



**2021**  
**2022**

**ANNUAL  
COMPREHENSIVE  
FINANCIAL  
REPORT**

For Fiscal Year Ended June 30, 2022  
Medford Water Commission  
A component unit of the City of Medford, Oregon



# **MEDFORD WATER COMMISSION**

(A Component Unit of the City of Medford, Oregon)

## **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

For the Fiscal Year  
July 1, 2021 - June 30, 2022

**Prepared by Finance Department  
December 2022**

**Medford Water Commission  
For Year ended June 30, 2022  
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## INTRODUCTORY SECTION



December 21, 2022

The Board of Water Commissioners, City of Medford, Oregon:

It is our pleasure to present the Medford Water Commission (MW) Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. This report is prepared by MW staff, following guidelines set forth by the Governmental Accounting Standards Board (GASB). Information to help readers gain an understanding of Medford Water's financial position and activities will be found in the report.

Isler CPA, an independent certified public accounting firm, has conducted the audit of Medford Water's financial statements for the year ending June 30, 2022, as required annually by Oregon State Law. Their unmodified ("clean") Independent Auditor's Report appears in the Financial Section, followed by the Management's Discussion and Analysis (MD&A) and financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Because the cost of 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. 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 they have established for this purpose. Medford Water is ultimately responsible for the accuracy of the data and the completeness and fairness of presentation, including all disclosures in this financial report. We believe that the data presented is accurate in all material respects.

## **Medford Water Profile**

Medford Water operates and maintains the water system that delivers high-quality drinking water to approximately 150,000 Rogue Valley residents. The Utility is an autonomous agency of the City of Medford, Oregon, established through a change in the City's Charter on November 7, 1922. Medford Water is a water utility governed by a Board of Water Commissioners appointed by the Mayor. The board appoints the General Manager, who is authorized to direct the operations of the utility.

Medford Water directly serves customers in the City of Medford and the unincorporated community of White City. The cities of Central Point, Eagle Point, Jacksonville, Phoenix, Talent and Ashland are served on a surplus, wholesale basis. Additionally, two domestic water districts, Charlotte Ann and Elk City, purchase water from Medford Water. All water services are metered except for fire hydrants.

# FACILITIES



Medford Water's mission is to safeguard public health by providing a reliable, high quality water supply at the best value. MW has two sources of water: Big Butte Springs and the Rogue River. Water is produced at an average of 17 million gallons of water per day (MGD) during the winter and 47 MGD during the summer, with occasional summer peak days exceeding 60 MGD.

The **Big Butte Springs** (BBS) near Butte Falls have been Medford Water's primary source of drinking water since 1927. With a capacity of approximately 26.4 MGD, the springs are one of the City of Medford's most valuable and significant resources.

The exceptional quality of the springs consists of cold and clear water with natural chemical and physical characteristics, which place this source in a "pristine" classification. No unnatural contaminants have ever been detected in the springs' water. The water is low in turbidity and has an average temperature of 43 degrees F. It requires no filtration or treatment other than disinfection, which is accomplished with on-site chlorination for all springs except Rancheria Springs, which uses Ultraviolet (UV) disinfection. Spring flows

are collected underground and never see the light of day until emerging from customers' taps.

During the peak-use summer months, water from the Rogue River is used to supplement the springs supply. The river water is also of high quality, but additional treatment performed at the **Robert A. Duff Water Treatment Plant** (Duff WTP) is required to meet drinking water standards. Treatment of this surface water supply consists of coagulation, settling and filtration, followed by disinfection. High-rate multimedia filters and chlorine are used as primary disinfectants, though ozone is used as well, which provides a dramatic reduction in unpleasant taste and odors occasionally found in the river water. The plant currently can purify up to 45 MGD. The Duff WTP intake facility is located on the Rogue River and consists of a concrete structure on the edge of the river that houses leading-edge fish screens and pumping equipment.

When both sources are used during the cooler months, the water is blended within the distribution system, although some areas receive more water from one source or the other. The finished water from both supplies is very similar, with temperature being the most detectable difference. The blend can vary continuously depending on the demand for treated water from the Duff WTP. Regardless of source, the water provided by Medford Water Commission is known for its exceptional award-winning quality and taste. In addition to the above treatment facilities, Medford Water Commission has 15 reservoirs, 9 pump stations, 3 pressure control stations, and over 513 miles of transmission and distribution pipelines. The main office is located at the Lausmann Annex at 200 South Ivy Street, Room 177 in Medford, Oregon.





# HISTORY

Medford's first water system was installed around 1888, diverting water from **Bear Creek** in Medford, conveying it in an open ditch to a well and from there pumped into large redwood tanks. Unfortunately, the quality of the water was diminished by the livestock it passed, so the open ditch was later replaced with a pumping plant on the creek near Eighth Street in downtown Medford. From there it was piped up the street to the existing tanks.

While the piped system proved superior to the open ditch, water from the creek still lacked the quality desired for drinking water and soon was insufficient in quantity as well. After considering several different options, the City of Medford entered into a contract with the Fish Lake Water Company in 1908 to supply the city with water from **Little Butte Creek** eleven miles below Fish Lake. From there the water was transported to town via a banded wood stave pipeline, 16 inches in diameter and 21.6 miles in length. The first of the Capital Hill Reservoirs was also constructed to provide storage for this water.

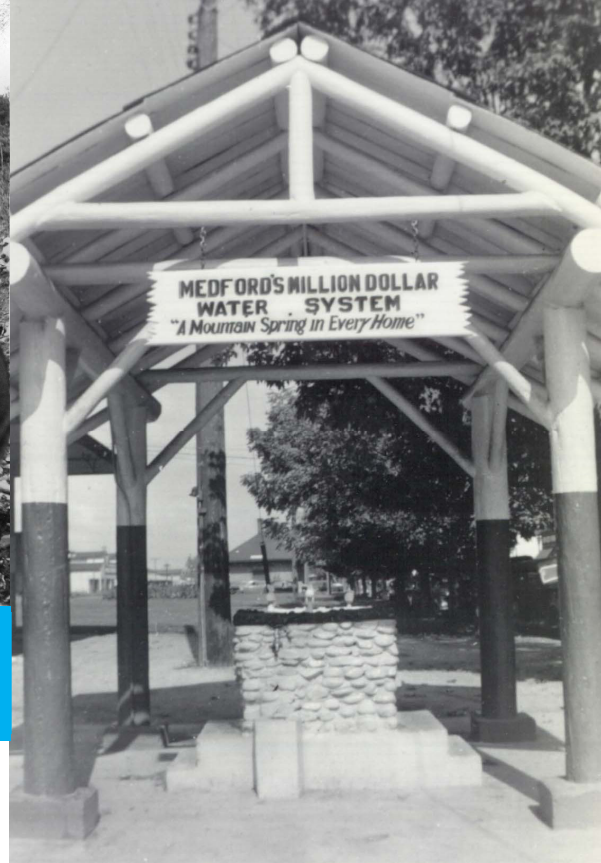
A few years after completion of the Fish Lake supply system, an irrigation storage dam was constructed at Fish Lake. In doing so, the land in the reservoir was not cleared of brush and trees, and the quality of the water soon suffered. Not only did it begin to exhibit a pungent taste and odor, but also tadpoles and other aquatic life that would occasionally emerge from faucets were

less than popular with local

citizens. Also, growth in the City of Medford surpassed expectations and resulted in severe water restrictions.

The widespread demand for improved water service led to an election in 1922, amending the city charter and creating Medford Water Commission to take over the operation of the municipal water system. In 1923, Medford Water took its first major step toward securing a high quality and reliable water supply by filing for water rights on Big Butte Creek. Additional rights were obtained by Medford Water a few years later, as plans for development of **Big Butte Springs** proceeded. In 1925, Medford citizens voted overwhelmingly to approve the sale of \$975,000 in bonds to finance construction of this project. With a population of only around 10,000 residents, such a debt represented a tremendous commitment.

The construction itself was also quite an undertaking, especially given the relatively remote location of the springs, the terrain to be crossed and the construction methods then available. A large concrete collection gallery and 300-foot-long tunnel was constructed in conjunction with the Big Butte Springs intakes. The pipeline to town was constructed of 30-foot sections of arc-welded steel, which averaged 24



inches in diameter. Underground for its entire 30.5-mile length, the pipeline crossed nearly 75 different mountain summits. With the pipeline's completion in 1927, Medford residents finally had a high-quality water supply in a quantity which seemed would be adequate far into the future. Citizens achieved their dream of "a mountain spring in every home," which was Medford Water's slogan for many years.

Development of additional springs and construction of a second pipeline were completed in 1951, doubling the capacity of the Big Butte Springs system. **Willow Creek Dam** was also constructed, forming Willow Lake. This impoundment supplies water to the Eagle Point Irrigation District, and thereby enables Medford Water to utilize the high-quality springs water more fully.

By the mid-1950s, Medford Water recognized that future water needs could not be met by the Big Butte Springs alone. Therefore, in 1954, rights were filed by Medford Water for water from the **Rogue River**. The supply intake and Robert A. Duff Water Treatment Plant (Duff WTP) were constructed in 1967-68. Initial capacity of the plant was 15 MGD with the subsequent construction projects at the plant increasing treatment capacity to its current 45 MGD.

The drinking water that Medford residents and those of the surrounding community enjoy is a tribute to those former Medford residents who faced huge challenges to ensure that this community's citizens would continue to have a reliable and high-quality water supply.

Robert A. Duff Water Treatment Plant



## LOCAL ECONOMY

Medford Water serves the City of Medford and a large portion of the unincorporated areas within the Rogue Valley. The Rogue Valley is a popular southwestern Oregon region that is centrally located along Interstate 5 between Portland, Oregon and San Francisco, California that offers beautiful scenery, outdoor adventures, mild climate, and exceptional quality of life. The economy revolves around timber, agriculture, manufacturing, and tourism.



# LONG TERM FINANCIAL PLANNING



Big Butte Springs Chlorine Monitoring Station



Duff Water Treatment Plant Backup Generator

Medford Water strives to improve its current infrastructure through the many projects it completes each year. The largest project in the 2021-22 fiscal year included the continuation of the expansion of treatment facilities at the Robert A. Duff Water Treatment Plant. This expansion project will bring the capacity of the Robert A. Duff Water Treatment Plant from 45 MGD to 65 MGD.

In addition, other water system projects within Medford Water include upgrading of Rancheria Springs Intake with UV disinfection at Big Butte Springs, designing the Corrosion Control System to apply to both water sources, Duff Transmission Mains, new Meters, and new Distribution Mains.

Historically, Medford Water has conducted cost-of-service studies each year, generally favoring small annual rate increases over infrequent larger increases. In March 2021, water rates were increased an average of 6% as well as in March 2022 with an average of 6% increase. This was due primarily to the construction of much needed capital improvement projects. Rate funding in combination with Water Infrastructure and Improvement Act (WIFIA) loan funding allows Medford Water to complete such capital improvements.

Planning for future capital improvements is a matter of careful financial management as well as sound development practice. The 10-Year Capital Improvement Plan is updated annually and is a dynamic, evolving plan used to assist Medford Water in estimating capital requirements, planning, scheduling, and implementation of projects throughout the next 10 years. In addition to the 10-Year Capital Improvement Plan, Medford Water is working towards updating the 10-Year Financial Plan and a Comprehensive Financial Management Policy. The 10-Year Financial Plan provides Commission Board and Staff with clear direction on revenues and expenditures. The Comprehensive Financial Management Policy serves as a guideline for both the internal financial and management planning of the utility.

Medford Water's Construction and Infrastructure Replacement Fund consolidated the former Water Construction Fund, Future Main Replacement Fund, Future Water Rights Development Fund, Future Water Supply and Treatment Fund, and the Vernal Pool Mitigation Fund. Each of the former funds has been accounted for separately as line items within the Construction and Infrastructure Replacement Fund.



Finally, Medford Water Commission maintains its focus on the continued upkeep of buildings, facilities, and pipeline infrastructure to avoid increased costs resulting from deferred maintenance, and continued investment in technology to facilitate a higher production and quality customer service.



# YEAR END FINANCIAL METRICS

Status (6/30/22)	Metric	Target (Typical)
11.81	Current Ratio	> 1.0
28%	Age of System	< 50%
103	Water Fund Cash on Hand	90 – 180 days
34	Days’ Sales Outstanding	< 30 days

# Awards and Acknowledgements



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

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to Medford Water Commission for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2021. This was the eleventh consecutive year that Medford Water Commission has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government entity must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate. The preparation of this report could not have been accomplished without the dedicated effort of the Finance Department's entire staff, and the cooperation of all Medford Water's departments. Credit must also be given to the Board of Commissioners for their unfailing support for maintaining the highest standards of professionalism in the management of Medford Water Commission's finances.

Respectfully submitted,

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Brad Taylor  
General Manager

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Anna Roeder  
Finance Manager



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Medford Water Commission  
Oregon**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morill*

Executive Director/CEO

# **MEDFORD WATER COMMISSION**

(A Component Unit of the City of Medford)

June 30, 2022

## **MISSION STATEMENT**

To safeguard public health by providing a reliable, high-quality water supply at the best value.

## **BOARD OF COMMISSIONERS**

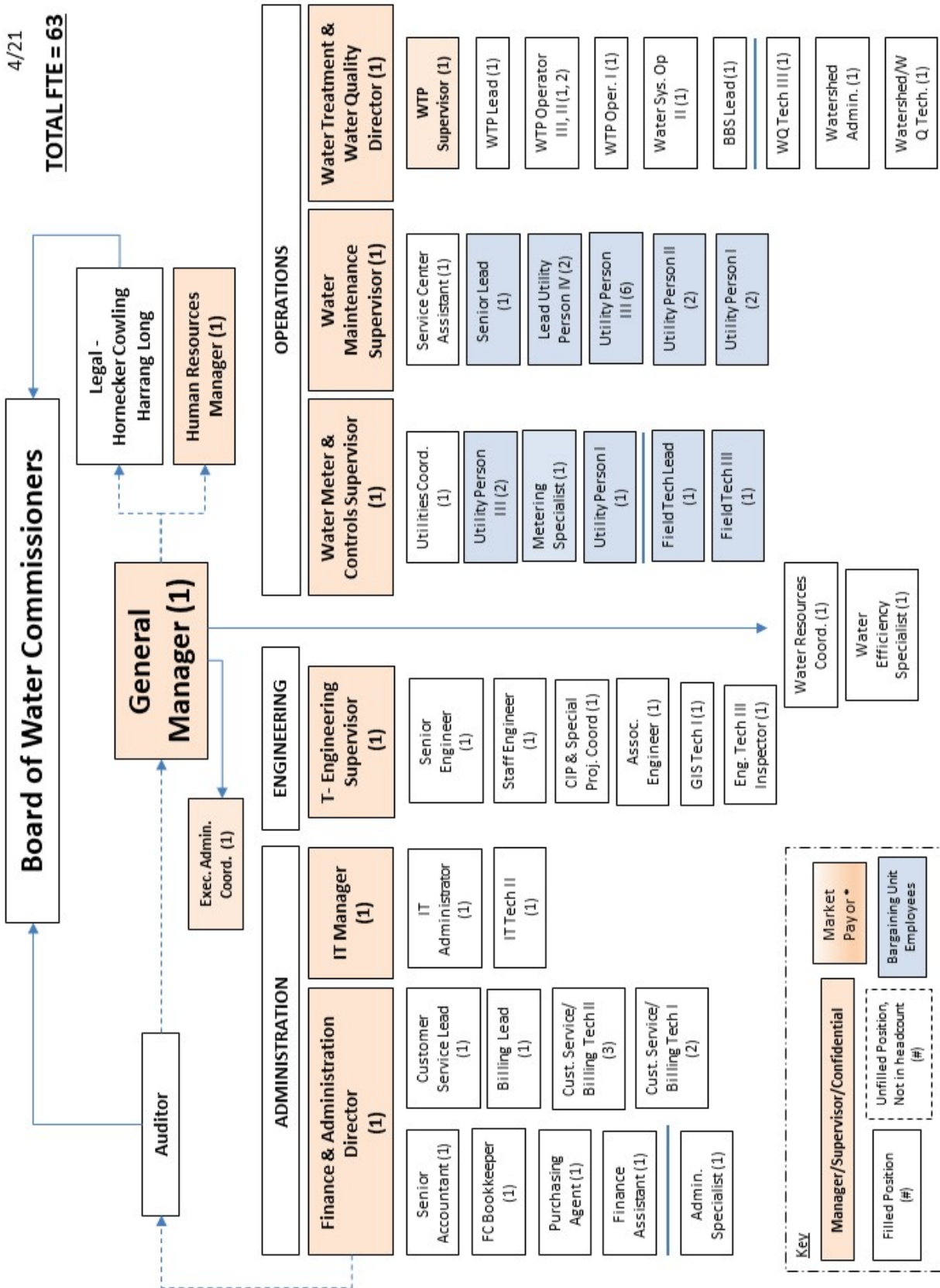
Chair	Bob Strosser
Vice Chair	Michael Smith
Member	Jason Anderson
Member	Daniel Bunn
Member	John Dailey

## **MANAGEMENT**

General Manager	Brad Taylor
Engineering Manager	Brian Runyen
Finance Manager	Anna Roeder
Water Meter and Controls Manager	Kenneth A. Johnson
Water Maintenance Manager	Lester McFall
Human Resources Manager	Tanya Haakinson
Information Technology Manager	Kris Stitt
Water Treatment and Quality Manager	Ben Klayman
Water Efficiency & CS Manager	Julie Smitherman

Medford Water Commission  
200 South Ivy Street - Room 177  
Medford, Oregon 97501  
(541) 774-2440





**Key**

- Manager/Supervisor/Confidential**
- Market Pay or •**
- Bargaining Unit Employees**
- Unfilled Position, Not in headcount (#)**
- Filled Position (#)**

# MILESTONES FOR MEDFORD WATER

**Nov 7, 1922**

Election amending City of Medford Charter to create Board of Water Commissioners separate from city and politics; a self-supporting water system

**1923**

**Medford Water Commission** began



**1925**

\$975,000 bond passed replacing Fish Lake supply

**1927**

A 30 mile path of steel pipeline built over 75 summits, bringing Big Butte Springs water supply to town.



