>	<u>5,064</u>	<u>236,412</u>	<u>252,807</u>	
Balance end of Fiscal Year	<u>\$ 5,540,003</u>	<u>\$ 5,208,781</u>	<u>\$ 5,213,846</u>	<u>\$ 5,450,258</u>	<u>\$ 5,703,065</u>	
Covered payroll	\$ 43,673,110	\$ 43,656,600	\$ 38,323,665	\$ 39,664,993	\$ 46,883,095	
Total OPEB liability as percentage of covered payroll	12.69%	11.93%	13.60%	13.74%	12.16%	

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

See Note 3 of the City’s audited financial statements for Fiscal Year 2025 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 2025 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 2026 Bonds should carefully consider in connection with an investment in the 2026 Bonds. The following is not meant to present an exhaustive list of the risks and considerations associated with the purchase of any 2026 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 2026 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 2026 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. It is difficult for the City to predict the occurrence of such economic 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 avian influenza, measles, COVID-19, 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.

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 2026 Bonds.

Seismic and Tsunami Risks. The City 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. The Governor declared a drought emergency in Jackson County in 2021, 2022 and 2023. As of January 5, 2026, the U.S. Drought Monitor reports that the majority of Jackson County is experiencing abnormally dry 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.

Severe Weather. Many areas across the State have experienced severe weather events such as heavy rainfall, windstorms, and snow and ice storms. The City is vulnerable to severe winter weather, and these storms can have negative impacts on property. The City has not withstood damage as a result of any material severe weather event in the past five years.

No Acceleration; Limitation of Remedies

The 2026 Bonds are not subject to acceleration. The rights of holders are limited by the terms of the Master 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.

Federal and State Actions

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 federal or State government changes or the potential effect on the finances and operations of the City until the extent and duration of such changes are known.

Federal Funding Uncertainty. The City receives federal funding for various purposes including program grants. See "Revenue Sources – Federal Funding" herein. The Trump administration has recently issued a series of executive orders and implemented policies purporting to suspend or limit federal spending and funding to state and local governments. Certain of these actions have been challenged in court and in some cases enjoined. These federal policies, and potentially future federal policies, if implemented, may adversely impact federal revenues received by the City.

Federal tariffs imposed on international products could increase the cost and timeline of the Project and other capital projects of the City. As a result, the City could be required to adjust the scope of the Project, however, it is not expected to impact its ability to pay debt service on the 2026 Bonds.

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.

Historical Initiative Petitions. 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

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
2024	2	1

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 2026 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 2026 Bonds and the authority to issue them conform to the 2026 Bonds and the applicable laws under which they are issued.

Litigation

There is no litigation pending questioning the validity of the 2026 Bonds nor the power and authority of the City to issue the 2026 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 2026 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 RWRF 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 were submitted to Court of Appeals in Quarter 4 of 2024 and Quarter 1 of 2025. The Court of Appeals held an oral argument on May 12, 2025.

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 RWRF 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 2026 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 2026 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 2026 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the 2026 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 2026 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 2026 Bonds is less than the amount to be paid at maturity of such 2026 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2026 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 2026 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 2026 Bonds is the first price at which a substantial amount of such maturity of the 2026 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 2026 Bonds accrues daily over the term to maturity of such 2026 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 2026 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such 2026 Bonds. Beneficial Owners of the 2026 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2026 Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such 2026 Bonds in the original offering to the public at the first price at which a substantial amount of such 2026 Bonds is sold to the public.

The 2026 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 2026 Bonds. The City has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the 2026 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 2026 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2026 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 2026 Bonds may adversely affect the value of, or the tax status of interest on, the 2026 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 2026 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 2026 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 2026 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 2026 Bonds. Prospective purchasers of the 2026 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 2026 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 2026 Bonds ends with the issuance of the 2026 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 2026 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 2026 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 2026 Bonds, and may cause the City or the Beneficial Owners to incur significant expense.

Payments on the 2026 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 2026 Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the 2026 Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the 2026 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 2026 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 2026 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).

A copy of the form of the City's Continuing Disclosure Certificate for the 2026 Bonds is attached hereto as Appendix D.

Municipal Advisor

In connection with the authorization and issuance of the 2026 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.

Ratings

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 2026 Bonds. Further, S&P Global Ratings will assign its rating of "AA" to the 2026 Bonds based on the purchase of the financial guaranty policy described under the heading "Bond Insurance". 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 2026 Bonds.

Purchaser of the 2026 Bonds

The 2026 Bonds are being purchased by Raymond James & Associates Inc. and they will receive compensation of \$ 175,296.73. The purchaser of the 2026 Bonds may offer and sell the 2026 Bonds to certain dealers (including dealers depositing the 2026 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 2026 Bonds, the purchaser of the 2026 Bonds may overallot or effect transactions which stabilize or maintain the market price of the 2026 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 2026 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 2026 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 2026 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

(This page left blank intentionally)

[_____] , 2026

City of Medford, Oregon
Medford, Oregon

\$[PAR]
City of Medford, Oregon
Sewer Revenue Bonds, Series 2026
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the City of Medford, Oregon (the “City”) in connection with issuance of \$[PAR] aggregate principal amount of its Sewer Revenue Bonds, Series 2026 (the “Bonds”), issued pursuant to a Master Sewer Revenue Bond Declaration dated as of October 1, 2024 (the “Master Declaration”), as supplemented by the Third Series Declaration dated as of [_____] , 2026 (the “Third 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

City of Medford, Oregon
[], 2026
Page 2

has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed that each document and each signature thereon provided to us is genuine and that each such document has been duly and legally executed by, and constitutes a valid and binding agreement of, each party thereto 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



City of Medford, Oregon
[], 2026
Page 3

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.

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

(This page left blank intentionally)

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 2025 Fiscal Year.

(This page left blank intentionally)

CITY OF MEDFORD

ANNUAL COMPREHENSIVE FINANCIAL REPORT



FOR THE FISCAL YEAR
ENDED: JUNE 30, 2025

ANNUAL COMPREHENSIVE FINANCIAL REPORT

CITY OF MEDFORD, OREGON

For the Fiscal Year Ended June 30, 2025

Prepared by:
City Finance Department

City of Medford
June 30, 2025
Table of Contents

	PAGE
Introductory Section	
Letter of Transmittal	i
GFOA Certificate of Achievement for Excellence in Financial Reporting	iv
Officials of the City	v
Organizational Chart	vi
Financial Section	
Report of Independent Auditors	1
Management's Discussion and Analysis	5
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	13
Statement of Activities	14
Governmental Fund Financial Statements	
Balance Sheet	15
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	16
Statement of Revenues, Expenditures, and Changes in Fund Balances	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Proprietary Fund Financial Statements	
Balance Sheet	19
Statement of Revenues, Expenses, and Changes in Fund Net Position	20
Statement of Cash Flows	21
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Position	22
Statement of Changes in Fiduciary Net Position	23
Notes to the Financial Statements	24
Required Supplementary Information	
Schedule of the Proportionate Share of Net OPEB Liability	65
Schedule of OPEB Contributions – Cost Sharing Plan	65
Schedule of Changes in the Employer Total Net OPEB Liability and Related Ratios – Single-employer Plan	66
Schedule of the Proportionate Share of the Net Pension Liability	67
Schedule of Pension Contributions	67
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual (Budgetary Basis) – General Fund	68
Notes to Required Supplementary Information – Basis of Budgeting	69
Federal Stimulus Grant Fund	70
Gas Tax Fund	71

City of Medford
June 30, 2025
Table of Contents

	PAGE
Other Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual (Budgetary Basis) - Street Improvement Fund	73
Combining and Individual Fund Financial Statements and Schedules	
Nonmajor Governmental Funds	
Combining Balance Sheet	75
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	76
Nonmajor Special Revenue Funds	
Nonmajor Special Revenue Funds Descriptions	77
Combining Balance Sheet	78
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	81
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budgetary Basis)	
Fire Public Safety Utility Fund	84
Park Dedication Fund	85
Cemetery Fund	86
Building Safety Fund	87
Police Public Safety Utility Fund	88
State Forfeitures Fund	89
Federal DOJ Forfeitures Fund	90
Community Promotions Fund	91
Council Community Initiative Fund	92
Community Development Block Grant Fund	93
Veteran's Park Fund	94
Community Park Reserve Fund	95
Parks Utility Fund	96
Street Utility Fund	97
Street SDC Fund	98
Construction Excise Tax Fund	99
Federal Treasury Forfeitures Fund	100
Rogue X Operations Fund	101
National Opioid Settlement Fund	102
Nonmajor Debt Service Funds	
Nonmajor Debt Service Fund Description	103
Combining Balance Sheet	104
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	105
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budgetary Basis)	
General Debt Service Fund	106
Revenue Bond Fund	107
MURA Debt Service Fund	108

City of Medford
June 30, 2025
Table of Contents

	PAGE
Nonmajor Capital Projects Funds	
Nonmajor Capital Projects Funds Descriptions	109
Combining Balance Sheet	110
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	111
Schedule of Revenues, Expenditures, and Changes in Fund Balance –	
Budget and Actual (Budgetary Basis)	
Greenway Construction Fund	112
Fire Apparatus Reserve	113
Fire Facilities Construction Fund	114
Aquatic Facilities Reserve	115
Park Southeast Area SDC Fund	116
Park Improvement Fund	117
Rogue X Construction Fund	118
MURA Capital Projects Fund	119
Enterprise Funds	
Enterprise Funds Descriptions	120
Combining Balance Sheet – Sewer Utility Fund	121
Combining Statement of Revenues, Expenditures, and Changes in Fund Net Position –	
Sewer Utility Fund	123
Schedule of Revenues, Expenditures, and Changes in Fund Balance –	
Budget and Actual (Budgetary Basis)	
Storm Drain SDC Fund	125
Storm Drain Utility Fund	126
Sewage Treatment Fund	127
Sewer Collection System SDC Fund	128
Sanitary Sewer Maintenance Fund	129
Sewage Treatment SDC Fund	130
Sewage Treatment Improvement Fund	131
Parking Facilities Fund	132
Internal Service Funds	
Internal Service Funds Descriptions	133
Combining Balance Sheet	134
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	135
Combining Statement of Cash Flows	136
Schedule of Revenues, Expenditures, and Changes in Fund Balance –	
Budget and Actual (Budgetary Basis)	
Risk Management Fund	137
Fleet Maintenance Fund	138
Other Financial Schedules	
Schedule of Expenditures by Division – Budget and Actual	140

City of Medford
June 30, 2025
Table of Contents

	PAGE
Statistical Section	
Net Position by Component	143
Changes in Net Position	144
Fund Balances – Governmental Funds	146
Changes in Fund Balances – Governmental Funds	147
Assessed and Estimated Actual Value of Taxable Property	149
Property Tax Rates – Direct and Overlapping Governments	150
Principal Property Taxpayers – City of Medford	151
Principal Property Taxpayers – Jackson County	152
Property Tax Levies and Collections	153
Ratios of Outstanding Debt by Type	154
Ratios of Net General Bonded Debt Outstanding	155
Direct and Overlapping Governmental Activities Debt – Paid by Property Taxes	156
Legal Debt Margin Information	157
Pledged Revenue Coverage	158
Demographic and Economic Statistics	159
Principal Employers	160
Number of Full Time (FT) Employees and FT Equivalent at End of Each Fiscal Year	161
Operating Indicators by Function	162
Capital Asset Statistics by Function	164
Other Schedules Section	
Outstanding Obligations	166
Debt Ratios	167
Overlapping Debt	168
Future Debt Service for obligations guaranteed to be paid from the General Fund	169
Real Market Value of Taxable Property, Tax Collection Record and Impact of Tax Limitation on the City	170
Representative Consolidated Tax Rates for Levy Code Area 49-01	171
Net Unfunded Pension Actuarial Liability	172
Average Number of Sewer Accounts	173
Top 10 Largest Sewer Customers - City of Medford	174
Top 10 Largest Sewer Customers - Rogue Valley Sewer Services	175
Historical and Projected Monthly Sewer Rates	176
Historical and Projected Sewer Rate Increases	177
Residential Monthly Sewer Bill Comparison	178
Water Reclamation Funds Balance Sheet	179
Water Reclamation Funds Statement of Revenue, Expense, and Changes in Net Position	181
Schedule of Revenues, Expenditures, and Changes in Fund Balance – (Budgetary Basis)	
Water Reclamation Funds	182
Actual and Projected Net Revenues and Debt Service Coverage - Water Reclamation Funds	183
Water Reclamation Funds Budget	184

City of Medford
June 30, 2025
Table of Contents

	PAGE
Compliance Section	
Report of Independent Auditors Required by Oregon State Regulations	186
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>	188

Introductory Section



December 23, 2025

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, 2025 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 Baker Tilly US, LLP conducted the audit for the fiscal year ending June 30, 2025 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 88,000 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 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 across most areas. Existing businesses drive job creation, with most new jobs stemming from business growth. Medford continues to have increasing numbers of inquiries from businesses considering relocation and expansion. The City's Electronic Commerce Zone remains one of the most active in Oregon. Assessed property values increased by 12.8% this year, a significant change given that property taxes constitute a major revenue stream. This increase is notably higher than usual because the Medford Urban Renewal Agency (MURA) reached maximum indebtedness in the year ended June 30, 2024 and thus did not collect a property tax levy in the current year. When that happens, the amount of assessed value available to the City for property tax collection increases due to no urban renewal excess. See Schedule 5 in the Statistical Section of this document for more information on assessed property values as they relate to property taxes. Since the largest share of City revenues comes from property taxes, any change is significant and is closely monitored.

Local, State, and Federal governments remain key employers. Outside the government sector, healthcare is the largest employer, with Asante Health Systems employing over 2,500 people. Transient lodging tax and car rental tax revenues rose by 3.8% during the year, bolstered by strong visitor and business traveler spending. The tourism and sports tourism sectors continue to grow, thanks to the success of facilities like Lithia and Driveway Fields and the vibrant wine and craft beer industries.

The Rogue Credit Union Community Complex (Rogue X), which opened in January 2024, is performing as expected. It's driving demand for sports tourism and attracting trade shows and special events to Medford, contributing to economic growth in the area.

Long-term financial planning:

The economic climate in Medford continues to be resilient despite the impact that continued high inflation and interest rates have had on the global economy. Despite the economic pressures, development applications and building permits increased drastically in the current year, noting the continued demand for housing, particularly affordable housing, in the area. The City issued permits for values of over \$110 million of commercial developments, \$90 million in single family residence developments, and \$15 million in multi-family developments during the year. While development applications and permits issued are somewhat volatile based on economic factors, the City is encouraged by the levels of development seen in the last fiscal year despite economic pressures that would normally indicate a decrease in demand and expects even higher demand in the future as interest rates and inflation cool from their highs during the last few years. 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, 2025, the City granted over \$230,000 in funding for assistance in paying System Development Charges on construction of Accessory Dwelling Units intended for long-term housing.

The City continues to rely on long-term forecasts and planning and provides a narrative-based outlook for two biennia ahead of the biennium currently being budgeted. 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 2025-2027 biennial budget was adopted by Council in June 2025 and includes management's forecast of future biennia. The City's adopted budget, including the long-term forecast, 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 Governmental 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, 2024. 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,



John Vial
Interim 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, 2024



Christopher P. Morill
Executive Director/CEO

City of Medford
Officials of the City
June 30, 2025

<u>Term Expires December 31</u>		
Michael Zarosinski	Mayor	2028
Jessica Ayres	Council Member Ward 1	2026
Mike Kerlinger	Council Member Ward 1	2028
John Quinn	Council Member Ward 2	2028
Zac Smith	Council Member Ward 2	2026
Kevin Stine	Council Member Ward 3	2026
Garrett West	Council Member Ward 3	2028
Nick Card	Council Member Ward 4	2026
Kevin Keating	Council Member Ward 4	2028

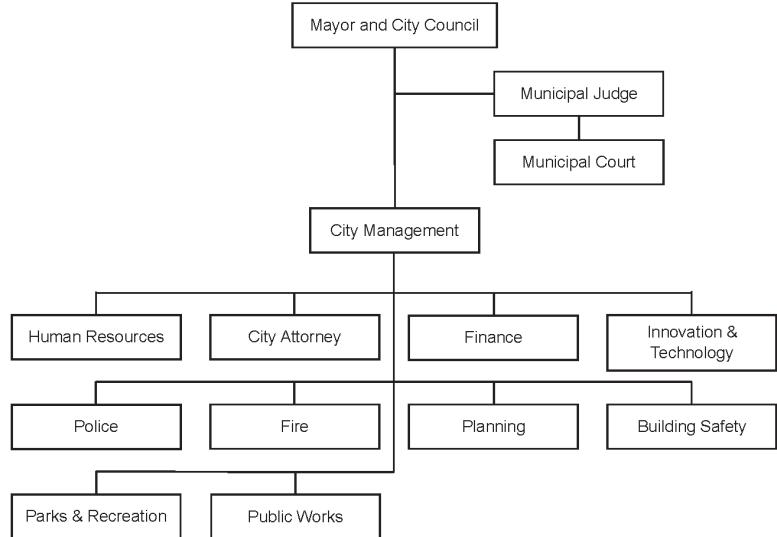
Principal Officials

John Vial, Interim City Manager
Eric Mitton, City Attorney
Ryan Martin, Chief Financial Officer

City Address

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

City of Medford
Organizational Chart
June 30, 2025



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, 2025 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 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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2025, 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*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Notes 1.D.10, 1.F, 3.C and 3.O to the basic financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* during the year ended June 30, 2025. Our opinion is not modified with respect to this matter.

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 on page 68, postemployment benefit schedules on pages 66 to 67, and pension schedules on page 65, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 GAAS. 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 combining and individual nonmajor fund financial statements, budgetary schedules, and 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. Such 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 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 GAAS. 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.

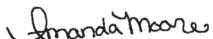
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. 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 23, 2025, 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 23, 2025, 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 Moore, Principal, for
Baker Tilly US, LLP
Medford, Oregon
December 23, 2025

City of Medford

Management's Discussion and Analysis

June 30, 2025

As management of the City of Medford, Oregon, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2025. 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. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-iii of this report.

Financial Highlights:

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2025 by \$604.1 million (net position). The unrestricted net position, which represents the amounts available to meet the City's ongoing obligations to citizens and creditors was \$17.7 million.
- The City's total net position increased by \$32.7 million from current year activities, primarily because of increases to several revenues sources including charge for services and investment earnings. In addition to current year activities, net position decreased an additional \$6.4 million due to an adjustment for GASB 101 adoption. In total, net position increased by \$26.3 million from the previously reported amount.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$171.6 million, an increase of \$5.0 million in comparison with the prior year. Of this amount, \$22.2 million, or 12.9% is available for spending at the City's discretion (unassigned fund balance).
- At June 30, 2025, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the general fund was \$62.4 million, or 76.0% of total general fund expenditures.

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. 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.

City of Medford
Management's Discussion and Analysis
June 30, 2025

- 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.
- Compliance Section.** Supplemental communication on the City's compliance and internal controls as required by Oregon statutes.

Government-Wide Financial Statements:

TABLE 1
CITY OF MEDFORD - STATEMENT OF NET POSITION
JUNE 30, 2025 AND 2024
(in millions)

	Governmental Activities		Business-type Activities		Total Governmental	
	2025	2024	2025	2024	2025	2024
Cash, restricted cash, and investments	\$ 181.0	\$ 179.0	\$ 69.5	\$ 53.4	\$ 250.5	\$ 232.4
Other assets	16.3	14.3	3.4	2.7	19.7	17.0
Capital assets, net	455.5	436.2	109.6	94.3	565.1	530.5
Net OPEB asset	1.1	1.1	0.1	0.1	1.2	1.2
Total assets	<u>653.9</u>	<u>630.6</u>	<u>182.6</u>	<u>150.5</u>	<u>836.5</u>	<u>781.1</u>
Deferred outflows	28.8	23.9	3.1	2.4	31.9	26.3
Total assets and deferred outflows	<u>682.7</u>	<u>654.5</u>	<u>185.7</u>	<u>152.9</u>	<u>868.4</u>	<u>807.4</u>
Other liabilities	\$ 19.6	\$ 21.0	\$ 5.0	\$ 2.9	\$ 24.6	\$ 23.9
Long-term liabilities	124.1	118.3	21.0	6.6	145.1	118.9
Total OPEB liability	5.0	4.8	0.7	0.6	5.7	5.4
Net pension liability	69.3	65.0	8.0	7.3	77.3	72.3
Total Liabilities	<u>218.0</u>	<u>209.1</u>	<u>34.7</u>	<u>11.4</u>	<u>252.7</u>	<u>220.5</u>
Deferred inflows	10.4	8.2	1.3	0.9	11.7	9.1
Net position:						
Net investment in capital assets	358.0	336.4	105.2	94.1	463.2	430.5
Restricted	101.8	103.9	21.2	19.6	123.0	123.5
Unrestricted	(5.5)	(3.1)	23.3	26.9	17.8	23.8
Total Net Position	<u>\$ 454.3</u>	<u>\$ 437.2</u>	<u>\$ 149.7</u>	<u>\$ 140.6</u>	<u>\$ 604.0</u>	<u>\$ 577.8</u>

City of Medford
Management's Discussion and Analysis
June 30, 2025

TABLE 2
CITY OF MEDFORD - STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025 AND 2024
(In millions)

	Governmental Activities		Business-type Activities		Total Government	
	2025	2024	2025	2024	2025	2024
REVENUES						
General revenues:						
Taxes	\$ 74.8	\$ 73.4	\$ -	\$ -	\$ 74.8	\$ 73.4
Other	9.6	8.5	3.2	2.5	12.8	11.0
Program revenues:						
Charges for services	38.1	33.7	26.8	26.7	64.9	60.4
Operating grants	33.0	46.8	0.9	2.4	33.9	49.2
Capital	7.1	8.8	3.4	1.7	10.5	10.5
Total revenues	<u>162.6</u>	<u>171.2</u>	<u>34.3</u>	<u>33.3</u>	<u>196.9</u>	<u>204.5</u>
EXPENSES						
General government	19.9	16.5	-	-	19.9	16.5
Public safety	60.0	54.1	-	-	60.0	54.1
Highways and streets	19.6	18.8	-	-	19.6	18.8
Culture and recreation	21.2	19.3	-	-	21.2	19.3
Community development	18.8	15.1	-	-	18.8	15.1
Interest on long-term debt	3.2	3.3	-	-	3.2	3.3
Sewer services	-	-	21.0	22.8	21.0	22.8
Parking services	-	-	0.6	0.5	0.6	0.5
Total expenses	<u>142.7</u>	<u>127.1</u>	<u>21.6</u>	<u>23.3</u>	<u>164.3</u>	<u>150.4</u>
Increase in net position before transfers	19.9	44.1	12.7	10.0	32.6	54.1
Transfers	3.1	2.7	(3.1)	(2.7)	-	-
Change in net position	23.0	46.8	9.6	7.3	32.6	54.1
Net Position, beginning of year as previously reported	<u>437.2</u>	<u>-</u>	<u>140.6</u>	<u>-</u>	<u>577.8</u>	<u>-</u>
Adjustment - implementation of GASB statement 101	(5.9)	-	(0.5)	-	(6.4)	-
Beginning Net Position, restated	<u>431.3</u>	<u>390.4</u>	<u>140.1</u>	<u>133.3</u>	<u>571.4</u>	<u>523.7</u>
Ending Net Position	<u>\$ 454.3</u>	<u>\$ 437.2</u>	<u>\$ 149.7</u>	<u>\$ 140.6</u>	<u>\$ 604.0</u>	<u>\$ 577.8</u>

Financial Analysis:

The City's governmental activities assets totaled \$653.9 million at June 30, 2025 consisting of \$455.5 million in capital assets, \$181.0 million in cash, restricted cash, and investments and \$17.4 million in receivables, inventory, prepaids, and other assets. The City's governmental activities liabilities totaled \$218.0 million at June 30, 2025 consisting of \$124.1 million in noncurrent liabilities, \$24.6 million in accounts payable and other liabilities, and net pension liability of \$69.3 million. Total net position was \$454.3 million of which \$358.0 million was invested in capital assets, \$101.8 million was restricted and the remaining \$5.5 million was a deficit balance.

City of Medford
Management's Discussion and Analysis
June 30, 2025

The City's governmental activities net position increased by \$23.0 million or 5.3 percent. Additionally, opening net position was restated down by \$5.9 million due to the City's implementation of GASB Statement No. 101. See Note 3O for more details on the restatement. Overall governmental activities revenue decreased by \$8.6 million or 5.0 percent. The decrease was most noticeable in operating grants and contributions, which decreased by \$13.7 million primarily due to a decrease in grants received for highway and street maintenance. Offsetting that decrease was an increase to charges for services of \$4.4 million primarily due to increases in development during the year leading to increased building permit and related revenues. There were also rate increases for certain fees the City charges. In addition, total taxes collected increased \$1.4 million due to a combination of property tax decreases and tourism tax increases. Total property tax collections decreased for the year due to the Medford Urban Renewal Agency (MURA) no longer collecting a tax levy after reaching maximum indebtedness. Investment earnings increased \$1.1 million due to continued higher interest rates earned on investments and enhanced treasury management practices by the Finance Department.

The City's governmental activities expenses increased by \$15.6 million in total with increases seen in all functions except interest on long-term debt. Increases in all functions were primarily the result of increased personnel costs, particularly for wages, healthcare, and retirement benefits. Other operating costs remain relatively steady with year over year fluctuations in capital spending depending on the projects being completed.

The City's business-type activities assets totaled \$182.6 million at June 30, 2025 consisting of \$109.6 million in capital assets, \$69.5 million in cash and investments and \$3.5 million in receivables and other assets. The City's business-type activities liabilities totaled \$34.7 million at June 30, 2025 consisting of \$21.0 million in noncurrent liabilities, \$4.6 million in accounts payable and other liabilities, bonds and notes payable of \$20.3, net OPEB liability of \$0.7 million and net pension liability of \$8.0 million. Total net position was \$149.7 million of which \$105.2 million was invested in capital assets, \$21.2 million was restricted and the remaining \$23.3 million was unrestricted.

The City's business-type activities net position increased by \$9.7 million or 8.5 percent. Additionally, opening net position was restated down by \$0.5 million due to the City's implementation of GASB Statement No. 101. See Note 3O for more details on the restatement. Business-type activities total revenue increased by \$1.1 million primarily due to increases in contributions of capital assets from developers for the sewer system during the year and investment earnings. Business-type expenses decreased by \$1.8 million primarily due to a reduction in expenses related to operating supplies.

Governmental Funds. As of the end of the current year, the City's governmental funds reported a combined ending fund balance of \$171.6 million, an increase from the prior year of \$5.0 million. The increase can mostly be attributed to increases in revenues in the General Fund that outpaced expenses for the year.

The General Fund ending fund balance increased by \$6.4 million during the current fiscal year. Total General Fund revenues in 2025 increased by \$5.0 million, which comprised of increases in property taxes of \$2.8 million, franchise and lodging taxes of \$2.5 million, and investment earnings of \$0.4 million (among other changes). General Fund expenditures increased by \$5.1 million in 2025, which comprised mostly of increases to spending for general government of \$1.9 million and public safety of \$4.2 million, which were offset slightly by small decreases in culture and recreation and community development. The increases to general government and public safety are primarily attributable to increases in staffing costs.

The Federal Stimulus Grant Fund was created in 2022 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 2025 were \$5.9 million and total expenditures were \$5.7 million with another \$0.2 million transferred to other funds. All expenditures and transfers are related to the spending of ARPA funds for eligible purposes.

City of Medford
Management's Discussion and Analysis
June 30, 2025

The Gas Tax Fund had an \$8.9 million decrease in fund balance during the current fiscal year. Gas Tax Fund revenues decreased \$3.9 million, primarily due to a decrease in grants and contributions of \$5.3 million with other smaller increases across several revenue categories accounting for the difference. The decrease in grant revenues were expected as the City moved in to later stages of a major road expansion project that did not have federal funding earmarked for it. Total Gas Tax Fund expenditures increased by \$6.7 million with the majority of the increase coming from capital outlay. The City is in the late stages of a significant capital improvement project related to the expansion and improvement of a major street. The project is anticipated to be completed in 2026 and, as such, the City anticipates one more year of significant reductions to fund balance by June 30, 2026, before stabilizing.

The Street Improvement Fund had a \$1.9 million decrease in fund balance. This fund accounts for the construction and improvements of various streets throughout the City and is primarily funded through grants and other intergovernmental revenues. The primary reason for the decrease in fund balance was a decrease in grant funding for the same street project noted for the Gas Tax Fund with previous fund balance being used to continue the capital outlay expenditures. The City is in the late stages of a significant capital improvement project related to the expansion and improvement of a major street. The project is anticipated to be completed in 2026 and, as such, the City anticipates one more year of significant reductions to fund balance by June 30, 2026, before stabilizing.

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 \$22.1 million, restricted net position of \$21.2 million, and investment in capital assets of \$103.6 million. Net position increased \$9.6 million to \$146.9 million primarily due to increases in charges for services of \$1.7 million, capital contributions of \$1.8 million and investment earnings of \$0.8 million, and a slight decrease in operating expenses of \$1.0 million.

The Parking Facilities Fund had total net position \$2.8 million of which \$1.2 million is unrestricted. Net position remained steady from the prior year despite slightly increased expenses, offset by increases in investment earnings.

General Fund 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 \$7.6 million during the fiscal year ending June 30, 2025, primarily due to unanticipated increases to Franchise Fees of \$1.9 million, investment earnings of \$1.9 million, and \$1.8 million in grants awarded during the current fiscal year. These increases in resources went toward increasing expenditures in multiple departments to pay for additional equipment, capital projects, and municipal court programming.

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. Positive variance in revenues indicate a potential shortfall in budgeted revenue. There are four revenue categories with positive variances for the biennium ended June 30, 2025 - intergovernmental, fines and penalties, other revenue, and grants and contracts. The first three are relatively small variances and resulted from differences in expectations compared to actual results, particularly for fines and penalties where photographic traffic enforcement revenues were lower than expected for a new intersection. The shortfall in revenue in that category was offset by savings in the amounts paid to the contractor for their share of the enforcement revenues. Grants and contracts had a variance of \$2.2 million, due almost exclusively to a federal lead based paint reduction grant program that expired in early 2025 with over \$2 million still budgeted that did not get spent. The shortfall in revenue was made up for by expenditure savings in the Community promotions and grants division.

City of Medford
Management's Discussion and Analysis
June 30, 2025

Similarly, all department expenditure categories should have a positive variance between actual expenditures and final budgeted amounts (indicating departments spent less than budgeted) or \$0. All departments were in compliance at June 30, 2025. Two departments experienced budget variances greater than 30% - Facilities Maintenance and Community Promotions and Grants. The Facilities Maintenance variance is due to budgeting a full \$4 million in General Fund reserves for reconstruction of a fire station where the majority of that \$4 million will actually be spent in the next biennium. The Community Promotions and Grants variance is explained above and was related to not spending the full allocation of grant funds on a lead based paint reduction program before the funding expired.

Capital Assets and Debt Administration:

Capital Assets. As of June 30, 2025, the City had \$565.1 million in capital assets, net of depreciation and amortization as reflected in the following table, which represents a net increase (additions, deductions and depreciation) of \$34.5 million.

TABLE 3
CITY OF MEDFORD - CAPITAL ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025 AND 2024
(In millions)

	Governmental Activities		Business-type Activities		Total Government	
	2025	2024	2025	2024	2025	2024
Land	\$ 31.6	\$ 31.5	\$ 1.6	\$ 1.6	\$ 33.1	\$ 33.1
Land rights of way	138.4	136.7	0.2	0.2	138.7	136.9
Construction in progress	49.9	29.1	15.7	5.1	65.6	34.2
Buildings	96.1	99.2	1.9	2.1	98.1	101.3
Improvements	26.8	28.0	8.7	8.4	35.4	36.5
Equipment	12.9	11.2	14.0	13.6	27.0	24.8
Sewers	-	-	26.6	25.5	26.6	25.5
Storm drains	-	-	40.8	37.7	40.8	37.7
Infrastructure	99.5	100.0	-	-	99.5	100.0
Right-to-use lease assets	0.01	0.02	-	-	0.01	0.02
Right-to-use subscriptions	0.3	0.5	0.04	0.1	0.4	0.5
Total	\$ 455.5	\$ 436.2	\$ 109.6	\$ 94.3	\$ 565.1	\$ 530.5

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

TABLE 4
CITY OF MEDFORD - CHANGE IN CAPITAL ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(In millions)

	Governmental Activities	Business-type Activities	Total
Beginning balance	\$ 436.2	\$ 94.3	\$ 530.5
Additions	39.4	19.6	59.0
Deletions	(0.6)	-	(0.6)
Depreciation & Amortization	(19.5)	(4.3)	(23.8)
Ending Balance	\$ 455.5	\$ 109.6	\$ 565.1

City of Medford
Management's Discussion and Analysis
June 30, 2025

Capital assets, net of depreciation and amortization for governmental activities increased \$19.3 million. Additions included acquisition of land and rights of way of \$1.8 million, building purchases of \$1.1 million, equipment purchases and improvements of \$3.8 million, infrastructure of \$9.2 million, new right-to-use subscription and lease assets of \$0.05 million, transfers from construction in progress of \$2.1 million and new construction in progress of \$23.5 million. Offsetting these additions were depreciation and amortization of \$19.5 million and deletions of \$0.6 million.

Business-type activities capital assets, net of depreciation and amortization increased \$15.3 million. Additions included sewers of \$2.0 million, storm drains of \$4.4 million, equipment and other additions of \$1.5 million, transfers from construction in progress of \$1.1 million, and new construction in progress of \$11.7 million. Offsetting these additions were depreciation of \$4.3 million and transfers and dispositions of \$0.03 million. For more detailed information on the City's capital asset activity, refer to Note III (B) of the financial statements.

Debt Administration. As of year-end, the City had \$145.4 million in debt outstanding compared to \$118.9 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, 2025
(In millions)

	Governmental Activities	Business-type Activities	Total
Bonds & notes payable	\$ 109.6	\$ 19.4	\$ 129.0
Unamortized premium	3.7	0.8	4.5
Lease Payable	-	-	-
Subscription Liability	0.3	-	0.3
Compensated absences	10.5	1.1	11.6
Total	\$ 124.1	\$ 21.3	\$ 145.4

Economic Factors and the Biennium Budget:

The City's economy continues to be resilient despite economic pressures. While no longer experiencing the rapid growth coming out of the pandemic, the travel and tourism industry continues to grow modestly despite increases in costs, with lodging and car rental tax revenues up 3.8%. Additionally, development continues to be a strong source of revenue for the City with revenues from building permits up 15.6%. With a documented need for continued investment in housing, particularly affordable and multi-family housing, the City expects development to continue at an elevated pace despite economic pressures that often lead to a decrease in demand.

The City (excluding MURA) saw an increase in property taxes of \$2.8 million for 2025, primarily due to growth and increases in the assessed values of properties taxed. Total property tax collections for the City, including MURA, were down \$1.3 million for the year due to MURA having reached maximum indebtedness in the year ended June 30, 2024, thus not collecting a current tax levy in the year ending June 30, 2025. For the year ending June 30, 2025, the assessed tax valuation for property taxes was \$10.3 billion. The tax collection rate of 95.1% is similar to the previous year and remains on par with the historical average for tax collection rates in the first year of a levy.

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.

City of Medford
Statement of Net Position
June 30, 2025

Basic Financial Statements

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Medford Water Commission
ASSETS				
Cash and investments	\$ 180,764,743	\$ 69,525,606	\$ 250,290,349	\$ 33,503,169
Receivables				
Accounts	11,621,664	2,809,169	14,430,833	7,736,537
Taxes	2,093,120	-	2,093,120	-
Leases	44,947	77,979	122,926	-
Inventory	1,039,172	515,117	1,554,289	2,204,166
Work in process	-	-	-	286,390
Prepaid expenses	1,408,812	1,912	1,410,724	532,050
Restricted cash and cash equivalents	281,072	-	281,072	18,832,168
Regulated Assets	-	-	-	5,138,744
Notes receivable	-	-	-	1,497,829
Net OPEB asset	1,119,895	145,923	1,265,818	-
Capital assets not being depreciated	219,885,454	17,475,778	237,361,232	65,289,304
Capital assets, net of accumulated depreciation/amortization	235,625,023	92,125,439	327,750,462	236,142,701
Total assets	653,883,902	182,676,923	836,560,825	371,163,058
DEFERRED OUTFLOWS OF RESOURCES				
Bond refunding	2,380,120	-	2,380,120	-
OPEB related	392,352	51,125	443,477	-
Pension related	26,047,011	3,010,079	29,057,090	3,150,754
Total deferred outflows of resources	28,829,483	3,061,204	31,890,687	3,150,754
LIABILITIES				
Accounts payable	5,984,105	3,910,804	9,894,909	9,758,327
Payroll and related accruals	3,957,538	455,225	4,412,763	-
Unearned revenue	2,087,389	34,221	2,121,610	-
Retainage payable	211,861	182,597	394,458	-
Deposits	6,096,125	-	6,096,125	760,738
Accrued interest payable	521,723	140,475	662,198	919,125
Claims payable	694,142	-	694,142	-
Long-term liabilities				
Due within one year				
Bonds and note payable	7,176,349	305,000	7,481,349	120,545
Compensated absences	2,105,286	223,872	2,329,158	1,250,198
Lease Payable	7,520	-	7,520	-
Subscription Liability	155,552	21,030	176,582	197,737
OPEB Liability	165,938	21,377	187,315	-
Due in more than one year				
Bonds and note payable	106,945,694	19,884,597	125,930,291	126,630,203
Compensated absences	8,421,142	895,486	9,316,628	312,550
Subscription Liability	174,985	20,220	195,205	773,828
OPEB liability	4,879,679	636,071	5,515,750	-
Net pension liability	69,268,211	8,004,864	77,273,075	8,378,971
Total liabilities	217,953,239	34,735,839	252,689,078	149,132,222
DEFERRED INFLOWS OF RESOURCES				
OPEB related	1,073,650	139,897	1,213,547	-
Pension related	9,269,713	1,071,238	10,340,951	1,121,303
Leases	44,070	77,202	121,272	-
Total deferred inflows of resources	10,387,433	1,288,337	11,675,770	1,121,303
NET POSITION				
Net investment in capital assets	358,039,031	105,208,809	463,247,840	181,846,227
Restricted for				
Future system development	-	21,091,527	21,091,527	-
Public safety	7,614,831	-	7,614,831	-
Highways and streets	53,549,755	-	53,549,755	18,832,168
Culture and recreation	16,889,418	-	16,889,418	-
Community development	21,636,660	-	21,636,660	-
Employee section 125 plan	112,090	-	112,090	-
OPEB	1,115,391	145,923	1,261,314	-
Debt service	956,502	-	956,502	-
Unrestricted	(5,540,965)	23,267,692	17,726,727	23,381,892
Total net position	\$ 454,372,713	\$ 149,713,951	\$ 604,086,664	\$ 224,060,287

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

City of Medford
Balance Sheet - Governmental Funds
June 30, 2025

City of Medford
Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Program Revenues			Net Revenues (Expense) and Changes in Net Position		
	Expenses	Fines, Fees, and Charges for Services	Operating Grants and Contributions	Primary Government		
				Capital Grants and Contributions	Governmental Activities	Business-type Activities
PRIMARY GOVERNMENT					Medford Water Commission	
Governmental activities						
General government	\$ 19,899,428	\$ 8,467,598	\$ 7,197,283	\$ -	\$ (4,234,639)	\$ -
Public safety	59,954,280	10,727,251	5,821,888		(45,405,141)	
Highways and streets	19,629,754	10,269,009	12,062,085	7,079,859	9,781,199	
Culture and recreation	21,228,910	4,540,457	2,581,292	-	(14,107,161)	
Community development	18,785,081	4,047,829	7,382,567	-	(7,354,685)	
Interest on long-term debt	3,216,804	-	-	-	(3,216,804)	
Total governmental activities	142,714,257	38,052,052	33,045,115	7,079,859	(64,537,231)	
Business-type activities						
Sewer services	20,968,906	26,280,671	850,474	3,430,360	-	9,592,599
Parking services	554,496	519,354	-	-	-	(35,142)
Total business-type activities	21,523,402	26,800,025	850,474	3,430,360	-	9,557,457
TOTAL PRIMARY GOVERNMENT	\$ 164,237,659	\$ 64,852,077	\$ 33,895,589	\$ 10,510,219	(64,537,231)	\$ 9,557,457
COMPONENT UNITS						
Medford Water Commission	\$ 22,047,227	\$ 30,181,252	\$ 2,592,007	\$ 4,942,936		\$ 15,668,968
GENERAL REVENUES						
Property taxes					49,993,790	-
Sales taxes					24,769,981	-
Unrestricted investment earnings					9,624,683	3,248,385
Total general revenues					84,408,434	3,248,385
TRANSFERS					3,143,870	(3,143,870)
Total general revenues and transfers					87,552,304	104,515
CHANGE IN NET POSITION					9,661,972	32,677,045
NET POSITION, beginning of year as previously reported					437,225,280	140,563,663
ADJUSTMENT - implementation of GASB statement 101					(5,867,640)	577,788,943
NET POSITION, beginning of year					431,357,640	(6,379,324)
NET POSITION, end of year					\$ 454,372,713	\$ 149,713,951
						\$ 604,086,664
						\$ 224,060,287

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

	General Fund	Federal Stimulus Fund - 180	Gas Tax Fund - 530	Street Improvement Fund - 550	Nonmajor Governmental Funds	Total
ASSETS						
Cash and investments	\$ 64,190,791	\$ 1,234,768	\$ 19,071,133	\$ 18,556,947	\$ 72,927,107	\$ 175,980,746
Receivables						
Accounts	4,086,245	1,168,838	2,265,961	314,915	3,718,217	11,554,176
Taxes	1,931,093	-	-	-	162,027	2,093,120
Leases	44,947	-	-	-	-	44,947
Prepaid items	443,615	-	-	-	-	443,615
Inventories	8,326	-	115,222	-	611,390	734,938
Restricted cash and cash equivalents	148,130	-	-	-	20,852	168,982
Advances to other funds	250,000	-	-	-	-	250,000
Total assets	\$ 71,103,147	\$ 2,403,606	\$ 21,452,316	\$ 18,871,862	\$ 77,439,593	\$ 191,270,524
LIABILITIES						
Accounts payable	\$ 1,575,197	\$ 1,233,147	\$ 748,453	\$ 1,735	\$ 2,240,129	\$ 5,798,661
Retainage payable	3,045	49,377	46,046	-	113,393	211,861
Customer deposits	1,708,553	-	-	-	3,951,575	435,997
Unearned revenue	311,282	1,121,082	-	-	655,025	2,087,389
Payroll and related accruals	2,855,732	-	157,223	-	777,436	3,790,391
Total liabilities	6,453,809	2,403,606	951,722	3,953,310	4,221,980	17,984,427
DEFERRED INFLOWS OF RESOURCES						
Leases	44,070	-	-	-	-	44,070
Unavailable revenue - property taxes	1,537,082	-	-	-	152,659	1,689,741
Total deferred inflows of resources	1,581,152	-	-	-	152,659	1,733,811
FUND BALANCES						
Nonspendable						
Inventory	8,326	-	115,222	-	611,390	734,938
Prepaid items	443,615	-	-	-	-	443,615
Advances to other funds	250,000	-	-	-	-	250,000
Restricted for						
Public safety	-	-	-	-	-	7,614,831
Highways and streets	-	-	20,385,372	14,918,552	18,245,831	53,549,755
Culture and recreation	-	-	-	-	16,889,418	16,889,418
Community development	-	-	-	-	21,636,660	21,636,660
Debt service	-	-	-	-	956,502	956,502
Committed for						
Public safety	-	-	-	-	2,673,348	2,673,348
Culture and recreation	-	-	-	-	3,229,886	3,229,886
Community development	-	-	-	-	1,207,088	1,207,088
PERS debt	4,140,891	-	-	-	-	4,140,891
Assigned						
2025-27 Budget	36,018,400	-	-	-	-	36,018,400
Unassigned	22,206,954	-	-	-	-	22,206,954
Total fund balances	63,068,186	-	20,500,594	14,918,552	73,064,954	171,552,286
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE						
	\$ 71,103,147	\$ 2,403,606	\$ 21,452,316	\$ 18,871,862	\$ 77,439,593	\$ 191,270,524

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, 2025

FUND BALANCES – total governmental funds \$ 171,552,286

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 455,186,030

Certain items, such as unavailable revenues 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 1,689,741
Deferred outflow of resources 28,577,007

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 (521,723)
Compensated absences (10,373,903)
Lease liability (7,520)
Subscription liability (267,308)
Total OPEB liability (4,987,692)
Net OPEB asset 1,107,039
Bonds payable, net of unamortized bond premium (113,222,043)
Net pension liability (68,608,762)
Deferred inflow of resources (10,242,786)

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.