**1930**

Election passed with the support of Mayor Pipes to sell surplus water outside the city.



**1936**

**Eagle Point** receives surplus water from the Commission.

**1938**

Pierce Heights Standpipe and Pump Station



**1942**

World War II Camp White supplied with water from the Commission



**1945**

**Central Point** receives surplus water from the Commission.

**1946**

8 million gallon Capital Hill Reservoir III is constructed



**1950**

\$2.8 mil bond approved for Big Butte Springs transmission line II to bring supply to 26 mgd.

**1953**

Willow Creek Dam was constructed.

**Jacksonville**

receives surplus water from the Commission.

**1954**

Permits for water diversion from Rogue River.

**1955**

**White City** receives water from the Commission.



**1962**

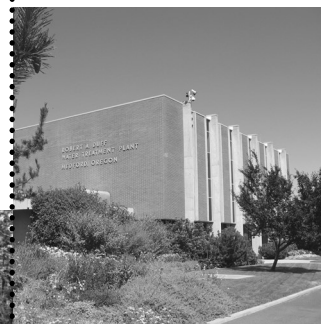
Chlorine added to Medford water supply full time

**1965**

10,000 gallon Bullis Reservoir constructed

**1966**

\$2.6 mil bond for Phase I (15 mgd) of R. A. Duff Water Treatment Plant



**1967**

Conrad Pressure Control Station

**1968**

Water Treatment plant intake, transmission main to town, and Rancheria Springs Developed

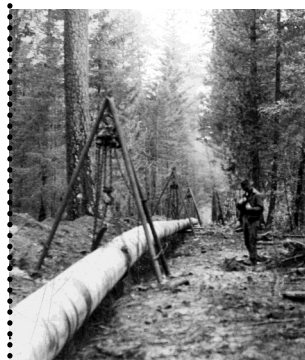


**1957**

Construction of trunk water main loop encircling city

**1957 - 1959**

Big Butte Springs transmission line II extended to southeast side of



**1959**

Capital Hill Reservoir I and II covered



**1969**

Martin Pressure  
Control Station

**1970**

Brookdale Pump  
Station

**1971**

Stanford Reservoir

**1975**

McAndrews Service  
Center

Vilas Road  
Transmission line



**1977**

3 mg addition to  
Treatment Plant  
reservoir

**1978**

Rancheria Pump  
Station

**1980**

Archer Pump Station



**1981**

Second Rogue 36"  
transmission main

**1982**

**Phoenix** receives  
surplus water from  
the Commission

**1983**

Southeast Reservoir



**1989**

Treatment plant  
Contact Basin  
expansion & new  
Telemetry Control  
System.

**1993**

Big Butte Springs  
disinfection facility



Phase II 36" West  
Side Transmission  
Main

**1994**

Rossanley Pressure  
Control Station

The Mail Tribune, Thursday, Dec. 19, 1996 **3A**

## Talent nears building freeze

Water problems continue to grow

By DANN DODGE  
of the Mail Tribune

TALENT — Talent council members moved one step closer to declaring a moratorium on building in the city because of a shortage of water. The council Tuesday unanimously set a required public hearing for Feb. 9 that would allow the moratorium to be called.

Legally, the council has to notify state officials and hold the public hearing before it can impose a building moratorium.

And while some builders and developers were opposed to the idea, the moratorium did have the support of a number of Talent residents. About 300 property owners signed a petition asking for a moratorium on water hookups. Others

### Council hires administrator, but name held

TALENT — The city council hired a new city administrator Tuesday, but declined to name her until 5 p.m. today.

And although they wouldn't give her name, the council didn't lack enthusiasm for their choice.

After Mayor Frank Falgout appointed the city administrator, Councilwoman Lisa Shapiro sang out, "Can we all say, 'Hallelujah, Hallelujah, Hallelujah.'"

Councilman Donald Steykal

**1995**

Phase III West Side  
Transmission Main

**1997**

Cherry Lane  
Reservoir

**1998**

**Talent** receives  
surplus water from  
the Commission



**2002**

**TAP** (Talent, Ashland,  
Phoenix) pipeline  
and pump station

Disinfection by  
Ozonation added to  
Water Treatment  
process, improving  
quality and taste

**2003**

Southwest Reservoir

**2006**

Rancheria and  
Lone Pine Pump  
Stations

**2011**

Treatment Plant  
intake fish screens

**2013**

Martin Control  
Station & Ave G  
Transmission Main



**2014**

**Ashland** receives  
surplus water from  
the Commission

**2016**

Water flume  
excavation

**2017**

Prescribed burn at  
Vernal Pool Preserve



**2019**

Treatment Plant floc-  
sed basins Expansion  
Corrosion Study



**2020**

Rancheria Springs UV  
Disinfection Facility

Treatment Plant  
Lagoons Expansion

Automated sampling  
at BBS Point of Entry

**2021**

Backup Power at  
Treatment Plant

Utility Fiber to BBS



**2022**

Treatment Plant  
Engineered Lagoons  
5-8

BBS Chlorine  
Monitoring Station

## FINANCIAL SECTION



## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Medford Water Commission  
Medford, Oregon

1976 Garden Ave.  
Eugene, OR 97403  
541.342.5161  
[www.islercpa.com](http://www.islercpa.com)

### Opinions

We have audited the accompanying financial statements of the Medford Water Commission ("Commission"), a component unit of the City of Medford, Oregon, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Commission as of June 30, 2022 and 2021, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Commission, 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.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America 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 Commission'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 generally accepted 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 generally accepted 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 Commission'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 Commission'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, schedule of the proportionate share of the net pension liability, and the schedule of pension contributions 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 required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The schedules of budgeted and actual resources and requirements 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 auditing standards generally accepted in the United States of America. In our opinion, the schedules of budgeted and actual resources and requirements are 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 and statistical sections 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.

## **Report on Other Legal and Regulatory Requirements**

In accordance with the Minimum Standards of Audits of Oregon Municipal Corporations, we have issued our report dated December 21, 2022 on our consideration of the Commission's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

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

By Paul R. Nielson, member of the firm  
for Isler CPA  
December 21, 2022

**Medford Water Commission  
(A Component Unit of the City of Medford)  
Management's Discussion and Analysis**

The following Management's Discussion and Analysis (MD&A) of financial performance and activities of the Medford Water Commission (Commission) provides an introduction to the financial statements of the Commission for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the transmittal letter in the Introductory Section and with the basic financial statements and related notes, which follow this section. All amounts, unless otherwise indicated, are expressed in thousands of dollars (\$1,000).

**Financial Highlights**

- At the close of the fiscal year the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources leave a total net position of \$184,365. Of this amount, \$34,055 (unrestricted net position) may be used to meet our ongoing obligations of providing retail and wholesale water services.
- Capital assets, net of accumulated depreciation account for the remaining \$149,094 in net position.
- Total liabilities increased by 52.2% in FYE 2022, and increased by 11.9% in FYE 2021.
- The change in net position was \$9,617 in FYE 2022. Several factors contributed to the change.

**USING THIS FINANCIAL REPORT**

This annual report consists of a series of financial statements. This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. These statements consist of the Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position and Statements of Cash Flows along with the Notes to Basic Financial Statements. Complimenting these statements and notes is Supplementary Information, which provides additional details about the Commission's operation.

The Statement of Net Position presents information on all the Commission's assets, liabilities, and deferred outflows and inflows of resources, with the difference reported as net position. Over time, changes in each of these elements may serve as a useful indicator of whether the Commission's financial position is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position present information related to increases and decreases in total net position. This statement is prepared on the accrual basis of accounting. Revenues are recorded when earned and expenses recorded at the time liabilities are incurred. This statement measures the success of the Commission's operations over the past year and can be used to determine whether the Commission has successfully recovered all its costs through its user fees and other charges.

The Statement of Cash Flows is an analysis of the change in the Commission's cash balance during the fiscal year. It is divided into four components: cash flows from operating activities, cash flows from capital and related financing activities, cash flows from non-capital financing activities, and cash flows from investing activities.



**Medford Water Commission's Statement of Net Position**  
(amounts in thousands)

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2021-22 Change</b>	<b>%</b>
<b>Assets</b>					
Current assets	\$ 41,967	\$ 34,180	\$ 31,442	\$ 7,787	22.8
Capital assets	158,621	146,895	141,035	11,726	8.0
Other noncurrent assets	2,024	2,171	2,297	(147)	(6.8)
Total assets	<u>202,612</u>	<u>183,246</u>	<u>174,774</u>	<u>19,366</u>	10.6
Deferred outflow of resources	<u>2,350</u>	<u>2,537</u>	<u>1,950</u>	<u>(187)</u>	(7.4)
<b>Liabilities</b>					
Current liabilities	3,660	3,353	4,104	307	9.2
Long-term liabilities	14,148	8,350	6,350	5,798	69.4
Total liabilities	<u>17,808</u>	<u>11,703</u>	<u>10,454</u>	<u>6,105</u>	52.2
Deferred inflow of resources	<u>3,789</u>	<u>333</u>	<u>397</u>	<u>3,456</u>	1,037.8
<b>Net position:</b>					
Invested in capital assets	149,094	146,895	141,035	2,199	1.5
Restricted	216	216	192	-	-
Unrestricted	34,055	26,636	24,646	7,419	27.9
Total net position	<u>\$ 183,365</u>	<u>\$ 173,747</u>	<u>\$ 165,873</u>	<u>\$ 9,618</u>	5.5

#### CAPITAL ASSETS

Capital assets increased by \$11,726 compared to an increase of \$5,860 in FYE 2021. Major capital additions included backup power at the Robert A. Duff Water Treatment Plant, Rancheria UV Disinfection, and distribution mains. In addition, capital contributions from developers were \$4,264 in FYE 2022 and \$2,963 in FYE 2021. For more detailed information on the Commission's capital asset activity please refer to note 4 of the financial statements.

#### LIABILITIES

The Medford Water Commission's three long-term liabilities are accrued vacation, net pension liability, and long-term debt. Please refer to the notes of the financial statements for more information.

#### ECONOMIC FACTORS

The communities we serve continue to see steady economic growth. The number of water services increased over the previous year by 4,410 accounts. We expect this growth trend to continue, and additional system capacity will be needed to keep up with demands. This expansion is included in the Commission's capital and financial plans.

#### REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Medford Water Commission's finances for all those with interest in the Commission's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Manager, 200 South Ivy Street, Room 177, Medford Oregon 97501.

## **FINANCIAL ANALYSIS**

The financial operations of the Commission are primarily related to the retail and wholesale distribution of water in and around the City of Medford. Below is summarized information from the Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position.

### **Medford Water Commission's Changes in Net Position (amounts in thousands)**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2021-22 Change</b>	<b>%</b>
<b>Operating revenues:</b>					
<b>Water sales and customer services</b>	<u>\$ 21,503</u>	<u>\$ 21,760</u>	<u>\$ 18,555</u>	<u>\$ (257)</u>	(1.2)
<b>Nonoperating revenues:</b>					
<b>Investment Income</b>	124	258	715	(134)	(51.9)
<b>Other</b>	<u>851</u>	<u>357</u>	<u>1,008</u>	<u>494</u>	138.4
<b>Total nonoperating revenues</b>	<u>975</u>	<u>615</u>	<u>1,723</u>	<u>360</u>	58.5
<b>Total revenues</b>	<u>22,478</u>	<u>22,375</u>	<u>20,278</u>	<u>103</u>	0.5
<b>Depreciation</b>	3,899	3,916	3,830	(17)	(0.4)
<b>Other operating expenses</b>	<u>13,226</u>	<u>13,548</u>	<u>12,821</u>	<u>(322)</u>	(2.4)
<b>Total operating expenses</b>	<u>17,125</u>	<u>17,464</u>	<u>16,651</u>	<u>(339)</u>	(1.9)
<b>Increase (decrease) in net position     before contributions</b>	5,353	4,911	3,627	442	9.0
<b>Capital contributions</b>	<u>4,264</u>	<u>2,963</u>	<u>2,074</u>	<u>1,301</u>	43.9
<b>Increase in net position</b>	9,617	7,874	5,701	1,743	22.1
<b>Beginning net position</b>	<u>173,747</u>	<u>165,873</u>	<u>160,172</u>	<u>7,874</u>	4.7
<b>Ending net position</b>	<u>\$ 183,364</u>	<u>\$ 173,747</u>	<u>\$ 165,873</u>	<u>\$ 9,617</u>	5.5

Total operating revenues decreased by \$257, as compared to an increase of \$3,205 in FYE 2021. The Commission increased water rates approximately 6% effective March 1, 2021, and an 6% additional in March 2022.

Operating expenses decreased by \$339, compared to an increase of \$813 in FYE 2021. FYE 2022 operating expenses decreased primarily due to the adjustment related to GASB 68, accounting for PERS pension liability. That adjustment was significantly higher in FYE 2021.

Capital contributions in FYE 2022 increased by \$1,301 compared to an increase of \$889 in FYE 2021.

## BASIC FINANCIAL STATEMENTS

**MEDFORD WATER COMMISSION**

(A Component Unit of the City of Medford)

## Statements of Net Position

June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Current assets:		
Cash and Cash Equivalents	\$ 32,860,758	\$ 21,977,666
Investments - Short-term	4,104,610	7,270,826
Accounts Receivable, net	1,812,103	2,487,601
Other Receivables	1,008,577	600,179
Inventory	1,528,247	1,134,755
Work in Process	259,341	304,775
Loans and Notes Receivable, Current	146,524	141,022
Prepaid Expenses	247,236	261,550
Other Current Assets	<u>90</u>	<u>1,254</u>
Total current assets	<u>41,967,486</u>	<u>34,179,628</u>
Noncurrent assets:		
Restricted cash and cash equivalents	215,865	215,795
Loans and Notes Receivable, Long-term	1,807,914	1,955,868
Land, improvements, and construction in progress	20,620,906	13,805,794
Other Capital Assets, Net of Accumulated Depreciation	<u>138,000,043</u>	<u>133,089,258</u>
Total non-current assets	<u>160,644,728</u>	<u>149,066,715</u>
Total assets	<u>202,612,214</u>	<u>183,246,343</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred amounts related to pensions	<u>2,349,722</u>	<u>2,536,718</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts Payable and Payroll Payable	2,174,914	2,043,886
Customer Deposits	84,774	82,557
Construction Deposits	534,680	363,250
Due to other Water Districts for Amounts Billed	55,648	36,799
Miscellaneous Payables	281,720	277,292
Current Portion of Vacation Accrual	<u>528,524</u>	<u>548,980</u>
Total current liabilities	3,660,260	3,352,764
Noncurrent liabilities:		
Noncurrent Portion of Vacation Accrual	132,131	137,243
Noncurrent Portion of Long Term Debt	9,526,561	-
Net Pension Liability	<u>4,489,331</u>	<u>8,212,471</u>
Total noncurrent liabilities	<u>14,148,023</u>	<u>8,349,714</u>
Total liabilities	<u>17,808,283</u>	<u>11,702,478</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Amounts Relating to Pensions	<u>3,788,962</u>	<u>333,286</u>
<b>NET POSITION</b>		
Invested in Capital Assets	149,094,388	146,895,052
Restricted for Lozier Lane	215,865	215,795
Unrestricted	<u>34,054,438</u>	<u>26,636,450</u>
Total net position	<u>\$ 183,364,691</u>	<u>\$ 173,747,297</u>

See accompanying notes to financial statements.

# MEDFORD WATER COMMISSION

(A Component Unit of the City of Medford)

Statements of Revenues, Expenses and Changes in Net Position  
Years ended June 30, 2022 and 2021

	2022	2021
Operating revenues:		
Residential Sales Inside Gallonage	\$ 4,867,751	\$ 5,708,762
Residential Sales Outside Gallonage	815,591	988,460
Commercial Sales Inside Gallonage	1,830,918	1,969,515
Commercial Sales Outside Gallonage	477,918	471,194
Industrial Sales Inside Gallonage	167,412	200,062
Industrial Sales Outside Gallonage	1,269,272	1,263,273
High Elevation Charges	385,176	401,912
Fire Services Inside	323,141	306,133
Fire Services Outside	92,326	87,552
Base Charges Inside	5,942,149	5,683,239
Base Charges Outside	1,279,337	1,232,146
Miscellaneous Collections	400,621	285,461
Sales to Other Utilities	2,386,465	2,406,487
Customer Service Connections Revenue	897,854	471,379
Servicing of Customer Installations	366,838	284,097
Total operating revenues	<u>21,502,769</u>	<u>21,759,672</u>
Operating expenses:		
Connections/Installations	1,078,643	740,424
Source of Supply	1,149,276	799,403
Supply Pumping	578,599	743,738
Purification	2,224,105	2,260,423
Transmission	262,354	273,448
Distribution Pumping	377,794	387,248
Distribution	3,111,521	2,865,060
Customer Accounts & Collections	2,280,115	2,317,685
Administration & General	2,243,847	1,835,323
Change in Components of Net Pension Liability	(80,468)	1,324,470
Depreciation & Amortization	3,899,340	3,916,304
Total operating expenses	<u>17,125,126</u>	<u>17,463,526</u>
Operating income (loss)	<u>4,377,643</u>	<u>4,296,146</u>
Nonoperating revenues		
Investment Earnings	123,623	257,864
Grant revenues	75,300	-
Income from Forest Products	636,682	-
Miscellaneous income	139,860	356,952
Total nonoperating revenues	<u>975,465</u>	<u>614,816</u>
Income (loss) before capital contributions	<u>5,353,108</u>	<u>4,910,962</u>
Capital contributions:		
Developer Donations	2,155,809	1,618,649
System Development Charges	2,108,477	1,344,464
Total capital contributions	<u>4,264,286</u>	<u>2,963,113</u>
Change in net position	<u>9,617,394</u>	<u>7,874,075</u>
Net position - beginning	<u>173,747,297</u>	<u>165,873,222</u>
Total net position - ending	<u>\$ 183,364,691</u>	<u>\$ 173,747,297</u>

See accompanying notes to financial statements.

# MEDFORD WATER COMMISSION

(A Component Unit of the City of Medford)

## Statements of Cash Flows Years ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Received from customers	\$ 22,071,036	\$ 21,253,407
Paid to suppliers for goods and services	(5,503,500)	(6,038,911)
Paid for employee wages, taxes and benefits	<u>(8,025,446)</u>	<u>(7,260,223)</u>
Net cash provided by operating activities	<u>8,542,090</u>	<u>7,954,273</u>
Cash flows provided by noncapital financing activities:		
Grant revenue	75,300	-
Proceeds from sale of timber	<u>636,682</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>711,982</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Proceeds from sale of capital assets	29,696	139,029
Cash paid to acquire and construct capital assets	(13,499,124)	(8,208,391)
System development fees received	2,108,477	1,344,464
Proceeds from issuance of debt	<u>9,526,561</u>	<u>-</u>
Net cash used by capital and related financing activities	<u>(1,834,390)</u>	<u>(6,724,898)</u>
Cash flows from investing activities:		
Investment amounts deposited into cash	3,289,839	332,965
Principal received on notes	<u>173,641</u>	<u>167,182</u>
Net cash provided (used) by investing activities	<u>3,463,480</u>	<u>500,147</u>
Net increase (decrease) in cash and cash equivalents	10,883,162	1,729,522
Cash and cash equivalents at beginning of year	<u>22,193,461</u>	<u>20,463,939</u>
Cash and cash equivalents at end of year	<u>\$ 33,076,623</u>	<u>\$ 22,193,461</u>
Cash and cash equivalents at end of year are reported as follows:		
Cash and cash equivalents	\$ 32,860,758	\$ 21,977,666
Restricted cash and cash equivalents	<u>215,865</u>	<u>215,795</u>
Cash and cash equivalents at end of year	<u>\$ 33,076,623</u>	<u>\$ 22,193,461</u>

(Continued on next page)  
See accompanying notes to financial statements.



## MEDFORD WATER COMMISSION

(A Component Unit of the City of Medford)

Statements of Cash Flows, Continued

Years ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 4,377,643	\$ 4,296,146
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation	3,899,340	3,916,304
Miscellaneous income and charges in lieu of assessments	139,860	268,462
Changes in:		
Trade Accounts Receivable	675,498	(523,082)
Other Receivables	(408,398)	(241,204)
Inventory	(393,492)	(108,850)
Work in Process	45,434	(176,836)
Net pension liability - PERS	(80,468)	1,324,470
Prepaid expenses	14,314	(43,471)
Other Current Assets	1,164	136
Accounts payable	131,028	(847,092)
Deposits Received	2,217	(16,122)
Construction Deposits	171,430	45,356
Due to Others, Current	18,849	(8,487)
Lozier note	(31,189)	(31,189)
Vacation accrual	(25,568)	124,056
Miscellaneous payables	<u>4,428</u>	<u>(24,324)</u>
Net cash provided (used) by operating activities	<u>\$ 8,542,090</u>	<u>\$ 7,954,273</u>
Schedule of noncash capital and related financing activities		
Contributed capital assets	<u>\$ 2,155,809</u>	<u>\$ 1,618,649</u>

See accompanying notes to financial statements.

# **MEDFORD WATER COMMISSION**

(A Component Unit of the City of Medford)

Notes to Financial Statements

June 30, 2022 and 2021

## **Note 1 - Summary of significant accounting policies**

### ***a. Reporting entity.***

The Medford Water Commission ("Commission") is governed by a Board, appointed by the City of Medford's Mayor, and confirmed by the City Council. The Commission is responsible for ownership, maintenance, and operation of the water system that delivers high-quality drinking water to about 136,000 Rogue Valley, Oregon residents. Accordingly, the Commission has the authority to set rates and charges for services provided. As required by accounting principles generally accepted in the United States of America, these financial statements present the Commission as a single enterprise fund comprised of two Sub-funds. Additionally, the Commission is presented as a discretely presented component unit of the City of Medford (the "City") in the City's basic financial statements. The Commission has no component units.

The consolidated enterprise includes the following two sub-funds as described below:

The "Water Fund" is the general fund of the Commission. Except for investment revenue on investment balances in the other sub-fund, all income and expenses are reported by the Water Fund.

The "Construction and Infrastructure Replacement Fund" is a sinking fund used to accumulate funds for capital improvement projects. When funds are required for capital improvement projects, monies are transferred from the Construction Fund to the Water Fund.

Revenue derived from the sale of water and from water service charges is used to fund costs of operating and maintaining the water system, and a portion of the cost of improvements and additions to the system. In addition to directly serving water customers within the City, the Commission treats, transports, and sells surplus water to water districts and other cities in the Rogue Valley area.

### ***b. Basis of presentation and accounting.***

The Commission's financial statements are maintained on a flow of economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded at the time they are earned and expenses are recorded at the time liabilities are incurred.

### ***c. Operating and nonoperating revenues and expenses.***

The Commission distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with ongoing operations, primarily the sale of water and water service charges. Operating expenses include the cost of services and administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses. Revenues and expenses related to financing and construction of systems development are reflected as nonoperating.

### ***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, deferred outflows of resources, deferred inflows of resources, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### ***e. Cash and cash equivalents.***

Cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, and amounts invested with the State of Oregon Treasurer's Local Government Investment Pool (LGIP).

### ***f. Restricted cash.***

Cash has been deposited to a separate account with the Local Government Investment Pool, as required under an agreement with ODOT for certain road improvements.

# MEDFORD WATER COMMISSION

(A Component Unit of the City of Medford)

Notes to Financial Statements

June 30, 2022 and 2021

## **Note 1 - Summary of significant accounting policies (continued)**

### **g. *Investments.***

Investments are reported at fair value based on a hierarchy of inputs used to measure the fair value of the asset. Within that hierarchy, Level 1 inputs are quoted prices in active markets for identical assets. All of the Commission's investments in notes and bonds are valued using quoted market prices (Level 1 inputs). There have been no changes to the methodologies used at June 30, 2022 and 2021.

### **h. *Receivables.***

Accounts receivables are for residential, commercial, and industrial sales. The credit practices of the Commission require an evaluation of each new customer's credit worthiness on a case-by-case basis. At the discretion of management, a deposit may be obtained from the customer. Concentrations of credit risk with respect to receivables are limited due to the large number of customers comprising the Commission's customer base. Credit losses have been within management's expectations. Billings to customers are prepared on a cycle basis due to the large volume of customers the Commission services. Services may be terminated for customers more than 52 days delinquent who have not responded to reminder and shut off notices. The allowance for uncollectible accounts is based on an analysis of historical bad debt experience and current receivables aging.

### **i. *Inventory.***

Inventory of materials and supplies is stated at average cost and is charged to operations, billable workorders, and construction in progress as used.

### **j. *Capital assets.***

Capital assets are stated at cost. The cost of internally constructed capital assets includes material, labor, indirect costs, overhead, and contracted services. The Commission capitalizes assets with an initial cost of more than \$5,000 and an estimated life in excess of one year. Maintenance, repairs, and routine replacements are expensed as incurred. Replacements which improve or extend the lives of the assets are capitalized. Upon the sale or disposal of such assets, the accounts are relieved of the related costs and accumulated depreciation, and resulting gains or losses are reflected in operations. Contributed capital assets, comprised primarily of contributions from developers and customers for additions to mains, hydrants, and services, are recorded at the actual cost incurred by the property owner. Depreciation is computed on the capital assets placed in service using the straight-line method over their estimated useful lives as follows: Buildings, supply and distribution system (20 to 75 years); equipment and software (4 to 10 years). Land, water rights, and right of ways, which have indefinite lives, are not depreciated.

### **k. *Compensated absences.***

Earned but unpaid vacation and holiday pay is accrued and charged to operating expense. Earned but unpaid sick leave does not vest and is therefore not recorded in the accompanying financial statements.

# MEDFORD WATER COMMISSION

(A Component Unit of the City of Medford)

Notes to Financial Statements

June 30, 2022 and 2021

## **Note 1 - Summary of significant accounting policies (continued)**

### *l. Budget.*

Under ORS 294.316, municipal public utilities operating under separate commissions authorized under ORS 225 and city charters, and which have no ad valorem tax support, are not required to separately prepare and adopt a budget. However, the Commission has prepared and adopted a budget for operational accountability and control purposes. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) except: 1) capital acquisitions are reported as capital outlay expenditures. No depreciation expense is recognized on this basis, and 2) the effects of GASB 68 are not recognized.

### *m. Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The Commission has one item that qualifies for reporting in this category. It is the deferred amounts relating to pensions. This amount is deferred and recognized as an outflow of resources in the periods when the Commission recognizes pension expense.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Commission has one item that qualifies for reporting in this category; deferred amounts related to pensions. This amount is deferred and recognized as an inflow of resources in the period when the Commission recognizes pension income.

A detailed description of these accounts and how they are calculated is discussed in Note 9.

### *n. Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### *m. Net position*

In the government-wide financial statements, equity is classified as net position and displayed in three components:

A. Net investment in capital assets – consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

B. Restricted net position – net position is considered restricted if asset use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows or resources related to the restricted assets.

C. Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the Commission.

When an expense is incurred for a purpose for which both restricted and unrestricted net position are available, management applies restricted net position first, unless a determination is made to use unrestricted net position. The Commission's policy concerning which to apply first varies with the intended use and legal requirements. Management typically makes this decision on a transactional basis at the incurrence of the expense.

## MEDFORD WATER COMMISSION

(A Component Unit of the City of Medford)

Notes to Financial Statements

June 30, 2022 and 2021

### **Note 2 - Cash and investments**

Cash, cash equivalents, and investments are comprised of the following at June 30:

	<u>2022</u>	<u>2021</u>	<u>S&amp;P rating</u>	<u>Maturity</u>
Cash and cash equivalents:				
Cash on hand	\$ 2,940	\$ 2,940	N/A	N/A
Checking accounts	4,538,803	2,542,607	N/A	N/A
Deposit with LGIP - unrestricted	<u>28,319,015</u>	<u>19,432,119</u>	Not rated	N/A
Total unrestricted cash and cash equivalents	32,860,758	21,977,666		
Restricted deposit with LGIP	<u>215,865</u>	<u>215,795</u>	Not rated	N/A
Total cash and cash equivalents	<u>\$ 33,076,623</u>	<u>\$ 22,193,461</u>		
Investment in notes and bonds:				
Federal Home Loan Bank	2,007,927	4,092,795	AA+	1-5 years
Federal Farm Credit Bank	-	1,002,707	AA+	1-5 years
Federal Home Loan Mortgage Corp.	245,218	250,770	AA+	1-5 years
US Treasuries	1,663,541	1,722,914	N/A	1-5 years
Municipal Bonds	<u>187,924</u>	<u>201,640</u>	AA+	1-5 years
Total	<u>\$ 4,104,610</u>	<u>\$ 7,270,826</u>		

Oregon Revised Statutes, Chapter 294, authorizes the Commission to invest in obligations of the U.S. Treasury, U.S. Government agencies and instrumentalities, bankers' acceptances guaranteed by a qualified financial institution, commercial paper, corporate bonds, repurchase agreements, and various interest bearing bonds of Oregon municipalities. The Commission is also authorized to invest in the State of Oregon Local Government Investment Pool ("LGIP"), an external investment pool, within prescribed limits.

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



# MEDFORD WATER COMMISSION

(A Component Unit of the City of Medford)

Notes to Financial Statements

June 30, 2022 and 2021

## **Note 2 - Cash and investments (continued)**

### Fair value hierarchy

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.