4,492,347

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 454,372,713

City of Medford

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	Federal Stimulus General Fund	Grant Fund - 180	Gas Tax Fund - 530	Street Improvement Fund - 550	Nonmajor Governmental Funds	Total
REVENUES						
Taxes						
Property	\$ 49,808,834	\$ -	\$ -	\$ -	\$ 73,670	\$ 49,882,504
Car rental taxes	-	-	-	-	3,189,595	3,189,595
Franchise and lodging	16,947,958	-	-	-	3,867,886	20,815,844
Other taxes	-	-	-	-	784,522	784,522
Fuel	-	-	7,258,624	-	-	7,258,624
Charges for services	2,440,819	-	328,938	54,463	7,086,945	9,911,165
Fines and penalties	2,778,257	-	-	-	-	2,778,257
Intergovernmental	5,584,881	-	1,579,256	2,798,057	-	9,962,194
Licenses, permits, and fees	805,250	-	-	-	18,057,328	18,862,578
Investment earnings	3,593,021	-	1,249,190	1,025,553	3,518,303	9,386,067
Grants and contributions	3,838,587	5,922,551	392,457	-	5,629,972	15,783,567
Other revenue	340,637	-	69,236	597	1,210,504	1,620,974
Capital contributions and donations	-	-	-	-	2,616,774	2,616,774
Total revenues	86,138,244	5,922,551	10,877,701	3,878,670	46,035,499	152,852,665
EXPENDITURES						
Current						
General government	15,001,896	-	-	-	-	15,001,896
Public safety	49,357,698	-	-	-	7,348,990	56,706,688
Highways and streets	-	-	3,555,505	3,100	8,422,861	11,981,466
Culture and recreation	9,669,616	-	-	-	4,562,389	14,232,005
Community development	3,357,817	3,547,196	-	-	8,551,056	15,456,069
Debt service						
Debt service principal	119,110	-	10,003	-	7,139,352	7,268,465
Debt service interest	5,826	-	1,304	-	3,253,360	3,260,490
Capital outlay	4,571,656	2,107,876	15,200,253	5,655,716	6,525,926	34,061,427
Total expenditures	82,083,619	5,655,072	18,767,065	5,658,816	45,803,934	157,968,506
Excess (deficiency) of revenues over (under) expenditures	4,054,625	267,479	(7,889,364)	(1,780,146)	231,565	(5,115,841)
OTHER FINANCING SOURCES (USES)						
Issuance of bonds	-	-	-	-	6,609,333	6,609,333
Issuance of debt - SBITA	43,610	-	-	-	-	43,610
Transfers in	7,091,277	-	-	-	14,479,334	21,570,611
Transfers out	(4,760,036)	(267,479)	(1,015,369)	(82,145)	(11,962,809)	(18,087,838)
Total other financing sources (uses)	2,374,851	(267,479)	(1,015,369)	(82,145)	9,125,858	10,135,716
NET CHANGE IN FUND BALANCES						
NET CHANGE IN FUND BALANCES	6,429,476	-	(8,904,733)	(1,862,291)	9,357,423	5,019,875
FUND BALANCES, beginning of year	56,638,710	-	29,405,327	16,780,843	63,707,531	166,532,411
FUND BALANCES, end of year	\$ 63,068,166	\$ -	\$ 20,500,594	\$ 14,918,552	\$ 73,064,954	\$ 171,552,286

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

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, 2025

NET CHANGE IN FUND BALANCES – total governmental funds	\$ 5,019,875
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 4,463,085	
Capital outlays 34,061,427	
Less current year depreciation and amortization (19,482,052)	
	19,042,460
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. 111,287	
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 6,466,377	
Change in expenses related to pension and OPEB (8,343,873)	
	(1,877,496)
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:	
Change in accrued interest 17,360	
Amortization of premium 159,110	
Change in lease liability (387,534)	
SBITAs and Bond and Loan Proceeds (6,652,943)	
Amortization of deferred outflow for bond refunding (132,785)	
Principal payments 7,268,465	
	271,673
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. 447,274	
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 23,015,073

City of Medford

Balance Sheet Proprietary Funds June 30, 2025

	Business-type Activities - Enterprise Funds			Governmental Activities
	Sewer Utility Fund	Nonmajor Parking Facilities Fund	Total	Internal Service Funds
ASSETS				
Current assets				
Cash and investments \$ 68,257,540	\$ 1,268,066	\$ 69,525,606	\$ 4,783,997	
Receivables 2,795,615	13,554	2,809,169	67,488	
Prepaid expense 1,912	-	1,912	965,197	
Inventories 515,117	-	515,117	304,234	
Total current assets 71,570,184	1,281,620	72,851,804	6,120,916	
Noncurrent assets				
Restricted cash and investments -	-	77,979	77,979	112,090
Lease Receivable -	-	40,170	40,170	59,997
Net OPEB asset 144,663	1,260	145,923	12,856	
Capital assets				
Land and construction in progress 16,131,932	1,343,846	17,475,778	-	
Right-to-use subscription, net 40,170	-	40,170	264,450	
Capital assets, net 91,811,302	273,967	92,085,269	247,972	
Total noncurrent assets 108,128,067	1,697,052	109,825,119	449,393	
Total assets 179,698,251	2,976,672	182,676,923	6,570,309	
DEFERRED OUTFLOW OF RESOURCES				
OPEB related 50,683	442	51,125	4,504	
Pension related 2,986,452	23,627	3,010,079	247,972	
Total deferred outflows of resources 3,037,135	24,069	3,061,204	252,476	
LIABILITIES				
Current liabilities				
Accounts payable \$ 3,877,420	\$ 33,384	\$ 3,910,804	\$ 185,444	
Payroll and related accruals 450,109	5,116	455,225	167,147	
Retainage payable 182,597	-	182,597	-	
Unearned revenue 34,221	-	34,221	-	
Advances from other funds 140,475	-	140,475	250,000	
Accrued interest payable 303,000	-	303,000	-	
Bonds payable, due within one year 223,632	240	223,632	30,505	
Compensated absences, due within one year 21,030	-	21,030	18,614	
Subscription liability 21,192	185	21,377	1,983	
OPEB Liability				
Claims payable -	-	-	694,142	
Total current liabilities 5,255,676	38,925	5,294,601	1,347,735	
Long-term liabilities				
Bonds payable, due in more than one year 19,884,597	-	19,884,597	-	
Compensated absences, due in more than one year 894,528	958	895,486	122,020	
Subscription Liability 20,220	-	20,220	44,615	
OPEB liability 630,577	5,494	635,071	56,642	
Net pension liability 7,942,030	62,834	8,004,864	659,449	
Total long-term liabilities 29,371,952	69,286	29,441,238	882,126	
Total liabilities 34,627,628	108,211	34,735,839	2,229,861	
DEFERRED INFLOW OF RESOURCES				
Leases -	-	77,202	-	
Pension related 1,062,830	8,408	1,071,238	88,251	
OPEB related 138,689	1,208	139,897	12,326	
Total deferred inflows of resources 1,201,519	86,818	1,288,337	100,577	
NET POSITION				
Net investment in capital assets 103,590,996	1,617,813	105,208,809	261,218	
Restricted for:				
Future system development 21,091,527	-	21,091,527	-	
Employee section 125 plan -	-	-	112,090	
OPEB Asset 144,663	1,260	145,923	12,856	
Unrestricted 22,079,053	1,188,639	23,267,692	4,106,183	
Total net position \$ 146,906,239	\$ 2,807,712	\$ 149,713,951	\$ 4,492,347	

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

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, 2025

	Business-type Activities - Enterprise Funds			Governmental Activities	
	Sewer Utility Fund	Nonmajor Parking Facilities Fund	Total	Internal Service Funds	
OPERATING REVENUES					
Charges for services	\$ 26,260,800	\$ 521,769	\$ 26,782,569	\$ 4,487,698	
Other revenue	65,306	-	65,306	396,081	
Total operating revenues	26,326,106	521,769	26,847,875	4,883,779	
OPERATING EXPENSES					
Salaries and fringe benefits	10,696,751	78,274	10,775,025	944,641	
Operating supplies	1,458,360	10,775	1,469,135	748,990	
Professional services	968,046	306,499	1,274,515	86,415	
Repairs and maintenance	984,149	42,090	1,026,239	9,327	
Premiums and claims	251,800	1,800	253,600	2,402,691	
Utilities	702,340	71,397	773,737	5,765	
General, administrative, and engineering	968,003	22,161	990,164	84,396	
Depreciation and amortization	4,279,024	21,530	4,300,554	45,257	
Total operating expenses	20,308,473	554,496	20,862,969	4,327,462	
OPERATING INCOME (LOSS)	6,017,633	(32,727)	5,984,906	556,317	
NONOPERATING REVENUES					
Intergovernmental revenues	805,039	-	805,039	-	
Interest expenses	(660,433)	-	(660,433)	(1,172)	
Investment earnings	3,183,317	62,653	3,245,970	231,032	
Total nonoperating revenues	3,327,923	62,653	3,390,576	229,860	
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	9,345,556	29,926	9,375,482	786,177	
CONTRIBUTIONS AND TRANSFERS					
Capital contributions	3,430,360	-	3,430,360	-	
Transfers in	1,991,924	-	1,991,924	86,000	
Transfers out	(5,126,625)	(9,169)	(5,135,794)	(424,903)	
Total contributions and transfers	295,659	(9,169)	286,490	(338,903)	
CHANGE IN NET POSITION	9,641,215	20,757	9,661,972	447,274	
NET POSITION, beginning of year as previously reported	137,774,719	2,788,944	140,563,663	4,138,322	
ADJUSTMENT - implementation of GASB statement 101	(509,695)	(1,989)	(511,684)	(93,249)	
NET POSITION, beginning of year	137,265,024	2,786,955	140,051,979	4,045,073	
NET POSITION, end of year	<u>\$ 146,906,239</u>	<u>\$ 2,807,712</u>	<u>\$ 149,713,951</u>	<u>\$ 4,492,347</u>	

City of Medford
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

	Business-type Activities - Enterprise Funds			Governmental Activities	
	Sewer Utility Fund	Nonmajor Parking Facilities Fund	Total	Internal Service Funds	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 25,313,653	\$ 542,341	\$ 25,855,994	\$ 766,322	
Receipt from interfund services provided	-	-	-	4,169,992	
Payments to suppliers	(3,450,770)	(445,665)	(3,896,435)	(3,567,500)	
Payments to employees	(10,137,246)	(97,676)	(10,234,922)	(949,668)	
Net cash provided (used) by operating activities	11,725,637	(1,000)	11,724,637	419,746	
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES					
Receipts from other governments	805,039	-	805,039	-	
Transfers from (to) other funds	(3,134,701)	(9,169)	(3,143,870)	(338,903)	
Payments on interfund loan	-	-	-	(100,000)	
Net cash provided (used) by noncapital financing activities	(2,329,662)	(9,169)	(2,338,831)	(438,903)	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Issuance of debt - bond	20,189,597	-	20,189,597	-	
Interest expense - bonds, leases & SBITAs	(519,958)	-	(519,958)	(1,172)	
Payment of principal on subscription liabilities	(20,004)	-	(20,004)	(18,318)	
Interest received from assets leased to others	-	-	(2,904)	(2,904)	
Receipt of principal on leases receivable	-	2,415	2,415	-	
Acquisition and construction of capital assets	(16,126,741)	-	(16,126,741)	-	
Net cash provided (used) by capital and related financing activities	3,522,894	(489)	3,522,405	(19,490)	
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends received	3,183,317	62,653	3,245,970	231,032	
Net cash provided (used) by investing and activities	3,183,317	62,653	3,245,970	231,032	
INCREASE IN CASH AND INVESTMENTS					
CASH AND INVESTMENTS, beginning of year	16,102,186	51,995	16,154,181	192,385	
CASH AND INVESTMENTS, end of year	52,155,354	1,216,071	53,371,425	4,703,702	
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>\$ 68,257,540</u>	<u>\$ 1,268,066</u>	<u>\$ 69,525,606</u>	<u>\$ 4,896,087</u>	
Operating income	\$ 6,017,633	\$ (32,727)	\$ 5,984,906	\$ 556,317	
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation and amortization expense	4,279,024	21,530	4,300,554	45,257	
Pension and OPEB expense	420,656	(17,303)	403,353	(21,274)	
(Increase) decrease in accounts receivable	(706,621)	20,572	(686,049)	52,535	
(Increase) decrease in inventories	(7,295)	-	(7,295)	(56,397)	
(Increase) decrease in prepads	546	-	546	(155,506)	
Increase (decrease) in unearned revenue	(305,832)	-	(305,832)	-	
Increase (decrease) in accounts payable	1,869,972	9,027	1,868,999	78,670	
Increase (decrease) in accrued payroll and related expenses	46,783	618	47,401	638	
Increase (decrease) in compensated absences	92,066	(2,717)	89,349	16,209	
Increase (decrease) in retainerage payable	28,705	-	28,705	-	
Increase (decrease) in claims payable	-	-	-	(96,703)	
Total adjustments	5,708,004	31,727	5,739,731	(136,571)	
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 11,725,637</u>	<u>\$ (1,000)</u>	<u>\$ 11,724,637</u>	<u>\$ 419,746</u>	
NONCASH CAPITAL ACTIVITIES					
Contributions of capital assets from developers	\$ 3,430,360	\$ -	\$ 3,430,360	\$ -	
Change in fair value of investments	\$ 595,472	\$ 12,529	\$ 608,001	\$ 55,160	

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

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, 2025

	Custodial Fund
ASSETS	
Cash and investments	\$ 725,693
Total assets	<u>725,693</u>
LIABILITIES	
Unearned revenue	<u>690,146</u>
Total liabilities	<u>690,146</u>
FIDUCIARY NET POSITION	
Restricted for individuals, organizations, and other governments	<u>35,547</u>
Total fiduciary net position	<u>\$ 35,547</u>

City of Medford
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended June 30, 2025

	Custodial Fund
ADDITIONS	
Investment earnings	\$ 19,530
Total additions	<u>19,530</u>
NET CHANGE IN FIDUCIARY NET POSITION	<u>19,530</u>
FIDUCIARY NET POSITION, beginning of year	<u>16,017</u>
FIDUCIARY NET POSITION, end of year	<u>\$ 35,547</u>

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

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

City of Medford
Notes to the Financial Statements
June 30, 2025

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. 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, 2025

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, 2025

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 *Street Improvement Fund* is a capital projects fund that accounts for construction and improvement of streets and is financed primarily with funds from the State and County.

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 organizations, and other governments

City of Medford
Notes to the Financial Statements
June 30, 2025

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.

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). The OSTF is not managed as a stable net asset value fund; therefore, the preservation of principal is not assured.

City of Medford
Notes to the Financial Statements
June 30, 2025

Note 1 – Summary of Significant Accounting Policies (continued)

The LGIP is not rated by a national rating service. Additional information about the OSTF can be obtained at 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 collectible 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, 2025

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. Leases

City as lessee. The City is currently a lessee for noncancelable leases of equipment. The City recognizes lease liabilities and intangible right-to-use lease assets (lease assets) in the government-wide financial statements and proprietary fund financial statements. The City recognizes lease liabilities and assets for leases that have a term exceeding one year with an initial, individual, value of \$25,000 based on the present value of the payments over the term of the contract, and that meet the definition of an other than short-term lease. Short-term lease payments are expensed when incurred.

City of Medford
Notes to the Financial Statements
June 30, 2025

Note 1 – Summary of Significant Accounting Policies (continued)

At the commencement of a lease, the City initially measures the lease liability at the present value of the 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 initial direct costs, if any. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

In determining the lease term, the City considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Key estimates and judgments related to leases include how the City determines the discount rates it uses to discount the expected lease payments to present value, the lease term, and lease payments. The City uses the interest rate charged by the lessor as the discount rate, when a rate is clearly stated. When the interest rate is not stated, the City uses its estimated incremental borrowing rate as the discount rate. The lease term includes all noncancelable periods of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and any purchase option amount that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require remeasurement of its leases and will remeasure lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

City as lessor. The City is a lessor for several noncancelable leases. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. The City recognizes leases receivable and deferred inflows of resources for leases that have a term exceeding one year with an initial, individual, value of \$25,000 based on the present value of the payments over the term of the contract, and that meet the definition of an other than short-term lease. Short-term lease receipts and variable lease receipts not included in the measurement of the lease receivable are recognized as income when earned.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease at the commencement date. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines the discount rate it uses to discount the expected lease receipts to present value, the lease term, and lease receipts. The City uses its estimated incremental borrowing rate as the discount rate for leases, unless an explicit rate is stated in the lease agreement. The lease term includes all noncancelable periods of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from lessees.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

City of Medford
Notes to the Financial Statements
June 30, 2025

Note 1 – Summary of Significant Accounting Policies (continued)

8. Subscription-based information technology arrangements (SBITAs)

When the City enters into subscription-based contracts to use vendor-provided information-technology software, the City recognizes subscription liabilities and intangible right-to-use subscription assets in the government-wide financial statements and the proprietary fund financial statements. The City recognizes subscription liabilities for SBITAs that have a term exceeding one year and an initial, individual value of \$25,000 or more based on the present value of the payments over the term of the contract.

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

In determining the subscription term, management considers all facts and circumstances that create an economic incentive to exercise an option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the subscription term if the subscription is reasonably certain to be extended (or not terminated).

Key estimates and judgments related to subscriptions include how the City determines the discount rates it uses to discount the expected subscription payments to present value, the subscription term, and subscription payments. The City uses the interest rate charged by the vendor as the discount rate, when a rate is clearly stated. When the interest rate is not stated, the City uses its estimated incremental borrowing rate as the discount rate. The subscription term includes all noncancelable periods of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and any other payments that the City is reasonably certain will be required based on an assessment of all relevant factors.

The City monitors changes in circumstances that would require remeasurement of its subscriptions and will remeasure subscription assets and liabilities if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

9. 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 outflows 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.

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 that qualify for reporting in this category, one which arises only under a modified accrual basis of accounting.

City of Medford
Notes to the Financial Statements
June 30, 2025

Note 1 – Summary of Significant Accounting Policies (continued)

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 resources 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.

10. Compensated absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation

The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave

The City's policy permits employees to accumulate earned but unused sick leave. Sick leave generally lapses (see below) when employees leave the employ of the City and, upon separation from service, no monetary obligation exists. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

Executive and non-represented employees receive partial payouts for sick leave balances exceeding 520 hours upon retirement and balances exceeding 960 hours upon termination for reasons other than retirement or discharge for cause; these are accrued due to their probability and materiality.

11. 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.

City of Medford
Notes to the Financial Statements
June 30, 2025

Note 1 – Summary of Significant Accounting Policies (continued)

12. 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.

Net investment in capital assets represents total capital assets less accumulated depreciation/amortization, and capital related debt net of unspent bond proceeds and retainage payable. Deferred outflows of resources and deferred inflows of resources directly related to 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, 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 approves 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 presented as assigned or unassigned 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.

City of Medford
Notes to the Financial Statements
June 30, 2025

Note 1 – Summary of Significant Accounting Policies (continued)

F. New Accounting Pronouncements

Adoption of New Accounting Pronouncement and Standards

During the fiscal year ended June 30, 2025, the following Governmental Accounting Standards Board (GASB) pronouncements were effective and implemented by the City:

Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The implementation of this Statement led to restating opening net position by over \$6 million as outlined in Note 3 Subsection O. The City's policy on accounting for compensated absences can be found in Note 1 Subsection E Item 10.

Statement No. 102, Certain Risk Disclosures. The objective of this Statement is to provide users of governmental financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. No viable threats to assets or obligations were identified.

Upcoming Accounting Pronouncements and Standards

The following pronouncements have been issued by the Governmental Accounting Standards Board (GASB), but are not yet effective, and have not been implemented as of June 30, 2025. The City will implement new GASB pronouncements no later than the required effective date. The City is currently evaluating whether or not the new GASB pronouncements listed below will have a significant impact to the City's financial statements.

Statement No. 103, Financial Reporting Model Improvements. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. For the City, this Statement is effective for the fiscal year ending June 30, 2026.

Statement No. 104, Disclosure of Certain Capital Assets. The objective of this Statement is to improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. For the City, this Statement is effective for the fiscal year ending June 30, 2026.

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.

City of Medford
Notes to the Financial Statements
June 30, 2025

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

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 2023-2025.

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, 2025, 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, 2025.

City of Medford
Notes to the Financial Statements
June 30, 2025

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, 2025, 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	\$ 132,866,433	1.90
Corporate bonds	27,744,237	1.22
Not subject to interest rate risk or maturities are less than one month		
Petty cash	8,085	
Cash equivalents	2,600,388	
Deposits with financial institutions	28,691,736	
LGIP	59,386,235	
Less fiduciary cash and investments	<u>(725,693)</u>	
Total cash and investments	<u>\$ 250,571,421</u>	
Cash and investments are reported as follows		
Cash and investments	\$ 250,290,349	
Restricted cash and cash equivalents	<u>281,072</u>	
Total cash and investments	<u>\$ 250,571,421</u>	

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, 2025, the City's deposits with various financial institutions had a bank balance of \$30,551,669 before any deposits in transit or outstanding checks. Of these deposits, \$750,000 was covered by FDIC insurance and \$29,801,669 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:

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

City of Medford
Notes to the Financial Statements
June 30, 2025

Note 3 – Detailed Notes on All Funds (continued)

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

At June 30, 2025, 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	\$ 22,487,978	Aaa	10.22%
Federal Home Loan Bank	15,013,722	Aaa	6.82%
U.S. Treasury	89,756,031	Aaa	40.80%
Fannie Mae	<u>5,608,702</u>	Aaa	2.55%
Total U.S. agency securities	<u>132,866,433</u>		
Corporate bonds			
JP Morgan Chase & Co	3,866,650	A1	1.76%
Colgate-Palmolive Co	3,480,382	Aa3	1.58%
Cisco Systems Inc	2,607,866	A1	1.19%
State Street Corp	4,413,238	A1	2.01%
Bank of America Corp	2,498,650	A1	1.14%
Morgan Stanley Bank NA	2,206,193	Aa3	1.00%
Johnson & Johnson	2,441,914	Aaa	1.11%
Walmart	2,001,745	Aa2	0.91%
Microsoft Corp	1,789,664	AAA	0.81%
Eli Lilly & Co	1,469,115	A+	0.67%
Proctor & Gamble	<u>968,820</u>	AA-	0.44%
Total corporate bonds	<u>27,744,237</u>		
LGIP	<u>59,386,235</u>	Not rated	26.99%
TOTAL INVESTMENTS	<u>\$ 219,996,905</u>		100.00%

The LGIP is not rated by a national rating service. Additional information about the OSTF can be obtained at 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.

City of Medford
Notes to the Financial Statements
June 30, 2025

Note 3 – Detailed Notes on All Funds (continued)

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.

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, 2025	Fair Value Measurement			Cost Measurement Not Measured at Fair Value
		Level One	Level Two	Level Three	
U.S. agency securities	\$ 43,110,402	\$ -	\$ 43,110,402	\$ -	\$ -
Corporate bonds	27,744,237		27,744,237		
U.S. treasury	89,756,031	89,756,031			
LGIP	59,386,235				59,386,235
TOTAL INVESTMENTS	\$ 219,996,905	\$ 89,756,031	\$ 70,854,639	\$ -	\$ 59,386,235

City of Medford
Notes to the Financial Statements
June 30, 2025

Note 3 – Detailed Notes on All Funds (continued)

B. Capital assets

Capital asset activity for the year ended June 30, 2025 was as follows:

PRIMARY GOVERNMENT	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
GOVERNMENTAL ACTIVITIES					
Capital assets, not being depreciated/amortized					
Land	\$ 31,479,569	\$ 72,623	\$ -	\$ -	\$ 31,552,192
Land - rights of way	136,676,191	1,757,325	-	-	138,433,516
Construction in progress	29,066,010	23,516,427	(562,741)	(2,119,950)	49,899,746
Total capital assets, not being depreciated/amortized	197,221,770	25,346,375	(562,741)	(2,119,950)	219,885,454
Capital assets, being depreciated/amortized					
Buildings	124,081,184	1,061,926	-	103,944	125,247,054
Improvements	62,451,380	653,075	(52,931)	1,232,553	64,284,077
Equipment	40,959,777	3,102,283	(853,850)	486,531	43,694,741
Infrastructure	295,759,222	9,174,774	-	296,922	305,230,918
Right-to-use lease assets - equipment	77,702	3,034	(25,218)	-	55,518
Right-to-use subscriptions	839,864	43,610	(120,100)	-	763,374
Total capital assets being depreciated/amortized	524,169,130	14,038,703	(1,052,099)	2,119,950	539,275,683
Less accumulated depreciation for					
Buildings	(24,857,648)	(4,286,000)	-	-	(29,143,647)
Improvements	(34,404,528)	(3,166,779)	52,931	-	(37,518,376)
Equipment	(29,749,440)	(1,869,328)	853,850	-	(30,764,918)
Infrastructure	(195,734,759)	(9,997,507)	-	-	(205,732,266)
Less accumulated amortization for					
Right-to-use lease assets - equipment	(56,868)	(16,478)	25,218	-	(48,128)
Right-to-use subscriptions	(372,207)	(191,217)	120,100	-	(443,325)
Total accumulated depreciation/amortization	(285,175,451)	(19,527,309)	1,052,099	-	(303,650,660)
Total capital assets being depreciated/amortized, net	238,993,679	(5,488,606)	-	2,119,950	235,625,023
GOVERNMENTAL ACTIVITIES					
CAPITAL ASSETS, NET					
	\$ 436,215,449	\$ 19,857,769	\$ (562,741)	\$ -	\$ 455,510,477

City of Medford
Notes to the Financial Statements
June 30, 2025

Note 3 – Detailed Notes on All Funds (continued)

PRIMARY GOVERNMENT	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
BUSINESS-TYPE ACTIVITIES					
Capital assets, not being depreciated/amortized					
Land	\$ 1,579,266	\$ -	\$ -	\$ -	\$ 1,579,266
Land - rights of way	243,198	-	-	-	243,198
Construction in progress	5,100,859	11,693,880	(27,412)	(1,114,012)	15,653,315
Total capital assets, not being depreciated/amortized	6,923,322	11,693,880	(27,412)	(1,114,012)	17,475,778
Capital assets, being depreciated/amortized					
Buildings	10,465,294	-	-	-	10,465,294
Improvements	28,554,289	4,610	-	-	28,558,899
Equipment	34,072,223	1,462,419	(288,966)	1,053,384	36,299,060
Sewers	46,650,651	2,000,970	-	-	48,651,622
Storm drains	59,539,650	4,422,632	-	60,629	64,022,911
Right-to-use subscriptions	62,877	-	-	-	62,877
Total capital assets being depreciated/amortized	179,344,984	7,890,632	(288,966)	1,114,012	188,060,663
Less accumulated depreciation for					
Buildings	(8,338,984)	(178,745)	-	-	(8,517,729)
Improvements	(20,137,015)	(501,010)	-	761,952	(19,876,073)
Equipment	(20,408,615)	(1,393,537)	288,966	(761,952)	(22,275,138)
Sewers	(21,170,743)	(895,661)	-	-	(22,066,404)
Storm drains	(21,866,532)	(1,310,641)	-	-	(23,177,173)
Less accumulated amortization for					
Right-to-use subscriptions	(1,747)	(20,960)	-	-	(22,706)
Total accumulated depreciation/amortization	(91,923,637)	(4,300,553)	288,966	-	(95,935,224)
Total capital assets being depreciated/amortized, net	87,421,347	3,590,079	-	1,114,012	92,125,439
BUSINESS-TYPE ACTIVITIES					
CAPITAL ASSETS, NET	\$ 94,344,670	\$ 15,283,959	\$ (27,412)	\$ -	\$ 109,601,217

City of Medford
Notes to the Financial Statements
June 30, 2025

Note 3 – Detailed Notes on All Funds (continued)

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

Depreciation Expense for Primary Government

Governmental activities

General government	\$ 1,882,966
Public Safety	2,122,267
Highways and streets	8,344,690
Culture and recreation	6,620,504
Community Development	321,929
Internal service	27,257

Total depreciation expense - governmental activities

\$ 19,319,613

Business-type activities

Sewer	\$ 4,258,064
Parking services	21,530

Total depreciation expense - business-type activities

\$ 4,279,594

Amortization Expense for Primary Government

Governmental activities

General government	\$ 123,106
Public Safety	38,642
Culture and recreation	14,448
Community Development	13,500
Internal service	18,000

Total amortization expense - governmental activities

\$ 207,696

Business-type activities

Sewer	\$ 20,959
-------	-----------

Total amortization expense - business-type activities

\$ 20,959

City of Medford
Notes to the Financial Statements
June 30, 2025

Note 3 – Detailed Notes on All Funds (continued)

Medford Water Commission

	Beginning Balance	Increases	Decreases/Transfers	Ending Balance
MEDFORD WATER COMMISSION				
Capital assets, not being depreciated/amortized				
Land and rights of way	\$ 5,118,489	\$ 4,846,252	\$ -	\$ 9,964,741
Construction in progress	86,600,795	52,909,271	(84,185,503)	55,324,563
Total capital assets, not being depreciated/amortized	91,719,285	57,755,523	(84,185,503)	65,289,305
Capital assets, being depreciated/amortized				
Buildings, supply, and distribution system	220,758,141	78,592,958	(87,403)	299,263,696
Equipment and software	11,746,177	3,868,417	(72,019)	15,542,575
Right-to-use subscription asset	2,607,290	15,396	-	2,622,686
Total capital assets being depreciated/amortized	235,111,609	82,476,771	(159,422)	317,428,958
Less accumulated depreciation/amortization for				
Buildings, supply, and distribution system	(68,337,031)	(4,235,595)	38,539	(72,534,087)
Equipment and software	(7,470,961)	(673,772)	66,954	(8,077,779)
Right-to-use subscription asset	(285,362)	(389,031)	-	(674,393)
Total accumulated depreciation/amortization	(76,093,353)	(5,298,398)	105,493	(81,286,258)
Total capital assets being depreciated/amortized, net	159,018,256	77,178,373	(53,929)	236,142,700
MEDFORD WATER COMMISSION CAPITAL ASSETS, NET	<u>\$ 250,737,541</u>	<u>\$ 134,933,896</u>	<u>\$ (84,239,432)</u>	<u>\$ 301,432,005</u>

City of Medford
Notes to the Financial Statements
June 30, 2025

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 Statute 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%	\$ 9,135,000
Full faith and credit bond 2020 full faith and credit for LED street lighting, maturing 2035	3,842,698	1.80%	<u>2,694,323</u>
Total bonds outstanding			<u>\$ 11,829,323</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, 2025:

	Governmental Activities	
	Principal	Interest
2026	\$ 3,691,349	\$ 604,315
2027	4,104,237	388,585
2028	2,012,328	148,033
2029	240,624	35,317
2030	249,132	30,947
2031-2035	1,381,023	83,666
2036	150,630	1,356
Total	<u>\$ 11,829,323</u>	<u>\$ 1,292,219</u>

City of Medford
Notes to the Financial Statements
June 30, 2025

Note 3 – Detailed Notes on All Funds (continued)

Revenue bonds

Revenue bonds at June 30, 2025 are as follows:

Purpose	Original Amount	Interest Rates	Amount Outstanding
Revenue bonds			
Governmental activities			
2020A, Limited tax revenue and refunding bonds, maturing 2050	\$ 63,110,000	2%-5%	\$ 58,695,000
2020B, Limited tax revenue and refunding bonds, maturing 2043	36,140,000	2%-2.55%	33,125,000
2024, Limited tax revenue bonds, maturing 2044	6,110,000	4%-5%	<u>5,840,000</u>
Total revenue bonds outstanding - governmental activities			<u>\$ 97,660,000</u>
Business-type activities			
2024, Sewer revenue bonds, maturing 2055	\$ 19,415,000	4%-5%	<u>\$ 19,415,000</u>
Total revenue bonds outstanding - business-type activities			<u>\$ 19,415,000</u>

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.

The 2024 (tax-exempt) limited tax revenue bonds were issued for \$6,110,000 in September 2024 with interest rates ranging between 4.00% to 5.00% and final maturity in fiscal year 2044. The proceeds are being used to finance all or a portion of the construction and equipping of a new fire station.

The 2024 (tax-exempt) sewer revenue bonds were issued for \$19,415,000 in October 2024 with interest rates ranging between 4.00% to 5.00% and final maturity in fiscal year 2055. The proceeds are being used to finance the costs of improvements to the water reclamation system.

City of Medford
Notes to the Financial Statements
June 30, 2025

Note 3 – Detailed Notes on All Funds (continued)

The following schedule shows the debt service requirements for revenue bonds as of June 30, 2025:

	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 3,485,000	\$ 2,412,061	\$ 305,000	\$ 842,850	\$ 3,790,000	\$ 3,254,911
2027	3,610,000	2,287,561	325,000	827,600	3,935,000	3,115,161
2028	3,735,000	2,157,911	340,000	811,350	4,075,000	2,969,261
2029	3,870,000	2,022,861	355,000	794,350	4,225,000	2,817,211
2030	3,940,000	1,952,373	375,000	776,600	4,315,000	2,728,973
2031-2035	21,115,000	7,887,565	2,160,000	3,584,000	23,275,000	11,471,565
2036-2040	21,615,000	5,478,377	2,765,000	2,986,500	24,380,000	8,464,877
2041-2045	21,875,000	2,875,396	3,460,000	2,291,800	25,335,000	5,167,196
2046-2050	14,415,000	931,814	4,210,000	1,542,600	18,625,000	2,474,414
2051-2055	-	-	5,120,000	630,400	5,120,000	630,400
Total	\$ 97,660,000	\$ 28,005,919	\$ 19,415,000	\$ 15,088,050	\$ 117,075,000	\$ 43,093,969

Note Payable

Note payable at June 30, 2025 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%	\$ -	\$ 6,467,145

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 note will mature in 2031 when the remainder of the unused credit is drawn by the City. The loan will not be amortized until the final drawdown. Until project completion, interest is paid annually at 1.61%. Payments are due semiannually at \$545,335 beginning November 1, 2021. The City drew down \$3,532,855 and had repaid the \$3,532,855 in principal as of June 30, 2025 for the project.

City of Medford
Notes to the Financial Statements
June 30, 2025

Note 3 – Detailed Notes on All Funds (continued)

Changes in long-term liabilities

Long-term liabilities for the year ended June 30, 2025, were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
GOVERNMENTAL ACTIVITIES					
Bonds payable					
General obligation/full faith bonds	\$ 15,132,982	\$ -	\$ (3,303,659)	\$ 11,829,323	\$ 3,691,349
Revenue bonds	95,000,000	6,110,000	(3,450,000)	97,660,000	3,485,000
Total bonds payable	110,132,982	6,110,000	(6,753,659)	109,489,323	7,176,349
Notes payable	329,601	-	(329,601)	-	-
Unamortized premium (discount)	3,392,497	499,332	(159,110)	3,732,719	-
Total notes and bonds	113,855,080	6,609,332	(7,242,370)	113,222,042	7,176,349
Compensated absences	3,950,594	10,526,428	(3,950,594)	10,526,428	2,105,286
Leases payable	21,154	-	(13,634)	7,520	7,520
Subscription liability	475,786	43,610	(188,859)	330,537	155,552
GOVERNMENTAL ACTIVITIES					
LONG-TERM LIABILITIES	<u>\$ 118,302,614</u>	<u>\$ 17,179,370</u>	<u>\$ (11,395,457)</u>	<u>\$ 124,086,527</u>	<u>\$ 9,444,707</u>
BUSINESS-TYPE ACTIVITIES					
Bonds payable					
Revenue bonds	\$ -	\$ 19,415,000	\$ -	\$ 19,415,000	\$ 305,000
Unamortized premium (discount)	-	800,417	(25,820)	774,597	-
Total bonds	-	20,215,417	(25,820)	20,189,597	305,000
Compensated absences	518,325	1,119,358	(518,325)	1,119,358	223,872
Subscription liability	61,254	-	(20,004)	41,250	21,030
BUSINESS-TYPE ACTIVITIES					
LONG-TERM LIABILITIES	<u>\$ 579,579</u>	<u>\$ 21,334,775</u>	<u>\$ (564,149)</u>	<u>\$ 21,350,205</u>	<u>\$ 549,902</u>

City of Medford
Notes to the Financial Statements
June 30, 2025

Note 3 – Detailed Notes on All Funds (continued)

D. Net investment in capital assets

Governmental

Net investment in capital assets for Governmental Activities as presented in the Statement of Net Position as of June 30, 2025 is determined as follows:

Capital assets, net	\$ 455,510,477
Less outstanding principal on capital asset related debt	
Lease Liability	(7,520)
Subscription Liability	(330,537)
General obligation bonds, excluding PERS bond	(2,694,323)
Revenue bonds	(97,660,000)
Less: unamortized premium	(3,732,718)
Less: retainage payable	(211,861)
Add: deferred outflows on bond refunding	2,390,120
Add: unspent bond proceeds	4,775,393

Governmental activities net position invested in capital assets, net of related debt	\$ 358,039,031
--	----------------

Business-Type

Net investment in capital assets for Business-Type Activities as presented in the Statement of Net Position as of June 30, 2025 is determined as follows:

Capital assets, net	\$ 109,601,217
Less outstanding principal on capital asset related debt	
Subscription Liability	(41,250)
Revenue bonds	(19,415,000)
Less: unamortized premium	(774,597)
Less: retainage payable	(182,597)
Add: unspent bond proceeds	16,021,036

Business-Type activities net position invested in capital assets, net of related debt	\$ 105,208,809
---	----------------

City of Medford
Notes to the Financial Statements
June 30, 2025

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, 2025, are as follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Payments</u>	<u>End of Year</u>
Fleet Maintenance Fund Due to the general fund	\$ 350,000	\$ -	\$ (100,000)	\$ 250,000
Total Interfund Advances	\$ 350,000	\$ -	\$ (100,000)	\$ 250,000

The General Fund loaned the Fleet Maintenance Fund \$450,000 to be repaid by June 30, 2027 at 0% interest.