Level 2 - other observable inputs (including, but 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.

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 Commission categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. All of the Commission's investments are classified as Level 1. The Commission has recorded its investments at fair value, and primarily uses the market approach to valuing each security.

*Custodial credit risk.* Custodial credit risk for deposits is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. At June 30, 2022, the Commission's deposits with various financial institutions had a bank balance of \$4,698,534. All deposits not covered by FDIC 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, better protecting public funds though still not guaranteeing that all funds are 100% protected. 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 the State Treasurer. In the event of 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.

## MEDFORD WATER COMMISSION

(A Component Unit of the City of Medford)

Notes to Financial Statements

June 30, 2022 and 2021

### **Note 3 - Notes receivable**

#### City of Ashland

Under an agreement effective December 3, 2014, the City of Ashland, Oregon (Ashland) agreed to pay system development fees of \$2,620,084 for the expansion of the Duff Water Treatment Plant. In return, the Commission will allow Ashland to receive surplus water during the months of October through April, and surplus facilities for treatment and transport of Ashland water from the plant during the months of May through September.

The agreement may be terminated by either party at any time. Depending on an unlikely future date of an Ashland SDC termination request, the calculations (of the prorated share of the unexpended balance of the SDC's fund and the prorated share of the depreciated plant value of the specific installed Commission facilities funded by the SDC's fund) for refund could exceed the actual note receivable, at the time, for SDC's from Ashland.

Management has the impression that Ashland's current commitment under their "Wholesale Other City Customer Surplus Water Service Agreement" and their "Agreement To Pay Systems Development Charges" as well as the City of Ashland owned and recently installed facilities to serve the water supplied by these agreements are solid and would not be terminated in the future.

An initial payment of \$262,008 was made December 5, 2014, with the remaining principal due in 40 semi-annual installments of \$81,878 including interest at 3.42%.

#### Coker Butte Water District

In 2003, the Commission approved a loan to the Coker Butte Water District for construction of water system improvements in the amount of \$150,000. Coker Butte Water Association dissolved effective June 7, 2004, and its assets were contributed to the Commission. The note was assigned to the patrons of Coker Butte, as individual notes due from each patron. The patrons had the option of making a one time payment, or pay the balance over a 30 year period at an interest rate of 5%.

#### Jacksonville Highway Water District / Lozier Lane

In August of 2016 the Commission approved a note receivable with the former members of the Jacksonville Highway Water District (JHWD) to pay for improvements made by the Commission to upgrade the water system of JHWD. The note was in the amount of \$500,000 is payable over a 10 year period, at an interest rate of 5%. The note is being repaid by an additional \$11.50 charge per month to the former members of JHWD.

Balances and activity for the year ended June 30, 2022 are as follows:

	<u>Beginning Balance</u>	<u>Receipt of Principal</u>	<u>Ending Balance</u>	<u>Due in one year</u>	<u>Long-term balance</u>
City of Ashland	\$ 1,758,811	\$ (104,490)	\$ 1,654,321	\$ 108,094	\$ 1,546,227
Coker Butte Water District	68,965	(5,130)	63,835	4,244	59,591
Lozier Lane note	269,114	(32,832)	236,282	34,186	202,096
Totals	<u>\$ 2,096,890</u>	<u>\$ (142,452)</u>	<u>\$ 1,954,438</u>	<u>\$ 146,524</u>	<u>\$ 1,807,914</u>

Balances and activity for the year ended June 30, 2021 are as follows:

	<u>Beginning Balance</u>	<u>Receipt of Principal</u>	<u>Ending Balance</u>	<u>Due in one year</u>	<u>Long-term balance</u>
City of Ashland	\$ 1,859,817	\$ (101,006)	\$ 1,758,811	\$ 104,490	\$ 1,654,321
Coker Butte Water District	72,763	(3,798)	68,965	3,988	64,977
Lozier Lane note	300,303	(31,189)	269,114	32,544	236,570
Totals	<u>\$ 2,232,883</u>	<u>\$ (135,993)</u>	<u>\$ 2,096,890</u>	<u>\$ 141,022</u>	<u>\$ 1,955,868</u>

# MEDFORD WATER COMMISSION

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## **Note 4 - Capital assets**

Capital asset activity for the year ended June 30, 2022 was as follows:

	2021	Additions	Transfers and Retirements	2022
Capital assets, not being depreciated:				
Land and right of way	\$ 5,056,375	\$ -	\$ -	\$ 5,056,375
Construction in progress	8,749,419	8,577,163	(1,762,051)	15,564,531
Total capital assets, not being depreciated	13,805,794	8,577,163	(1,762,051)	20,620,906
Capital assets, being depreciated:				
Buildings, supply, and distribution system	190,969,672	7,377,903	(9,763,403)	188,584,172
Equipment and software	9,352,276	1,461,918	(4,891,035)	5,923,159
Total capital assets being depreciated	200,321,948	8,839,821	(14,654,438)	194,507,331
Less accumulated depreciation for:				
Buildings, supply, and distribution system	(60,617,545)	(3,427,311)	9,747,303	(54,297,553)
Equipment and software	(6,615,145)	(472,029)	4,877,439	(2,209,735)
Total accumulated depreciation	(67,232,690)	(3,899,340)	14,624,742	(56,507,288)
Total capital assets, being depreciated, net	133,089,258	4,940,481	(29,696)	138,000,043
Total capital assets, net	<u>\$146,895,052</u>	<u>\$ 13,517,644</u>	<u>\$ (1,791,747)</u>	<u>\$ 158,620,949</u>

Capital asset activity for the year ended June 30, 2021 was as follows:

	2020	Additions	Transfers and Retirements	2021
Capital assets, not being depreciated:				
Land and right of way	\$ 5,056,375	\$ -	\$ -	\$ 5,056,375
Construction in progress	7,088,533	7,389,861	(5,728,975)	8,749,419
Total capital assets, not being depreciated	12,144,908	7,389,861	(5,728,975)	13,805,794
Capital assets, being depreciated:				
Buildings, supply, and distribution system	183,731,480	7,351,528	(113,336)	190,969,672
Equipment and software	8,697,504	814,626	(159,854)	9,352,276
Total capital assets being depreciated	192,428,984	8,166,154	(273,190)	200,321,948
Less accumulated depreciation for:				
Buildings, supply, and distribution system	(57,406,309)	(3,274,033)	62,797	(60,617,545)
Equipment and software	(6,132,728)	(642,271)	159,854	(6,615,145)
Total accumulated depreciation	(63,539,037)	(3,916,304)	222,651	(67,232,690)
Total capital assets, being depreciated, net	128,889,947	4,249,850	(50,539)	133,089,258
Total capital assets, net	<u>\$ 141,034,855</u>	<u>\$ 11,639,711</u>	<u>\$ (5,779,514)</u>	<u>\$ 146,895,052</u>

# MEDFORD WATER COMMISSION

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## **Note 5 - Accrued vacation**

Accrued vacation balances were \$660,655 and \$686,223 for the years ended June 30, 2022 and 2021 respectively. The change in accrued vacation for the year ended June 30, 2022 consists of decreases of \$449,735 and increases of \$573,791.

## **Note 6 - Long term debt**

On February 4, 2022, the Commission entered into a loan agreement with the United States Environmental Protection Agency under the Water Infrastructure Finance and Innovation Act (WIFIA lender) to fund development of the Duff Water Treatment Plant and to implement the Big Butte Springs Water Quality Improvements Project. The loan bears interest at 2.2% and matures January 15, 2052. A maximum amount of \$27,381,175 of principal is available to the Commission, of which \$9,526,561 had been drawn down as of June 30, 2022. Under the terms of the agreement, interest is capitalized into principal until 7/15/2028, at which time interest on the current balance is paid semiannually thereafter. Principal payments on the loan begin on July 15, 2046. In the event of default the WIFIA Lender can increase the interest rate and institute any actions or proceedings at law or in equity for collection of any sums due and unpaid.

Future maturities of debt at June 30, 2022, are as follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ -	\$ -	\$ -
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028-2032	-	948,540	948,540
2033-2037	-	1,185,675	1,185,675
2038-2042	-	1,185,675	1,185,675
2043-2047	2,062,483	1,174,393	3,236,876
2048-2052	7,464,078	1,667,713	9,131,791
Total	<u>\$ 9,526,561</u>	<u>\$ 6,161,996</u>	<u>\$ 15,688,557</u>

A summary of the changes in long-term debt for the year ended June 30, 2022 follows:

	Beginning Balance	Reductions	Principal Borrowed	Ending Balance	Due Within One Year
WIFIA loan agreement	\$ -	\$ -	\$ 9,526,561	\$ 9,526,561	\$ -

## **Note 7 - Related party transactions**

The Commission pays the City of Medford for services, materials/supplies, building permits and utilities. During the year ended June 30, 2022, the Commission paid the City of Medford a franchise tax, utility charges, and other charges amounting to \$743,864 and \$712,974 in the fiscal year ended June 30, 2022 and 2021, respectively. Water sales to the City were \$107,231 and \$397,128 during the year ended June 30, 2022. 2021, respectively.

## **Note 8 - Risk management**

The Commission is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; and natural disasters for which the Commission carries commercial insurance. The Commission does not engage in risk financing activities where the risk is retained (self-insurance). There was no significant reduction in the Commission's major categories of risk insurance coverage, and for the past three years, insurance coverage has been sufficient to cover any losses.

# MEDFORD WATER COMMISSION

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Notes to Financial Statements

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## **Note 9 - Pension plan**

### ***Plan Description***

Employees of the Commission are provided with pensions, through the City of Medford, in the Oregon Public Employees Retirement System (OPERS), a cost-sharing multiple employer defined benefit pension plan. The Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at:

[http://www.oregon.gov/pers/Pages/section/financial\\_reports/financials.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx)

### ***Risk Pooling***

The City of Medford and the Commission have elected to participate in the State and Local Government Rate Pool (SLGRP). Pooling allows separate employers to be part of one group for the purpose of determining employer pension costs and contribution rates. Pool participants share pension assets and future pension liabilities and surpluses. Employers in the pool jointly fund the future pension costs of all of the pooled participants.

### ***Benefits Provided***

#### ***1. Tier One/Tier Two Retirement Benefit (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) 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. General service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 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 when determining the monthly benefit.



# **MEDFORD WATER COMMISSION**

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Notes to Financial Statements

June 30, 2022 and 2021

## **Note 9 - Pension plan (continued)**

### *Benefit Changes*

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

## **2. OPSRP Pension Program (OPSRP DB)**

### *Pension Benefits*

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

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

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.

## **3. OPSRP Individual Account Program (OPSRP IAP)**

### *Pension Benefits*

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

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

# **MEDFORD WATER COMMISSION**

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Notes to Financial Statements

June 30, 2022 and 2021

## **Note 9 - Pension plan (continued)**

### *Death Benefits*

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

### *Recordkeeping*

OPERS contracts with VOYA Financial to maintain IAP participant records.

### **Contributions:**

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2018 actuarial valuation which became effective July 1, 2020. Employer contributions for the year ended June 30, 2022 and June 30, 2021 were \$818,372 and \$733,283 respectively.. The rates in effect for the fiscal years ended June 30, 2022 and June 30, 2021 were 22.34 and 22.52 percent for Tier One/Tier Two General Service Member, 15.00 and 12.80 percent for OPSRP Pension Program General Service Members, and 6 and 6 percent for OPSRP Individual Account Program respectively.

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

At June 30, 2022, the Commission reported a liability of \$4,489,331 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by actuarial valuation as of December 31, 2019 rolled forward to June 30, 2021. Medford Water Commission's proportion of the net pension liability was based on a projection of the Commission's long-term contribution effort as compared to the total projected contribution effort of all employers. At June 30, 2022, the Commission's proportion was 0.037 percent, which was a decrease from its proportion of 0.038 percent at June 30, 2021.

## MEDFORD WATER COMMISSION

(A Component Unit of the City of Medford)

Notes to Financial Statements

June 30, 2022 and 2021

### **Note 9 - Pension plan (continued)**

For the year ended June 30, 2022, the Commission recognized pension expense of \$2,203,432. At June 30, 2022, the Commission 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	\$ 420,231	\$ -
Change in assumptions	1,123,815	11,815
Net difference between projected and actual earnings on investments	-	3,323,417
Change in proportionate share	101,607	237,869
Differences between Commission contributions and proportionate share of contributions	<u>2,440</u>	<u>215,861</u>
Total (prior to post-MD contributions)	1,648,093	3,788,962
Commission contributions subsequent to the measurement date	<u>701,630</u>	<u>-</u>
Total	<u>\$ 2,349,723</u>	<u>\$ 3,788,962</u>

Deferred outflows of resources related to pensions of \$701,630 resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ (388,346)
2023	(402,610)
2024	(561,122)
2025	(868,853)
2026	<u>80,062</u>
Total	<u>\$ (2,140,869)</u>

At June 30, 2021, the Commission reported a liability of \$8,212,471 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by actuarial valuation as of December 31, 2018 rolled forward to June 30, 2020. Medford Water Commission's proportion of the net pension liability was based on a projection of the Commission's long-term contribution effort as compared to the total projected contribution effort of all employers. At June 30, 2021, the Commission's proportion was 0.038 percent, which was an increase from its proportion of 0.036 percent at June 30, 2020.

## MEDFORD WATER COMMISSION

(A Component Unit of the City of Medford)

Notes to Financial Statements

June 30, 2022 and 2021

### **Note 9 - Pension plan (continued)**

For the year ended June 30, 2022, the Commission recognized pension expense of \$2,203,432. At June 30, 2022, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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Total	<u>\$ 2,349,723</u>	<u>\$ 3,788,962</u>

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Year ended June 30:	
2022	\$ (388,346)
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2025	(868,853)
2026	<u>80,062</u>
Total	<u>\$ (2,140,869)</u>

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# **MEDFORD WATER COMMISSION**

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Notes to Financial Statements

June 30, 2022 and 2021

## **Note 9 - Pension plan (continued)**

### **Long-term expected rate of return**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2017 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:

<http://www.oregon.gov/pers/Documents/Financials/CAFR/2021-ACFR.pdf>

### **Depletion Date Projection**

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

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

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

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

### **Discount Rate**

The discount rate used to measure the total pension liability of the Plan was 6.90 percent. 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.



## MEDFORD WATER COMMISSION

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### **Note 9 - Pension plan (continued)**

#### **Sensitivity of the net pension liability to changes in the discount rate**

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

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Year ended June 30, 2022			
Proportionate share of net pension liability	\$ 8,815,971	\$ 4,489,331	\$ 869,503

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Year ended June 30, 2021			
Proportionate share of net pension liability	\$ 12,194,842	\$ 8,212,471	\$ 4,873,069

#### **Pension Plan Fiduciary Net Position**

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

### **Note 10 - Deferred compensation plan**

The Commission offers its employees two deferred compensation plans (the "Plans") created in accordance with Internal Revenue Code Section 457, as amended. Employees have the opportunity to choose various types of investments in their 457 plans. The Plans are available to most employees and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or certain unforeseeable emergency.

The Plans' assets are held in a custodial account for the exclusive benefit of participants and beneficiaries, and are not subject to the claims of the Commission's creditors, nor can they be used by the Commission for any purpose other than the payment of benefits to the Plans' participants. Accordingly, these assets and related liabilities are not recorded on the accompanying Statement of Net Position.

### **Note 11 - Commitments for construction**

The Commission is involved in ongoing construction projects designed to maintain and upgrade the water system. Contracts related to future construction entered into by the Commission were \$23,855,925 at June 30, 2022.

### **Note 10- Contingencies**

From time to time, the Commission is subject to legal proceedings and claims which arise in the ordinary course of its operations. In the opinion of management, the total amount of liability, if any, which may arise from such legal proceedings or claims beyond which is recovered by insurance would not materially affect the Commission's financial condition.