Interfund transfers

Transfers In	Transfers Out									
	General Fund	Gas Tax Fund	Federal Stimulus Grant Fund	Street Improvement Fund	Nonmajor Governmental Funds	Sewer Utility Fund	Parking Facilities Fund	Internal Service Funds	Total	Transfers In
General Fund	\$ -	\$ 609,183	\$ -	\$ 82,145	\$ 2,880,878	\$ 3,089,900	\$ 4,267	\$ 424,903	\$ 7,091,277	
Nonmajor Governmental	4,760,036	406,186	267,479	-	9,040,731	-	4,902	-	14,479,334	
Sewer Utility Fund	-	-	-	-	-	1,991,924	-	-	1,991,924	
Internal Service Funds	-	-	-	-	41,200	44,800	-	-	86,000	
Total transfers out	\$ 4,760,036	\$ 1,015,369	\$ 267,479	\$ 82,145	\$ 11,962,809	\$ 5,126,625	\$ 9,169	\$ 424,903	\$ 23,648,535	

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

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.

City of Medford
Notes to the Financial Statements
June 30, 2025

Note 3 – Detailed Notes on All Funds (continued)

	<u>Year Ended June 30,</u>	
	<u>2025</u>	<u>2024</u>
Unpaid claims, beginning of year	\$ 790,845	\$ 1,609,161
Incurred claims (including IBNR)	270,562	181,396
Claim payments	(367,265)	(999,712)
Unpaid claims, end of year	\$ 694,142	\$ 790,845

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

G. 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 (2013B issuance), 2020 (2020A & 2020B issuances), and 2023 (2023A & 2023B). The outstanding balance of these bonds as of June 30, 2025 was \$515,813,000. 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.

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.

City of Medford
Notes to the Financial Statements
June 30, 2025

Note 3 – Detailed Notes on All Funds (continued)

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.

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.

City of Medford
Notes to the Financial Statements
June 30, 2025

Note 3 – Detailed Notes on All Funds (continued)

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.

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.

City of Medford
Notes to the Financial Statements
June 30, 2025

Note 3 – Detailed Notes on All Funds (continued)

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, 2021 actuarial valuation. The rates, based on a percentage of payroll, first became effective July 1, 2023. Employer contributions for the year ended June 30, 2025 were \$8,315,472, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2025 were 22.73 percent for Tier One/Tier Two General Services and 15.58 percent for OPSRP Pension Program General Services, 20.37 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, 2025, the City's proportionate share of the net pension liability is \$77,273,075. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022 rolled forward to June 30, 2024. 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, 2024 measurement date, the City's proportion was 0.42946 percent, which was changed from its proportion measured as of June 30, 2023 of 0.40468 percent. Each fund has been used to liquidate that fund's pension liability in prior years. For the year ended June 30, 2025, the City recognized pension expense of \$11,282,104.

At June 30, 2025, 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	\$ 4,577,714	\$ 184,425
Change in assumptions	7,769,058	9,953
Net difference between projected and actual earnings on pension plan investments	4,909,000	-
Changes in proportionate share	3,485,846	5,717,683
Differences between City contributions and proportionate share of contributions	-	4,428,890
Subtotal before post-measurement date contributions	20,741,618	10,340,951
City contributions subsequent to the measurement date	<u>8,315,472</u>	-
Total	<u>\$ 29,057,090</u>	<u>\$ 10,340,951</u>

Deferred outflows of resources related to pensions of \$8,315,472 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 ending June 30, 2026. Net deferred outflows (inflows) of resources will be recognized in pension expense as follows for the fiscal year ended June 30:

City of Medford
Notes to the Financial Statements
June 30, 2025

Note 3 – Detailed Notes on All Funds (continued)

2026	\$ (1,514,776)
2027	7,277,850
2028	3,334,323
2029	1,195,384
2030	107,886
	<hr/>
	<hr/>
	\$ 10,400,667

Actuarial assumptions:

The employer contribution rates effective July 1, 2023, 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.

Actuarial methods and assumptions used in developing total pension liability

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	December 31, 2022
Measurement date	June 30, 2024
Experience study report	2022, published July 24, 2023
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.

City of Medford
Notes to the Financial Statements
June 30, 2025

Note 3 – Detailed Notes on All Funds (continued)

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 2022 Experience Study which reviewed experience for the four-year period ending on December 31, 2022.

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2023 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>

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 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	\$ 121,895,138	\$ 77,273,075	\$ 39,899,917

City of Medford
Notes to the Financial Statements
June 30, 2025

Note 3 – Detailed Notes on All Funds (continued)

K. Post-employment benefits other than pension

Aggregate Balances – At June 30, 2025, 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	\$ 374,243	\$ 69,234	\$ 443,477
Net OPEB liability (asset)	5,703,065	(1,265,818)	4,437,247
Net deferred inflows of resources related to OPEBs	1,170,323	43,224	1,213,547
OPEB expense (income)	456,715	(131,933)	324,782

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.

Employees covered by benefit terms

At June 30, 2025, the following employees were covered by the benefit terms:

Category	Count
Active employees	517
Inactive employees, spouses, or beneficiaries currently receiving benefit payments	17
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, 2025, the City's combined plan contributions were \$158,891.

City of Medford
Notes to the Financial Statements
June 30, 2025

Note 3 – Detailed Notes on All Funds (continued)

Total OPEB Liability

The City's total OPEB liability was measured as of June 30, 2025 and was determined by an actuarial valuation as of July 1, 2024 rolled forward to June 30, 2025.

Actuarial assumptions

The OPEB liability in the July 1, 2024 actuarial valuation rolled forward to June 30, 2025 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	5.25%
Salary growth	3.50%
Healthcare cost trend rates	4.5%-7.7%

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, 2025 was 5.25 percent which is based on all years discounted at municipal bond rate.

Changes in the net OPEB liability

Total OPEB Liability	2025
Changes for the year:	
Service cost	\$ 320,984
Interest	227,672
Differences between expected & actual experience	80,606
Changes in assumptions	(217,564)
Benefit payment	<u>(158,891)</u>
Net change in total OPEB liability	<u>252,807</u>
Total OPEB liability - beginning of year	<u>5,450,258</u>
Total OPEB liability - end of year	<u>\$ 5,703,065</u>

Each fund has been used to liquidate that fund's OPEB liability in prior years.

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 (4.25%) or 1-percentage-point higher (6.25%) than the current discount rate:

City of Medford
Notes to the Financial Statements
June 30, 2025

Note 3 – Detailed Notes on All Funds (continued)

	1% Decrease (4.25)%	Current Discount Rate (5.25%)	1% Increase (6.25)%
--	------------------------	----------------------------------	------------------------

Total OPEB liability	\$ 6,236,305	\$ 5,703,065	\$ 5,218,064
----------------------	--------------	--------------	--------------

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:

	1% Decrease 6.7% Graded Down to 3.5%	Current Trend Rate 7.7% Graded Down to 4.5%	1% Increase 8.7% Graded Down to 5.5%
--	--	---	--

Total OPEB liability	\$ 5,011,736	\$ 5,703,065	\$ 6,527,088
----------------------	--------------	--------------	--------------

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

For the year ended June 30, 2025, the City recognized OPEB expense of \$456,715. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to single employer OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 77,669	\$ 417,083
Change in assumptions	<u>296,574</u>	<u>753,240</u>
	<u>\$ 374,243</u>	<u>\$ 1,170,323</u>

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

2026	\$ (91,942)
2027	(91,942)
2028	(91,941)
2029	(111,649)
2030	(172,288)
Thereafter	<u>(236,318)</u>
	<u>\$ (796,080)</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.

City of Medford
Notes to the Financial Statements
June 30, 2025

Note 3 – Detailed Notes on All Funds (continued)

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>

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, 2025 was \$(1).

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

At June 30, 2025, the City reported an asset of \$1,265,818 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2024, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation date of December 31, 2022. The City's proportionate share as of the June 30, 2024 measurement date was 0.3674%. The proportionate share prior to the June 30, 2023 measurement date was 0.3607%.

For the year ended June 30, 2025, the City recognized OPEB expense (income) of \$(131,933) 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	\$ -	\$ 24,759
Change in assumptions	- -	16,011
Net difference between projected and actual earnings on investments	35,740	-
Changes in proportionate share	<u>33,494</u>	<u>2,454</u>
Total	<u>\$ 69,234</u>	<u>\$ 43,224</u>

City of Medford
Notes to the Financial Statements
June 30, 2025

Note 3 – Detailed Notes on All Funds (continued)

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:

2026	\$ (43,757)
2027	46,309
2028	19,336
2029	<u>4,127</u>
	<u><u>\$ 26,015</u></u>

Actuarial methods and assumptions

The total OPEB liability is based on the December 31, 2022 actuarial valuation date and rolled forward to the June 30, 2024 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, present 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, 2024 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:

City of Medford
Notes to the Financial Statements
June 30, 2025

Note 3 – Detailed Notes on All Funds (continued)

	1% Decrease (5.90)%	Current Discount Rate (6.90)%	1% Increase (7.90)%
Net OPEB liability (asset)	\$ (1,171,763)	\$ (1,265,818)	\$ (1,346,803)

OPEB plan fiduciary net position

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

L. Related party transactions

The Commission paid the City a franchise fee amounting to \$402,252 in fiscal year 2025 and garage charges of \$144,776. The Commission's water sales to the City were \$471,221 during the year ended June 30, 2025.

M. Leases

1. City as lessee

The City leases several copiers used by various departments for printing and scanning. The leases expire in various years through 2026. The lease agreements do not contain any material residual value guarantees. As the interest rates implicit in the lease agreements are not readily determinable, the City utilizes its incremental borrowing rate to discount the lease payments.

The total amount of outflows of resources related to the equipment leases recognized in the fiscal year ending June 30, 2025 are as follows:

	Governmental Activities
Lease Principal	\$ 13,634
Interest Expense	129
	<u><u>\$ 13,763</u></u>

At June 30, 2025, the principal and interest requirements to maturity for the lease liabilities are as follows:

Year Ending	Governmental Activities		
	Principal	Interest	Total
June 30	\$ 7,520	\$ 29	\$ 7,549
2026	<u><u>\$ 7,520</u></u>	<u><u>\$ 29</u></u>	<u><u>\$ 7,549</u></u>

City of Medford
Notes to the Financial Statements
June 30, 2025

Note 3 – Detailed Notes on All Funds (continued)

2. City as lessor

The City leases out some of its buildings, land, and infrastructure to various tenants under long-term, noncancelable contracts. Some of the contracts also include renewal options. The lease contracts expire at various dates through 2030 and provide renewal options that range from two to five years. The City has included these renewal periods in the lease term when they are both noncancelable and reasonably certain to be exercised. The City's lease agreements do not contain any material residual value guarantees. As the interest rate implicit in the City's leases is not readily determinable, the City utilizes its incremental borrowing rate to discount the lease payments. Although the City is exposed to changes in the residual value at the end of the current leases, the City typically enters into new operating leases and therefore will not immediately recognize any reduction in residual value at the end of the leases.

The total amount of inflows of resources related to leases recognized in the fiscal year ending June 30, 2025 are as follows:

	Governmental		Business-Type	
	Activities	Activities		Total
Lease Principal	\$ 295,731	\$ 31,762	\$ 327,493	
Interest Income	7,584	2,904	10,488	
	<u><u>\$ 303,315</u></u>	<u><u>\$ 34,666</u></u>	<u><u>\$ 337,981</u></u>	

At June 30, 2025, the principal and interest requirements to maturity for the leases receivable are as follows:

Year Ending	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
June 30	\$ 11,180	\$ 3,472	\$ 14,652	\$ 32,744	\$ 1,922	\$ 34,666
2026	11,207	2,016	13,223	33,757	909	34,666
2027	6,880	1,362	8,242	11,478	77	11,555
2028	7,506	859	8,365	-	-	-
2029	8,174	316	8,490	-	-	-
2030	<u><u>\$ 44,947</u></u>	<u><u>\$ 8,025</u></u>	<u><u>\$ 52,972</u></u>	<u><u>\$ 77,979</u></u>	<u><u>\$ 2,908</u></u>	<u><u>\$ 80,887</u></u>

N. Subscription-based information technology arrangements (SBITAs)

The City has SBITA contracts with various vendors under long-term, renewable, noncancelable contracts. These contracts expire on various dates through 2032 and provide renewal options between one and five years. The City has included these renewal periods in the subscription term when they are both noncancelable and reasonably certain to be exercised. As the interest rates implicit in the City's SBITAs are not readily determinable, the City utilizes its incremental borrowing rate to discount the subscription payments.

The total amount of outflows related to SBITAs recognized in the year ended June 30, 2025 are as follows:

	Governmental		Business-Type	
	Activities	Activities		Total
Subscription Principal	\$ 188,861	\$ 20,005	\$ 208,866	
Interest Expense	12,530	2,608	15,138	
	<u><u>\$ 201,391</u></u>	<u><u>\$ 22,613</u></u>	<u><u>\$ 224,004</u></u>	

City of Medford
Notes to the Financial Statements
June 30, 2025

Note 3 – Detailed Notes on All Funds (continued)

At June 30, 2025, the principal and interest requirements to maturity for the subscription liabilities are as follows:

Year Ending June 30	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 155,552	\$ 7,430	\$ 162,982	\$ 21,030	\$ 1,585	\$ 22,615
2027	117,238	2,872	120,110	20,220	509	20,729
2028	28,569	544	29,113	-	-	-
2029	13,573	208	13,781	-	-	-
2030	7,159	126	7,285	-	-	-
2031-2032	8,446	54	8,500	-	-	-
	<u>\$ 330,537</u>	<u>\$ 11,234</u>	<u>\$ 341,771</u>	<u>\$ 41,250</u>	<u>\$ 2,094</u>	<u>\$ 43,344</u>

O. Change in accounting principle

For the year ended June 30, 2025, the City restated June 30, 2024 net position related to the implementation of GASB Statement No. 101. In addition to the value of unused vacation time owed to employees upon separation of employment, the City of Medford now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences.

The restatement for the change in accounting principle resulted in adjustments to and restatements of beginning net position as follows:

	6/30/2024 As previously reported	Change within financial reporting entity	06/30/2024 As restated
Government-wide			
Governmental activities	\$ 437,225,280	\$ (5,867,640)	\$ 431,357,640
Business-type activities	140,563,663	(511,684)	140,051,979
Total government-wide	<u>\$ 577,788,943</u>	<u>\$ (6,379,324)</u>	<u>\$ 571,409,619</u>
Proprietary funds			
Enterprise funds			
Major Sewer Fund	\$ 137,774,719	\$ (509,695)	\$ 137,265,024
Nonmajor Funds	2,788,944	(1,989)	2,786,955
Total enterprise funds	<u>\$ 140,563,663</u>	<u>\$ (511,684)</u>	<u>\$ 140,051,979</u>
Internal service funds	<u>\$ 4,138,322</u>	<u>\$ (93,249)</u>	<u>\$ 4,045,073</u>

City of Medford
Notes to the Financial Statements
June 30, 2025

Note 3 – Detailed Notes on All Funds (continued)

P. Subsequent Events

On November 6, 2025, the City drew down the final \$6,467,145 of the loan from ODOT to widen Foothill Road from Hillcrest to McAndrews. Semiannual payments of \$545,335 will resume on May 1, 2026. The note will mature in 2032.

On December 17, 2025, the City executed a Water Infrastructure Financing and Innovation Act loan with the U.S. Environmental Protection Agency for \$147,245,000 bearing an interest rate of 4.84%. Semi-annual payments of \$7,515,450 will begin on December 1, 2034 and will be paid with proceeds from Sewer Treatment Utility Fees. Capitalized interest will begin to accrue with the first drawdown on the loan, currently scheduled for the fiscal year ending June 30, 2027, until debt service payments begin.

Required Supplementary Information

City of Medford
Required Supplementary Information
For the Year Ended June 30, 2025

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

Measurement date as of June 30:	2024	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of the net OPEB liability (asset)	0.347375%	0.367393%	0.360654%	0.352561%	0.249502%	0.382030%	0.376479%	0.027102%	0.029265%
Proportionate share of the net OPEB liability (asset)	\$ (1,265,818)	\$ (1,205,949)	\$ (1,146,965)	\$ (1,092,634)	\$ (464,222)	\$ (674,091)	\$ (383,748)	\$ (154,394)	\$ 105,761
Covered payroll	\$ 45,982,200	\$ 42,365,545	\$ 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	-2.75%	-2.85%	-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	220.70%	201.60%	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:	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ (1)	\$ 286	\$ 6,324	\$ 8,181	\$ 8,522	\$ 16,299	\$ 170,305	\$ 151,077	\$ 184,180	\$ 173,650
Contributions in relation to the contractually required contribution	(1)	286	6,324	8,181	8,522	16,299	170,305	151,077	184,180	173,650
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 51,256,736	\$ 45,982,200	\$ 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	0.00%	0.00%	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, 2022 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, 2022.

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.

65

City of Medford
Required Supplementary Information
For the Year Ended June 30, 2025

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

Measurement date as of June 30:	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability									
Changes for the year									
Service cost	\$ 320,984	\$ 335,840	\$ 375,261	\$ 364,331	\$ 404,031	\$ 310,314	\$ 244,641	\$ 238,674	\$ 238,674
Interest	227,672	204,700	192,791	130,596	133,337	171,777	153,370	140,932	133,484
Differences between expected and actual experience	80,606	-	(306,946)	-	(404,448)	-	17,080	-	-
Changes in assumptions	(217,564)	(122,099)	(104,596)	(625,972)	(21,908)	606,476	179,951	-	-
Benefit payment	(158,891)	(182,029)	(151,446)	(200,175)	(186,099)	(142,155)	(127,441)	(171,640)	(147,069)
Net change in total OPEB liability	252,807	236,412	5,064	(331,220)	(75,087)	946,412	467,601	207,966	225,089
Total OPEB liability - beginning of year	5,450,258	5,213,846	5,208,782	5,540,002	5,615,089	4,668,677	4,201,076	3,993,110	3,768,021
Total OPEB liability - end of year	\$ 5,703,065	\$ 5,450,258	\$ 5,213,846	\$ 5,208,782	\$ 5,540,002	\$ 5,615,089	\$ 4,668,677	\$ 4,201,076	\$ 3,993,110
Covered-employee payroll	\$ 46,883,095	\$ 39,664,993	\$ 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	12.16%	13.74%	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, 2024 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 - 5.25%. 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 generational, 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, 2025 reporting date is 5.25%. 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.

66

City of Medford
Required Supplementary Information
For the Year Ended June 30, 2025

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

Measurement date as of June 30:	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability (asset)	0.385347%	0.429457%	0.404679%	0.384699%	0.400039%	0.379140%	0.392096%	0.392096%	0.399763%	0.411583%
Proportionate share of the net pension liability (asset)	\$ 77,273,075	\$ 72,238,721	\$ 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	\$ 45,982,200	\$ 42,365,545	\$ 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	168.05%	170.51%	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	79.30%	81.70%	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:	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 8,315,472	\$ 7,441,847	\$ 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	<u>8,315,472</u>	<u>7,441,847</u>	<u>6,698,581</u>	<u>6,493,122</u>	<u>5,970,097</u>	<u>5,774,915</u>	<u>4,356,173</u>	<u>4,287,467</u>	<u>3,681,437</u>	<u>3,618,220</u>
Contribution deficiency (excess)	<u>\$ -</u>									
Covered payroll	\$ 51,256,736	\$ 45,982,200	\$ 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	16.22%	16.18%	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, 2022 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, 2022.

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, 2025

	Biennium Budget		First Year	Second Year	Variance With	
	Original	Final	Actual	Actual	Total Actual	Final Budget
REVENUES						
Property taxes	\$ 95,596,500	\$ 95,596,500	\$ 46,972,719	\$ 49,808,833	\$ 96,781,552	\$ (1,185,052)
Franchise fees	26,518,800	28,455,300	14,481,549	16,947,958	31,429,507	(2,974,207)
Licenses, permits, and fees	1,357,000	1,357,000	677,294	805,250	1,482,544	(125,544)
Intergovernmental	10,693,000	12,248,600	6,078,269	5,800,704	11,878,973	369,627
Charges for services	3,981,000	4,571,700	2,452,259	2,440,818	4,893,077	(321,377)
Fines and penalties	5,049,000	5,399,000	2,197,872	2,778,258	4,976,130	422,870
Investment earnings	1,158,400	3,106,300	2,478,084	2,872,818	5,350,902	(2,244,602)
Other revenue	146,000	829,100	279,864	261,028	540,893	288,207
Grants and contracts	2,289,900	10,766,100	4,883,252	3,712,032	8,595,285	2,170,815
Total revenues	146,789,600	162,329,600	80,501,164	85,427,699	165,928,863	(3,599,263)
EXPENDITURES						
Mayor and council	1,326,300	1,476,300	469,411	566,406	1,035,817	440,483
City managers office	3,378,800	3,578,800	1,511,935	1,797,928	3,309,864	268,936
Legal	1,976,300	1,976,300	900,555	1,075,328	1,975,884	416
Human resources	2,088,000	2,105,700	1,005,993	1,063,221	2,068,315	37,385
Finance	8,367,900	8,367,900	3,883,472	4,265,647	8,149,119	218,781
Municipal court	5,140,300	5,720,300	2,658,394	2,906,359	5,564,753	155,547
Innovation and technology	6,301,600	6,386,100	2,587,414	3,289,249	5,876,663	509,437
Planning	5,233,800	5,750,300	2,159,102	2,666,909	4,826,011	924,289
Parks and recreation						
Facilities maintenance	8,165,100	11,812,000	3,638,924	4,491,795	8,130,719	3,681,281
Parks and recreation	13,055,300	14,763,400	7,793,824	6,697,621	14,491,445	271,955
Police	59,392,700	60,250,500	27,120,035	30,235,939	57,355,974	2,894,526
Fire	38,213,800	42,058,000	18,495,482	22,258,648	40,754,130	1,303,870
Building safety	42,500	77,900	31,531	33,870	65,401	12,499
Community promotions & grants	2,988,100	7,513,300	4,572,414	691,087	5,263,501	2,249,799
Contingency	4,000,000	3,100,200	-	-	-	3,100,200
Total expenditures	159,670,500	174,937,000	76,827,585	82,040,009	158,867,595	16,069,405
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(12,880,900)	(12,607,400)	3,673,579	3,387,690	7,061,268	(19,668,668)
OTHER FINANCING SOURCES (USES)						
Transfers in	22,662,600	22,673,600	15,243,621	7,291,275	22,534,897	138,703
Transfers out	(13,233,300)	(13,607,800)	(8,687,531)	(4,860,035)	(13,547,566)	(60,234)
Total other financing sources (uses)	9,339,300	9,065,800	6,556,091	2,431,240	8,987,331	78,469
NET CHANGE IN FUND BALANCE	(3,541,600)	(3,541,600)	10,229,670	5,818,930	16,048,599	(19,590,199)
FUND BALANCE, beginning of year	75,371,300	75,371,300	46,481,279	56,710,949	46,481,279	26,890,021
FUND BALANCE, end of year	\$ 71,829,700	\$ 71,829,700	\$ 56,710,949	62,529,879	\$ 62,529,879	\$ 9,299,821
RECONCILIATION TO GAAP BASIS						
Advances to other funds			250,000			
GASB 72 adjustment			287,430			
GASB 87 lease receivable			44,947			
GASB 87 deferred inflow of resources			(44,070)			
TOTAL GAAP BASIS FUND BALANCE, end of year			\$ 63,068,186			

City of Medford

Notes to Required Supplementary Information – Basis of Budgeting For the Year Ended June 30, 2025

Note 1 – Basis of Budgeting

Interfund loans are classified as a due to due 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, 2025. During 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. During the year ended June 30, 2025, the Fleet Maintenance Fund repaid \$100,000 of the loan. The loan balance at June 30, 2025 was \$250,000.

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, 2025

	Biennium Budget		First Year	Second Year	Variance With	
	Original	Final	Actual	Actual	Total Actual	Final Budget
REVENUES						
Intergovernmental	\$ 15,333,600	\$ 18,359,300	\$ 10,888,106	\$ 5,922,552	\$ 16,810,657	\$ 1,548,643
Total revenues	15,333,600	18,359,300	10,888,106	5,922,552	16,810,657	1,548,643
EXPENDITURES						
Community Development	1,690,200	5,261,800	606,828	3,547,197	4,154,025	1,107,775
Capital outlay	7,767,200	7,958,800	5,423,119	2,107,876	7,530,995	427,805
Contingency	848,300	10,800	-	-	-	10,800
Total expenditures	10,305,700	13,231,400	6,029,947	5,655,073	11,685,021	1,546,379
EXCESS REVENUES OVER (UNDER) EXPENDITURES	5,027,900	5,127,900	4,858,159	267,479	5,125,638	2,262
OTHER FINANCING SOURCES (USES)						
Transfers out	(5,027,900)	(5,127,900)	(4,858,159)	(267,479)	(5,125,638)	(2,262)
Total other financing sources (uses)	(5,027,900)	(5,127,900)	(4,858,159)	(267,479)	(5,125,638)	(2,262)
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, 2025

	Biennium Budget		First Year	Second Year	Variance With	
	Original	Final	Actual	Actual	Total Actual	Final Budget
REVENUES						
Fuel Taxes	\$ 13,368,500	\$ 13,368,500	\$ 7,037,336	\$ 7,256,624	\$ 14,295,960	\$ (927,460)
Investment earnings	514,200	1,814,200	1,026,958	960,528	1,987,486	(173,286)
Charges for services	-	391,000	694,047	328,938	1,022,985	(631,985)
Grants and contracts	-	6,337,200	5,748,903	1,949,357	7,698,259	(1,361,059)
Other revenue	-	22,400	244	91,589	91,833	(69,433)
Total revenues	13,882,700	21,933,300	14,507,489	10,589,036	25,096,524	(3,163,224)
EXPENDITURES						
Highway and streets	7,759,600	8,198,100	3,423,870	3,940,308	7,364,178	833,922
Capital outlay	19,653,700	29,985,800	8,607,753	14,826,754	23,434,507	6,551,293
Contingency	5,250,000	2,530,000	-	-	-	2,530,000
Total expenditures	32,663,300	40,713,900	12,031,623	18,767,062	30,798,685	9,915,215
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(18,780,600)	(18,780,600)	2,475,866	(8,178,026)	(5,702,161)	(13,078,439)
OTHER FINANCING SOURCES (USES)						
Transfers out	(2,773,600)	(2,773,600)	(1,378,679)	(1,015,369)	(2,394,049)	(379,551)
Total other financing sources (uses)	(2,773,600)	(2,773,600)	(1,378,679)	(1,015,369)	(2,394,049)	(379,551)
NET CHANGE IN FUND BALANCE	(21,554,200)	(21,554,200)	1,097,187	(9,193,395)	(8,096,210)	(13,457,991)
FUND BALANCE, beginning of year	25,419,700	25,419,700	28,510,726	29,607,913	28,510,726	(3,091,026)
FUND BALANCE, end of year	\$ 3,865,500	\$ 3,865,500	\$ 29,607,913	20,414,518	\$ 20,414,518	\$ (16,549,018)
RECONCILIATION TO GAAP BASIS						
GASB 72 adjustment					86,076	
TOTAL GAAP BASIS FUND BALANCE, end of year					\$ 20,500,594	

Other Supplementary Information

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, 2025

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With Final Budget
	Original	Final				
REVENUES						
Grants and contracts	\$ 6,670,500	\$ 10,616,300	\$ 6,057,818	\$ 878,818	\$ 6,936,636	\$ 3,679,664
Charges for services	-	-	61,500	54,463	115,964	(115,964)
Investment earnings	322,600	1,322,600	694,872	797,340	1,492,212	(169,612)
Other Revenue	-	-	(541,275)	595	(540,680)	540,680
Total revenues	<u>6,993,100</u>	<u>11,938,900</u>	<u>6,272,915</u>	<u>3,650,456</u>	<u>9,923,371</u>	<u>2,015,529</u>
EXPENDITURES						
Street Development	6,200	6,200	418,670	338,610	757,279	(751,079)
Capital outlay	13,867,200	18,813,000	5,094,559	5,320,206	10,414,765	8,398,235
Contingency	3,000,000	2,998,000	-	-	-	2,998,000
Total expenditures	<u>16,873,400</u>	<u>21,817,200</u>	<u>5,513,229</u>	<u>5,658,815</u>	<u>11,172,044</u>	<u>10,645,156</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>(9,880,300)</u>	<u>(9,878,300)</u>	<u>759,686</u>	<u>(2,008,359)</u>	<u>(1,248,673)</u>	<u>(8,629,627)</u>
OTHER FINANCING SOURCES (USES)						
Loan proceeds	6,900,000	6,900,000	444,612	-	444,612	6,455,388
Transfers out	(163,100)	(165,100)	(82,831)	(82,145)	(164,976)	(124)
Total other financing sources (uses)	<u>6,736,900</u>	<u>6,734,900</u>	<u>361,781</u>	<u>(82,145)</u>	<u>279,636</u>	<u>6,455,264</u>
NET CHANGE IN FUND BALANCE	(3,143,400)	(3,143,400)	1,121,467	(2,090,504)	(969,037)	(2,174,363)
FUND BALANCE, beginning of year	<u>31,442,700</u>	<u>31,442,700</u>	<u>15,804,807</u>	<u>16,926,274</u>	<u>15,804,807</u>	<u>15,637,893</u>
FUND BALANCE, end of year	<u>\$ 28,299,300</u>	<u>\$ 28,299,300</u>	<u>\$ 16,926,274</u>	<u>14,835,770</u>	<u>\$ 14,835,770</u>	<u>\$ 13,463,530</u>
RECONCILIATION TO GAAP BASIS						
GASB 72 adjustment					<u>82,782</u>	
TOTAL GAAP BASIS FUND BALANCE, end of year					<u>\$ 14,918,552</u>	

Combining and Individual Fund Statements and Schedules

City of Medford
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
ASSETS				
Cash and investments	\$ 44,766,920	\$ 947,134	\$ 27,213,053	\$ 72,927,107
Receivables				
Accounts	2,910,249	-	807,968	3,718,217
Taxes		162,027	-	162,027
Inventories	611,390	-	-	611,390
Restricted cash and cash equivalents	20,852	-	-	20,852
TOTAL ASSETS	\$ 48,309,411	\$ 1,109,161	\$ 28,021,021	\$ 77,439,593
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 1,406,316	\$ -	\$ 833,813	\$ 2,240,129
Retainage payable	39,590	-	73,803	113,393
Customer deposits	438,997	-	-	435,997
Unearned revenue	655,025	-	-	655,025
Payroll and related accruals	745,675	-	31,761	777,436
Total liabilities	3,282,603	-	939,377	4,221,980
Deferred inflows of resources				
Unavailable revenue - property taxes	-	152,659	-	152,659
Total deferred inflows of resources	-	152,659	-	152,659
Fund Balances				
Nonspendable				
Inventory	611,390	-	-	611,390
Restricted				
Public safety	861,220	-	6,753,611	7,614,831
Highways and streets	18,245,831	-	-	18,245,831
Culture and recreation	5,696,110	-	11,193,308	16,889,418
Community development	12,501,935	-	9,134,725	21,636,660
Debt service	-	956,502	-	956,502
Committed for				
Public safety	2,673,348	-	-	2,673,348
Culture and recreation	3,229,886	-	-	3,229,886
Community development	1,207,088	-	-	1,207,088
Total fund balances	45,026,808	956,502	27,081,644	73,064,954
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 48,309,411	\$ 1,109,161	\$ 28,021,021	\$ 77,439,593

City of Medford
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
REVENUES				
Taxes				
Property	\$ -	\$ 73,670	\$ -	\$ 73,670
Car rental taxes	-	-	3,189,595	3,189,595
Franchise and lodging	1,638,934	-	2,228,952	3,867,886
Other taxes	784,522	-	-	784,522
Charges for services	7,017,703	-	69,242	7,086,945
Licenses, permits, and fees	18,057,328	-	-	18,057,328
Investment earnings	2,219,736	797	1,297,770	3,518,303
Grants and contributions	5,023,133	-	606,839	5,629,972
Other revenue	1,120,508	-	89,996	1,210,504
Capital contributions and donations	2,616,774	-	-	2,616,774
Total revenues	38,478,638	74,467	7,482,394	46,035,499
EXPENDITURES				
Current				
Public safety	7,348,990	-	-	7,348,990
Highways and streets	8,422,861	-	-	8,422,861
Culture and recreation	3,634,993	-	927,396	4,562,389
Community development	6,746,775	-	1,804,281	8,551,056
Debt service				
Principal	55,831	7,083,259	262	7,139,352
Interest	4,353	3,249,003	4	3,253,360
Capital outlay	3,987,651	-	2,538,275	6,525,926
Total expenditures	30,201,454	10,332,262	5,270,218	45,803,934
EXCESS REVENUES OVER (UNDER) EXPENDITURES				
	8,277,184	(10,257,795)	2,212,176	231,565
OTHER FINANCING SOURCES (USES)				
Bonds issued	-	-	6,609,333	6,609,333
Transfers in	3,682,071	10,332,263	465,000	14,479,334
Transfers out	(8,908,809)	-	(3,054,000)	(11,962,809)
Total other financing sources (uses)	(5,226,738)	10,332,263	4,020,333	9,125,858
NET CHANGE IN FUND BALANCE	3,050,446	74,468	6,232,509	9,357,423
FUND BALANCE, beginning of year	41,976,362	882,034	20,849,135	63,707,531
FUND BALANCE, end of year	\$ 45,026,808	\$ 956,502	\$ 27,081,644	\$ 73,064,954

City of Medford
Nonmajor Special Revenue Funds
June 30, 2025

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, 2025

	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
ASSETS								
Cash and investments	\$ 708,394	\$ 5,757,461	\$ 91	\$ 9,145,473	\$ 1,272,398	\$ 400,373	\$ 49,508	\$ 161,258
Receivables	506,493	27,360	-	1,640	551,466	-	-	195,661
Inventories	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	20,852	-	-	-	-	-
TOTAL ASSETS	\$ 1,214,887	\$ 5,784,821	\$ 20,943	\$ 9,147,113	\$ 1,823,864	\$ 400,373	\$ 49,508	\$ 356,919
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ 522	\$ 50,437	\$ 258	\$ 305,582	\$ 28,330	\$ 5,140	\$ -	\$ 351,105
Retainage payable	-	11,120	-	-	-	-	-	-
Customer deposits	-	-	-	14,043	-	-	-	-
Unearned revenue	-	27,360	-	-	-	-	-	-
Payroll and related accruals	169,754	3,325	-	87,438	166,797	-	-	-
Total liabilities	170,276	92,242	258	407,063	195,127	5,140	-	351,105
Fund Balances								
Nonspendable	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Restricted for Public Safety	-	-	-	-	-	395,233	49,508	-
Highways and streets	-	-	-	-	-	-	-	-
Culture and recreation	-	5,692,579	-	-	-	-	-	-
Community development	-	-	-	8,740,050	-	-	-	-
Committed for Public safety	1,044,611	-	-	-	1,628,737	-	-	-
Culture and recreation	-	-	20,685	-	-	-	-	-
Community development	-	-	-	-	-	-	-	5,814
Total fund balances	1,044,611	5,692,579	20,685	8,740,050	1,628,737	395,233	49,508	5,814
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,214,887	\$ 5,784,821	\$ 20,943	\$ 9,147,113	\$ 1,823,864	\$ 400,373	\$ 49,508	\$ 356,919

78

City of Medford
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
June 30, 2025

	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
ASSETS								
Cash and investments	\$ 1,256,710	\$ 1,803	\$ 3,531	\$ 635,023	\$ 1,590,000	\$ 5,537,269	\$ 13,308,848	\$ 2,130,134
Receivables	-	131,359	-	-	142,533	892,785	151,293	-
Inventories	-	-	-	-	-	611,390	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 1,256,710	\$ 133,162	\$ 3,531	\$ 635,023	\$ 1,732,533	\$ 7,041,444	\$ 13,460,141	\$ 2,130,134
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ 55,436	\$ 133,159	\$ -	\$ -	\$ 11,416	\$ 377,945	\$ 38	\$ -
Retainage payable	-	3	-	-	-	28,467	-	-
Customer deposits	-	-	-	-	-	395,328	-	20,376
Unearned revenue	-	-	-	-	-	476,372	151,293	-
Payroll and related accruals	-	-	-	-	25,200	214,894	27	77
Total liabilities	55,436	133,162	-	-	36,616	1,493,006	151,358	20,453
Fund Balances								
Nonspendable	-	-	-	-	-	611,390	-	-
Inventory	-	-	-	-	-	-	-	-
Restricted for Public Safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	4,937,048	13,308,783	-
Culture and recreation	-	-	3,531	-	-	-	-	-
Community development	-	-	-	-	-	-	-	2,109,681
Committed for Public safety	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	635,023	1,695,917	-	-	-
Community development	1,201,274	-	-	-	-	-	-	-
Total fund balances	1,201,274	-	3,531	635,023	1,695,917	5,548,438	13,308,783	2,109,681
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,256,710	\$ 133,162	\$ 3,531	\$ 635,023	\$ 1,732,533	\$ 7,041,444	\$ 13,460,141	\$ 2,130,134

79

City of Medford
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
June 30, 2025

	Federal Treasury Forfeiture Fund - 204	Rogue X Operations Fund - 641	National Opioid Settlement Fund - 732	Total
ASSETS				
Cash and investments	\$ 441,768	\$ 709,450	\$ 1,657,428	\$ 44,766,920
Receivables	-	309,659	-	2,910,249
Inventories	-	-	-	611,390
Restricted cash and cash equivalents	-	-	-	20,852
TOTAL ASSETS	\$ 441,768	\$ 1,019,109	\$ 1,657,428	\$ 48,309,411
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 25,289	\$ 61,659	\$ -	\$ 1,406,316
Retainage payable	-	-	-	39,590
Customer deposits	-	6,250	-	435,997
Unearned revenue	-	-	-	655,025
Payroll and related accruals	-	72,939	5,224	745,675
Total liabilities	25,289	140,848	5,224	3,282,603
Fund Balances				
Nonspendable				
Inventory	-	-	-	611,390
Restricted for Public Safety	416,479	-	-	861,220
Highways and streets	-	-	-	18,245,631
Culture and recreation	-	-	-	5,696,110
Community development	-	-	1,652,204	12,501,935
Committed for Public safety	-	-	-	2,673,348
Culture and recreation	-	878,261	-	3,229,886
Community development	-	-	-	1,207,088
Total fund balances	416,479	878,261	1,652,204	45,026,808
TOTAL LIABILITIES AND FUND BALANCES	\$ 441,768	\$ 1,019,109	\$ 1,657,428	\$ 48,309,411

80

City of Medford
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2025

	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
REVENUES								
Taxes - Franchise and lodging	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,638,934
Other taxes	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	5,272,193	-	-	-
Intergovernmental	-	-	-	-	-	-	(1,045)	-
Licenses, permits, and fees	2,642,092	-	-	3,139,997	-	-	-	-
Investment earnings	18,244	247,913	558	440,903	41,882	27,337	4,995	-
Grants and contributions	933,053	1,987,089	4,702	5,924	243,508	86,106	45,930	-
Other revenue	-	-	5,900	48,117	-	-	-	-
Capital contributions and donations	-	-	-	-	-	-	-	-
Total revenues	3,593,389	2,235,002	11,160	3,634,941	5,557,583	113,443	49,880	1,638,934
EXPENDITURES								
Current								
Public safety	2,706,172	-	-	-	3,926,897	171,775	143,863	-
Highways and streets	-	-	-	-	-	-	-	-
Culture and recreation	-	303,834	14,780	-	-	-	-	1,638,934
Community development	-	-	-	2,266,947	-	-	-	-
Debt service principal	-	-	-	28,787	-	-	-	-
Debt service interest	-	-	-	2,562	-	-	-	-
Capital outlay	14,470	414,557	-	-	132,936	35,590	5,925	-
Total expenditures	2,720,642	718,391	14,780	2,298,296	4,059,833	207,365	149,788	1,638,934
EXCESS REVENUES OVER (UNDER) EXPENDITURES								
	872,747	1,516,611	(3,620)	1,336,645	1,497,750	(93,922)	(99,908)	-
OTHER FINANCING SOURCES (USES)								
Transfers in	329,300	-	-	-	377,679	-	-	-
Transfers out	(908,655)	(75,921)	-	(465,684)	(1,491,962)	-	-	-
Total other financing sources (uses)	(579,355)	(75,921)	-	(465,684)	(1,114,283)	-	-	-
NET CHANGE IN FUND BALANCE	293,392	1,440,690	(3,620)	870,961	383,467	(93,922)	(99,908)	-
FUND BALANCE, beginning of year	751,219	4,251,889	24,305	7,869,089	1,245,270	489,155	149,416	5,814
FUND BALANCE, end of year	\$ 1,044,611	\$ 5,692,579	\$ 20,685	\$ 8,740,050	\$ 1,628,737	\$ 395,233	\$ 49,508	\$ 5,814

81

City of Medford

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

Nonmajor Special Revenue Funds (continued)

For the Year Ended June 30, 2025

	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
REVENUES								
Taxes - Franchise and lodging	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	784,522	-	-	-	-	-	-	-
Charges for services	-	-	-	208,588	-	57,295	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Licenses, permits, and fees	-	-	-	-	-	-	-	-
Investment earnings	64,093	-	177	26,957	71,020	281,042	701,837	113,849
Grants and contributions	208,797	1,227,957	-	-	-	33,691	-	-
Other revenue	-	-	-	-	-	203,643	-	423,288
Capital contributions and donations	-	-	-	-	-	-	2,616,774	-
Total revenues	1,057,412	1,227,957	177	235,545	1,571,080	10,130,508	3,318,611	537,137
EXPENDITURES								
Current								
Public safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	6,727,529	1,695,332	-
Culture and recreation	-	-	-	-	735,560	-	-	-
Community development	798,117	1,241,094	-	-	-	-	-	767,832
Debt service principal	-	-	-	-	-	10,003	-	-
Debt service interest	-	-	-	-	-	1,304	-	-
Capital outlay	210,486	9,315	-	61,343	-	614,822	2,296,900	-
Total expenditures	1,008,603	1,250,409	-	61,343	735,560	7,353,658	3,992,232	767,832
EXCESS REVENUES OVER (UNDER) EXPENDITURES								
	48,809	(22,452)	177	174,202	835,520	2,776,850	(673,621)	(230,695)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	92	-	-	-	65,000	-	-
Transfers out	(300,000)	-	-	-	(718,686)	(1,438,688)	(436,025)	-
Total other financing sources (uses)	(300,000)	92	-	-	(718,686)	(1,373,688)	(436,025)	-
NET CHANGE IN FUND BALANCE	(251,191)	(22,360)	177	174,202	116,834	1,403,162	(1,109,646)	(230,695)
FUND BALANCE, beginning of year	1,452,465	22,360	3,354	460,821	1,579,083	4,145,276	14,418,429	2,340,376
FUND BALANCE, end of year	\$ 1,201,274	\$ -	\$ 3,531	\$ 635,023	\$ 1,695,917	\$ 5,548,438	\$ 13,308,783	\$ 2,109,681

82

City of Medford

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

Nonmajor Special Revenue Funds (continued)

For the Year Ended June 30, 2025

	Federal Treasury Forfeiture Fund - 204	Rogue X Operations Fund - 641	National Opioid Settlement Fund - 732	Total
REVENUES				
Taxes - Franchise and lodging	\$ -	\$ -	\$ -	\$ 1,638,934
Other taxes	-	-	-	784,522
Charges for services	-	1,479,627	-	7,017,703
Intergovernmental	1,045	-	-	-
Licenses, permits, and fees	-	1,220,342	-	18,057,328
Investment earnings	23,767	77,641	77,521	2,219,736
Grants and contributions	247,059	(683)	-	5,023,133
Other revenue	34,709	-	404,851	1,120,508
Capital contributions and donations	-	-	-	2,616,774
Total revenues	306,580	2,776,927	482,372	38,478,638
EXPENDITURES				
Current				
Public safety	379,088	-	21,195	7,348,990
Highways and streets	-	-	-	8,422,861
Culture and recreation	-	2,580,819	-	3,634,993
Community development	-	-	33,851	6,746,775
Debt service principal	17,041	-	-	55,831
Debt service interest	487	-	-	4,353
Capital outlay	191,307	-	-	3,987,651
Total expenditures	587,923	2,580,819	55,046	30,201,454
EXCESS REVENUES OVER (UNDER) EXPENDITURES				
	(281,343)	196,108	427,326	8,277,184
OTHER FINANCING SOURCES (USES)				
Transfers in	-	2,910,000	-	3,682,071
Transfers out	-	(3,073,188)	-	(8,908,809)
Total other financing sources (uses)	-	(163,188)	-	(5,226,738)
NET CHANGE IN FUND BALANCE	(281,343)	32,920	427,326	3,050,446
FUND BALANCE, beginning of year	697,822	845,341	1,224,878	41,976,362
FUND BALANCE, end of year	\$ 416,479	\$ 878,261	\$ 1,652,204	\$ 45,026,808

83

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, 2025

	Biennium Budget		First Year	Second Year	Variance With	
	Original	Final	Actual	Actual	Total Actual	Final Budget
REVENUES						
Licenses, permits, and fees	\$ 4,977,700	\$ 4,977,700	\$ 2,019,130	\$ 2,642,093	\$ 4,661,223	\$ 316,477
Grants and contracts	-	1,185,800	243,968	933,053	1,177,021	8,779
Other revenue	-	-	33	-	33	(33)
Investment earnings	12,200	12,200	21,203	12,253	33,456	(21,256)
Total revenues	4,989,900	6,175,700	2,284,334	3,587,399	5,871,733	303,967
EXPENDITURES						
Fire	3,258,400	4,487,600	1,710,056	2,695,565	4,405,621	81,979
Capital outlay	127,500	84,100	58,938	25,078	84,016	84
Contingency	200,000	370,700	-	-	-	370,700
Total expenditures	3,585,900	4,942,400	1,768,994	2,720,643	4,489,637	452,763
EXCESS REVENUES OVER (UNDER) EXPENDITURES	1,404,000	1,233,300	515,340	866,756	1,382,096	(148,796)
OTHER FINANCING SOURCES (USES)						
Transfers out	(1,499,100)	(1,657,700)	(748,909)	(908,655)	(1,657,564)	(136)
Total other financing sources (uses)	(1,499,100)	(1,328,400)	(748,909)	(579,355)	(1,328,264)	(136)
NET CHANGE IN FUND BALANCE	(95,100)	(95,100)	(233,569)	287,401	53,832	(148,932)
FUND BALANCE, beginning of year	990,800	990,800	988,716	755,147	988,716	2,084
FUND BALANCE, end of year	\$ 895,700	\$ 895,700	\$ 755,147	1,042,548	\$ 1,042,548	\$ (146,848)
RECONCILIATION TO GAAP BASIS						
GASB 72 adjustment				2,063		
TOTAL GAAP BASIS FUND BALANCE, end of year	\$ 1,044,611					

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, 2025

	Biennium Budget		First Year	Second Year	Variance With	
	Original	Final	Actual	Actual	Total Actual	Final Budget
REVENUES						
Investment earnings	\$ 83,800	\$ 83,800	\$ 122,916	\$ 193,628	\$ 316,545	\$ (232,745)
Other revenue	-	-	-	-	5,619	5,619
Contributions and donations	1,278,400	1,278,400	1,817,012	1,981,470	3,798,482	(2,520,082)
Total revenues	1,362,200	1,362,200	1,939,929	2,180,718	4,120,646	(2,758,446)
EXPENDITURES						
Capital outlay	1,264,000	1,264,000	154,368	718,394	872,762	391,238
Contingency	1,000,000	1,000,000	-	-	-	1,000,000
Total expenditures	2,264,000	2,264,000	154,368	718,394	872,762	1,391,238
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(901,800)	(901,800)	1,785,561	1,462,324	3,247,884	(4,149,684)
OTHER FINANCING SOURCES (USES)						
Transfers out	(150,800)	(150,800)	(74,755)	(75,921)	(150,676)	(124)
Total other financing sources (uses)	(150,800)	(150,800)	(74,755)	(75,921)	(150,676)	(124)
NET CHANGE IN FUND BALANCE	(1,052,600)	(1,052,600)	1,710,806	1,386,403	3,097,208	(4,149,809)
FUND BALANCE, beginning of year	2,237,500	2,237,500	2,570,328	4,281,134	2,570,328	(332,828)
FUND BALANCE, end of year	\$ 1,184,900	\$ 1,184,900	\$ 4,281,134	5,667,537	\$ 5,667,537	\$ (4,482,637)
RECONCILIATION TO GAAP BASIS						
GASB 72 adjustment					25,042	
TOTAL GAAP BASIS FUND BALANCE, end of year	\$ 5,692,579					

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, 2025

	Biennium Budget		First Year		Second Year		Variance With	
	Original	Final	Actual	Actual	Total	Actual	Final	Budget
REVENUES								
Investment earnings	\$ -	\$ -	\$ (149)	\$ 467	\$ 318	\$ (318)		
Other revenue	\$ 7,000	\$ 7,600	\$ 4,852	\$ 6,302	\$ 11,154	\$ (3,554)		
Total revenues	\$ 7,000	\$ 11,900	\$ 4,703	\$ 11,069	\$ 15,772	\$ (3,872)		
EXPENDITURES								
Culture and recreation	20,600	25,500	10,279	14,780	25,059	441		
Contingency	16,500	16,500	-	-	-	16,500		
Total expenditures	\$ 37,100	\$ 42,000	\$ 10,279	\$ 14,780	\$ 25,059	\$ 16,941		
EXCESS REVENUES OVER (UNDER) EXPENDITURES	\$ (30,100)	\$ (30,100)	\$ (5,576)	\$ (3,711)	\$ (9,287)	\$ (20,814)		
NET CHANGE IN FUND BALANCE	\$ (30,100)	\$ (30,100)	\$ (5,576)	\$ (3,711)	\$ (9,287)	\$ (20,814)		
FUND BALANCE, beginning of year	\$ 30,100	\$ 30,100	\$ 29,881	\$ 24,305	\$ 29,881	\$ 219		
FUND BALANCE, end of year	\$ -	\$ -	\$ 24,305	\$ 20,594	\$ 20,594	\$ (20,594)		
RECONCILIATION TO GAAP BASIS								
GASB 72 adjustment				91				
TOTAL GAAP BASIS FUND BALANCE, end of year		\$ 20,685						

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, 2025

	Biennium Budget		First Year		Second Year		Variance With	
	Original	Final	Actual	Actual	Total	Actual	Final	Budget
REVENUES								
Licenses, permits, and fees	\$ 3,535,900	\$ 3,535,900	\$ 2,715,098	\$ 3,139,997	\$ 5,855,095	\$ (2,319,195)		
Investment earnings	153,000	153,000	281,829	344,193	626,022	(473,022)		
Other revenue	88,800	88,800	50,092	54,041	104,133	(15,333)		
Total revenues	\$ 3,777,700	\$ 3,777,700	\$ 3,047,020	\$ 3,538,231	\$ 6,585,250	\$ (2,807,550)		
EXPENDITURES								
Community development	4,864,700	4,864,700	2,129,082	2,298,298	4,427,380	437,320		
Capital outlay	50,000	50,000	37,116	-	37,116	12,884		
Contingency	350,000	350,000	-	-	-	350,000		
Total expenditures	\$ 5,264,700	\$ 5,264,700	\$ 2,166,199	\$ 2,298,298	\$ 4,464,497	\$ 800,203		
EXCESS REVENUES OVER (UNDER) EXPENDITURES	\$ (1,487,000)	\$ (1,487,000)	\$ 880,821	\$ 1,239,933	\$ 2,120,753	\$ (3,607,753)		
OTHER FINANCING SOURCES (USES)								
Transfers out	(921,200)	(921,200)	(455,467)	(465,684)	(921,151)	(49)		
Total other financing sources (uses)	\$ (921,200)	\$ (921,200)	\$ (455,467)	\$ (465,684)	\$ (921,151)	\$ (49)		
NET CHANGE IN FUND BALANCE	\$ (2,408,200)	\$ (2,408,200)	\$ 425,354	\$ 774,249	\$ 1,199,602	\$ (3,607,803)		
FUND BALANCE, beginning of year	\$ 6,745,500	\$ 6,745,500	\$ 7,500,677	\$ 7,926,031	\$ 7,500,677	\$ (755,177)		
FUND BALANCE, end of year	\$ 4,337,300	\$ 4,337,300	\$ 7,926,031	\$ 8,700,280	\$ 8,700,280	\$ (4,362,980)		
RECONCILIATION TO GAAP BASIS								
GASB 72 adjustment				39,770				
TOTAL GAAP BASIS FUND BALANCE, end of year					\$ 8,740,050			

City of Medford

Schedule of Revenues, Expenditures, and Changes in Fund Balance -

Budget and Actual (Budgetary Basis)

Police Public Safety Utility Fund - 200

For the Year Ended June 30, 2025

	Biennium Budget		First Year		Second Year		Variance With	
	Original	Final	Actual	Actual	Total Actual	Final Budget		
REVENUES								
Licenses, permits, and fees	\$ 8,646,800	\$ 9,361,800	\$ 4,090,271	\$ 5,272,195	\$ 9,362,466	\$ (666)		
Investment earnings	13,800	37,800	7,128	31,845	38,973	(1,173)		
Grants and contracts	250,000	351,100	112,415	243,508	355,923	(4,823)		
Contributions and donations	-	7,200	7,200	-	7,200	-		
Other revenue	-	6,400	6,480	-	6,480	(80)		
Total revenues	8,910,600	9,764,300	4,223,494	5,547,548	9,771,042	(6,742)		
EXPENDITURES								
Public safety	6,277,200	7,266,300	3,006,683	3,829,469	6,836,152	430,148		
Capital outlay	260,000	334,800	97,492	230,366	327,858	6,942		
Contingency	100,000	-	-	-	-	-		
Total expenditures	6,637,200	7,601,100	3,104,174	4,059,835	7,164,009	437,091		
EXCESS REVENUES OVER (UNDER) EXPENDITURES	2,273,400	2,163,200	1,119,320	1,487,713	2,607,033	(443,833)		
OTHER FINANCING SOURCES (USES)								
Transfers in	1,027,900	1,138,100	758,159	377,679	1,135,838	2,262		
Transfers out	(2,982,300)	(2,982,300)	(1,490,204)	(1,491,962)	(2,982,166)	(134)		
Total other financing sources (uses)	(1,954,400)	(1,844,200)	(732,046)	(1,114,283)	(1,846,328)	2,128		
NET CHANGE IN FUND BALANCE	319,000	319,000	387,274	373,430	760,705	(441,705)		
FUND BALANCE, beginning of year	922,200	922,200	862,307	1,249,581	862,307	59,893		
FUND BALANCE, end of year	\$ 1,241,200	\$ 1,241,200	\$ 1,249,581	1,623,011	\$ 1,623,011	\$ (381,811)		
RECONCILIATION TO GAAP BASIS								
GASB 72 adjustment				5,726				
TOTAL GAAP BASIS FUND BALANCE, end of year				\$ 1,628,737				

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, 2025

	Biennium Budget		First Year		Second Year		Variance With	
	Original	Final	Actual	Actual	Total Actual	Final Budget		
REVENUES								
Grants and contracts	\$ 21,100	\$ 178,800	\$ 20,000	\$ 86,106	\$ 106,106	\$ 72,694		
Investment earnings	11,800	11,800	18,956	16,679	35,635	(23,835)		
Other revenue	-	13,800	115,813	-	115,813	(102,013)		
Total revenues	32,900	204,400	154,769	102,785	257,554	(53,154)		
EXPENDITURES								
Police	120,000	286,000	126,082	145,692	271,774	14,226		
Capital outlay	140,000	145,500	72,103	61,674	133,777	11,723		
Contingency	318,500	318,500	-	-	-	318,500		
Total expenditures	578,500	750,000	198,184	207,366	405,551	344,449		
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(545,600)	(545,600)	(43,415)	(104,581)	(147,997)	(397,604)		
NET CHANGE IN FUND BALANCE	(545,600)	(545,600)	(43,415)	(104,581)	(147,997)	(397,604)		
FUND BALANCE, beginning of year	545,600	545,600	538,314	494,899	538,314	7,286		
FUND BALANCE, end of year	\$ -	\$ -	\$ 494,899	390,318	\$ 390,318	\$ (390,318)		
RECONCILIATION TO GAAP BASIS								
GASB 72 adjustment					4,915			
TOTAL GAAP BASIS FUND BALANCE, end of year					\$ 395,233			

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, 2025

	Biennium Budget		First Year		Second Year		Variance With	
	Original	Final	Actual	Actual	Total	Actual	Final	Budget
REVENUES								
Investment earnings	\$ 4,200	\$ 10,500	\$ 7,394	\$ 3,774	\$ 11,167	\$ (667)		
Grants and contracts	\$ -	\$ 39,700	\$ 10,372	\$ 44,885	\$ 55,257	\$ (15,557)		
Total revenues	4,200	50,200	17,765	48,659	66,424	(16,224)		
EXPENDITURES								
Public Safety	165,600	236,300	67,909	139,519	207,428	28,872		
Capital outlay	\$ -	\$ 104,000	\$ 89,502	\$ 10,269	\$ 99,771	\$ 4,229		
Total expenditures	165,600	340,300	157,410	149,789	307,199	33,101		
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(161,400)	(290,100)	(139,645)	(101,130)	(240,775)	(49,325)		
NET CHANGE IN FUND BALANCE	(161,400)	(290,100)	(139,645)	(101,130)	(240,775)	(49,325)		
FUND BALANCE, beginning of year	161,400	290,100	290,067	150,422	290,067	33		
FUND BALANCE, end of year	\$ -	\$ -	\$ 150,422	49,292	\$ 49,292	\$ (49,292)		
RECONCILIATION TO GAAP BASIS								
GASB 72 adjustment					216			
TOTAL GAAP BASIS FUND BALANCE, end of year	\$ -	\$ -	\$ 49,508					

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, 2025

	Biennium Budget		First Year		Second Year		Variance With	
	Original	Final	Actual	Actual	Total	Actual	Final	Budget
REVENUES								
Lodging taxes	\$ 3,625,000	\$ 3,625,000	\$ 1,584,390	\$ 1,638,934	\$ 3,223,324	\$ 401,676		
Total revenues	3,625,000	3,625,000	1,584,390	1,638,934	3,223,324	401,676		
EXPENDITURES								
Community promotion	3,625,000	3,625,000	1,767,964	1,638,934	3,406,898	218,102		
Total expenditures	3,625,000	3,625,000	1,767,964	1,638,934	3,406,898	218,102		
EXCESS REVENUES OVER (UNDER) EXPENDITURES	-	-	(183,574)	-	(183,574)	183,574		
NET CHANGE IN FUND BALANCE	-	-	(183,574)	-	(183,574)	183,574		
FUND BALANCE, beginning of year	-	-	189,388	5,814	189,388	(189,388)		
FUND BALANCE, end of year	\$ -	\$ -	\$ 5,814	\$ 5,814	\$ 5,814	\$ (5,814)		

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, 2025

	Biennium Budget		First Year	Second Year	Variance With	
	Original	Final	Actual	Actual	Total Actual	Final Budget
REVENUES						
Marijuana Taxes	\$ 1,600,000	\$ 1,600,000	\$ 722,004	\$ 784,522	\$ 1,506,525	\$ 93,475
Intergovernmental	320,000	320,000	196,113	208,797	404,910	(84,910)
Investment earnings	40,000	40,000	54,315	50,090	104,405	(64,405)
Total revenues	1,960,000	1,960,000	972,432	1,043,409	2,015,841	(55,841)
EXPENDITURES						
Community development	372,800	1,339,800	255,994	643,850	899,844	439,956
Capital outlay	612,900	742,900	323,140	364,753	687,893	55,007
Contingency	2,892,900	1,001,900	-	-	-	1,001,900
Total expenditures	3,878,600	3,084,600	579,134	1,008,603	1,587,737	1,496,863
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(1,918,600)	(1,124,600)	393,298	34,806	428,104	(1,552,704)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	100,000	100,000	-	100,000	-
Transfers out	-	(894,000)	(594,000)	(300,000)	(894,000)	-
Total other financing sources (uses)	-	(794,000)	(494,000)	(300,000)	(794,000)	-
NET CHANGE IN FUND BALANCE	(1,918,600)	(1,918,600)	(100,702)	(265,194)	(365,896)	(1,552,704)
FUND BALANCE, beginning of year	1,918,600	1,918,600	1,562,475	1,461,773	1,562,475	356,125
FUND BALANCE, end of year	\$ -	\$ -	\$ 1,461,773	1,196,579	\$ 1,196,579	\$ (1,196,579)
RECONCILIATION TO GAAP BASIS						
GASB 72 adjustment				4,695		
TOTAL GAAP BASIS FUND BALANCE, end of year	\$ -	\$ -	\$ 1,201,274			

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, 2025

	Biennium Budget		First Year	Second Year	Variance With	
	Original	Final	Actual	Actual	Total Actual	Final Budget
REVENUES						
Grants and contracts	\$ 3,818,100	\$ 3,949,200	\$ 867,412	\$ 1,227,958	\$ 2,095,370	\$ 1,853,830
Total revenues	3,818,100	3,949,200	867,412	1,227,958	2,095,370	1,853,830
EXPENDITURES						
Community development	3,080,100	3,030,900	874,153	1,239,434	2,113,586	917,314
Capital outlay	-	225,300	-	10,975	10,975	214,325
Total expenditures	3,080,100	3,256,200	874,153	1,250,409	2,124,561	1,131,639
EXCESS REVENUES OVER (UNDER) EXPENDITURES	738,000	693,000	(6,741)	(22,451)	(29,191)	722,192
OTHER FINANCING SOURCES (USES)						
Transfers in	-	45,000	45,000	91	45,091	(91)
Total other financing sources (uses)	-	45,000	45,000	91	45,091	(91)
NET CHANGE IN FUND BALANCE	738,000	738,000	38,259	(22,360)	15,900	722,100
FUND BALANCE, beginning of year	-	-	(15,899)	22,360	(15,899)	15,899
FUND BALANCE, end of year	\$ 738,000	\$ 738,000	\$ 22,360	\$ -	\$ -	\$ 738,000

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, 2025

	Biennium Budget		First Year		Second Year		Variance With	
	Original	Final	Actual	Actual	Total	Actual	Final	Budget
REVENUES								
Investment earnings	\$ -	\$ -	\$ 116	\$ 139	\$ 255	\$ (255)		
Total revenues	-	-	116	139	255	(255)		
EXPENDITURES								
Culture and recreation	3,300	3,300	-	-	-	3,300		
Total expenditures	3,300	3,300	-	-	-	3,300		
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(3,300)	(3,300)	116	139	255	(3,555)		
NET CHANGE IN FUND BALANCE	(3,300)	(3,300)	116	139	255	(3,555)		
FUND BALANCE, beginning of year	3,300	3,300	3,261	3,377	3,261	39		
FUND BALANCE, end of year	\$ -	\$ -	\$ 3,377	3,516	\$ 3,516	\$ (3,516)		
RECONCILIATION TO GAAP BASIS								
GASB 72 adjustment				15				
TOTAL GAAP BASIS FUND BALANCE, end of year				\$ 3,531				

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, 2025

	Biennium Budget		First Year		Second Year		Variance With	
	Original	Final	Actual	Actual	Total	Actual	Final	Budget
REVENUES								
Investment earnings	\$ 2,000	\$ 2,000	\$ 12,047	\$ 21,046	\$ 33,093	\$ (31,093)		
Other revenue	240,000	240,000	214,489	208,588	423,077	(183,077)		
Total revenues	242,000	242,000	226,535	229,634	456,170	(214,170)		
EXPENDITURES								
Capital outlay	362,700	362,700	10,915	61,343	72,258	290,442		
Total expenditures	362,700	362,700	10,915	61,343	72,258	290,442		
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(120,700)	(120,700)	215,620	168,291	383,912	(504,612)		
NET CHANGE IN FUND BALANCE	(120,700)	(120,700)	215,620	168,291	383,912	(504,612)		
FUND BALANCE, beginning of year	120,700	120,700	248,350	463,970	248,350	(127,650)		
FUND BALANCE, end of year	\$ -	\$ -	\$ 463,970	632,261	\$ 632,261	\$ (632,261)		
RECONCILIATION TO GAAP BASIS								
GASB 72 adjustment						2,762		
TOTAL GAAP BASIS FUND BALANCE, end of year						\$ 635,023		

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, 2025

	Biennium Budget		First Year	Second Year	Variance With	
	Original	Final	Actual	Actual	Total Actual	Final Budget
REVENUES						
Licenses, permits, and fees	\$ 2,861,500	\$ 2,861,500	\$ 1,466,952	\$ 1,500,060	\$ 2,967,012	\$ (105,512)
Investment earnings	24,400	24,400	44,444	53,777	98,221	(73,821)
Total revenues	2,885,900	2,885,900	1,511,396	1,553,837	3,065,232	(179,332)
EXPENDITURES						
Culture and recreation	1,475,300	1,475,300	700,091	735,562	1,435,653	39,647
Contingency	500,000	500,000	-	-	-	500,000
Total expenditures	1,975,300	1,975,300	700,091	735,562	1,435,653	539,647
EXCESS REVENUES OVER (UNDER) EXPENDITURES	910,600	910,600	811,305	818,275	1,629,579	(718,979)
OTHER FINANCING SOURCES (USES)						
Transfers out	(1,432,600)	(1,432,600)	(713,309)	(718,687)	(1,431,995)	(605)
Total other financing sources (uses)	(1,432,600)	(1,432,600)	(713,309)	(718,687)	(1,431,995)	(605)
NET CHANGE IN FUND BALANCE	(522,000)	(522,000)	97,996	99,588	197,584	(719,584)
FUND BALANCE, beginning of year	1,453,400	1,453,400	1,491,364	1,589,360	1,491,364	(37,964)
FUND BALANCE, end of year	\$ 931,400	\$ 931,400	\$ 1,589,360	1,688,947	\$ 1,688,947	\$ (757,547)
RECONCILIATION TO GAAP BASIS						
GASB 72 adjustment			6,970			
TOTAL GAAP BASIS FUND BALANCE, end of year	\$ 1,695,917					

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, 2025

	Biennium Budget		First Year	Second Year	Variance With	
	Original	Final	Actual	Actual	Total Actual	Final Budget
REVENUES						
Licenses, permits, and fees	\$ 18,391,900	\$ 18,391,900	\$ 8,947,562	\$ 9,612,132	\$ 18,559,695	\$ (167,795)
Investment earnings	117,400	317,400	182,747	221,321	404,068	(86,668)
Other revenue	-	204,300	61,322	237,334	298,656	(94,356)
Total revenues	18,509,300	18,913,600	9,191,632	10,070,787	19,262,419	(348,819)
EXPENDITURES						
Highways and streets	13,131,700	13,215,300	5,193,152	6,288,696	11,481,847	1,733,453
Capital outlay	3,419,200	3,739,900	2,660,398	1,064,966	3,725,364	14,536
Contingency	1,000,000	958,800	-	-	-	958,800
Total expenditures	17,550,900	17,914,000	7,853,550	7,353,662	15,207,212	2,706,788
EXCESS REVENUES OVER (UNDER) EXPENDITURES	958,400	999,600	1,338,082	2,717,125	4,055,207	(3,055,607)
OTHER FINANCING SOURCES (USES)						
Transfers in	190,000	190,000	65,000	65,000	130,000	60,000
Transfers out	(2,771,600)	(2,812,800)	(1,328,446)	(1,438,688)	(2,767,135)	(45,665)
Total other financing sources (uses)	(2,581,600)	(2,622,800)	(1,263,446)	(1,373,688)	(2,637,135)	14,335
NET CHANGE IN FUND BALANCE	(1,623,200)	(1,623,200)	74,636	1,343,437	1,418,072	(3,041,273)
FUND BALANCE, beginning of year	3,304,400	3,304,400	4,102,837	4,177,473	4,102,837	(798,437)
FUND BALANCE, end of year	\$ 1,681,200	\$ 1,681,200	\$ 4,177,473	5,520,910	\$ 5,520,910	\$ (3,839,710)
RECONCILIATION TO GAAP BASIS						
GASB 72 adjustment					27,528	
TOTAL GAAP BASIS FUND BALANCE, end of year	\$ 5,548,438					

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, 2025

	Biennium Budget		First Year	Second Year	Variance With	
	Original	Final	Actual	Actual	Total Actual	Final Budget
REVENUES						
Contributions earnings	\$ 16,626,800	\$ 16,626,800	\$ 3,441,559	\$ 2,616,774	\$ 6,058,333	\$ 10,568,467
Grants and contracts	-	2,180,400	2,180,339	-	2,180,339	61
Other Revenue	-	-	(6,129)	-	(6,129)	6,129
Investment earnings	252,400	252,400	490,806	541,131	1,031,937	(779,537)
Total revenues	16,879,200	19,059,600	6,106,574	3,157,905	9,264,479	9,795,121
EXPENDITURES						
Highways and streets	1,562,500	1,562,500	175,977	57,796	233,773	1,328,727
Capital outlay	13,999,900	16,295,300	3,449,277	3,934,434	7,383,711	8,911,589
Contingency	6,400,000	6,285,000	-	-	-	6,285,000
Total expenditures	21,962,400	24,142,800	3,625,254	3,992,230	7,617,484	16,525,316
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(5,083,200)	(5,083,200)	2,481,320	(834,325)	1,646,995	(6,730,195)
OTHER FINANCING SOURCES (USES)						
Transfers out	(1,625,500)	(1,625,500)	(809,986)	(436,025)	(1,246,011)	(379,489)
Total other financing sources (uses)	(1,625,500)	(1,625,500)	(809,986)	(436,025)	(1,246,011)	(379,489)
NET CHANGE IN FUND BALANCE	(6,708,700)	(6,708,700)	1,671,334	(1,270,350)	400,984	(7,109,685)
FUND BALANCE, beginning of year	10,973,900	10,973,900	12,849,243	14,520,577	12,849,243	(1,875,343)
FUND BALANCE, end of year	\$ 4,265,200	\$ 4,265,200	\$ 14,520,577	13,250,227	\$ 13,250,227	\$ (8,985,027)
RECONCILIATION TO GAAP BASIS						
GASB 72 adjustment			58,556			
TOTAL GAAP BASIS FUND BALANCE, end of year			\$ 13,308,783			

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, 2025

	Biennium Budget		First Year	Second Year	Variance With	
	Original	Final	Actual	Actual	Total Actual	Final Budget
REVENUES						
Investment earnings	\$ 22,000	\$ 22,000	\$ 62,459	\$ 88,317	\$ 150,776	\$ (128,776)
Other revenue	630,400	630,400	479,680	423,289	902,969	(272,569)
Total revenues	652,400	652,400	542,140	511,605	1,053,745	(401,345)
EXPENDITURES						
Community development	1,342,900	1,936,900	8,987	767,832	776,819	1,160,081
Contingency	177,600	177,600	-	-	-	177,600
Total expenditures	1,520,500	2,114,500	8,987	767,832	776,819	1,337,681
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(868,100)	(1,462,100)	533,153	(256,227)	276,926	(1,739,026)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	594,000	594,000	-	594,000	-
Total other financing sources (uses)	-	594,000	594,000	-	594,000	-
NET CHANGE IN FUND BALANCE	(868,100)	(868,100)	1,127,153	(256,227)	870,926	(1,739,026)
FUND BALANCE, beginning of year	868,100	868,100	1,229,284	2,356,437	1,229,284	(361,184)
FUND BALANCE, end of year	\$ -	\$ -	\$ 2,356,437	2,100,210	\$ 2,100,210	\$ (2,100,210)
RECONCILIATION TO GAAP BASIS						
GASB 72 adjustment					9,471	
TOTAL GAAP BASIS FUND BALANCE, end of year						\$ 2,109,681

City of Medford
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis)
Federal Treasury Forfeitures Fund - 204
For the Year Ended June 30, 2025

	Biennium Budget		First Year		Second Year		Variance With	
	Original	Final	Actual	Actual	Total	Actual	Final	Budget
REVENUES								
Grants and contracts	\$ -	\$ 193,600	\$ 222,151	\$ 247,104	\$ 469,254	\$ (275,654)		
Investment earnings	12,600	12,600	22,672	16,980	39,652	(27,052)		
Total revenues	12,600	242,000	244,823	299,792	544,615	(302,615)		
EXPENDITURES								
Public safety	5,000	388,400	118,262	256,405	374,667	13,733		
Capital outlay	212,400	597,400	223,636	331,519	555,155	42,245		
Total expenditures	217,400	985,800	341,898	587,924	929,822	55,978		
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(204,800)	(743,800)	(97,075)	(288,132)	(385,207)	(358,593)		
NET CHANGE IN FUND BALANCE	(204,800)	(743,800)	(97,075)	(288,132)	(385,207)	(358,593)		
FUND BALANCE, beginning of year	257,200	796,200	799,801	702,726	799,801	(3,601)		
FUND BALANCE, end of year	\$ 52,400	\$ 52,400	\$ 702,726	414,594	\$ 414,594	\$ (362,194)		
RECONCILIATION TO GAAP BASIS								
GASB 72 adjustment				1,885				
TOTAL GAAP BASIS FUND BALANCE, end of year				\$ 416,479				

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, 2025

	Biennium Budget		First Year		Second Year		Variance With	
	Original	Final	Actual	Actual	Total	Actual	Final	Budget
REVENUES								
Licenses, permits, and fees	\$ 4,828,000	\$ 4,828,000	\$ 2,203,107	\$ 2,686,206	\$ 4,889,313	\$ (61,313)		
Other revenue	15,000	15,000	59,297	13,080	72,377	(57,377)		
Investment Earnings	-	-	27,134	68,117	95,252	(95,252)		
Total revenues	4,843,000	4,843,000	2,289,538	2,767,403	5,056,942	(213,942)		
EXPENDITURES								
Culture and recreation	3,858,600	4,258,600	1,362,020	2,580,818	3,942,838	315,762		
Contingency	400,000	-	-	-	-	-		
Total expenditures	4,258,600	4,258,600	1,362,020	2,580,818	3,942,838	315,762		
EXCESS REVENUES OVER (UNDER) EXPENDITURES	564,400	564,400	927,518	186,585	1,114,104	(529,704)		
OTHER FINANCING SOURCES (USES)								
Transfers in	5,820,000	5,820,000	2,910,000	2,910,000	5,820,000	-		
Transfers out	(6,144,900)	(6,144,900)	(3,071,688)	(3,073,188)	(6,144,875)	(25)		
Total other financing sources (uses)	(324,900)	(324,900)	(161,688)	(163,188)	(324,875)	(25)		
NET CHANGE IN FUND BALANCE	259,500	259,500	765,830	23,397	789,229	(529,729)		
FUND BALANCE, beginning of year	1,344,700	1,344,700	85,829	851,659	85,829	1,258,871		
FUND BALANCE, end of year	\$ 1,604,200	\$ 1,604,200	\$ 851,659	875,056	\$ 875,056	\$ 729,144		
RECONCILIATION TO GAAP BASIS								
GASB 72 adjustment					3,205			
TOTAL GAAP BASIS FUND BALANCE, end of year					\$ 878,261			

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, 2025

	Biennium Budget		First Year		Second Year		Variance With Final Budget
	Original	Final	Actual	Actual	Total Actual		
REVENUES							
Other revenue	\$ 310,000	\$ 310,000	\$ 664,629	\$ 404,851	\$ 1,069,479	\$ (759,479)	
Investment earnings	-	-	28,219	61,817	90,036	(90,036)	
Total revenues	310,000	310,000	692,848	466,667	1,159,515	(849,515)	
EXPENDITURES							
Community development	895,700	895,700	35,000	55,045	90,045	805,655	
Total expenditures	895,700	895,700	35,000	55,045	90,045	805,655	
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(585,700)	(585,700)	657,848	411,622	1,069,470	(1,655,170)	
NET CHANGE IN FUND BALANCE	(585,700)	(585,700)	657,848	411,622	1,069,470	(1,655,170)	
FUND BALANCE, beginning of year	585,700	585,700	575,627	1,233,475	575,627	10,073	
FUND BALANCE, end of year	\$ -	\$ -	\$ 1,233,475	1,645,097	\$ 1,645,097	\$ (1,645,097)	
RECONCILIATION TO GAAP BASIS							
GASB 72 adjustment				7,107			
TOTAL GAAP BASIS FUND BALANCE, end of year							\$ 1,652,204

City of Medford
Nonmajor Debt Service Funds
June 30, 2025

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, 2025

	General Debt Service Fund - 160	Revenue Bond Fund - 161	MURA Debt Service Fund - 902	Total
ASSETS				
Cash and investments	\$ 15,798	\$ 668	\$ 930,668	\$ 947,134
Receivables				
Taxes	-	-	162,027	162,027
TOTAL ASSETS	\$ 15,798	\$ 668	\$ 1,092,695	\$ 1,109,161
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes				
Fund Balances	\$ -	\$ -	\$ 152,659	\$ 152,659
Restricted - Debt service	15,798	668	940,036	956,502
Total fund balances	15,798	668	940,036	956,502
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 15,798	\$ 668	\$ 1,092,695	\$ 1,109,161

City of Medford
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended June 30, 2025

	General Debt Service Fund - 160	Revenue Bond Fund - 161	MURA Debt Service Fund - 902	Total
REVENUES				
Property taxes	\$ -	\$ -	\$ 73,670	\$ 73,670
Investment earnings	740	33	24	797
Total revenues	740	33	73,694	74,467
EXPENDITURES				
Debt service principal	3,424,600	3,658,659	-	7,083,259
Debt service interest	748,072	2,500,931	-	3,249,003
Total expenditures	4,172,672	6,159,590	-	10,332,262
EXCESS REVENUES OVER (UNDER) EXPENDITURES				
	(4,171,932)	(6,159,557)	73,694	(10,257,795)
OTHER FINANCING SOURCES (USES)				
Transfers in	4,172,673	6,159,590	-	10,332,263
Total other financing sources (uses)	4,172,673	6,159,590	-	10,332,263
NET CHANGE IN FUND BALANCE	741	33	73,694	74,468
FUND BALANCE, beginning of year	15,057	635	866,342	882,034
FUND BALANCE, end of year	\$ 15,798	\$ 668	\$ 940,036	\$ 956,502

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, 2025

	Biennium Budget		First Year		Second Year		Variance With	
	Original	Final	Actual	Actual	Total	Actual	Final	Budget
REVENUES								
Investment earnings	\$ 6,200	\$ 6,200	\$ 5,069	\$ 568	\$ 5,637	\$ 563		
Total revenues	6,200	6,200	5,069	568	5,637	563		
EXPENDITURES								
Debt service	9,679,900	9,679,900	4,748,396	4,172,673	8,921,069	758,831		
Total expenditures	9,679,900	9,679,900	4,748,396	4,172,673	8,921,069	758,831		
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(9,673,700)	(9,673,700)	(4,743,327)	(4,172,105)	(8,915,432)	(758,268)		
OTHER FINANCING SOURCES (USES)								
Transfers out	(300,000)	(300,000)	(300,000)	-	(300,000)	-		
Transfers in	9,679,900	9,679,900	4,748,396	4,172,673	8,921,069	758,831		
Total other financing sources (uses)	9,379,900	9,379,900	4,448,396	4,172,673	8,621,069	758,831		
NET CHANGE IN FUND BALANCE	(293,800)	(293,800)	(294,931)	568	(294,363)	563		
FUND BALANCE, beginning of year	311,700	311,700	310,092	15,161	310,092	1,608		
FUND BALANCE, end of year	<u>\$ 17,900</u>	<u>\$ 17,900</u>	<u>\$ 15,161</u>	15,729	<u>\$ 15,729</u>	<u>\$ 2,171</u>		
RECONCILIATION TO GAAP BASIS								
GASB 72 adjustment				69				
TOTAL GAAP BASIS FUND BALANCE, end of year	<u>\$ 17,900</u>	<u>\$ 17,900</u>	<u>\$ 15,161</u>	15,729	<u>\$ 15,729</u>	<u>\$ 2,171</u>		

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, 2025

	Biennium Budget		First Year		Second Year		Variance With	
	Original	Final	Actual	Actual	Total	Actual	Final	Budget
REVENUES								
Investment earnings	\$ -	\$ -	\$ 23	\$ 26	\$ 49	\$ (49)		
Total revenues	-	-	23	26	49	(49)		
EXPENDITURES								
Debt service	11,401,100	11,859,700	5,699,771	6,159,590	11,859,361	339		
Total expenditures	11,401,100	11,859,700	5,699,771	6,159,590	11,859,361	339		
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(11,401,100)	(11,859,700)	(5,699,748)	(6,159,564)	(11,859,312)	(388)		
OTHER FINANCING SOURCES (USES)								
Transfers in	11,401,700	11,860,300	5,699,772	6,159,590	11,859,362	938		
Total other financing sources (uses)	11,401,700	11,860,300	5,699,772	6,159,590	11,859,362	938		
NET CHANGE IN FUND BALANCE	600	600	24	26	50	550		
FUND BALANCE, beginning of year	800	800	615	639	615	185		
FUND BALANCE, end of year	\$ 1,400	\$ 1,400	\$ 639	665	\$ 665	\$ 735		
RECONCILIATION TO GAAP BASIS								
GASB 72 adjustment						3		
TOTAL GAAP BASIS FUND BALANCE, end of year	<u>\$ 17,900</u>	<u>\$ 17,900</u>	<u>\$ 15,161</u>	15,729	<u>\$ 15,729</u>	<u>\$ 2,171</u>		

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, 2025

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With Final Budget
	Original	Final				
REVENUES						
Property taxes	\$ 4,240,000	\$ 4,240,000	\$ 4,256,569	\$ 73,670	\$ 4,330,240	\$ (90,240)
Investment earnings	-	-	2,777	24	2,800	(2,800)
Total revenues	4,240,000	4,240,000	4,259,346	73,694	4,333,040	(93,040)
OTHER FINANCING SOURCES (USES)						
Transfers out	(4,205,000)	(4,205,000)	(4,205,000)	-	(4,205,000)	-
Total other financing sources (uses)	(4,205,000)	(4,205,000)	(4,205,000)	-	(4,205,000)	-
NET CHANGE IN FUND BALANCE	35,000	35,000	54,346	73,694	128,040	(93,040)
FUND BALANCE, beginning of year	858,200	858,200	811,996	866,342	811,996	46,204
FUND BALANCE, end of year	\$ 893,200	\$ 893,200	\$ 866,342	\$ 940,036	\$ 940,036	\$ (46,836)

City of Medford
Nonmajor Capital Projects Funds
June 30, 2025

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

Greenway Construction Fund – Accounts for construction of Bear Creek Greenway.

Fire Apparatus Reserve Fund – This fund accounts for the replacement of Fire Department Apparatus.