REQUIRED SUPPLEMENTAL INFORMATION

# MEDFORD WATER COMMISSION

(A Component Unit of the City of Medford)

Required Supplementary Information

Year Ended June 30, 2022

## Schedule of the Proportionate Share of the Net Pension Liability

Oregon Public Employees Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability (asset)									
Proportionate share of the net pension liability (asset)	0.037515 %	0.037631 %	0.036060 %	0.032940 %	0.034038 %	0.034703 %	0.038844 %	0.037437 %	0.037437 %
Covered payroll	\$ 4,489,331	\$ 8,212,471	\$ 6,237,430	\$ 4,989,283	\$ 4,588,312	\$ 5,209,797	\$ 2,230,197	\$ (848,585)	\$ 1,910,455
Proportionate share of the pension liability (asset) as a percentage of its covered employee payroll	\$ 4,806,424	\$ 4,427,194	\$ 3,967,303	\$ 3,965,781	\$ 3,967,303	\$ 3,973,377	\$ 3,749,828	\$ 3,756,849	\$ 3,644,184
Plan net position as a percentage of the total pension liability	93.40 %	185.50 %	140.89 %	125.76 %	115.70 %	131.32 %	56.13 %	(22.59)%	52.42 %
	52.30 %	75.80 %	80.20 %	82.10 %	83.10 %	80.53 %	91.90 %	103.59 %	92.00 %

## Schedule of Pension Contributions

Oregon Public Employees Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 818,372	\$ 733,283	\$ 672,907	\$ 503,163	\$ 491,051	\$ 349,966	\$ 377,060	\$ 355,534	\$ 353,386
Contributions in relation to the contractually required contribution	818,372	733,283	672,907	503,163	491,051	349,966	377,060	355,534	353,386
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 4,993,659	\$ 4,806,424	\$ 4,427,194	\$ 3,967,303	\$ 3,965,781	\$ 3,967,303	\$ 3,973,377	\$ 3,749,828	\$ 3,756,849
Contributions as a percentage of covered employee payroll	16.39 %	15.26 %	15.20 %	12.68 %	12.38 %	8.82 %	9.49 %	9.48 %	9.41 %

# **MEDFORD WATER COMMISSION**

(A Component Unit of the City of Medford)

Notes to Required Supplementary Information

Year Ended June 30, 2022

## **Note I - Measurement Period**

Amounts presented are for the measurement period, which for FY 2022 is July 1, 2020 - June 30, 2021.

## **Note II - Changes in Assumptions**

The PERS Board adopted assumption changes that were used to measure the June 30, 2019 total pension liability. The changes included lowering the long-term expected rate of return to 6.90 percent and lowering of the assumed inflation to 2.40 percent. For June 30, 2018, the long-term expected rate of return was lowered to 7.20 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay were updated.

## **Note III - Ten Year Trend Information**

10-year trend information required by GASB Statement 68 will be presented prospectively

SUPPLEMENTARY INFORMATION



# MEDFORD WATER COMMISSION

(A Component Unit of the City of Medford)

## WATER FUND

Schedule of Budgeted and Actual Resources and Requirements (Budgetary Basis)

Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Resources:				
Water Revenue	\$ 20,000,000	\$ 20,000,000	\$ 20,238,076	\$ 238,076
Work Order and Fee Revenue	700,000	700,000	1,297,525	597,525
Investment Earnings	75,000	75,000	95,745	20,745
System development charges	1,000,000	1,000,000	2,108,477	1,108,477
Grants	-	-	75,300	75,300
Forest Product Revenue	700,000	700,000	636,682	(63,318)
Miscellaneous income	85,000	85,000	139,860	54,860
Debt Proceeds	<u>12,000,000</u>	<u>12,000,000</u>	<u>11,918,354</u>	<u>(81,646)</u>
Total resources from operations	34,560,000	34,560,000	36,510,019	1,950,019
Beginning fund balance available for appropriation	<u>8,816,681</u>	<u>8,816,681</u>	<u>9,035,047</u>	<u>218,366</u>
Total resources	<u>\$ 43,376,681</u>	<u>\$ 43,376,681</u>	<u>\$ 45,545,066</u>	<u>\$ 2,168,385</u>
Requirements:				
Operating requirements:				
Source of Supply	\$ 1,317,291	\$ 1,317,291	\$ 1,149,276	\$ 168,015
Supply Pumping	660,890	660,890	578,599	82,291
Purification	2,340,048	2,340,048	2,224,105	115,943
Transmission	241,833	241,833	262,354	(20,521)
Distribution Pumping	442,106	442,106	377,794	64,312
Distribution	3,551,365	3,551,365	3,111,521	439,844
Customer Accounts & Collections	2,415,001	2,415,001	2,280,115	134,886
Administrative & General, and franchise taxes	1,798,314	1,798,314	2,319,490	(521,176)
Work order and Fee Expense	<u>600,000</u>	<u>600,000</u>	<u>1,078,643</u>	<u>(478,643)</u>
Total operating requirements	13,366,848	13,366,848	13,381,897	(15,049)
Nonoperating requirements:				
Capital outlay	18,193,000	18,193,000	13,499,124	4,693,876
Operating contingencies	250,000	250,000	-	250,000
Transfer to FMR, WTP, WRD, VPM Funds	<u>5,000,000</u>	<u>5,000,000</u>	<u>3,172,205</u>	<u>1,827,795</u>
Total nonoperating requirements	<u>23,443,000</u>	<u>23,443,000</u>	<u>16,671,329</u>	<u>6,771,671</u>
Unappropriated ending fund balance	<u>6,566,833</u>	<u>6,566,833</u>	<u>15,491,840</u>	<u>(8,925,007)</u>
Total requirements	<u>\$ 43,376,681</u>	<u>\$ 43,376,681</u>	<u>\$ 45,545,066</u>	<u>\$ (2,168,385)</u>

# MEDFORD WATER COMMISSION

(A Component Unit of the City of Medford)

## CONSTRUCTION AND INFRASTRUCTURE REPLACEMENT FUND

Schedule of Budgeted and Actual Resources and Requirements (Budgetary Basis)

Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Resources:				
Investment Earnings	\$ 250,000	\$ 250,000	\$ -	\$ (250,000)
Transfer from Water Fund	<u>5,000,000</u>	<u>5,000,000</u>	<u>3,172,205</u>	<u>(1,827,795)</u>
Subtotal	5,250,000	5,250,000	3,172,205	(2,077,795)
Beginning fund balance available for appropriation	<u>24,464,731</u>	<u>24,464,731</u>	<u>24,866,726</u>	<u>401,995</u>
Total resources	<u>\$ 29,714,731</u>	<u>\$ 29,714,731</u>	<u>\$ 28,038,931</u>	<u>\$ (1,675,800)</u>
Requirements:				
Unappropriated ending fund balance	<u>29,714,731</u>	<u>29,714,731</u>	<u>28,038,931</u>	<u>1,675,800</u>
Total requirements	<u>\$ 29,714,731</u>	<u>\$ 29,714,731</u>	<u>\$ 28,038,931</u>	<u>\$ 1,675,800</u>

## MEDFORD WATER COMMISSION

(A Component Unit of the City of Medford)

Reconciliation of Budget Basis Fund Balance to Net Position

Year Ended June 30, 2022

	<u>2022</u>
Fund balances, budget basis:	
Water Fund	\$ 15,491,840
Construction and Infrastructure Replacement Fund	<u>28,038,931</u>
Total, budget basis	43,530,771
Prepaid pension	(1,204,263)
Deferred outflows related to pensions	2,349,722
Net pension liability	(4,489,331)
Deferred inflows related to pensions	(3,788,962)
Proceeds from long-term debt	(11,918,354)
Deferred inflow Jacksonville Highway Water District /Lozier Lane note	236,282
Capital assets net of accumulated depreciation	<u>158,620,949</u>
Net position	<u>\$ 183,336,814</u>

## STATISTICAL SECTION

## **Medford Water Commission (Unaudited)**

### **Introduction to the Statistical Section**

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

#### **Contents**

#### **Page**

#### **Financial Trends**

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

Schedule 1 - Total Net Assets by Component Last 10 years	31
Schedule 2 - Unappropriated Ending Fund Balances Last 10 years	32
Schedule 3 - Statement of Revenues, Expenses & Changes in Net Position	33 - 34

#### **Revenue Capacity**

These schedules contain trend information to help the reader assess the Commission's most significant local revenue source, the Commission's water rates.

Schedule 4 - Water Produced and Sold	35
Schedule 5 - Total Number of Water Services by Type	36
Schedule 6 - Inside Residential Customer Water Rates	37 - 38
Schedule 7 - Outside Customer Water Rates	39 - 40
Schedule 8 - Consumption by Customer Groups and Class	41
Schedule 9 - Wholesale Customers	42

#### **Operating Information**

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

Schedule 10 - Capital Assets	43 - 44
Schedule 11 - Annual New Pipeline Summary	45
Schedule 12 - Number of Full Time Employees Last Ten Years	46

#### **Demographic and Economic Information**

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

Schedule 13 - Population & Income Estimates	47
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#### **Sources**

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual report for the current year and audited financial statements for previous years.

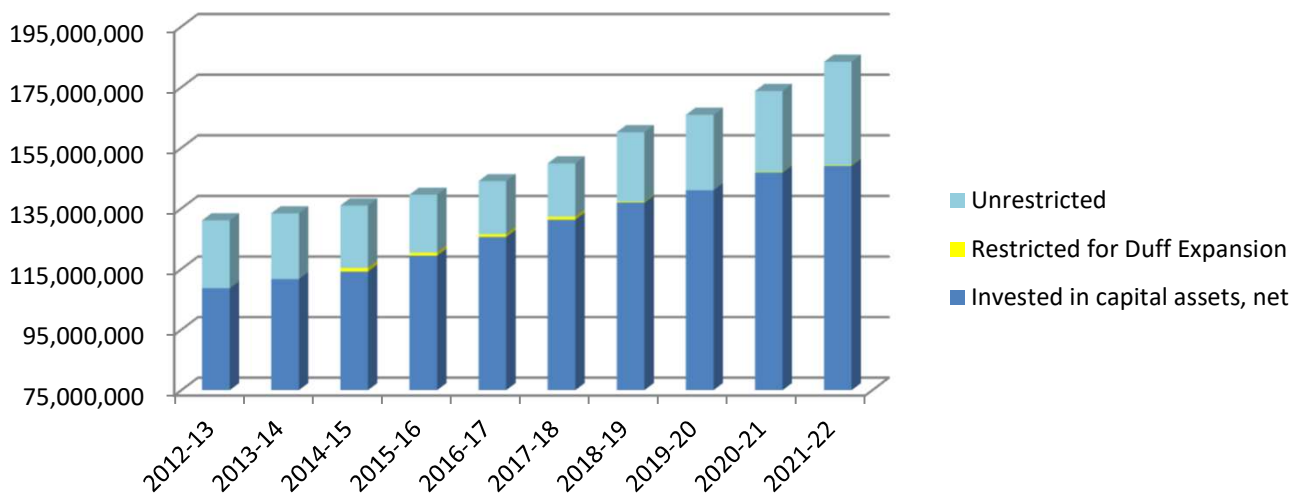
**MEDFORD WATER COMMISSION - UNAUDITED**  
**Schedule 1**

**Net Position - Last Ten Fiscal Years**

	2012-13	2013-14	2014-15	2015-16	2016-17
Invested in capital assets, net	108,659,059	111,685,166	114,182,987	119,420,089	125,579,757
Restricted for Duff Expansion	-	-	1,236,543.00	1,011,148.00	982,000.00
Unrestricted	22,418,534	21,715,047	20,560,518	19,108,037	17,437,503
Total	<u>\$ 131,077,593</u>	<u>\$ 133,400,213</u>	<u>\$ 135,980,048</u>	<u>\$ 139,539,274</u>	<u>\$ 143,999,260</u>

	2017-18	2018-19	2019-20	2020-21	2021-22
Invested in capital assets, net	131,300,433	136,947,817	141,034,855	146,895,052	149,094,388
Restricted for Duff Expansion	961,226	347,939	-		
Restricted for Lozier Lane				215,795	215,865
Unrestricted	17,601,350	22,876,503	24,838,367	26,636,450	34,054,438
Total	<u>\$ 149,863,009</u>	<u>\$ 160,172,255</u>	<u>\$ 165,873,222</u>	<u>\$ 173,747,297</u>	<u>\$ 183,364,691</u>

**Net Position - Last Ten Fiscal Years**



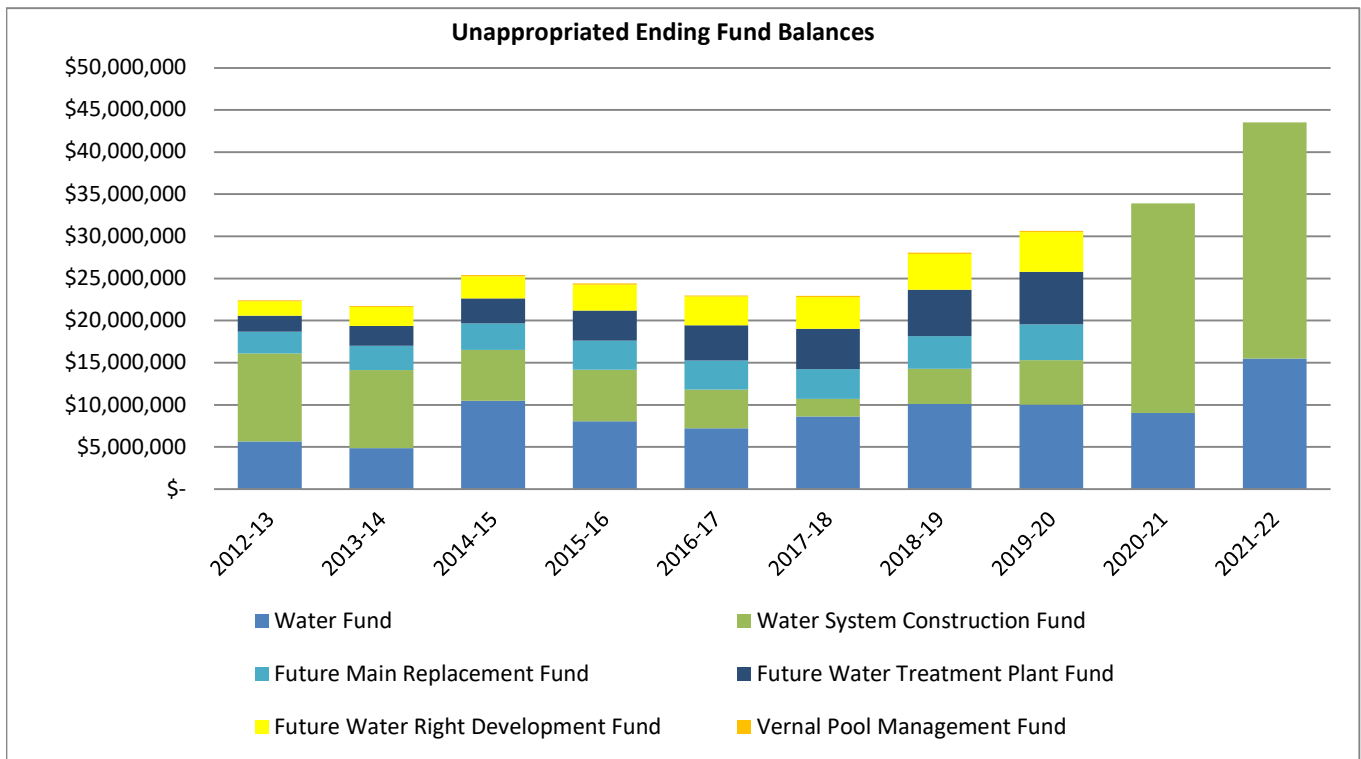


**MEDFORD WATER COMMISSION - UNAUDITED**  
**Schedule 2**

**Unappropriated Ending Fund Balance - Last Ten Fiscal Years**

	2012-13	2013-14	2014-15	2015-16	2016-17
Water Fund	\$ 5,654,793	\$ 4,871,890	\$10,458,454	\$ 8,051,825	\$ 7,202,158
Water System Construction Fund	10,424,579	9,241,177	6,047,418	6,097,423	4,589,958
Future Main Replacement Fund	2,590,877	2,880,823	3,179,579	3,480,870	3,474,188
Future Water Treatment Plant Fund	1,902,211	2,363,184	2,933,676	3,570,931	4,163,777
Future Water Right Development Fund	1,720,640	2,231,815	2,647,365	3,069,032	3,417,650
Vernal Pool Management Fund	125,434	126,158	127,198	128,250	128,002
Total	\$22,418,534	\$21,715,047	\$25,393,690	\$24,398,331	\$22,975,733