Fire Facilities Construction Fund – Accounts for the construction of fire stations funded by bonded debt.

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.

Rogue X Construction Fund – Accounts for the construction of the Rogue Credit Union Community Complex (Rogue X).

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, 2025

	Greenway Construction Fund - 650	Fire Apparatus Reserve - 370	Fire Facilities Construction Fund - 150	Aquatic Facilities Reserve - 671	Park Southeast Area SDC Fund - 621	Park Improvement Fund - 630	Rogue X Construction Fund - 640	MURA Capital Projects Fund - 901	Total
ASSETS									
Cash and investments	\$ 2,195	\$ 1,299,250	\$ 6,026,828	\$ 117,300	\$ 806,271	\$ 6,772,477	\$ 3,192,409	\$ 8,996,323	\$ 27,213,053
Receivables									
Accounts									
	-	-	-	-	-	645,005	-	162,963	807,968
Total assets	\$ 2,195	\$ 1,299,250	\$ 6,026,828	\$ 117,300	\$ 806,271	\$ 7,417,482	\$ 3,192,409	\$ 9,159,286	\$ 28,021,021
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts payable	\$ -	\$ -	\$ 510,959	\$ -	\$ -	\$ 11,684	\$ 303,477	\$ 7,693	\$ 833,813
Retainage payable	-	-	61,508	-	-	538	6,337	5,420	73,803
Payroll and related accruals	-	-	-	-	-	20,313	-	11,448	31,761
Total liabilities	-	-	572,467	-	-	32,535	309,814	24,561	939,377
Fund balances									
Restricted for									
Public safety	-	1,299,250	5,454,361	-	-	-	-	-	6,753,611
Culture and recreation	2,195	-	-	117,300	806,271	7,384,947	2,882,595	-	11,193,308
Community development	-	-	-	-	-	-	-	9,134,725	9,134,725
Total fund balances	2,195	1,299,250	5,454,361	117,300	806,271	7,384,947	2,882,595	9,134,725	27,081,644
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,195	\$ 1,299,250	\$ 6,026,828	\$ 117,300	\$ 806,271	\$ 7,417,482	\$ 3,192,409	\$ 9,159,286	\$ 28,021,021

110

City of Medford
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Project Funds
For the Year Ended June 30, 2025

	Greenway Construction Fund - 650	Fire Apparatus Reserve - 370	Fire Facilities Construction Fund - 150	Aquatic Facilities Reserve - 671	Park Southeast Area SDC Fund - 621	Park Improvement Fund - 630	Rogue X Construction Fund - 640	MURA Capital Projects Fund - 901	Total
REVENUES									
Car rental taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,189,595	\$ -	\$ -	\$ 3,189,595
Lodging tax	-	-	-	-	-	2,228,952	-	-	2,228,952
Charges for services	-	-	-	69,242	-	-	-	-	69,242
Investment earnings	110	52,863	179,635	4,021	39,171	294,716	175,144	552,110	1,297,770
Grants and contributions	-	-	-	-	-	589,501	-	-	606,839
Other revenue	-	-	-	-	57,395	-	-	32,601	89,996
Total revenues	110	52,863	179,635	73,263	96,566	6,302,764	175,144	602,049	7,482,394
EXPENDITURES									
Current									
Culture and recreation	-	-	-	-	-	587,147	340,249	-	927,396
Community development	-	-	-	-	-	-	-	1,804,281	1,804,281
Debt service principal	-	-	-	-	-	-	-	262	262
Debt service interest	-	-	-	-	-	-	-	4	4
Capital outlay	-	-	1,334,607	-	-	739,429	464,239	-	2,538,275
Total expenditures	-	-	1,334,607	-	-	1,326,576	804,488	1,804,547	5,270,218
EXCESS REVENUES OVER (UNDER) EXPENDITURES	110	52,863	(1,154,972)	73,263	96,566	4,976,188	(629,344)	(1,202,498)	2,212,176
OTHER FINANCING SOURCES (USES)									
Bonds issued	-	-	6,609,333	-	-	-	-	-	6,609,333
Transfers in	-	465,000	-	-	-	-	-	-	465,000
Transfers out	-	-	-	-	-	(3,054,000)	-	-	(3,054,000)
Total other financing sources	-	465,000	6,609,333	-	-	(3,054,000)	-	-	4,020,333
NET CHANGE IN FUND BALANCE	110	517,863	5,454,361	73,263	96,566	1,922,188	(629,344)	(1,202,498)	6,232,509
FUND BALANCE, beginning of year	2,085	781,387	-	44,037	709,705	5,462,759	3,511,939	10,337,223	20,849,135
FUND BALANCE, end of year	\$ 2,195	\$ 1,299,250	\$ 5,454,361	\$ 117,300	\$ 806,271	\$ 7,384,947	\$ 2,882,595	\$ 9,134,725	\$ 27,081,644

111

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, 2025

	Biennium Budget		First Year	Second Year	Total Actual	Variance With Final Budget
	Original	Final	Actual	Actual		
REVENUES						
Investment earnings	\$ -	\$ -	\$ 70	\$ 86	\$ 156	\$ (156)
Total revenues	-	-	70	86	156	(156)
EXPENDITURES						
Contingency	2,100	2,100	-	-	-	2,100
Total expenditures	2,100	2,100	-	-	-	2,100
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(2,100)	(2,100)	70	86	156	(2,256)
NET CHANGE IN FUND BALANCE	(2,100)	(2,100)	70	86	156	(2,256)
FUND BALANCE, beginning of year	2,100	2,100	2,029	2,099	2,029	71
FUND BALANCE, end of year	\$ -	\$ -	\$ 2,099	2,185	\$ 2,185	\$ (2,185)
RECONCILIATION TO GAAP BASIS						
GASB 72 adjustment				10		
TOTAL GAAP BASIS FUND BALANCE, end of year			\$ 2,195			

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, 2025

	Biennium Budget		First Year	Second Year	Total Actual	Variance With Final Budget
	Original	Final	Actual	Actual		
REVENUES						
Investment earnings	\$ 400	\$ 400	\$ 15,936	\$ 41,747	\$ 57,683	\$ (57,283)
Total revenues	400	400	15,936	41,747	57,683	(57,283)
EXPENDITURES						
Public Safety	1,325,000	1,116,000	58,461	-	58,461	1,057,539
Total expenditures	1,325,000	1,116,000	58,461	-	58,461	1,057,539
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(1,324,600)	(1,115,600)	(42,525)	41,747	(778)	(1,114,822)
OTHER FINANCING SOURCES (USES)						
Transfers in	1,330,000	1,130,000	665,000	465,000	1,130,000	-
Transfers out	-	(9,000)	(9,000)	-	(9,000)	-
Total other financing sources (uses)	1,330,000	1,121,000	656,000	465,000	1,121,000	-
NET CHANGE IN FUND BALANCE	5,400	5,400	613,475	506,747	1,120,222	(1,114,822)
FUND BALANCE, beginning of year	102,800	102,800	173,370	786,845	173,370	(70,570)
FUND BALANCE, end of year	\$ 108,200	\$ 108,200	\$ 786,845	1,293,592	\$ 1,293,592	\$ (1,185,392)
RECONCILIATION TO GAAP BASIS						
GASB 72 adjustment					5,658	
TOTAL GAAP BASIS FUND BALANCE, end of year					\$ 1,299,250	

City of Medford
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis)
Fire Facilities Construction Fund - 150
For the Year Ended June 30, 2025

	Biennium Budget		First Year		Second Year		Variance With	
	Original	Final	Actual	Actual	Total	Actual	Final	Budget
REVENUES								
Issuance of debt	\$ -	\$ 6,523,500	\$ -	\$ 6,609,333	\$ 6,609,333	\$ (85,833)		
Investment earnings				152,065	152,065		(152,065)	
Total revenues		6,523,500		6,761,397	6,761,397		(237,897)	
EXPENDITURES								
Capital outlay		6,523,500		1,334,607	1,334,607		5,188,893	
Total expenditures		6,523,500		1,334,607	1,334,607		5,188,893	
EXCESS REVENUES OVER (UNDER) EXPENDITURES		-		5,426,790	5,426,790		(5,426,790)	
NET CHANGE IN FUND BALANCE		-		5,426,790	5,426,790		(5,426,790)	
FUND BALANCE, beginning of year		-		-	-		-	
FUND BALANCE, end of year	\$ -	\$ -	\$ -	5,426,790	\$ 5,426,790	\$ (5,426,790)		
RECONCILIATION TO GAAP BASIS								
GASB 72 adjustment				27,571				
TOTAL GAAP BASIS FUND BALANCE, end of year					\$ 5,454,361			

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, 2025

	Biennium Budget		First Year		Second Year		Variance With	
	Original	Final	Actual	Actual	Total	Actual	Final	Budget
REVENUES								
Investment earnings	\$ -	\$ -	\$ -	\$ 492	\$ 3,246	\$ 3,738	\$ (3,738)	
Other revenue				42,099	69,242	111,341	(111,341)	
Total revenues		-	-	42,591	72,488	115,078	(115,078)	
NET CHANGE IN FUND BALANCE		-	-	42,591	72,488	115,078	(115,078)	
FUND BALANCE, beginning of year		4,300		4,300	1,727	44,318	1,727	2,573
FUND BALANCE, end of year	\$ 4,300	\$ 4,300	\$ 44,318		116,805	\$ 116,805	\$ (112,505)	
RECONCILIATION TO GAAP BASIS								
GASB 72 adjustment							495	
TOTAL GAAP BASIS FUND BALANCE, end of year						\$ 117,300		

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, 2025

	Biennium Budget		First Year		Second Year		Variance With	
	Original	Final	Actual	Actual	Total	Actual	Final	Budget
REVENUES								
Charges for services	\$ 300,000	\$ 300,000	\$ 216,073	\$ 57,395	\$ 273,468	\$ 26,533		
Investment earnings	13,600	13,600	20,496	30,800	51,295	(37,695)		
Total revenues	313,600	313,600	236,568	88,195	324,763	(11,163)		
EXPENDITURES								
Capital outlay	100,000	100,000	-	-	-	100,000		
Contingency	676,700	676,700	-	-	-	676,700		
Total expenditures	776,700	776,700	-	-	-	776,700		
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(463,100)	(463,100)	236,568	88,195	324,763	(787,863)		
NET CHANGE IN FUND BALANCE	(463,100)	(463,100)	236,568	88,195	324,763	(787,863)		
FUND BALANCE, beginning of year	463,100	463,100	478,019	714,587	478,019	(14,919)		
FUND BALANCE, end of year	\$ -	\$ -	\$ 714,587	802,782	\$ 802,782	\$ (802,782)		
RECONCILIATION TO GAAP BASIS								
GASB 72 adjustment				3,489				
TOTAL GAAP BASIS FUND BALANCE, end of year				\$ 806,271				

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, 2025

	Biennium Budget		First Year		Second Year		Variance With	
	Original	Final	Actual	Actual	Total	Actual	Final	Budget
REVENUES								
Car rental tax	\$ 4,700,000	\$ 4,700,000	\$ 3,055,000	\$ 3,189,595	\$ 6,244,595	\$ (1,544,595)		
Lodging tax	4,930,000	4,930,000	2,154,773	2,228,952	4,383,725	546,275		
Grants and contracts	738,200	738,200	30,673	589,501	620,174	118,026		
Investment earnings	-	-	-	221,482	233,916	455,398	(455,398)	
Total revenues	10,368,200	10,368,200	5,461,929	6,241,964	11,703,893	(1,335,693)		
EXPENDITURES								
Parks and recreations	734,100	734,100	327,507	393,596	721,103	12,997		
Capital outlay	3,725,100	3,725,100	2,220,308	932,982	3,153,290	571,811		
Contingency	2,500,000	2,500,000	-	-	-	-	2,500,000	
Total expenditures	6,959,200	6,959,200	2,547,815	1,326,577	3,874,393	3,084,807		
EXCESS REVENUES OVER (UNDER) EXPENDITURES	3,409,000	3,409,000	2,914,114	4,915,387	7,829,500	(4,420,500)		
OTHER FINANCING SOURCES (USES)								
Transfers out	(6,105,500)	(6,105,500)	(3,051,329)	(3,054,000)	(6,105,329)	(171)		
Total other financing sources (uses)	(6,105,500)	(6,105,500)	(3,051,329)	(3,054,000)	(6,105,329)	(171)		
NET CHANGE IN FUND BALANCE	(2,696,500)	(2,696,500)	(137,215)	1,861,387	1,724,171	(4,420,671)		
FUND BALANCE, beginning of year	4,725,100	4,725,100	5,632,496	5,495,281	5,632,496	(907,396)		
FUND BALANCE, end of year	\$ 2,028,600	\$ 2,028,600	\$ 5,495,281	7,356,668	\$ 7,356,668	\$ (5,328,068)		
RECONCILIATION TO GAAP BASIS								
GASB 72 adjustment						28,279		
TOTAL GAAP BASIS FUND BALANCE, end of year						\$ 7,384,947		

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, 2025

	Biennium Budget		First Year		Second Year		Variance With	
	Original	Final	Actual	Actual	Total	Actual	Final	Budget
REVENUES								
Investment earnings	\$ -	\$ -	\$ 287,024	\$ 134,663	\$ 421,687	\$ (421,687)		
Other revenue	-	-	16,317	-	16,317	(16,317)		
Total revenues	-	-	303,341	134,663	438,004	(438,004)		
EXPENDITURES								
Culture and recreation	12,000	12,000	43,595	-	43,595	(31,595)		
Capital outlay	17,976,700	17,976,700	15,482,857	804,487	16,287,344	1,689,356		
Total expenditures	17,988,700	17,988,700	15,526,452	804,487	16,330,939	1,657,761		
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(17,988,700)	(17,988,700)	(15,223,111)	(669,824)	(15,892,935)	(2,095,765)		
NET CHANGE IN FUND BALANCE	(17,988,700)	(17,988,700)	(15,223,111)	(669,824)	(15,892,935)	(2,095,765)		
FUND BALANCE, beginning of year	17,988,700	17,988,700	18,761,610	3,538,499	18,761,610	(772,910)		
FUND BALANCE, end of year	\$ -	\$ -	\$ 3,538,499	2,868,675	\$ 2,868,675	\$ (2,868,675)		
RECONCILIATION TO GAAP BASIS								
GASB 72 adjustment				13,920				
TOTAL GAAP BASIS FUND BALANCE, end of year	\$ -	\$ -	\$ 2,882,595					

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, 2025

	Biennium Budget		First Year		Second Year		Variance With	
	Original	Final	Actual	Actual	Total	Actual	Final	Budget
REVENUES								
Investment earnings	\$ 375,000	\$ 375,000	\$ 607,470	\$ 552,111	\$ 1,159,581	\$ (704,581)		
Other revenue	1,323,200	1,323,200	146,469	50,863	197,332	1,125,868		
Total revenues	1,698,200	1,698,200	753,939	602,975	1,356,913	341,287		
EXPENDITURES								
Community development	7,409,800	7,409,800	1,807,611	1,466,342	3,273,953	4,135,847		
Capital outlay	4,100,000	4,100,000	1,108,330	338,207	1,446,536	2,653,464		
Contingency	2,188,400	2,188,400	-	-	-	2,188,400		
Total expenditures	13,698,200	13,698,200	2,915,941	1,804,549	4,720,489	8,977,711		
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(12,000,000)	(12,000,000)	(2,162,002)	(1,201,574)	(3,363,576)	(8,636,424)		
OTHER FINANCING SOURCES (USES)								
Transfers in	8,410,000	8,410,000	8,410,000	-	8,410,000	-		
Transfers out	(4,205,000)	(4,205,000)	(4,205,000)	-	(4,205,000)	-		
Total other financing sources (uses)	4,205,000	4,205,000	4,205,000	-	4,205,000	-		
NET CHANGE IN FUND BALANCE	(7,795,000)	(7,795,000)	2,042,998	(1,201,574)	841,424	(8,636,424)		
FUND BALANCE, beginning of year	7,795,000	7,795,000	8,293,301	10,336,299	8,293,301	(498,301)		
FUND BALANCE, end of year	\$ -	\$ -	\$ 10,336,299	\$ 9,134,725	\$ 9,134,725	\$ (9,134,725)		

City of Medford
Enterprise Funds
June 30, 2025

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 operation and maintenance of the Regional Waste Water Treatment Plant.

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 sewer operation and maintenance.

Sewage Treatment System Development Charge Fund – Accounts for service development charges for capacity expansion and improvements to the Regional Waste Water Treatment Plant.

Sewage Treatment Improvement Fund – Accounts for a portion of the sewage treatment utility fee to be used for improvements to the 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, 2025

	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	Sewer Treatment Improvement Fund - 553	Total
ASSETS								
Current assets								
Cash and investments	\$ 2,578,736	\$ 11,813,791	\$ 27,671,125	\$ 3,905,907	\$ 6,931,326	\$ 14,262,242	\$ 1,094,413	\$ 68,257,540
Receivables	9,696	1,316,616	734,402	7,313	562,086	95,747	69,755	2,795,615
Prepaid expense	-	956	-	-	956	-	-	1,912
Inventories	-	33,696	454,380	-	27,041	-	-	515,117
Total current assets	2,588,432	13,165,059	28,859,907	3,913,220	7,521,409	14,357,989	1,164,168	71,570,184
Noncurrent assets								
Net OPEB asset	-	-	144,663	-	-	-	-	144,663
Capital assets								
Land and construction in progress	-	6,742,929	6,054,614	-	3,334,389	-	-	16,131,932
Right-to-use subscription, net	-	20,085	-	-	20,085	-	-	40,170
Capital assets, net	-	42,674,385	23,221,449	-	25,915,468	-	-	91,811,302
Total noncurrent assets	-	49,437,399	29,420,726	-	29,269,942	-	-	108,128,067
Total assets	2,588,432	62,602,458	58,280,633	3,913,220	36,791,351	14,357,989	1,164,168	179,698,251
DEFERRED OUTFLOWS OF RESOURCES								
OPEB related items	-	-	50,683	-	-	-	-	50,683
Pension related items	-	-	2,986,452	-	-	-	-	2,986,452
Total deferred outflows of resources	-	-	3,037,135	-	-	-	-	3,037,135
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES								
	\$ 2,588,432	\$ 62,602,458	\$ 61,317,768	\$ 3,913,220	\$ 36,791,351	\$ 14,357,989	\$ 1,164,168	\$ 182,735,386
LIABILITIES								
Current liabilities								
Accounts payable	\$ 18,998	\$ 405,732	\$ 1,111,521	\$ 18,833	\$ 2,283,495	\$ 38,841	\$ -	\$ 3,877,420
Payroll and related accounts	4	176,201	152,664	-	121,240	-	-	450,109
Retainage payable	-	58,060	-	-	124,537	-	-	182,597
Unearned revenue	11,567	-	-	7,313	-	15,341	-	34,221
Accrued interest payable	-	-	140,475	-	-	-	-	140,475
Bonds payable, due within one year	-	-	305,000	-	-	-	-	305,000
Compensated absences, due within one year	-	60,276	101,227	-	62,129	-	-	223,632
Subscription liability	-	10,515	-	-	10,515	-	-	21,030
OPEB Liability	-	-	21,192	-	-	-	-	21,192
Total current liabilities	30,569	710,784	1,832,079	26,146	2,601,916	54,182	-	5,255,676

121

City of Medford
Combining Balance Sheet
Enterprise Fund - Sewer Utility Fund (continued)
June 30, 2025

	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	Sewer Treatment Improvement Fund - 553	Total
Noncurrent liabilities								
Bonds payable, due in more than one year	-	-	19,884,597	-	-	-	-	19,884,597
Compensated absences, due in more than one year	-	241,103	404,909	-	248,516	-	-	894,528
Subscription Liability	-	10,110	-	-	10,110	-	-	20,220
OPEB liability	-	-	630,577	-	-	-	-	630,577
Net pension liability	-	-	7,942,030	-	-	-	-	7,942,030
Total noncurrent liabilities	-	251,213	28,862,113	-	258,626	-	-	29,371,952
Total liabilities	30,569	961,997	30,694,192	26,146	2,860,542	54,182	-	34,627,628
DEFERRED INFLOWS OF RESOURCES								
Pension related items	-	-	1,062,830	-	-	-	-	1,062,830
OPEB related items	-	-	138,689	-	-	-	-	138,689
Total deferred inflows of resources	-	-	1,201,519	-	-	-	-	1,201,519
NET POSITION								
Net investment in capital assets	-	49,358,714	25,107,502	-	29,124,780	-	-	103,590,996
Future system development	2,557,863	-	-	4,229,857	-	14,303,807	-	21,091,527
OPEB Asset	-	-	144,663	-	-	-	-	144,663
Unrestricted	-	12,281,747	4,169,892	(342,783)	4,806,029	-	1,164,168	22,079,053
Total net position	2,557,863	61,640,461	29,422,057	3,887,074	33,930,809	14,303,807	1,164,168	146,906,239
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 2,588,432	\$ 62,602,458	\$ 61,317,768	\$ 3,913,220	\$ 36,791,351	\$ 14,357,989	\$ 1,164,168	\$ 182,735,386

122

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, 2025

	Storm Drain SDC Fund - 522	Storm Drain Utility Fund - 501	Sewage Treatment Fund - 503	Sewer Collection System SDC Fund - 521
OPERATING REVENUES				
Charges for services	\$ 265,125	\$ 6,820,333	\$ 8,914,748	\$ 550,441
Miscellaneous income	-	38,395	14,613	-
Total operating revenues	265,125	6,858,728	8,929,361	550,441
OPERATING EXPENSES				
Salaries and fringe benefits	200	3,739,681	4,092,779	2,000
Operating supplies	42,406	882,551	272,934	12,385
Professional services	-	199,220	302,079	-
Repairs and maintenance	-	450,343	158,375	-
Premiums and claims	2,200	84,400	95,800	300
Utilities	-	25,957	628,260	-
General, administrative, and engineering	-	81,777	785,907	-
Depreciation and amortization	-	1,675,840	1,580,105	-
Total operating expenses	44,806	7,139,769	7,916,239	14,685
OPERATING INCOME	220,319	(281,041)	1,013,122	535,756
NONOPERATING REVENUE				
Intergovernmental revenues	-	770,000	35,039	-
Interest expenses	-	(1,304)	(657,825)	-
Investment earnings	132,060	798,736	904,530	211,288
Total nonoperating revenue	132,060	1,567,432	281,744	211,288
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	352,379	1,286,391	1,294,866	747,044
CONTRIBUTIONS AND TRANSFERS				
Contributions	-	2,814,160	-	-
Transfers in	-	256,922	1,037,263	-
Transfers out	(349,381)	(1,234,254)	(605,842)	(703,899)
Total contributions and transfers	(349,381)	1,836,828	431,421	(703,899)
CHANGE IN NET POSITION	2,998	3,123,219	1,726,287	43,145
NET POSITION, beginning of year as previously reported	2,554,865	58,658,595	27,909,881	3,843,929
ADJUSTMENT - implementation of GASB statement 101	-	(141,353)	(214,111)	-
NET POSITION, beginning of year	2,554,865	58,517,242	27,695,770	3,843,929
NET POSITION, end of year	\$ 2,557,863	\$ 61,640,461	\$ 29,422,057	\$ 3,887,074

City of Medford
Combining Schedule of Revenues, Expenditures, and
Changes in Fund Net Position
Enterprise Fund - Sewer Utility Fund (continued)
For the Year Ended June 30, 2025

	Sanitary Sewer Maintenance Fund - 502	Sewage Treatment SDC Fund - 523	Sewer Treatment Improvement Fund - 553	Total
OPERATING REVENUES				
Charges for services	\$ 7,284,401	\$ 1,631,394	\$ 794,358	\$ 26,260,800
Miscellaneous income	12,320	-	(22)	65,306
Total operating revenues	7,296,721	1,631,394	794,336	26,326,106
OPERATING EXPENSES				
Salaries and fringe benefits	2,862,091	-	-	10,696,751
Operating supplies	221,599	26,485	-	1,458,360
Professional services	466,747	-	-	968,046
Repairs and maintenance	375,431	-	-	984,149
Premiums and claims	69,100	-	-	251,800
Utilities	48,123	-	-	702,340
General, administrative, and engineering	100,319	-	-	968,003
Depreciation and amortization	1,023,079	-	-	4,279,024
Total operating expenses	5,166,489	26,485	-	20,308,473
OPERATING INCOME	2,130,232	1,604,909	794,336	6,017,633
NONOPERATING REVENUE				
Intergovernmental revenues	-	-	-	805,039
Interest expenses	(1,304)	-	-	(660,433)
Investment earnings	407,052	697,172	32,479	3,183,317
Total nonoperating revenue	405,748	697,172	32,479	3,327,923
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	2,535,980	2,302,081	826,815	9,345,556
CONTRIBUTIONS AND TRANSFERS				
Contributions	616,200	-	-	3,430,360
Transfers in	697,739	-	-	1,991,924
Transfers out	(1,195,986)	(1,037,263)	-	(5,126,625)
Total contributions and transfers	117,953	(1,037,263)	-	295,659
CHANGE IN NET POSITION	2,653,933	1,264,818	826,815	9,641,215
NET POSITION, beginning of year as previously reported	31,431,107	13,038,989	337,353	137,774,719
ADJUSTMENT - implementation of GASB statement 101	(154,231)	-	-	(509,695)
NET POSITION, beginning of year	31,276,876	13,038,989	337,353	137,265,024
NET POSITION, end of year	\$ 33,930,809	\$ 14,303,807	\$ 1,164,168	\$ 146,906,239

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, 2025

	Biennium Budget		First Year		Second Year		Variance With	
	Original	Final	Actual	Actual	Total	Actual	Final	Budget
REVENUES								
Contributions	\$ 297,500	\$ 297,500	\$ 408,214	\$ 265,124	\$ 673,338	\$ (375,838)		
Investment earnings	45,000	45,000	87,116	102,924	190,040	(145,040)		
Other revenue	-	174,400	174,343	-	174,343	57		
Total revenues	342,500	342,500	669,673	368,048	1,037,721	(520,821)		
EXPENDITURES								
Sewer system maintenance and construction	48,000	48,000	47,774	2,400	50,174	(2,174)		
Capital outlay	824,800	999,200	252,815	299,330	552,145	447,055		
Contingency	200,000	200,000	-	-	-	200,000		
Total expenditures	1,072,800	1,247,200	300,588	301,730	602,319	644,881		
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(730,300)	(904,700)	369,085	66,318	435,402	(1,165,703)		
OTHER FINANCING SOURCES (USES)								
Transfers out	(183,400)	(183,400)	(90,826)	(92,459)	(183,285)	(115)		
Total other financing sources (uses)	(183,400)	(183,400)	(90,826)	(92,459)	(183,285)	(115)		
NET CHANGE IN FUND BALANCE	(913,700)	(1,088,100)	278,259	(26,141)	252,117	(1,165,818)		
FUND BALANCE, beginning of year	1,904,100	1,904,100	2,294,426	2,572,685	2,294,426	(390,326)		
FUND BALANCE, end of year	\$ 990,400	\$ 816,000	\$ 2,572,685	2,546,544	\$ 2,546,544	\$ (1,730,544)		
RECONCILIATION TO GAAP BASIS								
GASB 72 adjustment				11,319				
TOTAL GAAP BASIS FUND BALANCE, end of year				\$ 2,557,863				

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, 2025

	Biennium Budget		First Year		Second Year		Variance With	
	Original	Final	Actual	Actual	Total	Actual	Final	Budget
REVENUES								
Charges for services	\$ 13,140,800	\$ 13,140,800	\$ 6,555,692	\$ 6,820,334	\$ 13,376,026	\$ (235,226)		
Grants and contracts	-		2,950,400	2,180,383	770,000	2,950,383	17	
Investment earnings	371,200	1,121,200	640,651	619,483	1,260,134	(138,934)		
Other revenue	-		34,400	(1,759)	38,395	36,636	(2,236)	
Total revenues	13,512,000	17,246,800	9,374,967	8,248,212	17,623,179	(376,379)		
EXPENDITURES								
Storm drain system development	10,816,500	11,237,500	4,536,688	5,604,959	10,141,646	1,095,854		
Capital outlay	8,300,000	12,844,700	4,822,924	5,660,637	10,483,561	2,361,139		
Contingency	3,863,400	2,611,000	-	-	-	-	2,611,000	
Total expenditures	22,979,900	26,693,200	9,359,612	11,265,595	20,625,207	6,067,993		
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(9,467,900)	(9,446,400)	15,355	(3,017,383)	(3,002,028)	(6,444,371)		
OTHER FINANCING SOURCES (USES)								
Transfers out	(2,405,800)	(2,427,300)	(1,148,804)	(1,234,254)	(2,383,058)	(44,242)		
Total other financing sources (uses)	(2,405,800)	(2,427,300)	(1,148,804)	(1,234,254)	(2,383,058)	(44,242)		
NET CHANGE IN FUND BALANCE	(11,873,700)	(11,873,700)	(1,133,449)	(4,251,637)	(5,385,086)	(6,488,613)		
FUND BALANCE, beginning of year	15,893,300	15,893,300	17,853,508	16,720,059	17,853,508	(1,960,208)		
FUND BALANCE, end of year	\$ 4,019,600	\$ 4,019,600	\$ 16,720,059	12,468,422	\$ 12,468,422	\$ (8,448,822)		
RECONCILIATION TO GAAP BASIS								
GASB 72 adjustment						56,643		
Capital assets, net						49,417,314		
Right to use subscription, net						20,085		
Subscription Liability						(20,625)		
Compensated absences						(301,379)		
TOTAL GAAP BASIS FUND BALANCE, end of year						\$ 61,640,461		

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, 2025

	Biennium Budget		First Year	Second Year	Variance With	
	Original	Final	Actual	Actual	Total Actual	Final Budget
REVENUES						
Charges for services	\$ 15,480,000	\$ 15,515,000	\$ 7,745,094	\$ 8,943,961	\$ 16,689,055	\$ (1,174,055)
Investment earnings	120,800	529,000	273,458	809,938	1,083,395	(554,395)
Other revenue	-	5,000	56,796	20,438	77,234	(72,234)
Total revenues	15,600,800	16,049,000	8,075,348	9,774,337	17,849,685	(1,800,685)
EXPENDITURES						
Sewer treatment maintenance	12,163,700	13,033,800	5,765,767	5,962,238	11,728,004	1,305,796
Capital outlay	1,499,000	20,949,000	946,683	3,892,854	4,839,537	16,109,463
Debt service	-	543,200	-	543,170	543,170	30
Contingency	2,500,000	1,499,900	-	-	-	1,499,900
Total expenditures	16,162,700	36,025,900	6,712,450	10,398,262	17,110,712	18,915,188
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(561,900)	(19,976,900)	1,362,898	(623,925)	738,973	(20,715,874)
OTHER FINANCING SOURCES (USES)						
Issuance of debt - bonds	-	19,415,000	-	20,215,417	20,215,417	(800,417)
Transfers out	(1,197,200)	(2,283,600)	(591,244)	(605,842)	(1,197,086)	(1,086,514)
Total other financing sources (uses)	(1,197,200)	17,131,400	(591,244)	19,609,576	19,018,332	(1,886,932)
NET CHANGE IN FUND BALANCE	(1,759,100)	(2,845,500)	771,654	18,985,651	19,757,305	(22,602,805)
FUND BALANCE, beginning of year	6,499,400	6,499,400	7,345,559	8,117,213	7,345,559	(846,159)
FUND BALANCE, end of year	\$ 4,740,300	\$ 3,653,900	\$ 8,117,213	27,102,864	\$ 27,102,864	\$ (23,448,964)
RECONCILIATION TO GAAP BASIS						
GASB 72 adjustment			38,477			
Inventory			454,380			
Capital assets, net			29,276,065			
Compensated absences			(506,137)			
Net OPEB liability / asset			(507,106)			
Net pension liability			(7,942,030)			
Bonds payable			(20,189,597)			
Interest payable			(140,475)			
Deferred outflow of resources			3,037,135			
Deferred inflow of resources			(1,201,519)			
TOTAL GAAP BASIS FUND BALANCE, end of year	\$ 29,422,057					

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, 2025

	Biennium Budget		First Year	Second Year	Variance With	
	Original	Final	Actual	Actual	Total Actual	Final Budget
REVENUES						
Charges for services	\$ 611,600	\$ 611,600	\$ 725,901	\$ 550,442	\$ 1,276,343	\$ (664,743)
Investment earnings	57,600	257,600	123,660	166,310	289,970	(32,370)
Total revenues	669,200	869,200	849,560	716,752	1,566,313	(697,113)
EXPENDITURES						
Sewer collection system development	676,700	676,700	10,340	4,172	14,512	662,188
Capital outlay	363,700	1,184,200	86,211	708,252	794,462	389,738
Contingency	833,500	213,000	-	-	-	213,000
Total expenditures	1,873,900	2,073,900	96,551	712,423	808,975	1,264,925
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(1,204,700)	(1,204,700)	753,009	4,329	757,338	(1,962,038)
OTHER FINANCING SOURCES (USES)						
Transfers out	(12,300)	(12,300)	(6,068)	(6,160)	(12,228)	(72)
Total other financing sources (uses)	(12,300)	(12,300)	(6,068)	(6,160)	(12,228)	(72)
NET CHANGE IN FUND BALANCE	(1,217,000)	(1,217,000)	746,941	(1,831)	745,110	(1,962,110)
FUND BALANCE, beginning of year	2,218,000	2,218,000	3,123,337	3,870,278	3,123,337	(905,337)
FUND BALANCE, end of year	\$ 1,001,000	\$ 1,001,000	\$ 3,870,278	3,868,447	\$ 3,868,447	\$ (2,867,447)
RECONCILIATION TO GAAP BASIS						
GASB 72 adjustment					18,627	
TOTAL GAAP BASIS FUND BALANCE, end of year	\$ 3,887,074					

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, 2025

	Biennium Budget		First Year	Second Year	Variance With	
	Original	Final	Actual	Actual	Total Actual	Final Budget
REVENUES						
Charges for services	\$ 14,219,500	\$ 14,219,500	\$ 6,872,157	\$ 7,276,316	\$ 14,148,473	\$ 71,027
Investment earnings	173,200	523,200	277,683	321,464	599,146	(75,946)
Other revenue	-	21,800	18,337	20,412	38,748	(16,948)
Total revenues	14,392,700	14,764,500	7,168,176	7,618,192	14,786,368	(21,868)
EXPENDITURES						
Sewer system maintenance and construction	9,415,700	9,435,700	3,714,831	4,746,328	8,461,158	974,542
Capital outlay	6,602,600	8,319,600	2,513,451	3,760,031	6,273,483	2,046,117
Contingency	1,865,200	476,700	-	-	-	476,700
Total expenditures	17,883,500	18,232,000	6,228,282	8,506,359	14,734,641	3,497,359
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(3,490,800)	(3,467,500)	939,894	(888,167)	51,727	(3,519,227)
OTHER FINANCING SOURCES (USES)						
Transfers out	(2,326,800)	(2,350,100)	(1,109,864)	(1,195,986)	(2,305,850)	(44,250)
Total other financing sources (uses)	(2,326,800)	(2,350,100)	(1,109,864)	(1,195,986)	(2,305,850)	(44,250)
NET CHANGE IN FUND BALANCE	(5,817,600)	(5,817,600)	(169,970)	(2,084,153)	(2,254,123)	(3,563,477)
FUND BALANCE, beginning of year	7,344,100	7,344,100	7,212,565	7,042,595	7,212,565	131,535
FUND BALANCE, end of year	\$ 1,526,500	\$ 1,526,500	\$ 7,042,595	4,958,442	\$ 4,958,442	\$ (3,431,942)
RECONCILIATION TO GAAP BASIS						
GASB 72 adjustment			33,696			
Capital assets, net			29,249,856			
Right to use subscription, net			20,085			
Subscription Liability			(20,625)			
Compensated absences			(310,645)			
TOTAL GAAP BASIS FUND BALANCE, end of year	\$ 33,930,809					

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, 2025

	Biennium Budget		First Year	Second Year	Variance With	
	Original	Final	Actual	Actual	Total Actual	Final Budget
REVENUES						
Charges for services	\$ 2,117,000	\$ 2,117,000	\$ 1,950,143	\$ 1,631,395	\$ 3,581,538	\$ (1,464,538)
Investment earnings	224,800	224,800	459,594	541,770	1,001,365	(776,565)
Total revenues	2,341,800	2,341,800	2,409,737	2,173,166	4,582,903	(2,241,103)
EXPENDITURES						
Capital outlay	1,777,000	3,027,000	1,322,057	1,063,748	2,385,806	641,194
Contingency	10,000,000	8,750,000	-	-	-	8,750,000
Total expenditures	11,777,000	11,777,000	1,322,057	1,063,748	2,385,806	9,391,194
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(9,435,200)	(9,435,200)	1,087,680	1,109,418	2,197,097	(11,632,297)
NET CHANGE IN FUND BALANCE	(9,435,200)	(9,435,200)	1,087,680	1,109,418	2,197,097	(11,632,297)
FUND BALANCE, beginning of year	11,670,100	11,670,100	12,044,831	13,132,511	12,044,831	(374,731)
FUND BALANCE, end of year	\$ 2,234,900	\$ 2,234,900	\$ 13,132,511	14,241,929	\$ 14,241,929	\$ (12,007,029)
RECONCILIATION TO GAAP BASIS						
GASB 72 adjustment					61,878	
TOTAL GAAP BASIS FUND BALANCE, end of year	\$ 14,303,807					

City of Medford
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis)
Sewage Treatment Improvement Fund - 553
For the Year Ended June 30, 2025

	Biennium Budget		First Year		Second Year		Variance With	
	Original	Final	Actual	Actual	Total	Actual	Final	Budget
REVENUES								
Charges for services	\$ 1,870,000	\$ 1,870,000	\$ 334,725	\$ 794,337	\$ 1,129,062	\$ 740,938		
Investment earnings	-	-	4,612	25,953	30,564	(30,564)		
Total revenues	1,870,000	1,870,000	339,336	820,290	1,159,626	710,374		
EXPENDITURES								
Contingency	1,870,000	1,870,000	-	-	-	1,870,000		
Total expenditures	1,870,000	1,870,000	-	-	-	1,870,000		
EXCESS REVENUES OVER (UNDER) EXPENDITURES	-	-	339,336	820,290	1,159,626	(1,159,626)		
NET CHANGE IN FUND BALANCE	-	-	339,336	820,290	1,159,626	(1,159,626)		
FUND BALANCE, beginning of year	-	-	-	339,336	-	-		
FUND BALANCE, end of year	\$ -	\$ -	\$ 339,336	1,159,626	\$ 1,159,626	\$ (1,159,626)		
RECONCILIATION TO GAAP BASIS								
GASB 72 adjustment				4,542				
TOTAL GAAP BASIS FUND BALANCE, end of year				\$ 1,164,168				

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, 2025

	Biennium Budget		First Year		Second Year		Variance With	
	Original	Final	Actual	Actual	Total	Actual	Final	Budget
REVENUES								
Charges for services	\$ 760,000	\$ 760,000	\$ 572,562	\$ 521,770	\$ 1,094,332	\$ (334,332)		
Investment earnings	16,600	16,600	32,128	49,634	81,762	(65,162)		
Other revenue	-	-	2,087	-	-	2,087	(2,087)	
Total revenues	776,600	776,600	606,777	571,404	1,178,181	(401,581)		
EXPENDITURES								
Parking facilities maintenance and construction	1,237,600	1,237,600	497,316	552,987	1,050,303	187,297		
Total expenditures	1,237,600	1,237,600	497,316	552,987	1,050,303	187,297		
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(461,000)	(461,000)	109,461	18,417	127,878	(588,878)		
OTHER FINANCING SOURCES (USES)								
Transfers in	300,000	300,000	300,000	-	300,000	-		
Transfers out	(18,300)	(18,300)	(8,894)	(9,169)	(18,063)	(237)		
Total other financing sources (uses)	281,700	281,700	291,106	(9,169)	281,937	(237)		
NET CHANGE IN FUND BALANCE	(179,300)	(179,300)	400,567	9,248	409,815	(589,115)		
FUND BALANCE, beginning of year	638,000	638,000	827,798	1,228,365	827,798	(189,798)		
FUND BALANCE, end of year	\$ 458,700	\$ 458,700	\$ 1,228,365	1,237,613	\$ 1,237,613	\$ (778,913)		
RECONCILIATION TO GAAP BASIS								
GASB 72 adjustment						5,505		
Lease receivable						77,979		
Capital assets, net						1,617,814		
Net OPEB liability						(4,419)		
Net pension liability						(62,834)		
Deferred outflow of resources						24,069		
Deferred inflow of resources						(86,818)		
Compensated absences						(1,198)		
TOTAL GAAP BASIS FUND BALANCE, end of year						\$ 2,807,712		

City of Medford
Internal Service Funds
June 30, 2025

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, 2025

	Risk Management Fund - 700	Fleet Maintenance Fund - 540	Total
ASSETS			
Current assets			
Cash and investments	\$ 4,447,556	\$ 336,441	\$ 4,783,997
Receivables	-	67,488	67,488
Prepaid expense	965,197	-	965,197
Inventories	-	304,234	304,234
Total current assets	5,412,753	708,163	6,120,916
Noncurrent assets			
Restricted cash and investments	112,090	-	112,090
Net OPEB asset	3,610	9,246	12,856
Right-to-use subscription, net	59,997	-	59,997
Capital assets, net	-	264,450	264,450
Total noncurrent assets	175,697	273,696	449,393
Total assets	5,588,450	981,859	6,570,309
DEFERRED OUTFLOWS OF RESOURCES			
OPEB related items	1,264	3,240	4,504
Pension related items	67,527	180,445	247,972
Total deferred outflows of resources	68,791	183,685	252,476
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
	\$ 5,657,241	\$ 1,165,544	\$ 6,822,785
LIABILITIES			
Current liabilities			
Accounts payable	\$ 46,836	\$ 138,608	\$ 185,444
Payroll and related accounts	135,940	31,207	167,147
Advances from other funds	-	250,000	250,000
Compensated absences, due within one year	12,401	18,104	30,505
Subscription liability	18,614	-	18,614
OPEB Liability	529	1,354	1,883
Claims payable	694,142	-	694,142
Total current liabilities	908,462	439,273	1,347,735
Noncurrent liabilities			
Compensated absences, due in more than one year	49,606	72,414	122,020
Subscription liability	44,615	-	44,615
OPEB liability	15,738	40,304	56,042
Net pension liability	179,580	479,869	659,449
Total noncurrent liabilities	289,539	592,587	882,126
Total liabilities	1,198,001	1,031,860	2,229,861
DEFERRED INFLOWS OF RESOURCES			
Pension related items	24,033	64,218	88,251
OPEB related items	3,461	8,865	12,326
Total deferred inflows of resources	27,494	73,083	100,577
NET POSITION			
Net investment in capital assets	(3,232)	264,450	261,218
Employee section 125 plan	112,090	-	112,090
OPEB Asset	3,610	9,246	12,856
Unrestricted	4,319,278	(213,095)	4,106,183
Total net position	4,431,746	60,601	4,492,347
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
	\$ 5,657,241	\$ 1,165,544	\$ 6,822,785

City of Medford
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2025

	Risk Management Fund - 700	Fleet Maintenance Fund - 540	Total
OPERATING REVENUES			
Charges for services	\$ 2,877,696	\$ 1,610,002	\$ 4,487,698
Other revenue	396,071	10	396,081
Total operating revenues	<u>3,273,767</u>	<u>1,610,012</u>	<u>4,883,779</u>
OPERATING EXPENSES			
Salaries and fringe benefits	266,764	677,877	944,641
Operating supplies	3,659	745,321	748,980
Professional services	64,217	22,198	86,415
Repairs and maintenance	799	8,528	9,327
Premiums and claims	2,374,081	28,600	2,402,681
Utilities	-	5,765	5,765
General, administrative, and engineering	24,905	59,491	84,396
Depreciation and amortization	18,000	27,257	45,257
Total operating expenses	<u>2,752,425</u>	<u>1,575,037</u>	<u>4,327,462</u>
OPERATING INCOME (LOSS)	<u>521,342</u>	<u>34,975</u>	<u>556,317</u>
NONOPERATING EXPENSES			
Interest expenses	(1,172)	-	(1,172)
Investment earnings (losses)	211,682	19,350	231,032
Total nonoperating expenses	<u>210,510</u>	<u>19,350</u>	<u>229,860</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>731,852</u>	<u>54,325</u>	<u>786,177</u>
CONTRIBUTIONS AND TRANSFERS			
Transfers in	-	86,000	86,000
Transfers out	(149,708)	(275,195)	(424,903)
Total contributions and transfers	<u>(149,708)</u>	<u>(189,195)</u>	<u>(338,903)</u>
NET CHANGE IN NET POSITION	<u>582,144</u>	<u>(134,870)</u>	<u>447,274</u>
NET POSITION, beginning of year as previously reported	3,879,102	259,220	4,138,322
ADJUSTMENT - implementation of GASB statement 101	(29,500)	(63,749)	(93,249)
NET POSITION, beginning of year	<u>3,849,602</u>	<u>195,471</u>	<u>4,045,073</u>
NET POSITION, end of year	<u><u>\$ 4,431,746</u></u>	<u><u>\$ 60,601</u></u>	<u><u>\$ 4,492,347</u></u>

City of Medford
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2025

	Risk Management Fund - 700	Fleet Maintenance Fund - 540	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ -	\$ 766,322	\$ 766,322
Receipt from interfund services provided	3,274,074	895,918	4,169,992
Payments to suppliers	(2,698,475)	(869,025)	(3,567,500)
Payments to employees	(302,312)	(646,756)	(949,068)
Net cash provided (used) by operating activities	<u>273,287</u>	<u>146,459</u>	<u>419,746</u>
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from (to) other funds	(149,708)	(189,195)	(338,903)
Payments on interfund loan	-	(100,000)	(100,000)
Net cash provided (used) by noncapital financing activities	<u>(149,708)</u>	<u>(289,195)</u>	<u>(438,903)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Interest expense - leases & SBITAs	(1,172)	-	(1,172)
Payment of principal on subscription liabilities	(18,318)	-	(18,318)
Net cash provided (used) by capital financing activities	<u>(19,490)</u>	<u>-</u>	<u>(19,490)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends received	211,682	19,350	231,032
Net cash provided (used) by investing activities	<u>211,682</u>	<u>19,350</u>	<u>231,032</u>
INCREASE (DECREASE) IN CASH AND INVESTMENTS	<u>315,771</u>	<u>(123,386)</u>	<u>192,385</u>
CASH AND INVESTMENTS, beginning of year	4,243,875	459,827	4,703,702
CASH AND INVESTMENTS, end of year	<u>\$ 4,559,646</u>	<u>\$ 336,441</u>	<u>\$ 4,896,087</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	<u>\$ 521,342</u>	<u>\$ 34,975</u>	<u>\$ 556,317</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation and amortization expense	18,000	27,257	45,257
Pension and OPEB expense	(44,844)	23,570	(21,274)
(Increase) decrease in accounts receivable	307	52,228	52,535
(Increase) decrease in prepaids expenses	(155,506)	-	(155,506)
(Increase) decrease in inventory	-	(56,397)	(56,397)
Increase (decrease) in accounts payable	21,395	57,275	78,670
Increase (decrease) in compensated absences	9,343	6,866	16,209
Increase (decrease) in accrued payroll and related expenses	(47)	685	638
Increase (decrease) in claims payable	(96,703)	-	(96,703)
Total adjustments	<u>(248,055)</u>	<u>111,484</u>	<u>(136,571)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 273,287</u></u>	<u><u>\$ 146,459</u></u>	<u><u>\$ 419,746</u></u>
NONCASH CAPITAL ACTIVITIES			
Change in fair value of investments	<u>\$ 50,603</u>	<u>\$ 4,557</u>	<u>\$ 55,160</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, 2025

	Biennium Budget		First Year	Second Year	Variance With	
	Original	Final	Actual	Actual	Total Actual	Final Budget
REVENUES						
Charges for services	\$ 5,701,800	\$ 5,701,800	\$ 2,883,916	\$ 3,273,771	\$ 6,157,687	\$ (455,887)
Investment earnings	80,800	80,800	132,387	161,077	293,464	(212,664)
Total revenues	5,782,600	5,782,600	3,016,302	3,434,848	6,451,151	(668,551)
EXPENDITURES						
Risk management	5,589,400	5,589,400	2,248,484	2,886,120	5,134,604	454,796
Contingency	1,000,000	1,000,000	-	-	-	1,000,000
Total expenditures	6,589,400	6,589,400	2,248,484	2,886,120	5,134,604	1,454,796
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(806,800)	(806,800)	767,818	548,728	1,316,547	(2,123,347)
OTHER FINANCING SOURCES (USES)						
Transfers out	(296,800)	(296,800)	(146,962)	(149,708)	(296,670)	(130)
Total other financing sources (uses)	(296,800)	(296,800)	(146,962)	(149,708)	(296,670)	(130)
NET CHANGE IN FUND BALANCE	(1,103,600)	(1,103,600)	620,856	399,020	1,019,877	(2,123,477)
FUND BALANCE, beginning of year	4,124,400	4,124,400	4,302,242	4,923,098	4,302,242	(177,842)
FUND BALANCE, end of year	\$ 3,020,800	\$ 3,020,800	\$ 4,923,098	5,322,118	\$ 5,322,118	\$ (2,301,318)
RECONCILIATION TO GAAP BASIS						
GASB 72 adjustment			19,950			
Right to use subscription, net			59,997			
Subscription liability			(63,229)			
Claims payable			(694,142)			
Net OPEB liability / asset			(12,657)			
Net pension liability			(179,580)			
Deferred outflow of resources			68,791			
Deferred inflow of resources			(27,494)			
Compensated absences			(62,007)			
TOTAL GAAP BASIS FUND BALANCE, end of year	\$ 4,431,746					

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, 2025

	Biennium Budget		First Year	Second Year	Variance With	
	Original	Final	Actual	Actual	Total Actual	Final Budget
REVENUES						
Charges for services	\$ 4,140,000	\$ 4,141,400	\$ 1,571,097	\$ 1,610,003	\$ 3,181,100	\$ 960,300
Investment earnings	-	12,300	(2,464)	14,794	12,330	(30)
Other revenue	-	1,200	1,152	-10	1,162	38
Total revenues	4,140,000	4,154,900	1,569,785	1,624,807	3,194,592	960,308
EXPENDITURES						
Fleet maintenance	2,653,400	3,031,800	1,505,697	1,517,348	3,023,045	8,755
Capital outlay	100,000	132,400	132,373	-	132,373	27
Contingency	200,000	-	-	-	-	-
Total expenditures	2,953,400	3,164,200	1,638,070	1,517,348	3,155,418	8,782
EXCESS REVENUES OVER (UNDER) EXPENDITURES	1,186,600	990,700	(68,285)	107,459	39,174	951,525
OTHER FINANCING SOURCES (USES)						
Transfers out	(744,800)	(744,800)	(369,416)	(375,195)	(744,612)	(188)
Total other financing sources (uses)	(744,800)	(658,800)	(369,416)	(289,195)	(658,612)	(188)
NET CHANGE IN FUND BALANCE	441,800	331,900	(437,701)	(181,736)	(619,438)	951,337
FUND BALANCE, beginning of year	720,100	830,000	1,156,352	718,651	1,156,352	(326,352)
FUND BALANCE, end of year	\$ 1,161,900	\$ 1,161,900	\$ 718,651	536,915	\$ 536,915	\$ 624,985
RECONCILIATION TO GAAP BASIS						
Advances from other funds					(250,000)	
GASB 72 adjustment					1,431	
Capital assets, net					264,451	
Net OPEB liability / asset					(32,412)	
Net pension liability					(479,869)	
Deferred outflow of resources					183,685	
Compensated absences					(90,518)	
Deferred inflow of resources					(73,083)	
TOTAL GAAP BASIS FUND BALANCE, end of year	\$ 60,601					

City of Medford
Budget and Actual
Schedule of Expenditures by Division
For the Year Ended June 30, 2025

	Biennium Budget		First Year Actual	Second Year Actual	Total Actual	Variance With Final Budget
	Original	Final				
EXPENDITURES						
Mayor and council	\$ 1,326,300	\$ 1,476,300	\$ 469,405	\$ 566,406	\$ 1,035,811	\$ 440,489
City manager	3,378,800	3,578,800	1,511,935	1,797,928	3,309,863	268,937
City attorney	5,582,900	5,582,900	2,280,769	2,931,230	5,211,999	370,901
Human resources	4,070,800	4,088,500	1,873,601	2,093,440	3,967,041	121,459
Finance	29,448,900	30,450,700	14,331,638	15,141,080	29,472,718	977,982
Municipal court	5,140,300	5,720,300	2,658,394	2,906,359	5,564,753	155,547
Innovation & technology	6,654,000	6,738,500	2,723,698	3,441,057	6,164,755	573,745
Planning	6,576,700	7,687,200	2,168,088	3,434,497	5,602,585	2,084,615
Facilities	10,198,400	20,718,800	4,392,977	7,278,640	11,671,617	9,047,183
Police	66,572,900	69,648,200	30,921,698	35,262,048	66,183,746	3,464,454
Fire	42,924,700	47,745,700	20,322,935	24,979,291	45,302,226	2,443,474
Building safety	4,903,300	4,938,700	2,168,555	2,314,060	4,482,615	456,085
Public works	43,241,300	45,565,900	19,048,712	22,902,624	41,951,336	3,614,564
Regional water reclamation	15,361,500	36,931,500	8,011,403	10,884,128	18,895,531	18,035,969
Engineering & development	70,416,100	94,618,100	28,183,986	35,073,600	63,257,586	31,360,514
Parks & recreation	41,077,900	42,840,900	27,556,250	11,738,984	39,295,234	3,545,666
Community promotion & grants	20,136,300	29,697,800	13,823,612	10,243,906	24,067,518	5,630,282
Parking Management	714,100	714,100	292,771	301,548	594,319	119,781
Community & social services	895,700	856,700	35,000	33,851	68,851	787,849
Contingency	52,017,100	39,469,800	-	-	-	39,469,800
Total expenditures	430,640,000	499,069,400	182,775,427	193,324,677	376,100,104	122,969,296
OTHER FINANCING SOURCES						
Interfund transfers and loans	52,412,100	54,489,400	31,128,947	22,399,779	53,528,726	960,674
Total other financing sources	52,412,100	54,489,400	31,128,947	22,399,779	53,528,726	960,674
TOTAL APPROPRIATIONS	\$ 483,052,100	\$ 553,558,800	\$ 213,904,374	\$ 215,724,456	\$ 429,628,830	\$ 123,929,970

Other Financial Schedules

City of Medford, Oregon
Introduction to the Statistical Section
(Unaudited)

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

CONTENTS PAGE

Financial Trends

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

Schedule 1 – net position by component	143
Schedule 2 – changes in net position	144
Schedule 3 – fund balances	146
Schedule 4 – changes in fund balances	147

Revenue Capacity

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

Schedule 5 – assessed and estimated actual value of taxable property	149
Schedule 6 – property tax rates - direct and overlapping governments	150
Schedule 7 – principal property taxpayers (City of Medford)	151
Schedule 7a – principal property taxpayers (Jackson County)	152
Schedule 8 – property tax levies and collections	153

Debt Capacity

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

Schedule 9 – ratios of outstanding debt by type	154
Schedule 10 – ratios of net general bonded debt outstanding	155
Schedule 11 – direct and overlapping governmental activities debt	156
Schedule 12 – legal debt margin information	157
Schedule 13 – pledged-revenue coverage	158

Demographic and Economic Information

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

Schedule 14 – demographic and economic statistics	159
Schedule 15 – largest employers	160

City of Medford, Oregon
Introduction to the Statistical Section
(Unaudited)

CONTENTS

PAGE

Operating Information

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

Schedule 16 – number of full time (FT) employees and FT equivalent at end of each fiscal year	161
Schedule 17 – operating indicators by function	162
Schedule 18 – capital asset statistics by function	164

Sources

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, 2025

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities										
Net investment in capital assets	\$ 265,499,121	\$ 235,720,103	\$ 245,269,283	\$ 250,699,201	\$ 249,539,148	\$ 281,930,796	\$ 296,045,941	\$ 306,000,990	\$ 336,362,362	\$ 358,039,031
Restricted										
Public safety	1,401,309	1,488,800	1,906,792	2,032,934	1,746,318	1,935,539	1,392,550	1,763,664	2,226,208	7,614,831
Employee section 125 plan	-	-	-	-	-	-	-	-	-	112,090
Highways and streets	15,079,266	16,100,310	41,318,842	43,640,737	58,405,314	57,812,979	45,288,141	60,811,073	63,982,445	53,549,755
Culture and recreation	6,746,706	8,575,469	6,479,986	5,503,652	6,617,633	6,146,938	61,356,241	27,260,300	13,985,406	16,889,418
Community development	3,701,166	4,654,293	5,065,787	5,069,357	5,635,594	10,450,742	14,113,916	17,446,037	21,775,754	21,636,660
OPEB	-	-	-	-	-	-	-	-	-	1,115,391
Debt service	273,483	241,508	249,367	3,415,192	4,456,048	1,316,525	1,201,529	1,117,091	882,034	956,502
Unrestricted	<u>(29,259,072)</u>	<u>(429,335)</u>	<u>(30,023,621)</u>	<u>(30,522,902)</u>	<u>(35,377,955)</u>	<u>(33,918,683)</u>	<u>(62,650,862)</u>	<u>(23,985,874)</u>	<u>(3,058,926)</u>	<u>(5,540,965)</u>
Total governmental activities	<u>263,441,979</u>	<u>266,351,148</u>	<u>270,266,436</u>	<u>279,838,171</u>	<u>291,022,100</u>	<u>325,674,836</u>	<u>356,747,456</u>	<u>390,413,281</u>	<u>437,225,280</u>	<u>454,372,713</u>
Business-type activities										
Net investment in capital assets	82,627,772	81,772,691	83,314,311	86,847,143	85,693,826	87,022,742	85,871,489	89,259,070	94,131,096	105,208,809
Restricted										
Future system development	9,326,458	10,753,119	11,298,926	10,410,666	12,066,060	12,257,535	15,988,861	17,157,890	19,437,783	21,091,527
OPEB	-	-	-	-	-	-	-	-	-	145,923
Unrestricted	<u>14,613,099</u>	<u>16,566,948</u>	<u>18,566,810</u>	<u>20,521,614</u>	<u>23,389,683</u>	<u>25,750,825</u>	<u>26,571,956</u>	<u>26,871,627</u>	<u>26,858,832</u>	<u>23,267,692</u>
Total business-type activities	<u>106,567,329</u>	<u>109,092,758</u>	<u>113,182,047</u>	<u>117,779,423</u>	<u>121,149,569</u>	<u>125,031,102</u>	<u>128,432,308</u>	<u>133,288,587</u>	<u>140,563,663</u>	<u>149,713,951</u>
Total activities	<u>\$ 370,009,308</u>	<u>\$ 375,443,906</u>	<u>\$ 383,448,483</u>	<u>\$ 397,617,594</u>	<u>\$ 412,171,669</u>	<u>\$ 450,705,938</u>	<u>\$ 485,179,764</u>	<u>\$ 523,701,868</u>	<u>\$ 577,788,943</u>	<u>\$ 604,086,664</u>
Primary Government										
Net investment in capital assets	\$ 348,126,893	\$ 317,492,794	\$ 328,583,594	\$ 337,546,344	\$ 335,232,974	\$ 368,953,538	\$ 381,917,430	\$ 395,260,060	\$ 430,493,454	\$ 463,247,840
Restricted										
Future system development	9,326,458	10,753,119	11,298,926	10,410,666	12,066,060	12,257,535	15,988,861	17,157,890	19,437,783	21,091,527
Public safety	1,401,309	1,488,800	1,906,792	2,032,934	1,746,318	1,935,539	1,392,550	1,763,664	2,226,208	7,614,831
Employee section 125 plan	-	-	-	-	-	-	-	-	-	112,090
Highways and streets	15,079,266	16,100,310	41,318,842	43,640,737	58,405,314	57,812,979	45,288,141	60,811,073	63,982,445	53,549,755
Culture and recreation	6,746,706	8,575,469	6,479,986	5,503,652	6,617,633	6,146,938	61,356,241	27,260,300	13,985,406	16,889,418
Community development	3,701,166	4,654,293	5,065,787	5,069,357	5,635,594	10,450,742	14,113,916	17,446,037	21,775,754	21,636,660
OPEB	-	-	-	-	-	-	-	-	-	1,261,314
Debt service	273,483	241,508	249,367	3,415,192	4,456,048	1,316,525	1,201,529	1,117,091	882,034	956,502
Unrestricted	<u>(14,645,973)</u>	<u>16,137,613</u>	<u>(11,454,811)</u>	<u>(10,001,288)</u>	<u>(11,988,272)</u>	<u>(8,167,858)</u>	<u>(36,078,904)</u>	<u>2,885,753</u>	<u>23,799,906</u>	<u>17,726,727</u>
Total primary government	<u>\$ 370,009,308</u>	<u>\$ 375,443,906</u>	<u>\$ 383,448,483</u>	<u>\$ 397,617,594</u>	<u>\$ 412,171,669</u>	<u>\$ 450,705,938</u>	<u>\$ 485,179,764</u>	<u>\$ 523,701,868</u>	<u>\$ 577,788,943</u>	<u>\$ 604,086,664</u>

City of Medford, Oregon
Schedule 2 - Changes in Net Position
Last Ten Fiscal Years - Unaudited - Amounts in Dollars
Accrual Basis of Accounting
June 30, 2025

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
EXPENSES											
Governmental activities											
General government	\$ 9,172,301	\$ 10,144,563	\$ 11,109,819	\$ 9,490,305	\$ 14,013,746	\$ 15,841,518	\$ 9,264,931	\$ 12,010,614	\$ 16,453,833	\$ 19,899,428	
Public safety	44,619,287	41,444,039	43,996,831	45,008,775	48,459,147	51,411,826	44,486,593	48,420,926	54,134,542	59,954,280	
Highways and streets	16,731,100	14,800,069	15,154,064	17,713,304	15,000,303	15,000,259	9,686,259	10,229,754	10,229,754	10,229,754	
Culture and recreation	8,919,062	9,830,669	13,169,309	11,998,388	13,737,849	11,099,679	12,141,770	13,512,343	19,578,948	21,220,110	
Community development	7,926,878	7,829,634	5,206,836	7,933,411	9,581,961	12,270,370	12,802,727	13,798,648	15,096,879	18,785,081	
Interest on long-term debt	5,010,100	4,846,700	4,216,335	3,487,880	3,211,424	2,571,666	3,818,869	4,119,002	3,321,713	3,216,804	
Total governmental activities	<u>95,200,628</u>	<u>88,171,774</u>	<u>92,861,556</u>	<u>95,599,063</u>	<u>102,566,533</u>	<u>106,081,618</u>	<u>92,182,546</u>	<u>108,698,572</u>	<u>127,056,561</u>	<u>142,714,257</u>	
Business-type activities											
Sewer service	15,734,500	15,279,007	14,833,396	16,587,237	16,675,978	16,577,810	15,978,635	17,219,365	22,784,107	20,968,906	
Parking services	563,198	609,176	615,381	650,646	518,839	689,165	472,094	508,796	493,269	554,496	
Total business-type activities	<u>16,297,698</u>	<u>15,888,183</u>	<u>15,248,717</u>	<u>17,237,883</u>	<u>17,194,717</u>	<u>17,246,975</u>	<u>16,448,729</u>	<u>17,728,151</u>	<u>23,277,376</u>	<u>21,523,402</u>	
TOTAL PRIMARY GOVERNMENT EXPENSES	<u>\$ 111,498,326</u>	<u>\$ 104,059,957</u>	<u>\$ 108,110,273</u>	<u>\$ 112,836,946</u>	<u>\$ 119,781,250</u>	<u>\$ 123,328,593</u>	<u>\$ 108,631,275</u>	<u>\$ 126,426,723</u>	<u>\$ 150,333,944</u>	<u>\$ 164,237,659</u>	
PROGRAM REVENUES											
Governmental activities											
Charges for services	\$ 9,729,778	\$ 3,538,171	\$ 2,536,443	\$ 2,892,728	\$ 2,557,088	\$ 2,823,718	\$ 3,534,747	\$ 4,066,817	\$ 7,889,173	\$ 8,467,506	
General government	4,972,018	6,531,071	5,377,194	5,831,015	6,757,738	6,958,857	7,144,453	6,730,463	8,419,042	10,727,251	
Public safety	8,919,834	7,472,821	7,892,045	8,671,653	8,705,504	8,699,384	9,270,833	8,868,176	9,215,310	10,269,009	
Highways and streets	37,468	5,308,119	5,595,574	6,427,123	13,613,329	6,645,762	7,209,333	12,172,535	21,089,227	12,062,085	
Culture and recreation	3,465,813	2,166,861	1,598,283	1,680,673	1,584,882	309,807	2,928,444	2,983,780	4,177,159	4,540,457	
Community development	97,437	993,442	2,033,871	2,250,546	2,586,536	5,176,983	3,333,203	3,779,199	3,967,267	4,047,829	
Operating grants and contributions	4,866,568	4,568,469	3,364,348	6,653,679	7,911,618	7,217,328	9,276,781	9,379,227	11,073,119	7,197,283	
General government	265,500	16,326	39,354	21,714	25,480	8,656	721,524	1,104,862	676,474	3,821,888	
Public safety	37,468	5,308,119	5,595,574	6,427,123	13,613,329	6,645,762	7,209,333	12,172,535	21,089,227	12,062,085	
Highways and streets	1,388,629	834,389	999,175	940,653	2,772,685	1,315,844	4,474,661	1,897,887	2,581,292	1,897,887	
Culture and recreation	500,854	509,726	964,441	1,298,110	1,586,393	2,535,408	2,780,751	5,194,478	12,087,278	7,382,567	
Capital grants and contributions	5,129,041	2,542,567	5,481,747	8,097,759	4,034,874	34,373,174	7,424,592	8,230,673	8,802,288	7,079,859	
Highways and streets	1,372,090	1,572,584	540,000	-	-	-	-	-	-	-	
Total governmental activities	<u>40,236,409</u>	<u>36,608,786</u>	<u>39,257,689</u>	<u>44,824,175</u>	<u>50,303,895</u>	<u>77,597,764</u>	<u>54,940,508</u>	<u>66,584,671</u>	<u>89,294,221</u>	<u>78,177,026</u>	
Business-type activities											
Charges for services	14,421,187	15,652,898	17,085,810	18,245,373	19,217,996	21,876,728	21,829,859	22,391,781	26,139,711	28,280,671	
Operating grants and contributions	3,464,088	2,732,852	2,484,548	3,341,253	2,443,079	2,157,141	6,725	2,000	2,384,443	850,474	
Capital grants and contributions	563,726	714,739	760,500	738,817	618,264	318,976	687,978	1,637,227	1,649,340	3,430,360	
Parking services	Charges for services	18,549,001	19,100,489	20,330,858	22,325,443	22,277,339	24,352,845	22,881,595	24,554,119	30,747,065	31,080,859
Total business-type activities	<u>18,549,001</u>	<u>19,100,489</u>	<u>20,330,858</u>	<u>22,325,443</u>	<u>22,277,339</u>	<u>24,352,845</u>	<u>22,881,595</u>	<u>24,554,119</u>	<u>30,747,065</u>	<u>31,080,859</u>	
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUE	<u>\$ 58,785,410</u>	<u>\$ 55,709,275</u>	<u>\$ 59,588,547</u>	<u>\$ 67,149,118</u>	<u>\$ 72,581,234</u>	<u>\$ 101,950,609</u>	<u>\$ 77,821,103</u>	<u>\$ 91,138,790</u>	<u>\$ 120,041,286</u>	<u>\$ 109,257,885</u>	
NET (EXPENSE)REVENUE	<u>\$ (54,964,219)</u>	<u>\$ (51,562,988)</u>	<u>\$ (53,603,867)</u>	<u>\$ (50,774,888)</u>	<u>\$ (52,282,638)</u</u>						

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, 2025

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities										
Property taxes	\$ 39,659,600	\$ 41,421,349	\$ 39,245,039	\$ 42,030,584	\$ 43,574,555	\$ 43,601,755	\$ 47,426,199	\$ 48,886,418	\$ 51,429,726	\$ 49,993,790
Other taxes	10,684,603	11,041,994	15,239,513	15,498,001	14,499,364	16,040,767	19,974,618	20,937,292	21,997,716	24,789,961
Unrestricted investment earnings	743,326	844,262	1,184,690	1,720,663	2,679,977	817,908	(1,536,542)	3,433,244	8,491,204	9,624,683
Gain (loss) on disposal of capital assets	46,227	197,086	-	-	-	259,368	-	-	-	-
Transfers	(7,623)	90,566	1,049,775	1,007,375	2,712,671	2,144,192	2,450,383	2,623,772	2,655,700	3,143,870
Total governmental activities	<u>\$ 50,372,383</u>	<u>\$ 54,472,157</u>	<u>\$ 56,719,017</u>	<u>\$ 60,346,623</u>	<u>\$ 63,466,567</u>	<u>\$ 63,136,590</u>	<u>\$ 68,314,658</u>	<u>\$ 75,779,726</u>	<u>\$ 84,574,346</u>	<u>\$ 87,552,304</u>
Business-type activities										
Investment earnings	184,498	280,609	444,107	607,191	1,000,195	26,906	(581,277)	553,083	2,461,087	3,248,385
Gain (loss) on disposal of capital assets	-	-	-	-	-	(833,051)	-	-	-	-
Transfers	761,393	(967,486)	(1,049,775)	(1,097,375)	(2,712,671)	(2,418,192)	(2,450,383)	(2,522,772)	(2,655,700)	(3,143,870)
Total business-type activities	<u>\$ 945,891</u>	<u>(\$ 686,877)</u>	<u>(\$ 605,668)</u>	<u>(\$ 490,184)</u>	<u>(\$ 1,712,476)</u>	<u>(\$ 3,224,337)</u>	<u>(\$ 13,031,660)</u>	<u>(\$ 1,969,689)</u>	<u>(\$ 194,613)</u>	<u>(\$ 104,515)</u>
TOTAL PRIMARY GOVERNMENT GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
CHANGES IN NET POSITION										
Governmental activities										
Business-type activities										
TOTAL PRIMARY GOVERNMENT CHANGES IN NET POSITION	<u>\$ 51,318,254</u>	<u>\$ 53,785,280</u>	<u>\$ 56,113,349</u>	<u>\$ 59,856,439</u>	<u>\$ 61,754,091</u>	<u>\$ 59,912,253</u>	<u>\$ 65,282,998</u>	<u>\$ 73,810,037</u>	<u>\$ 84,379,733</u>	<u>\$ 87,656,819</u>
CHANGES IN NET POSITION										
Governmental activities										
Business-type activities										
TOTAL PRIMARY GOVERNMENT CHANGES IN NET POSITION	<u>\$ 4,591,856</u>	<u>\$ 2,909,169</u>	<u>\$ 3,115,150</u>	<u>\$ 9,571,735</u>	<u>\$ 11,183,929</u>	<u>\$ 34,652,736</u>	<u>\$ 31,072,620</u>	<u>\$ 33,665,825</u>	<u>\$ 46,811,999</u>	<u>\$ 23,015,073</u>
	<u>3,197,194</u>	<u>2,525,429</u>	<u>4,476,473</u>	<u>4,597,376</u>	<u>3,370,146</u>	<u>3,881,533</u>	<u>3,401,206</u>	<u>4,856,279</u>	<u>7,275,076</u>	<u>9,661,972</u>
	<u><u>\$ 1,394,662</u></u>	<u><u>\$ 5,434,598</u></u>	<u><u>\$ 7,591,623</u></u>	<u><u>\$ 14,169,111</u></u>	<u><u>\$ 14,554,075</u></u>	<u><u>\$ 38,534,269</u></u>	<u><u>\$ 34,473,826</u></u>	<u><u>\$ 38,522,104</u></u>	<u><u>\$ 54,087,075</u></u>	<u><u>\$ 32,677,945</u></u>

145

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, 2025

	2016 ¹	2017 ¹	2018 ¹	2019 ¹	2020	2021	2022	2023	2024	2025
GENERAL FUND										
Nonspendable										
Inventory	\$ 44,418	\$ 44,103	\$ 40,549	\$ 43,480	\$ 50,034	\$ 48,303	\$ 44,493	\$ 46,334	\$ 21,027	\$ 8,326
Prepaid items	-	-	-	-	-	-	-	-	269,133	241,122
Advances to other funds	15,575,000	4,400,000	3,651,519	1,735,331	-	-	-	-	450,000	350,000
Unassigned	538,182	252,888	(68,283)	2,516,829	6,289,971	12,754,326	16,886,378	5,072,510	15,977,616	22,206,954
Assigned										
Future Budget	16,615,670	17,411,900	17,411,900	17,630,300	17,630,300	19,365,100	19,365,100	36,018,400	36,018,400	36,018,400
Committed for PERS debt	3,767,201	4,104,713	4,156,965	4,328,596	4,328,596	443,125	4,146,198	3,940,228	4,030,545	4,140,891
TOTAL GENERAL FUND	\$ 36,540,471	\$ 26,213,604	\$ 25,192,650	\$ 26,254,536	\$ 28,298,901	\$ 32,610,854	\$ 40,442,169	\$ 45,796,605	\$ 56,638,710	\$ 63,068,186
ALL OTHER GOVERNMENT FUNDS										
Nonspendable										
Advances to other funds	\$ -	\$ -	\$ -	\$ -	\$ 666,000	\$ 333,000	\$ -	\$ 45,000	\$ -	\$ -
Inventory	-	-	-	-	-	-	-	-	761,899	726,612
Prepaid items	-	-	-	-	-	-	-	20,000	33,065	-
Restricted for										
Public safety	1,401,309	1,488,800	1,906,792	2,032,934	1,746,318	1,805,929	1,392,550	1,763,664	2,109,780	7,614,831
Highways and streets	14,839,822	16,100,310	41,318,642	43,640,737	58,405,314	57,812,979	46,160,999	60,811,073	63,982,445	53,549,755
Culture and recreation	6,746,706	8,575,469	6,479,986	5,503,652	6,617,633	69,127,334	59,392,029	27,260,300	13,985,406	16,889,418
Community development	3,684,406	4,654,293	5,065,787	5,069,357	5,635,594	10,450,742	15,205,270	17,446,037	21,775,754	21,636,660
Debt service	273,483	241,508	249,367	3,415,192	4,456,048	1,316,525	1,201,529	1,117,091	882,034	956,502
Committed for										
Public safety	12,216,832	3,445,154	408,691	458,033	938,107	1,725,800	1,544,979	1,826,612	1,996,489	2,673,348
Highways and streets	19,942,838	22,920,738	-	-	-	-	-	12,462,704	-	-
Culture and recreation	507,026	593,891	1,218,416	1,941,082	739,558	1,454,147	1,430,948	1,830,114	2,909,550	3,229,886
Community development	-	-	-	-	1,080,957	2,103,288	2,143,678	1,717,686	1,458,279	1,207,088
Unassigned	(7,159,903)	(1,399,165)	(1,234,009)	(1,626)	-	-	-	-	-	-
TOTAL ALL OTHER GOVERNMENT FUNDS	\$ 52,452,519	\$ 56,620,998	\$ 55,413,872	\$ 62,059,361	\$ 80,285,529	\$ 146,129,744	\$ 140,934,686	\$ 113,837,577	\$ 109,893,701	\$ 108,484,100

Note

¹ 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 loan was paid off in 2020.

146

City of Medford, Oregon
Schedule 4 - Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years - Unaudited - Amounts in Dollars
June 30, 2025

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
REVENUES										
Taxes										
Property	\$ 40,094,803	\$ 41,430,063	\$ 38,990,569	\$ 42,256,346	\$ 43,825,762	\$ 44,697,922	\$ 47,208,714	\$ 48,719,342	\$ 51,229,289	\$ 49,882,504
Franchise	8,772,600	9,108,862	9,077,697	10,814,228	9,732,190	10,249,236	9,635,764	10,436,611	11,883,147	14,260,105
Lodging ¹	3,824,002	3,866,262	3,301,685	4,278,042	3,584,593	5,291,231	6,539,932	6,347,786	6,337,565	6,555,739
State gas tax	4,591,902	4,674,310	5,104,891	5,865,207	5,540,497	6,131,951	6,859,200	6,909,316	7,037,336	7,258,624
Marijuana	-	-	-	-	-	-	839,424	740,758	722,004	784,522
Car rental tax ²	1,165,994	1,203,386	2,860,131	405,731	1,182,581	2,000,300	2,959,498	3,412,137	3,055,000	3,189,595
Special assessments	-	-	-	-	-	-	-	-	-	-
System development charges	5,323,344	-	-	-	-	-	-	-	-	-
Charges for services	1,894,652	1,736,139	1,688,492	2,261,490	1,645,460	5,031,187	3,254,313	5,976,020	8,608,606	9,911,165
Fines and penalties	1,246,507	1,236,599	1,443,791	2,091,059	1,880,587	1,854,023	2,346,701	2,092,145	2,197,872	2,778,257
Intergovernmental	4,337,855	4,329,680	4,917,164	6,192,334	11,587,669	5,505,220	6,501,290	9,404,956	8,590,504	9,962,194
License and permits	15,230,779	14,930,016	15,104,238	15,445,465	16,509,099	16,541,322	17,873,588	15,693,584	16,989,683	18,862,578
Investment earnings	737,260	906,818	1,184,689	1,720,666	2,679,977	687,644	(1,490,777)	3,377,981	8,306,295	9,386,067
Grants and contributions	2,752,293	5,640,343	5,436,772	5,201,193	8,763,282	9,577,634	9,722,469	17,846,767	34,323,666	18,400,341
Miscellaneous	1,438,394	2,083,145	1,177,820	1,484,770	2,117,555	1,595,581	2,960,943	1,722,732	1,433,315	1,620,974
TOTAL REVENUES	91,410,385	91,145,623	90,287,939	98,016,531	109,049,252	109,163,251	115,213,059	132,680,135	160,714,282	152,852,665
EXPENDITURES										
General government	7,518,464	8,355,723	9,261,282	8,996,264	10,443,415	10,443,237	10,702,160	11,935,901	13,078,325	15,001,896
Public safety	37,505,671	36,179,527	38,906,296	38,764,997	41,368,338	42,252,863	44,306,953	46,757,394	50,283,519	56,706,688
Highways and streets	8,631,470	7,706,527	7,538,424	8,317,157	6,375,000	6,849,190	6,485,401	9,157,236	10,212,399	11,981,466
Culture and recreation	8,139,941	7,311,031	8,218,423	8,284,234	8,508,500	7,911,324	8,636,228	9,609,823	15,692,070	14,232,005
Community development	4,589,668	4,158,153	5,071,927	6,337,476	6,076,887	7,463,094	8,891,874	12,528,006	11,685,701	15,456,069
Capital outlay	23,457,818	15,903,642	14,455,610	12,248,047	14,057,415	17,487,292	33,019,126	57,012,383	46,027,910	34,061,427
Debt service										
Principal	3,958,000	13,965,000	13,853,983	5,144,340	6,691,128	3,439,941	4,976,874	6,611,176	7,251,248	7,268,465
Interest	5,274,848	5,020,692	6,422,027	3,696,525	3,433,405	3,585,861	3,856,867	3,663,290	3,370,609	3,260,490
TOTAL EXPENDITURES	99,075,880	98,600,295	103,727,972	91,789,040	96,954,088	99,432,802	120,875,483	157,275,009	157,601,781	157,968,506

147

City of Medford, Oregon
Schedule 4 - Changes in Fund Balances, Governmental Funds (Continued)
Last Ten Fiscal Years - Unaudited - Amounts in Dollars
June 30, 2025

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (7,665,495)	\$ (7,454,672)	\$ (13,440,033)	\$ 6,227,491	\$ 12,095,164	\$ 9,730,449	\$ (5,662,424)	\$ (24,594,874)	\$ 3,112,501	\$ (5,115,841)
OTHER FINANCING SOURCES (USES)										
Transfers in	23,454,410	24,825,388	13,607,748	14,323,417	33,070,289	85,990,224	36,176,233	31,176,348	38,993,948	21,570,611
Transfers out	(22,304,084)	(23,735,447)	(12,395,796)	(12,843,533)	(30,092,335)	(83,304,183)	(33,447,691)	(28,369,147)	(35,921,870)	(18,087,838)
Issuance of debt (bonds)	-	-	10,000,000	-	3,842,698	103,180,598	-	-	-	6,609,333
Issuance of notes payable	-	-	-	-	1,354,717	63,387	1,570,139	-	444,612	-
Issuance of debt (SBITA)	-	-	-	-	-	-	-	-	314,038	43,610
Bonds defeasement and issuance costs	-	-	-	-	-	(43,004,308)	-	-	-	-
Sale of capital assets	163,074	206,342	-	-	1,500,000	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	1,313,400	1,296,283	11,211,952	1,479,884	8,175,369	64,425,718	4,298,681	2,807,201	3,830,728	10,135,716
NET CHANGE IN FUND BALANCES	\$ (6,352,095)	\$ (6,158,389)	\$ (2,228,081)	\$ 7,707,375	\$ 20,270,533	\$ 74,156,167	\$ (1,363,743)	\$ (21,787,673)	\$ 6,943,229	\$ 5,019,875
DEBT SERVICE AS % OF NONCAPITAL EXPENDITURES ³	15.15%	30.13%	29.52%	12.18%	12.21%	8.32%	10.48%	10.25%	9.52%	8.50%

Note

¹ Transient lodging tax is 11%
² The car rental tax was implemented in August 2005. As of 11/1/13, the tax went from 5% to 12.5% per council bill 2013-137 in order to repay bonds sold to finish phase 4 of the sports park. Effective 08/01/2020, the tax was expanded to include non-airport rentals.
³ The amount of capital outlay used to calculate the ratio of total debt service expenditures to noncapital expenditures is the reconciling item for capital outlay in the reconciliation between the government wide statement of activities and the statement of revenues, expenditures, and changes in fund balance on page 18.