	2017-18	2018-19	2019-20	2020-21	2021-22
Water Fund	\$ 8,612,017	\$10,106,648	\$10,038,369	\$ 9,035,047	\$15,491,840
Water System Construction Fund	2,109,100	4,168,102	5,275,318	24,866,726	28,038,931
Future Main Replacement Fund	3,496,807	3,869,635	4,244,174	-	-
Future Water Treatment Plant Fund	4,787,315	5,506,283	6,218,880	-	-
Future Water Right Development Fund	3,796,059	4,271,984	4,724,989	-	-
Vernal Pool Management Fund	128,835	132,440	135,847	-	-
Total	\$22,930,133	\$28,055,092	\$30,637,577	\$33,901,773	\$43,530,771



**MEDFORD WATER COMMISSION - UNAUDITED**  
**Schedule 3**

**Statements of Revenues, Expenses and Changes in Net Position - Last Ten Fiscal Years**

	2012-13	2013-14	2014-15	2015-16	2016-17
Operating revenues:					
Residential and commercial water service	\$ 8,465,085	\$ 8,975,519	\$ 9,398,186	\$ 10,490,631	\$ 11,741,119
Sales to other utilities	2,284,099	1,748,079	1,922,434	2,149,518	1,964,918
Service center clearing revenue	-	-	-	-	-
Work Order and Fee Revenue	455,567	559,433	521,196	754,891	1,009,379
Total operating revenues	11,204,751	11,283,031	11,841,816	13,395,040	14,715,416
Operating expenses:					
Operating and maintenance	5,174,460	5,618,203	5,926,413	7,033,438	6,310,326
Administrative and general	2,060,765	2,347,023	1,113,424	2,938,979	1,324,648
Depreciation	2,638,923	2,787,874	3,109,984	3,176,900	3,278,607
Change in components of net pension liability	-	-	-	-	382,423
Service center clearing expense	-	-	-	-	-
Work Order and Fee Expense	457,146	248,822	366,524	655,863	429,163
Total operating expenses	10,331,294	11,001,922	10,516,345	13,805,180	11,725,167
Operating income (loss)	873,457	281,109	1,325,471	(410,140)	2,990,249
Nonoperating revenues (expenses)					
Charges in lieu of assessments	3,477	-	-	-	5,319
City of Medford utility collection	455,652	-	-	-	-
Investment Income	127,037	173,792	220,789	228,612	173,296
Income from forest products	-	-	12,131	36,394	-
Grant Revenue	-	-	-	-	-
Miscellaneous income	184,144	112,364	138,172	73,383	379,858
Gain (loss) on sale of assets	-	-	6,121	11,350	6,622
Total nonoperating revenues (expenses)	770,310	286,156	377,213	349,739	565,096
Income before capital contributions	1,643,767	567,265	1,702,684	(60,401)	3,555,345
Capital contributions					
Developer donations (capitalized)	890,913	1,082,658	856,759	1,819,728	1,213,438
System development charges	772,458	672,697	3,617,019	1,617,576	1,295,820
Total capital contributions	1,663,371	1,755,355	4,473,778	3,437,304	2,509,258
Change in net position	3,307,138	2,322,620	6,176,462	3,376,903	6,064,603
Total net position - beginning of year	127,770,455	131,077,593	133,400,213	135,980,048	139,539,274
Restatement of net position			(3,596,627)	182,323	
Total net position - end of year	\$ 131,077,593	\$ 133,400,213	\$ 135,980,048	\$ 139,539,274	\$ 145,603,877

(1) Total net position - beginning of year 2014-15 restated due to GASB 68 Adjustment

**MEDFORD WATER COMMISSION - UNAUDITED**  
**Schedule 3**

**Statements of Revenues, Expenses and Changes in Net Position - Last Ten Fiscal Years (continued)**

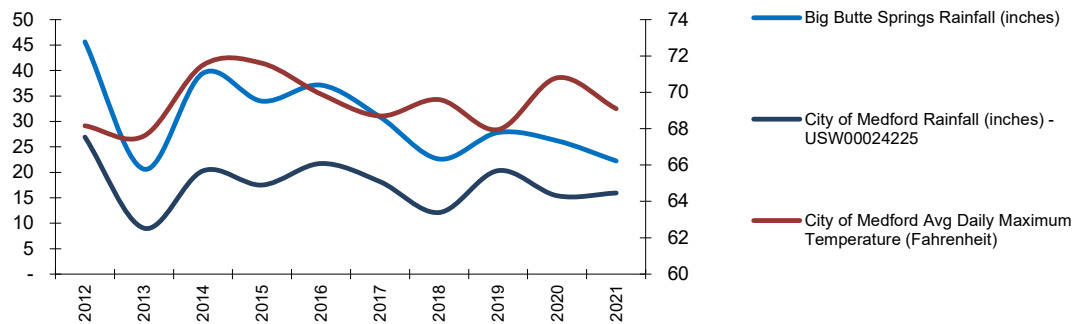
	2017-18	2018-19	2019-20	2020-21	2021-22
Operating revenues:					
Residential and commercial water service	\$ 13,638,287	\$ 15,147,212	\$ 15,549,822	\$ 18,597,709	\$ 17,851,612
Sales to other utilities	1,821,633	2,646,870	2,286,742	2,406,487	2,386,465
Service center clearing revenue	-	-	-	-	-
Work Order and Fee Revenue	734,350	853,923	718,644	755,476	1,264,692
Total operating revenues	16,194,271	18,648,005	18,555,208	21,759,672	21,502,769
Operating expenses:					
Operating and maintenance	7,464,053	8,193,851	8,960,879	9,625,087	9,983,764
Administrative and general	1,782,502	1,958,748	2,236,485	1,857,241	2,243,847
Depreciation	3,543,423	3,735,733	3,829,677	3,916,304	3,899,340
Change in components of net pension liability	588,047	437,717	1,044,219	1,324,470	(80,468)
Service center clearing expense	-	-	-	-	-
Work Order and Fee Expense	700,472	693,141	579,580	740,424	1,078,643
Total operating expenses	14,078,497	15,019,189	16,650,840	17,463,526	17,125,126
Operating income (loss)	2,115,774	3,628,814	1,904,368	4,296,146	4,377,643
Nonoperating revenues (expenses)					
Charges in lieu of assessments	-	-	-	-	-
City of Medford utility collection	-	-	-	-	-
Investment Income	242,037	609,549	714,816	257,864	123,623
Income from forest products	-	683,598	873,050	-	636,682
Grant Revenue	-	-	-	-	75,300
Miscellaneous income	217,271	122,004	134,929	356,952	139,860
Gain (loss) on sale of assets	-	-	-	-	-
Total nonoperating revenues (expenses)	459,308	1,415,151	1,722,795	614,816	975,465
Income before capital contributions	2,575,082	5,043,965	3,627,163	4,910,962	5,353,108
Capital contributions					
Developer donations (capitalized)	1,663,325	3,994,345	889,661	1,618,649	2,155,809
System development charges	991,154	1,270,940	1,184,139	1,344,464	2,108,477
Total capital contributions	2,654,479	5,265,285	2,073,800	2,963,113	4,264,286
Change in net position	5,229,561	10,309,250	5,700,963	7,874,075	9,617,394
Total net position - beginning of year	145,603,877	150,833,438	160,172,259	165,873,222	173,747,297
Restatement of net position					
Total net position - end of year	\$ 150,833,438	\$ 160,172,259	\$ 165,873,222	\$ 173,747,297	\$ 183,364,691

**MEDFORD WATER COMMISSION - UNAUDITED**  
**Schedule 4**

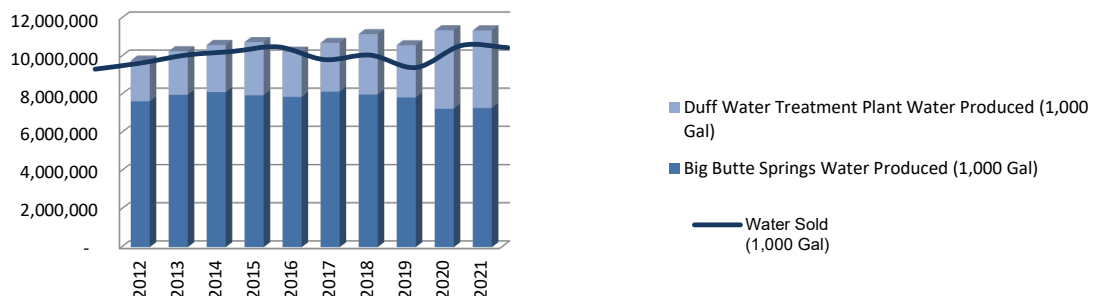
**Water Produced and Sold - Last Ten Calendar Years**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Big Butte Springs Water Produced (1,000 Gal)	7,645,207	7,982,750	8,127,920	7,958,203	7,875,995	8,151,604	7,997,320	7,847,560	7,254,810	7,291,270
Duff Water Treatment Plant Water Produced (1,000 Gal)	2,129,700	2,293,130	2,472,110	2,793,000	2,371,990	2,557,530	3,170,320	2,736,530	4,109,140	4,068,450
Total Production	9,774,907	10,275,880	10,600,030	10,751,203	10,247,985	10,709,134	11,167,640	10,584,090	11,363,950	11,359,720
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Water Sold (1,000 Gal)	8,923,581	9,121,029	9,377,069	9,491,979	9,634,859	9,230,370	9,373,089	8,976,332	9,684,882	9,613,010
Nonrevenue Water (1,000 Gal)	851,326	1,154,851	1,222,961	1,259,224	613,126	1,478,764	1,794,551	1,607,758	1,679,068	1,746,710
Total Production	9,774,907	10,275,880	10,600,030	10,751,203	10,247,985	10,709,134	11,167,640	10,584,090	11,363,950	11,359,720
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Big Butte Springs Rainfall (inches)	45.63	20.62	39.48	33.98	37.13	30.87	22.61	27.82	26.20	22.23
City of Medford Rainfall (inches) - USW00024225	26.92	9.02	20.29	17.50	21.73	18.16	12.10	20.33	15.40	15.94
City of Medford Avg Daily Maximum Temperature (Fahrenheit)	68.2	67.6	71.5	71.6	69.9	68.7	69.6	68.0	70.8	69.1

**Rainfall and Average Temperature**



**Water Produced and Sold**



**MEDFORD WATER COMMISSION - UNAUDITED**  
**Schedule 5**

**Total Number of ACTIVE Water Services by Type - Last Ten Fiscal Years**

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
<b>Inside City</b>										
Residential										
Single Family	19,857	20,580	21,245	21,170	21,564	21,360	22,012	22,184	22,034	22,606
Multi-Family	2,286	2,356	2,351	2,370	2,421	2,434	2,442	2,476	2,607	2,483
Commercial	2,386	2,550	2,576	2,624	2,661	2,646	2,711	2,723	2,772	2,753
Industrial	43	44	44	45	44	45	46	47	47	50
Fire Services	387	392	403	405	435	448	459	467	480	490
Municipal	101	-	-	-	-	-	-	-	-	-
Subtotal	25,060	25,922	26,619	26,614	27,125	26,933	27,670	27,897	27,940	28,382
<b>Outside City</b>										
Residential										
Single Family	2,270	2,393	2,442	2,514	2,833	2,879	2,938	2,955	2,973	3,054
Multi-Family	35	58	58	59	73	73	74	76	72	83
Commercial	210	204	209	220	224	223	225	226	206	230
Industrial	81	83	83	84	82	88	94	92	91	97
Fire Services	68	49	70	72	70	72	72	76	68	77
Subtotal	2,664	2,787	2,862	2,949	3,282	3,335	3,403	3,425	3,410	3,541
<b>Water Districts</b>										
Charlotte Ann	189	195	196	201	200	200	200	200	197	115
Elk City	101	101	102	102	102	103	103	103	103	105
Jacksonville Highway	344	336	336	-	-	-	-	-	-	-
Subtotal	634	632	634	303	302	303	303	303	300	220
<b>Total Inside/Outside/Water Districts</b>	28,358	29,341	29,031	29,185	29,317	30,571	31,376	31,625	31,650	32,143
<b>Self Operating Areas (Cities)</b>										
Central Point, Eagle Point, Talent, Phoenix, Ashland & Jacksonville	14,078	14,188	14,297	14,433	14,608	14,738	14,915	15,358	15,058	15,261
<b>Total Water Services</b>	42,436	43,529	43,328	43,618	43,925	45,309	46,291	46,983	46,708	47,404

(1) Source: Medford Water Commission

(2) Jacksonville Highway Water District was dissolved and acquired by the Medford Water Commission in 2016.

(3) Years 2013/14 through 2019/20 have been restated.

**MEDFORD WATER COMMISSION - UNAUDITED**  
**Schedule 6**

**Inside Residential Customer Water Rates - Last Ten Effective Years**

Effective Date	3/1/2013	3/1/2014	3/1/2015	1/1/2016	3/1/2017	3/1/2018	3/1/2019	3/1/2020	3/1/2021	3/1/2022
<b>Inside Residential</b>										
<b>Base Rates (per month)</b>										
5/8 x 3/4"	\$ 7.62	\$ 7.62	\$ 8.00	\$ 9.06	\$ 10.62	\$ 11.62	\$ 12.56	\$ 13.65	\$ 14.52	\$ 15.44
1"	11.94	11.94	12.54	14.20	16.65	18.22	19.69	21.40	22.76	24.20
1 1/2"	24.46	24.46	25.68	29.08	34.09	37.30	40.32	43.82	46.61	49.56
2"	36.51	36.51	38.34	43.42	50.90	55.69	60.20	65.42	69.59	74.00
Backflow Fee	0.75	0.75	0.75	0.75	0.94	1.06	0.95	0.90	0.90	0.90
<b>Gallage Charge (per 1,000 GAL)</b>										
<b>below 15,000 GAL (2011 - below 5,000 GAL)</b>										
Gravity (below 1499 ft)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
EL. 1 (1500 - 1649 ft)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
EL. 2 (1650 - 1799 ft)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
EL. 3 (1800 - 1949 ft)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
EL. 4 (1950 - 2099 ft)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
EL. 5 (above 2100 ft)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>over 15,000 GAL (2011 - 5,000 to 25,000 GAL)</b>										
Gravity (below 1499 ft)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
EL. 1 (1500 - 1649 ft)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
EL. 2 (1650 - 1799 ft)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
EL. 3 (1800 - 1949 ft)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
EL. 4 (1950 - 2099 ft)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
EL. 5 (above 2100 ft)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>below 5,000 GAL</b>										
Gravity (below 1499 ft)	0.44	0.44	0.46	0.52	0.61	0.67	0.72	0.78	0.83	0.88
EL. 1 (1500 - 1649 ft)	0.49	0.49	0.51	0.58	0.67	0.73	0.78	0.84	0.89	0.95
EL. 2 (1650 - 1799 ft)	0.54	0.54	0.56	0.64	0.73	0.79	0.84	0.90	0.95	1.02
EL. 3 (1800 - 1949 ft)	0.59	0.59	0.61	0.70	0.79	0.85	0.90	0.96	1.01	1.09
EL. 4 (1950 - 2099 ft)	0.64	0.64	0.66	0.76	0.85	0.91	0.96	1.02	1.07	1.16
EL. 5 (above 2100 ft)	0.69	0.69	0.71	0.82	0.91	0.97	1.02	1.08	1.13	1.23
<b>5,000 to 25,000 GAL</b>										
Gravity (below 1499 ft)	0.79	0.79	0.83	0.94	1.10	1.21	1.30	1.41	1.50	1.59
EL. 1 (1500 - 1649 ft)	0.84	0.84	0.88	1.00	1.16	1.27	1.36	1.47	1.56	1.66
EL. 2 (1650 - 1799 ft)	0.89	0.89	0.93	1.06	1.22	1.33	1.42	1.53	1.62	1.73
EL. 3 (1800 - 1949 ft)	0.94	0.94	0.98	1.12	1.28	1.39	1.48	1.59	1.68	1.80
EL. 4 (1950 - 2099 ft)	0.99	0.99	1.03	1.18	1.34	1.45	1.54	1.65	1.74	1.87
EL. 5 (above 2100 ft)	1.04	1.04	1.08	1.24	1.40	1.51	1.60	1.71	1.80	1.94
<b>over 25,000 GAL</b>										
Gravity (below 1499 ft)	1.14	1.14	1.20	1.36	1.60	1.76	1.89	2.05	2.18	2.31
EL. 1 (1500 - 1649 ft)	1.19	1.19	1.25	1.42	1.66	1.82	1.95	2.11	2.24	2.38
EL. 2 (1650 - 1799 ft)	1.24	1.24	1.30	1.48	1.72	1.88	2.01	2.17	2.30	2.45
EL. 3 (1800 - 1949 ft)	1.29	1.29	1.35	1.54	1.78	1.94	2.07	2.23	2.36	2.52
EL. 4 (1950 - 2099 ft)	1.34	1.34	1.40	1.60	1.84	2.00	2.13	2.29	2.42	2.59
EL. 5 (above 2100 ft)	1.39	1.39	1.45	1.66	1.90	2.06	2.19	2.35	2.48	2.66



**MEDFORD WATER COMMISSION - UNAUDITED**  
**Schedule 6 - continued**

**Inside Non-Residential & Mulit-Family Water Rates - Last Ten Effective Years**

<b>Effective Date</b>	<b>3/1/2013</b>	<b>3/1/2014</b>	<b>3/1/2015</b>	<b>1/1/2016</b>	<b>3/1/2017</b>	<b>3/1/2018</b>	<b>3/1/2019</b>	<b>3/1/2020</b>	<b>3/1/2021</b>	<b>3/1/2022</b>
<b>Inside Non-Residential &amp; Mulit-Family</b>										
Base Rates (per month)										
5/8 x 3/4"	\$ 7.62	\$ 8.00	\$ 9.06	\$ 10.62	\$ 11.62	\$ 11.62	\$ 12.56	\$ 13.65	\$ 14.52	\$ 15.44
1"	11.94	12.54	14.20	16.65	18.22	18.22	19.69	21.40	22.76	24.20
1 1/2"	24.46	25.68	29.08	34.09	37.30	37.30	40.32	43.82	46.61	49.56
2"	36.51	38.34	43.42	50.90	55.69	55.69	60.20	65.42	69.59	74.00
3"	72.49	76.11	86.19	101.03	110.54	110.54	119.48	129.85	138.13	146.88
4"	113.38	119.05	134.82	158.03	172.91	172.91	186.90	203.12	216.07	229.76
6"	217.20	228.06	258.28	302.75	331.26	331.26	358.06	389.13	413.93	440.16
8"	333.85	350.54	396.99	465.35	509.17	509.17	550.36	598.12	636.24	676.55
10"	509.21	534.67	605.51	709.77	776.60	776.60	839.42	912.27	970.41	1,031.90
Gallorage Charge (per 1,000 GAL)										
Winter	0.57	0.60	0.72	0.88	0.98	0.98	1.08	1.19	1.28	1.37
Summer	0.77	0.81	0.92	1.08	1.18	1.18	1.28	1.39	1.48	1.57

- (1) Increase in water rates must be approved by the Board of Medford Water Commissioners.  
(2) Winter rates are classified as October through April, and Summer rates are May through September.  
(3) Each single family residential customer is charged a backflow prevention program fee monthly.  
(4) 2011 was the first year for three tiered inside residential rates. (gallons; 0-5,000/5,000-25,000/Over 25,000).  
(5) Source: Medford Water Commission.

**MEDFORD WATER COMMISSION - UNAUDITED**  
**Schedule 7**

**Outside Customer Water Rates - Last Ten Effective Years**

Effective Date	3/1/2013	3/1/2014	3/1/2015	1/1/2016	3/1/2017	3/1/2018	3/1/2019	3/1/2020	3/1/2021	3/1/2022
<b>Outside Residential</b>										
<b>Base Rates (per month)</b>										
5/8 x 3/4"	\$ 10.60	\$ 10.60	\$ 11.13	\$ 12.60	\$ 14.77	\$ 16.16	\$ 17.47	\$ 18.99	\$ 20.20	\$ 21.48
1"	17.62	17.62	18.50	20.95	24.56	26.88	29.05	31.57	33.58	35.70
1 1/2"	35.43	35.43	37.20	42.13	49.39	54.04	58.42	63.49	67.53	71.80
2"	52.16	52.16	54.77	62.03	72.72	79.56	86.00	93.46	99.42	105.72
3"	109.61	109.61	115.09	130.29	152.73	167.10	180.65	196.37	208.88	222.12
4"	166.57	166.57	174.90	198.00	232.10	253.94	274.53	298.42	317.43	337.54
6"	313.91	313.91	329.61	373.14	437.40	478.13	516.89	561.86	597.66	635.53
8"	472.15	472.15	495.76	561.24	657.90	719.81	778.16	845.86	899.76	956.77
10"	710.41	710.41	745.93	844.45	989.88	1,083.04	1,170.84	1,272.71	1,353.80	1,439.59
Backflow Fee	0.75	0.75	0.75	0.75	0.94	1.06	0.95	0.90	0.90	0.90
<b>Gallage Charge (per 1,000 GAL)</b>										
below 15,000 GAL	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
over 15,000 GAL	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Gallage Charge (per 1,000 GAL)</b>										
below 5,000 GAL	0.65	0.65	0.68	0.77	0.90	0.99	1.06	1.15	1.22	1.29
5,000 to 25,000 GAL	1.17	1.17	1.23	1.39	1.63	1.79	1.92	2.08	2.21	2.34
over 25,000 GAL	1.69	1.69	1.79	2.03	2.39	2.63	2.82	3.06	3.25	3.44
<b>Outside Commercial</b>										
<b>Base Rates (per month)</b>										
5/8 x 3/4"	10.60	10.60	11.13	12.60	14.77	16.16	17.47	18.99	20.20	21.48
1"	17.62	17.62	18.50	20.95	24.56	26.88	29.05	31.57	33.58	35.70
1 1/2"	35.43	35.43	37.20	42.13	49.39	54.04	58.42	63.49	67.53	71.80
2"	52.16	52.16	54.77	62.03	72.72	79.56	86.00	93.46	99.42	105.72
3"	109.61	109.61	115.09	130.29	152.73	167.10	180.65	196.37	208.88	222.12
4"	166.57	166.57	174.90	198.00	232.10	253.94	274.53	298.42	317.43	337.54
6"	313.91	313.91	329.61	373.14	437.40	478.13	516.89	561.86	597.66	635.53
8"	472.15	472.15	495.76	561.24	657.90	719.81	778.16	845.86	899.76	956.77
10"	710.41	710.41	745.93	844.45	989.88	1,083.04	1,170.84	1,272.71	1,353.80	1,439.59
<b>Gallage Charge (per 1,000 GAL)</b>										
Winter	0.83	0.83	0.86	1.02	1.23	1.36	1.49	1.64	1.64	1.88
Summer	1.03	1.03	1.07	1.22	1.43	1.56	1.69	1.84	1.84	2.08

- (1) Increase in water rates must be approved by the Board of Medford Water Commissioners.  
(2) Winter rates are classified as October through April, and Summer rates are May through September.  
(3) Each single family residential customer is charged a backflow prevention program fee monthly.  
(4) 2011 was the first year for three tiered inside residential rates, (gallons; 0-5,000/5,000-25,000/Over 25,000).  
(5) Source: Medford Water Commission

# MEDFORD WATER COMMISSION - UNAUDITED

## Schedule 7 continued

### Water Districts and Partner Cities Water Rates for the Last Ten Effective Years

Effective Date	3/1/2013	3/1/2014	3/1/2015	1/1/2016	3/1/2017	3/1/2018	3/1/2019	3/1/2020	3/1/2021	3/1/2022
<b>Water Districts</b>										
<b>Base Rates (per month)</b>										
5/8 x 3/4"	\$ 9.40	\$ 9.40	\$ 9.87	\$ 8.65	\$ 9.80	\$ 10.38	\$ 10.98	\$ 10.96	\$ 11.19	\$ 9.90
1"	14.81	14.81	15.55	13.63	15.44	16.35	17.30	17.27	17.63	15.60
1 1/2"	30.74	30.74	32.28	28.29	32.05	33.95	35.91	35.84	36.59	32.37
2"	46.40	46.40	48.72	42.70	48.38	51.24	54.20	54.10	55.24	48.87
3"	87.65	87.65	92.03	80.65	91.37	96.78	102.37	102.18	104.32	92.29
4"	141.16	141.16	148.22	129.90	147.17	155.88	164.89	164.59	168.04	148.67
6"	273.67	273.67	287.35	251.83	285.31	302.20	319.67	319.09	325.79	288.23
8"	427.92	427.92	449.32	393.78	446.13	472.53	499.84	498.93	509.40	450.68
10"	659.52	659.52	692.50	606.90	687.59	728.28	770.38	768.98	785.12	694.61
Backflow Fee	0.75	0.75	0.75	0.75	0.94	1.06	0.95	0.90	0.90	0.90
<b>Master Meter Charge</b>										
Charlotte Anne	659.52	659.52	692.50	606.90	687.59	728.28	770.38	468.98	509.40	694.61
<b>Gallage Charge (per 1,000 GAL)</b>										
Winter	0.81	0.81	0.83	0.71	0.83	0.89	0.95	0.95	0.95	0.60
Summer	1.01	1.01	1.04	0.91	1.03	1.09	1.15	1.15	1.15	0.80
<b>Partner Cities (Central Point, Eagle Point, Jacksonville, Phoenix, Talent and Ashland)</b>										
<b>Base Rates (per month)</b>										
2"	46.73	46.73	49.07	55.68	54.06	66.12	71.35	74.59	77.06	72.42
3"	94.81	94.81	99.55	112.96	109.67	124.99	134.88	141.00	145.67	136.90
4"	147.13	147.13	154.49	175.30	170.20	193.97	209.31	218.82	226.07	212.45
6"	281.85	281.85	295.94	335.80	326.03	371.56	400.95	419.16	433.04	406.97
8"	431.64	431.64	453.22	514.27	499.31	569.04	614.05	641.93	663.19	623.25
10"	656.90	656.90	689.74	782.65	759.88	866.00	934.50	976.93	1,009.28	948.51
<b>Gallage Charge (per 1,000 GAL)</b>										
Winter	0.46	0.46	0.46	0.56	0.54	0.62	0.68	0.72	0.75	0.89
Summer	0.64	0.64	0.64	0.64	0.76	0.74	0.82	0.92	0.95	0.69

(1) Increase in water rates must be approved by the Board of Medford Water Commissioners.

(2) Winter rates are classified as October through April, and Summer rates are May through September.

(3) Each single family residential customer is charged a backflow prevention program fee monthly.

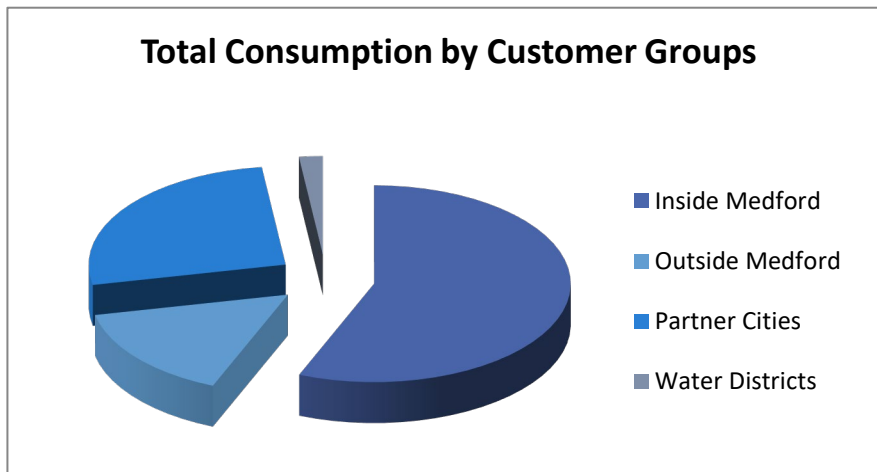
(4) 2011 was the first year for three tiered inside residential rates. (gallons; 0-5,000/5,000-25,000/Over 25,000).

(5) Source: Medford Water Commission

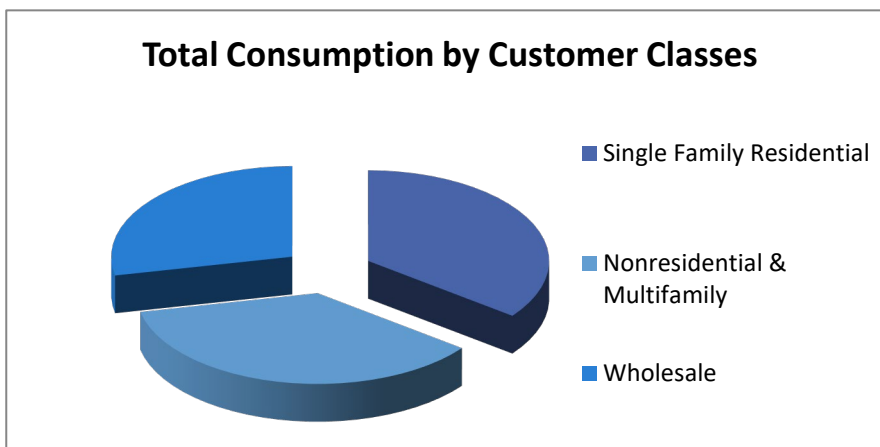
**MEDFORD WATER COMMISSION - UNAUDITED**  
**Schedule 8**

**Consumption by Customer Groups and Class**

<b>Customer Groups</b>	<b>2021-22</b>	
	Consumption (per 1,000 GAL)	% of Total Consumption
Inside Medford	4,966,484	56.2%
Outside Medford	1,366,809	15.5%
Partner Cities	2,330,996	26.4%
Water Districts Total	171,562	1.9%



<b>Customer Classes</b>	<b>2021-22</b>	
	Consumption (per 1,000 GAL)	% of Total Consumption
Single Family Residential	3,122,979	35.3%
Multi-Family Residential	3,210,314	36.3%
Wholesale	2,502,558	28.3%



Total consumption for the 2021-22 fiscal year is 8,917,170 Kgals.

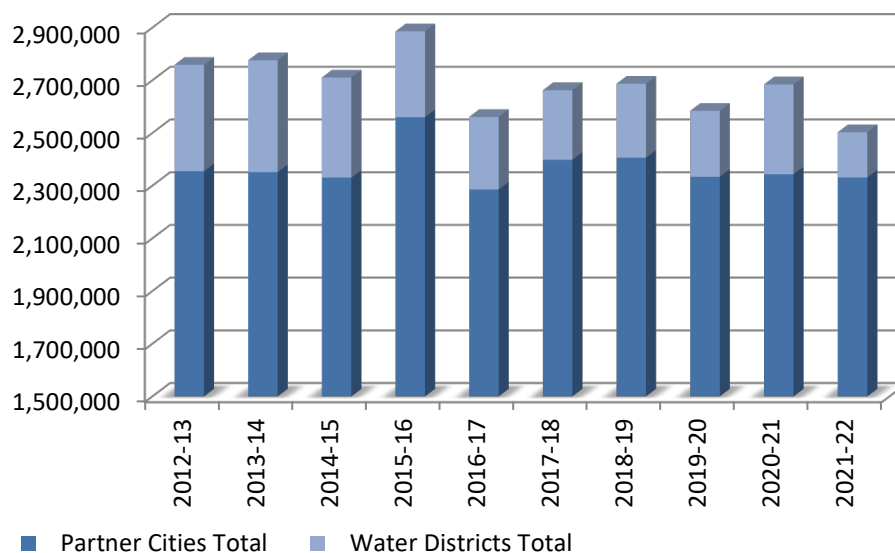
**MEDFORD WATER COMMISSION - UNAUDITED**  
**Schedule 9**

**Wholesale Consumers - Last Ten Fiscal Years (per 1,000 GAL)**

<b>Name</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>
City of Central Point	979,512	983,446	986,968	1,041,757	964,116
City of Eagle Point	568,995	547,056	544,095	615,479	548,262
City of Jacksonville	239,644	252,270	252,185	259,406	240,179
City of Phoenix	236,265	234,805	149,088	109,463	87,285
T.A.P. (Samike)	330,223	333,355	398,112	533,625	445,401
<b>Partner Cities Total</b>	<b>2,354,639</b>	<b>2,350,932</b>	<b>2,330,448</b>	<b>2,559,730</b>	<b>2,285,243</b>
Charlotte Ann Water District	249,198	261,843	224,534	232,332	215,974
Elk City Water District	98,119	109,710	101,656	93,327	59,530
Jacksonville Hwy Water District	56,544	53,155	53,504	N/A	N/A
<b>Water Districts Total</b>	<b>403,861</b>	<b>424,708</b>	<b>379,694</b>	<b>325,659</b>	<b>275,504</b>

<b>Name</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
City of Central Point	989,331	986,476	944,917	1,025,040	961,247
City of Eagle Point	587,629	575,722	570,114	536,914	554,091
City of Jacksonville	254,446	265,527	255,228	248,110	211,090
City of Phoenix	104,679	97,212	86,040	79,997	84,666
T.A.P. (Samike)	461,863	481,058	477,116	452,858	519,902
<b>Partner Cities Total</b>	<b>2,397,948</b>	<b>2,405,995</b>	<b>2,333,415</b>	<b>2,342,919</b>	<b>2,330,996</b>
Charlotte Ann Water District	204,077	222,265	195,361	230,863	96,724
Elk City Water District	60,054	58,472	55,101	110,200	74,838
Jacksonville Hwy Water District	N/A	N/A	N/A	N/A	N/A
<b>Water Districts Total</b>	<b>264,131</b>	<b>280,737</b>	<b>250,462</b>	<b>341,063</b>	<b>171,562</b>

**Wholesale Water Sold**



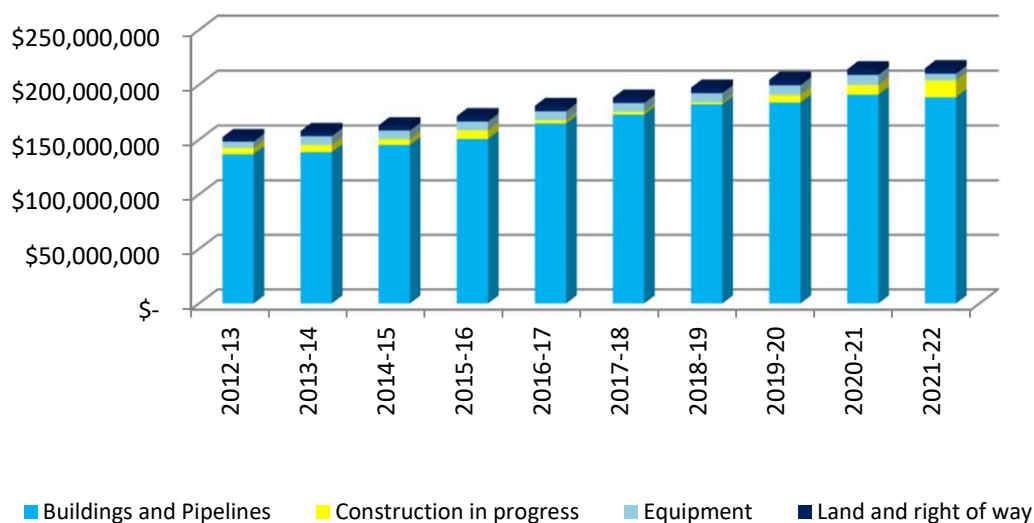
- (1) All numbers reflect per 1,000 GAL
- (2) Wholesale consumers are sold surplus water.
- (3) Source: Medford Water Commission

**MEDFORD WATER COMMISSION - UNAUDITED**  
**Schedule 10**

**Capital Assets - Last Ten Fiscal Years**

	2012-13	2013-14	2014-15	2015-16	2016-17
Capital assets, not being depreciated:					
Land and right of way	\$ 4,152,389	\$ 4,602,383	\$ 4,877,749	\$ 4,925,439	\$ 4,925,439
Construction in progress	5,821,269	6,529,794	5,185,940	7,721,975	2,991,633
Total capital assets, not being depreciated:	9,973,658	11,132,177	10,063,689	12,647,414	7,917,072
Capital assets being depreciated:					
Buildings and Pipelines	136,740,159	138,642,056	145,206,888	150,626,388	164,668,518
Equipment	5,626,420	8,097,672	7,895,296	8,226,052	8,302,608
Total capital assets being depreciated:	142,366,579	146,739,728	153,102,184	158,852,440	172,971,126
Less accumulated depreciation for:					
Buildings and Pipelines	(39,670,162)	(42,024,286)	(44,574,962)	(47,210,514)	(49,926,593)
Equipment	(4,011,016)	(4,162,453)	(4,407,924)	(4,869,251)	(5,381,848)
Total accumulated depreciation	(43,681,178)	(46,186,739)	(48,982,886)	(52,079,765)	(55,308,441)
Total capital assets, being depreciated, net	98,685,401	100,552,989	104,119,298	106,772,675	117,662,685
Total capital assets, net	\$ 108,659,059	\$ 111,685,166	\$ 114,182,987	\$ 119,420,089	\$ 125,579,757

**Capital Assets**



	2017-18	2018-19	2019-20	2020-21	2021-22
\$	4,925,439	\$ 5,056,375	\$ 5,056,375	\$ 5,056,375	\$ 5,056,375
	2,555,349	1,718,939	7,088,533	8,749,419	15,564,531
	7,480,788	6,775,314	12,144,908	13,805,794	20,620,906
	172,971,126	182,303,912	183,731,480	190,969,672	188,584,172
	7,847,672	8,402,770	8,697,504	9,352,276	5,923,159
	180,818,798	190,706,682	192,428,984	200,321,948	194,507,331
	(51,794,674)	(54,942,746)	(57,406,309)	(60,617,545)	(54,297,553)
	(5,144,443)	(5,591,433)	(6,132,728)	(6,615,145)	(2,209,735)
	(56,939,116)	(60,534,179)	(63,539,037)	(67,232,690)	(56,507,288)
	123,819,645	130,172,503	128,889,947	133,089,258	138,000,043
\$	131,300,433	\$ 136,947,817	\$ 141,034,855	\$ 146,895,052	\$ 158,620,949

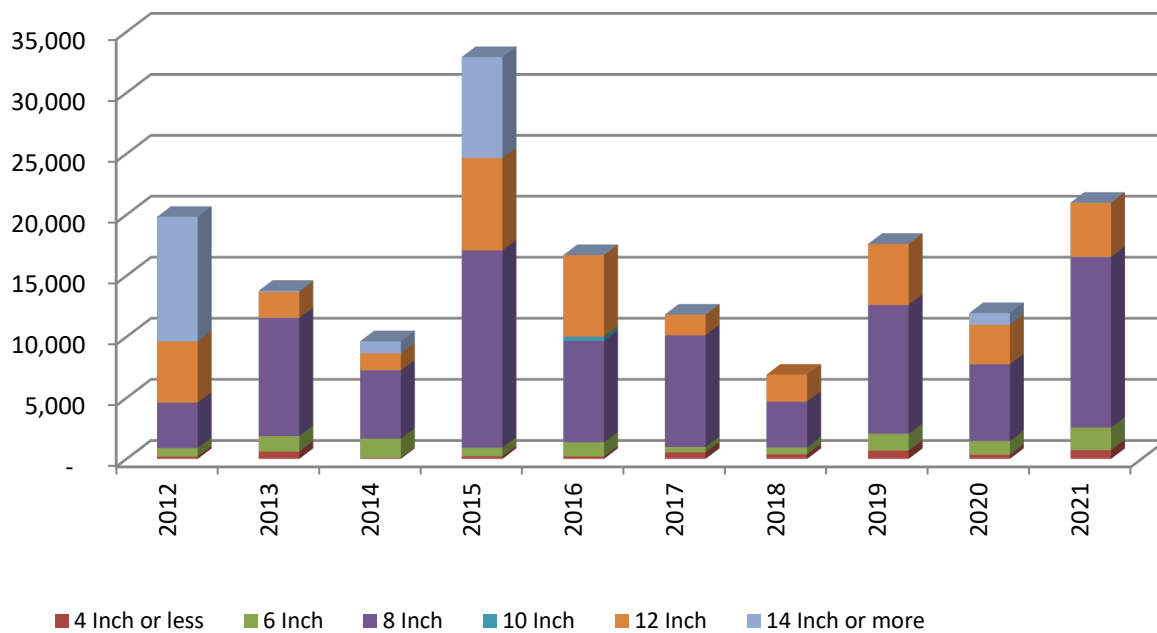


**MEDFORD WATER COMMISSION - UNAUDITED**  
**Schedule 11**

**Annual New Pipeline Summary - Last Ten Calendar Years**

<b>Pipeline Size (feet)</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
4 Inch or less	178	593	52	203	192	532	366	672	335	708
6 Inch	708	1,272	1,604	711	1,166	437	568	1,380	1,126	1,858
8 Inch	3,709	9,661	5,572	16,153	8,291	9,151	3,750	10,539	6,283	13,941
10 Inch	10	14	20	-	356	-	-	-	-	27
12 Inch	5,006	2,109	1,389	7,562	6,677	1,692	2,208	5,006	3,221	4,424
14 Inch or more	10,205	107	992	8,292	-	-	-	-	976	20
<b>Total Pipe (feet)</b>	<b>19,816</b>	<b>13,756</b>	<b>9,629</b>	<b>32,921</b>	<b>16,682</b>	<b>11,812</b>	<b>6,892</b>	<b>17,597</b>	<b>11,941</b>	<b>20,978</b>

**Pipeline Added**



- (1) Note: Fiscal Year Data is not available.  
(2) Pipe Sizes are determined by the diameter of the pipe.  
(3) Source: Medford Water Commission

**MEDFORD WATER COMMISSION - UNAUDITED**  
**Schedule 12**

**Number of Full Time Employees - Last Ten Fiscal Years**

	2012- 13	2013- 14	2014- 15	2015- 16	2016- 17	2017- 18	2018- 19	2019- 20	2020- 21	2021- 22
Administration	5	3	6	5	5	4	4	4	4	3
Finance	3	3	3	3	3	3	3	5	5	5
Technical Services	1	1	2	2	2	2	2	3	4	5
Customer Service	7	6	7	7	7	7	7	7	7	6
Engineering/Conservation	6	6	6	7	8	8	8	8	9	9
Water Maintenance	12	15	14	14	14	14	13	13	12	13
Water Meters / Controls	9	9	9	9	9	9	9	9	10	9
Water Treatment / Water Quality	9	9	9	9	9	11	13	12	12	13
<b>TOTAL</b>	<b>52</b>	<b>52</b>	<b>56</b>	<b>56</b>	<b>57</b>	<b>58</b>	<b>59</b>	<b>61</b>	<b>63</b>	<b>63</b>

**By Location**

Lausmann Annex	22	21	24	24	25	24	24	27	29	28
Robert A. Duff WTP	9	9	9	9	9	11	12	12	12	13
Service Center	21	22	23	23	23	23	23	22	22	22
<b>TOTAL</b>	<b>52</b>	<b>52</b>	<b>56</b>	<b>56</b>	<b>57</b>	<b>58</b>	<b>59</b>	<b>61</b>	<b>63</b>	<b>63</b>

(1) These positions reflect total authorized positions.

(2) Source: Medford Water Commission

**MEDFORD WATER COMMISSION - UNAUDITED**  
**Schedule 13**

**Population Estimates & Income in Jackson County - Last Ten Fiscal Years**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Medford</b>	75,545	75,920	76,330	77,655	78,500	79,590	80,375	81,465	85,824	87,353
<b>Other Cities</b>										
Central Point	17,275	17,315	17,455	17,485	17,585	17,700	17,895	18,365	18,997	19,702
Eagle Point	8,550	8,575	8,666	8,695	8,765	8,930	9,105	9,260	9,686	9,854
Jacksonville	2,815	2,840	2,979	2,880	2,920	2,950	2,980	3,015	3,020	3,080
Phoenix	4,570	4,570	4,580	4,585	4,585	4,605	4,620	4,650	4,475	4,096
Talent	6,115	6,170	6,310	6,270	6,305	6,325	6,380	6,495	6,282	5,737
Ashland	N/A	N/A	20,340	20,405	20,620	20,700	20,815	20,960	21,360	21,554
<b>Total Population</b>	<b>114,870</b>	<b>115,390</b>	<b>136,660</b>	<b>137,975</b>	<b>139,280</b>	<b>140,800</b>	<b>142,170</b>	<b>144,210</b>	<b>149,644</b>	<b>151,376</b>
<b>Personal Income (Millions of Dollars)</b>	<b>\$ 7,417</b>	<b>\$ 7,544</b>	<b>\$ 8,188</b>	<b>\$ 8,765</b>	<b>\$ 9,216</b>	<b>\$ 9,647</b>	<b>\$ 10,232</b>	<b>\$ 10,670</b>	<b>\$ 11,497</b>	<b>\$ 12,717</b>
<b>Per Capita Personal Income (Dollars)</b>	<b>\$ 36,047</b>	<b>\$ 36,420</b>	<b>\$ 39,151</b>	<b>\$ 41,374</b>	<b>\$ 42,926</b>	<b>\$ 44,360</b>	<b>\$ 46,603</b>	<b>\$ 48,291</b>	<b>\$ 51,824</b>	<b>\$ 56,842</b>

(1) 2012 - 2021 Population numbers are prepared by Population Research Center ([www.pdx.edu](http://www.pdx.edu)), PSU.

(2) 2012 - 2021 Personal Income and Per Capita Personal Income provided by Bureau of Economic Analysis for Jackson County, ([www.bea.gov/](http://www.bea.gov/)).

COMMENTS AND DISCLOSURES OF INDEPENDENT AUDITOR REQUIRED BY STATE STATUTE



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## **INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS**

Board of Commissioners  
Medford Water Commission  
Medford, Oregon

We have audited the basic financial statements of the Medford Water Commission ("Commission"), as of and for the year ended June 30, 2022, and have issued our report thereon dated December 21, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

### **Compliance**

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

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

- Deposit of public funds with financial institutions (ORS Chapter 295)
- Insurance and fidelity bonds in force or required by law
- Authorized investment of surplus funds (ORS Chapter 294)
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)

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

### **OAR 162-10-0230 Internal Control**

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

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended for the information of management and the State of Oregon, Secretary of State, Audits Division. However, this report is a matter of public record and its distribution is not limited.

*Paul R. Nielson*

By Paul R. Nielson, member of the firm  
for Isler CPA  
December 21, 2022