148

City of Medford, Oregon

Schedule 5 - Assessed and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years - Unaudited - Amounts in Dollars

June 30, 2025

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 Percentage of Estimated Actual Value
	Real Property	Real Manufactured Structures	Personal Manufactured Structures	Personal Properties	Utilities	Non Profit	UR Excess						
2016	6,230,285,131	-	24,174,838	221,839,250	242,941,600	10,782,000	(242,241,543)	6,487,781,276	5.18	8,290,018,484	8,303,569,654	78.26%	
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	255,906,680	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	10,591,469,262	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	-	37,762,230	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	-	39,293,286	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%	
2024	8,730,122,817	-	44,430,441	229,261,831	411,023,978	13,319,720	(326,947,429)	9,101,211,358	5.11	15,901,767,530	16,013,106,666	57.23%	
2025	9,475,283,672	-	47,557,870	242,759,902	486,951,439	14,130,870	-	10,266,683,753	5.30	17,107,322,811	16,262,535,298	60.01%	

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

149

City of Medford, Oregon

Schedule 6 - Property Tax Rates - Direct and Overlapping Governments

Last Ten Fiscal Years - Unaudited

June 30, 2025

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	
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	0.09	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	0.46	14.98
2024	5.11	-	-	5.11	2.01	0.34	5.41	0.50	0.30	0.63	0.04	0.04	0.05	0.48	14.91
2025	5.30	-	-	5.30	2.08	0.35	5.54	0.60	0.31	0.64	0.04	0.04	0.05	-	14.94

Data source: Jackson County

Note

The 2024-25 taxable assessed value to compute the tax rate code area of 4901 is \$8,725,520,694 which is 85% 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.

150

City of Medford, Oregon

Schedule 7 - Principal Property Tax Payers (City of Medford)

Current Year and Nine Years Ago - Amounts in Dollars

June 30, 2025

Taxpayer	Type of Business	2025 Top 10 All Roll Taxpayers for City of Medford				2016 Top Tax Payers			
		2025 Current Taxes Imposed	2024-25 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	2016 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	
Rogue Valley Manor	Retirement Housing	\$ 2,059,228	\$ 138,414,061	1	1.35%	\$ 93,089,795	1	1.43%	
Pacific Rental Properties LLC	Housing	1,970,337	132,940,190	2	1.29%				
Pacificorp	Electric Utility	1,691,771	116,313,106	3	1.13%	38,637,000	5	0.60%	
Charter Communications	Television	1,540,090	105,952,254	4	1.03%	68,860,300	2	1.06%	
Avista Corp DBA Avista Utilities	Gas Utility	1,000,527	68,720,666	5	0.67%	42,700,000	4	0.66%	
Lithia Real Estate, Inc	Auto Dealerships	750,803	50,751,760	6	0.49%	33,230,250	6	0.51%	
Hunter Communications Inc	Internet Utility	674,286	46,388,303	7	0.45%				
Charles Point 2015 LLC	Apartments	588,918	39,585,010	8	0.39%				
Wal-Mart Real Estate Business Trust	Shopping Center	535,672	36,540,670	9	0.36%	32,891,230	7	0.51%	
United Airlines Holdings, Inc	Aviation	467,081	32,133,350	10	0.31%				
Total		\$ 14,810,341	\$ 1,007,419,657		9.61%	\$ 309,408,575		4.77%	

Note

The 2024-25 taxable assessed valuation for the City of Medford is \$10,266,683,753

The taxable assessed valuation for the year ended 6/30/2016 was \$6,487,781,276

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

151

City of Medford, Oregon

Schedule 7a - Principal Property Tax Payers (Jackson County)

Current Year and Nine Years Ago - Amounts in Dollars

June 30, 2025

Taxpayer	Type of Business	2025 Top 10 All Roll Taxpayers for Jackson County				2016 Top Tax Payers			
		2025 Current Taxes Imposed	2024-25 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	2016 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	
Pacificorp	Electric Utility	\$ 6,499,756	\$ 551,892,562	1	1.98%	\$ 259,209,000	1	1.40%	
Pacific Rental Properties LLC	Housing	3,286,132	218,294,780	2	0.78%				
Avista Corp DBA Avista Utilities	Gas Utility	2,455,423	178,279,459	3	0.64%	103,069,000	4	0.56%	
Charter Communications	Television	2,157,947	149,810,090	4	0.54%	119,670,830	3	0.65%	
Rogue Valley Manor	Retirement Housing	2,059,228	138,414,061	5	0.50%	125,191,530	2	0.68%	
Boise Cascade Wood Products	Timber Products	1,321,786	98,976,777	6	0.35%	70,968,630	5	0.38%	
Hunter Communications Inc	Internet Utility	1,088,298	92,492,471	7	0.33%				
Harry & David Operations Inc	Food Production	917,327	76,586,215	8	0.27%	65,801,120	7	0.36%	
Amy's Kitchen	Food Production	843,795	58,966,200	9	0.21%				
Linde Gas & Equipment Inc	Industrial Gases	794,135	51,453,030	10	0.18%				
Total		\$ 27,780,591	\$ 2,056,646,094		7.37%	\$ 853,634,120		4.61%	

Note: The 2024-25 Taxable Assessed Valuation for Jackson County is \$27,890,056,348

The Taxable Assessed Valuation for year ended 6/30/2016 was \$18,499,539,412

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

152

City of Medford, Oregon
Schedule 8 - Property Tax Levies and Collections
Last Ten Fiscal Years - Unaudited - Amounts in Dollars
June 30, 2025

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					
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 ¹	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 ²	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%
2024	52,611,037	50,048,364	95.1%	901,814	50,950,178	96.843%	2,033,459	3.9%
2025	52,136,055	49,586,310	95.1%	1,163,284	50,749,594	97.341%	2,093,120	4.0%

Data source: Jackson County Assessor's Office

Note

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

¹ The combined City and MURA tax levy was reduced in FY 2017-2018 due to a reduction in MURA levies.

² The combined City and MURA tax levy was reduced in FY 2020-2021 due to a reduction in MURA levies.

153

City of Medford, Oregon
Schedule 9 - Ratios of Outstanding Debt by Type
Last Ten Fiscal Years - Unaudited - Amounts in Dollars
June 30, 2025

Fiscal Year Ended June 30,	Governmental Activities					Business Type Activities					Total Primary Government	Per Capita ⁴	Percentage Per Capita ⁴	Percentage of Personal Income
	General Obligation Bonds ¹	Limited Tax Revenue Bonds ²	Full Faith Revenue Bonds ³	Contract/ Loan	Lease & Subscription Liabilities	Revenue Bonds	Lease & Subscription Liabilities	Total Primary Government	Per Capita ⁴					
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	28,279,567	3,842,698	36,200,000	1,354,717	-	-	-	69,676,982	1,443	0.12%	0.65%			
2021	19,540,000	3,632,757	102,445,000	1,418,104	-	-	-	127,035,861	2,451	0.07%	1.10%			
2022	17,405,000	6,298,002	100,985,000	2,025,389	-	-	-	126,713,391	2,176	0.07%	0.97%			
2023	14,975,000	3,104,146	98,060,000	963,069	389,917	-	1,593	117,493,725	2,035	0.08%	0.92%			
2024	12,230,000	2,902,982	95,000,000	329,602	496,940	-	61,254	111,020,778	1,775	0.08%	0.80%			
2025	9,135,000	2,694,323	97,660,000	-	338,057	19,415,000	41,250	129,283,630	1,957	0.07%	0.88%			

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.

Interest not included

¹ Includes Pension Obligation Bonds that are subject to the City's legal debt margin.

² Includes Full Faith and Credit Obligations where no specified revenue source is used/pledged to repay the debt beyond the City's tax revenues.

³ Includes Full Faith and Credit Obligations where a specified revenue source is used to repay the debt but is not pledged/guaranteed.

⁴ See the demographic and economic schedule 14 for population and personal income data.

154

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, 2025

Fiscal Year Ending June 30,	General Obligation Bonds	Limited Tax Revenue Bonds	Full Faith Revenue Bonds	Revenue Bonds	Total Bonds	Less Amounts Available in Debt Service Fund ³	Net General Bonded Debt Total	Percentage of Estimated Actual Taxable Value of Property ²	Per Capita ¹
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	28,279,567	3,842,698	36,200,000	-	68,322,265	4,456,048	63,866,217	0.82%	741.57
2021	19,540,000	3,632,757	102,445,000	-	125,617,757	1,316,525	124,301,232	1.50%	1,422.98
2022	17,405,000	3,298,002	100,985,000	-	121,688,002	1,045,770	120,642,232	1.44%	1,374.04
2023	14,975,000	3,104,146	98,060,000	-	116,139,146	1,117,090	115,022,056	1.32%	1,276.85
2024	12,230,000	2,902,982	95,000,000	-	110,132,982	882,034	109,250,948	1.20%	1,236.54
2025	9,135,000	2,694,323	97,660,000	19,415,000	128,904,323	956,502	127,947,821	1.25%	1,422.50

Note

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

¹ Population data can be found in the demographic and economic schedule 14

² Details regarding the City's estimated actual taxable value of property can be found in schedule 5

³ This column reflects amounts available 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, 2025

GOVERNMENTAL UNIT	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Net Overlapping Debt
DEBT REPAYED WITH PROPERTY TAXES			
Jackson County	\$ 19,665,000	36.12%	\$ 7,103,490
Jackson County Housing Authority	6,942,378	36.12%	2,139,071
JC School District #4 (Phoenix-Talent)	61,140,778	35.12%	21,474,903
JC School District #549C (Medford)	101,490,000	75.58%	76,709,999
JC School District #6 (Central Point)	82,957,123	1.57%	1,302,593
Rogue Community College	48,365,000	26.56%	10,901,291
Rogue Valley Transit District	27,732	48.16%	13,355
Southern Oregon ESD	<u>11,258,512</u>	21.61%	<u>2,433,009</u>
Subtotal Overlapping Debt	<u>\$ 331,846,523</u>		<u>\$ 122,077,711</u>
CITY DIRECT DEBT			
City Gross Property Tax Backed Direct Debt	<u>109,827,380</u>		<u>8,872,380</u>
	<u><u>\$ 441,673,903</u></u>		<u><u>\$ 130,950,091</u></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, full faith & credit bonds, and lease and SBITA debt. "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, or obligations issued for less than 13 months.

City of Medford, Oregon
Schedule 12 - Legal Debt Margin Information
Last Ten Fiscal Years - Unaudited - Amounts in Dollars
June 30, 2025

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt Limit	\$ 249,107,000	\$ 261,679,105	\$ 284,884,006	\$ 317,618,428	\$ 334,087,652	\$ 345,347,334	\$ 392,778,851	\$ 462,333,007	\$ 477,053,026	\$ 513,219,684
Total net debt applicable to limit	35,291,420	28,242,657	25,749,598	29,558,652	29,118,438	18,289,122	19,657,232	16,962,056	11,347,966	8,178,498
Legal debt margin	213,815,670	233,436,448	259,134,408	287,759,776	304,969,214	327,058,212	373,121,620	445,370,952	465,705,060	505,041,186
Total net debt applicable to the limit as a percentage of debt limit	16.51%	12.10%	9.94%	10.38%	9.55%	5.59%	5.27%	3.81%	2.44%	1.62%
LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2024										
Real Market Value	\$ 17,107,322,811									
Add Back: exempt real property										
Total Real Market Value (M5)	17,107,322,811									
Debt Limit (3% of total RMV Value)	513,219,684									
Amount of debt applicable to debt limit										
Total Bonded Debt	128,904,323									
Deductions:										
Assets in debt service funds available for payment of principal	956,502									
Limited Tax Revenue Bonds	8,534,323									
Full Faith & Credit Revenue Bonds	91,820,000									
Revenue Bonds	19,415,000									
Total deductions	120,725,825									
Total net debt applicable to limit	8,178,498									
LEGAL DEBT MARGIN										
TOTAL NET DEBT APPLICABLE TO THE LIMIT AS A PERCENTGE OF DEBT LIMIT	1.62%									

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 6/30/25 MURA had no bonded debt)

157

City of Medford, Oregon
Schedule 13 - Pledged Revenue Coverage
Last Ten Fiscal Years - Unaudited Amounts in Dollars
June 30, 2025

Fiscal Year Ended June 30,	Parks Revenue Bonds					
	Gross Revenues ¹	Operating Expenses	Net Revenue Available for Debt Service	Total Parks Bonds Paid During Year		Debt Service Coverage Actual
				Principal	Interest	
2016	\$ 5,036,069	\$ 359,278	\$ 4,676,791	\$ 1,213,000	\$ 619,245	2.55
2017	3,973,220	385,286	3,587,934	1,470,000	838,406	1.55
2018 ²	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 ³	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
2024	9,169,174	1,988,802	7,180,372	2,231,200	2,358,984	1.56
2025	9,974,382	3,324,280	6,650,102	1,970,100	1,614,418	1.86

Fiscal Year Ended June 30,	Sewer Revenue Bonds ⁴						Debt Service Coverage Actual w/ SDCs	Debt Service Coverage Actual w/o SDCs		
	Gross Revenues	SDC Revenue	Operating Expenses	Net Revenue Available for Debt Service	Total Sewer Bonds Paid During Year					
					Principal	Interest				
2025	\$ 16,987,689	\$ 2,181,838	\$ 12,190,763	\$ 6,978,764	\$ -	\$ 543,170	12.85	8.83		

Source: City of Medford Finance Department

Note

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

¹ Parks revenue comes from a portion of the transient lodging tax (34%), car rental tax, and a parks utility fee

² The parks limited series 2007 bond was paid off in FY18

³ The gross revenues do not include bond proceeds of \$67,514,427 for FY21

⁴ The City issued sewer revenue bonds for the first time in the year ended June 30, 2025. Coverage data will be added each year prospectively until ten years' worth of data can be displayed. See Table 17 for detailed notes on revenues and expenses included for coverage ratio calculations.

158

City of Medford, Oregon
Schedule 14 - Demographic and Economic Statistics
Last Ten Fiscal Years - Unaudited
June 30, 2025

SIGNIFICANT DATES/FORMS OF GOVERNMENT

Date of incorporation as a town 1885
 Date of incorporation as a city 1901
 Form of government Council-City manager

Fiscal Year Ended June 30,	Population ¹	School Enrollment ²	Number of Schools ²	Unemployment Rate ⁴	Labor Force ⁴	Personal Income (Millions of Dollars) ³	Per Capita Personal Income (Dollars) ³	Commercial Construction ⁵		Residential Construction ⁵	
								Number of Units (in thousands)	Value (in thousands)	Number of Units (in thousands)	Value (in thousands)
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
2024	88,352	13,750	26	4.3	105,402	13,807	\$ 62,541	247	105,417	331	111,905
2025	89,946	13,786	26	4.9	106,142	14,688 ⁶	\$ 66,073 ⁶	258	110,395	404	105,872

Note

¹ Portland State University

² Oregon Department of Education (for Medford SD549C)

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

⁴ U.S. Department of Labor, Bureau of Labor Statistics Data (www.bls.gov)

⁵ City Building Department

⁶ The Bureau of Economic Analysis did not publish this data timely due to the federal government shutdown and there is no other reputable source of this information. As such, the City has estimated these amounts based on the average growth rate for the previous ten years.

City of Medford, Oregon
Schedule 15 - Principal Employers
2025 and Nine Years Prior
June 30, 2025

Employer	Type of Business	2025		2016 ¹			
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Asante (Rogue Regional Medical)	Health Care	2,570	1	2.41%	4,231	1	4.33%
Providence Medical Center	Health Care	2,546	2	2.38%	1,300	6	1.33%
Medford School District 549C	Schools	1,024	3	0.96%	1,157	7	1.18%
Jackson County	County Government	1,001	4	0.94%	1,027	8	1.05%
Lithia Motors	Auto Dealership	502	5	0.47%	3,000	2	3.07%
Rogue Valley Manor	Retirement community	500	6	0.47%			
City of Medford	City Government	455	7	0.43%			
Pure Light Power	Solar installation	300	8	0.28%			
UNIFI Aviation, LLC	Aviation	256	9	0.24%			
Boise Cascade Company	Wood products	251	10	0.23%	875	10	0.90%

Note

Source: Hoovers Business Database, Extracted March, 2024

¹ Information presented for 2016 was for Jackson County, not exclusive to employees within the City of Medford as that data was not available at the time.

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, 2025

	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25
City Manager	8.0	8.0	7.9	7.4	7.9	6.4	6.2	7.0	7.0	6.1
Facilities Management	12.9	18.1	18.7	18.7	15.4	15.8	16.9	17.7	21.2	23.3
Innovation & Technology	10.0	11.0	10.9	11.1	10.6	8.5	9.0	10.4	10.8	11.1
Human Resources	7.0	7.3	7.9	6.6	6.4	5.7	5.0	5.9	5.9	5.6
Finance	10.3	9.2	10.1	21.3	24.4	20.7	20.7	21.3	20.1	19.2
Planning	14.4	17.1	17.4	17.8	17.3	14.2	14.8	15.3	15.5	14.7
Building Inspection	11.1	11.2	12.7	13.3	13.7	12.8	15.2	13.6	14.7	14.2
Business Licenses	2.0	2.0	2.0	1.5	1.5	1.5				
Public Works										
Engineering	38.5	39.6	43.4	34.6	33.8	30.5	33.6	32.2	36.7	29.7
Maintenance	56.1	58.4	65.0	71.3	69.6	61.6	60.5	61.5	63.3	64.1
WRD	23.1	24.2	27.4	26.5	25.2	26.1	24.8	24.6	26.0	26.2
City Attorney	4.5	4.0	5.0	6.3	5.6	5.5	5.7	5.9	5.3	6.3
Municipal Court	7.4	7.2	7.9	9.6	7.9	7.5	7.2	8.3	8.8	8.4
Police										
Sworn Officers	98.9	103.0	113.6	134.5	126.4	127.1	126.6	127.9	130.7	138.4
Civilians	40.3	40.0	41.7	62.4	40.1	26.1	26.2	27.9	26.9	27.6
Fire										
Firefighters/officers	72.0	71.0	98.7	114.9	97.0	95.0	99.4	103.0	108.2	113.6
Civilians	7.1	10.1	9.1	11.4	11.0	9.8	8.7	7.5	7.3	7.4
Parks & Recreation	42.7	38.6	54.6	64.7	57.8	49.2	49.9	51.8	70.0	74.6
TOTAL	466.3	480.0	554.0	633.9	571.6	524.0	530.4	541.8	578.4	590.5

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,	2016	2017	2018	2019	2020	2021 ¹	2022	2023	2024	2025
FUNCTION										
Police										
Group A Offenses ²	6,805	7,608	6,544	5,905	5,577	-	7,533	6,832	7,672	7,798
Group B Offenses ²	19,626	22,386	19,152	16,973	15,615	-	3,371	4,088	340	430
Total Group A & B	26,431	29,994	25,696	22,878	21,192	-	10,904	10,920	8,012	8,228
Clearance Rate Group A & B	75.20%	72.70%	76.29%	71.66%	68.46%	-	40.00%	61.00%	60.50%	72.00%
Cases Cleared Group A & B	18,562	20,681	19,604	16,394	14,509	-	4,361	6,661	4,847	5,924
# of Juvenile Charges Group A & B	881	648	631	513	524	-	328	415	404	260
# of Adult Arrest Charges Group A & B	18,325	21,285	18,886	17,235	14,671	-	6,428	7,209	10,933	10,967
Traffic Accidents - Fatal	3	4	9	3	2	-	6	N/A ³	N/A ³	N/A ³
Traffic Accidents - Injury	528	532	505	521	442	-	332	N/A ³	N/A ³	N/A ³
Traffic Accidents - Prop Damage	1,370	1,372	1,296	1,271	1,125	-	1,130	N/A ³	N/A ³	N/A ³
Total Accidents	1,901	1,908	1,810	1,795	1,569	-	1,468	1,390	1,476	1,553
Fire										
Number of Fires	320	372	336	431	376	436	339	408	389	307
Overpressure, heat, explosion	13	6	15	15	17	23	18	14	22	22
EMS, Rescue, MVA	6,819	7,388	7,243	7,567	6,813	6,986	8,637	8,516	8,188	8,131
Hazardous Conditions	117	221	8	-	160	181	188	211	196	244
Service Call	374	658	554	858	948	988	1,164	961	823	901
Good Intent Calls	1,456	1,959	1,960	2,643	2,825	3,542	2,811	2,760	2,430	1,851
False Alarm	504	484	407	506	500	516	568	608	589	576
Severe Weather	5	8	3	2	10	9	-	4	-	2
Special Incident	15	10	122	48	15	11	10	11	14	9
Uncategorized	7	0	0	0	0	0	0	0	0	0
Total Incident Responses	9,630	11,106	10,648	12,070	11,664	12,692	13,735	13,493	12,651	12,659
Total City only	8,410	N/A	9,836	10,551	10,001	11,190	12,326	12,106	11,458	11,375
Total Rural Only	656	N/A	824	869	2,248	738	711	716	692	668
Out of District Responses	564	N/A	N/A	650	581	764	698	671	501	616
Mutual Aid Received	N/A	N/A	631	852	629	534	574	528	606	698
Mutual Aid Given	N/A	N/A	580	640	581	764	698	671	501	616

162

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

Fiscal Year Ending June 30,	2016	2017	2018	2019	2020	2021 ¹	2022	2023	2024	2025
Highways and streets										
Miles of Streets Added	2	2	2	3	5.3	3.38	4.24	3.06	0.86	1.08
Streetlights added	152	171	152	210	192	178	82	67	47	97
Culture and recreation										
Aquatics	22,000	20,000	11,000	14,400	9,270	250	6,400	6,400	65,500	103,500
Youth & Adult Sports	10,000	12,000	12,000	16,000	11,000	11,000	12,000	13,000	14,000	28,000
Youth Programs/Day Camps	2,000	3,000	3,600	3,100	4,000	3,000	3,000	3,000	2,700	2,800
Community Recreation	15,000	16,000	16,000	15,000	12,000	4,500	5,000	4,000	5,250	5,700
Special Interest Classes	2,000	2,200	2,200	1,900	1,800	300	800	700	1,000	1,200
Wastewater										
Miles of Sanitary Sewers Added	1	1	1	2	0.33	2.38	0.93	2.08	0.70	1.02
Miles of Storm Sewers Added	3	2	2	3	1.38	4.64	1.74	3.92	1.15	2.42
Average Daily Million Gallons Treated	17.5	18.8	20.3	15.6	17.7	15.8	15.5	15.2	16.8	19.0
Building/Planning/Engineering										
Total Permits	5,815	6,331	5,846	5,789	5,682	4,161	4059	3,245	4,007	5,947
Commercial Building Permits Issued	638	594	497	323	309	299	245	258	264	258
Value Commercial Construction	199,162,002	151,775,643	150,359,928	89,827,017	76,171,297	272,887,510	153,962,208	56,849,479	109,822,227	110,394,804
Single Family Residential Issued	249	341	281	310	268	362	312	233	331	312
Value Single Family Residential	59,078,945	78,626,552	67,853,914	78,547,794	69,853,053	88,957,066	194,575,140	70,103,071	107,499,484	90,834,785
Multi-Family Residential Issued (# of Buildings)	-	-	-	-	-	-	-	-	30 ⁴	11
Multi-Family Residential Issued (# of Units)	-	-	-	-	-	-	-	-	306 ⁴	92
Value Multi-Family Residential	-	-	-	-	-	-	-	-	42,644,484 ⁴	15,036,813
Square miles Added to City	-	-	-	0.0026	-	-	-	-	-	-

Source: Various City departments

Notes

¹ Police Data for 2021 was unavailable due to a change in systems during the year

² 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.

³ Traffic Accident data by type is unavailable beginning in 2023 due to the way the accidents are entered into the new system.

⁴ Multi-Family Residential information was first available from the Building Safety Department in 2024.

163

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.

City of Medford, Oregon
Schedule 18 - Capital Asset Statistics by Function
Last Ten Fiscal Years - Unaudited
June 30, 2025

Fiscal Year Ending June 30,	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
PUBLIC SAFETY										
Fire Protection ²										
Number of Stations	5	5	5	5	5	5	5	5	5	5
Police Protection ³										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Sewers ¹										
Miles of Sanitary Sewers	263	265	265	267.67	268	270	271	273	274	275
Miles of Storm Sewers	176	179	181	183.97	185.35	189.99	191.73	195.65	196.80	199.22
Public Works ¹										
Area — Square Miles	25.73	25.73	25.75	25.78	26.59	27.50	28.11	28.69	28.71	28.86
Miles of Streets	268.51	270.45	272.41	275.34	280.64	284.02	288.26	291.32	292.18	293.26
Number of Street Lights	6,687	6,858	7,010	7,485	7,516	7,846	7,940	8,007	8,054	7,723
Culture and recreation ⁴										
Number of Parks ⁵	36	36	38	36	36	36	36	36	37	37
Total Park Acreage	2,396	2,396	2,437	2,437	2,437	2,437	2,223 ⁶	2,225	2,225	2,225

Sources

¹ City Public Works Department

² City Fire Chief

³ City Police Department

⁴ City Parks Department

Notes

⁵ The number of parks includes 5 community parks, 17 neighborhood/school parks, 11 special use/facility areas, 1 aquatics/event center, and 3 natural areas.

⁶ Prior year acreage included path systems of Larson & Lazy creek which are maintained by the City

CONTENTS

PAGE

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

Table 1 – outstanding obligations	166
Table 2 – debt information	167
Table 3 – overlapping debt	168
Table 4 – future debt service for obligations guaranteed to be paid from the general fund	169
Table 5 – real market value of taxable property, tax collection record and impact of tax limitation on the City	170
Table 6 – representative consolidated tax rates for levy code area 49-01	171
Table 7 – net unfunded pension actuarial liability	172
Table 8 – average number of sewer accounts	173
Table 9 – top 10 largest sewer customers - City of Medford	174
Table 10 – to 10 largest sewer customers - Rogue Valley Sewer Services	175
Table 11 – historical and projected monthly sewer rates	176
Table 12 – historical and projected sewer rate increases	177
Table 13 – residential monthly sewer bill comparison	178
Table 14 – water reclamation funds balance sheet	179
Table 15 – water reclamation funds statement of revenue, expense, and changes in net position	181
Table 16 – schedule of revenues, expenditures, and changes in fund balance - (budgetary basis) water reclamation funds	182
Table 17 – actual and projected net revenues and debt service coverage - water reclamation funds	183
Table 18 – water reclamation funds budget	184

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
Unaudited
June 30, 2025

	Issue Date	Maturity Date	Amount Issued	Amount Outstanding as of 6/30/2025
FULL FAITH & CREDIT OBLIGATIONS OR LIMITED TAX BONDS PAID FROM TAX SOURCE (not subject to annual appropriations)				
Pension obligations, series (2004)(taxable) ¹				
2020 Full Faith and Credit, series 2020	5/27/2004	6/1/2028	\$ 29,205,000	\$ 9,135,000
Limited tax revenue bonds, series 2024	6/23/2020	10/1/2035	\$ 3,842,698	\$ 2,694,323
	9/24/2024	6/1/2044	<u>\$ 6,110,000</u>	<u>\$ 5,840,000</u>
Total FF&C obligations and limited tax bonds			\$ 39,157,698	\$ 17,669,323
TOTAL NET DIRECT DEBT (including pension obligations)²			\$ 33,047,698	\$ 11,829,323
TOTAL NET DIRECT DEBT (excluding pension obligations)²			\$ 9,952,698	\$ 8,534,323
REVENUE OBLIGATIONS (self-supporting, not included in net direct debt)				
2020A, Limited tax revenue and refunding bonds	10/14/2020	6/1/2050	<u>\$ 63,110,000</u>	<u>\$ 58,695,000</u>
2020B, Limited tax revenue and refunding bonds	10/14/2020	7/15/2043	<u>\$ 36,140,000</u>	<u>\$ 33,125,000</u>
Total self-supporting revenue obligations			\$ 99,250,000	\$ 91,820,000
TOTAL GROSS DIRECT DEBT (including pension obligations)³			\$ 132,297,698	\$ 103,649,323
TOTAL GROSS DIRECT DEBT (excluding pension obligations)³			\$ 109,202,698	\$ 100,354,323

Source: City of Medford

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

² Net direct debt is gross direct debt less obligations or leases paid from non-tax sources

³ Gross direct debt includes all voter approved general obligation bonds, limited tax bonds and any other obligations, certificates of participation or leases backed by the full faith and credit of the City. Debt whose term is less than one year is not included.

City of Medford, Oregon
Table 2 - Debt Ratios
Continuing Disclosures for the Following: Series 2004 Pension Obligation Bonds
Unaudited
June 30, 2025

	Including Pension Obligations			Excluding Pension Obligations		
	Values	Per Capita	Percent RMV	Values	Per Capita	Percent RMV
2025 Population	89,946			89,946		
2025 Real Market Value	\$ 17,107,322,811	\$ 190,195		\$ 17,107,322,811	\$ 190,195	
Gross Direct Debt ¹	129,283,630	\$ 1,437	0.76%	120,148,630	\$ 1,336	0.70%
Net Direct Debt ²	17,669,323	\$ 196	0.10%	8,534,323	\$ 95	0.05%
Net Overlapping Debt	122,077,711	\$ 1,357	0.71%	122,077,711	\$ 1,357	0.71%
Net Direct & Overlapping Debt	139,747,034	\$ 1,554	0.82%	130,612,034	\$ 1,452	0.76%

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

¹ 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.

² 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

2024 Real market value	17,107,322,811
Debt limitation (3% of RMV)	513,219,684
Total applicable bonded debt	8,178,498
Debt margin	505,041,186
Percent of limit issued	1.62%

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, 2025, the project was in progress and the City had drawn down \$3,532,855 and had repaid \$3,532,855 in principal. The remaining \$6,467,145 was drawn down in November of 2025.

Additionally, the City closed on a Water Infrastructure Financing and Innovation Act (WIFIA) loan with the U.S. Environmental Protection Agency (EPA) in December of 2025, for a maximum of \$147,245,000. The City also plans to issue a \$50 million sewer revenue bond in January of 2026. Both the WIFIA loan and revenue bond are related to the City's mandated upgrades at the regional wastewater treatment plant.

City of Medford, Oregon
Table 3 - Overlapping Debt
Continuing Disclosures
Unaudited
June 30, 2025

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	\$ 44,673,970,014	36.12%	\$ 19,665,000	\$ 7,103,490
Jackson County Housing Authority	44,673,970,014	36.12%	6,942,378	2,139,071
JC School District #4 (Phoenix-Talent)	4,824,187,656	35.12%	61,140,778	21,474,903
JC School District #549C (Medford)	18,984,889,067	75.58%	101,490,000	76,709,999
JC School District #6 (Central Point)	5,948,083,840	1.57%	82,957,123	1,302,593
Rogue Community College	60,751,979,588	26.56%	48,365,000	10,901,291
Rogue Valley Transit District	335,098,834,425	48.16%	27,732	13,355
Southern Oregon ESD	74,673,787,020	21.61%	11,258,512	2,433,009
	\$ 589,629,701,624		\$ 331,846,523	\$ 122,077,711

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, 2025

Year of Maturity	Pension Obligation Bonds, Series 2004		Full faith and credit LED lighting, Series 2020		Limited tax revenue and refunding, 2020A		Limited tax revenue and refunding, 2020B		Limited tax revenue Series 2024		Total Requirements	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025-26	\$ 3,475,000	\$ 556,778	\$ 216,349	\$ 47,537	\$ 1,620,000	\$ 1,450,938	\$ 1,670,000	\$ 699,823	\$ 195,000	\$ 261,300	\$ 7,176,349	\$ 3,016,376
2026-27	3,880,000	344,977	224,237	43,608	1,700,000	1,369,938	1,705,000	666,073	205,000	251,550	7,714,237	2,676,146
2027-28	1,780,000	108,491	232,328	39,538	1,785,000	1,284,938	1,735,000	631,673	215,000	241,300	5,747,328	2,305,938
2028-29	-	-	240,624	35,317	1,875,000	1,195,688	1,770,000	596,623	225,000	230,550	4,110,624	2,058,178
2029-30	-	-	249,132	30,490	1,895,000	1,172,200	1,810,000	565,000	235,000	219,300	4,104,532	1,983,100
2029-31	-	-	256,424	1,096,000	1,071,000	1,845,000	524,273	250,000	239,550	3,342,800	1,667,747	
2031-32	-	-	266,802	21,743	2,090,000	978,000	1,880,000	487,023	260,000	195,050	4,498,802	1,681,816
2032-33	-	-	275,974	16,899	2,135,000	938,200	1,920,000	449,023	275,000	182,050	4,605,974	1,584,172
2033-34	-	-	285,376	11,890	2,175,000	893,500	1,965,000	410,173	295,000	168,300	4,720,376	1,483,866
2034-35	-	-	295,015	6,710	2,220,000	858,000	1,930,000	353,000	180,000	153,000	4,830,300	1,415,503
2035-36	-	-	156,630	1,396	2,265,000	805,600	1,545,000	344,000	315,000	138,550	4,275,630	1,289,506
2036-37	-	-	2,310,000	-	769,300	1,585,000	310,343	335,000	322,800	4,230,000	1,193,443	
2037-38	-	-	-	-	2,355,000	714,100	1,620,000	274,683	345,000	109,400	4,320,000	1,098,183
2038-39	-	-	-	-	2,405,000	697,200	1,655,000	237,425	360,000	95,600	4,420,000	1,009,025
2039-40	-	-	-	-	2,455,000	618,900	1,691,000	201,745	375,000	91,650	4,520,000	990,578
2040-41	-	-	-	-	2,500,000	569,900	1,735,000	157,740	390,000	66,200	4,625,000	793,840
2041-42	-	-	-	-	2,550,000	519,900	1,780,000	115,115	405,000	50,600	4,735,000	685,615
2042-43	-	-	-	-	2,600,000	468,900	1,825,000	70,498	420,000	34,400	4,845,000	573,798
2043-44	-	-	-	-	2,650,000	419,000	1,870,000	23,843	440,000	17,600	4,945,000	458,333
2044-45	-	-	-	-	2,705,000	363,800	-	-	-	-	2,705,000	363,800
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	181,738	-	-	-	-	2,880,000	181,738
2048-49	-	-	-	-	2,945,000	126,449	-	-	-	-	2,945,000	126,449
2049-50	-	-	-	-	3,005,000	63,856	-	-	-	-	3,005,000	63,856
	\$ 9,135,000	\$ 1,010,246	\$ 2,694,323	\$ 281,967	\$ 58,695,000	\$ 18,046,066	\$ 33,125,000	\$ 7,133,003	\$ 5,840,000	\$ 2,826,850	\$ 109,489,323	\$ 29,298,132

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

Unaudited

June 30, 2025

Real Market Value of Taxable Property

Fiscal Year Ended June 30,	Real Market Value (RMV)	Percent Change	Total Assessed Value (AV)	Percent Change	AV as a Percent of RMV
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	11,136,157,741	3.37%	8,286,260,423	6.54%	71.98%
2022	13,022,626,572	13.73%	8,356,395,429	0.82%	63.81%
2023	15,411,100,240	17.71%	8,729,193,351	4.40%	56.54%
2024	15,901,767,530	3.18%	9,101,211,358	4.26%	57.23%
2025	17,107,322,811	7.58%	10,266,683,753	12.61%	60.01%

Source: Jackson County Assessor and financial statements of the City

¹ Total assessed value of the City includes Medford Urban Renewal values and other offsets such as non-profit housing value. The tax collection record table which follows reflects the taxable assessed value (AV), which does not include Medford Urban Renewal excess value as calculated by the Jackson County Tax Assessor.

Tax Collection Record

Fiscal Year Ended June 30,	Total Assessed Valuation	Percent Change	Operating Levy ¹	Bond Levy	Total Levy per County	Tax Rate/ \$1,000	% Collected	% Collected as of June 30, 2025
2016	\$ 6,487,781,276	4.17%	\$ 40,645,586	\$ 475,085	\$ 41,120,671	5.2953	97%	99.98%
2017	6,742,041,123	3.92%	35,726,980	400,233	36,127,213	5.2953	97%	99.97%
2018	7,257,639,383	7.65%	38,494,587	449,683	38,914,270	5.2953	98%	99.98%
2019	7,427,323,010	2.34%	39,336,868	449,400	39,786,268	5.2953	98%	99.96%
2020	7,748,463,710	4.32%	41,036,097	449,843	41,485,940	5.2953	99%	99.95%
2021	8,286,260,423	6.94%	44,011,711	430,662	44,442,373	5.2953	98%	99.92%
2022	8,354,395,429	0.82%	44,244,537	-	44,244,537	5.2953	98%	99.81%
2023	8,729,193,251	4.49%	46,255,552	-	46,255,552	5.2953	98%	99.55%
2024	9,101,211,358	4.26%	48,229,723	-	48,229,723	5.2953	98%	99.14%
2025	10,266,683,753	12.81%	52,136,055	-	52,136,055	5.2953	98%	97.91%

Source: Jackson County Assessor and financial statements of the City

¹ 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

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
2016	\$ 34,355,304	116.44	0.0003%
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	0.00006%
2024	48,193,645	21.90	0.00005%
2025	54,365,155	24.80	0.00005%

City of Medford, Oregon

Table 6 - Representative Consolidated Tax Rates for Levy Code Area 49-01

Continuing Disclosures

Unaudited

Period Ending June 30, 2025

Area - Within the City of Medford	Tax Rate For Operations	Tax Rate For Bonds	Tax Rate Total
SCHOOLS			
School District 549C	\$ 4.4123	\$ 1.1238	\$ 5.5361
Education Service District	0.3524	-	0.3524
Rogue Community College	0.5128	0.1225	0.6353
Total Education	\$ 5.2775	\$ 1.2463	\$ 6.5238
LOCAL GOVERNMENT			
Jackson County	\$ 2.0099	\$ 0.0658	\$ 2.0757
Library District	0.6000	-	0.6000
City of Medford	5.2953	-	5.2953
Medford Urban Renewal Agency	-	-	-
Vector	0.0429	-	0.0429
4H Ag/Ext	0.0426	-	0.0426
Jackson County Soil Water	0.0500	-	0.0500
Rogue Valley Transit District	0.1772	0.1300	0.3072
Total Local Government	\$ 8.2179	\$ 0.1958	\$ 8.4137
	\$ 13.4954	\$ 1.4421	\$ 14.9375

Source: Jackson County, Department of Assessment

¹ The 2024-25 taxable assessed value to compute the tax rate code of 49-01 is \$8,725,520,694, which is 85% of the total assessed value of the City.

City of Medford, Oregon

Table 8 - Average Number of Sewer Accounts

Continuing Disclosures

Unaudited

June 30, 2025

Number of Accounts	2020	2021	2022	2023	2024	2025
City Sewer Collection	21,800	22,000	22,300	22,600	22,900	23,150
RVSS Accounts ¹	24,300	20,700	20,700	20,900	20,900	22,160
Total RWRF Accounts	46,100	42,700	43,000	43,500	43,800	45,310
Annual Change in Accounts	2020	2021	2022	2023	2024	2025
City Sewer Collection	1.4%	0.9%	1.4%	1.3%	1.3%	1.1%
RVSS Accounts ¹	1.3%	(14.8)%	0.0%	1.0%	-%	6.0%
Total RWRF Accounts	1.3%	(7.4)%	0.7%	1.2%	0.7%	3.4%

Data Source: City of Medford and Rogue Valley Sewer Services

Note

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

City of Medford, Oregon

Table 7 - Net Unfunded Pension Actuarial Liability

Continuing Disclosures

Unaudited

June 30, 2025

Fiscal Year Ending June 30,	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
2015 Valuation										
Allocated pooled T1/T2 UAL	\$ 71,335,051	\$ 81,126,722	\$ 74,117,771	\$ 90,040,385	\$ 79,596,200	\$ 89,634,328	\$ 66,883,227	\$ 84,509,146	\$ 86,152,070	\$ 85,787,246
Allocated pre-SLRGP pooled liability (surplus)										
Transition liability (surplus)										
Allocated pooled OPSRP UAL	5,295,180	6,478,559	5,854,724	7,495,142	6,953,361	9,029,140	5,640,762	12,130,105	14,134,623	15,197,738
City Side Account	(24,099,918)	(23,150,344)	(23,920,468)	(21,252,293)	(21,018,856)	(19,065,607)	(19,594,337)	(15,781,400)	(12,744,613)	(8,999,677)
Net unfunded pension actuarial accrued liability	<u>\$ 52,530,313</u>	<u>\$ 64,454,937</u>	<u>\$ 56,052,027</u>	<u>\$ 76,283,234</u>	<u>\$ 65,530,705</u>	<u>\$ 79,597,861</u>	<u>\$ 52,929,652</u>	<u>\$ 80,857,851</u>	<u>\$ 87,542,080</u>	<u>\$ 91,985,307</u>

Source: Oregon Public Employees Retirement System Actuarial Valuation

City of Medford, Oregon**Table 9 - Top 10 Largest Sewer Customers - City of Medford****Continuing Disclosures****Unaudited****June 30, 2025**

Customer	Description	Annual Sewer Revenue	% of Total Gross Sewer Revenue
Rogue Valley Sanitary Sewer (RVSS) ¹	Sewer collection agency	\$ 5,549,060	26.30%
Asante	Hospital	75,379	0.36%
Steiner Corp	Industrial clothing	57,048	0.27%
Rogue Valley Manor	Senior living facility	44,743	0.21%
Providence Medical Group	Medical center	36,265	0.17%
CV the Merrick	Hotel	25,111	0.12%
Jackson County Jail	Government	20,083	0.10%
Surgery Center of Southern Oregon	Outpatient surgery center	19,949	0.09%
Rogue Regency Inn	Hotel	18,937	0.09%
Woodland Townhomes	Townhomes	<u>17,662</u>	<u>0.08%</u>
Totals		<u>\$ 5,864,237</u>	<u>27.79%</u>
Total Gross Revenues		<u>\$ 21,102,736</u>	

Data Source: City of Medford

Note

¹ RVSS and the City have signed an Agreement governing their relationship. The current contract extends through February 2041.

City of Medford, Oregon**Table 10 - Top 10 Largest Sewer Customers - Rogue Valley Sewer Services****Continuing Disclosures****Unaudited****June 30, 2025**

Customer	Description	Annual Treatment Revenue	% of Annual Treatment Revenue
Amy's Kitchen	Frozen food manufacturer	\$ 133,288	2.40%
Boise Cascade Corp.	Wood products	74,551	1.34%
U.S. Department of Veterans Affairs	VA Medical Center	52,139	0.94%
Carestream Health Inc	Medical imaging	49,247	0.89%
Bear Creek Operations	Food processing	31,326	0.56%
Dry Creek Landfill, Inc.	Landfill	24,161	0.44%
Roseburg Forest Product	Wood products	18,772	0.34%
Linde Gas & Equip. Inc	Welding supplies	17,022	0.31%
Plycem USA, Inc	Steel framing/fiber cement	12,816	0.23%
Timber Prod Co	Wood products	<u>10,535</u>	<u>0.19%</u>
Totals		<u>\$ 423,855</u>	<u>7.64%</u>
Total Gross Revenues		<u>\$ 5,549,060</u>	

Data Source: Rogue Valley Sewer Services

City of Medford, Oregon

Table 11 - Historical and Projected Monthly Sewer Rates

Continuing Disclosures

Unaudited

June 30, 2025

Fiscal Year	Historical					Current			Future		
	2021	2022	2023	2024	2025	2026	2027	2028	2029		
Effective ¹	July 2020	July 2021	July 2022	July 2023	July 2024	Sept. 2024 ²	July 2025	July 2026	July 2027 ⁴	July 2028	
Single Family - Flat Fee											
Sewer Collection	\$ 17.89	\$ 17.89	\$ 17.89	\$ 18.78	\$ 19.72	\$ 19.72	\$ 21.69	\$ 23.64	\$ 25.77	\$ 28.09	
Sewage Treatment	8.39	8.64	8.90	9.79	10.77	11.45	13.40	15.41	17.88	20.56	
Total	26.28	26.53	26.79	28.57	30.49	31.17	35.09	39.05	43.65	48.65	
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	\$ 32.53	\$ 35.45	
Base Charge - Sewage Treatment	3.02	3.12	3.21	3.53	3.88	4.13	4.83	5.55	6.44	7.41	
Gallongage - Sewer Collection ³	1.04	1.04	1.04	1.09	1.15	1.15	1.20	1.26	1.37	1.50	
Gallongage - Sewage Treatment ³	0.86	0.89	0.91	1.00	1.10	1.17	1.37	1.58	1.83	2.10	
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	0.69	0.80	
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	49.34	53.81	
Sewage Treatment	34.29	35.32	36.38	39.91	43.90	46.69	54.63	62.82	72.88	83.81	

Data Source: City of Medford

Note

Sewer collection rates have been adopted by the City Council through July 15, 2027 (see note 4 below). Sewage treatment rates have been adopted by the RRC through July 1, 2028.

¹ Rate increases adopted by the City for sewer collection typically take effect July 15th. Rate increases adopted by the RRC for sewage treatment typically take effect July 1st.

² 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.

³ Volumetric (gallongage) charges are per 1,000 gallons.

⁴ Sewer collection rates presented for Fiscal Year 2028 are based on the City's rate model, not currently adopted rates. City Council previously adopted a single family rate of \$23.88 that, if not revised, would be the actual rate charged.

176

City of Medford, Oregon

Table 12 - Historical and Projected Sewer Rate Increases

Continuing Disclosures

Unaudited

June 30, 2025

Fiscal Year	Historical					Current			Future		
	2021	2022	2023	2024	2025	2026	2027	2028	2029		
Effective Date ¹	July 2020	July 2021	July 2022	July 2023	July 2024	Sept. 2024 ²	July 2025	July 2026	July 2027 ³	July 2028	
Sewer Collection	10.0%	0.0%	0.0%	5.0%	5.0%	0.0%	10.0%	9.0%	9.0%	9.0%	
Sewer Treatment	0.0%	3.0%	3.0%	10.0%	10.0%	6.3%	16.0%	15.0%	16.0%	15.0%	

Data Source: City of Medford

Note

Sewer collection rates have been adopted by the City Council through July 15, 2027 (see note 3 below). Sewage treatment rates have been adopted by the RRC through July 1, 2028.

¹ Rate increases adopted by the City for sewer collection typically take effect July 15th. Rate increases adopted by the RRC for sewage treatment typically take effect July 1st.

² 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.

³ The sewer collection rate increase presented for fiscal year 2028 is from the City's rate model, not the adopted rate increase previously approved by City Council (which was 1%). If rates are not increased beyond the previous approved rate, only a 1% increase would occur.

177

City of Medford, Oregon
Table 13 - Residential Monthly Sewer Bill Comparison
Continuing Disclosures
Unaudited
June 30, 2025

City	Rate
Portland	\$ 108.32
Springfield	71.11
Olympia	62.60
Hillsboro	59.92
Beaverton	59.19
Vancouver	58.72
Eugene	56.89
Salem	53.37
Corvallis	53.11
Gresham	47.28
Dallas	45.21
Medford	31.17

Data Source: Utility provider websites and rate publications

Note

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

City of Medford, Oregon
Table 14 - Water Reclamation Funds Balance Sheet
Continuing Disclosures
Unaudited
June 30, 2025

	2021	2022	2023	2024	2025
ASSETS					
Current assets					
Cash and investments	\$ 22,858,204	\$ 28,349,208	\$ 30,062,081	\$ 32,878,443	\$ 53,865,013
Receivables	1,184,019	831,018	1,385,871	1,526,796	1,469,303
Prepaid expense	-	-	499	1,164	956
Inventories	354,501	383,203	420,969	467,883	481,421
Noncurrent assets					
Net OPEB asset	47,927,710	122,120	119,991	134,408	144,663
Capital assets					
Land and construction in progress	363,762	323,086	1,692,115	2,454,476	9,389,003
Right-to-use subscription, net	-	2,146	1,490	30,565	20,085
Capital assets, net	49,735	47,086,688	47,335,767	47,995,488	49,125,278
Total assets	<u>72,737,931</u>	<u>77,097,469</u>	<u>81,018,783</u>	<u>85,489,223</u>	<u>114,495,722</u>
DEFERRED OUTFLOWS OF RESOURCES					
OPEB related items	77,610	69,521	49,314	42,962	50,683
Pension related items	2,326,888	2,117,995	1,992,475	2,334,308	2,986,452
Total deferred outflows of resources	<u>2,404,498</u>	<u>2,187,516</u>	<u>2,041,789</u>	<u>2,377,270</u>	<u>3,037,135</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
	<u><u>\$ 75,142,429</u></u>	<u><u>\$ 79,284,985</u></u>	<u><u>\$ 83,060,572</u></u>	<u><u>\$ 87,866,493</u></u>	<u><u>\$ 117,532,857</u></u>
LIABILITIES					
Current liabilities					
Accounts payable	\$ 221,768	\$ 1,245,045	\$ 1,828,593	\$ 1,528,190	\$ 3,452,690
Payroll and related accounts	214,058	216,011	226,145	256,613	273,904
Retainage payable	54,259	55,366	76,474	83,477	124,537
Unearned revenue	7,512	53,475	133,490	318,417	22,654
Accrued interest payable	-	-	-	-	140,475
Bonds payable, due within one year	-	-	-	-	305,000
Compensated absences, due within one year	63,692	66,914	72,513	76,674	163,356
Subscription liability	-	-	-	10,002	10,515
OPEB liability	-	-	-	20,104	21,192
Noncurrent liabilities					
Bonds payable, due in more than one year	-	-	-	-	19,884,597
Compensated absences, due in more than one year	254,766	267,658	290,052	306,694	653,425
Lease liability	-	2,275	1,593	-	-
Subscription liability	-	-	-	20,625	10,110
OPEB liability	593,529	582,170	545,453	587,350	630,577
Net pension liability	<u>7,533,738</u>	<u>4,046,596</u>	<u>5,248,375</u>	<u>7,203,137</u>	<u>7,942,030</u>
Total liabilities	<u>8,943,322</u>	<u>6,535,510</u>	<u>8,422,688</u>	<u>10,411,283</u>	<u>33,635,062</u>

City of Medford, Oregon

Table 14 - Water Reclamation Funds Balance Sheet (Continued)

Continuing Disclosures

Unaudited

June 30, 2025

	2021	2022	2023	2024	2025
DEFERRED INFLOWS OF RESOURCES					
Leases	-	5,331	-	-	-
Pension related items	305,741	3,415,297	1,799,613	761,249	1,062,830
OPEB related items	44,110	148,088	144,789	132,702	138,689
Total deferred inflows of resources	<u>349,851</u>	<u>3,568,716</u>	<u>1,944,402</u>	<u>893,951</u>	<u>1,201,519</u>
NET POSITION					
Net investment in capital assets	48,291,472	47,409,645	49,027,779	50,367,997	54,220,643
Future system development	12,257,535	13,839,230	14,904,461	16,882,918	18,533,664
OPEB asset	-	-	-	134,408	144,663
Unrestricted	<u>5,300,249</u>	<u>7,931,884</u>	<u>8,761,242</u>	<u>9,175,936</u>	<u>9,797,306</u>
Total net position	<u>65,849,256</u>	<u>69,180,759</u>	<u>72,693,482</u>	<u>76,561,259</u>	<u>82,696,276</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 75,142,429</u>	<u>\$ 79,284,985</u>	<u>\$ 83,060,572</u>	<u>\$ 87,866,493</u>	<u>\$ 117,532,857</u>

Data Source: City Audited Financial Statements.

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 Regional Sewer Treatment Improvement Fund – 553.

City of Medford, Oregon

Table 15 - Water Reclamation Funds Statement of Revenue, Expense, and Changes in Net Position

Continuing Disclosures

Unaudited

June 30, 2025

	2021	2022	2023	2024	2025
OPERATING REVENUES					
Charges for services	\$ 15,559,073	\$ 15,511,445	\$ 15,925,057	\$ 17,641,671	\$ 19,175,342
Miscellaneous income	<u>57,923</u>	<u>93,463</u>	<u>51,776</u>	<u>61,482</u>	<u>26,911</u>
Total operating revenues	<u>15,616,996</u>	<u>15,604,908</u>	<u>15,976,833</u>	<u>17,703,153</u>	<u>19,202,253</u>
OPERATING EXPENSES					
Salaries and fringe benefits	4,857,050	4,865,447	4,718,611	6,463,250	6,956,870
Operating supplies	2,173,534	855,306	1,133,357	1,956,667	545,061
Professional services	820,165	813,335	1,238,152	1,036,936	768,826
Repairs and maintenance	400,734	496,949	684,585	437,113	533,806
Premiums and claims	77,800	132,900	133,311	165,200	165,200
Utilities	298,234	425,667	507,273	680,506	676,383
General, administrative, and engineering	524,805	656,363	766,817	715,274	886,226
Depreciation and amortization	<u>2,595,560</u>	<u>2,490,242</u>	<u>2,564,102</u>	<u>2,550,236</u>	<u>2,603,165</u>
Total operating expenses	<u>11,747,882</u>	<u>10,736,209</u>	<u>11,746,208</u>	<u>14,005,182</u>	<u>13,135,537</u>
OPERATING INCOME	<u>3,869,114</u>	<u>4,868,699</u>	<u>4,230,625</u>	<u>3,697,971</u>	<u>6,066,716</u>
NONOPERATING REVENUE					
Intergovernmental revenues	-	-	-	-	35,039
Investment earnings	24,742	(336,213)	319,302	1,451,690	2,252,521
Interest expenses	-	-	-	(148)	(659,129)
Gain (loss) on sale of assets	<u>(6,765)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total nonoperating revenue	<u>17,977</u>	<u>(336,213)</u>	<u>319,302</u>	<u>1,451,542</u>	<u>1,628,431</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	<u>3,887,091</u>	<u>4,532,486</u>	<u>4,549,927</u>	<u>5,149,513</u>	<u>7,695,147</u>
CONTRIBUTIONS AND TRANSFERS					
Contributions	439,952	168,384	374,176	425,440	616,200
Transfers in	-	-	-	1,307,857	1,390,589
Transfers out	<u>(1,333,507)</u>	<u>(1,369,367)</u>	<u>(1,411,380)</u>	<u>(3,015,033)</u>	<u>(3,198,577)</u>
Total contributions and transfers	<u>(893,555)</u>	<u>(1,200,983)</u>	<u>(1,037,204)</u>	<u>(1,281,736)</u>	<u>(1,191,788)</u>
CHANGE IN NET POSITION	<u>2,993,536</u>	<u>3,331,503</u>	<u>3,512,723</u>	<u>3,867,777</u>	<u>6,503,359</u>
NET POSITION, beginning of year	<u>\$ 62,855,720</u>	<u>\$ 65,849,256</u>	<u>\$ 69,180,759</u>	<u>\$ 72,693,482</u>	<u>\$ 76,192,917</u>
NET POSITION, end of year	<u>\$ 65,849,256</u>	<u>\$ 69,180,759</u>	<u>\$ 72,693,482</u>	<u>\$ 76,561,259</u>	<u>\$ 82,696,276</u>

Data Source: City Audited Financial Statements.

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 Regional Sewer Treatment Improvement Fund – 553.

City of Medford, Oregon

Table 17 - Actual and Projected Net Revenues and Debt Service Coverage

Water Reclamation Funds

Continuing Disclosures

Unaudited

June 30, 2025

City of Medford, Oregon

Table 16 - Schedule of Revenues, Expenditures, and Changes in Fund Balance - (Budgetary Basis)

Water Reclamation Funds

Continuing Disclosures

Unaudited

June 30, 2025

	2021	2022	2023	2024	2025
REVENUES					
Charges for services	\$ 15,559,073	\$ 15,516,946	\$ 15,913,560	\$ 17,628,020	\$ 19,196,452
Investment earnings	(18,073)	120,742	447,708	1,139,007	1,865,434
Other revenue	61,506	85,992	63,273	75,133	40,850
Total revenues	15,602,506	15,723,680	16,424,541	18,842,160	21,102,736
EXPENDITURES					
Sewer treatment maintenance	5,553,373	4,739,778	5,562,004	5,765,767	5,962,238
Sewer collection system development	10,560	200	4,450	10,340	4,172
Sewer system maintenance and construction	4,180,579	3,359,592	3,935,994	3,714,831	4,746,317
Sewage treatment SDC	-	491,099	-	-	-
Capital outlay	-	1,250,577	3,799,301	4,868,402	9,424,885
Total expenditures	\$ 9,744,512	\$ 9,841,246	\$ 13,301,749	\$ 14,359,340	\$ 20,137,612
EXCESS REVENUES OVER (UNDER) EXPENDITURES					
	\$ 5,857,994	\$ 5,882,434	\$ 3,122,792	\$ 4,482,820	\$ 965,124
OTHER FINANCING SOURCES (USES)					
Transfers out ¹	(1,333,507)	(1,369,367)	(1,411,380)	(1,707,176)	(2,894,328)
Total other financing sources (uses)	(1,333,507)	(1,369,367)	(1,411,380)	(1,707,176)	(2,894,328)
NET CHANGE IN FUND BALANCE					
	4,524,487	4,513,067	1,711,412	2,775,644	(1,929,204)
FUND BALANCE, beginning of year					
	18,977,324	23,501,811	28,014,878	29,726,290	32,501,934
FUND BALANCE, end of year					
	\$ 23,501,811	\$ 28,014,878	\$ 29,726,290	\$ 32,501,934	\$ 30,572,730

Data Source: City Audited Financial Statements.

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 Regional Sewer Treatment Improvement Fund – 553.

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).

182

	Actual					Projected				
	2025	2026	2027	2028	2029	2025	2026	2027	2028	2029
GROSS REVENUES¹										
City charges for services	\$ 11,438,629	\$ 13,274,582	\$ 15,041,588	\$ 17,060,595	\$ 19,369,786					
RVSS charges for services	5,549,060	5,642,935	6,643,992	7,822,636	9,210,372					
SDCs ²	2,181,838	1,373,396	1,381,069	1,388,819	1,396,650					
Total gross revenues	19,169,526	20,290,913	23,066,649	26,272,050	29,976,808					
OPERATING EXPENSES										
Salaries, wages, & benefits	6,956,871	6,888,532	7,538,299	8,436,762	9,135,028					
Materials & services	3,425,905	4,039,763	4,150,306	4,262,018	6,688,579					
Transfers ³	1,807,988	1,781,461	1,828,549	1,876,352	1,925,214					
Contingency	-	2,180,356	2,205,814	2,231,541	2,257,807					
Total operating expenses	12,190,763	14,890,112	15,722,968	16,806,673	20,006,628					
NET REVENUES AND DEBT SERVICE COVERAGE										
Net Revenues	6,978,763	5,400,801	7,343,681	9,465,377	9,970,180					
Net Revenues, excluding SDC Improvement Fees	4,796,925	4,027,405	5,962,612	8,076,558	8,573,530					
DEBT SERVICE										
2024 Bonds	543,170	1,147,850	1,152,600	1,151,350	1,149,350					
2026 Bonds ⁴	-	-	3,009,711	3,009,711	3,009,711					
WIFIA Loan ⁵	-	-	-	-	-					
Total debt service	543,170	1,147,850	4,162,311	4,161,061	4,159,061					
Coverage with Net Revenues ⁶	12.85	4.71	1.76	2.27	2.40					
Coverage with Net Revenues, excluding SDCs ⁶	8.83	3.51	1.43	1.94	2.06					

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

Note

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 including Fiscal Year 2055. Estimated debt service is factored into the model.

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.

183

City of Medford, Oregon**Table 18 - Water Reclamation Funds Budget****Continuing Disclosures****Unaudited****June 30, 2025**

	2021-23 Biennium Adjusted Budget	2023-25 Biennium Adjusted Budget	2025-27 Biennium Adopted Budget
RESOURCES			
Charges for services	\$ 19,721,000	\$ 23,081,400	\$ 28,268,800
Grants	-	35,000	-
General governmental	40,000	5,000	-
Intergovernmental	7,050,600	8,488,100	13,895,700
Debt Proceeds	-	19,415,000	110,000,000
SDC	2,956,300	2,728,600	3,480,100
Interest Income	183,900	1,534,600	3,761,000
Sale of Property	-	21,800	-
Transfers	-	543,200	8,300,500
Beginning fund balance	21,634,400	27,731,600	50,891,100
Total resources	51,586,200	83,584,300	218,597,200
REQUIREMENTS			
Salaries and wages	6,767,500	8,303,500	8,884,000
Fringe benefits	4,457,700	5,584,800	6,643,500
Materials and services	7,371,500	8,499,900	8,712,600
Capital outlay	1,041,200	758,000	592,800
Capital improvement projects	8,842,800	33,479,800	119,202,200
Capital renewal projects	-	-	4,546,000
Debt service	-	-	2,300,500
Transfers	2,915,500	4,102,800	12,424,100
Contingency	13,623,800	12,809,600	37,684,700
Unappropriated ending fund balance	6,566,200	10,045,900	17,606,800
Total requirements	51,586,200	83,584,300	218,597,200

Compliance Section

Data Source: City Adopted Biennial Budget 2025-2027

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 Regional Sewer Treatment Improvement Fund – 553.

Report of Independent Auditors Required by Oregon State Regulations

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, 2025, 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 December 23, 2025. 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. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

- 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 Moore, Principal, for
Baker Tilly US, LLP
Medford, Oregon
December 23, 2025



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 (*Government Auditing Standards*), 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 the City of Medford, Oregon (the "City") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 23, 2025. 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. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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 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 were not identified.

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

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.

Baker Tilly US, LLP

Medford, Oregon
December 23, 2025

(This page left blank intentionally)

Appendix C

Book Entry Only System

(This page left blank intentionally)

**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.
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

(This page left blank intentionally)

CONTINUING DISCLOSURE CERTIFICATE

\$[PAR]
CITY OF MEDFORD, OREGON
SEWER REVENUE BONDS
SERIES 2026

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 Third Series Declaration dated as of January [__], 2026, 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 [Date] 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, 2026 [CITY TEAM TO CONFIRM WHEN THE 2025 AUDITED FINANCIALS WILL BE AVAILABLE], 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 2025);
- (3) Top 10 Largest Customers – Rogue Valley Sanitary Sewer Treatment Revenues (Fiscal Year 2025);
- (4) Historical and Projected Monthly Sewer Rates;
- (5) Historical and Projected Rate Increases;
- (6) Residential Monthly Sewer Bill Comparison (as of Fiscal Year 2025);
- (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: [Date].

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: \$[PAR] Sewer Revenue Bonds, Series 2026

Date of Issuance: [Date]

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, First Supplemental Declaration and Form of Third Series
Declaration**

(This page left blank intentionally)

MASTER SEWER REVENUE BOND DECLARATION

by the
City of Medford, Oregon

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 Bondholders 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 Bondholders 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 Bondholder, 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, Accrued 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 Bondholders, 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-Advantage 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 Bondholders 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 Bondholders 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 Bondholder; or
- (b) Reduces the percent of Bondholders 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 Bondholder 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 Bondholders of any action which under this Master Declaration requires the written approval or consent of or can be initiated by the Bondholders 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 Bondholder 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 Bondholders 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 Bondholders 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 Bondholders 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

FIRST SUPPLEMENTAL DECLARATION TO THE MASTER SEWER REVENUE BOND DECLARATION

by the

City of Medford, Oregon

Relating to Certain Amendments to the Master Declaration

Dated July 17, 2025

TABLE OF CONTENTS

	Page
ARTICLE 1 DEFINITIONS; AMENDMENTS	1
Section 1.01 Definitions	1
Section 1.02 Amendments to Article 10 of the Master Declaration.....	1
ARTICLE 2 MISCELLANEOUS SECTION	2
Section 2.01 Severability	2
Section 2.02 Captions	2
Section 2.03 Application of Provisions of the Master Declaration	2
Section 2.04 Effective Date	2

FIRST SUPPLEMENTAL DECLARATION TO THE MASTER SEWER REVENUE BOND DECLARATION

providing for

Certain Amendments to the Master Declaration

This First Supplemental Declaration to the Master Sewer Revenue Bond Declaration, dated July 17, 2025 (the “First Supplemental 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 (as amended and supplemented from time to time, the “Master Declaration”). Capitalized terms not defined herein shall have the meaning ascribed to them in the Master Declaration.

WITNESSETH

WHEREAS, pursuant to Section 16.02 of the Master Declaration, the Master Declaration may be amended for certain purposes, including those contemplated hereby, by a Supplemental Declaration with the consent of Bondholders of not less than fifty-one percent (51%) of the aggregate principal amount of Bonds outstanding;

WHEREAS, certain provisions of Article 10 of the Master Declaration contain inconsistencies in certain requirements for the issuance of Additional Bonds and Additional Subordinate Obligations; and

WHEREAS, the City has determined that, subject to the Bondholder consents required by the Master Declaration, certain amendments to the Master Declaration clarifying such inconsistencies would be in the best interest of the City.

NOW, THEREFORE, THIS FIRST SUPPLEMENTAL DECLARATION WITNESSETH:

ARTICLE 1 DEFINITIONS; AMENDMENTS

Section 1.01 Definitions. All words and phrases used in the Master Declaration have the same meaning in this First Supplemental Declaration, except as specifically provided otherwise herein.

Section 1.02 Amendments to Article 10 of the Master Declaration.

(a) Section 10.01(e)(ii)(B)(2) of the Master Declaration is amended as follows (with additions shown in **bold underline** and deletions shown in ~~double strikethrough~~):

(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 ~~fifteen 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.

(b) Section 10.05(c)(ii)(B) of the Master Declaration is amended as follows (with additions shown in **bold underline** and deletions shown in ~~double strikethrough~~):

(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.

ARTICLE 2 **MISCELLANEOUS SECTION**

Section 2.01 Severability. If any provision of this First Supplemental Declaration shall be determined to be unenforceable, that shall not affect any other provision of this First Supplemental Declaration.

Section 2.02 Captions. The captions in this First Supplemental Declaration are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this First Supplemental Declaration.

Section 2.03 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 Supplemental Declaration and made a part hereof. The Master Declaration as supplemented hereby is in all such respects hereby ratified and confirmed and this First Supplemental 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 2.04 Effective Date. This First Supplemental Declaration shall take effect once Bondholders of fifty-one percent (51%) of the Bonds outstanding under the Master Declaration have consented to amendments provided for herein.

IN WITNESS WHEREOF, the Authorized Representative of the City executes this First Supplemental Declaration, dated July 17, 2025.

CITY OF MEDFORD, OREGON

By: [REDACTED]

Robert Field
City Manager

(This page left blank intentionally)

THIRD SERIES DECLARATION TO THE MASTER SEWER REVENUE BOND DECLARATION

by the

City of Medford, Oregon

Relating to

\$[PAR]
City of Medford, Oregon
Sewer Revenue Bonds
Series 2026

Dated as of January [__], 2026

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 2026 BONDS	2
Section 2.01 2026 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 2026 Bonds.....	2
Section 2.05 Payment of the 2026 Bonds	3
Section 2.06 Book-Entry-Only System	4
Section 2.07 Security for the 2026 Bonds	4
Section 2.08 Compliance with Financial Covenants and Rate Covenant.....	4
Section 2.09 Consent to Amendments to Bond Declaration	4
ARTICLE 3 REDEMPTION AND PURCHASE OF 2026 BONDS	4
Section 3.01 Redemption of the 2026 Bonds	4
Section 3.02 Payment of 2026 Bonds Called for Redemption	5
ARTICLE 4 APPLICATION OF PROCEEDS; SOURCES OF PAYMENT OF 2026 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	6
Section 5.01 Notices	6
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 Third Series Declaration to Constitute Contract with Bondholders	8
Section 5.11 Effective Date	8

EXHIBIT A – Bond Form

EXHIBIT B – Bond Maturity Schedules and Interest Rates

**THIRD SERIES DECLARATION TO THE
MASTER SEWER REVENUE BOND DECLARATION**

providing for

\$[PAR]
City of Medford
Sewer Revenue Bonds
Series 2026

This Third Series Declaration to the Master Sewer Revenue Bond Declaration, dated as of January [__], 2026 (the “Third 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” and together with the Third Series Declaration the “Bond 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 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 to finance the costs of improvements to the City’s water reclamation system (the “Project”) and to execute the Master Declaration, including execution of any necessary Supplemental or Series Declarations;

WHEREAS, pursuant to the Resolution and the Master Declaration, the City issued its Sewer Revenue Bonds, Series 2024 in an aggregate principal amount of \$19,415,000 on October 9, 2024 (the “2024 Bonds”);

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 Additional Bonds under the Master Declaration (the “2026 Bonds”) and apply the proceeds to (i) finance or refinance a portion of the Project and (ii) pay costs of issuance of the 2026 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 Third Series Declaration and the 2026 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 THIRD 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 Third Series Declaration, except as specifically provided otherwise herein. In addition, the following words and terms used in this Third Series Declaration shall have the following meanings unless the context or use indicates another or different meaning or intent:

“*Delivery Date*” means January [__], 2026, the date of issue and delivery of the 2026 Bonds.

“*Interest Payment Date*” means June 1 and December 1 of each year any of the 2026 Bonds remain outstanding, beginning December 1, 2026.

“*Principal Payment Date*” means June 1 of each year any of the 2026 Bonds remain outstanding, beginning with June 1, [__].

“*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 Third Series Declaration.

ARTICLE 2 **THE 2026 BONDS**

Section 2.01 2026 Bonds Authorized. Pursuant to the authority of the ORS 287A and the Master Declaration, the City hereby authorizes and directs the issuance of the 2026 Bonds in the aggregate principal amount of \$[PAR]. The 2026 Bonds shall be sold by competitive sale to [____], as the Purchaser for the 2026 Bonds.

Section 2.02 Purpose of Issue. The proceeds of the 2026 Bonds shall be deposited as set forth in Section 4.01 and shall provide funds to (i) finance or refinance a portion of the costs of the Project and (ii) pay costs of issuance of the 2026 Bonds.

Section 2.03 No Reserve Account Designation; Not Covered Bonds. The 2026 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 2026 Bonds.

(a) General. The 2026 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 2026 Bonds shall be Book-Entry Bonds. The 2026 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 2026 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 2026 Bonds shall include the CUSIP identification number, if any, of the 2026 Bond with respect to which such payment is made.

(b) Maturity Dates, Principal Amounts. The 2026 Bonds shall mature on the dates and in the principal amounts set forth in EXHIBIT B hereto. The 2026 Bonds shall be subject to optional and mandatory redemption as provided herein.

(c) Form of 2026 Bonds. The 2026 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 Third Series Declaration, which form is hereby incorporated by reference. The 2026 Bonds may be printed, lithographed, photocopied or typewritten.

(d) Interest Rates, Accrual and Payment. The 2026 Bonds shall bear interest at the fixed interest rates set forth in EXHIBIT B hereto, and interest on the 2026 Bonds shall be payable on each Interest Payment Date. Interest on the 2026 Bonds shall accrue on the basis of a 360-day year based on twelve 30-day months.

Section 2.05 Payment of the 2026 Bonds

(a) Payment of Interest. Payment of interest on the 2026 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 2026 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 2026 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 2026 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 2026 Bonds shall be paid as set forth in EXHIBIT B. Principal and redemption premiums, if any, on the 2026 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 2026 Bonds shall be issued as Book-Entry Bonds. Payment of principal, premium, if any, or interest for any 2026 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 2026 Bonds. The 2026 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.

Section 2.09 Consent to Amendments to Bond Declaration. The City executed and delivered the First Supplemental Declaration to the Master Sewer Revenue Bond Declaration, dated July 17, 2025 (the "First Supplement") to provide for certain amendments (the "Amendments") clarifying inconsistencies in the provisions of the Master Declaration that provide for the issuance of Additional Bonds and Additional Subordinate Obligations. The Amendments shall take effect once Bondholders of fifty-one percent (51%) of the Bonds outstanding under the Master Declaration have consented to amendments provided for in the First Supplement. Upon the issuance of the 2026 Bonds, the Owners of the 2026 Bonds shall be deemed to have consented to the Amendments.

ARTICLE 3 **REDEMPTION AND PURCHASE OF 2026 BONDS**

Section 3.01 Redemption of the 2026 Bonds. The 2026 Bonds shall be subject to redemption prior to maturity as provided in this Section:

(a) Optional Redemption of the 2026 Bonds. The 2026 Bonds maturing in years [_____] through [_____] inclusive, are not subject to redemption prior to maturity. The Bonds maturing on or after June 1, [_____] are subject to redemption prior to maturity at the option of the City, in whole or in part on any date, on or after June 1, [_____] (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 2026 Bonds. Unless previously called under the provisions for optional redemption, the 2026 Bonds maturing June 1, [_____] (‘‘2026 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 June 1, [_____]

Year (June 1)	Sinking Fund Redemption	\$

[†] Final maturity.

(c) [If a 2026 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 such 2026 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 2026 Term Bond in the manner described below regarding the selection of 2026 Bonds for redemption.]

Section 3.02 Payment of 2026 Bonds Called for Redemption. Upon surrender to the Registrar, any 2026 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 2026 BONDS;
DEPOSIT TO AND DISBURSEMENTS FROM REBATE ACCOUNT

Section 4.01 Application of Proceeds. The net proceeds of the sale of the 2026 Bonds shall be applied as follows:

(a) \$[_____] deposited into the Bond Proceeds Account to pay costs of the Project; and

(b) \$[_____] deposited into the Bond Proceeds Account to pay costs of issuing the 2026 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 2026 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 2026 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 Third Series Declaration or the 2026 Bonds must be in writing except as expressly provided otherwise in this Third Series Declaration or the 2026 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 8th 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: Chris Cartier

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 2026 Bonds, written notice of the following events related to the 2026 Bonds:

- (a) the unscheduled redemption or defeasance of the 2026 Bonds;
- (b) any successor Bond Registrar;
- (c) any amendments or supplements to the Master Declaration or this Third Series Declaration; or
- (d) any other information that the Rating Agencies may reasonably request in order to maintain the rating on the 2026 Bonds.

As applicable, notices to the Rating Agencies shall be sent to the following addresses of those agencies then rating the 2026 Bonds:

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 Third Series Declaration or the 2026 Bonds shall give any person other than the Registrar, the City and the Bondholders any right, remedy or claim under or with respect to this Third Series Declaration.

Section 5.04 Parties Interested Herein. Nothing in this Third 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 2026 Bonds, any right, remedy or claim under or by reason of this Third Series Declaration or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Third 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 2026 Bonds.

Section 5.05 Severability. If any provision of this Third Series Declaration shall be determined to be unenforceable, that shall not affect any other provision of this Third 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 Third Series Declaration are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this Third Series Declaration.

Section 5.08 Counterparts. This Third 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 Third Series Declaration and made a part hereof. Notwithstanding any provision of this Third 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 2026 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 Third 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 Third Series Declaration to Constitute Contract with Bondowners. In consideration of the purchase and acceptance of any or all of the 2026 Bonds by the Bondowners, the provisions of this Third 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 Third Series Declaration or in the closing documents executed in connection with the 2026 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 Third Series Declaration.

Section 5.11 Effective Date. This Third Series Declaration shall take effect immediately upon its execution.

[Signature pages follow]

IN WITNESS WHEREOF, the Authorized Representative of the City executes this Third Series Declaration, dated as of January [__], 2026.

CITY OF MEDFORD, OREGON

By: _____

John Vial
Interim City Manager

**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 Third Series Declaration.

Effective as of the ____ day of _____, 2026.

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 2026

DATED DATE	INTEREST RATE PER ANNUM	MATURITY DATE	CUSIP NUMBER
_____, 2026	____ %	[June 1, 20____]	584295- ____

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 [June 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 Third Series Declaration to the Master Sewer Revenue Bond Declaration (the "Third Series Declaration"), dated as of January [____], 2026.

ADDITIONAL PROVISIONS OF THIS 2026 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 2026, in the aggregate principal amount of \$[____] (the "2026 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 2026 Bonds including, without limitation, any costs in connection with obtaining a Credit Enhancement Device (as defined in ORS 287A) for the Series 2026 Bonds, if beneficial to the City.

This 2026 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 2026 Bond that it will keep and perform all of the covenants in this 2026 Bond and in the Master Declaration. As security for the payment of the principal, interest and premium (if any) on this 2026 Bond, the City hereby pledges to the Registered Owners of the 2026 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 2026 Bonds (and any moneys drawn or paid thereunder).

Optional Redemption: The 2026 Bonds maturing in years [____] through [____], inclusive, are not subject to redemption prior to maturity. The 2026 Bonds maturing on or after [June 1, ____] are subject to redemption prior to maturity at the option of the City, in whole or in part on any date, on or after [June 1, ____], (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.

Mandatory Redemption: Unless previously called under the provisions for optional redemption, the 2026 Bonds maturing June 1, [____], June 1, [____], June 1, [____], and June 1, [____] (each, a "2026 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:]

<u>Term Bonds Maturing on June 1, [____]</u>		
Year (June 1)		Sinking Fund Redemption
		\$

[†] Final maturity.

[If a 2026 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 such 2026 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 2026 Term Bond in the manner described below regarding the selection of 2026 Bonds for 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 2026 Bonds, unless upon the giving of such notice, such 2026 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 2026 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 2026 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 2026 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 2026 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 2026 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 2026 Bonds shall be in registered form. The ownership of all 2026 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 2026 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 2026 Bonds shall be payable at the corporate trust office of the Registrar, upon presentation and surrender of such 2026 Bonds.

Pursuant to the Master Declaration, 2026 Bonds may be exchanged for an equal principal amount of 2026 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 their attorney in fact and guaranteed or witnessed in a manner satisfactory to the Registrar; and (b) the 2026 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 2026 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 2026 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 2026 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 2026 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 2026 BOND SHALL NOT BE VALID UNLESS PROPERLY AUTHENTICATED BY THE REGISTRAR IN THE SPACE INDICATED BELOW.

AUTHENTICATION DATE: [_____, 2026].

CERTIFICATE OF AUTHENTICATION

This is one of the City's \$[____] Sewer Revenue Bonds, Series 2026, issued pursuant to the Master Declaration described herein.

U.S Bank Trust Company, National Association, as Registrar

By _____
Authorized Officer

This 2026 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 2026 Bond and does hereby irrevocably constitute and appoint _____ as attorney to transfer this 2026 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 2026 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 2026 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

\$[PAR]
CITY OF MEDFORD
SEWER REVENUE BONDS
SERIES 2026

Dated Date: [Date]

Delivery Date: [Date]

Maturity Date (June 1)	Principal Amount	Interest Rate	Yield	CUSIP No. [_____]
---	-----------------------------------	--------------------------------	--------------	------------------------------------

\$[_____] [____] % Term Bond due June 1, 20[____]
Priced to Yield [____]%; CUSIP No. [_____]

(This page left blank intentionally)

Appendix F

Demographic Information

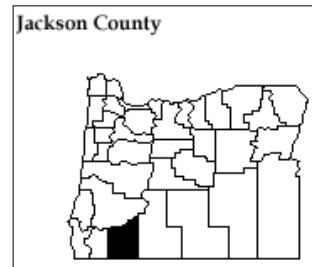
(This page left blank intentionally)

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 ⁽¹⁾	State of Oregon	Jackson County	City of Medford
2025	4,300,464	221,471	89,946
2024	4,286,443	221,146	88,738
2023	4,269,152	222,253	88,122
2022	4,255,112	222,494	87,602
2021	4,234,736	222,759	87,007
April 1 ⁽²⁾			
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, 2021-2024 populations revised as of July 1, 2025.

(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 August, private education and health services accounts for 22.7 percent of the total non-farm employment in the County, while transportation and utilities accounts for 21.7 percent, government jobs 13.2 percent, leisure and hospitality 12.2 percent, professional and business services 9.1 percent, and manufacturing 7.4 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		Dividends, Interest, Rent		Personal Income		Dividends, Interest, Rent	
	(\$000 Omitted)	(\$000 Omitted)	Per Capita Income	Per Capita Dividends, Interest, Rent	(\$000 Omitted)	(\$000 Omitted)	Per Capita Income	Per Capita Dividends, Interest, Rent
2024	N/A	N/A	N/A	N/A	\$ 302,582,300	\$ 63,384,200	\$ 70,823	\$ 14,836
2023	\$ 13,806,946	\$ 2,944,465	\$ 62,541	\$ 13,337	286,979,900	59,918,200	67,467	14,086
2022	12,983,070	2,675,599	58,570	12,070	270,427,900	52,771,400	63,669	12,424
2021	12,828,575	2,452,340	57,180	10,931	266,544,600	50,392,900	62,653	11,845
2020	11,592,105	2,217,823	51,838	9,918	240,450,400	44,192,400	56,660	10,413
2019	10,487,819	2,202,332	47,201	9,912	220,029,400	43,082,000	52,190	10,219

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 September 26, 2025.

Employment. Non-farm employment within the County is described in the following tables:

**Jackson County
Labor Force Summary ⁽¹⁾
(by place of residence)**

	2020	2021	2022	2023	2024	2025 ⁽²⁾	2025 Change from				
							2020	2021	2022	2023	2024
Civilian Labor Force	105,244	107,177	106,841	105,402	106,144	106,749	1,505	-428	-92	1,347	605
Unemployment	8,223	5,865	4,997	4,574	5,183	6,099	-2,124	234	1,102	1,525	916
Percent of Labor Force	7.8%	5.5%	4.7%	4.3%	4.9%	5.7%	---	---	---	---	---
Total Employment	97,021	101,312	101,844	100,828	100,961	100,650	3,629	-662	-1,194	-178	-311

Non-Agricultural Wage & Salary Employment ⁽³⁾

	2020	2021	2022	2023	2024	2025 ⁽²⁾	2025 Change from				
							2020	2021	2022	2023	2024
Total Nonfarm Payroll Employment	85,700	87,590	88,850	89,950	90,330	90,220	4,520	2,630	1,370	270	-110
Total Private	74,540	76,490	77,750	78,260	78,260	79,240	4,700	2,750	1,490	980	980
Mining, logging and construction	5,190	5,500	5,790	5,930	5,850	6,000	810	500	210	70	150
Manufacturing	7,670	7,690	7,400	7,120	6,810	6,690	-980	-1,000	-710	-430	-120
Trade, transportation, and utilities	19,410	20,030	20,140	19,750	19,480	19,580	170	-450	-560	-170	100
Information	1,060	1,000	1,030	960	920	880	-180	-120	-150	-80	-40
Financial activities	4,140	4,280	4,450	3,840	3,700	3,600	-540	-680	-850	-240	-100
Professional and business services	7,620	8,130	8,170	8,320	8,240	8,240	620	110	70	-80	0
Private education and health services	17,780	17,900	17,680	18,870	19,810	20,520	2,740	2,620	2,840	1,650	710
Leisure and hospitality	9,180	9,410	10,470	10,780	10,740	11,010	1,830	1,600	540	230	270
Other services	2,490	2,560	2,620	2,690	2,710	2,720	230	160	100	30	10
Government	11,160	11,110	11,100	11,690	12,070	11,940	780	830	840	250	-130

(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 August, 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: 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		
2025 ⁽¹⁾	243	\$ 67,072,010	4	83	\$ 12,720,785	\$	79,792,795	
2024	310	93,523,662	19	62	10,707,433		104,231,095	
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	

(1) As of August.

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 99West 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.

Appendix G

Specimen Municipal Bond Insurance Policy

(This page left blank intentionally)



MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Policy No: _____

Effective Date: _____

Risk Premium: \$ _____

Member Surplus Contribution: \$ _____

Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIMEN

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

200 Liberty Street, 27th floor
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN