

**CITY OF  
ASHLAND**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
for the year ended June 30, 2011

Prepared by the Administrative Services Department  
Lee Tuneberg, Administrative Services and Finance Director



**INTRODUCTORY SECTION**

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## INTRODUCTORY SECTION

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# CITY OF ASHLAND

October 24, 2011

To the Citizens of the City of Ashland:

RE: City of Ashland Comprehensive Annual Financial Report

We are pleased to submit the Comprehensive Annual Financial Report of the City of Ashland for the fiscal year ended June 30, 2011, as mandated by state statutes. These statutes require that the City of Ashland issue an annual report on its financial position and activity, and that this report be audited by an independent firm of certified public accountants licensed by the State of Oregon to conduct municipal audits. This report must be published within six months of the end of each fiscal year. Management holds responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the enclosed data is accurate in all material aspects and is reported in a manner designed to fairly present the financial position and the results of operations of the various funds and component unit of the City of Ashland. All disclosures necessary to enable the reader to gain an understanding of the City of Ashland's activities have been included.

Based upon their audit, the independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion and that the City's financial statements for the year ended June 30, 2011, are presented in conformity with Generally Accepted Accounting Principals (GAAP). The independent auditor's report is presented as the first component of the financial section of this report. It is followed by a Management Discussion and Analysis report on pages 5 through 17. The reader is encouraged to review these pages for a better understanding of the City, its financial condition, and its activities for the year.

The financial reporting entity includes all the funds of the City of Ashland, as well as all of its component unit, the Parks and Recreation Commission. Component units are legally separate entities for which the primary government is financially accountable. The City provides a full range of services including police protection, fire protection, building inspection, planning services, economic development, social services, senior program, ambulance, electric, cable television and internet access, water, streets, storm drain, wastewater, airport, cemetery, band, and parks and recreation activities.

The Parks and Recreation Commission activities are reported as a discretely presented component unit. The discretely presented component unit is reported in a separate column in the government-wide financial statements. This emphasizes that it is operated autonomously and accounted for separately from the primary government. It also differentiates its financial position, results of operations, and cash flows from those of the primary government.

## **GOVERNMENTAL STRUCTURE, ECONOMIC CONDITIONS AND OUTLOOK**

The City was incorporated in 1874 and is located in the southwest part of the state, It currently has a land area of 6.52 square miles with a population of 20,095. The government has all powers necessary or convenient for the conduct of its municipal affairs, including the power to levy a property tax on both real and personal property located within its boundaries. The City also has the power, by state statute, to extend its corporate limits by annexation, which is done periodically when deemed appropriate by the City Council.

The City operates under the council-administrator form of government. Policymaking and legislative authority are vested in the Mayor and City Council. The governing Mayor and Council are responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the City Administrator and the City Attorney. The City Council consists of a mayor and six-member council. The Mayor, who presides at the council meetings, is elected at-large for a four-year term. Six council members are elected at-large for four-year staggered terms with three council members elected every two years. Other elected officials are the City Recorder/Treasurer, Municipal Judge, and the five-member Parks and Recreation Commission.

The City Administrator has responsibility for all functions, with the exception of the Parks Commission. The City Administrator recommends the appointment or dismissal of department heads (Fire Chief, Police Chief, Public Works Director, Community Development Director, Administrative Services/Finance Director, Electric Director and Information Technology Director). The Mayor, with confirmation of the City Council, appoints the City Administrator, the City Attorney, department heads, and the Band Board. The City Administrator is also responsible for carrying out the policies and ordinances of the City Council and overseeing the day-to-day operations of the City.

In addition to the help they receive from their appointed staff and employees, 21 standing advisory boards and commissions and various ad hoc committees assist the City Council. Over 135 Ashland citizens serve on these boards and commissions and make a valuable contribution to the City of Ashland.

The City of Ashland's economic base depends primarily on higher education and tourism. In addition, the U.S. Fish and Wildlife National Forensics Laboratory is located in Ashland. It is the only crime lab in the world dedicated entirely to wildlife and serves both the national and international communities. Ashland's downtown business district has a high occupancy rate with a variety of shops, restaurants, commercial businesses, and financial institutions. The state has a major economic presence in the area in Southern Oregon University (SOU), which is located on a 175 acre campus within the city limits approximately one mile from the city center.

According to the State of Oregon Employment Department, Ashland has an employed work force of approximately 9,400 with an average annual pay of \$30,990, which represents over 11.4 percent of Jackson County's labor force. A return of some parts of the economy is appearing with early reports on better ticket sales, local tax revenues and university enrollments. Examples are the Transient Occupancy Tax and Food and

Beverage Tax revenues (for all business activities as presented in tables in the *Statistical* section). Transient Occupancy Tax revenue increased 2.0 percent and Food and Beverage tax revenue increased 2.1 percent. It is not uncommon to have local taxes, especially those relating to tourism, “lead” the tax revenues from other tax revenue sources relating to construction.

In 2010-2011, the City issued \$15.6 million dollars in building permits, with roughly 90 percent coming from residential permits. New commercial development/construction permit values for 2010-11 remained near the ten-year low of five permits with a combined calculated valuation of \$1.63 million. Total assessed property value increased 3.3 percent during the year.

The Ashland Chamber of Commerce publication, *Living and Doing Business Guide - 2011* provides a host of current information relevant to the city’s economy. Based on data from the Oregon Economic Development Department, the guide reports that Ashland’s consumer expenditures were over \$439 million in 2010, the median price of a home was \$285,000 (about the same as 2003) and that 53 percent of the populace have a Bachelor’s or advanced degree.

Much of this can be attributed to tourism generated by cultural attractions, the largest of which is the Oregon Shakespeare Festival Association (OSFA), a nationally renowned theater company presenting eleven plays over a season from February through October, to an estimated attendance of over 350,000. OSFA employs 450 (85 are actors) and has nearly 500 volunteers. Southern Oregon University reports over 6,500 students, 750 faculty and administration and over \$100 million in annual revenue. The Ashland Independent Film Festival, Ski Ashland, local galleries, museums and many more also play key roles in the economic impacts identified above.

## **INITIATIVES**

In February 2010, the City Council set the following goals for the next 12 to 24 months:

## **2010-2011 CITY COUNCIL GOALS**

### **OVERVIEW**

The City Council has set goals for the next 12 to 24 months, to continue Ashland’s history as a community that focuses on sustaining itself and its people. To us, sustainability means using, developing and protecting resources at a rate and in a manner that enables people to meet their current needs and also provides that future generations can meet their own needs. The City of Ashland has a responsibility towards sustainability in six primary areas:

- Economy
- Environment
- Social Equity
- Municipal Organization
- Public Facilities
- Partnerships

**ECONOMY**

Develop and implement a comprehensive economic development strategy for the purpose of:

- Diversifying the economic base of the community
- Supporting creation and growth of businesses that use and provide local and regional products
- Increasing the number of family-wage jobs in the community
- Leveraging the strengths of Ashland's tourism and repeat visitors

Develop an implementing strategy for funding infrastructure and public facilities for economic development projects.

Increase the clarity, responsiveness, and certainty of the development process.

**ENVIRONMENT**

Develop an integrated land use and transportation plan to:

- Increase the viability of transit, bicycles, walking and other alternative modes of transportation
- Reduce per capita automobile vehicle miles traveled
- Provide safe walking and bicycling routes to home, work, shopping, and schools
- Implement environmentally responsible design standards
- Minimize new automobile-related infrastructure

Adopt an integrated Water Master Plan that addresses long-term water supply, including climate change issues, security and redundancy, watershed health, conservation and reuse, and stream health.

Implement specific capital projects and operational programs to ensure that City facilities and operations are a model of efficient use of water, energy, land, and other key resources.

Adopt land use codes, building codes, green building standards, and fee structures that create strong incentives for new development that is energy, water, and land efficient and supports a multi-modal transportation system.

Develop a strategy to use conservation and local renewable sources to meet Tier 2 power demands.

Plan for low-water years by:

- Implementing a public information and technical assistance campaign that encourages summer time conservation
- Considering options for a summer time surcharge to encourage efficient irrigation practices

## **SOCIAL EQUITY**

Complete the sale of a portion of the Clay Street property to Parks and Recreation and decide whether to develop or sell the remaining land.

Convene a discussion of stakeholders working on issues related to homelessness to develop a plan for:

- Replacing services previously provided by Interfaith Care Community of Ashland
- Developing an emergency shelter for minors
- Improving connections with Ashland's homeless to services available in Jackson County
- Ensuring that Jackson County's Ten-Year-Plan addresses specific issues faced in Ashland

## **ORGANIZATION**

Develop a plan for fiscal stability, to manage costs, prioritize services, and insure key revenue streams for the City and Parks and Recreation.

Address issues related to the stability of the organization, including employee recruitment and retention, succession planning, and effective and increased use of citizen volunteers.

## **PUBLIC FACILITIES**

Develop a plan to replace Fire Station No. 2.

Define a long-term strategy for the Ashland Fiber Network that improves its financial viability, provides high quality services to residents, and promotes healthy economic development.

## **PARTNERSHIPS**

Foster strong collaboration between the local community, city, state and federal leaders, in efforts to improve the health of the Ashland watershed, reduce fire hazards and restore forest health.

Advocate for the long-term viability of rail service to and through Ashland and encourage the use of rail through land use, transportation, and economic development planning.

In the current fiscal year, the City has:

1. Evaluated and updated capital projects on a needs and available funding basis, as part of the annual budget process
2. Obtained voter approval to finance the construction of Fire Station No. 2 through General Obligation bonds
3. Retired the debt for the Community Development/Engineering Services building located at 51 Winburn Way early, to save on total interest costs, and refinanced the loan for the wastewater treatment plant, to lower annual payments by \$120,000, saving over \$1.3 million in total cost

4. Increased contributions to the Reserve Fund from a larger than anticipated ending fund balance in the General Fund
5. Implemented rate increases where needed for fiscal stability
6. Continued studies to evaluate ongoing operational needs, project funding, and utility rate impacts
7. Complied with Governmental Accounting Standards Board Statement (GASBS) No. 54, updating ending fund balance categorization to enhance understanding and to ensure compatibility with other government agencies
8. Funded Public Employee Retirement System (PERS) increases and changed health care providers for all units, thereby stabilizing costs and providing cost containment options for the future
9. Implemented significant portions of the personnel classification study for most general service (non-public safety) positions
10. Granted over \$120,000 for safety net services and \$590,000 to encourage economic and cultural activities

Management also took positive steps to settle labor contracts, balancing a difficult economy with the needs of the positions to remain relatively competitive in the market.

## **FINANCIAL INFORMATION**

Management is responsible for establishing and maintaining an internal control structure designed to ensure that assets of the City are protected from loss or theft and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable assurances that: (1) the cost of a control does not exceed the benefits likely to be derived, and (2) management uses its best judgment to value the costs and benefits as it relates to cost of internal control.

The City's system of internal accounting controls is designed to provide reasonable, although not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition.

As a frequent recipient of federal, state and local financial assistance, the City must also have an adequate internal control structure in place to ensure and document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by management and staff.

Tests were made of the government's internal control structure and of its compliance with applicable laws and regulations, including those related to federal financial assistance programs. Although this testing was not sufficient to support an opinion on the City's internal control system or its compliance with laws and regulation related to non-major federal financial assistance programs, the audit for the year ended June 30, 2011, disclosed no material internal control weaknesses or material violations of laws and regulations.

In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriations budget resolution approved by the City Council. All funds are included in the annual appropriated budget. The annual 2010-2011 budget was prepared on a fund basis with department, program, and line item detail.

Accounting principles generally accepted in the United States of America require that management provide a discussion and analysis to accompany the financial statements. This letter of transmittal compliments management's discussion and analysis, and should be read in conjunction with it. The City's Management's Discussion and Analysis can be found on pages 5-17, immediately following the independent auditors report.

**Significant Impacts.** The City's investment policy objectives are: to preserve capital, maintain liquidity and diversification, and attain a market rate of return throughout budgetary and economic cycles. Investments are valued at fair value, as required by GASBS 31. Changes in the economy and investment market are prompting a review of the City's policy. As of June 30, 2011, the fair market value of the investment in the Local Government Investment Pool was 100 percent of the pool shares, as reported in Oregon Short Term Fund audited financial statements.

The City provides life and health coverage to its employees and their dependants. The City pays 95 percent of premiums for employees, with management and all five bargaining units paying the remaining five percent. Other optional supplemental insurances are available to employees and are paid entirely by the individuals electing to carry them. The rising cost of employee benefits, especially health care and retirement, prompted the City to change providers in FY 2010-2011, to hold costs flat and provide a tracking system to support cost containment options in the future, such as becoming "self insured" in three years, if warranted.

An actuarial review of other post employment benefit programs was performed during the year, and the results from the study are incorporated within this report on pages 56 through 59, in the *Notes to Basic Financial Statements* section.

## **OTHER INFORMATION**

**Tax Limitation.** Article IX of the Oregon Constitution contains various limitations of property taxes levied by local jurisdictions. The Constitution calls for taxes imposed upon property to be segregated into two categories: one to fund the public school system and community colleges and the other for local governments. The citizens of the State of Oregon approved a property tax limitation, commonly referred to as Measure 5, in November 1991. This constitutional amendment divides property taxes into an education category and an "all other" local government category.

The education category property taxes were limited to \$15.00 per thousand of real market value (RMV) initially, and have been lowered to \$5.00 per thousand. The local government category is limited to \$10.00 per thousand. The 2010-2011 local government tax rate in the City of Ashland was \$4.60, well within the limitation. Voter approved general obligation debt is not subject to the \$10.00 limitation.

In November 1996, the citizens of the State of Oregon approved another property tax limitation, commonly referred to as Measure 47. Prior to enactment, this measure was repealed and replaced by Measure 50, by special election on May 20, 1997. Measure 50 changed the property tax limitation on levies, rates assessment, and equalization, after the 1996-1997 fiscal year. Measure 50 includes a reduction of property tax to previous levels and a limit on the growth in assessed valuation, which will result in a limit on a tax increase in subsequent years. Specifically, Measure 50 rolled the assessed value of each unit of property for the tax year 1997-98 back to its 1995-96 “real market value” less ten percent. The measure limited increases in assessed value in future years to three percent per year. The measure also establishes a new permanent tax rate for each taxing district. Ashland’s permanent rate for the operating levies is set at \$4.2865, although the City chose to levy only \$4.1973 of this amount in fiscal year 2010-2011. The measure also provides for voter approved “Local Option Levies” for levies outside the limits. In May 1997, Ashland voters approved the three-year *Ashland Youth Activities Levy* as a Local Option Levy at a rate of \$0.97. The levy was renewed in May 2000 and again in May 2003, at a maximum rate of \$1.38. The 2003 renewal ended in fiscal year 2008. The City of Ashland is still receiving delinquent payments for Ashland Youth Activity Levy from Jackson County.

A *local option levy* of \$0.20 was approved by the voters to provide extended library services in Ashland beginning in FY 2007-2008. It was renewed in FY 2008-2009 at \$0.13, and in FY 2009-2010 and FY 2010-2011 at \$0.19 per thousand of valuation.

**Awards.** The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for fiscal year ended June 30, 2010. This was the eighteenth year the City had submitted its report for review. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements. This award is valid for a period of one year. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program’s requirements, and we intend to submit it to the GFOA to determine its eligibility for another certificate.

In addition, the City of Ashland received the GFOA’s Award for Distinguished Budget Presentation for its annual 2010-2011 budget. In order to qualify for the Distinguished Budget Presentation Award, the City’s budget document was judged to be proficient in several categories, including policy documentation, as an operational guide, as a financial plan, and as a communication device.

**Acknowledgments.** The timely preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the entire staff of the City of Ashland Administrative Services/Finance Department, all other departments and the Ashland Parks and Recreation Commission staff. Each member has our sincere appreciation for the contribution made, with special thanks to the Accounting Division and Finance Administration staff for their dedicated efforts in maintaining the accounting systems, audit preparation and report writing.



Martha Bennett  
City Administrator

Lee Tuneberg  
Administrative Services/Finance Director



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Ashland  
Oregon

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

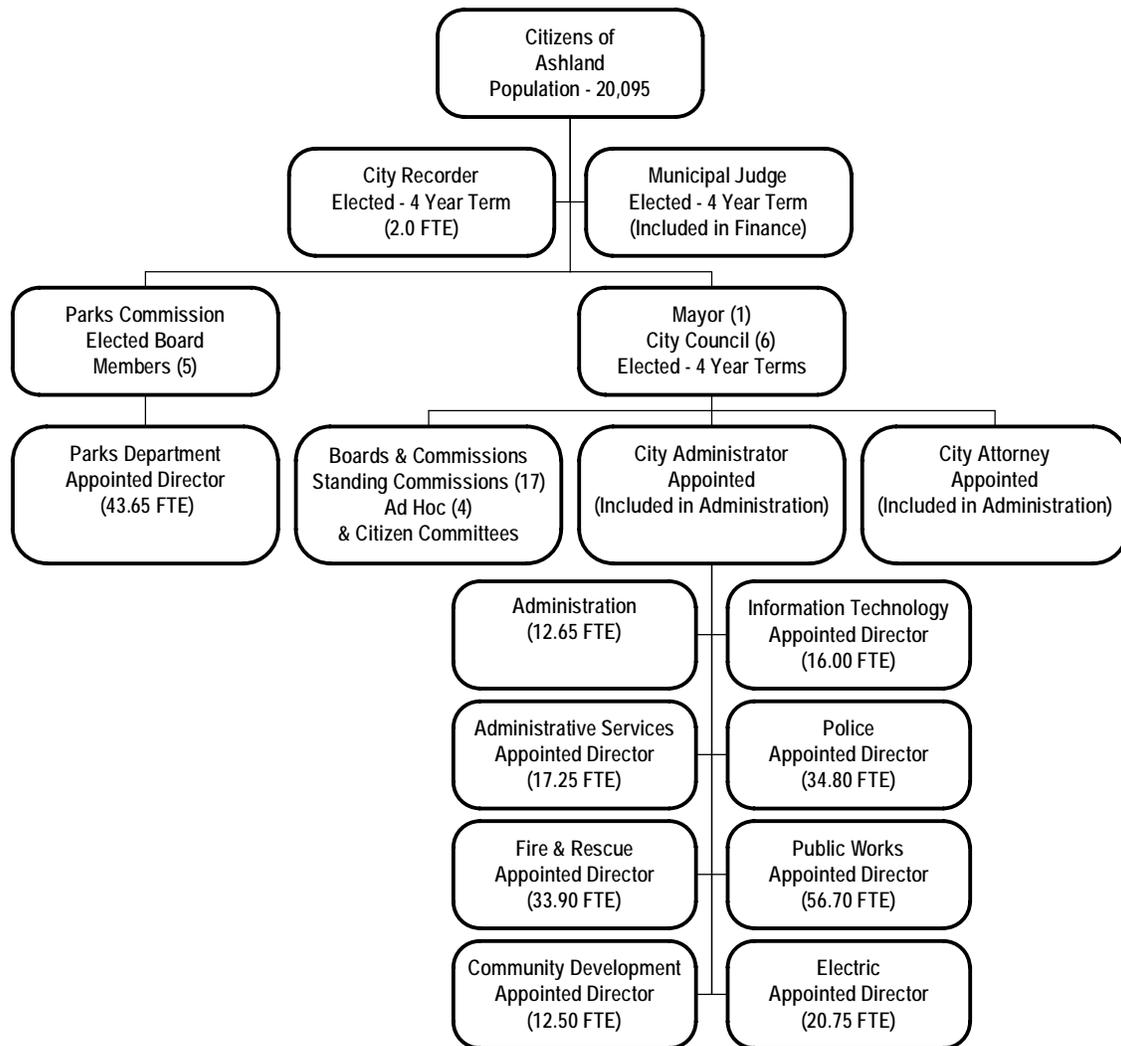
**CITY OF ASHLAND  
ELECTED CITY OFFICIALS  
as of June 30, 2011**

<u>Name</u>	<u>Position</u>
John Stromberg 252 Ridge Road Ashland, OR 97520	Mayor
David Chapman 390 Orchard Street Ashland, OR 97520	Council Member
Greg Lemhouse 2850 Wedgewood Ashland, OR 97520	Council Member
Michael Morris 720 S. Mountain Avenue Ashland, OR 97520	Council Member
Russ Silbiger 562 Ray Lane Ashland, OR 97520	Council Member
Dennis Slattery 1405 Pinecrest Terrace Ashland, OR 97520	Council Member
Carol Voisin 908 Fox Street Ashland, OR 97520	Council Member
Pam B. Turner P.O. Box 1299 Ashland, OR 97520	Municipal Judge
Barbara Christensen 759 Willow Street Ashland, OR 97520	Recorder/Treasurer

**CITY OF ASHLAND  
APPOINTED CITY OFFICIALS  
as of June 30, 2011**

<u>Name</u>	<u>Position</u>
Martha Bennett 223 Eastbrook Way Ashland, OR 97520	City Administrator
David H. Lohman 1327 Reddy Avenue Medford, OR 97504	City Attorney
Mike Faught 3685 Coleman Creek Road Medford, OR 97501	Public Works Director
Terry Holderness 50 Pine Street Ashland, OR 97520	Police Chief
VACANT	Electric Director
John Karns 440 Wiley Street Ashland, OR 97520	Fire Chief
VACANT	Information Technology Director
William Molnar 155 Hillcrest Street Ashland, OR 97520	Community Development Director
Darlow "Lee" Tuneberg 327 Starflower Lane Ashland, OR 97520	Administrative Services/Finance Director/ Acting Assistant City Administrator/ Budget Officer

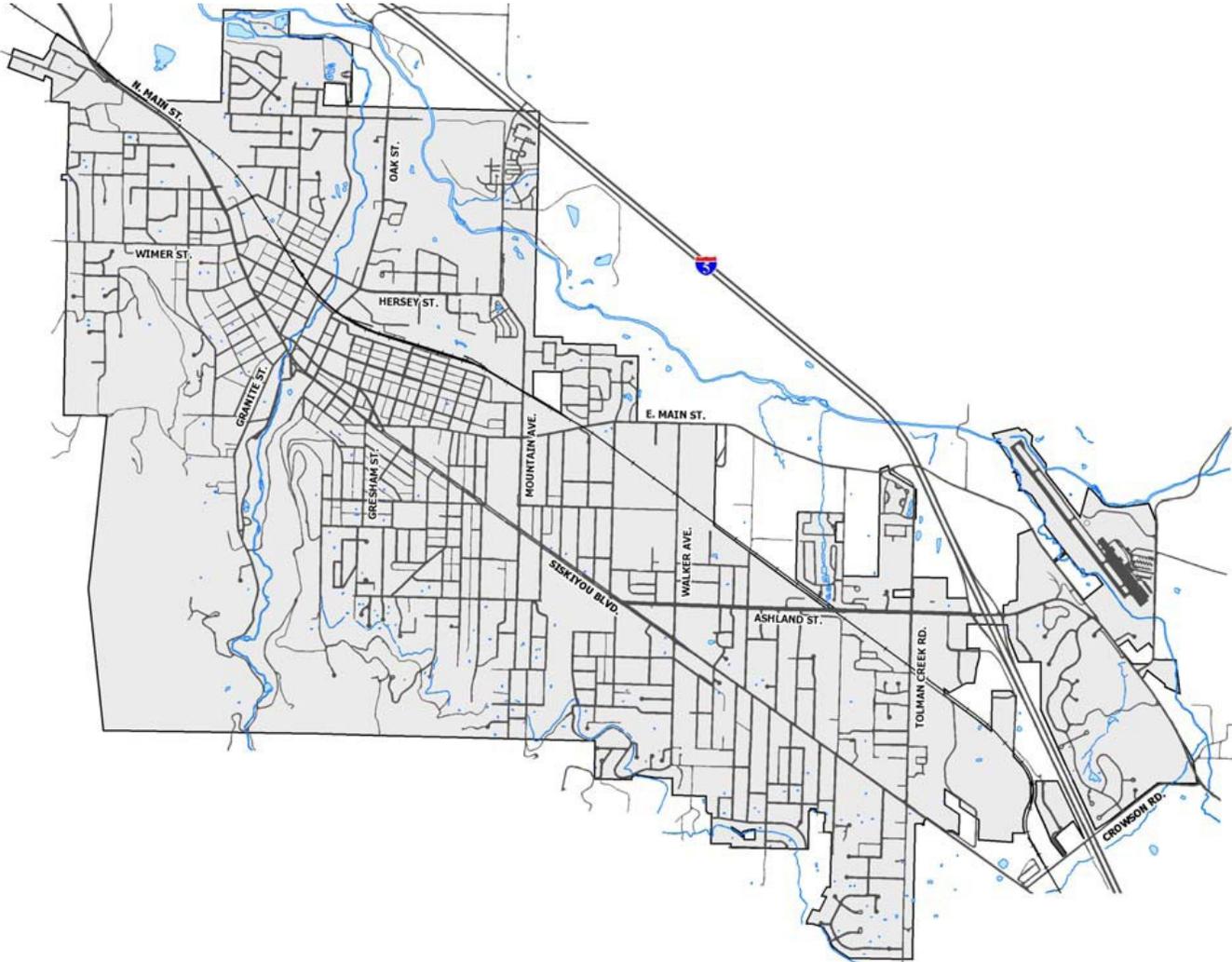
## City of Ashland 250.20 FTE Adopted



# CITY OF ASHLAND



## Vicinity Map 2011







October 24, 2011

The City Council and  
The Ashland Parks and Recreation Commission  
City of Ashland, Oregon

The Municipal Audit Committee was established by the City Council to perform certain tasks relating to the annual audit. The Ashland Parks and Recreation Commission, a component unit of the City of Ashland, has delegated similar responsibilities to the Committee for their annual audit process.

In fulfilling its responsibilities, the Committee participates in selecting the City's auditor on a regular basis. The Committee interviews qualified, independent certified public accountants and discusses the overall scope and specific plans for the audit. The Committee also recommends which municipally-certified individual or firm is to be engaged as the City's auditor by the City Council.

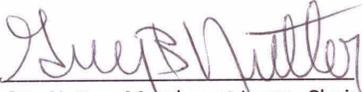
At the conclusion of the annual audit, the Committee meets with the City's auditor to discuss the results of their audit and their evaluation of the City and Parks financial reporting. The Committee also discusses the financial accounting and reporting processes with the City's auditor, including the preparation of the financial statements for the City and Parks Commission, safeguarding of assets and other resources against unauthorized acquisition, use or disposition, and other required accounting issues.

After receiving the annual reports and related documentation from the auditor and staff, evaluating the information, and considering the potential for changes, the Committee makes recommendations to both elected bodies on acceptance of the respective annual reports and changes deemed appropriate through the process.

Based upon the above, we accept the 2010-2011 Comprehensive Annual Financial Report (CAFR) and the related audit reports of the independent certified public accountants for the City of Ashland and the Ashland Parks and Recreation Commission and recommend that the respective CAFR and auditor's reports be accepted by the Council and the Commission.

Respectfully submitted,

The Municipal Audit Committee

  
Guy Nutter, Member at Large, Chair

  
Roberta Stebbins, Member at Large  
Representing Budget Committee

  
Barbara Christensen, City Recorder/  
Treasurer Ex-Officio Member

  
Dennis Slattery, Member  
City Council Liaison

Administrative Services Department  
D.L. Tuneberg, Director  
20 East Main Street  
Ashland, Oregon 97520  
www.ashland.or.us

Tel: 541.488.5300  
Fax: 541.552.2059  
TTY: 800.735.2900





## **FINANCIAL SECTION**

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**PAULY, ROGERS AND CO., P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

- 
- 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
  - (503) 620-2632 • FAX (503) 684-7523

October 13, 2011

To the Honorable Mayor and  
Members of the City Council  
City of Ashland, Oregon

INDEPENDENT AUDITORS' REPORT

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Ashland, Jackson County, Oregon, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. The financial statements of the Ashland Parks and Recreation District (a component unit) were not audited in accordance with Government Auditing Standards. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Ashland, Jackson County, Oregon, at June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management Discussion and Analysis and the required supplementary information, as listed on the table of contents, are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

**2011 CAFR financial section**

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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ashland's basic financial statements. The introductory section, supplementary information, supplemental information and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as listed in the table of contents, is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. The supplementary information, the Schedule of Expenditures of Federal Awards and supplemental information, as listed in the table of contents, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



PAULY, ROGERS AND CO., P.C.

## MANAGEMENT’S DISCUSSION AND ANALYSIS

City of Ashland management offers this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2011, to readers of the financial statements. Certain information has been provided for the Ashland Parks & Recreation Commission, which qualifies as a component unit of the City. Please read Management’s Discussion and Analysis (MD&A) in conjunction with the transmittal letter included in the introductory section of this report and the City’s Financial Statements, which follow.

### Financial Highlights

- Total net assets of the City of Ashland (total assets less total liabilities) at fiscal year ended June 30, 2011, is \$104,327,892.
- The City’s total net assets increased this year by \$2,877,411 or 2.8 percent.
- The City’s reported Governmental funds combined ending fund balances, totaling \$9,552,377, is an increase of \$331,462 or 3.6 percent for the year. Proprietary funds combined ending fund balances decreased by \$19,345, to \$60,611,756. Internal Service funds reported a combined \$343,070 decrease in ending fund balances. The unassigned fund balance for the General Fund was \$2,871,153 or 20 percent of total General Fund expenditures.

Figure 1 City of Ashland  
Sources of Revenue for Fiscal Year 2011

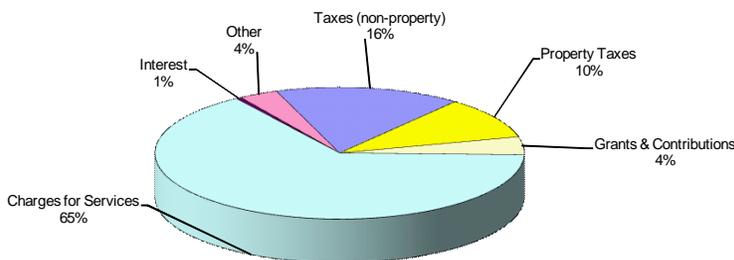
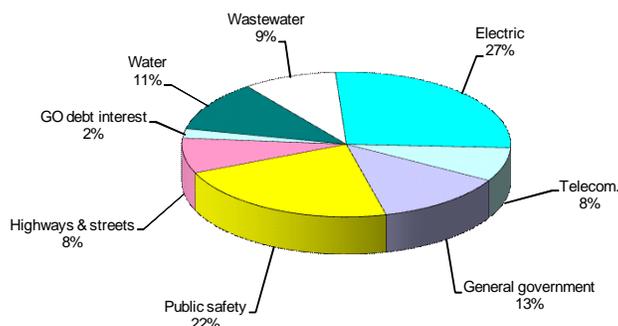


Figure 2 City of Ashland  
Program Expenses for Fiscal Year 2011



## Overview of the Financial Statements

This annual report consists of three parts—*management’s discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*.

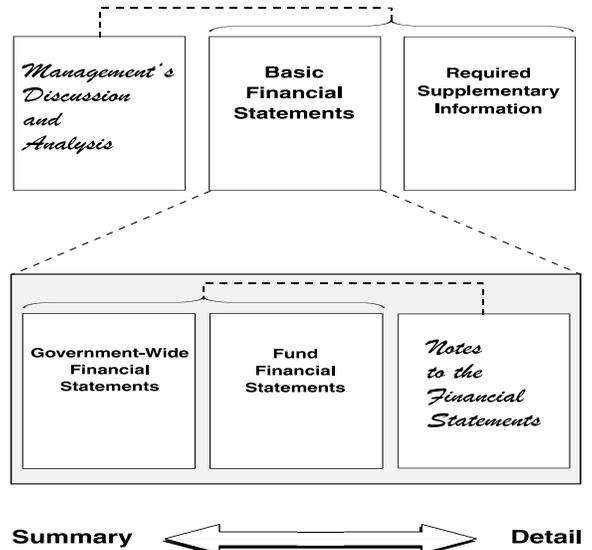
Figure 3 shows how the required parts of this annual report are arranged and related to one another. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City’s overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the City’s operations in more detail than the government-wide statements.
- The *governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*.
- *Fiduciary fund* statements provide information about the financial relationships in which the City acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

Figure 4 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

Figure 3  
Required Components of the  
City of Ashland’s Annual Financial Report



**Figure 4 Major Features of the City of Ashland's Government-wide and Fund Financial Statements**

Type of Statements	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City's government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private business and internal service funds	Instances in which the City is the trustee or agent for someone else's resources
Required financial statements	-Statement of net assets	-Balance sheet	-Statement of net assets	-Statement of fiduciary net assets
	-Statement of activities	-Statement of revenues, expenditures and changes in fund balances	-Statement of revenues, expenses and changes in fund net assets -Statement of cash flows	-Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenue and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures for goods or services that have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

**Government-wide Statements**

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed. Net assets—the difference between the City's assets and liabilities—is one way to measure the City's financial health or *position*.

- Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, one needs to consider additional nonfinancial factors such as changes in the City's tax base.

The government-wide financial statements of the City include the *governmental activities*. Most of the City's basic services are included here, such as general government, public safety, highways and streets, and interest on long-term debt. Property taxes, grants and some fees finance most of these activities.

## Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant *funds*—not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

Some funds are required by State law and by bond covenants.

The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has the following kinds of funds:

*Governmental funds*—Most of the City's basic services are included in governmental funds, which focus on: (1) how *cash and other financial assets* can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.

*Proprietary funds*—Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government wide statements, provide both long-term and short-term financial information.

We use *Internal Service funds* to report activities that provide supplies and services for the City's other programs and activities.

## FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

**Net assets:** The City's combined net assets were \$104,327,892 at June 30, 2011 (see Table A following and the *Statement of Net Assets* on page 21).

At June 30, 2011, approximately 50 percent (\$5.7 million) of the City's restricted net assets represent proceeds from systems development charges, as compared to \$6.1 million or 61 percent the prior year. These proceeds, when spent, are restricted for capital assets or related debt. The \$9.1 million of unassigned net assets at June 30, 2011, is 24 percent less than the prior year. This is primarily due to implementation of GASB 54 which moved the emphasis from how much can be carry forward to how much is restricted in use in the carry forward.

**Table A**  
City of Ashland's Net Assets  
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2011-2010
	2011	2010	2011	2010	2011	2010	
<b>Current Assets:</b>							
Cash and cash equivalents	\$ 12,770	\$ 11,832	\$ 6,743	\$ 6,959	\$ 19,513	\$ 18,791	3.8%
Receivables, net	4,085	2,648	2,409	2,308	6,494	4,956	31.0%
Inventories - supplies and materials	55	32	741	733	796	765	4.1%
Deferred charges	-	-	845	966	845	966	-12.5%
Internal balances	(354)	(535)	354	535	-	-	n/a
<b>Restricted assets:</b>							
Cash and cash equivalents	802	756	-	-	802	756	6.1%
Total current assets:	<u>17,358</u>	<u>14,733</u>	<u>11,092</u>	<u>11,501</u>	<u>28,450</u>	<u>26,234</u>	8.4%
<b>Non-current Assets:</b>							
Capital assets	93,551	90,027	116,187	115,194	209,738	205,221	2.2%
Less accumulated depreciation	(44,589)	(42,261)	(46,029)	(42,248)	(90,618)	(84,509)	7.2%
Total non-current assets	<u>48,962</u>	<u>47,766</u>	<u>70,158</u>	<u>72,946</u>	<u>119,120</u>	<u>120,712</u>	-1.3%
Total assets	<u>66,320</u>	<u>62,499</u>	<u>81,250</u>	<u>84,447</u>	<u>147,570</u>	<u>146,946</u>	0.4%
<b>Current Liabilities:</b>							
Accounts payable and accrued liabilities	6,110	3,607	1,705	1,891	7,815	5,498	42.1%
Deferred revenue	-	-	-	-	-	-	n/a
Total current liabilities	<u>6,110</u>	<u>3,607</u>	<u>1,705</u>	<u>1,891</u>	<u>7,815</u>	<u>5,498</u>	42.1%
<b>Long-term liabilities:</b>							
Claims payable	<u>16,848</u>	<u>18,607</u>	<u>18,579</u>	<u>21,390</u>	<u>35,427</u>	<u>39,997</u>	-11.4%
Total liabilities	<u>22,958</u>	<u>22,214</u>	<u>20,284</u>	<u>23,281</u>	<u>43,242</u>	<u>45,495</u>	-5.0%
<b>Net Assets:</b>							
Invested in capital assets	32,113	29,159	51,580	51,556	83,693	80,715	3.7%
Restricted	7,234	4,169	4,271	4,523	11,505	8,692	32.4%
Unrestricted	4,014	6,956	5,115	5,087	9,129	12,043	-24.2%
Total net assets	<u>\$ 43,361</u>	<u>\$ 40,284</u>	<u>\$ 60,966</u>	<u>\$ 61,166</u>	<u>\$ 104,327</u>	<u>\$ 101,450</u>	2.8%

**Changes in net assets:** The City's total revenues for FY 2011 were \$50 million or \$4 million (8.7 percent) more than the prior year. Both program and general revenues recorded increases over the prior year with the exception of interest.

Notable changes in revenue were:

- An increase in *Charges for Services* of \$1.3 million (4.2 percent); and increase in *Governmental Activities* due to higher collections for debt service payments; and an increase in *Business-type Activities* due to additional sales in utilities.
- An increase of \$2,169,000 (628 percent), as compared to the prior year, due to qualifying for and receiving more operating and capital grants and contributions.
- An increase of \$689,000 in *Other* general revenue, which is attributable to an interfund loan of \$550,000 to the *Water Fund* and bond proceeds of \$324,000 in the *Wastewater Fund*.

## 2011 CAFR financial section

Of the total \$49.5 million in revenue, 66 percent or \$32.6 million is from *Charges for Services*. Only 26 percent, or \$13.1 million, comes from the various sources of taxes, consistent with the prior year's \$12.7 million in taxes. (See Table B below and the *Statement of Activities* on pages 22 and 23.)

**Table B**  
Changes in City of Ashland's Net Assets  
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2011-2010
	2011	2010	2011	2010	2011	2010	
Program revenues:							
Charges for services	\$ 10,527	\$ 9,823	\$ 22,069	\$ 21,466	\$ 32,596	\$ 31,289	4.2%
Operating grants and contributions	209	114	532	368	741	482	53.7%
Capital grants and contributions	1,428	196	-	-	1,428	196	628.6%
General revenues:							
Property taxes	5,094	4,822	-	-	5,094	4,822	5.6%
Other taxes	6,487	6,267	1,593	1,584	8,080	7,851	2.9%
Interest	117	134	107	114	224	248	-9.7%
Other	263	294	1,114	394	1,377	688	100.1%
Total revenues	<u>24,125</u>	<u>21,650</u>	<u>25,415</u>	<u>23,926</u>	<u>49,540</u>	<u>45,576</u>	8.7%
Program expenses:							
General government	5,964	4,814	-	-	5,964	4,814	23.9%
Public safety	10,457	11,410	-	-	10,457	11,410	-8.4%
Highways and streets	3,651	2,894	-	-	3,651	2,894	26.2%
Interest on long-term debt	976	1,033	-	-	976	1,033	-5.5%
Water	-	-	5,261	4,599	5,261	4,599	14.4%
Wastewater	-	-	4,301	5,223	4,301	5,223	-17.7%
Electric	-	-	12,517	12,585	12,517	12,585	-0.5%
Telecommunications	-	-	3,536	2,932	3,536	2,932	20.6%
Total expenses	<u>21,048</u>	<u>20,151</u>	<u>25,615</u>	<u>25,339</u>	<u>46,663</u>	<u>45,490</u>	2.6%
Increase (decrease) in net assets before transfers and disposals	3,077	1,499	(200)	(1,413)	2,877	86	3245.3%
Interfund transfer	-	-	-	-	-	-	
Increase (decrease) in net assets	<u>3,077</u>	<u>1,499</u>	<u>(200)</u>	<u>(1,413)</u>	<u>2,877</u>	<u>86</u>	3245.3%
Net assets - June 30, 2010	<u>40,285</u>	<u>38,786</u>	<u>61,166</u>	<u>62,579</u>	<u>101,451</u>	<u>101,365</u>	0.1%
Net assets - June 30, 2011	<u>\$ 43,362</u>	<u>\$ 40,285</u>	<u>\$ 60,966</u>	<u>\$ 61,166</u>	<u>\$ 104,328</u>	<u>\$ 101,451</u>	2.8%

The total cost of all programs and services was \$46.7 million, which is 2.6 percent more than costs of \$45.5 million in 2010. Program expenses for *Governmental Activities* increased \$900,000 (compared to a \$3 million increase in 2010) and *Business-type Activities* increased by \$276,000, ending at \$25.6 million.

**Governmental Activities**

The *Governmental Activities* program expenses increased by four percent from FY 2009-2010 to FY 2010-2011, which is significantly less than the prior year’s increase of 17 percent. Below are the highlighted changes within the programs:

- General governmental program expenses increased by \$1.1 million. The City received a grant from Federal Aviation Administration for work to be performed on the airport runway. This expense for FY 2011 was \$1.4 million.
- Public safety program expenses dropped by \$953,000, primarily due to depreciation expenses of assets. The Police department was not fully staffed in FY 2011, which contributed \$350,000 in savings.
- Highway and Streets program expenses increased by \$760,000, up from FY 2010, primarily due to costs of the Jefferson Street extension and Laurel Street sidewalk construction projects.
- Interest on long term debt was reduced by \$54,000, a savings resulting from paying off the Community Development/Engineering Building.

**Table C**

Net Cost of Selected City of Ashland Governmental Functions  
(in thousands of dollars)

	Total Cost of Services		Percentage of Change	Net Cost of Services		Percentage of Change
	<u>2011</u>	<u>2010</u>		<u>2011</u>	<u>2010</u>	
General government	\$ 5,964	\$ 4,814	23.9%	\$ (2,118)	\$ (1,722)	23.0%
Public safety	10,457	11,410	-8.4%	8,717	9,764	-10.7%
Highways and streets	3,651	2,893	26.2%	1,644	942	74.5%

**Business-type Activities**

Although the Business-type Activities only increased by one percent from FY 2009-2010, for an increase of \$276,000, three of the four program activities changed by more than 15 percent. Below are the highlighted changes in the four programs (see Table D on next page):

- Water program expenses increased by \$662,000 between FY 2010 and FY 2011. While the budgetary expenses between years are comparable, FY 2010 expenses were reduced due to Fixed Assets.
- Wastewater program expenses dropped by 17.7 percent, a reduction of \$922,000 from FY 2010 to FY 2011, due to the refinancing of the wastewater treatment plant.

**Business-type Activities (continued)**

- Electric program expenses decreased by only \$68,000, a less than a .5 percent change from year to year.
- Telecommunications program expenses increased by \$604,000, primarily due to an additional debt payment that was made. This program typically pays \$356,000 to debt. Due to an improved financial condition, authorization was received to pay a total of \$700,000 towards debt for FY 2010-2011.

**Table D**  
 Net Cost of Selected City of Ashland Business-type Functions  
 (In thousands of dollars)

	Total Cost of Services		Percentage of Change	Net Cost of Services		Percentage of Change
	2011	2010		2011	2010	
Water	\$ 5,261	\$ 4,599	14.4%	\$ 486	\$ 201	141.8%
Wastewater	4,301	5,224	-17.7%	847	2,019	-58.0%
Electric	12,517	12,585	-0.5%	91	173	-47.4%
Telecommunications	3,536	2,932	20.6%	1,591	1,113	42.9%

**FINANCIAL ANALYSIS OF THE CITY OF ASHLAND’S FUNDS**

Total ending fund balance for City funds increased 3.3 percent or \$658,464 to \$20,965,556 during FY 2010-2011. With the Parks and Recreation Commission (component unit of the city) fund balances, the total is \$23,622,352 at June 30, 2011, and represents 32 percent more than originally budgeted. This is primarily due to delay of some capital projects funded by restricted reserves and a concerted effort by the City to contain costs and adjust rates and fees to meet minimum target fund balances.

**Governmental Funds**

Revenues from governmental fund types totaled \$24 million, which is \$2.5 million more than the preceding year, while expenditures were \$3.2 million more for the same activities.

The General Fund GAAP Balance shows ending the year at \$3.5 million. The ending budgetary balance was closer to \$2.9 million, with the difference being the *Reserve Fund* that has to be merged into the *General Fund*. The *Reserve Fund* must be rolled into the *General Fund* until a stabilization policy is adopted by Council. The *Reserve Fund's* ending balance on a budgetary basis is \$509,000. The *General Fund* was budgeted to have a lower fund balance at the end of the year; however revenues were higher than anticipated by three percent or \$433,000, primarily due to higher property tax revenues and asset forfeiture money that was received.

The *Street Fund* is the only other major fund within the Governmental Funds. This fund was very close to its target ending fund balance; coming in at one percent or \$36,000 above target. Although it was right at target, this fund was to receive grant monies in the amount of \$1.8 million as well as spend \$1.8 million on projects. These projects were not completed for various reasons.

Other *Governmental Funds* are considered non-major funds. There are five non-major governmental funds. The combined ending fund balance is \$3.9 million. This is two percent higher than FY 2009-2010 (see page 26, *Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds*).

- The first fund is *Community Development Block Grant Fund*. This fund is specifically for assisting low and moderate income housing and is funded by Housing and Urban Development. It ended the fiscal year with a \$34,000 ending fund balance, which will be used for assistance in the coming year.
- The *Airport Fund* has a \$60,000 ending fund balance, which is almost double that of FY 2009-2010. This fund is designed to pay for all expenses associated with running a small municipal airport and received more in *Charges for Services* than it spent on *Expenditures* for maintenance and debt service for this fiscal year.
- The *Capital Improvement Fund* ended with a \$2.1 million fund balance. This fund received a \$1.4 million dollar grant for the airport runway project. The bulk of the expenditure in this fund is for the runway project. This fund also paid the remaining balance of the Community Development/Engineering Building loan, which contributed to the higher amount transferred out. The interfund loan was to repay the *Equipment Fund* for borrowing to purchase Parks property on Clay Street. This is funded by the 20 percent of the *Food and Beverage Tax Revenue*.
- The *Debt Service Fund* is designed to pay all Governmental debt payments. This fund ended the fiscal year with a balance of \$809,000. This fund received less revenue than budgeted due to no new financing, which is also why the expenses are less than budgeted. Since no new debt was incurred, no new expenses were necessary.
- The *Cemetery Trust Fund* is a non-expendable fund and received revenue from services rendered by the Cemetery Division. This fund continues to grow in its ending fund balance, which is \$832,000 at the end of FY 2010-2011.
- The *Reserve Fund* is not presented in the GAAP presentation; however it is presented on page 77. This fund is growing due to a transfer from the General Fund of \$360,000. In February 2011, the City Council voted to set aside excess ending fund balances from both the City and Parks and Recreation.

### **Business-type Funds**

In total, *Charges for Services* went up 2.8 percent from the prior fiscal year, an increase of \$603,000. Cost of sales and services went up by \$1.1 million between FY 2011 and FY 2010 on a GAAP basis.

### Business-type Funds (continued)

- The *Water Fund's* revenues increased by \$351,000 in fiscal year 2011. This is due to additional grant money received in the amount of \$244,000. The rest of the increase is an additional amount received in *Charges for Services*. Expenses are down by approximately \$18,000. This fund is struggling with expenses outpacing revenues. This fiscal year, the *Water Fund* received a \$550,000 interfund loan for operational expenses and capital outlay.
- The *Wastewater Fund* is healthier than prior years, resulting from rate increases for services and the refinancing of the wastewater treatment plant. An additional amount of \$237,000 was received in *Charges for Services* over the prior fiscal year. The refinancing is slated to save this fund \$1.3 million over the life of the note.
- The *Electric Fund* is very consistent with last year. Revenues are down \$108,000, but so are costs at \$92,000. This fund is considered to be doing well as its revenues exceed its expenditures. However, like the other three Proprietary funds, this fund is delaying capital projects.
- The *Telecommunication Fund* balance is lower than fiscal year 2009-2010, by \$435,000, due to an additional payment of \$344,000 made on technology debt.

### Internal Service Funds

The total *Internal Service Funds* ending fund balances increased (*Central Service* increased, *Insurance Services* decreased, and *Equipment Fund* increased), and remained sufficient for the short term.

### Budgetary Highlights

The City revised its budget during the year by three transfers of appropriation and three *Supplementals*, for an increase in appropriations of \$1.243 million. Below are the highlights:

- Two *Supplementals* were for recognition of *Assets Forfeiture* money and grant money received by the City. The *General Fund* increased its budget authority by \$113,000; the *Water Fund* increased its budget authority by \$60,000; and the *Electric Fund* received a grant in the amount of \$70,000.
- A third *Supplemental* was for an interfund loan to the *Water Fund* from the *Equipment Fund*. This loan was necessary as the *Water Fund* was short on operating cash. Although authority was granted for a \$1 million loan, it was only necessary to borrow \$550,000 for FY 2011.
- Three transfers were needed to cover potential cost overruns in the *General Fund*, *Airport Fund*, *Water Fund*, *Wastewater Fund*, and the *Electric Fund*. All of those reduced *Contingency* for a total of \$559,000. The *General Fund* used the largest portion, \$444,000, leaving \$115,000 to be used by the remaining funds.

**Table E**  
City of Ashland's Capital Assets  
(in thousands dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2011-2010
	2011	2010	2011	2010	2011	2010	
Land	\$ 12,401	\$ 12,401	\$ 1,881	\$ 1,881	\$ 14,282	\$ 14,282	0.0%
Buildings and improvements	19,563	19,563	22,089	22,089	41,652	41,652	0.0%
Equipment	13,487	13,278	1,072	876	14,559	14,154	2.9%
Infrastructure	44,590	44,299	87,810	87,810	132,400	132,109	0.2%
Construction in progress	3,511	485	3,335	2,538	6,846	3,023	
Totals at historical cost	93,552	90,026	116,187	115,194	209,739	205,220	2.2%
Total accumulated depreciation	44,589	42,261	46,029	42,248	90,618	84,509	7.2%
Net capital assets	\$ 48,963	\$ 47,765	\$ 70,158	\$ 72,946	\$ 119,121	\$ 120,711	-1.3%

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets:** At the end of FY 2010-2011, the City recorded a net investment of \$119.1 million (\$83,693,064 net of related debt) in a broad range of capital assets, including land, equipment, buildings and vehicles. (See Table E).

This is a decrease of \$1.6 million in *Net Capital Assets* after an increase in depreciation of \$6.3 million as shown in the *Notes* section on pages 45 and 46.

The City's fiscal year 2012 capital budget estimates spending \$14.2 million on capital projects, including construction of water lines and line replacement, wastewater and street improvements, and capital equipment during the year. Bond proceeds, cash reserves, grants and systems development charge reserves will be used to fund the capital projects. Reserves in the *Equipment Fund* will be used to purchase several vehicles, various pieces of utility equipment, and software. More detailed information about the City's capital assets is presented in the *Notes to the Financial Statements* section beginning on page 32.

### Bond Ratings

Moody's has assigned the following ratings to the City's debt:

- "Aa3" to general obligation bonds
- "A1" to water revenue bonds
- "Aa3" (insured) and "A1" (underlying) to 2004 Full Faith & Credit Obligations

Standard & Poor's has assigned the following ratings to the City's debt:

- "AA+" (insured) and "A+" (underlying) to the 2010 Full Faith & Credit Refunding Obligations

## Long Term Debt

The City is in the process of issuing General Obligation Bonds in the amount of \$3 million for Fire Station No. 2. On May 17, 2011, the voters approved the bond measure with 68.67 percent in favor.

**Long Term Debt (continued)**

The City issued \$15.44 million in full faith-and-credit backed general obligation bonds to refinance the Department of Environmental Quality loan used to help fund the wastewater treatment plant that was completed in 2002. The re-funding has a Standard & Poor's insured rating of AA+ with an underlying rating of A+. The annual debt service for the bonds has the City's pledge to use property taxes, or any other revenue stream legally permitted to be used, to make payment, but 80 percent of the *Food and Beverage Tax* proceeds are the primary source for retiring the debt. The *Wastewater Fund* has a history of using rate revenues to pay the amount not covered by the tax. Use of the tax to pay debt service was approved by the citizens in November 2009, when an initiative passed to renew that tax through 2030, in part to pay this debt. The debt is scheduled to be retired in 2022.

The City issued \$1,000,000 in full faith-and-credit backed general obligation bonds in FY 2008-2009, to reimburse the *Water Fund* \$700,000 and the *Wastewater Fund* \$300,000 for capital projects funded out of reserves. Rate revenues from the respective systems are pledged to pay the annual debt service. The City also refinanced the Airport T-hangar loan with a longer-term loan of \$290,000. This loan is also backed by the City's full faith and credit and annual debt service is paid by hangar lease revenue.

On December 1, 2005, the City issued \$2,560,000 in general obligation bonds re-funding a portion of the City's General Obligation Bonds, Series 1997 and Series 2000 bonds, with an interest rate ranging from 3.5 percent to 5.0 percent over the fifteen year life. The re-funding resulted in a \$121,962 (4.41 percent) net present value savings. These bonds carry Moody's "Aa3" rating.

At year end, the City had \$36.1 million in outstanding bonds and notes, as shown in Table F below. This is \$2.5 million or 6.4 percent less than the prior year. More detailed information about the City's debt is presented in the *Notes to Basic Financial Statements* beginning on page 32.

**Table F**  
City of Ashland's General Obligation Long Term Debt  
(in thousands dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2011-2010
	2011	2010	2011	2010	2011	2010	
Bonds payable	\$ 15,781	\$ 16,600	\$ 1,758	\$ 1,299	\$ 17,539	\$ 17,899	-2.01%
Notes payable	1,067	1,716	16,821	16,530	17,888	18,246	-1.96%
<b>Total bonds and notes</b>	<b>\$ 16,848</b>	<b>\$ 18,316</b>	<b>\$ 18,579</b>	<b>\$ 17,829</b>	<b>\$ 35,427</b>	<b>\$ 36,145</b>	<b>-1.99%</b>

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- Growth in assessed value used for the 2011 budget preparation was projected at 2.5 percent (less than the Measure 50 three percent limitation) with little or no new construction.
- Other tax and permit revenue including franchises, *Transient Occupancy Tax*, *Food and Beverage Tax* and Development Services fees (new building construction revenue) were projected to remain consistent or slightly increase.
- Fee (*Charges for Services*) revenue was projected to increase only by the amount that corresponding rates were adjusted to cover operational costs.
- *General Fund* spending for FY 2012 was budgeted at \$299,540 or 2 percent more than the FY 2011 adopted amount of \$15,309,448, and \$835,000 above actual expenditures in 2011. The 2012 budget includes \$500,000 in *Contingency*.

These indicators were taken into account when adopting the *General Fund* budget for 2012. The amounts available for appropriation in the *General Fund* budget was estimated to be \$14.8 million in resources and a working capital carry over of \$2.5 million. The actual carry forward for the *General Fund* budget is \$2.9 million.

The other tax revenues, including franchises and *Transient Occupancy Taxes*, are the major contributors to projected increases because of increased rates approved rather than additional revenue from increased activity. The City will use these increases to finance programs currently offered.

The largest increments in budgeted expenditures for 2012 are increased benefit and retirement costs for staffing, internal charges, and fuel-related and operating costs. The citizen-approved financing for library operations via a *local option levy* for 2012 is approximately \$376,720 per year.

## CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Administrative Services Department at 20 East Main, Ashland, Oregon, 97520, (541) 488-5300.



## **BASIC FINANCIAL STATEMENTS**

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**CITY OF ASHLAND, OREGON**  
**STATEMENT OF NET ASSETS**  
**June 30, 2011**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Parks and Recreation
<b>Assets:</b>				
Cash and cash equivalents	\$ 12,769,637	\$ 6,743,304	\$ 19,512,941	\$ 2,855,465
Receivables (net of allowance for uncollectibles)	4,085,185	2,408,196	6,493,381	24,666
Inventories	54,579	740,438	795,017	382,865
Deferred charges	-	844,892	844,892	-
Internal balances	(354,295)	354,295	-	-
Restricted assets:				
Cash and cash equivalents	802,870	-	802,870	-
Capital assets:				
Land	12,400,610	1,880,637	14,281,247	-
Buildings	19,563,238	22,089,254	41,652,492	12,903,197
Machinery and equipment	13,487,439	1,072,204	14,559,643	1,336,312
Infrastructure	44,589,519	87,809,652	132,399,171	1,550,368
Construction in progress	3,510,539	3,335,467	6,846,006	-
Accumulated depreciation	(44,589,333)	(46,028,552)	(90,617,885)	(6,674,997)
<b>Total assets</b>	<b>\$ 66,319,988</b>	<b>\$ 81,249,787</b>	<b>\$ 147,569,775</b>	<b>\$ 12,377,876</b>
<b>Liabilities:</b>				
Accounts payable and other current liabilities	\$ 5,715,843	\$ 1,591,512	\$ 7,307,355	\$ 255,894
Accrued interest payable	393,592	113,296	506,888	-
Non-current liabilities:				
Due within one year	1,067,338	1,757,774	2,825,112	22,062
Due in more than one year	15,781,372	16,821,156	32,602,528	66,185
<b>Total liabilities</b>	<b>22,958,145</b>	<b>20,283,738</b>	<b>43,241,883</b>	<b>344,141</b>
<b>Net Assets:</b>				
Invested in capital assets, net of related debt	32,113,302	51,579,732	83,693,034	9,114,880
Restricted for:				
Asset forfeiture	187,864	-	187,864	-
TOT tourism	105,063	-	105,063	-
System development	2,345,201	3,395,974	5,741,175	-
CDBG restriction	34,424	-	34,424	-
Perpetual care: non-expendable	831,603	-	831,603	-
Debt service	-	875,490	875,490	-
Unrestricted	7,744,386	5,114,853	12,859,239	2,918,855
<b>Total net assets</b>	<b>\$ 43,361,843</b>	<b>\$ 60,966,049</b>	<b>\$ 104,327,892</b>	<b>\$ 12,033,735</b>

The accompanying notes are an integral part of the basic financial statements.

**CITY OF ASHLAND, OREGON  
STATEMENT OF ACTIVITIES  
for the year ended June 30, 2011**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government:</b>				
Governmental Activities:				
General government	\$ 5,963,977	\$ 6,969,111	\$ 19,793	\$ 1,428,253
Public safety	10,457,134	1,551,370	189,248	-
Highways and streets	3,650,817	2,006,385	-	-
Interest on long-term debt	976,011	-	-	-
<b>Total governmental activities</b>	<b>21,047,939</b>	<b>10,526,866</b>	<b>209,041</b>	<b>1,428,253</b>
Business-type Activities:				
Water	5,260,907	4,430,859	344,396	-
Wastewater	4,300,986	3,454,704	-	-
Electric	12,516,992	12,238,716	187,436	-
Telecommunications	3,535,592	1,944,758	-	-
<b>Total business-type activities</b>	<b>25,614,477</b>	<b>22,069,037</b>	<b>531,832</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 46,662,416</b>	<b>\$ 32,595,903</b>	<b>\$ 740,873</b>	<b>\$ 1,428,253</b>
<b>Component Unit:</b>				
Ashland Parks and Recreation	\$ 5,044,317	\$ 1,101,358	\$ 21,140	\$ -

General Revenues:  
 Property taxes  
 Utility users tax  
 Users taxes  
 Unrestricted interest earnings  
 Miscellaneous  
 Total general revenues and transfers  
 Change in net assets  
  
 Net assets - beginning  
 Net assets - ending

The accompanying notes are an integral part of the basic financial statements.

**CITY OF ASHLAND, OREGON**  
**STATEMENT OF ACTIVITIES**  
for the year ended June 30, 2011

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Ashland Parks and Recreation
\$ 2,453,180	\$ -	\$ 2,453,180	\$ -
(8,716,516)	-	(8,716,516)	-
(1,644,432)	-	(1,644,432)	-
(976,011)	-	(976,011)	-
(8,883,779)	-	(8,883,779)	-
-	(485,652)	(485,652)	-
-	(846,282)	(846,282)	-
-	(90,840)	(90,840)	-
-	(1,590,834)	(1,590,834)	-
-	(3,013,608)	(3,013,608)	-
(8,883,779)	(3,013,608)	(11,897,387)	-
-	-	-	(3,921,819)
5,093,848	-	5,093,848	4,210,320
4,170,896	-	4,170,896	-
2,315,909	1,592,942	3,908,851	-
117,112	106,904	224,016	16,096
263,461	1,113,726	1,377,187	47,888
11,961,226	2,813,572	14,774,798	4,274,304
3,077,447	(200,036)	2,877,411	352,485
40,284,396	61,166,085	101,450,481	11,681,250
<u>\$ 43,361,843</u>	<u>\$ 60,966,049</u>	<u>\$ 104,327,892</u>	<u>\$ 12,033,735</u>

**CITY OF ASHLAND, OREGON  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2011**

<b>ASSETS</b>	<b>General</b>	<b>Street</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 3,533,824	\$ 2,518,708	\$ 2,962,264	\$ 9,014,796
Receivables (net of allowance for uncollectibles)	1,639,560	277,509	2,106,525	4,023,594
Due from other funds	4,000	-	-	4,000
Cash - restricted	-	-	802,870	802,870
<b>Total assets</b>	<b>\$ 5,177,384</b>	<b>\$ 2,796,217</b>	<b>\$ 5,871,659</b>	<b>\$ 13,845,260</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 998,111	\$ 436,687	\$ 1,501,200	\$ 2,935,998
Deferred revenue	731,216	123,230	498,439	1,352,885
Due to other agencies	-	-	4,000	4,000
Due to other funds	-	-	-	-
Liabilities payable from restricted assets	-	-	-	-
<b>Total liabilities</b>	<b>1,729,327</b>	<b>559,917</b>	<b>2,003,639</b>	<b>4,292,883</b>
<b>Fund Balances:</b>				
Restricted for:				
Asset forfeiture	187,864	-	-	187,864
TOT tourism	105,063	-	-	105,063
System development charges	-	1,980,292	364,909	2,345,201
CDBG restriction	-	-	34,424	34,424
Perpetual care	-	-	831,603	831,603
Committed for:				
General fund	283,977	-	-	283,977
Special revenue funds	-	-	60,083	60,083
Capital projects funds	-	-	1,767,752	1,767,752
Debt commitment	-	-	809,249	809,249
Unassigned	2,871,153	256,008	-	3,127,161
<b>Total fund balances</b>	<b>3,448,057</b>	<b>2,236,300</b>	<b>3,868,020</b>	<b>9,552,377</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,177,384</b>	<b>\$ 2,796,217</b>	<b>\$ 5,871,659</b>	<b>\$ 13,845,260</b>

The accompanying notes are an integral part of the basic financial statements.

**CITY OF ASHLAND, OREGON**  
**RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO STATEMENT OF NET ASSETS**  
**June 30, 2011**

Explanation of certain differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets.

Fund Balances	\$ 9,552,377
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The cost of capital assets (land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress) is reported as an expenditure in governmental funds. The Statement of Net Assets includes those capital assets among the assets of the City as a whole.

Net capital assets	46,730,242
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Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Assets.

Long-term liabilities	(16,753,004)
Accrued interest on liabilities	(393,592)

Accrued compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.

OPEB implicit liability	(435,614)
Accrued vacation and sick leave	(557,774)

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Deferred revenue	1,352,885
------------------	-----------

Internal Service Funds are used by the City to account for the fleet operations, support services, and administrative and insurance services that are provided to the other departments and agencies on a cost reimbursement basis. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Assets.

Internal Service Fund net assets	3,866,323
Total net assets	\$ 43,361,843

The accompanying notes are an integral part of the basic financial statements.

**CITY OF ASHLAND, OREGON**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**for the year ended June 30, 2011**

	<b>General Fund</b>	<b>Street Fund</b>	<b>Other Governmental Funds</b>	<b>Total Primary Government</b>
<b>Revenues:</b>				
Taxes	\$ 12,121,415	\$ 52,848	\$ 803,879	\$ 12,978,142
Fees, licenses and permits	482,275	-	-	482,275
Intergovernmental	655,817	1,319,244	1,667,047	3,642,108
Charges for services	1,489,665	1,908,456	2,815,093	6,213,214
System development charges	-	80,061	22,701	102,762
Assessments	-	17,867	-	17,867
Fines and forfeitures	183,239	-	-	183,239
Interest on investments	20,549	17,900	23,613	62,062
Miscellaneous	157,335	5,101	110,378	272,814
<b>Total revenues</b>	<u>15,110,295</u>	<u>3,401,477</u>	<u>5,442,711</u>	<u>23,954,483</u>
<b>Expenditures:</b>				
General government	3,364,966	-	935,296	4,300,262
Public safety	10,914,166	-	-	10,914,166
Highways and streets	-	3,778,610	-	3,778,610
Debt service	-	-	2,562,886	2,562,886
Capital outlay	10,546	207,084	1,641,467	1,859,097
<b>Total expenditures</b>	<u>14,289,678</u>	<u>3,985,694</u>	<u>5,139,649</u>	<u>23,415,021</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>820,617</u>	<u>(584,217)</u>	<u>303,062</u>	<u>539,462</u>
Transfer in	365,798	-	631,551	997,349
Transfers out	(361,000)	-	(636,349)	(997,349)
Interfund loan	-	-	(208,000)	(208,000)
<b>Total other financing sources (uses)</b>	<u>4,798</u>	<u>-</u>	<u>(212,798)</u>	<u>(208,000)</u>
Net change in fund balance	825,415	(584,217)	90,264	331,462
<b>Fund balance, July 1, 2010</b>	<u>2,622,642</u>	<u>2,820,517</u>	<u>3,777,756</u>	<u>9,220,915</u>
<b>Fund balance, June 30, 2011</b>	<u>\$ 3,448,057</u>	<u>\$ 2,236,300</u>	<u>\$ 3,868,020</u>	<u>\$ 9,552,377</u>

**CITY OF ASHLAND, OREGON**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO STATEMENT OF ACTIVITIES**  
**for the year ended June 30, 2011**

Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and the Government-wide Statement of Activities.

Excess of revenues over expenditures	\$	331,462
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures capitalized		3,312,851
Depreciation expense		(1,894,691)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities (which is presented on the accrual basis of accounting) expenses and liabilities are reported, regardless of when financial resources are available. This adjustment combines the net changes in liability balances.

Compensated absences		(10,327)
OPEB implicit liability		(144,982)
Accrued interest		23,450
General obligation bonds and notes payable		1,563,425

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Property taxes		57,389
Special assessments		23,622
Other		(22,371)

Internal Service Funds are used by the City to account for the fleet operations and support/administrative/insurance services that are provided to other departments and agencies on a cost reimbursement basis. The revenues and expenses of the internal service funds are included in governmental activities in the Statement of Activities.

Internal Service Fund change in net assets		(162,381)
Change in net assets	\$	3,077,447

The accompanying notes are an integral part of the basic financial statements.

2011 CAFR basic financial statements

**CITY OF ASHLAND, OREGON  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
June 30, 2011**

	Water Fund	Wastewater Fund	Electric Fund	Tele- communications Fund	Total	Governmental Activities Internal Service Funds
<b>ASSETS</b>						
<b>Current assets:</b>						
Cash and investments	\$ 1,814,637	\$ 2,743,939	\$ 1,824,317	\$ 360,411	\$ 6,743,304	\$ 3,754,841
Interest and accounts receivable, net	422,913	624,571	856,621	205,151	2,109,256	38,504
Notes and contracts receivable	-	-	298,940	-	298,940	23,087
Interfund receivable	-	-	-	-	-	-
Inventories	203,497	10,884	526,057	-	740,438	54,579
Deferred charges	116,344	-	-	-	116,344	-
Total current assets	<u>2,557,391</u>	<u>3,379,394</u>	<u>3,505,935</u>	<u>565,562</u>	<u>10,008,282</u>	<u>3,871,011</u>
<b>Non-current:</b>						
<b>Capital assets:</b>						
Capital assets, net	36,180,656	50,230,072	20,421,274	9,355,211	116,187,213	10,747,927
Accumulated depreciation	(15,228,374)	(12,911,740)	(11,540,908)	(6,347,530)	(46,028,552)	(8,516,158)
Capital assets, net	<u>20,952,282</u>	<u>37,318,332</u>	<u>8,880,366</u>	<u>3,007,681</u>	<u>70,158,661</u>	<u>2,231,769</u>
<b>Non-current assets:</b>						
Deferred costs (net of amortization)	-	-	-	728,548	728,548	-
Total non-current assets	<u>20,952,282</u>	<u>37,318,332</u>	<u>8,880,366</u>	<u>3,736,229</u>	<u>70,887,209</u>	<u>2,231,769</u>
<b>Total assets</b>	<b><u>\$ 23,509,673</u></b>	<b><u>\$ 40,697,726</u></b>	<b><u>\$ 12,386,301</u></b>	<b><u>\$ 4,301,791</u></b>	<b><u>\$ 80,895,491</u></b>	<b><u>\$ 6,102,780</u></b>
<b>LIABILITIES AND NET ASSETS</b>						
<b>Current liabilities:</b>						
Accounts payable	\$ 143,505	\$ 81,710	\$ 433,354	\$ 16,089	\$ 674,658	\$ 342,927
Accrued salaries, vacation and payroll taxes	219,533	134,710	265,132	81,694	701,069	643,627
Accrued interest payable	28,762	84,411	123	-	113,296	-
Interfund payable	-	-	-	-	-	-
Other liabilities	14,886	-	200,896	-	215,782	895,608
Notes/bonds payable, current portion	580,742	1,155,318	21,714	-	1,757,774	-
Deferred revenue	-	-	-	-	-	-
Total current liabilities	<u>987,428</u>	<u>1,456,149</u>	<u>921,219</u>	<u>97,783</u>	<u>3,462,579</u>	<u>1,882,162</u>
<b>Long-term liabilities:</b>						
Notes payable	-	-	-	-	-	-
Revenue bonds payable, net	3,167,809	-	217,143	-	3,384,952	-
General obligation bonds payable, net	-	13,436,204	-	-	13,436,204	-
Total long-term liabilities	<u>3,167,809</u>	<u>13,436,204</u>	<u>217,143</u>	<u>-</u>	<u>16,821,156</u>	<u>-</u>
Total liabilities	<u>4,155,237</u>	<u>14,892,353</u>	<u>1,138,362</u>	<u>97,783</u>	<u>20,283,735</u>	<u>1,882,162</u>
<b>Net Assets:</b>						
Net assets (deficit):						
Invested in capital assets, net of related debt						
net of related debt	17,203,731	22,726,810	8,641,509	3,007,681	51,579,731	2,231,769
Restricted for system development	1,568,473	1,827,501	-	-	3,395,974	-
Restricted for debt service	-	875,490	-	-	875,490	-
Unrestricted	582,232	375,572	2,606,430	1,196,327	4,760,561	1,988,849
Total net assets	<u>19,354,436</u>	<u>25,805,373</u>	<u>11,247,939</u>	<u>4,204,008</u>	<u>60,611,756</u>	<u>4,220,618</u>
Total liabilities and net assets	<u>\$ 23,509,673</u>	<u>\$ 40,697,726</u>	<u>\$ 12,386,301</u>	<u>\$ 4,301,791</u>	<u>\$ 80,895,491</u>	<u>\$ 6,102,780</u>
Total net assets					\$ 60,611,756	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					354,293	
Net assets of business-type activities					<u>\$ 60,966,049</u>	

The accompanying notes are an integral part of the basic financial statements.

**CITY OF ASHLAND, OREGON  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
for the year ended June 30, 2011**

	Water Fund	Wastewater Fund	Electric Fund	Tele- communications Fund	Total	Governmental Activities Internal Service Funds
<b>Operating revenues:</b>						
Charges for services	\$ 4,430,859	\$ 3,454,704	\$ 12,238,716	\$ 1,944,758	\$22,069,037	\$ 8,132,974
Miscellaneous	571,300	324,400	141,881	12,480	1,050,061	120,879
<b>Total operating revenues</b>	<u>5,002,159</u>	<u>3,779,104</u>	<u>12,380,597</u>	<u>1,957,238</u>	<u>23,119,098</u>	<u>8,253,853</u>
<b>Operating expenses:</b>						
Cost of sales and services	3,697,159	3,083,457	10,696,706	2,259,645	19,736,967	7,783,699
Depreciation and amortization	987,306	1,172,248	480,409	1,250,887	3,890,850	587,532
<b>Total operating expenses</b>	<u>4,684,465</u>	<u>4,255,705</u>	<u>11,177,115</u>	<u>3,510,532</u>	<u>23,627,817</u>	<u>8,371,231</u>
Operating income (loss)	<u>317,694</u>	<u>(476,601)</u>	<u>1,203,482</u>	<u>(1,553,294)</u>	<u>(508,719)</u>	<u>(117,378)</u>
<b>Non-operating income (expenses):</b>						
Taxes	45	1,592,897	-	-	1,592,942	82,798
Intergovernmental	344,396		187,436	-	531,832	-
Interest income	10,006	22,476	10,817	2,348	45,647	33,510
Interfund loan	-	-	-	-	-	(342,000)
Tax equivalents	(342,525)	(272,658)	(1,227,662)	-	(1,842,845)	-
Interest expense	(148,651)	313,560	(3,111)	-	161,798	-
<b>Total non-operating income (expenses)</b>	<u>(136,729)</u>	<u>1,656,275</u>	<u>(1,032,520)</u>	<u>2,348</u>	<u>489,374</u>	<u>(225,692)</u>
	180,965	1,179,674	170,962	(1,550,946)	(19,345)	(343,070)
<b>Total net assets - beginning</b>	<u>19,173,471</u>	<u>24,625,699</u>	<u>11,076,977</u>	<u>5,754,954</u>	<u>60,631,101</u>	<u>4,563,688</u>
<b>Total net assets - ending</b>	<u>\$ 19,354,436</u>	<u>\$ 25,805,373</u>	<u>\$ 11,247,939</u>	<u>\$ 4,204,008</u>	<u>\$60,611,756</u>	<u>\$ 4,220,618</u>
Change in net assets	-				\$ (19,345)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(180,691)	
Change in net assets of business-type activities - Statement of Activities					<u>\$ (200,036)</u>	

The accompanying notes are an integral part of the basic financial statements.

**CITY OF ASHLAND, OREGON  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
for the year ended June 30, 2011**

	Business-type Activities - Enterprise Funds				Total	Governmental Activities Internal Service Funds
	Water Fund	Wastewater Fund	Electric Fund	Tele- communications Fund		
<b>Cash flows from operating activities:</b>						
Receipts from customers and users	\$4,932,643	\$ 3,752,081	\$12,412,494	\$ 1,921,456	\$23,018,674	\$ 8,239,096
Payments to suppliers	(2,326,671)	(2,285,776)	(8,746,146)	(1,651,601)	(15,010,194)	(2,727,355)
Payments to employees	(1,567,650)	(821,874)	(1,884,295)	(635,557)	(4,909,376)	(4,545,847)
Net cash from operating activities	<u>1,038,322</u>	<u>644,431</u>	<u>1,782,053</u>	<u>(365,702)</u>	<u>3,099,104</u>	<u>965,894</u>
<b>Cash flows from noncapital financing activities:</b>						
Taxes collected	45	1,592,897	-	-	1,592,942	-
Net cash from noncapital financing activities	<u>45</u>	<u>1,592,897</u>	<u>-</u>	<u>-</u>	<u>1,592,942</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>						
Acquisition and construction of capital assets	(259,131)	(371,568)	(232,077)	(130,788)	(993,564)	(365,744)
Proceeds from issuance of debt	-	-	-	-	-	-
Proceeds from intergovernmental income	-	-	-	-	-	-
Principal paid on bonds, contracts and notes	(564,037)	(2,225,002)	(21,714)	-	(2,810,753)	-
Interest paid on debt	(148,651)	313,560	(3,111)	-	161,798	-
Tax equivalents	(342,525)	(272,658)	(1,227,662)	-	(1,842,845)	-
Net cash from capital and related financing activities	<u>(1,314,344)</u>	<u>(2,555,668)</u>	<u>(1,484,564)</u>	<u>(130,788)</u>	<u>(5,485,364)</u>	<u>(365,744)</u>
Interest from investments and other income	354,404	22,475	198,360	2,346	577,585	(225,691)
<b>Net increase (decrease) in cash and investments</b>	<u>78,427</u>	<u>(295,865)</u>	<u>495,849</u>	<u>(494,144)</u>	<u>(215,733)</u>	<u>374,459</u>
<b>Cash and investments, beginning of year</b>	<u>1,736,210</u>	<u>3,039,804</u>	<u>1,328,468</u>	<u>854,555</u>	<u>6,959,037</u>	<u>3,380,382</u>
<b>Cash and investments, end of year</b>	<u>\$1,814,637</u>	<u>\$ 2,743,939</u>	<u>\$ 1,824,317</u>	<u>\$ 360,411</u>	<u>\$ 6,743,304</u>	<u>\$ 3,754,841</u>
Reconciliation of operating income to net cash provided by operating activities:						
Operating income (loss)	\$ 317,694	\$ (476,601)	\$ 1,203,482	\$ (1,553,294)	\$ (508,719)	\$ (117,378)
Depreciation and amortization	987,306	1,172,248	480,408	1,250,887	3,890,849	587,532
Change in assets and liabilities:						
(Increase) decrease in:						
Receivables	(69,516)	(27,023)	31,897	(35,782)	(100,424)	(14,757)
Inventories	21,532	2,383	(31,533)	-	(7,618)	(22,254)
Deferred charges	11,367	-	-	-	11,367	-
Increase (decrease) in:						
Accounts payable and accrued liabilities	(229,102)	(30,630)	59,810	(21,517)	(221,439)	122,132
Other liabilities	(959)	4,054	37,989	(5,996)	35,088	410,619
Net cash from operating activities	<u>\$1,038,322</u>	<u>\$ 644,431</u>	<u>\$ 1,782,053</u>	<u>\$ (365,702)</u>	<u>\$ 3,099,104</u>	<u>\$ 965,894</u>

The accompanying notes are an integral part of the basic financial statements.

**NOTES TO BASIC  
FINANCIAL STATEMENTS**

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**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City of Ashland, Oregon (the City) is a municipal corporation, governed by an elected mayor and a six-member council. The accompanying financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations. Discretely presented component units are reported in a separate column in the government wide financial statements. There are no blended component units.

**Discretely Presented Component Unit.** The Parks and Recreation Commission (the Commission) was created by vote of qualified electors of the City of Ashland at a special election on December 15, 1908. By City Charter, the Commission has control over all park designated lands within the City. By City Charter, the Commission may not own any park lands within the City, but has responsibility for maintenance of parks and certain other facilities. The members of the Commission's governing board are elected by the voters. However, the Commission is fiscally dependent upon the City because, by state law and City Charter, the Commission budget and tax levy must be included as part of the City's. The City must also approve any debt issuance. Additionally, the City has ultimate financial responsibility for the Commission. The Commission is presented as a governmental fund type. Complete financial statements of the component unit may be obtained at the entity's administrative office.

**B. Government-wide and Fund Financial Statements**

**Governmental Accounting Standards Boards Statement No. 34 (GASBS 34)**  
The new presentation of financial information required by GASBS 34 for *Basic Financial Statements* and *Supplementary Information* are described below and in the Management's Discussion and Analysis located earlier in this document. The government-wide financial statements (i.e. the *Statement of Net Assets* and the *Statement of Changes in Net Assets*) report information on the activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Government-Wide and Fund Financial Statements (continued)**

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting, and Basis of Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds financial statements. Revenues are recorded when earned and expenses are reported when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. The budgetary basis of accounting is the same as Generally Accepted Accounting Principles (GAAP). Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are accruable and so have been recognized as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting, and Basis of Presentation  
(continued)**

The City reports the following major governmental funds:

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

The *Street Fund* accounts for the resources and operating expenditures related to the maintenance, operation and construction of the City's streets and storm water collection infrastructure. While a substantial portion of revenues come from user fees, the primary source is state-shared highway funds.

The City reports the following major proprietary funds:

The *Water Fund* accounts for the resources and expenses related to supply, treatment and distribution of water throughout the City. The primary source of revenue is user fees.

The *Wastewater Fund* accounts for the resources and expenses related to collection and treatment of wastewater throughout the City. The primary source of revenue is user fees.

The *Electric Fund* accounts for the resources and expenses related to distribution of electricity throughout the City. The primary source of revenue is user fees.

The *Telecommunications Fund* accounts for the resources and expenses related to broadband and high-speed data transmission services throughout the City. The primary source of revenue is user fees.

Additionally, the City reports the following fund types:

*Internal Service Funds* account for general and public works administration, finance, information services, and fleet management services primarily provided to other departments or agencies of the City, or to other governments, on a cost reimbursement basis.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting, and Basis of Presentation  
(continued)**

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payment-in-lieu of taxes and other charges between the City's various utility funds and the other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing, producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The enterprise and internal service funds are charges to customers for sales and services.

Where applicable, enterprises also recognize the portion of *System Development Charges* intended to recover the cost of connecting new customers to the system as operating revenue. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources to the limits of the policies and statutes governing them first, then unrestricted resources as they are needed.

**D. Assets, Liabilities and Net Assets or Equity**

**1. Cash and Investments**

The City's cash and cash equivalents are comprised of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and the State Treasurer's Investment Pool.

Investments for the City, as well as for its component unit, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of pool shares.

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities and Net Assets or Equity (continued)**

**2. Receivables and Payables**

Activity between funds that are representative of lending and borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds.” Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not expendable available financial resources.

All trade and property taxes receivable are shown at net of an allowance for uncollectibles. Trade accounts receivable in excess of 120 days comprise the trade accounts receivable allowance for uncollectibles.

Property taxes are levied as of July 1 on property assessed as of the same date. The tax levy is due November 15, with an optional payment method of 1/3 due November 15, 1/3 due January 15, and 1/3 due March 15. Taxes paid in full November 15 are provided a 3 percent discount. The billings are considered delinquent after the appropriate due date, at which time the applicable property is subject to lien, and penalties and interest are assessed.

Notes and contracts receivable are recorded at par. Interest assessed is recorded as revenue when the payment becomes due.

**3. Inventories and Prepaid Items**

All inventories are stated at moving average cost. Inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

**4. Restricted Assets**

Certain proceeds of the water enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the *Statement of Net Assets* because they are maintained in separate bank accounts (not in the City’s control) and their use is limited by applicable bond covenants. The “cash in transit” and “cash with escrow agent” are used to segregate resources for provision of current and non-current debt service obligations.

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities and Net Assets or Equity (continued)**

**5. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure (e.g. streets, roads, bridges, sidewalks and similar public domain items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined in the City's capitalization policy (dated 1989) as having a historic cost or market value in excess of \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Donated assets are valued at their estimated fair market value at the date of the donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as a part of the capitalized value of the asset constructed. No interest was capitalized in the current accounting period.

The City of Ashland amended the capitalization policy to meet Governmental Accounting Standards Board Statement (GASBS) No. 51 requirements. New to this fiscal year, GASBS 51 relates to recognizing intangible assets. The pronouncement defines intangible assets as easements, water rights, timber rights, patents, trademarks and computer software.

The policy update states that any asset that is internally development will be capitalized if the actual or estimated cost is \$25,000 or more. The useful life of the assets will be determined by the developing department, the Administrative Services Department and the City Administrator.

Property, plant and equipment of the primary government, as well as the component unit, is depreciated using the straight-line method over the following estimated useful lives of the related assets:

Buildings and improvements	33 to 50 years
Electric power generation and distribution systems	40 to 70 years
Water, wastewater and stormwater systems	15 to 50 years
Public domain infrastructure	15 to 25 years
Equipment	2 to 20 years

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities and Net Assets or Equity (continued)**

**6. Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Since the City does not have a policy to pay any amounts when employees separate from service with the City, there is no liability for unpaid accumulated sick leave. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, or are taken and paid from current resources.

**7. Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type *Statement of Net Assets*.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bonding premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

**8. Reservations of Fund Equity**

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clear fund balance classifications that can be consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – non-spendable, restricted, committed, assigned, and unassigned.

CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Assets or Equity (continued)

8. Reservations of Fund Equity (continued)

Non-spendable fund balance represents amounts that are not in a spendable form. The non-spendable fund balance represents inventories and prepaid items.

Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).

Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by City Council resolution.

Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. Currently, management does not have authority to assign fund balance.

Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

The governing body has approved the following order of spending regarding fund balance categories: restricted resources are spent first when both restricted and unrestricted (*committed, assigned or unassigned*) resources are available for expenditures. When unrestricted resources are spent, the order of spending is: *committed* (if applicable), *assigned* (if applicable) and *unassigned*.

To preserve a sound financial system and to provide a stable financial base, the governing body has adopted a minimum fund balance policy. Resolution No. 2010-05 was established February 9, 2010. The targets for fund balances are generally a function of estimated annual operating revenue and are intended to help maintain financial viability of each fund. They vary based on how susceptible a fund is to revenue fluctuations and based on the riskiness of the activities in each different fund.

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

The annual budgets are adopted for all funds on a basis consistent with generally accepted accounting principles for governmental funds. The City Council resolution adopting the budget and authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

Appropriations are at the department (organizational unit) level for funds with more than one department and by total personal services, materials and services, capital outlay, debt service, transfers, and contingency for those funds with only one department or function. The detail budget document, however, is required to contain more specific, detailed information for the above-mentioned expenditure categories. The City budgets debt service principal and interest on a cash basis and does not budget depreciation expense or amortizations done on the balance sheet.

Unexpected additional resources may be added to the budget through the use of a supplemental budget. The supplemental budget process requires hearings before the public, publications in newspapers, and approval by the City Council. Original and supplemental budgets may be modified only by the City Council through the use of appropriation transfers between the levels of control. In addition, Oregon Local Budget Law provides certain specific exceptions to the supplemental budget process to increase appropriations. Such transfers and increases require approval by the City Council by adoption of a resolution. Budget appropriation amounts shown in the financial statements include the original and revised budget appropriations as approved by the City Council. Appropriations are limited to a single fiscal year; therefore, all spending authority of the City lapses at year end. During 2010-2011, the City made three appropriation transfers, as well as three supplemental budget adjustments, adopted by Resolutions.

**B. Excess of Expenditures over Appropriations**

Expenditures of the various funds were within authorized appropriations for the year ended June 30, 2011.

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

	<u>Total Primary Government</u>	<u>Component Unit Parks and Recreation</u>	<u>Total</u>
Petty cash	\$ 4,990	\$ 350	\$ 5,340
Deposits with financial institutions	1,958,097		1,958,097
Investments	18,352,724	2,855,115	21,207,839
	<u>\$ 20,315,811</u>	<u>\$ 2,855,465</u>	<u>\$ 23,171,276</u>
Governmental - unrestricted	\$ 19,512,941		
Governmental - restricted:			
Debt service	<u>802,870</u>		
	<u>\$ 20,315,811</u>		

**1. Deposits**

Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury.

**2. Credit Risk Deposits**

In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2011, \$750,000 of the government's bank balance of \$2,015,317 was exposed to custodial credit risk because it was uninsured.

The remainder is collateralized per the Oregon Public Funds Collateralization Program (PFCP). Oregon Revised Statutes and City policy require depository institutions to maintain on deposit, with the collateral pool manager, securities having a value not less than ten percent of their quarter-end public fund deposits if they are adequately capitalized, 25 percent of their quarter-end public fund deposits if they are well capitalized, or 110 percent of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110 percent by the Office of the State Treasurer.

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Deposits and Investments (continued)**

**3. Investments**

Policies officially adopted by the City's board allows the entity to invest in: U.S. Treasury Obligations (bills, notes and bonds), U.S. Government Agency Securities and Instrumentalities of Government Sponsored Corporations, Banker's Acceptances, Certificates of Deposit (at commercial banks that have a branch in Oregon and Savings & Loan Associations that have a branch in Oregon), State and Local Government Securities, Commercial Paper (A1, AA,P1), State of Oregon Investment Pool, and Repurchase Transactions.

The State Treasurer's investment policies are governed by Oregon Revised Statutes and the Oregon Short-Term Fund Board (OSTFB). There were no known violations of legal or contractual provisions for deposits.

As of June 30, 2011, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in months)</u>		
		<u>Less than 3</u>	<u>3-17</u>	<u>18-59</u>
State Treasurer's investment pool	21,207,839	21,207,839		
	<u>\$21,207,839</u>	<u>\$21,207,839</u>	<u>\$ -</u>	<u>\$ -</u>

Investments are valued at fair value as required by GASBS 31. As of June 30, 2011, the fair value of the position in the Local Government Investment Pool (LGIP) is 100 percent of the value of the pool shares, as reported in the Oregon Short Term Fund audited financial statements.

**Interest Rate Risk**

As a means of limiting its exposure to fair value losses resulting from rising interest rates, the City's investment policy allows only the purchase of investments that can be held to maturity. Investments cannot be made predicated upon selling the security prior to maturity.

Oregon Revised Statutes require that investments do not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB.

The City limits investment maturities as follows:

1. Under 30 days      10% minimum
2. Under 90 days     25% minimum
3. Under 270 days    50% minimum
4. Under 1 year       75% minimum
5. Under 18 months   80% minimum
6. Under 3 years      100% minimum

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Deposits and Investments (continued)**

**3. Investments (continued)**

**Credit Risk**

Neither the Oregon Revised Statutes nor the City's investment policy limits investments as to credit rating for securities purchased from U.S. Government Agencies. The City's investments in U.S. Government Agencies were rated AAA by Standard & Poor's and Aaa by Moody's Investor Service. The state pool is unrated.

Oregon Revised Statutes require Banker's Acceptances to be guaranteed by and carried on the books of, a qualified financial institution, eligible for discount by the Federal Reserve System, and issued by a qualified financial institution whose short-term letter of credit rating is rated in the highest category by one or more nationally recognized statistical rating organizations.

**Concentration of Credit Risk**

To avoid incurring unreasonable risks inherent to over-investing in specific instruments or in individual financial institutions, the City's investment policy sets maximum limits on the percentage of the portfolio that can be invested in any one type of security. At June 30, 2011, the City was in compliance with all percentage restrictions.

Oregon Revised Statutes require that no more than 25 percent of the monies of local government to be invested in Banker's Acceptances of any singular qualified financial institution. Amounts in the State Treasurer's LGIP are not required by law to be collateralized.

No more than the stated percentage of the overall portfolio will be invested in each of the following categories of securities:

U.S. Treasury Obligations	100%
U.S. Government Agency Securities and Instrumentalities of Government Sponsored Corp.	100%
Bankers' Acceptances	50%
Certificates of Deposit	35%
State and Local Government Securities	35%
Repurchase Transactions	25%
Commercial Paper (AA,A1,P1)	10%
State of Oregon Investment Pool Securities	100%

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Receivables**

As of year end, Receivables for the government's individual major funds and non-major, internal service in aggregate, including the applicable allowances for uncollectable accounts, are as follows:

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in governmental funds were as follows:

	<u>Unavailable</u>
Delinquent property taxes receivable:	
General fund	\$ 357,266
Debt service fund	33,582
Misc. receivables	1,732,231
Hotel receivables	496,418
Business licenses	125
Rehabilitation loans	79,391
Ambulance billing	316,958
Utility receivables	318,237
Food and beverage receivables	98,113
Notes receivable	305,540
SDC receivable	162,503
Special assessments not yet due:	
Unbounded-street fund	123,230
	<u>\$ 4,023,594</u>

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2011, was as follows:

	<u>Balance June 30, 2010</u>	<u>Additions and Reclasses</u>	<u>Retirements and Reclasses</u>	<u>Balance June 30, 2011</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 12,400,610			\$12,400,610
Construction in progress	484,590	3,316,058	290,110	3,510,538
Total capital assets, not being depreciated	12,885,200	3,316,058	290,110	15,911,148
Buildings	19,563,238	-	-	19,563,238
Improvements other than buildings	44,299,409	290,110	-	44,589,519
Machinery and equipment	13,278,430	362,536	153,527	13,487,439
Total capital assets, being depreciated	77,141,077	652,646	153,527	77,640,196
Less accumulated depreciation for:				
Buildings	(5,501,380)	(432,396)		(5,933,776)
Improvements other than buildings	(26,002,799)	(1,379,570)		(27,382,369)
Machinery and equipment	(10,756,459)	(670,256)	(153,527)	(11,273,188)
Total accumulated depreciation	(42,260,638)	(2,482,222)	(153,527)	(44,589,333)
Total capital assets being depreciated, net	34,880,439	(1,829,576)	-	33,050,863
Governmental activities capital assets, net	<u>\$ 47,765,639</u>	<u>\$ 1,486,482</u>	<u>\$ 290,110</u>	<u>\$48,962,011</u>

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Capital Assets (continued)**

	<u>Balance June 30, 2010</u>	<u>Additions and Reclasses</u>	<u>Retirements and Reclasses</u>	<u>Balance June 30, 2011</u>
Business-type activities:				
Capital assets, not being depreciated	-	-	-	-
Land	\$ 1,880,637	\$ -	\$ -	\$ 1,880,637
Construction in progress	2,538,176	805,939	8,648	3,335,467
<b>Total capital assets, not being depreciated</b>	<b>4,418,813</b>	<b>805,939</b>	<b>8,648</b>	<b>5,216,104</b>
Buildings	22,089,254	-	-	22,089,254
Machinery and equipment	875,928	196,276	-	1,072,204
Improvements other than buildings	87,809,652	-	-	87,809,652
<b>Total capital assets, being depreciated</b>	<b>110,774,834</b>	<b>196,276</b>	<b>-</b>	<b>110,971,110</b>
Less accumulated depreciation:				
Buildings	(3,961,856)	(520,058)	-	(4,481,914)
Machinery and equipment	(717,818)	(54,669)	-	(772,487)
Improvements other than buildings	(37,567,998)	(3,206,153)	-	(40,774,151)
<b>Total accumulated depreciation</b>	<b>(42,247,672)</b>	<b>(3,780,880)</b>	<b>-</b>	<b>(46,028,552)</b>
<b>Total capital assets being depreciated, net</b>	<b>68,527,162</b>	<b>(3,584,604)</b>	<b>-</b>	<b>64,942,558</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 72,945,975</b>	<b>\$ (2,778,665)</b>	<b>\$ 8,648</b>	<b>\$ 70,158,662</b>

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

General government	\$ 577,817
Public safety	161,707
Highways and streets	<u>1,742,698</u>
<b>Total</b>	<b>\$ 2,482,222</b>

**Construction Commitments**

The government has active construction projects as of June 30, 2011. The projects include construction of various infrastructure improvements and additions to the transportation, storm water, water, wastewater and telecommunications systems. The City has remaining commitments under construction contracts of approximately \$3,837,378 at June 30, 2011.

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Interfund Receivable, Payable and Transfers**

The composition of interfund balances as of June 30, 2011, is as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 5,298	\$ 361,000
Street fund	-	-
Non-major governmental	992,051	636,349
Total	<u>\$ 997,349</u>	<u>\$ 997,349</u>

**E. Long-term Debt**

**1. Unbonded Long-term Debt (Notes and Contracts)**

The government entered into promissory note agreements for financing the acquisition of several land parcels, construction of a three-level parking structure, federally-mandated construction of wastewater treatment facilities, and startup construction and operation of the fiber optic network. The original amount of all promissory notes issued in prior years was \$38,720,613.

The promissory notes are funded by various sources: open space land acquisition by prepared food and beverage tax; the parking structure by revenue generated from parking fees; and the wastewater treatment facility by prepared food and beverage tax, system development charges and user rates.

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-term Debt (continued)**

**1. Unbonded Long-term Debt (Notes and Contracts) (continued)**

**Promissory notes outstanding** at year end are as follows:

Purpose	Interest Rates	Amount
Government activities	5.75%	\$ 244,356
Government activities	6.00%	703,502
Government activities	6.50%	11,309
Government activities	8.00%	98,838
		<u>\$ 1,058,005</u>

The original amount of all promissory notes issued in prior years was \$38,720,613.

**Promissory note debt service** requirement to maturity is as follows:

Year ending June 30,	Governmental Activities	
	Principal	Interest
2012	93,412	60,276
2013	85,767	54,738
2014	93,356	48,934
2015	69,289	43,433
2016	66,420	39,752
2017-2021	312,822	140,881
2022-2026	272,893	65,216
2027-2031	64,047	3,574
	<u>\$ 1,058,005</u>	<u>\$ 456,803</u>

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-term Debt (continued)**

**2. General Obligation Bonds**

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. The original amount of general obligation bonds issued in prior years was \$24,201,000.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds consist of a 30-year serial bond with equal amount of principal maturing each year, and four issues with varying principal payments due over 12 to 20 years. General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
Government activities	3.7-6.02%	\$ 13,620,000
Government activities	3.5-5.0%	2,075,000
Government activities	3.75-4.65%	175,000
Business-type activities	2 - 4%	14,320,000
Business-type activities	4.95%	905,074
		<u>\$ 31,095,074</u>

The above table includes \$14.3 million in full faith-and-credit. This is a refinancing of the Department of Environmental Quality loan that was used to help pay the costs of the wastewater treatment plant project. The original debt was under promissory notes. This refinancing generated approximately \$1.34 million in *Net Present Value* savings on the total debt.

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-term Debt (continued)**

**2. General Obligation Bonds (continued)**

Future maturities of bond principal and interest at June 30, 2011, are as follows:

Year Ending June 30,	1997 Flood and Re-funding GO Bonds		2004 Full Faith-and-Credit		2005 GO Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	175,000	4,069	660,000	767,666	290,000	95,750
2013	-	-	695,000	733,631	190,000	84,875
2014	-	-	730,000	696,576	200,000	77,750
2015	-	-	775,000	656,223	205,000	69,750
2016	-	-	815,000	613,007	215,000	59,500
2017-2021	-	-	4,865,000	2,278,773	975,000	124,750
2022-2026	-	-	5,080,000	634,418	-	-
	<u>\$ 175,000</u>	<u>\$ 4,069</u>	<u>\$ 13,620,000</u>	<u>\$ 6,380,294</u>	<u>\$ 2,075,000</u>	<u>\$ 512,375</u>

Year Ending June 30,	2009 GO Bonds		2010 GO Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	51,060	44,177	1,140,000	501,990	2,316,060	1,413,652
2013	53,619	41,618	1,160,000	479,100	2,098,619	1,339,224
2014	56,305	38,931	1,185,000	444,300	2,171,305	1,257,557
2015	59,127	36,110	1,215,000	408,750	2,254,127	1,170,833
2016	62,090	33,147	1,250,000	372,300	2,342,090	1,077,954
2017-2021	360,363	115,822	6,855,000	1,144,000	13,055,363	3,663,345
2022-2026	262,510	23,203	1,515,000	-	6,857,510	657,621
	<u>\$ 905,074</u>	<u>\$ 333,008</u>	<u>\$ 14,320,000</u>	<u>\$ 3,350,440</u>	<u>\$ 31,095,074</u>	<u>\$ 10,580,186</u>

**3. Revenue Bonds**

The government also issues bonds on which the government pledges income derived from the acquired or constructed assets to pay debt service. The original issue in 1994 was for construction of a 3.5 million gallon reservoir and addition of and upgrade to existing distribution infrastructure.

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-term Debt (continued)**

**3. Revenue Bonds (continued)**

In 2003, the remaining \$2.75 million of these bonds were defeased with the issuance of \$5.625 million for infrastructure construction and re-funding of the original issue. On June 20, 2008, the Government issued \$304,000 in tax exempt, low-interest (1.25 percent) Clean Renewable Energy Bonds authorized by U.S. Treasury to construct a renewable resource photovoltaic system to generate “green power” for the city’s electrical system. Electric rate revenue is pledged to pay the related debt service.

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Water	2.0-4.0%	\$ 2,940,000
Electric	3.8-6.01%	238,857
		\$ 3,178,857

Revenue bond debt service requirements to maturity are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2012	391,714	50,490
2013	396,714	44,804
2014	406,714	39,043
2015	421,714	59,449
2016	176,714	50,458
2017-2021	973,571	162,546
2022-2026	411,715	15,816
	\$ 3,178,857	\$ 422,606

**4. Advance and Current Re-fundings**

The Government issued general obligation re-funding bonds in amounts of \$2,040,000 in 1992 and \$1,720,010 in 1997, to provide resources to purchase U.S. Government State and Local Government Series securities, that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$1,870,000 and \$1,625,000 of general obligation bonds.

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-term Debt (continued)**

**4. Advance and Current Re-fundings (continued)**

As a result, the re-funded bonds are considered to be defeased, and the liability has been removed from the business-type activities column of the *Statement of Net Assets*. The reacquisition price exceeded the net carrying amount of the old debt by \$265,010. This amount was netted against the new debt and amortized over the life of the re-funded debt, which was shorter than the life of the new debt issued. These advance re-fundings were undertaken to reduce total debt service payments by \$363,644 and \$266,087, respectively, over the term of the bonds and resulted in an economic gain of \$364,741.

The government issued \$2,952,833 of revenue bonds in June 2003, to provide resources to purchase US Government, state and local securities that were placed in trust for the purpose of generating resources for all future debt service payments of \$2,750,000 in revenue bond issued in 1984. As a result, the re-funded bonds are considered to be defeased, and the liability has been removed from the business-type activities column of the *Statement of Net Assets*. The reacquisition price exceeded the net carrying amount of the old debt by \$202,833. This amount was netted against the new debt and amortized over the life of the re-funded debt, which was shorter than the life of the new debt issued. This advance re-funding was undertaken to reduce total debt service payments by \$386,048 over the term of the bonds and resulted in an economic gain of \$738,505.

On August 11, 2004, the government issued \$15,500,000 in taxable general obligation revenue bonds backed by the full faith and credit of the City. The proceeds were used to pay off existing bank loans of \$4,286,000 and \$2,532,000 that was borrowed to construct the Ashland Fiber Network (AFN). The loans' interest rates were 5.14 percent and 7.01 percent, respectively. Taxable bonds with a longer life than the loans were issued to consolidate the bank loans. The average interest rate of the bonds allocable to the loan refunding was 5.38 percent. The re-funding of the loans resulted in an economic loss of \$1,631. In addition to re-funding the bank loans, the bonds also provided \$8.44 million in internal borrowing related to AFN.

On December 1, 2005, the City issued \$2,560,000 in general obligation bonds with an interest rate ranging from 3.5 percent to 5.0 percent over the fifteen year life, re-funding a portion of the City's General Obligation Bonds, Series 1997 and Series 2000 bonds. The re-funding resulted in a \$121,962 (4.41 percent) net present value savings. The City's GO Bond Series 2000 was originally insured by the FGIC. On February 14, 2008, Moody's downgraded FGIC's rating to A3. As a consequence, the City's GO Bonds Series 2000 have been downgraded to A2 (which is equal to the City's underlying rating of A2 - higher than FGIC's A3 rating).

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-term Debt (continued)**

**5. Changes in Long-term Liabilities**

Long-term liability activity for the year ended June 30, 2011, was as follows:

	Beginning Balance	Additions and Adjustments	Reductions	Ending Balance	Due within One Year
Governmental Activities:					
Bonds payable:					
General obligation	\$ 16,600,000	\$ -	\$ 905,000	\$ 15,695,000	\$ 950,000
Total bonds payable	16,600,000	-	905,000	15,695,000	950,000
Notes and contracts	1,716,430	-	658,425	1,058,005	93,412
Claims and judgements	48,961	87,909	41,165	95,705	23,926
Government Activities:					
Long-term liabilities	<u>\$ 18,365,391</u>	<u>\$ 87,909</u>	<u>\$ 1,604,590</u>	<u>\$ 16,848,710</u>	<u>\$ 1,067,338</u>
Business-type Activities:					
Bonds Payable:					
General obligation	\$ 1,298,697	\$ 15,440,000	\$ 1,338,623	\$ 15,400,074	\$ 1,366,060
Revenue	3,560,571	-	381,714	3,178,857	391,714
Total bonds payable	4,859,268	15,440,000	1,720,337	18,578,931	1,757,774
Notes and contracts	16,530,415	-	16,530,415	-	-
Business-type Activities:					
Long-term liabilities	<u>\$ 21,389,683</u>	<u>\$ 15,440,000</u>	<u>\$ 18,250,752</u>	<u>\$ 18,578,931</u>	<u>\$ 1,757,774</u>

Internal service funds predominantly serve governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$198,461 of the *Internal Service Fund* was compensated absences.

**F. Restricted Assets**

The balances of the restricted asset accounts in the governmental and business-type are as follows:

	General Government	Business-type Activities
Unused System Development Charges:		
Street fund	\$ 1,980,292	\$ -
Capital improvements fund	364,909	
Water fund		1,568,473
Wastewater fund		1,827,501
	<u>\$ 2,345,201</u>	<u>\$ 3,395,974</u>

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. Compensated Absences**

The General Fund is typically used to liquidate the compensated absences for governmental funds. The balances of the compensated absences accounts in the governmental and business-type are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within a Year
Governmental Activities:	\$ 547,448	\$ 557,774	\$ 547,448	\$ 557,774	\$ 139,444
Business-type Activities:	464,309	416,121	464,309	416,121	104,030
Total compensated absences payable	<u>\$ 1,011,757</u>	<u>\$ 973,895</u>	<u>\$ 1,011,757</u>	<u>\$ 973,895</u>	<u>\$ 243,474</u>

**IV. OTHER INFORMATION**

**A. Risk Management**

The government is exposed to various risks of loss related to: torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; workers' compensation; and post retirement benefits for which the government is self-insured to defined levels. The government has established limited risk management programs for liability and workers' compensation.

The government purchases re-insurance above defined loss levels in each program. Premiums are paid into the *Insurance Services* internal service fund by all other funds, component units, and potential component units, and are available to pay claims, claim reserves, and administrative costs of the programs. These interfund and agency premiums are used to offset the amount of claims expenditures reported. As of June 30, 2011, such premiums did not exceed paid claims and reserves.

Effective April 1, 2004, the potential component unit, Ashland Community Health Care (ACH), established a separate workers' compensation self-insurance fund and their potential liability has been removed.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, change in legal doctrines, and damage awards.

Accordingly, claims are re-evaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. Liability claims have a seven year statute of limitations and open claims, not in litigation, are frozen. An excess insurance policy covers claims after an aggregate annual settlement of \$50,000.

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**IV. OTHER INFORMATION (CONTINUED)**

**A. Risk Management (continued)**

Settlements have exceeded coverages in each of the last three fiscal years. Workers' compensation claims are carried and reviewed from the date of self-insurance, July 1, 1989. An excess insurance policy covers individual claims in excess of \$300,000. No settlements have exceeded coverages. Changes in the balances of claims liability during the past two years are as follows:

	<u>Year ended June 30, 2011</u>	<u>Year ended June 30, 2010</u>
Unpaid claims, beginning of fiscal year	\$ 48,961	\$ 103,590
Incurred claims (including IBNRs)	87,909	189,159
Claim payments	(41,165)	(243,788)
Unpaid claims, end of fiscal year	\$ 95,705	\$ 48,961

**B. Contingent Liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government's counsel the resolution of these matters will not have a material adverse effect of the financial condition of the government.

The City leases land, under agreement with the Forest Service, that is a designated ski area to the Mt. Ashland Association (Ski Ashland), a non-profit organization, to conduct skiing activities. The permit with the Forest Service and the lease agreement recognize the need for reclamation of the area should skiing operations cease, and, as the permit holder, the City is the responsible party. The lease agreement between the City of Ashland and Mt. Ashland Association estimates the cost of reclamation to be \$318,933 at June 30, 2011, and requires Ski Ashland to maintain sufficient liquid assets to cover that cost. This amount is adjusted each January by the CPI U per the agreement. On August 30, 2011, the City Council approved the transfer of the Special Use Permit (SUP) to Ski Ashland; the terms and agreements are still under negotiations.

The City leases property to Ashland Community Hospital per an agreement dated July 1, 1996, when the hospital operation transitioned from a department to a nonprofit service provider. As part of the lease agreement, the City maintained ownership of land, buildings and certain equipment and those assets are included within the City's governmental net fixed asset amount of \$2 million as of June 30, 2011. On January 13, 2004, the City agreed to subordinate rights to

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**IV. OTHER INFORMATION (CONTINUED)**

**B. Contingent Liabilities (continued)**

leased property in order for the hospital to borrow \$10,000,000 for expansion. The Ashland Community Hospital's outstanding debt is \$8.7 million as of June 30, 2011. Per Ashland Community Hospital management, they expect to make the final payment in 2016. Future maturities of the hospital debt are as follows:

FYE June 30,	Principal	Interest
2012	319,089	355,996
2013	332,620	342,465
2014	346,723	328,362
2015	361,425	313,660
2016	7,364,972	175,932
	\$8,724,829	\$1,516,415

Per the definitive agreement, the net amount of assets (all leased property and equipment, including improvements less unpaid debt) would revert back to the City if the hospital were to close. The agreement also calls for the hospital to meet a debt service coverage ratio of more than 1.25 per year. The current year ratio was 2.16.

**C. Other Post Employment Benefits**

**Post Employment Stipend**

Plan Description - In addition to providing pension benefits, the City provides certain benefits for 16 retired City employees who completed a minimum of 15 years employment with the City. The City pays a monthly stipend from the retiree's 60th birthday or date of retirement, whichever is later, until the retiree's death. These benefit obligations are required by labor bargaining agreements and the exempt employee ordinance. The cost of retiree benefits is recognized as an expense in the *Insurance Services Fund* (an internal service fund) when eligible employees retire. The amount advance funded at retirement is based solely on the City's estimate.

Funding Policy - The benefits from this program is paid by the *Insurance Fund*. There is no obligation on the part of the City to fund these benefits in advance

Annual Benefit Cost and Net Benefit Obligation - The City's annual Other Post Employment Benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer and an amount actuarially determined in accordance and within the parameters of GASBS 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess)

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**IV. OTHER INFORMATION (CONTINUED)**

**C. Other Post Employment Benefits (continued)**

**Post Employment Stipend (continued)**

over a period not to exceed thirty years. The following table shows the components of the OPEB obligation at the end of the year. The remaining amortization period is thirteen years.

Actuarial Methods and Assumptions – The ARC for the current year was determined as part of the August 1, 2010, actuarial valuation, using the present value of projected benefits discounted at the valuation interest rate (4.50 percent). The assumed health costs will increase 8.5 percent in the first year (August 1, 2011, premiums compared with August 1, 2010, premiums), 7.5 percent in the second year, 6.5 percent in the third year, six percent for the fourth through twenty-third year, 5.5 percent for the twenty-fourth through forty-seventh year, and five percent thereafter. The demographic assumptions, such as mortality rates, disability incidence rates, retirement rates and withdrawal rates, are the same as those used by Oregon PERS for cities.

Funding Status and Funding Progress – As of August 1, 2010, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$2,704,203, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,704,203.

	<b>August 1, 2010</b>	<b>August 1, 2008</b>
Present value of benefits	\$ 3,940,139	\$ 3,101,152
Actuarial accrued liability	2,704,203	1,882,214
Assets	-	-
Unfunded actuarial accrued liability	\$ 2,704,203	\$ 1,882,214

Fiscal Year Ending	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011	\$ 327,244	14.66%	\$ 799,902
6/30/2010	291,819	15.13%	520,648
6/30/2009	279,935	2.34%	272,988

	Year ended June 30, 2011	Year ended June 30, 2010
Annual required contribution (medical)	\$ 351,444	\$ 279,935
Interest on net OPEB obligation (BOY)	20,826	12,284
Adjustment to ARC for net OPEB obligation	-	-
Annual OPEB costs	372,270	292,219
Expected contributions	(45,027)	(44,159)
Increase (decrease) in net OPEB obligation	279,254	247,660
Net OPEB obligation - beginning of fiscal year	\$ 520,648	\$ 272,988
Net OPEB obligation - end of fiscal year	\$ 799,902	\$ 520,648

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**IV. OTHER INFORMATION (CONTINUED)**

**C. Other Post Employment Benefits (continued)**

**Post Employment Health Insurance Subsidy**

Plan Description - The City operates a single-employer retiree benefit plan that provides post employment health, dental, vision and life insurance benefits to eligible employees and their spouses. There are active and retired members in the plan. Benefits and eligibility for members are established through the collective bargaining agreements. The City's post-retirement healthcare plan was established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulated that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees.

The difference between retiree claims cost (which is generally higher in comparison to all plan members because of the effect of age) and the amount of retiree healthcare premiums represents the City's implicit employer contribution.

The City did not establish an irrevocable trust (or equivalent arrangement) to account for the plan.

Funding Policy - The benefits from this program are paid by the retired employees on a self-pay basis and the required contribution is based on projected pay-as-you go financing requirements. There is no obligation on the part of the City to fund these benefits in advance.

Annual Pension Cost and Net Pension Obligation - The City's annual *Other Post Employment Benefit* (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer and an amount actuarially determined in accordance within the parameters of GASBS 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the OPEB obligation at the end of the year.

Actuarial Methods and Assumptions - The ARC for the current year was determined as part of the August 1, 2010, actuarial valuation using the present value of projected benefits discounted at the valuation interest rate (4.5 percent). The assumed health costs will increase 8.5 percent in the first year (August 1, 2011, premiums compared with August 1, 2010 premiums), 7.5 percent in the second year, 6.5 percent in the third year, six percent for the fourth through twenty-third year, 5.5 percent for the twenty-fourth through forty-seventh year and five percent thereafter. The demographic assumptions, such as mortality rates, disability incidence rates, retirement rates and withdrawal rates, are the same as those used by Oregon PERS for cities. The remaining amortization period is thirteen years.

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**IV. OTHER INFORMATION (CONTINUED)**

**C. Other Post Employment Benefits (continued)**

**Post Employment Health Insurance Subsidy (continued)**

	<u>August 1, 2010</u>	<u>August 1, 2008</u>
Present value of benefits	\$ 4,865,844	\$ 5,182,752
Actuarial accrued liability	2,802,196	2,923,625
Assets	-	-
Unfunded actuarial accrued liability	<u>\$ 2,802,196</u>	<u>\$ 2,923,625</u>
	<u>Year ended</u>	<u>Year ended</u>
	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Annual required contribution (medical)	\$ 215,316	\$ 205,063
Amortization of UAAL	237,537	222,924
Annual required contribution	<u>452,853</u>	<u>427,987</u>
Interest on prior year	\$ 26,605	\$ 13,949
Adjustment to ARC	41,732	21,880
Implicit benefit payments	<u>142,799</u>	<u>138,814</u>
Increase (decrease) in net OPEB obligation	294,927	281,242
Net OPEB obligation - beginning of fiscal year	<u>\$ 591,213</u>	<u>\$ 309,971</u>
Net OPEB obligation - end of fiscal year	<u><u>\$ 886,140</u></u>	<u><u>\$ 591,213</u></u>

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2011	\$ 437,726	33%	\$ 886,140
6/30/2010	420,056	33%	591,213
6/30/2009	481,296	36%	309,971

**D. Employee Retirement System and Pension Plan**

The City contributes to the Oregon Public Employees Retirement Fund (OPERF), a cost-sharing multiple-employer defined benefit pension plan administered by the Oregon Public Employees Retirement System (PERS). PERS provides retirement and disability benefits, post employment health care benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute (ORS) Chapter 238. ORS 238.620 establishes the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report can be obtained by writing to PERS, P.O. Box 23700, Tigard, OR 97281-3700, or by calling 1-503-598-7377.

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**IV. OTHER INFORMATION (CONTINUED)**

**D. Employee Retirement System and Pension Plan (continued)**

**Funding policy.** Plan members are required to contribute six percent of their annual covered salary. ORS 238.225 requires the City to contribute at an actuarially determined rate(s). In 2003, the Oregon Legislature revised OPERF operations and how benefits for existing and new employees are calculated and funded. Accordingly, employers may now have two rates to use in calculating the amount owed to fund the liabilities of employees benefits in OPERF. The new plan, established in 2003, is called the Oregon Public Service Retirement Plan (OPSRP) and the current rates are: PERS-General Service 8.67 percent, PERS-Police and Fire 16.77 percent, OPSRP-General Service 9.43 percent, and OPSRP-Police and Fire 12.14 percent, respectively, of annual covered payroll. The City has “picked up” employee contributions at a rate of six percent, as allowed under Oregon law. The contribution requirement of plan members and their employers are established under ORS Chapter 238, and may be amended by an act of the Oregon legislature. The City elected to join the Local Government Rate Pool in 2000 and the State and Local Rate Pool in 2002, to minimize annual variances in employer rates.

For 2010-2011, the City’s annual pension cost of \$2,135,344 was equal to the City’s required and actual contributions. This consisted of \$749,830 “picked up” and paid by the City on behalf of employees and \$1,385,514 paid by the City. The required contribution was determined as part of the December 31, 2005, actuarial valuation, using the entry age actuarial cost method. The *Unfunded Actuarial Liability*, if any, is amortized as a level percentage of covered payroll over a twenty year period on an open basis. The actuarial assumptions include (a) eight percent investment rate of return (net of administrative expenses), (b) projected salary increases of 4.25 percent per year (attributable to general wage adjustments, with additional increases for promotion and longevity that vary by age and services), and (c) two percent per year cost-of-living adjustments. The underlying rate of inflation is 3.5 percent per year.

Three Year Trend Information for PERS:

**GASB Statement No. 27 Required Disclosures  
Three Year Trend Information  
(C of A) City of Ashland**

<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (C of A)</b>	<b>Percentage of C of A Contributed</b>	<b>Net Pension Obligation</b>
6/30/2011	\$ 2,135,344	100%	-
6/30/2010	2,137,864	100%	-
6/30/2009	2,535,529	100%	-

**CITY OF ASHLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

**IV. OTHER INFORMATION (CONTINUED)****E. Deferred Charges**

*Deferred Charges* resulted from the start-up cost associated with the Ashland Fiber Network (AFN) under FAS 51. The development stage revenues and expenses have been deferred and will be amortized over the estimated life of the system infrastructure.

The balance at June 30, 2011, is as follows:

Startup costs	\$ 1,861,076
Less accumulated amortization	<u>1,132,528</u>
	<u>\$ 728,548</u>

**F. Fund Balance Constraints**

The specific purposes for each of the categories of the fund balance as of June 30, 2011, are as follows:

<b>Fund Balances:</b>	<b>General Fund</b>	<b>Street Fund</b>	<b>Non Major Funds</b>	<b>Total</b>
<b>Restricted for:</b>				
Asset forfeiture	187,864	-	-	187,864
TOT tourism	105,063	-	-	105,063
CDBG restriction	-	-	34,424	34,424
SDC - Transportation	-	1,980,292	-	1,980,292
SDC - Parks	-	-	364,909	364,909
Perpetual care	-	-	831,603	831,603
<b>Committed for:</b>				
Parking surcharge	232,497	-	-	232,497
Public art	28,113	-	-	28,113
Affordable housing	23,367	-	-	23,367
Airport activities	-	-	60,083	60,083
Food and beverage ta:	-	-	526,148	526,148
CIP - Facilities	-	-	1,241,604	1,241,604
Debt commitment	-	-	809,249	809,249
<b>Assigned for:</b>				
N/A				
<b>Unassigned:</b>	2,871,153	256,008	-	3,127,161
<b>Total fund balances:</b>	<u>\$ 3,448,057</u>	<u>\$ 2,236,300</u>	<u>\$ 3,868,020</u>	<u>\$ 9,552,377</u>



**REQUIRED SUPPLEMENTARY INFORMATION**

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## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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The budgetary basis differs from GAAP when the City has interfund loan transactions. For the budgetary basis, it is considered an other financing source; for GAAP it is purely a balance sheet transaction.

**CITY OF ASHLAND, OREGON  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
for the year ended June 30, 2011**

	Actual	Budget Amounts		Variance with Final Budget
		Original	Final	Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 12,121,415	\$ 11,817,980	\$ 11,817,980	\$ 303,435
Fees, licenses and permits	482,275	388,325	388,325	93,950
Intergovernmental	655,817	642,933	756,149	(100,332)
Charges for services	1,489,665	1,471,420	1,471,420	18,245
Fines and forfeitures	183,239	165,200	165,200	18,039
Interest on investments	19,619	15,000	15,000	4,619
Miscellaneous	157,335	47,200	47,200	110,135
<b>Total revenues</b>	<b>15,109,365</b>	<b>14,548,058</b>	<b>14,661,274</b>	<b>448,091</b>
<b>Expenditures:</b>				
General Government:				
Administration	538,015	557,024	557,024	19,009
Administrative Services:				
Band	56,214	57,619	57,619	1,405
Social services	118,568	120,342	120,342	1,774
Economic development	571,455	591,240	591,240	19,785
Public Works:				
Cemetery	297,274	312,525	312,525	15,251
Community Development:				
Planning	1,141,351	1,186,027	1,186,027	44,676
Building	589,185	649,046	649,046	59,861
Miscellaneous	61,012	45,000	70,000	8,988
Total general government	<b>3,373,074</b>	<b>3,518,823</b>	<b>3,543,823</b>	<b>170,749</b>
Public Safety:				
Police	5,232,383	5,492,235	5,581,235	348,852
Municipal court	432,486	421,986	439,986	7,500
Fire and rescue	5,251,735	5,256,147	5,321,188	69,453
Total public safety	<b>10,916,604</b>	<b>11,170,368</b>	<b>11,342,409</b>	<b>425,805</b>
Contingency		506,541	62,216	62,216
<b>Total expenditures</b>	<b>14,289,678</b>	<b>15,195,732</b>	<b>14,948,448</b>	<b>658,770</b>
Excess (deficiency) of revenues over (under) expenditures	819,687	(647,674)	(287,174)	1,106,861
<b>Other financing sources (uses):</b>				
Transfers in	5,298	20,000	20,000	14,702
Transfers out	(361,000)	(500)	(361,000)	-
<b>Total other financing sources</b>	<b>(355,702)</b>	<b>19,500</b>	<b>(341,000)</b>	<b>14,702</b>
Net change in fund balance	463,985	(628,174)	(628,174)	1,092,159
<b>Fund balance, July 1, 2010</b>	<b>2,474,570</b>	<b>2,112,664</b>	<b>2,112,664</b>	<b>361,906</b>
<b>Fund balance, June 30, 2011</b>	<b>\$ 2,938,555</b>	<b>\$ 1,484,490</b>	<b>\$ 1,484,490</b>	<b>\$ 1,454,065</b>
Reconciliation to GAAP fund balance :				
Reserve fund balance:	509,502			
	<b>\$ 3,448,057</b>			

**CITY OF ASHLAND, OREGON  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
STREET FUND  
for the year ended June 30, 2011**

	Actual	Budget Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
Taxes	\$ 52,848	\$ 46,225	\$ 46,225	\$ 6,623
Intergovernmental	1,319,244	3,204,005	3,204,005	(1,884,761)
Charges for services	1,908,456	1,938,878	1,938,878	(30,422)
System development charges (SDC)	80,061	39,705	39,705	40,356
Assessments	17,867	7,495	7,495	10,372
Interest on investments	17,900	20,355	20,355	(2,455)
Miscellaneous	5,101	23,870	23,870	(18,769)
<b>Total revenues</b>	<b>3,401,477</b>	<b>5,280,533</b>	<b>5,280,533</b>	<b>(1,879,056)</b>
<b>Expenditures:</b>				
Highways and streets:				
Operations and maintenance	2,986,071	4,626,259	4,626,259	1,640,188
Storm water	586,524	655,528	655,528	69,004
Transportation SDCs	196,484	521,810	521,810	325,326
Storm water SDCs	41,289	95,555	95,555	54,266
Local improvement districts	175,326	533,938	533,938	358,612
New debt	-	394,000	394,000	394,000
Total highways and streets	3,985,694	6,827,090	6,827,090	2,841,396
Contingency		93,000	93,000	93,000
<b>Total expenditures</b>	<b>3,985,694</b>	<b>6,920,090</b>	<b>6,920,090</b>	<b>2,934,396</b>
Excess (deficiency) of revenues over (under) expenditures	(584,217)	(1,639,557)	(1,639,557)	1,055,340
<b>Other financing sources (uses):</b>				
Bond proceeds	-	1,060,190	1,060,190	(1,060,190)
Transfers out		(74,000)	(74,000)	74,000
<b>Total other financing sources</b>	<b>-</b>	<b>986,190</b>	<b>986,190</b>	<b>(986,190)</b>
Net change in fund balance	(584,217)	(653,367)	(653,367)	69,150
<b>Fund balance, July 1, 2010</b>	<b>2,820,517</b>	<b>2,853,365</b>	<b>2,853,365</b>	<b>(32,848)</b>
<b>Fund balance, June 30, 2011</b>	<b>\$ 2,236,300</b>	<b>\$ 2,199,998</b>	<b>\$ 2,199,998</b>	<b>\$ 36,302</b>



**SUPPLEMENTARY INFORMATION  
(Combining and Individual Fund Statements  
and Other Financial Schedules)**

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**CITY OF ASHLAND, OREGON  
COMBINING BALANCE SHEET  
ALL NON-MAJOR FUNDS  
June 30, 2011**

	Governmental Fund Types				Permanent Fund Type	Total Other Governmental (Compilation Only)
	CDBG Fund	Airport Fund	Capital Improvements Fund	Debt Service Fund	Cemetery Trust Fund	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 428	\$41,707	\$ 2,090,248	\$ -	\$ 829,881	\$ 2,962,264
Receivables (net of allowance for uncollectibles)	42,379	22,069	1,698,040	342,315	1,722	2,106,525
Cash - restricted	-	-	-	802,870	-	802,870
<b>Total assets</b>	<u>\$ 42,807</u>	<u>\$63,776</u>	<u>\$ 3,788,288</u>	<u>\$1,145,185</u>	<u>\$ 831,603</u>	<u>\$ 5,871,659</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Accounts payable	\$ 4,383	\$ 3,693	\$ 1,493,124	\$ -	\$ -	\$ 1,501,200
Deferred revenue	-	-	162,503	335,936	-	498,439
Due to other funds	4,000	-	-	-	-	4,000
Liabilities payable from restricted assets:	-	-	-	-	-	-
Total liabilities	<u>8,383</u>	<u>3,693</u>	<u>1,655,627</u>	<u>335,936</u>	<u>-</u>	<u>2,003,639</u>
<b>Fund Balances:</b>						
Restricted for:						
CDBG restriction	34,424	-	-	-	-	34,424
Systems development charges	-	-	364,909	-	-	364,909
Perpeture care	-	-	-	-	831,603	831,603
Committed for:						
Special revenue funds	-	60,083	-	-	-	60,083
Debt service	-	-	-	809,249	-	809,249
Parks Improvements	-	-	526,148	-	-	526,148
Capital projects funds	-	-	1,241,604	-	-	1,241,604
Total equity and other credits	<u>34,424</u>	<u>60,083</u>	<u>2,132,661</u>	<u>809,249</u>	<u>831,603</u>	<u>3,868,020</u>
<b>Total liabilities and fund balances</b>	<u>\$ 42,807</u>	<u>\$63,776</u>	<u>\$ 3,788,288</u>	<u>\$1,145,185</u>	<u>\$ 831,603</u>	<u>\$ 5,871,659</u>

**CITY OF ASHLAND, OREGON  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
ALL NON-MAJOR FUNDS  
for the year ended June 30, 2011**

	Governmental Fund Types				Permanent Fund Type Cemetery Nonexpendable Trust Fund	Total Other Governmental (Compilation Only)
	CDBG Fund	Airport Fund	Capital Improvements Fund	Debt Service Fund		
<b>Revenues:</b>						
Taxes	\$ -	\$ -	\$ 398,224	\$ 405,655	\$ -	\$ 803,879
Intergovernmental	238,794	-	1,428,253	-	-	1,667,047
Charges for services	-	125,835	1,163,871	1,502,081	23,306	2,815,093
System development charges	-	-	22,701	-	-	22,701
Interest on investments	-	219	14,784	3,312	5,298	23,613
Miscellaneous	-	-	81,077	29,301	-	110,378
<b>Total revenues</b>	<b>238,794</b>	<b>126,054</b>	<b>3,108,910</b>	<b>1,940,349</b>	<b>28,604</b>	<b>5,442,711</b>
<b>Expenditures:</b>						
General government	241,794	59,595	2,275,374	-	-	2,576,763
Debt service	-	38,536	-	2,524,350	-	2,562,886
<b>Total expenditures</b>	<b>241,794</b>	<b>98,131</b>	<b>2,275,374</b>	<b>2,524,350</b>	<b>-</b>	<b>5,139,649</b>
Excess (deficiency) of revenues over (under) expenditures	(3,000)	27,923	833,536	(584,001)	28,604	303,062
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	631,051	500	631,551
Transfers out	-	-	(631,051)	-	(5,298)	(636,349)
Interfund loan	-	-	(208,000)	-	-	(208,000)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(839,051)</b>	<b>631,051</b>	<b>(4,798)</b>	<b>(212,798)</b>
Net change in fund balance	(3,000)	27,923	(5,515)	47,050	23,806	90,264
<b>Fund balance, July 1, 2010</b>	<b>37,424</b>	<b>32,160</b>	<b>2,138,176</b>	<b>762,199</b>	<b>807,797</b>	<b>3,777,756</b>
<b>Fund balance, June 30, 2011</b>	<b>\$34,424</b>	<b>\$60,083</b>	<b>\$ 2,132,661</b>	<b>\$ 809,249</b>	<b>\$ 831,602</b>	<b>\$ 3,868,020</b>

**CITY OF ASHLAND, OREGON  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
COMMUNITY DEVELOPMENT BLOCK GRANT FUND  
for the year ended June 30, 2011**

	Actual	Budget Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
Intergovernmental	\$ 238,794	\$ 413,116	\$ 413,116	\$ (174,322)
<b>Total revenues</b>	<u>238,794</u>	<u>413,116</u>	<u>413,116</u>	<u>(174,322)</u>
<b>Expenditures:</b>				
General government:				
Personal services	41,556	41,556	41,556	-
Material and services	200,238	371,560	371,560	171,322
Total general government	<u>241,794</u>	<u>413,116</u>	<u>413,116</u>	<u>171,322</u>
Contingency				
<b>Total expenditures</b>	<u>241,794</u>	<u>413,116</u>	<u>413,116</u>	<u>171,322</u>
Net change in fund balance	(3,000)	-	-	(3,000)
<b>Fund balance, July 1, 2010</b>	<u>37,424</u>	<u>-</u>	<u>-</u>	<u>37,424</u>
<b>Fund balance, June 30, 2011</b>	<u>\$ 34,424</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,424</u>

**CITY OF ASHLAND, OREGON  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
AIRPORT FUND  
for the year ended June 30, 2011**

	Actual	Budget Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
Charges for services	\$ 125,835	\$ 105,225	\$ 105,225	\$ 20,610
Interest on investments	219	100	100	119
<b>Total revenues</b>	<u>126,054</u>	<u>105,325</u>	<u>105,325</u>	<u>20,729</u>
<b>Expenditures:</b>				
General government:				
Materials and services	59,595	58,750	63,750	4,155
Total general government	59,595	58,750	63,750	4,155
Debt service	38,536	43,537	43,537	5,001
Contingency	-	5,000	-	-
<b>Total expenditures</b>	<u>98,131</u>	<u>107,287</u>	<u>107,287</u>	<u>9,156</u>
Net change in fund balance	27,923	(1,962)	(1,962)	29,885
<b>Fund balance, July 1, 2010</b>	<u>32,160</u>	<u>12,766</u>	<u>12,766</u>	<u>19,394</u>
<b>Fund balance, June 30, 2011</b>	<u>\$ 60,083</u>	<u>\$ 10,804</u>	<u>\$ 10,804</u>	<u>\$ 49,279</u>

**CITY OF ASHLAND, OREGON  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
CAPITAL IMPROVEMENTS FUND  
for the year ended June 30, 2011**

	Actual	Budget Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
Taxes	\$ 398,224	\$ 412,000	\$ 412,000	\$ (13,776)
Intergovernmental	1,428,253	1,710,000	1,710,000	(281,747)
Charges for services	1,163,871	1,185,000	1,185,000	(21,129)
System development	22,701	10,000	10,000	12,701
Interest on investments	14,784	15,000	15,000	(216)
Miscellaneous	81,077	200	200	80,877
<b>Total revenues</b>	<b>3,108,910</b>	<b>3,332,200</b>	<b>3,332,200</b>	<b>(223,290)</b>
<b>Expenditures:</b>				
General government:				
Public works - facilities	581,398	587,740	587,740	6,342
Admin services - parks open space	52,509	400,000	400,000	347,491
Capital outlay	1,641,467	2,215,012	2,215,012	573,545
Total cost of service	2,275,374	3,202,752	3,202,752	927,378
Contingency	-	50,000	50,000	-
<b>Total expenditures</b>	<b>2,275,374</b>	<b>3,252,752</b>	<b>3,252,752</b>	<b>927,378</b>
Excess (Deficiency) of revenues over (under) expenditures	833,536	79,448	79,448	704,088
<b>Other financing sources (uses):</b>				
Transfers out	(631,051)	(632,003)	(632,003)	(952)
Interfund loan	(208,000)	(208,000)	(208,000)	-
<b>Total other financing sources (uses):</b>	<b>(839,051)</b>	<b>(840,003)</b>	<b>(840,003)</b>	<b>(952)</b>
Net change in fund balance	(5,515)	(760,555)	(760,555)	755,040
<b>Fund balance, July 1, 2010</b>	<b>2,138,176</b>	<b>2,254,231</b>	<b>2,254,231</b>	<b>(116,055)</b>
<b>Fund balance, June 30, 2011</b>	<b>\$ 2,132,661</b>	<b>\$ 1,493,676</b>	<b>\$ 1,493,676</b>	<b>\$ 638,985</b>

**CITY OF ASHLAND, OREGON  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
DEBT SERVICE FUND  
for the year ended June 30, 2011**

	Actual	Budget Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
Taxes	\$ 405,655	\$ 385,375	\$ 385,375	\$ 20,280
Charges for services	1,502,081	1,629,263	1,629,263	(127,182)
Interest on investments	3,312	5,000	5,000	(1,688)
Miscellaneous	29,301	29,302	29,302	(1)
<b>Total revenues</b>	<b>1,940,349</b>	<b>2,048,940</b>	<b>2,048,940</b>	<b>(108,591)</b>
<b>Expenditures:</b>				
Debt service:				
Bancroft	-	200,000	200,000	200,000
General obligation	1,809,477	1,809,120	1,809,120	(357)
Notes and contracts	714,873	698,678	698,678	(16,195)
<b>Total expenditures</b>	<b>2,524,350</b>	<b>2,707,798</b>	<b>2,707,798</b>	<b>183,448</b>
Excess (deficiency) of revenues over (under) expenditures	(584,001)	(658,858)	(658,858)	74,857
<b>Other financing sources (uses):</b>				
Transfers in	631,051	706,003	706,003	74,952
<b>Total other financing sources</b>	<b>631,051</b>	<b>706,003</b>	<b>706,003</b>	<b>74,952</b>
Net change in fund balance	47,050	47,145	47,145	(95)
<b>Fund balance, July 1, 2010</b>	<b>762,199</b>	<b>743,501</b>	<b>743,501</b>	<b>18,698</b>
<b>Fund balance, June 30, 2011</b>	<b>\$ 809,249</b>	<b>\$ 790,646</b>	<b>\$ 790,646</b>	<b>\$ 18,603</b>

(1) Appropriation level

**CITY OF ASHLAND, OREGON  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
CEMETERY TRUST FUND  
for the year ended June 30, 2011**

	Actual	Budget Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
Charges for services	\$ 23,306	\$ 20,000	\$ 20,000	\$ 3,306
Interest on investments	5,298	20,000	20,000	(14,702)
<b>Total revenues</b>	<b>28,604</b>	<b>40,000</b>	<b>40,000</b>	<b>(11,396)</b>
<b>Other financing sources (uses):</b>				
Transfers in	500	500	500	-
Transfers out	(5,298)	(20,000)	(20,000)	14,702
<b>Total other financing sources (uses):</b>	<b>(4,798)</b>	<b>(19,500)</b>	<b>(19,500)</b>	<b>14,702</b>
Net change in fund balance	23,806	20,500	20,500	3,306
<b>Fund balance, July 1, 2010</b>	<b>807,797</b>	<b>806,253</b>	<b>806,253</b>	<b>1,544</b>
<b>Fund balance, June 30, 2011</b>	<b>\$ 831,603</b>	<b>\$ 826,753</b>	<b>\$ 826,753</b>	<b>\$ 4,850</b>

**CITY OF ASHLAND, OREGON  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
RESERVE FUND  
for the year ended June 30, 2011**

	Actual	Budget Amounts		Variance with Final Budget
		Original	Final	Positive (Negative)
<b>Revenues:</b>				
Interest on investments	\$ 930	\$ 1,000	\$ 1,000	\$ (70)
<b>Total revenues</b>	<u>930</u>	<u>1,000</u>	<u>1,000</u>	<u>(70)</u>
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>930</u>	<u>1,000</u>	<u>1,000</u>	<u>(70)</u>
<b>Other financing sources (uses):</b>				
Transfer in (General Fund)	360,500	-	-	(360,500)
<b>Total other financing sources</b>	<u>360,500</u>	<u>-</u>	<u>-</u>	<u>(360,500)</u>
Net change in fund balance	361,430	1,000	1,000	360,430
<b>Fund balance, July 1, 2010</b>	<u>148,072</u>	<u>150,500</u>	<u>150,500</u>	<u>(2,428)</u>
<b>Fund balance, June 30, 2011</b>	<u>\$ 509,502</u>	<u>\$ 151,500</u>	<u>\$ 151,500</u>	<u>\$ 358,002</u>
Reconciliation to GAAP fund balance				
Reserve fund	<u>\$ (509,502)</u>			
	<u>\$ -</u>			

**CITY OF ASHLAND, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN NET ASSETS - BUDGET AND ACTUAL**  
**WATER FUND**

for the year ended June 30, 2011

	Actual	Budget Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
Taxes	\$ 45	\$ -	\$ -	\$ 45
Intergovernmental	344,396	343,540	403,540	(59,144)
Charges for services	4,250,255	4,718,710	4,718,710	(468,455)
System developments charges	180,604	69,816	69,816	110,788
Interest on investments	10,006	24,015	24,015	(14,009)
Miscellaneous	21,297	36,017	36,017	(14,720)
<b>Total revenues</b>	<b>4,806,603</b>	<b>5,192,098</b>	<b>5,252,098</b>	<b>(445,495)</b>
<b>Expenditures:</b>				
Cost of services:				
Forest land management	369,116	390,178	450,178	81,062
Public works water supply	299,099	826,056	826,056	526,957
Public works water treatment	993,703	1,073,597	1,073,597	79,894
Public works water distribution	2,284,549	2,439,533	2,439,533	154,984
Public works reimbursement SDCs	113,549	231,000	231,000	117,451
Public works improvements SDCs	48,783	227,500	227,500	178,717
Public works debt SDCs	124,992	124,995	124,995	3
Electric:				
Water conservation	175,495	173,565	183,565	8,070
	4,409,286	5,486,424	5,556,424	1,147,138
Debt service	586,805	635,867	635,867	49,062
Contingency	-	150,000	140,000	140,000
<b>Total expenditures</b>	<b>4,996,091</b>	<b>6,272,291</b>	<b>6,332,291</b>	<b>1,336,200</b>
Excess (Deficiency) of revenues over (under) expenditures	(189,487)	(1,080,193)	(1,080,193)	890,705
<b>Other financing sources (uses):</b>				
Loan proceeds	-	2,626,256	2,626,256	2,626,256
Interfund loan	550,000	-	1,000,000	450,000
<b>Total other financing sources</b>	<b>550,000</b>	<b>2,626,256</b>	<b>3,626,256</b>	<b>3,076,256</b>
Net change in fund balance	360,513	1,546,063	2,546,063	(1,185,550)
<b>Fund balance, July 1, 2010</b>	<b>1,851,885</b>	<b>1,755,937</b>	<b>1,755,937</b>	<b>95,948</b>
<b>Fund balance, June 30, 2011</b>	<b>\$ 2,212,398</b>	<b>\$ 3,302,000</b>	<b>\$ 4,302,000</b>	<b>\$ (1,089,602)</b>
Reconciliation to Net Assets:				
Deferred charges	\$ 116,344			
Capital assets, net	20,952,282			
Compensated absences	(69,217)			
OPEB implicit rate liability	(80,058)			
Accrued interest	(28,762)			
GO bonds payable	(808,551)			
Revenue bonds payable	(2,940,000)			
	<u>\$ 19,354,436</u>			

**CITY OF ASHLAND, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN NET ASSETS - BUDGET AND ACTUAL**  
**WASTEWATER FUND**  
**for the year ended June 30, 2011**

	Actual	Budget Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
Taxes	\$ 1,592,897	\$ 1,648,000	\$ 1,648,000	\$ (55,103)
Charges for services	3,385,748	3,348,200	3,348,200	37,548
System developments charges	68,956	39,055	39,055	29,901
Interest on investments	22,476	23,326	23,326	(850)
Miscellaneous	-	1,000	1,000	(1,000)
<b>Total revenues</b>	<b>5,070,077</b>	<b>5,059,581</b>	<b>5,059,581</b>	<b>10,496</b>
<b>Expenditures:</b>				
Cost of services:				
Public works wastewater collection	1,552,808	1,847,808	1,847,808	295,000
Public works wastewater treatment	1,954,118	2,018,245	2,018,245	64,127
Public works reimbursement SDC's	2,606	21,250	21,250	18,644
Public works improvements SDC's	210,606	553,500	553,500	342,894
Total cost of service	3,720,138	4,440,803	4,440,803	720,665
Debt service	1,920,235	1,826,554	1,975,554	55,319
Contingency		151,000	2,000	2,000
<b>Total expenditures</b>	<b>5,640,373</b>	<b>6,418,357</b>	<b>6,418,357</b>	<b>777,984</b>
Excess (deficiency) of revenues over (under) expenditures	(570,296)	(1,358,776)	(1,358,776)	788,480
<b>Other financing sources (uses):</b>				
Loan proceeds	324,400	361,250	361,250	36,850
<b>Total other financing sources (uses)</b>	<b>324,400</b>	<b>361,250</b>	<b>361,250</b>	<b>36,850</b>
Net change in fund balance	(245,896)	(997,526)	(997,526)	751,630
<b>Fund balance, July 1, 2010</b>	<b>3,496,009</b>	<b>3,326,484</b>	<b>3,326,484</b>	<b>169,525</b>
<b>Fund balance, June 30, 2011</b>	<b>\$ 3,250,113</b>	<b>\$ 2,328,958</b>	<b>\$ 2,328,958</b>	<b>\$ 921,155</b>
Reconciliation to Net Assets:				
Capital assets, net	\$ 37,318,332			
Compensated absences	(40,459)			
OPEB implicit rate liability	(46,680)			
Accrued interest	(84,411)			
GO bonds payable	(14,591,522)			
	<b>\$ 25,805,373</b>			

**CITY OF ASHLAND, OREGON  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN NET ASSETS - BUDGET AND ACTUAL  
ELECTRIC FUND  
for the year ended June 30, 2011**

	Actual	Budget Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
Intergovernmental	\$ 187,436	\$ 138,000	\$ 208,000	\$ (20,564)
Charges for services	12,238,716	12,366,700	12,366,700	(127,984)
Interest on investments	10,817	10,000	10,000	817
Miscellaneous	154,772	94,000	94,000	60,772
<b>Total revenues</b>	<b>12,591,741</b>	<b>12,608,700</b>	<b>12,678,700</b>	<b>(86,959)</b>
<b>Expenditures:</b>				
Cost of Services:				
Electric supply	5,573,812	5,585,204	5,685,204	111,392
Electric distribution	5,210,097	5,608,981	5,608,981	398,884
Electric transmission	814,013	900,000	900,000	85,987
Conservation	547,421	504,421	574,421	27,000
Total cost of service	12,145,343	12,598,606	12,768,606	623,263
Debt service	24,836	24,837	24,837	1
Contingency	-	378,000	278,000	278,000
<b>Total expenditures</b>	<b>12,170,179</b>	<b>13,001,443</b>	<b>13,071,443</b>	<b>901,264</b>
Net change in fund balance	421,562	(392,743)	(392,743)	814,305
<b>Fund balance, July 1, 2010</b>	<b>2,054,733</b>	<b>1,779,779</b>	<b>1,779,779</b>	<b>274,954</b>
<b>Fund balance, June 30, 2011</b>	<b>\$2,476,295</b>	<b>\$1,387,036</b>	<b>\$1,387,036</b>	<b>\$1,089,259</b>
Reconciliation to Net Assets:				
Capital assets, net	\$ 8,880,366			
Compensated absences	(85,527)			
OPEB implicit rate liability	(83,157)			
Accrued interest	(123)			
Revenue bonds payable	(238,857)			
Deferred revenue	298,940			
Rounding	2			
	<u>\$ 11,247,939</u>			

**CITY OF ASHLAND, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN NET ASSETS - BUDGET AND ACTUAL**  
**TELECOMMUNICATIONS FUND**  
**for the year ended June 30, 2011**

	Actual	Budget Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
Charges for services	\$ 1,944,758	\$ 1,882,400	\$ 1,882,400	\$ 62,358
Interest on investments	2,348	4,000	4,000	(1,652)
Miscellaneous	12,481	500	500	11,981
<b>Total revenues</b>	<u>1,959,587</u>	<u>1,886,900</u>	<u>1,886,900</u>	<u>72,687</u>
<b>Expenditures:</b>				
Cost of services:				
IT - Internet	2,041,888	2,088,389	2,088,389	46,501
IT - High Speed Data	353,098	377,816	377,816	24,718
Total cost of service	<u>2,394,986</u>	<u>2,466,205</u>	<u>2,466,205</u>	<u>71,219</u>
Contingency		50,000	50,000	50,000
<b>Total expenditures</b>	<u>2,394,986</u>	<u>2,516,205</u>	<u>2,516,205</u>	<u>121,219</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(435,399)</u>	<u>(629,305)</u>	<u>(629,305)</u>	<u>193,906</u>
Net change in fund balance	(435,399)	(629,305)	(629,305)	193,906
<b>Fund balance, July 1, 2010</b>	953,315	911,037	911,037	42,278
<b>Fund balance, June 30, 2011</b>	<u>\$ 517,916</u>	<u>\$ 281,732</u>	<u>\$ 281,732</u>	<u>\$ 236,184</u>
Reconciliation to Net Assets:				
Capital assets, net	\$ 3,736,229			
Compensated absences	(22,458)			
OPEB implicit rate liability	(27,678)			
Rounding	(1)			
	<u>\$ 4,204,008</u>			

**CITY OF ASHLAND, OREGON  
CONSOLIDATING BALANCE SHEET  
INTERNAL SERVICE FUNDS  
June 30, 2011**

	Central Services Fund	Insurance Services Fund	Equipment Fund	Totals
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and investments	\$ 827,764	\$ 1,004,065	\$ 1,923,012	\$ 3,754,841
Interest and accounts receivable, net	11,817	357	26,330	38,504
Notes receivable	-	23,087	-	23,087
Inventories	3,387	-	51,192	54,579
Total current assets	<u>842,968</u>	<u>1,027,509</u>	<u>2,000,534</u>	<u>3,871,011</u>
<b>Fixed assets</b>	453,527	-	10,294,400	10,747,927
Accumulated depreciation	(316,924)	-	(8,199,234)	(8,516,158)
Capital assets, net	<u>136,603</u>	<u>-</u>	<u>2,095,166</u>	<u>2,231,769</u>
<b>Total assets</b>	<u>\$ 979,571</u>	<u>\$ 1,027,509</u>	<u>\$ 4,095,700</u>	<u>\$ 6,102,780</u>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 144,428	\$ 77,941	\$ 120,558	\$ 342,927
Accrued salaries, vacation and payroll taxes	588,718	4,212	50,697	643,627
Other liabilities	-	-	-	-
Accrued claims and adjustments	-	895,608	-	895,608
Total current liabilities	<u>733,146</u>	<u>977,761</u>	<u>171,255</u>	<u>1,882,162</u>
<b>Net assets:</b>				
Invested in capital assets, net of related debt	136,603	-	2,095,166	2,231,769
Unreserved	109,822	49,748	1,829,279	1,988,849
Total fund equity:	<u>246,425</u>	<u>49,748</u>	<u>3,924,445</u>	<u>4,220,618</u>
<b>Total liabilities and net assets</b>	<u>\$ 979,571</u>	<u>\$ 1,027,509</u>	<u>\$ 4,095,700</u>	<u>\$ 6,102,780</u>

**CITY OF ASHLAND, OREGON  
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS  
INTERNAL SERVICE FUNDS  
for the year ended June 30, 2011**

	Central Service Fund	Insurance Services Fund	Equipment Fund	Totals
<b>Operating revenues:</b>				
Service charges and fees	\$ 5,594,497	\$ 635,747	\$ 1,902,730	\$ 8,132,974
Miscellaneous	87,616	21,992	11,271	120,879
<b>Total revenues</b>	<u>5,682,113</u>	<u>657,739</u>	<u>1,914,001</u>	<u>8,253,853</u>
<b>Operating expenses:</b>				
Cost of service	5,564,283	1,023,674	1,195,742	7,783,699
Depreciation	29,196	-	558,336	587,532
<b>Total operating expenses</b>	<u>5,593,479</u>	<u>1,023,674</u>	<u>1,754,078</u>	<u>8,371,231</u>
Operating income (loss)	<u>88,634</u>	<u>(365,935)</u>	<u>159,923</u>	<u>(117,378)</u>
<b>Nonoperating income (expense):</b>				
Taxes	56,534	-	26,264	82,798
Interest income	3,685	5,770	24,055	33,510
Interfund loan	-	-	(342,000)	(342,000)
<b>Total nonoperating income (expense)</b>	<u>60,219</u>	<u>5,770</u>	<u>(291,681)</u>	<u>(225,692)</u>
Change in net assets	148,853	(360,165)	(131,758)	(343,070)
<b>Net assets, July 1, 2010</b>	97,572	409,913	4,056,203	4,563,688
<b>Net assets, July 1, 2011</b>	<u>\$ 246,425</u>	<u>\$ 49,748</u>	<u>\$ 3,924,445</u>	<u>\$ 4,220,618</u>

**CITY OF ASHLAND, OREGON  
COMBINING INTERNAL SERVICE FUND  
STATEMENT OF CASH FLOWS  
for the year ended June 30, 2011**

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Central Services</u>	<u>Insurance Services</u>	<u>Equipment Fund</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>				
Receipts from customers and users	\$ 5,678,211	\$ 658,469	\$ 1,902,416	\$ 8,239,096
Payments to suppliers	(1,422,917)	(578,326)	(726,112)	(2,727,355)
Payments to employees	(4,081,090)	(77,134)	(387,623)	(4,545,847)
Net cash from operating activities	<u>174,204</u>	<u>3,009</u>	<u>788,681</u>	<u>965,894</u>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition and construction of capital assets	(23,471)	-	(342,273)	(365,744)
Net cash from capital and related financing activities	<u>(23,471)</u>	<u>-</u>	<u>(342,273)</u>	<u>(365,744)</u>
<b>Cash flows from investing activities:</b>				
Interest from investments and other income	60,219	5,770	(291,680)	(225,691)
<b>Net increase (decrease) in cash and investments</b>	<u>210,952</u>	<u>8,779</u>	<u>154,728</u>	<u>374,459</u>
<b>Cash and investments, beginning of year</b>	<u>616,812</u>	<u>995,286</u>	<u>1,768,284</u>	<u>3,380,382</u>
<b>Cash and investments, end of year</b>	<u>\$ 827,764</u>	<u>\$ 1,004,065</u>	<u>\$ 1,923,012</u>	<u>\$ 3,754,841</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ 88,634	\$ (365,935)	\$ 159,923	\$ (117,378)
Depreciation and amortization	29,196	-	558,336	587,532
Change in assets and liabilities:				
(Increase) decrease in:				
Receivables	(3,902)	730	(11,585)	(14,757)
Inventories	332	-	(22,586)	(22,254)
Increase (decrease) in:				
Accounts payable and accrued liabilities	(5,667)	46,113	81,686	122,132
Other liabilities	65,611	322,101	22,907	410,619
Net cash from operating activities	<u>\$ 174,204</u>	<u>\$ 3,009</u>	<u>\$ 788,681</u>	<u>\$ 965,894</u>

**CITY OF ASHLAND, OREGON  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN NET ASSETS - BUDGET AND ACTUAL  
CENTRAL SERVICES FUND  
for the year ended June 30, 2011**

	Actual	Budget Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
Taxes	\$ 56,534	\$ 55,000	\$ 55,000	\$ 1,534
Intergovernmental revenues	2,820	-	2,820	-
Charges for services	5,594,497	5,688,700	5,688,700	(94,203)
Interest on investments	3,685	5,000	5,000	(1,315)
Miscellaneous	84,796	100,000	100,000	(15,204)
<b>Total revenues</b>	<b>5,742,332</b>	<b>5,848,700</b>	<b>5,851,520</b>	<b>(109,188)</b>
<b>Expenditures:</b>				
Cost of services:				
Administration department	1,194,059	1,309,489	1,362,309	168,250
IT - Computer Services division	1,110,765	1,149,409	1,149,409	38,644
Administrative Services department	1,616,191	1,692,363	1,692,363	76,172
City Recorder division	300,356	305,725	305,725	5,369
Public Works*	1,296,235	1,389,984	1,389,984	93,749
Contingency	-	175,500	125,500	125,500
<b>Total expenditures</b>	<b>5,517,606</b>	<b>6,022,470</b>	<b>6,025,290</b>	<b>507,684</b>
*(includes Administration and Engineering)				
Net change in fund balance	224,726	(173,770)	(173,770)	398,496
<b>Fund Balance, July 1, 2010</b>	<b>266,820</b>	<b>244,363</b>	<b>244,363</b>	<b>22,457</b>
<b>Fund Balance, June 30, 2011</b>	<b>\$ 491,546</b>	<b>\$ 70,593</b>	<b>\$ 70,593</b>	<b>\$ 420,953</b>
Reconciliation to Net Assets:				
Accrued compensated absences	\$ (183,229)			
OPEB implicit rate liability	(198,494)			
Rounding	(1)			
Capital assets, net	136,603			
	<b>\$ 246,425</b>			

**CITY OF ASHLAND, OREGON  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN NET ASSETS - BUDGET AND ACTUAL  
INSURANCE SERVICES FUND  
for the year ended June 30, 2011**

	Actual	Budget Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
Charges for services	\$ 635,747	\$ 650,000	\$ 650,000	\$ (14,253)
Interest on investments	5,770	6,000	6,000	(230)
Miscellaneous	21,992	12,000	12,000	9,992
<b>Total revenues</b>	<u>663,509</u>	<u>668,000</u>	<u>668,000</u>	<u>(4,491)</u>
<b>Expenditures:</b>				
Cost of services:				
Personal services	77,134	77,290	77,290	156
Materials and services	620,542	680,803	680,803	60,261
Total cost of services	697,676	758,093	758,093	60,417
Contingency		150,000	150,000	150,000
<b>Total expenditures</b>	<u>697,676</u>	<u>908,093</u>	<u>908,093</u>	<u>210,417</u>
Net change in fund balance	(34,167)	(240,093)	(240,093)	205,926
<b>Fund balance, July 1, 2010</b>	640,110	634,559	634,559	5,551
<b>Fund balance, June 30, 2011</b>	<u>\$ 605,943</u>	<u>\$ 394,466</u>	<u>\$ 394,466</u>	<u>\$ 211,477</u>
Reconciliation to Net Assets:				
Accrued claims and judgments	\$ (556,195)			
	<u>\$ 49,748</u>			

**CITY OF ASHLAND, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN NET ASSETS - BUDGET AND ACTUAL**  
**EQUIPMENT FUND**  
**for the year ended June 30, 2011**

	Actual	Budget Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
Intergovernmental	\$ 26,264	\$ 91,000	\$ 91,000	\$ (64,736)
Charges for services	1,902,730	1,678,200	1,678,200	224,530
Interest on investments	24,055	15,000	15,000	9,055
Miscellaneous	11,271	55,000	55,000	(43,729)
<b>Total revenues</b>	<b>1,964,320</b>	<b>1,839,200</b>	<b>1,839,200</b>	<b>125,120</b>
<b>Expenditures:</b>				
Cost of services:				
Public works maintenance	983,346	991,374	991,374	8,028
Total cost of service	983,346	991,374	991,374	8,028
Capital outlay	540,310	1,374,500	1,374,500	834,190
Contingency		54,000	54,000	54,000
<b>Total expenditures</b>	<b>1,523,656</b>	<b>2,419,874</b>	<b>2,419,874</b>	<b>896,218</b>
Excess (deficiency) of revenues over (under) expenditures	440,664	(580,674)	(580,674)	(1,021,338)
<b>Other financing sources</b>				
Interfund loan	208,000	208,000	208,000	-
Interfund loan	(550,000)	-	(1,000,000)	(450,000)
<b>Total other financing sources</b>	<b>(342,000)</b>	<b>-</b>	<b>(792,000)</b>	<b>(450,000)</b>
Net change in fund balance	98,664	(580,674)	(1,372,674)	1,021,338
<b>Fund balance, July 1, 2010</b>	<b>1,760,305</b>	<b>1,460,876</b>	<b>1,460,876</b>	<b>299,429</b>
<b>Fund balance, June 30, 2011</b>	<b>\$ 1,858,969</b>	<b>\$ 880,202</b>	<b>\$ 88,202</b>	<b>\$ 1,320,767</b>
Reconciliation to Net Assets:				
Accrued compensated absences	\$ (15,231)			
OPEB implicit rate liability	(14,459)			
Capital assets, net	2,095,166			
	<b>\$ 3,924,445</b>			

**CITY OF ASHLAND, OREGON  
CAPITAL ASSETS USED  
IN THE OPERATION OF GOVERNMENTAL FUNDS  
BY SOURCE  
June 30, 2011**

<b>Governmental funds capital assets:</b>	
Land	\$ 12,301,840
Buildings and improvements	19,244,728
Improvements other than buildings	44,145,114
Machinery and equipment	3,631,959
Construction in progress	3,479,776
	<hr/>
<b>Total capital assets</b>	<b>\$ 82,803,417</b>
	<hr/> <hr/>
<b>Investments in governmental funds capital assets by source:</b>	
General and capital projects funds	\$ 50,168,148
Special revenue funds	10,865,448
Component unit	7,205,074
Leased to other agencies	14,564,747
	<hr/>
<b>Total investments in governmental funds capital assets</b>	<b>\$ 82,803,417</b>
	<hr/> <hr/>

This schedule represents only the capital asset balances related to governmental funds before accumulated depreciation. Accordingly, the capital assets reported in *Internal Service Funds* are excluded from the above amounts. Generally, the capital assets of internal service funds are included as the appropriate business activity or governmental activity in the *Statement of Net Assets*.

**CITY OF ASHLAND, OREGON  
SCHEDULE OF ASSETS USED  
IN THE OPERATION OF GOVERNMENTAL FUNDS  
BY FUNCTION AND ACTIVITY  
June 30, 2011**

Function and Activity	Land	Buildings	Improvements other than Buildings	Machinery and Equipment	Construction in Progress	Total
General government:						
Community development	\$ 985,235	\$ 1,120,947	\$ -	\$ 378,138	\$ -	\$ 2,484,320
Public buildings	460,200	1,021,882	72,229	145,916	90,810	1,791,037
Leased to other agencies	253,000	8,744,018	3,957,949	1,609,780	-	14,564,747
Other - unclassified	2,752,795	2,035,844	790,298	183,248	-	5,762,185
<b>Total general government</b>	<b>4,451,230</b>	<b>12,922,691</b>	<b>4,820,476</b>	<b>2,317,082</b>	<b>90,810</b>	<b>24,602,289</b>
Public safety:						
Police	80,000	614,700	-	484,266	-	1,178,966
Fire	998,400	3,268,416	300,000	343,777	75,061	4,985,654
<b>Total public safety</b>	<b>1,078,400</b>	<b>3,883,116</b>	<b>300,000</b>	<b>828,043</b>	<b>75,061</b>	<b>6,164,620</b>
Highway and streets:						
Public thoroughfares	452,235	630,075	37,296,927	256,828	1,494,541	40,130,606
<b>Total highways and streets</b>	<b>452,235</b>	<b>630,075</b>	<b>37,296,927</b>	<b>256,828</b>	<b>1,494,541</b>	<b>40,130,606</b>
Airports	176,566	1,029,780	1,727,711	-	1,766,771	4,700,828
Culture and recreation	6,143,409	779,066	-	230,006	52,593	7,205,074
<b>Total governmental funds capital assets</b>	<b>\$ 12,301,840</b>	<b>\$ 19,244,728</b>	<b>\$ 44,145,114</b>	<b>\$ 3,631,959</b>	<b>\$ 3,479,776</b>	<b>\$ 82,803,417</b>

This schedule represents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in *Internal Service Funds* are excluded from the above amounts. Generally, the capital assets of internal service funds are included as the appropriate business activity or governmental activity in the *Statement of Net Assets*.

**CITY OF ASHLAND, OREGON  
SCHEDULE OF BOND PRINCIPAL  
AND BOND INTEREST TRANSACTIONS  
for the year ended June 30, 2011**

	Original Issue	Bond Principal Transactions	
		Outstanding June 30, 2010	Issued
<b><u>General Obligation Bonds</u></b>			
Flood and Re-funding Bonds, issued December 1, 1997 interest at 3.65% to 6.00%	2,800,000	345,000	-
Ashland Fiber Network Bonds, issued August 11, 2004 interest at 3.70% to 6.02%	15,500,000	14,250,000	-
Re-funding Bonds, issued December 1, 2005 interest variable	2,560,000	2,350,000	-
Water and Wastewater, Series 2009, issued May 15, 2009 interest at 4.95%	1,000,000	953,697	-
Wastewater, issued October 13, 2010 interest at 2.00% to 4.00%	15,440,000	-	15,440,000
<b><u>Revenue Bonds</u></b>			
Water, Series 2003, issued June 1, 2003 interest at 2.00% to 4.00%	5,625,000	3,300,000	-
Electric, Series 2008, issued June 20, 2008 interest at 2.00% to 4.00%	304,000	260,572	-
	<b>\$43,229,000</b>	<b>\$ 21,459,269</b>	<b>\$ 15,440,000</b>

**CITY OF ASHLAND, OREGON  
SCHEDULE OF BOND PRINCIPAL  
AND BOND INTEREST TRANSACTIONS  
for the year ended June 30, 2011 (continued)**

Bond Principal Transactions			Interest Transactions			
Matured	Paid	Outstanding June 30, 2011	Outstanding June 30, 2010	Matured	Paid	Outstanding June 30, 2011
170,000	170,000	175,000	-	12,048	12,048	-
630,000	630,000	13,620,000	-	798,744	798,744	-
275,000	275,000	2,075,000	-	105,375	105,375	-
46,623	46,623	907,074	-	46,614	46,614	-
1,120,000	1,120,000	14,320,000	-	270,888	270,888	-
360,000	360,000	2,940,000	-	102,944	102,944	-
21,714	21,714	238,857	-	3,121	3,121	-
<b>\$2,623,337</b>	<b>\$2,623,337</b>	<b>\$ 34,275,931</b>	<b>\$ -</b>	<b>\$1,339,734</b>	<b>\$1,339,734</b>	<b>\$ -</b>

**CITY OF ASHLAND, OREGON  
SCHEDULE OF PROPERTY TAX TRANSACTIONS  
COLLECTED AND UNCOLLECTED  
FOR THE CITY AND COMPONENT UNIT  
for the year ended June 30, 2011**

	Taxes Uncollected July 1, 2010	Add Levy Extended by Assessor	Add (Deduct) Discounts Interest Cancellations Adjustments	Deduct Interest and Tax Collections	Taxes Uncollected June 30, 2011
2009-10	\$ -	\$9,552,665	\$ 224,336	\$ 8,919,320	\$ 409,009
2008-09	386,152	-	10,463	192,635	183,054
2007-08	165,351	-	768	65,388	99,195
2006-07	99,014	-	(5,616)	53,121	51,509
2005-06	27,388	-	1,410	13,967	12,011
Prior years	21,216	-	994	1,286	18,936
	<u>\$ 699,121</u>	<u>\$9,552,665</u>	<u>\$ 232,355</u>	<u>\$ 9,245,823</u>	<u>\$ 773,714</u>

Taxes receivable and tax collections classified by fund:	Collections to June 30, 2011	Taxes Uncollected June 30, 2011
<b>Primary government:</b>		
General fund	\$ 4,629,804	\$ 357,266
Debt service funds:		
Debt service fund	405,655	33,582
Enterprise funds:		
Water fund	44	-
<b>Component unit:</b>		
Parks and recreation:		
Parks and recreation fund	4,192,179	337,809
Ashland Youth Activities serial levy fund	18,141	45,056
	<u>\$ 9,245,823</u>	<u>\$ 773,714</u>

**CITY OF ASHLAND, OREGON  
SCHEDULE OF PROPERTY TAX TRANSACTIONS  
AND BALANCES OF TAXES UNCOLLECTED  
FOR THE CITY AND COMPONENT UNIT  
for the year ended June 30, 2011**

Reconciliation of tax collections by fund to tax revenues on the Generally Accepted Accounting Principles (GAAP) basis:

	<u>Collections</u>	<u>Other Taxes</u>	<u>Tax Revenues GAAP Basis</u>
<b>Primary government:</b>			
General fund	\$4,629,804	\$7,491,611	\$12,121,415
Special revenue funds:			
Street fund	-	52,848	52,848
Debt service funds:			
Debt service fund	405,655	-	405,655
Capital projects funds:			
Capital improvement fund	-	398,224	398,224
Enterprise funds:			
Water fund	44	-	44
Wastewater fund	-	1,592,897	1,592,897
<b>Component unit:</b>			
Parks and recreation:			
Parks and recreation fund	4,192,179	-	4,192,179
Special revenue funds:			
Ashland Youth Activities serial levy fund	18,141	-	18,141
	<u>\$9,245,823</u>	<u>\$9,535,580</u>	<u>\$18,781,403</u>

**CITY OF ASHLAND, OREGON  
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND BALANCES  
ELECTED OFFICIALS  
for the year ended June 30, 2011**

	Cash Balance July 1, 2010	Receipts	Turnovers to			Cash Balance June 30, 2011
			Treasurer	State	Other	
City Recorder/Treasurer	\$21,758,621	\$ 144,242,688	\$ -	\$ -	\$ 142,830,033	\$23,171,276
Judge	-	625,740	560,190	63,871	1,679	-
	<u>\$21,758,621</u>	<u>\$ 144,868,428</u>	<u>\$ 560,190</u>	<u>\$ 63,871</u>	<u>\$ 142,831,712</u>	<u>\$23,171,276</u>

**STATISTICAL SECTION  
Total Reporting Entity  
(Unaudited)**

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**CITY OF ASHLAND, OREGON  
STATISTICAL SECTION  
(Unaudited)**

This part of the City of Ashland's comprehensive annual financial report presents detailed information as a context for understanding this year's financial statements, notes, and supplementary information. This information has not been audited by the independent auditors.

<b>Financial Trends</b>	<b>Page</b>
These tables contain trend information that may assist the reader in assessing the City's current financial performance by placing it in historical perspective.	98-111
<b>Revenue Capacity</b>	
These tables contain information that may assist the reader is assessing the viability of the City's revenue sources.	112-123
<b>Debt Capacity</b>	
These tables present information that may assist the reader in analyzing the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	124-133
<b>Economic and Demographic Information</b>	
These tables offer economic and demographic indicators that are commonly used for financial analysis that can help the reader understand the City's present and ongoing financial status.	134-135
<b>Operating Information</b>	
These tables contain service and infrastructure indicators that can help the reader understand how the information in the City's financial statements relates to the services the City provides and the activities it performs.	136-143

**Source:**

Unless otherwise noted, the information in these tables is derived from the annual financial reports for the City of Ashland. The City implemented GASB Statement No. 34 in fiscal year 2003, therefore, some of the tables presenting government-wide information include only eight years.

**CITY OF ASHLAND, OREGON  
STATEMENT OF NET ASSETS  
Governmental Activities  
for the Fiscal Year Ended June 30,**

<b>ASSETS</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 12,769,637	\$ 11,832,259	\$ 9,453,086	\$ 9,845,351
Receivables (net of allowance for uncollectibles)	4,085,185	2,647,744	2,668,694	2,444,054
Inventories	54,579	32,325	36,193	59,984
Internal balances	(354,295)	(534,894)	(640,731)	(1,304,641)
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	802,870	755,885	1,066,850	1,240,543
Capital assets:				
Land	12,400,610	12,400,610	12,400,610	9,829,360
Buildings and improvements	19,563,238	19,563,238	19,563,238	19,563,238
Machinery and equipment	13,487,439	13,278,430	13,130,505	14,380,378
Infrastructure	44,589,519	44,299,409	43,579,697	42,249,665
Construction in progress	3,510,539	484,590	340,422	673,643
Accumulated depreciation	(44,589,333)	(42,260,637)	(39,728,339)	(38,631,224)
<b>Total assets</b>	<b>\$ 66,319,988</b>	<b>\$ 62,498,959</b>	<b>\$ 61,870,225</b>	<b>\$ 60,350,351</b>
<b>Liabilities:</b>				
Accounts payable and other current liabilities	\$ 5,715,843	\$ 3,190,369	\$ 3,153,914	\$ 2,672,369
Unearned revenue	393,592	417,042	430,105	449,038
Noncurrent liabilities:				
Due within one year	1,067,338	1,276,871	1,183,044	1,327,360
Due in more than one year	15,781,372	17,330,191	18,316,590	19,263,447
Total liabilities	22,958,145	22,214,473	23,083,653	23,712,214
<b>Net assets:</b>				
Invested in capital assets, net of related debt	32,113,302	29,449,210	29,786,499	27,577,843
Restricted for:				
Asset forfeiture	187,864	129,510	140,974	236,514
TOT tourism	105,063	-	-	-
System development	2,345,201	2,469,667	2,363,441	2,146,609
Debt service	-	762,199	1,072,785	1,246,509
CDBG restriction	34,424	-	-	-
Perpetual care: nonexpendable	831,603	807,797	788,753	771,948
Unrestricted	7,744,386	6,666,013	4,634,120	4,658,714
<b>Total net assets</b>	<b>\$ 43,361,843</b>	<b>\$ 40,284,396</b>	<b>\$ 38,786,572</b>	<b>\$ 36,638,137</b>

**CITY OF ASHLAND, OREGON  
STATEMENT OF NET ASSETS  
Governmental Activities  
for the Fiscal Year Ended June 30, (continued)**

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$	10,922,900	\$ 9,274,073	\$ 9,123,663	\$ 6,312,364	\$ 8,961,587
	2,530,776	2,353,604	2,354,558	2,430,662	2,669,101
	36,173	31,621	42,894	16,602	1,728
	(1,587,111)	(1,319,579)	(1,378,719)	1,222,273	-
	542,190	451,672	428,719	413,078	260,813
	9,829,360	8,559,612	8,287,911	8,261,273	8,343,858
	19,563,238	19,563,238	30,138,810	29,933,056	7,420,827
	13,183,769	12,405,182	11,771,045	9,345,294	3,610,916
	42,121,600	41,047,189	15,986,209	15,720,372	9,951,054
	143,017	798,324	9,744,570	9,789,517	12,327,224
	(35,789,232)	(33,506,950)	(31,952,088)	(28,220,545)	-
\$	<u>61,496,680</u>	<u>\$ 59,657,986</u>	<u>\$ 54,547,572</u>	<u>\$ 55,223,946</u>	<u>\$ 53,547,108</u>
\$	2,683,604	\$ 2,590,134	\$ 2,652,837	\$ 2,734,135	\$ 2,798,840
	396,208	12,700	26,392	94,404	335,303
	925,973	590,000	908,822	783,485	750,750
	20,341,095	5,731,134	5,815,074	6,357,569	6,530,911
	<u>24,346,880</u>	<u>8,923,968</u>	<u>9,403,125</u>	<u>9,969,593</u>	<u>10,415,804</u>
	27,969,339	42,669,821	37,631,383	37,948,847	34,601,570
	329,180	-	-	-	-
	-	-	-	-	-
	1,930,458	1,663,317	1,537,765	1,197,249	1,594,538
	479,262	459,095	423,842	433,278	(47,412)
	-	-	-	-	-
	749,918	719,429	702,629	684,476	679,646
	5,691,643	5,222,356	4,848,828	4,990,503	6,302,962
\$	<u>37,149,800</u>	<u>\$ 50,734,018</u>	<u>\$ 45,144,447</u>	<u>\$ 45,254,353</u>	<u>\$ 43,131,304</u>

**CITY OF ASHLAND, OREGON  
STATEMENT OF NET ASSETS  
Business - type Activities  
for the Fiscal Year Ended June 30,**

<b>ASSETS</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 6,743,304	\$ 6,959,037	\$ 6,993,295	\$ 6,437,889
Receivables (net of allowance for uncollectibles)	2,408,196	2,307,864	2,227,713	2,190,239
Inventories	740,438	732,821	810,073	881,530
Deferred charges	844,892	966,228	1,098,448	1,215,668
Internal balances	354,295	534,984	640,731	1,304,641
Restricted assets:				
Capital assets:				
Land	1,880,637	1,880,637	1,880,637	1,880,638
Buildings and improvements	22,089,254	22,089,254	22,089,254	21,782,187
Machinery and equipment	1,072,204	875,928	823,580	823,581
Infrastructure	87,809,652	87,809,652	84,636,277	84,636,278
Construction in progress	3,335,467	2,538,176	4,620,579	3,981,724
Accumulated depreciation	(46,028,522)	(42,247,672)	(38,584,771)	(35,041,272)
<b>Total assets</b>	<b>\$ 81,249,817</b>	<b>\$ 84,446,909</b>	<b>\$ 87,235,816</b>	<b>\$ 90,093,103</b>
<b>Liabilities:</b>				
Accounts payable and other current liabilities	\$ 1,591,542	\$ 1,769,929	\$ 1,467,227	\$ 1,571,810
Accrued interest payable	113,296	121,211	130,104	144,127
Unearned revenue	-	-	-	-
Noncurrent liabilities:				
Due within one year	1,757,774	1,735,032	1,669,770	1,595,081
Due in more than one year	16,821,156	19,654,652	21,389,683	22,056,168
<b>Total liabilities</b>	<b>20,283,768</b>	<b>23,280,824</b>	<b>24,656,784</b>	<b>25,367,186</b>
<b>Net assets:</b>				
Invested in capital assets, net of related debt	51,579,762	51,556,291	52,406,103	54,411,887
Restricted for:				
System development	3,395,974	3,646,949	3,800,824	3,838,867
Debt service	875,490	875,490	875,490	1,751,369
Unrestricted	5,114,823	5,087,355	5,496,615	4,723,794
<b>Total net assets</b>	<b>\$ 60,966,049</b>	<b>\$ 61,166,085</b>	<b>\$ 62,579,032</b>	<b>\$ 64,725,917</b>

**CITY OF ASHLAND, OREGON  
STATEMENT OF NET ASSETS  
Business - type Activities  
for the Fiscal Year Ended June 30, (continued)**

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$	9,836,733	\$ 12,951,933	\$ 15,066,503	\$ 9,286,593	\$ 7,961,325
	2,105,403	2,203,826	2,057,466	1,883,966	1,893,686
	806,047	799,588	851,200	821,407	828,978
	1,340,389	1,721,312	1,819,860	1,921,810	2,082,204
	1,587,111	1,319,579	1,378,719	(1,222,273)	-
	1,880,638	1,945,107	1,945,107	1,971,745	1,945,107
	21,782,187	21,782,188	23,113,448	23,157,904	22,595,341
	673,607	636,103	675,297	2,833,165	722,977
	81,141,248	80,305,280	79,057,892	79,121,637	60,513,768
	5,156,412	2,998,341	4,472,229	4,563,158	3,428,686
	(31,502,402)	(28,803,335)	(26,616,727)	(25,236,582)	-
\$	<u>94,807,373</u>	<u>\$ 97,859,922</u>	<u>\$ 103,820,994</u>	<u>\$ 99,102,530</u>	<u>\$ 101,972,072</u>
\$	1,554,049	\$ 1,678,775	\$ 2,343,307	\$ 1,960,591	\$ 1,486,328
	153,639	587,720	819,171	307,538	307,634
	-	-	-	4,000	323,308
	1,379,209	1,475,373	1,437,257	2,388,750	2,300,805
	<u>23,497,674</u>	<u>40,366,883</u>	<u>42,177,256</u>	<u>34,841,659</u>	<u>36,927,296</u>
	<u>26,584,571</u>	<u>44,108,751</u>	<u>46,776,991</u>	<u>39,502,538</u>	<u>41,345,371</u>
	54,264,807	42,661,428	39,032,733	44,754,393	49,967,778
	4,315,088	4,251,713	4,636,560	4,020,207	3,441,297
	-	1,913,648	1,913,648	1,281,341	1,913,648
	<u>9,642,907</u>	<u>4,924,382</u>	<u>11,461,062</u>	<u>9,544,051</u>	<u>5,303,978</u>
\$	<u>68,222,802</u>	<u>\$ 53,751,171</u>	<u>\$ 57,044,003</u>	<u>\$ 59,599,992</u>	<u>\$ 60,626,701</u>

**CITY OF ASHLAND, OREGON  
CHANGES IN NET ASSETS  
Governmental Activities  
for the Fiscal Year Ended June 30,**

<b>Program Revenues:</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
General government:			
Charges for services	\$ 6,946,410	\$ 6,336,870	\$ 5,084,158
Operating grants and contributions	19,793	18,890	3,641
Capital grants and contributions	1,428,253	196,058	3,991
Capital system development charges	22,701	16,377	18,375
Public safety:	-	-	-
Charges for services	1,551,370	1,551,370	1,487,673
Operating grants and contributions	189,248	95,570	114,188
Capital grants and contributions	-	-	-
Highways and streets:			
Charges for services	2,006,385	2,027,116	1,842,187
Operating grants and contributions	-	-	-
Capital grants and contributions	-	-	-
Capital system development charges	-	76,101	72,643
	<u>12,164,160</u>	<u>10,318,352</u>	<u>8,626,856</u>
<b>Program Expenses:</b>			
General government	5,963,977	4,813,802	3,856,719
Public safety	10,457,134	11,410,483	10,312,721
Highways and streets	3,650,817	2,893,462	2,505,897
Interest on long-term debt	976,011	1,033,451	442,168
	<u>21,047,939</u>	<u>20,151,198</u>	<u>17,117,505</u>
<b>Net (Expense) Revenue:</b>			
General government	2,453,180	1,721,639	1,253,446
Public safety	(8,716,516)	(9,763,543)	(8,710,860)
Highways and streets	(1,644,432)	(942,447)	(591,067)
Interest on long-term debt	(976,011)	(1,033,451)	(442,168)
	<u>(8,883,779)</u>	<u>(10,017,802)</u>	<u>(8,490,649)</u>
<b>General Revenues:</b>			
Property taxes	5,093,848	4,821,809	4,391,088
Utility users tax	4,170,896	3,989,351	3,888,747
Users taxes	2,315,909	2,276,353	2,013,026
State subventions - unrestricted	-	-	-
Unrestricted interest earnings	117,112	134,142	127,224
Capital assets transfers	-	-	-
Miscellaneous	263,461	293,971	218,999
Gain (loss) on disposal of assets	-	-	-
<b>Transfers:</b>			
Total general revenues and transfers	<u>11,961,226</u>	<u>11,515,626</u>	<u>10,639,084</u>
Change in net assets	3,077,447	1,497,824	2,148,435
Net assets - beginning	40,284,396	38,786,572	36,638,137
Recognition of prior infrastructure	-	-	-
Net assets - ending	<u>\$ 43,361,843</u>	<u>\$ 40,284,396</u>	<u>\$ 38,786,572</u>

**CITY OF ASHLAND, OREGON  
CHANGES IN NET ASSETS  
Governmental Activities  
for the Fiscal Year Ended June 30, (continued)**

2008	2007	2006	2005	2004	2003
\$ 5,786,031	\$ 5,058,193	\$ 4,110,436	\$ 4,453,046	\$ 4,269,353	\$ 4,667,720
2,122	35,144	141,500	358,309	811,075	132,171
178,186	17,377	299,171	948,845	3,859	156,141
48,308	67,014	105,193	154,200	107,687	130,486
-	-	-	-	-	-
1,524,229	1,600,538	1,556,909	1,769,625	1,693,838	1,599,037
98,302	182,281	-	71,245	101,877	34,536
-	312,000	-	53,443	79,460	-
1,807,939	1,662,360	1,659,421	1,593,663	1,491,256	1,146,124
-	-	-	1,243	-	-
-	366,549	202,982	463,695	1,075,598	2,849,793
167,486	269,338	388,654	509,175	376,951	430,806
<u>9,612,603</u>	<u>9,570,794</u>	<u>8,464,266</u>	<u>10,376,489</u>	<u>10,010,954</u>	<u>11,146,814</u>
4,876,071	4,287,280	2,818,129	5,202,781	2,982,532	6,543,127
11,555,693	10,082,938	7,903,054	9,235,540	8,454,075	7,914,876
4,000,048	2,583,641	2,419,380	4,221,022	4,637,272	3,985,835
1,178,388	1,139,346	637,146	311,527	370,491	339,082
<u>21,610,200</u>	<u>18,093,205</u>	<u>13,777,709</u>	<u>18,970,870</u>	<u>16,444,370</u>	<u>18,782,920</u>
1,138,576	890,448	1,838,171	557,419	2,101,755	(1,456,609)
(9,933,162)	(7,988,119)	(6,346,145)	(7,341,227)	(6,578,900)	(6,281,303)
(2,024,623)	(285,394)	(168,323)	(2,162,421)	(1,693,467)	440,888
(1,178,388)	(1,139,346)	(637,146)	(311,527)	(370,491)	(339,082)
<u>(11,997,597)</u>	<u>(8,522,411)</u>	<u>(5,313,443)</u>	<u>(9,257,756)</u>	<u>(6,541,103)</u>	<u>(7,636,106)</u>
4,170,062	3,557,262	2,970,566	2,658,995	2,626,369	2,206,505
3,945,382	2,345,323	2,323,390	2,277,178	2,102,550	1,929,092
1,899,320	1,952,810	1,784,302	1,753,477	1,808,047	1,567,079
247,357	1,486,776	1,817,175	1,360,724	1,277,933	1,128,521
444,557	406,964	256,648	146,041	62,543	115,947
-	(15,896,208)	1,425,346	-	-	-
779,133	1,085,266	617,542	288,060	590,682	280,289
-	-	-	-	(868,437)	-
					(200,000)
<u>11,485,811</u>	<u>(5,061,807)</u>	<u>11,194,969</u>	<u>8,484,475</u>	<u>7,599,687</u>	<u>7,027,433</u>
(511,786)	(13,584,218)	5,881,526	(773,281)	1,058,584	(608,673)
37,149,923	50,734,018	45,144,447	45,254,353	43,131,304	43,739,977
-	-	-	-	956,778	-
<u>\$ 36,638,137</u>	<u>\$ 37,149,800</u>	<u>\$ 51,025,973</u>	<u>\$ 44,481,072</u>	<u>\$ 45,146,666</u>	<u>\$ 43,131,304</u>

**CITY OF ASHLAND, OREGON  
CHANGES IN NET ASSETS  
Business - type Activities  
for the Fiscal Year Ended June 30,**

<b>Program Revenues:</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Water:			
Charges for services	\$ 4,250,255	\$ 4,146,730	\$ 4,067,377
Capital grants and contributions	344,396	99,928	55,628
Capital system development charges	180,604	151,864	125,389
Wastewater:			
Charges for services	3,385,748	3,148,850	2,734,001
Capital system development charges	68,956	55,945	75,843
Electric:			
Charges for services	12,238,716	12,144,279	11,688,967
Operating grants and contributions	187,436	267,850	47,121
Telecommunications:			
Charges for services	1,944,758	1,818,789	1,805,746
	<u>22,600,869</u>	<u>21,834,235</u>	<u>20,600,072</u>
<b>Program Expenses:</b>			
Water	5,260,907	4,599,205	4,969,862
Wastewater	4,300,986	5,223,619	4,675,433
Electric	12,516,992	12,585,218	12,823,006
Telecommunications	3,535,592	2,931,512	2,845,198
	<u>25,614,477</u>	<u>25,339,554</u>	<u>25,313,499</u>
<b>Net (Expense) Revenue:</b>			
Water	(485,652)	(200,683)	(721,468)
Wastewater	(846,282)	(2,018,824)	(1,865,589)
Electric	(90,840)	(173,089)	(1,086,918)
Telecommunications	(1,590,834)	(1,112,723)	(1,039,452)
	<u>(3,013,608)</u>	<u>(3,505,319)</u>	<u>(4,713,427)</u>
<b>General Revenues:</b>			
Property taxes	-	-	-
Users taxes	1,592,942	1,583,908	1,495,488
Unrestricted interest earnings	106,904	114,266	108,066
Capital assets transfers	-	-	-
Miscellaneous	1,113,726	394,199	962,989
Gain (loss) on disposal of assets	-	-	-
<b>Transfers:</b>	-	-	-
Total general revenues and transfers	<u>2,813,572</u>	<u>2,092,373</u>	<u>2,566,543</u>
Change in net assets	(200,036)	(1,412,946)	(2,146,884)
Net assets - beginning	<u>61,166,085</u>	<u>62,579,031</u>	<u>64,725,916</u>
Net assets - ending	<u>\$ 60,966,049</u>	<u>\$ 61,166,085</u>	<u>\$ 62,579,031</u>

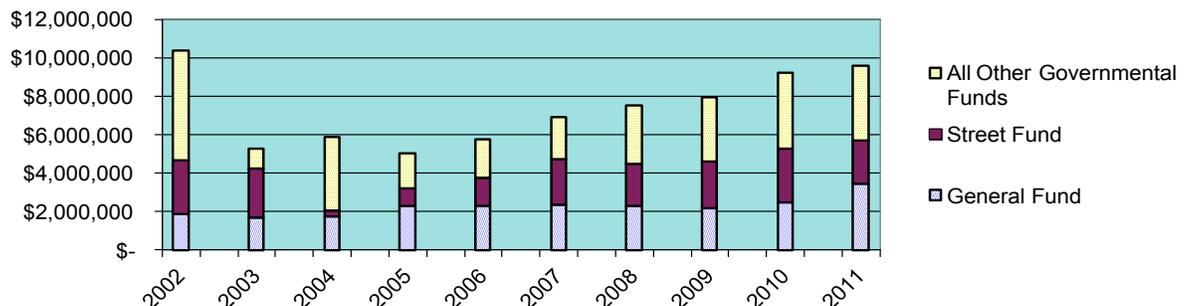
**CITY OF ASHLAND, OREGON  
CHANGES IN NET ASSETS  
Business - type Activities  
for the Fiscal Year Ended June 30, (continued)**

<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
\$ 3,780,193	\$ 3,829,222	\$ 4,092,206	\$ 3,557,350	\$ 3,678,974	\$ 3,075,622
48,096	135,828	43,622	81,504	129,721	110,147
340,835	367,839	439,306	662,911	574,540	528,553
2,607,275	2,432,868	2,428,775	2,458,233	2,368,237	2,218,249
127,224	208,554	410,910	513,489	432,273	408,843
12,260,230	12,163,467	12,095,363	12,283,303	11,962,925	10,220,661
67,620	32,233	36,043	42,656	7,165	137,483
<u>1,709,706</u>	<u>2,029,467</u>	<u>2,738,635</u>	<u>2,642,055</u>	<u>2,403,436</u>	<u>1,969,079</u>
<u>20,941,179</u>	<u>21,199,478</u>	<u>22,284,860</u>	<u>22,241,501</u>	<u>21,557,271</u>	<u>18,668,637</u>
4,959,525	4,955,737	4,974,536	5,910,251	4,177,640	5,331,263
5,261,713	4,895,541	4,397,923	4,524,112	4,615,409	5,665,728
13,876,456	12,904,663	12,831,758	12,445,069	11,638,094	11,395,422
2,756,528	2,682,968	4,182,956	4,238,644	3,706,854	3,662,002
<u>26,854,222</u>	<u>25,438,909</u>	<u>26,387,173</u>	<u>27,118,076</u>	<u>24,137,997</u>	<u>26,054,415</u>
(790,401)	(622,848)	(399,402)	(1,608,486)	205,595	(1,616,941)
(2,527,214)	(2,254,119)	(1,558,238)	(1,552,390)	(1,814,899)	(3,038,636)
(1,548,606)	(708,963)	(700,352)	(119,110)	331,996	(1,037,278)
(1,046,823)	(653,501)	(1,444,321)	(1,596,589)	(1,303,418)	(1,692,923)
<u>(5,913,044)</u>	<u>(4,239,431)</u>	<u>(4,102,313)</u>	<u>(4,876,575)</u>	<u>(2,580,726)</u>	<u>(7,385,778)</u>
-	322	86,335	74,551	179,302	176,523
1,568,385	1,619,849	1,573,251	1,454,132	1,346,863	1,280,190
459,073	1,194,688	518,138	352,983	166,529	300,418
-	15,896,208	(1,425,346)	-	-	-
388,701	-	57,103	438,920	847,330	499,947
-	-	-	-	(986,004)	-
-	-	-	-	-	200,000
<u>2,416,159</u>	<u>18,711,067</u>	<u>809,481</u>	<u>2,320,586</u>	<u>1,554,020</u>	<u>2,457,078</u>
(3,496,885)	14,471,636	(3,292,832)	(2,555,989)	(1,026,706)	(4,928,700)
68,222,802	53,751,166	57,044,003	59,599,992	60,626,698	65,555,401
<u>\$ 64,725,917</u>	<u>\$ 68,222,802</u>	<u>\$ 53,751,171</u>	<u>\$ 57,044,003</u>	<u>\$ 59,599,992</u>	<u>\$ 60,626,701</u>

**CITY OF ASHLAND, OREGON**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**Last Ten Years**  
**for the Fiscal Year Ended June 30,**

	2011	2010	2009	2008
<b>General Fund</b>				
Reserved for:				
Reserved for asset forfeiture	\$ 187,864	\$ 129,510	\$ 140,974	\$ 236,514
Reserved for TOT tourism	100,563	-	-	-
Committed for:				
Parking surcharge	232,497	-	-	-
Public art	28,113	-	-	-
Affordable housing	23,367	-	-	-
Unassigned, reported in:				
General fund	2,875,653	2,345,060	2,044,482	2,060,152
<b>Total general fund</b>	<u>3,448,057</u>	<u>2,474,570</u>	<u>2,185,456</u>	<u>2,296,666</u>
<b>Street Fund</b>				
Reserved for:				
Reserved for system development charges	1,980,292	2,115,971	2,085,259	2,049,977
Unassigned, reported in:				
Special revenue funds	256,008	704,546	316,999	120,493
<b>Total street fund</b>	<u>2,236,300</u>	<u>2,820,517</u>	<u>2,402,258</u>	<u>2,170,470</u>
<b>All Other Governmental Funds</b>				
Reserved for:				
Reserved for system development charges	364,909	353,696	348,746	96,632
Reserved for CDGB funding	34,424	-	-	-
Reserved for perpetual care	831,603	807,796	788,752	771,948
Committed for:				
Committed for airport activities	60,083	-	-	-
Committed for food and beverage	526,148	-	-	-
Committed for facilities	1,241,604	-	-	-
Committed for debt service	809,249	762,199	1,072,785	1,246,509
Unreserved, reported in:				
General fund	-	-	-	-
Special revenue funds	-	32,160	19,979	6,891
Capital projects funds	-	1,969,977	1,154,776	951,989
<b>Total all other governmental funds</b>	<u>3,868,020</u>	<u>3,925,828</u>	<u>3,385,038</u>	<u>3,073,969</u>
<b>Total governmental funds</b>	<u>\$ 9,552,377</u>	<u>\$ 9,220,915</u>	<u>\$ 7,972,752</u>	<u>\$ 7,541,105</u>

**Fund Balance Comparison**  
**Governmental Funds**  
**Last Ten Years**



**CITY OF ASHLAND, OREGON  
FUND BALANCES, GOVERNMENTAL FUNDS  
Last Ten Years (continued)  
for the Fiscal Year Ended June 30,**

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 329,180	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,038,534	2,326,936	2,308,388	1,755,143	1,715,220	1,865,212
<u>2,367,714</u>	<u>2,326,936</u>	<u>2,308,388</u>	<u>1,755,143</u>	<u>1,715,220</u>	<u>1,865,212</u>
1,761,561	1,597,642	1,472,090	1,197,249	1,594,538	1,348,177
615,659	(133,598)	(556,062)	(881,403)	934,212	1,436,880
<u>2,377,220</u>	<u>1,464,044</u>	<u>916,028</u>	<u>315,846</u>	<u>2,528,750</u>	<u>2,785,057</u>
168,896	65,675	65,675	1,197,249	-	1,348,177
-	-	-	-	-	-
749,918	719,429	702,629	684,476	679,646	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
559,263	459,095	423,842	433,278	282,293	136,978
-	-	-	1,755,143	-	-
(24,661)	130,126	2,942	(663,026)	(298)	1,423,536
714,329	586,843	635,387	429,873	67,583	2,833,606
<u>2,167,745</u>	<u>1,961,168</u>	<u>1,830,475</u>	<u>3,836,993</u>	<u>1,029,224</u>	<u>5,742,297</u>
<u>\$ 6,912,679</u>	<u>\$ 5,752,148</u>	<u>\$ 5,054,891</u>	<u>\$ 5,907,982</u>	<u>\$ 5,273,194</u>	<u>\$ 10,392,566</u>

**CITY OF ASHLAND, OREGON  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Last Ten Years  
for the Fiscal Year Ended June 30,**

<b>Revenues:</b>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Taxes	\$ 12,978,142	\$ 12,636,896	\$ 11,790,772	\$ 11,204,876
Fees, licenses and permits	482,275	474,379	768,451	886,644
Intergovernmental	3,642,108	2,103,165	1,630,055	1,848,914
Special assessments	17,867	3,292	25,587	67,195
Charges for services	6,315,976	5,799,929	5,732,687	5,594,106
Fines and forfeitures	183,239	183,266	156,092	150,346
Interest on investments	62,062	102,302	97,379	330,413
Miscellaneous	272,814	190,732	164,995	787,159
<b>Total revenues</b>	<u>23,954,483</u>	<u>21,493,961</u>	<u>20,366,018</u>	<u>20,869,653</u>
<b>Expenditures:</b>				
General government	4,300,262	4,278,859	3,982,889	4,114,305
Public safety	10,914,166	10,896,098	10,701,354	10,578,525
Highways and streets	3,778,610	2,361,523	2,298,680	2,341,178
Capital outlay	1,859,097	479,600	1,502,763	1,355,293
Debt service	2,562,886	2,229,718	2,363,685	1,852,049
Principal	1,563,425	1,183,203	1,277,584	725,753
Interest	999,461	1,046,515	1,086,101	1,126,296
Ratio of debt service to noncapital expenditures	13.49%	12.71%	13.92%	10.87%
<b>Total expenditures</b>	<u>23,415,021</u>	<u>20,245,798</u>	<u>20,849,371</u>	<u>20,241,350</u>
Excess (deficiency) of revenues over expenditures	<u>539,462</u>	<u>1,248,163</u>	<u>(483,353)</u>	<u>628,303</u>
<b>Other financing sources (uses):</b>				
Proceeds from debt issuance	-	-	915,000	-
Interfund loans	(208,000)	-	-	-
Transfers in	997,349	469,360	328,173	336,253
Transfers out	(997,349)	(469,360)	(328,173)	(336,253)
<b>Total other financing sources (uses)</b>	<u>(208,000)</u>	<u>-</u>	<u>915,000</u>	<u>-</u>
Net change in fund balance	<u>\$ 331,462</u>	<u>\$ 1,248,163</u>	<u>\$ 431,647</u>	<u>\$ 628,303</u>

**CITY OF ASHLAND, OREGON  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Last Ten Years (continued)  
for the Fiscal Year Ended June 30,**

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 10,620,715	\$ 9,454,799	\$ 9,057,868	\$ 8,714,013	\$ 7,906,257	\$ 7,558,510
847,665	1,106,317	1,489,379	1,156,285	1,472,877	1,256,617
2,606,832	2,168,873	3,252,504	3,349,802	4,190,546	2,183,896
108,864	360,860	222,408	170,860	214,606	193,999
4,564,898	3,817,938	4,165,663	3,717,342	3,665,166	3,613,534
169,558	137,460	133,170	120,749	107,607	188,006
310,478	197,960	112,531	51,967	115,947	310,385
719,478	554,076	62,546	563,988	191,096	439,863
<u>19,948,488</u>	<u>17,798,283</u>	<u>18,496,069</u>	<u>17,845,006</u>	<u>17,864,102</u>	<u>15,744,810</u>
3,423,269	3,081,984	3,317,996	3,610,326	2,769,315	2,620,298
10,227,177	9,152,421	8,630,755	8,468,294	7,914,876	7,513,892
2,245,609	2,191,178	2,079,150	1,923,050	2,036,222	2,852,552
1,359,308	1,889,998	2,403,697	4,736,857	8,793,175	7,896,316
1,622,412	820,218	846,573	917,680	779,527	716,069
533,630	523,769	497,493	537,325	440,445	442,513
1,088,782	296,449	349,079	380,354	339,083	273,557
10.21%	5.69%	6.03%	6.55%	6.13%	5.51%
<u>18,877,775</u>	<u>17,135,799</u>	<u>17,278,171</u>	<u>19,656,207</u>	<u>22,293,115</u>	<u>21,599,127</u>
<u>1,070,713</u>	<u>662,484</u>	<u>1,217,898</u>	<u>(1,811,201)</u>	<u>(4,429,013)</u>	<u>(5,854,317)</u>
-	2,761,180	-	-	1,621,875	900,000
89,818	-	-	375,000	600,000	-
936,934	347,780	154,360	318,393	361,108	725,771
<u>(936,934)</u>	<u>(347,780)</u>	<u>(154,360)</u>	<u>(318,393)</u>	<u>(561,108)</u>	<u>(966,408)</u>
<u>89,818</u>	<u>2,761,180</u>	<u>-</u>	<u>375,000</u>	<u>2,021,875</u>	<u>659,363</u>
<u>\$ 1,160,531</u>	<u>\$ 3,423,664</u>	<u>\$ 1,217,898</u>	<u>\$ (1,436,201)</u>	<u>\$ (2,407,138)</u>	<u>\$ (5,194,954)</u>

**CITY OF ASHLAND, OREGON  
FUND BALANCE COMPARISON  
Last Ten Years**

For the Fiscal Year Ended June 30, Fund Balances	2011 Adopted	2010 Adopted	2009 Adopted	2008 Adopted
<b>City Component</b>				
General Fund	\$ 1,484,490	\$ 1,332,508	\$ 1,190,469	\$ 1,127,520
Community Development Block Grant Fund	-	-	11,799	-
Reserve Fund	151,500	215,000	-	-
Street Fund	2,199,998	1,447,363	3,634,173	1,223,241
Airport Fund	10,804	9,024	31,727	2,942
Capital Improvements Fund	1,493,676	2,137,061	1,753,706	807,222
Debt Service Fund	790,646	1,149,113	1,166,758	601,085
Water Fund	4,302,000	836,814	3,041,343	2,804,328
Wastewater Fund	2,328,958	3,020,769	4,069,588	5,539,312
Electric Fund	1,387,036	649,494	2,067,545	1,677,245
Telecommunications Fund	281,732	325,135	396,498	362,716
Central Services Fund	70,593	12,531	106,614	82,987
Insurance Services Fund	394,466	543,266	977,803	908,275
Equipment Fund	88,202	1,322,161	1,252,898	508,357
Cemetery Trust Fund	826,753	812,948	790,918	774,453
<b>Total city component</b>	<b>15,810,854</b>	<b>13,813,187</b>	<b>20,491,839</b>	<b>16,419,683</b>
<b>Parks Component</b>				
Parks and Recreation Fund	1,409,225	1,450,910	1,190,614	877,245
Youth Activities Levy Fund	-	10,591	-	216,893
Parks Capital Improvements Fund	195,991	287,239	107,590	26,926
<b>Total parks component</b>	<b>1,605,216</b>	<b>1,748,740</b>	<b>1,298,204</b>	<b>1,121,064</b>
<b>Total budget</b>	<b>\$ 17,416,070</b>	<b>\$ 15,561,927</b>	<b>\$ 21,790,043</b>	<b>\$ 17,540,747</b>

For the Fiscal Year Ended June 30, Fund Balances	2011 Actual	2010 Actual	2009 Actual	2008 Actual
<b>City Component</b>				
General Fund	\$ 2,938,556	\$ 2,474,570	\$ 2,185,456	\$ 2,296,666
Community Development Block Grant Fund	34,424	37,424	69,618	44,705
Reserve Fund	509,502	148,072	-	-
Street Fund	2,236,300	2,820,517	2,402,258	2,170,470
Airport Fund	60,083	32,160	99,978	86,891
Capital Improvements Fund	2,132,661	2,138,176	1,433,904	1,003,916
Debt Service Fund	809,248	762,199	1,072,785	1,246,509
Water Fund	2,212,401	1,851,885	2,323,768	1,865,418
Wastewater Fund	3,250,111	3,496,009	3,710,771	3,764,972
Electric Fund	2,476,294	2,054,733	1,642,543	1,469,744
Telecommunications Fund	517,916	953,315	929,945	869,719
Central Services Fund	491,546	266,820	161,163	368,086
Insurance Services Fund	605,943	640,110	696,071	1,138,699
Equipment Fund	1,858,969	1,760,305	844,150	1,329,672
Cemetery Trust Fund	831,602	870,797	788,753	771,948
<b>Total city component</b>	<b>20,965,556</b>	<b>20,307,092</b>	<b>18,361,163</b>	<b>18,427,415</b>
<b>Parks Component</b>				
Parks and Recreation Fund	2,214,031	1,787,781	1,379,752	1,201,443
Youth Activities Levy Fund	9,899	22,534	27,356	160,591
Parks Capital Improvements Fund	432,866	252,864	166,991	263,343
<b>Total parks component</b>	<b>2,656,796</b>	<b>2,063,179</b>	<b>1,574,099</b>	<b>1,625,377</b>
<b>Total actual</b>	<b>\$ 23,622,352</b>	<b>\$ 22,370,271</b>	<b>\$ 19,935,262</b>	<b>\$ 20,052,792</b>

**CITY OF ASHLAND, OREGON  
FUND BALANCE COMPARISON  
Last Ten Years (continued)**

	<b>2007 Adopted</b>	<b>2006 Adopted</b>	<b>2005 Adopted</b>	<b>2004 Adopted</b>	<b>2003 Adopted</b>	<b>2002 Adopted</b>
\$	1,047,023	\$ 1,051,983	\$ 936,568	\$ 1,315,669	\$ 1,238,814	\$ 1,079,348
	-	-	-	-	-	-
	-	-	-	-	-	-
	6,308,766	733,073	1,976,046	1,065,590	1,764,790	1,377,392
	12,382	37,660	42,315	4,000	6,140	8,000
	1,680,528	3,609,193	389,839	429,000	1,150,300	1,782,000
	148,902	569,205	695,484	264,900	540,000	238,000
	5,401,307	2,158,888	3,524,870	2,784,125	4,478,680	1,448,010
	3,035,439	3,899,968	4,463,795	1,726,251	754,800	2,004,896
	1,185,892	1,405,027	1,812,094	763,763	443,533	989,946
	217,611	70,187	954,723	269,910	97,036	38,130
	92,793	10,000	113,758	145,824	142,675	119,283
	492,028	417,936	471,538	156,500	91,500	110,500
	618,799	856,499	965,561	908,740	452,640	121,778
	735,212	699,876	681,408	684,500	653,000	89,000
	<b>20,976,682</b>	<b>15,519,495</b>	<b>17,027,999</b>	<b>10,518,772</b>	<b>11,813,908</b>	<b>9,406,283</b>
	667,250	993,667	965,822	815,000	782,294	805,300
	-	125,306	2,166	2,000	9,000	9,000
	44,866	112,569	169,965	234,000	185,000	148,000
	<b>712,116</b>	<b>1,231,542</b>	<b>1,137,953</b>	<b>1,051,000</b>	<b>976,294</b>	<b>962,300</b>
	<b>\$ 21,688,798</b>	<b>\$ 16,751,037</b>	<b>\$ 18,165,952</b>	<b>\$ 11,569,772</b>	<b>\$ 12,790,202</b>	<b>\$ 10,368,583</b>

	<b>2007 Actual</b>	<b>2006 Actual</b>	<b>2005 Actual</b>	<b>2004 Actual</b>	<b>2003 Actual</b>	<b>2002 Actual</b>
\$	2,367,714	\$ 2,326,936	\$ 2,093,388	\$ 1,755,145	\$ 1,715,220	\$ 1,865,212
	12,033	4,599	(8,492)	33,018	(32,433)	(35,904)
	-	-	-	-	-	-
	2,377,220	1,464,044	1,186,028	315,846	2,528,750	2,785,057
	55,339	54,874	122,942	218,377	32,135	22,560
	656,315	803,171	924,554	396,855	67,583	2,833,606
	559,263	459,095	423,842	433,278	282,293	136,978
	3,241,590	6,179,246	6,458,230	5,002,748	4,662,028	1,985,298
	4,862,001	5,301,598	5,664,182	1,541,125	2,356,054	9,190,945
	2,178,995	2,116,269	2,527,430	1,539,766	1,497,827	1,069,861
	963,896	518,687	898,750	62,635	388,018	1,982,175
	726,743	439,010	185,137	569,013	947,953	823,405
	974,450	1,060,790	1,036,331	934,499	145,978	204,263
	1,750,852	1,510,170	1,489,055	1,224,311	1,121,598	783,340
	749,918	719,429	702,629	684,476	679,646	72,823
	<b>21,476,329</b>	<b>22,957,918</b>	<b>23,704,006</b>	<b>14,711,092</b>	<b>16,392,650</b>	<b>23,719,619</b>
	1,180,912	1,507,367	1,621,679	1,558,332	1,403,171	1,168,934
	72,671	35,374	103,733	122,588	36,403	36,341
	195,390	165,326	207,375	300,331	367,733	280,337
	<b>1,448,973</b>	<b>1,708,067</b>	<b>1,932,787</b>	<b>1,981,251</b>	<b>1,807,307</b>	<b>1,485,612</b>
	<b>\$ 22,925,302</b>	<b>\$ 24,665,985</b>	<b>\$ 25,636,793</b>	<b>\$ 16,692,343</b>	<b>\$ 18,199,957</b>	<b>\$ 25,205,231</b>

**CITY OF ASHLAND, OREGON  
ASSESSED AND ESTIMATED ACTUAL  
VALUE OF TAXABLE PROPERTY  
for the last ten fiscal years - unaudited**

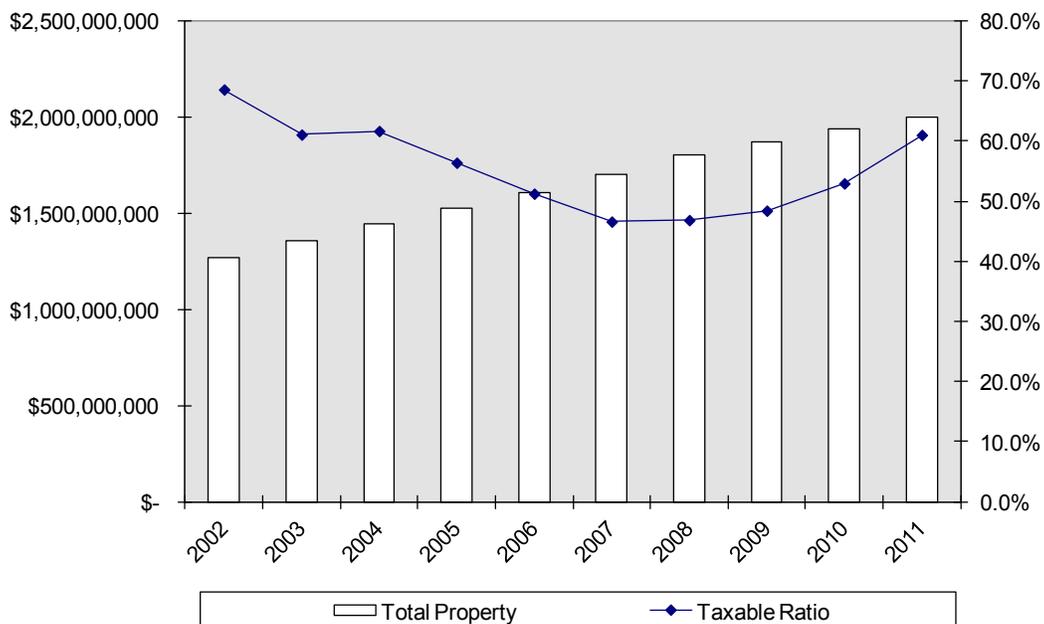
Fiscal Year Ended June 30,	Real Property	Mobile Home	Personal (1)	Utilities	Total	Property Tax Rate	Taxable ratio (True Cash Value to Assessed)
2011	\$ 2,000,563,826	\$ 5,956,110	\$ 41,057,580	\$ 24,422,710	\$ 2,072,000,226	\$ 4.60	61.0%
2010	1,937,303,620	5,881,825	40,133,110	24,860,300	2,008,178,855	4.59	53.0%
2009	1,871,896,544	5,744,350	44,282,840	21,243,990	1,943,167,724	4.42	48.4%
2008	1,802,639,910	5,762,080	44,536,050	22,372,000	1,875,310,040	5.73	46.9%
2007	1,700,020,579	5,498,040	40,468,280	20,509,400	1,766,496,299	5.56	46.6%
2006	1,610,148,502	5,301,570	38,820,610	20,344,260	1,674,614,942	5.25	51.3%
2005	1,524,210,039	5,108,410	38,419,400	27,532,841	1,595,270,690	5.26	56.4%
2004	1,446,150,336	5,400,552	37,453,000	22,831,681	1,511,835,569	5.34	61.7%
2003	1,360,297,002	5,147,040	34,209,260	24,241,450	1,423,894,752	5.36	61.1%
2002	1,272,205,820	4,983,960	32,044,090	23,806,860	1,333,040,730	5.38	68.6%

All property is evaluated once every six years as required by state statute

(1) Includes non-profit housing

Source: Jackson County Assessor tax roll property values

**Real Property Value and Taxable Ratio  
Last Ten Years**



**CITY OF ASHLAND, OREGON  
PROPERTY TAX RATES  
DIRECT AND OVERLAPPING GOVERNMENTS  
(Per \$1,000 of Assessed Valuation)  
for the last ten fiscal years - unaudited**

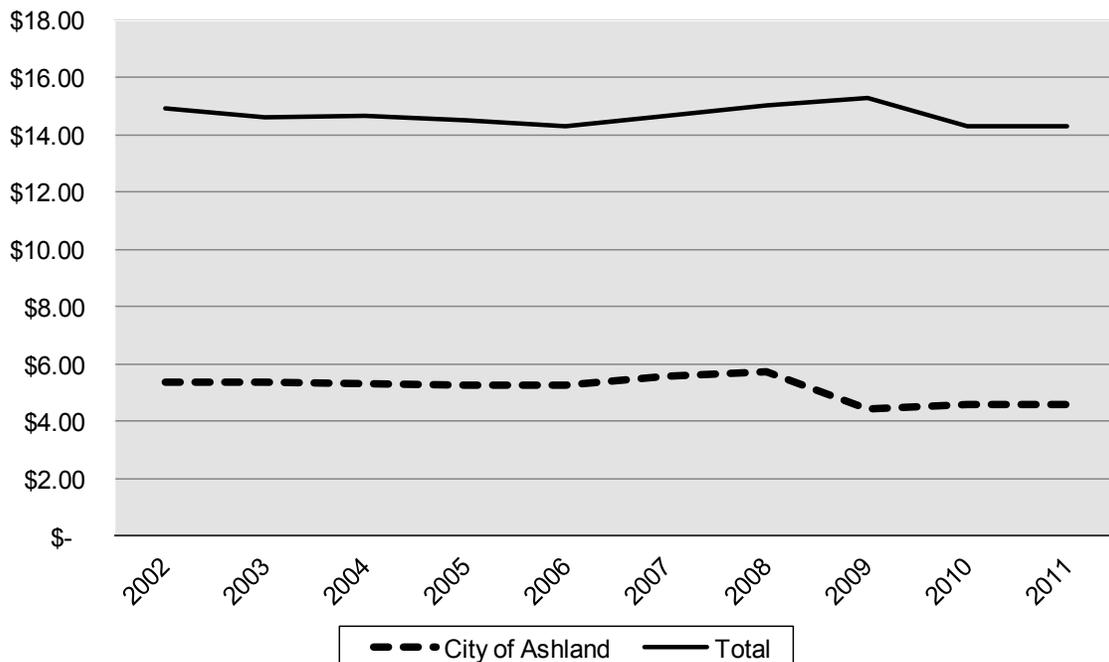
Fiscal Year Ended June 30,	City of Ashland	Jackson County Vector Control	Jackson County (1)	Rogue Valley Transit District	Net General Government Tax Rate	Jackson County Education Service District	School District 5	RCC (2)	Net School Support Tax Rate	Total
2011	\$ 4.60	\$ 0.04	\$ 2.33	\$ 0.18	\$ 7.15	\$ -	\$ 7.14	\$ -	\$ 7.14	\$ 14.29
2010	4.59	0.04	2.37	0.17	7.17	-	7.14	-	7.14	14.31
2009	4.42	0.04	2.27	0.17	6.90	0.34	7.47	0.61	8.42	15.31
2008	5.73	0.04	2.18	0.17	8.12	0.34	5.94	0.62	6.90	15.02
2007	5.56	0.04	2.52	0.17	8.30	0.34	5.41	0.62	6.37	14.67
2006	5.25	0.04	2.55	0.17	8.01	0.34	5.31	0.62	6.28	14.28
2005	5.26	0.04	2.75	0.17	8.22	0.34	5.44	0.50	6.28	14.50
2004	5.34	0.04	2.79	0.17	8.34	0.34	5.49	0.50	6.33	14.67
2003	5.36	0.04	2.70	0.17	8.27	0.34	5.53	0.50	6.37	14.64
2002	5.38	0.04	2.66	0.18	8.26	0.86	5.83		6.69	14.95

(1) Oregon Measure 47 combined with Jackson County tax rate since 1997-98

(2) Rogue Community College

Source: Jackson County Assessor and Tax Collector

**City of Ashland Property Tax Rate  
Compared to Total Rate per Thousand**

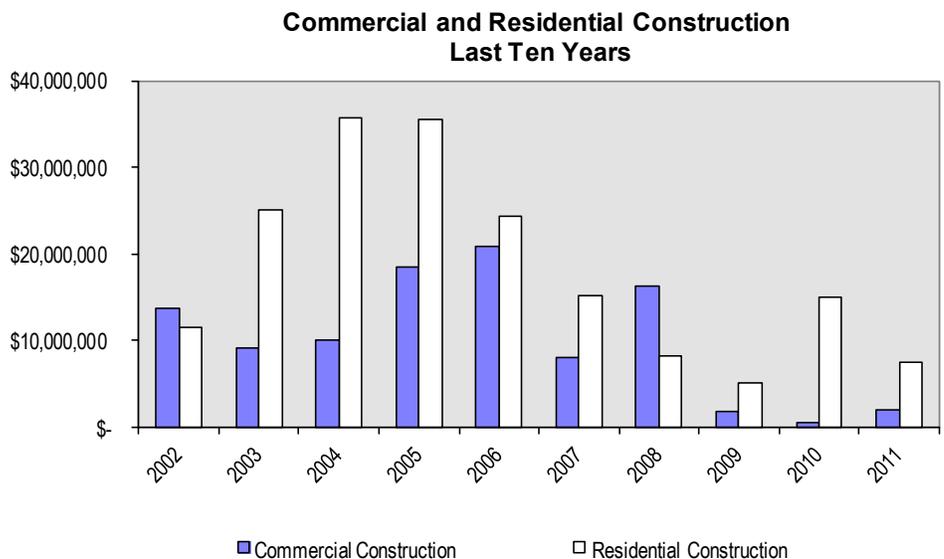


**CITY OF ASHLAND, OREGON  
PROPERTY VALUE AND NEW CONSTRUCTION HISTORY  
for the last ten fiscal years - unaudited**

Fiscal Year Ended June 30,	Property Value (1)	Commercial Construction		Residential Construction	
		Number of Units	Value	Number of Units	Value
2011	\$ 2,072,000,226	11	\$ 1,989,421	47	\$ 7,531,926
2010	1,937,303,620	4	611,406	89	14,985,434
2009	1,943,167,724	15	1,812,635	21	5,108,099
2008	1,875,310,040	23	16,269,379	82	8,258,031
2007	1,766,496,299	26	8,086,124	98	15,270,781
2006	1,674,614,942	19	20,988,810	160	24,336,944
2005	1,595,270,690	42	18,426,846	188	35,576,749
2004	1,511,835,569	30	10,137,442	154	35,764,484
2003	1,423,894,752	17	9,077,761	152	25,170,310
2002	1,333,040,730	17	13,702,661	106	11,464,493

(1) Property value is assessed valuation

Source: City of Ashland, Community Development Department  
Jackson County Assessor



**CITY OF ASHLAND, OREGON  
FOOD AND BEVERAGE TAX REVENUES BY FUND  
for the last ten fiscal years- unaudited  
(amounts expressed in thousands)**

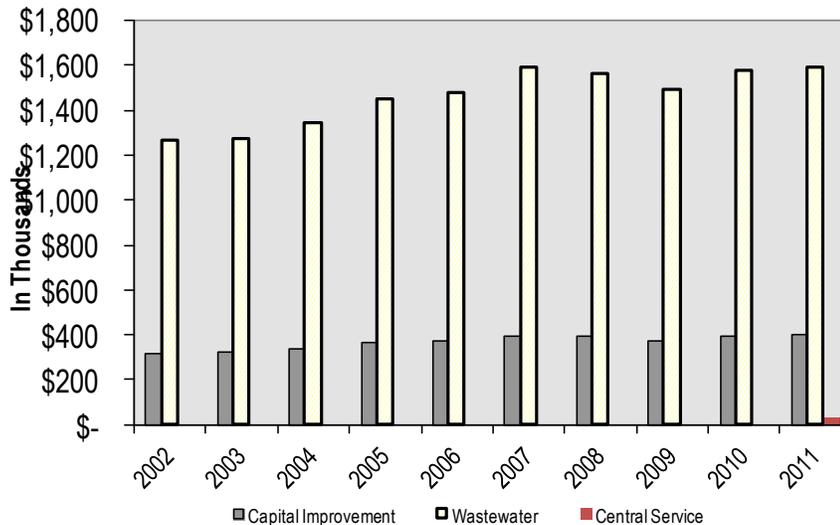
<b>Fiscal Year Ended June 30,</b>	<b>Capital Improvement (1)</b>	<b>Wastewater (2)</b>	<b>Central Service</b>	<b>Total (3)</b>	<b>Cumulative</b>
2011	\$ 398	\$ 1,593	\$ 31	\$ 2,022	\$ 28,429
2010	396	1,584	-	1,980	26,407
2009	374	1,495	-	1,869	24,427
2008	392	1,567	-	1,959	22,558
2007	395	1,594	-	1,989	20,599
2006	370	1,481	-	1,851	18,610
2005	364	1,454	-	1,818	16,759
2004	337	1,347	-	1,684	14,941
2003	320	1,280	-	1,600	13,257
2002	317	1,268	-	1,585	11,657

(1) Dedicated to acquisition of open space parkland

(2) Derived from wastewater enterprise operations

(3) Tax enacted July 1, 1993

**Food and Beverage Tax Revenues by Fund  
Last Ten Years**



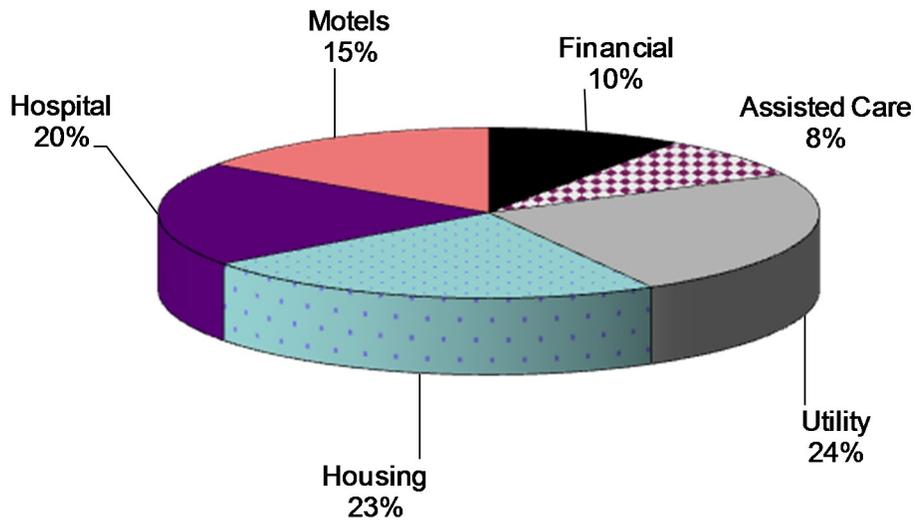
**CITY OF ASHLAND, OREGON  
PRINCIPAL PROPERTY TAXPAYERS  
Current Year and Ten Years Ago**

Taxpayers	Type of Business	2011 Assessed Valuation	Percentage of Total Assessed Valuation
Ronald L. Deluca	Housing	\$ 9,816,140	0.47%
Qwest Corporation	Utility	8,413,100	0.41%
Ashland Community Hopsital	Hospital	8,010,680	0.39%
Avista Corp.	Utility	7,355,000	0.35%
Pacific Financial , Inc.	Financial	6,222,260	0.30%
Windmill Inns of America, Inc.	Motels	5,174,385	0.25%
Michael D. and Beverly Rydbom	Retail	5,166,930	0.25%
Skylark Assisted Living	Assisted Care	5,078,730	0.25%
Bard's Inn	Motels	4,861,820	0.23%
Summit Investment	Retail	4,816,300	0.23%
All other		<u>2,007,084,881</u>	<u>96.87%</u>
Total		<u><u>\$ 2,072,000,226</u></u>	<u><u>100.00%</u></u>

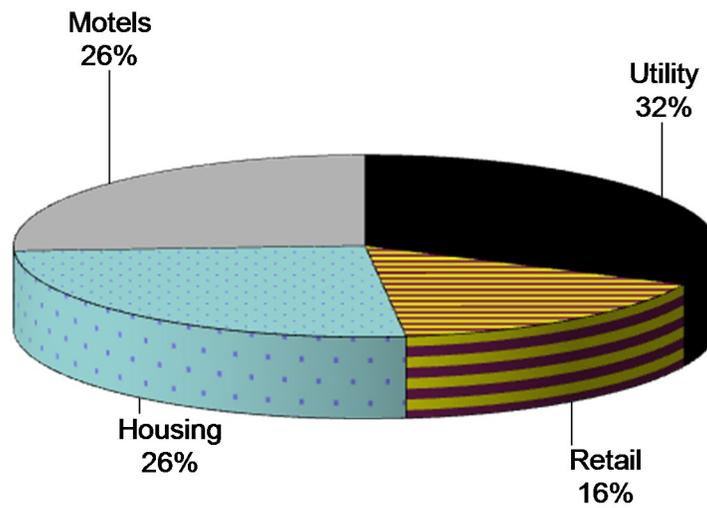
Taxpayers	Type of Business	2002 Assessed Valuation	of Total Assessed Valuation
US West Communications Inc.	Utility	\$ 12,827,370	0.96%
Windmill Inns of America, Inc.	Motels	9,282,710	0.70%
Ronald L. Deluca	Housing	7,027,990	0.53%
Summit Investment	Retail	3,521,860	0.26%
Avista Corp. DBA Washington Water Power Co.	Utility	6,484,100	0.49%
Warren Family Partnership	Motels	6,366,460	0.48%
Pacific Financial , Inc.	Housing	4,725,860	0.35%
Skylark Assisted Living	Housing	3,901,450	0.29%
Michael and Beverly Rydbom	Retail	3,650,260	0.27%
Charles L. Jr and Linda S. Butler	Retail	2,580,430	0.19%
All other		<u>\$ 1,272,672,240</u>	<u>95.47%</u>
Total		<u><u>\$ 1,333,040,730</u></u>	<u><u>100.00%</u></u>

Source: Jackson County Assessor

### 2011 Principal Property Tax Payers



### 2002 Principal Property Tax Payers



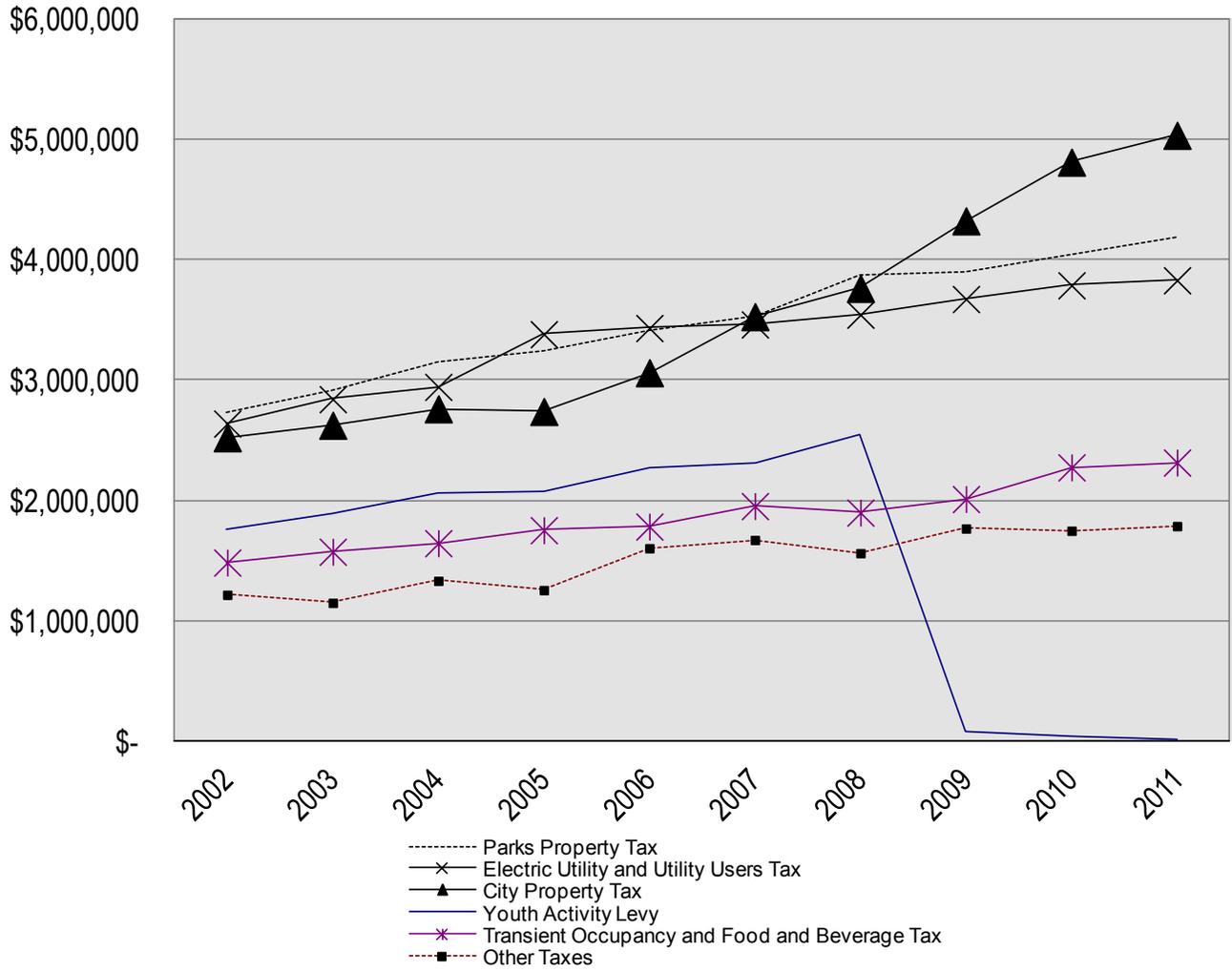
**CITY OF ASHLAND, OREGON  
GENERAL GOVERNMENTAL TAX REVENUES  
BY SOURCE  
for the last ten fiscal years - unaudited  
(amounts expressed in thousands)**

<b>Fiscal Year Ended June 30,</b>	<b>Combined Property Taxes</b>	<b>Electric Utility Franchise (1)</b>	<b>Utility Users Tax (1)</b>	<b>Other Franchise and Privilege Taxes</b>	<b>Transient Occupancy Tax</b>	<b>Food and Beverage Tax (2)</b>	<b>Business License Tax</b>	<b>Total</b>
2011	\$ 9,246	\$ 1,228	\$ 2,603	\$ 1,591	\$ 1,918	\$ 398	\$ 197	\$ 17,181
2010	8,896	1,232	2,557	1,552	1,880	396	197	16,710
2009	8,313	1,207	2,468	1,567	1,639	374	201	15,769
2008	10,573	1,170	2,375	1,362	1,508	392	201	17,581
2007	9,378	1,119	2,345	1,544	1,559	395	129	16,469
2006	8,801	1,111	2,323	1,399	1,414	370	205	15,623
2005	8,061	1,106	2,277	1,101	1,390	364	155	14,454
2004	7,970	842	2,103	1,178	1,309	337	155	13,894
2003	7,426	914	1,929	997	1,255	320	153	12,994
2002	7,010	870	1,770	1,060	1,168	317	157	12,352

(1) Derived from city-owned electric utility operations

(2) Tax enacted July 1, 1993

## GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE



**CITY OF ASHLAND, OREGON  
PROPERTY TAX LEVIES AND COLLECTIONS  
for the last ten fiscal years - unaudited**

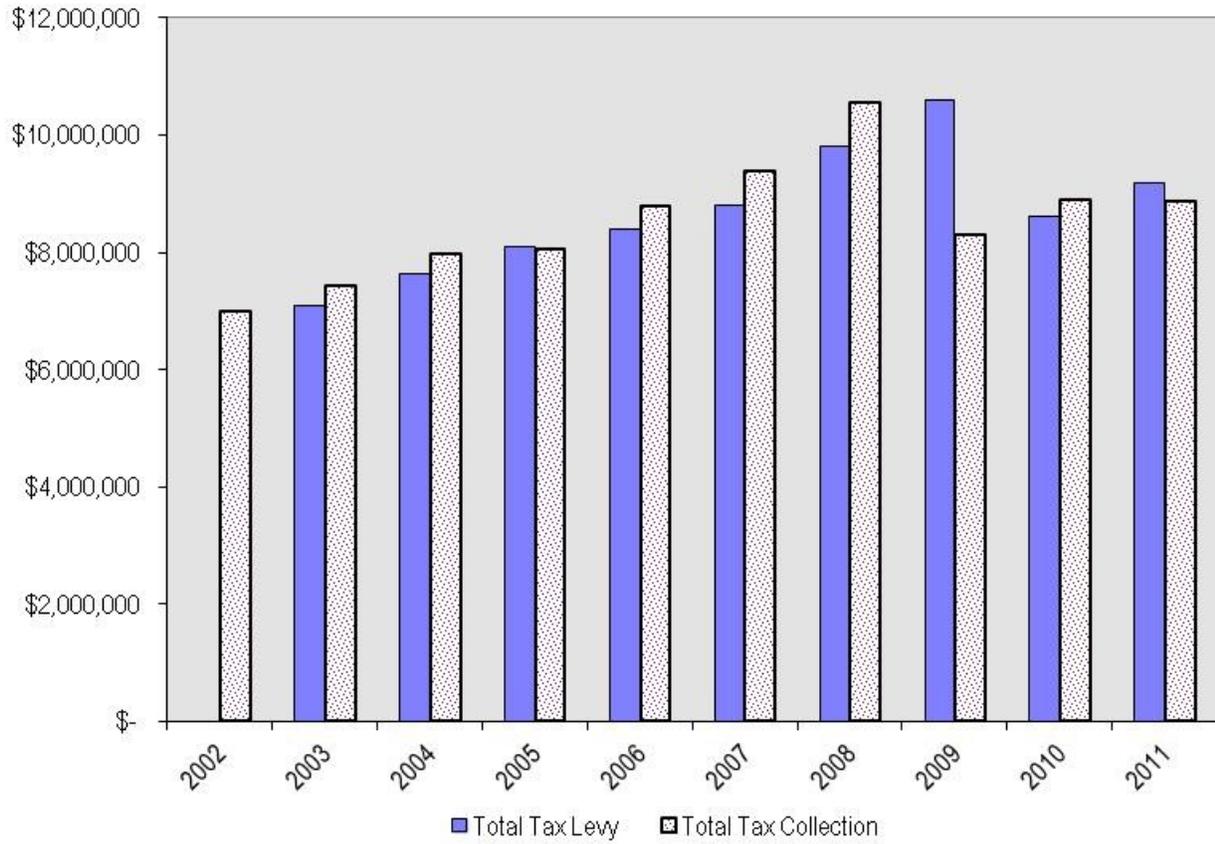
<b>Fiscal Year Ended June 30,</b>	<b>Total Tax Levy (1)</b>	<b>Current Tax Collections (2)</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax Collections (2)(3)</b>	<b>Total Tax Collections</b>	<b>Percent of Total Tax Collections to Tax Levy</b>	<b>Outstanding Delinquent Taxes</b>	<b>Percent of Delinquent Taxes to Tax Levy</b>
2011	\$ 9,470,164	\$ 8,885,987	93.8%	\$ 359,767	\$9,245,754	97.6%	\$ 773,714	8.2%
2010	9,176,778	8,511,729	92.8%	384,362	8,896,091	96.9%	699,122	7.6%
2009	8,616,000	7,981,337	92.6%	331,445	8,312,782	96.5%	684,345	7.9%
2008	10,609,706	10,273,879	96.8%	298,774	10,572,653	99.7%	636,512	6.0%
2007	9,797,262	9,142,734	93.3%	235,560	9,378,294	95.7%	609,308	6.2%
2006	8,803,680	8,428,550	95.7%	372,526	8,801,076	100.0%	642,298	7.3%
2005	8,399,000	7,753,164	92.3%	307,911	8,061,075	96.0%	535,484	6.4%
2004	8,103,092	7,618,841	94.0%	351,635	7,970,476	98.4%	661,833	8.2%
2003	7,643,588	7,100,832	92.9%	325,084	7,425,916	97.2%	717,103	9.4%
2002	7,078,000	6,611,284	93.4%	398,332	7,009,616	99.0%	690,652	9.8%

(1) Includes levy within the tax base, levy for bonded indebtedness, miscellaneous assessment payments in lieu of tax, and tax levy shared offsets

(2) Includes adjustments, rounding and discounts

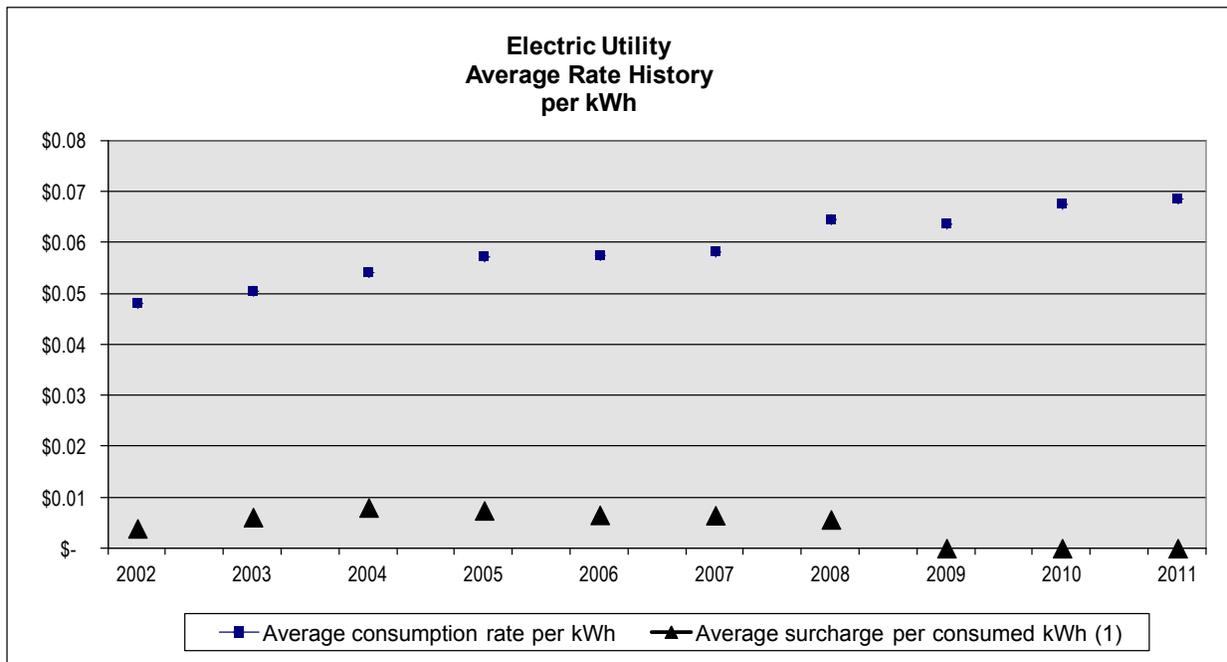
(3) Delinquent taxes collected represent accumulative amounts for the specific fiscal year

### PROPERTY TAX LEVIES AND COLLECTIONS



**CITY OF ASHLAND, OREGON  
ELECTRIC UTILITY USAGE  
IN KILOWATT HOURS (kWh)  
for the last ten fiscal years - unaudited**

	2011	2010	2009	2008
<b>Electric:</b>				
Commercial	55,617,369	56,996,490	56,893,914	59,730,031
Governmental	20,539,286	19,467,344	18,283,476	18,328,996
Municipal	6,107,945	6,407,172	6,288,095	6,231,719
Residential	94,402,343	93,634,626	91,638,620	95,853,685
<b>Electric usage total</b>	<b>176,666,943</b>	<b>176,505,632</b>	<b>173,104,105</b>	<b>180,144,431</b>
<b>Total electric revenue</b>	<b>\$ 12,126,401</b>	<b>\$ 11,931,379</b>	<b>\$ 11,028,224</b>	<b>\$ 11,638,234</b>
<b>Average consumption rate per kWh</b>	<b>\$ 0.069</b>	<b>\$ 0.068</b>	<b>\$ 0.064</b>	<b>\$ 0.065</b>
<b>BPA surcharge revenue</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>\$ 1,016,152</b>
<b>Average surcharge per consumed kWh (1)</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>\$ 0.006</b>

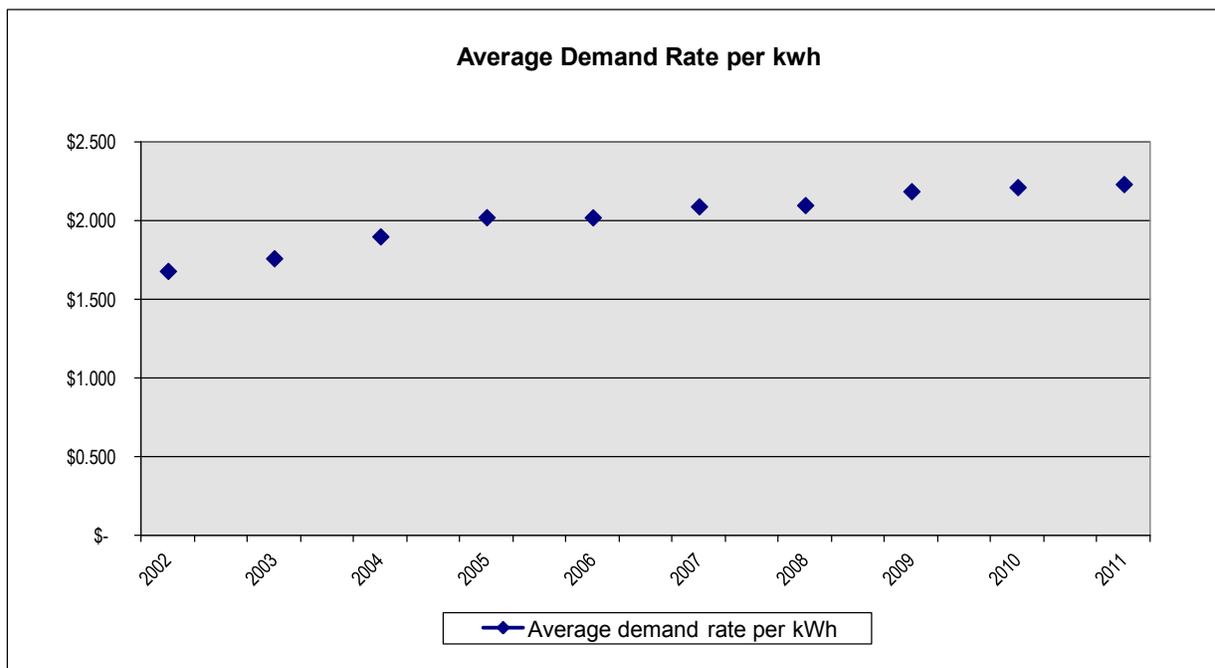


(1) Council implemented the surcharge due to increasing costs and changes in the wholesale power industry in FY 2002

	2011	2010	2009	2008
<b>Demand:</b>				
Commercial	162,175	151,072	147,155	159,430
Governmental/Municipal	68,480	63,445	70,242	65,931
<b>Demand usage total</b>	<b>230,655</b>	<b>214,517</b>	<b>217,397</b>	<b>225,361</b>
<b>Total demand revenue</b>	<b>\$ 515,481</b>	<b>\$ 475,273</b>	<b>\$ 476,024</b>	<b>\$ 473,565</b>
<b>Average demand rate per kWh</b>	<b>\$ 2.235</b>	<b>\$ 2.216</b>	<b>\$ 2.190</b>	<b>\$ 2.101</b>

**CITY OF ASHLAND, OREGON  
ELECTRIC UTILITY USAGE  
IN KILOWATT HOURS (kwh)  
for the last ten fiscal years - unaudited (continued)**

<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
59,796,009	58,939,938	58,199,994	57,257,258	56,017,453	53,220,997
16,771,812	17,684,660	17,522,640	16,826,746	16,009,661	16,620,796
5,911,482	5,798,328	6,015,412	6,181,644	5,785,074	4,957,496
91,324,747	90,977,982	89,045,820	86,225,218	85,158,420	82,490,010
<b>173,804,050</b>	<b>173,400,908</b>	<b>170,783,866</b>	<b>166,490,866</b>	<b>162,970,608</b>	<b>157,289,299</b>
\$ 10,118,284	\$ 9,978,512	\$ 9,779,099	\$ 9,022,608	\$ 8,236,862	\$ 7,570,069
\$ 0.058	\$ 0.058	\$ 0.057	\$ 0.054	\$ 0.051	\$ 0.048
\$ 1,123,490	\$ 1,133,645	\$ 1,266,655	\$ 1,329,577	\$ 994,166	\$ 610,887
\$ 0.006	\$ 0.007	\$ 0.007	\$ 0.008	\$ 0.006	\$ 0.004



<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
164,228	160,133	156,388	156,476	155,538	146,098
69,856	68,828	67,529	65,457	62,436	61,760
<b>234,084</b>	<b>228,961</b>	<b>223,917</b>	<b>221,933</b>	<b>217,974</b>	<b>207,858</b>
\$ 490,039	\$ 463,244	\$ 453,221	\$ 422,209	\$ 384,340	\$ 349,766
\$ 2.093	\$ 2.023	\$ 2.024	\$ 1.902	\$ 1.763	\$ 1.683

**CITY OF ASHLAND, OREGON  
RATIO OF NET GENERAL OBLIGATION BONDED DEBT  
TO ASSESSED VALUE AND  
NET GENERAL OBLIGATION BONDED DEBT PER CAPITA  
for the last ten fiscal years - unaudited**

<u>Fiscal Year Ended June 30,</u>	<u>Population (1)</u>	<u>Percentage Change</u>	<u>Assessed Value (2)</u>	<u>Gross Bonded Debt (3)</u>	<u>Debt Service Fund Monies Available</u>
2011	20,095	-6.56%	\$ 2,072,000,226	\$ 35,331,935	\$ 804,633
2010	21,505	0.09%	2,008,178,855	39,708,269	762,199
2009	21,485	-1.44%	1,943,167,724	42,560,804	1,072,785
2008	21,800	1.73%	1,875,310,040	44,138,466	1,246,509
2007	21,430	2.63%	1,766,496,299	46,090,591	479,262
2006	20,880	1.41%	1,674,614,942	49,105,540	459,095
2005	20,590	0.78%	1,595,270,690	48,595,783	423,842
2004	20,430	1.49%	1,511,835,569	43,746,882	433,278
2003	20,130	1.82%	1,423,894,752	42,804,005	282,293
2002	19,770	2.86%	1,333,040,730	41,503,298	136,978

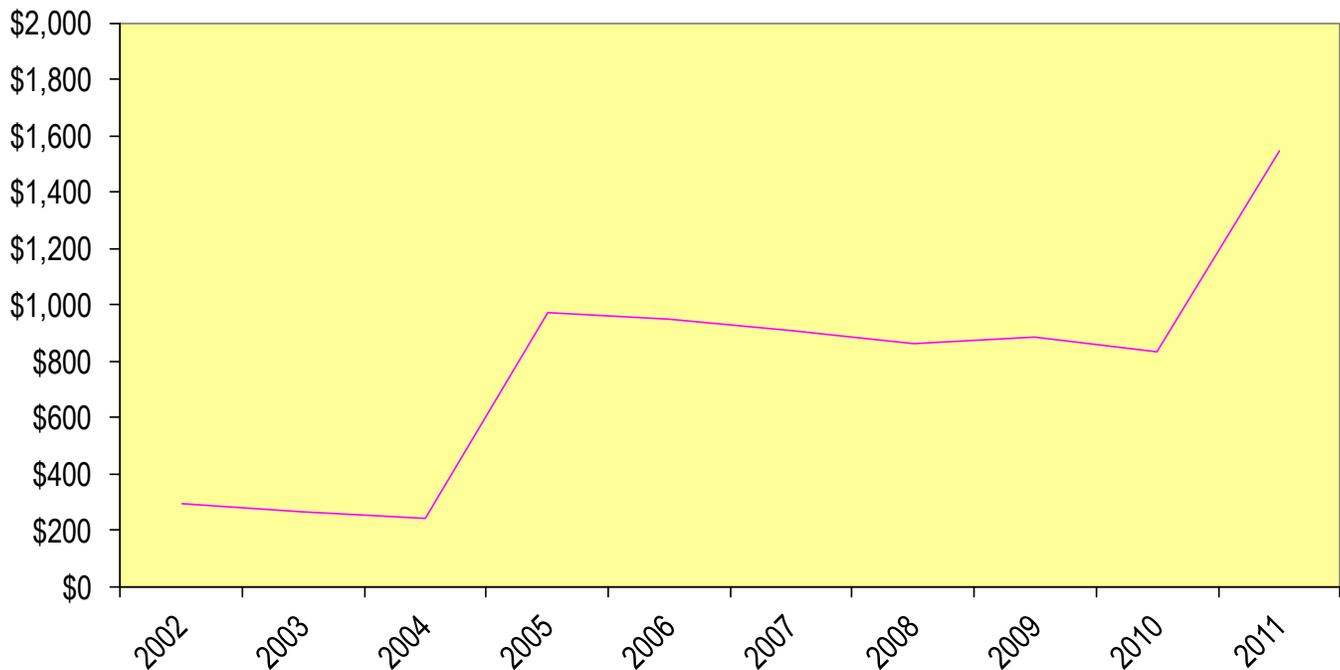
Source:

- (1) Center for Population Research and Census, Portland State University
- (2) Jackson County Assessor tax roll property value records
- (3) City of Ashland financial records - includes all long-term general obligation debt, including general obligation special assessments, general obligation bonds, and general obligation warrants.
- (4) Includes general obligation debt paid from Hospital Enterprise Fund operations, Utility Services Fund operations, and special assessment payments from benefited property owners.

**CITY OF ASHLAND, OREGON  
RATIO OF NET GENERAL OBLIGATION BONDED DEBT  
TO ASSESSED VALUE AND  
NET GENERAL OBLIGATION BONDED DEBT PER CAPITA  
for the last ten fiscal years - unaudited (continued)**

<u>Enterprise Fund Monies Available</u>	<u>Debt Payable for Enterprise Revenues (4)</u>	<u>Net General Obligation Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt per Capita</u>
\$ 875,490	\$ 18,578,931	\$ 31,095,074	1.50%	\$ 1,547.40
875,490	21,389,684	17,898,670	0.89%	832.30
875,490	23,059,454	18,970,000	0.98%	882.94
1,751,369	38,652,249	18,840,000	1.00%	864.22
-	40,456,883	19,425,000	1.10%	906.44
1,913,648	41,842,256	19,770,000	1.18%	946.84
1,913,648	43,614,513	20,045,000	1.26%	973.05
1,281,341	36,866,762	4,875,000	0.32%	239.11
1,913,648	38,884,073	5,280,000	0.37%	262.30
2,830,609	32,700,711	5,835,000	0.44%	295.14

**Net Bonded Debt Per Capita  
Last Ten Years**

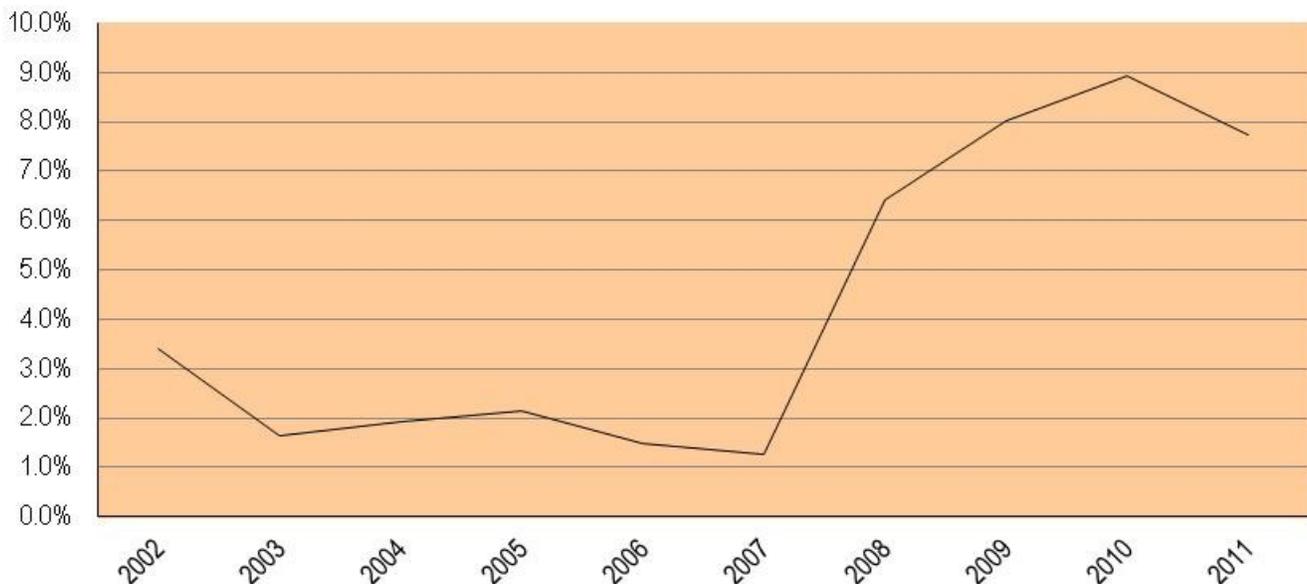


**CITY OF ASHLAND, OREGON  
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR  
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES  
for the last ten fiscal years - unaudited**

Fiscal Year Ended June 30,	Principal	Interest	Total Debt Service (1)	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2011	\$ 905,000	\$ 904,149	\$ 1,809,149	\$ 23,415,021	7.7%
2010	865,000	943,917	1,808,917	20,245,798	8.9%
2009	695,000	976,738	1,671,738	20,849,371	8.0%
2008	415,000	885,470	1,300,470	20,241,350	6.4%
2007	205,000	34,836	239,836	18,877,775	1.3%
2006	195,000	62,360	257,360	17,302,206	1.5%
2005	185,000	187,607	372,607	17,278,171	2.2%
2004	185,000	196,353	381,353	19,656,207	1.9%
2003	170,000	199,068	369,068	22,293,115	1.7%
2002	280,000	188,809	468,809	13,724,000	3.4%

(1) Includes General, Special Revenue Funds, and Debt Service Funds

**Ratio of Debt Service  
to General Governmental Expenditures  
Last Ten Years**



**CITY OF ASHLAND, OREGON  
PLEGGED REVENUE COVERAGE  
WATER FUND  
for the last ten fiscal years - unaudited**

Fiscal Year Ended June 30,	Gross Revenues	Operating Expenses	Future Rate Stabilization Offset (3)	Net Revenues Available for Debt Service	Debt Service Requirements (4)			Coverage
					Principal	Interest	Total	
2011	\$ 4,806,603	\$ 3,597,288	\$ -	\$ 1,209,315	\$ 394,036	\$ 135,574	\$ 529,610	2.28
2010	4,455,767	3,439,267	-	1,016,500	345,000	112,206	457,206	2.22
2009	4,552,624	2,819,395	-	1,733,229	335,000	120,288	455,288	3.81
2008	4,274,376	3,499,545	-	774,831	335,000	127,406	462,406	1.68
2007	4,651,122	3,115,885	-	1,535,237	325,000	133,191	458,191	3.34
2006	4,531,503	2,591,347	-	1,940,156	320,000	140,456	460,456	4.21
2005	4,428,981 (1)	1,825,395 (2)	-	2,603,586	320,000	146,856	466,856	5.58
2004	5,015,140 (1)	3,375,551 (2)	-	2,006,445	345,000	127,347	472,347	3.51
2003	3,478,958	2,340,293	100,000	1,038,665	155,000	171,727	326,727	3.18
2002	3,634,789	2,020,392	600,000	1,014,397	150,000	179,888	329,888	3.07

(1) Total Operating Revenues, including System Development Charges

(2) Total operating expenses, not including Interfund Loan, Capital Outlay, Existing Debt, and Franchise Taxes paid

(3) Gross revenues in excess of those necessary to meet current debt service obligations by covenant available to assure coverage in future fiscal periods

(4) Includes Revenue Bond principal and interest amounts transferred to registered paying agent irrespective of actual bond maturities

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**CITY OF ASHLAND, OREGON  
RATIOS OF OUTSTANDING DEBT  
BY TYPE  
for the last nine years**

<b>Governmental Activities</b>			Notes and Contracts		
Fiscal Year Ended June 30,	General Obligation Bonds	Percent of Assessed Value	Promissory Notes	OECDD (1) Loans	Per Capita (2)
2011	\$ 15,695,000	0.76%	\$ 354,502	\$ 703,502	\$ 833.69
2010	16,600,000	0.83%	488,197	1,230,388	851.83
2009	17,465,000	0.90%	622,313	1,412,321	907.59
2008	18,160,000	0.97%	740,079	1,587,138	939.78
2007	18,575,000	1.05%	883,775	1,754,932	989.91
2006	18,625,000	1.11%	1,066,510	1,920,792	1,035.07
2005	18,265,000	1.14%	1,200,270	2,079,804	1,046.39
2004	3,235,000	0.21%	8,758,585	2,231,077	696.26
2003	3,420,000	0.24%	1,343,423	2,249,447	348.38

<b>Business - Type Activities</b>					
Fiscal Year Ended June 30,	General Obligation Bonds	Percent of Assessed Value	Revenue Bonds and Notes	DEQ (3) Loan	Per Capita (2)
2011	\$ 15,400,074	0.74%	\$ 3,178,857	\$ -	\$ 924.55
2010	1,298,697	0.06%	3,560,571	16,530,415	994.64
2009	1,505,000	0.08%	3,927,286	17,627,168	1,073.28
2008	680,000	0.04%	4,284,000	18,687,249	1,084.92
2007	850,000	0.05%	4,315,000	19,711,883	1,160.84
2006	1,145,000	0.07%	4,640,000	20,702,256	1,268.55
2005	1,795,000	0.11%	4,960,000	21,659,513	1,380.02
2004	1,650,000	0.11%	5,280,000	22,584,762	1,444.68
2003	1,860,000	0.13%	13,545,000	23,479,073	1,931.65

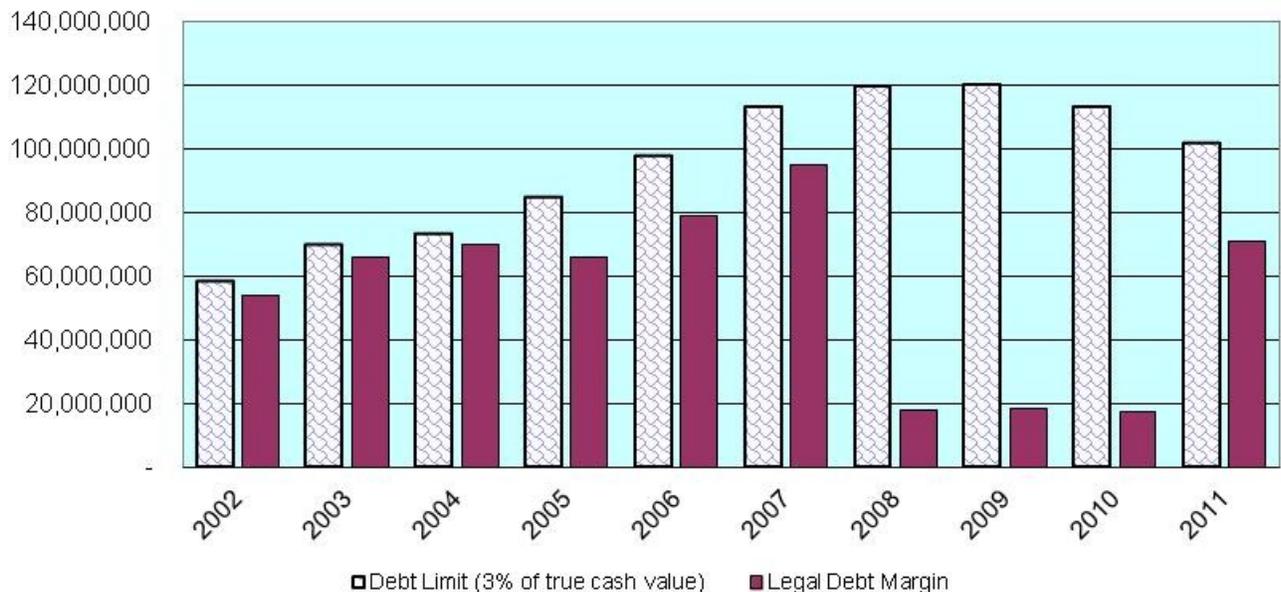
<b>Total Outstanding Debt</b>			
Fiscal Year Ended June 30,	Total Outstanding Debt	Personal Income (4)	Debt as a Percentage of Personal Income
2011	\$ 35,331,935	unavailable	NA
2010	39,708,269	unavailable	NA
2009	42,559,088	391,431,000	10.87%
2008	44,138,466	430,978,000	10.24%
2007	46,090,591	463,652,000	9.94%
2006	48,099,558	461,001,000	10.43%
2005	49,959,587	411,308,000	12.15%
2004	43,739,424	394,362,000	11.09%
2003	45,896,943	338,294,000	13.57%

- (1) OECDD - Oregon Economic and Community Development Department
- (2) *Per Capita* is calculated using the total debt for the category divided by population shown on *General Obligation Bonded Debt to Assessed Value* Schedule
- (3) DEQ - Oregon Department of Environmental Quality
- (4) Oregon Department of Revenue Personal Income Tax Statistics

**CITY OF ASHLAND, OREGON  
LEGAL DEBT MARGIN  
for the Fiscal Year Ended June 30,  
for the last ten years**

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>True Cash Value</b>	\$ 3,394,416,254	\$ 3,790,236,802	\$ 4,011,032,636	\$ 4,000,418,984
<b>Legal Debt Margin</b>				
Debt limit (3% of true cash value)	\$ 101,832,488	\$ 113,707,104	\$ 120,330,979	\$ 120,012,570
<b>Net Bonded Debt:</b>				
Gross bonded debt	31,095,074	17,898,697	18,970,000	18,840,000
Less amounts exempted:				
Water	-	-	-	(25,000)
Special assessment	-	-	-	-
Re-funding	-	-	-	-
Water re-funding	(394,036)	(345,000)	(505,000)	(655,000)
Total debt applicable to margin	<u>30,701,038</u>	<u>17,553,697</u>	<u>18,465,000</u>	<u>18,160,000</u>
<b>LEGAL DEBT MARGIN</b>	<u>\$ 71,131,450</u>	<u>\$ 96,153,407</u>	<u>\$ 101,865,979</u>	<u>\$ 101,852,570</u>

**Legal Debt Margin  
Compared to Debt Limit  
Last Ten Years**



**CITY OF ASHLAND, OREGON  
LEGAL DEBT MARGIN  
for the Fiscal Year Ended June 30,  
for the last ten years (continued)**

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<u>\$ 3,788,568,503</u>	<u>\$ 3,266,109,773</u>	<u>\$ 2,827,489,200</u>	<u>\$ 2,450,551,643</u>	<u>\$ 2,327,582,133</u>	<u>\$ 1,943,471,450</u>
<u>\$ 113,657,055</u>	<u>\$ 97,983,293</u>	<u>\$ 84,824,676</u>	<u>\$ 73,516,549</u>	<u>\$ 69,827,464</u>	<u>\$ 58,304,144</u>
19,425,000	19,780,000	20,045,000	4,875,000	5,280,000	6,135,000
(50,000)	(60,000)	(85,000)	(100,000)	(125,000)	(145,000)
-	-	-	-	-	(55,000)
-	-	-	-	(75,000)	(325,000)
<u>(800,000)</u>	<u>(940,000)</u>	<u>(1,075,000)</u>	<u>(1,205,000)</u>	<u>(1,325,000)</u>	<u>(1,440,000)</u>
<u>18,575,000</u>	<u>18,780,000</u>	<u>18,885,000</u>	<u>3,570,000</u>	<u>3,755,000</u>	<u>4,170,000</u>
<u>\$ 95,082,055</u>	<u>\$ 79,203,293</u>	<u>\$ 65,939,676</u>	<u>\$ 69,946,549</u>	<u>\$ 66,072,464</u>	<u>\$ 54,134,144</u>

**CITY OF ASHLAND, OREGON  
COMPUTATION OF LEGAL DEBT MARGIN  
June 30, 2011 - unaudited**

True cash value	\$ 3,394,416,254	
3% of true cash value	<u>0.03</u>	
		\$ 101,832,488
<b>NET BONDED DEBT:</b>		
Gross bonded debt	31,434,356	
Less amounts exempted:		
Water		
Water re-funding	<u>(394,036)</u>	
Total debt applicable to margin		<u>31,040,320</u>
<b>LEGAL DEBT MARGIN</b>		<u><u>\$ 70,792,168</u></u>

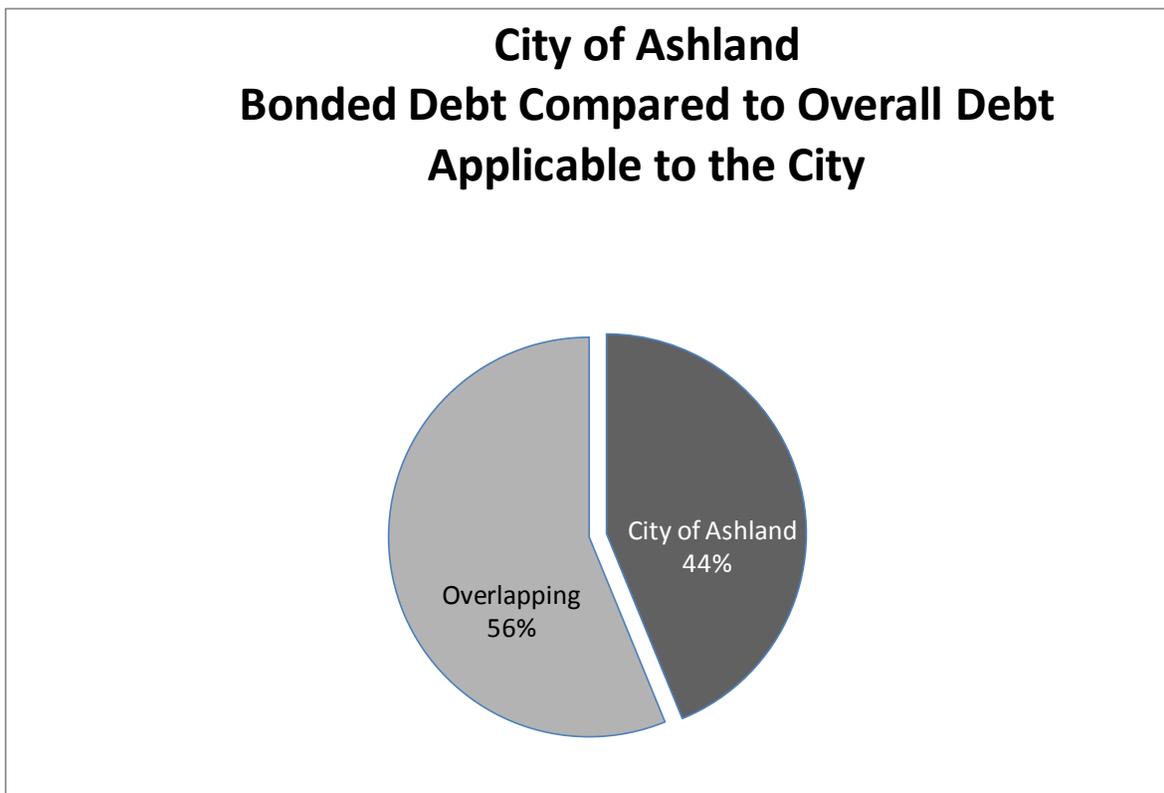
ORS 287.004 provides a debt limit of three percent of the true cash value of all taxable property within the Municipality's boundaries. According to ORS 287.004, the three percent limitation does not apply to bonds issued for water, sanitary or storm sewers, sewage disposal plants, hospitals, power or lighting purposes, nor to bonds issued pursuant to applications to pay assessments for improvements or installments for benefited property owners.

Source: Jackson County Assessor's Office  
Audited Financial Statements  
Oregon Revised Statutes (ORS) 287.004

**CITY OF ASHLAND, OREGON  
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT  
GENERAL OBLIGATION BONDS  
June 30, 2011 - unaudited**

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to City	Amount Applicable to City
Direct:			
City of Ashland	\$ 31,095,074	100.00%	\$ 31,095,074
Overlapping:			
Jackson County	3,157,448	14.54%	459,093
School District No. 5	29,239,016	79.81%	23,335,659
Rogue Community College	3,053,484	14.54%	443,977
	<u>\$ 35,449,948</u>		<u>\$ 24,238,728</u>
	<u>\$ 66,545,022</u>		<u>\$ 55,333,802</u>

Source: State of Oregon, Office of Treasurer



**ASHLAND PARKS AND RECREATION COMMISSION  
ASHLAND, OREGON  
Principal Employers  
Current Year and Ten Years Ago**

2011

Employer (1)	Employees	Percentage of Total City Employment
Southern Oregon University	776	8.62%
Oregon Shakespeare Festival	500	5.56%
Ashland Community Hospital	380	4.22%
Ashland Public Schools	350	3.89%
City of Ashland	250	2.78%
Total:	<u>2256</u>	<u>25.07%</u>

Estimated Total City Employment: 9000

(1) Currently, data is collected for top five employers only.

2001

Employer	Employees	Percentage of Total City Employment
Southern Oregon State College	740	12.33%
Ashland Public Schools	394	6.57%
Ashland Community Hospital	387	6.45%
Oregon Shakespeare Festival	300	5.00%
City of Ashland	200	3.33%
Subtotal:	<u>2021</u>	<u>22.46%</u>
Pathway Enterprises	150	2.50%
Darex Corporation	135	2.25%
Butler Ford	105	1.75%
Linda Vista Care	75	1.25%
Albertson's	71	1.18%
Total:	<u>2452</u>	<u>40.87%</u>

Estimated Total City Employment: 6000

Source: Ashland Chamber of Commerce

**CITY OF ASHLAND, OREGON  
DEMOGRAPHIC STATISTICS  
for the last ten fiscal years - unaudited**

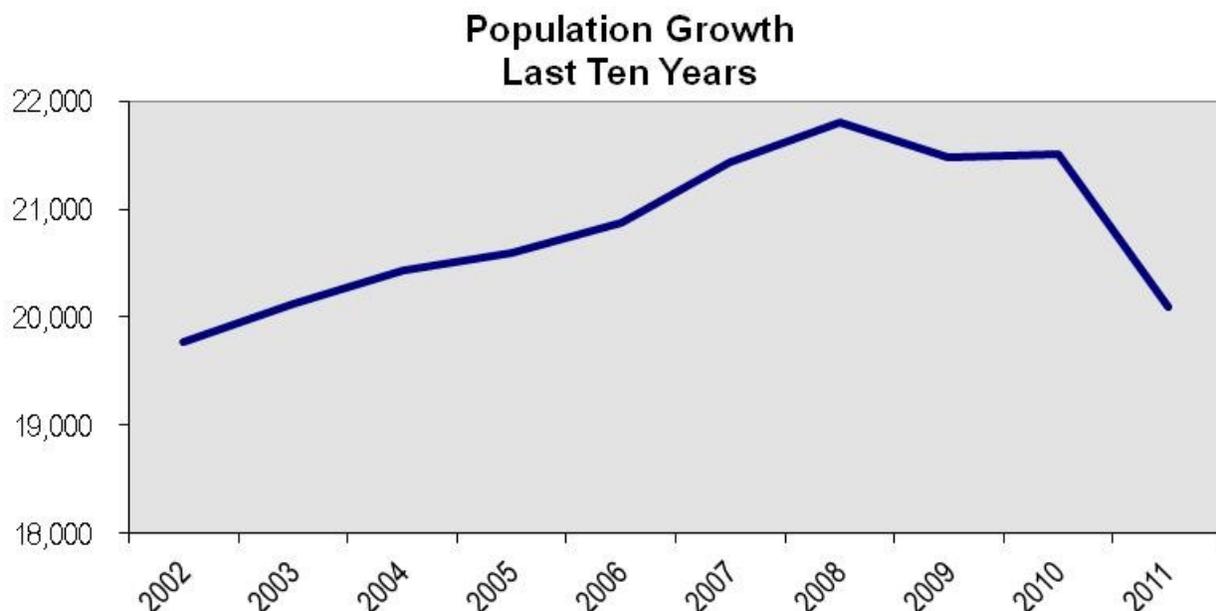
<b>Fiscal Year Ended June 30,</b>	<b>Population (1)</b>	<b>Percentage Change</b>	<b>Per Capita Income</b>	<b>Total Personal Income (2)</b>	<b>School Enrollment (3)</b>	<b>Jackson County Unemployment Rate (4)</b>
2011	20,095	-6.56%	-	unavailable	3,000	11.9%
2010	21,505	0.09%	-	unavailable	3,000	12.1%
2009	21,485	-1.44%	18,219	391,431	3,000	13.6%
2008	21,800	1.73%	19,770	430,978	3,000	6.7%
2007	21,430	2.63%	21,636	463,652	3,000	5.6%
2006	20,880	1.41%	22,079	461,001	2,777	5.7%
2005	20,590	0.78%	19,976	411,308	2,920	6.2%
2004	20,430	1.49%	19,303	394,362	3,138	7.3%
2003	20,130	1.82%	16,805	338,294	3,321	6.8%
2002	19,770	0.82%	16,768	331,495	3,393	6.6%

(1) Center for Population and Research and Census, and Portland State University

(2) State of Oregon, Department of Revenue, in thousands of dollars

(3) Ashland School District

(4) State of Oregon Employment Department



**CITY OF ASHLAND, OREGON  
SCHEDULE OF MAJOR INSURANCE IN FORCE  
June 30, 2011**

Company	Coverage	Policy Period	Annual Aggregate/Each Occurrence	Premium
City County Insurance Services	<b>General Liability</b>	07/01/2010-07/01/2011	\$ 15,000,000 / \$ 5,000,000	\$ 92,964
	Public Officials Liability	07/01/2010-07/01/2011	\$ 15,000,000 / \$ 5,000,000	
	Employment Practices	07/01/2010-07/01/2011	\$ 15,000,000 / \$ 5,000,000	
	<b>Automobile Liability</b>			15,136
	Scheduled Autos	07/01/2010-07/01/2011	None / \$ 5,000,000	
	Hired Autos/Non Owned	07/01/2010-07/01/2011	None / \$ 5,000,000	
	Uninsured Motorist	07/01/2010-07/01/2011	None / \$ 5,000,000	
	<b>Auto Physical Damage</b>			5,798
	Scheduled Autos	07/01/2010-07/01/2011	Per Filed Value	
	Rented or Leased	07/01/2010-07/01/2011	Per Filed Value	
	Newly Acquired Autos	07/01/2010-07/01/2011	Per Filed Value	
	<b>Property</b>			45,585
	Buildings	07/01/2010-07/01/2011	Per Filed Value	
	Mobile Equipment	07/01/2010-07/01/2011	Per Filed Value	
	<b>Boiler and Machinery</b>	07/01/2010-07/01/2011	Replacement Cost of Machinery & Equipment not covered elsewhere	Included above
	<b>Excess Crime</b>	07/01/2010-07/01/2011	Per Loss/ \$ 250,000	689
ACE USA	<b>Airport Liability</b>	07/01/2010-07/01/2011	\$ 4,000,000 / \$ 4,000,000	4,650
The Hartford	<b>Flood</b>	10/23/2010-10/23/2011	\$ 54,200	931
Safety National Casualty Corp.	<b>Workers' Compensation Self-Insured Bond</b>	07/01/2010-07/01/2011		6,000
New York Marine & General Ins. Co.	<b>Excess Workers' Compensation</b>	07/01/2010-07/01/2011	\$ 1,000,000 / \$ 1,000,000	20,813
National Union Fire Ins Co of Pittsburgh, PA	<b>Volunteer Accident Ins</b>	07/01/2010-07/01/2011	Per Filed Value	1,788
ACE American Ins. Co.	<b>Underground Storage Tank Liability</b>	07/01/2010-07/01/2011	\$ 1,000,000 / \$ 1,000,000	461

**CITY OF ASHLAND, OREGON  
CITY EMPLOYEE BY FUNCTION/PROGRAM  
for the Fiscal Year Ended June 30,**

<b>Function/Program</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006*</b>	<b>2005</b>	<b>2004**</b>
Administration	4.00	4.00	4.00	3.06	3.00	3.00	3.00	3.00
Human Resources	2.00	2.00	2.00	3.00	3.00	2.00	2.00	2.00
Legal	3.00	3.00	3.00	3.50	3.50	3.50	3.50	3.50
Information Technology	8.80	7.95	7.95	7.60	7.60	7.60	6.45	4.95
Finance	16.25	17.25	17.25	15.75	15.50	17.50	16.50	15.80
Municipal Court	3.65	3.65	3.65	4.15	4.15	4.15	3.75	3.00
City Recorder/Treasurer	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Police	34.80	34.80	36.80	39.30	40.30	39.80	39.80	37.30
Fire	32.00	32.40	33.40	35.40	35.40	35.00	34.00	32.00
Streets	9.90	10.20	10.20	10.20	10.20	10.20	9.70	9.45
Water	14.50	16.30	16.30	16.30	16.30	14.80	14.80	13.70
Wastewater	10.30	12.80	12.80	11.80	11.80	11.80	11.80	12.55
Public Works Administration	7.50	7.00	7.00	8.00	8.00	8.00	8.00	6.75
Engineering	5.00	6.00	6.00	6.00	6.00	6.00	6.00	5.75
Facilities Maintenance / Cemetery	4.50	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Fleet Maintenance	5.00	3.50	3.50	3.50	3.50	3.50	3.50	3.60
Planning	8.90	8.70	8.70	10.65	11.75	10.50	8.65	8.45
Building	3.60	3.85	3.85	5.75	6.05	6.50	6.55	6.55
Electric	17.75	18.50	18.50	18.10	18.10	18.10	17.15	14.40
Telecommunication	6.20	7.55	7.55	7.55	7.55	8.05	9.65	8.65
Conservation	3.00	3.00	3.00	3.00	3.00	3.00	2.80	3.00
Senior Program	*	*	*	*	*	*	1.75	1.75
Subtotal	202.65	208.45	211.45	218.61	220.70	219.00	215.35	202.15
Parks	43.45	45.65	48.55	50.55	48.45	48.45	45.90	37.40
Total	246.10	254.10	260.00	269.16	269.15	267.45	261.25	239.55

\* Senior Program included in Parks in 2006

\*\*2004 figures do not include temporary employees

The City implemented GASB Statement No. 34 in fiscal year 2003; therefore, some of the tables presenting government-wide information include only eight years.

**CITY OF ASHLAND, OREGON  
OPERATING INDICATORS  
BY FUNCTION / PROGRAM  
for the last ten years**

<b>Function/Program</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Police</b>				
Physical arrests, juvenile and adult	2,343	2,073	2,098	2,489
Traffic violations	2,868	3,160	2,784	2,600
<b>Fire</b>				
Fire alarm responses	291	359	363	500
Emergency medical responses	2,694	2,705	2,761	3,022
Non-emergency public service responses	79	75	46	76
Code enforcement plans review	215	293	262	440
Total calls for service	3,327	3,128	3,170	3,590
Total ambulance patient transports	1,611	1,456	1,476	1,700
<b>Water</b>				
Service connections	8,678	8,433	8,126	8,291
Daily average consumption in millions of gallons	4.6	2.7	3.3	3.4
Maximum daily capacity of plant in million gallons	8	8	8	8
<b>Sewer</b>				
Service connections	8,181	7,995	8,008	8,153
Daily average treatment in million of gallons	2.1	2.2	2.2	2.2
Maximum daily capacity in millions of gallons	4	4	4	4
<b>Electric</b>				
Service connections	11,985	11,275	11,944	11,979
<b>Telecommunications</b>				
Cable TV	-	-	-	-
Cable modem	4,454	4,094	4,160	4,153
Potential station capacity	140	140	80	80

<sup>1</sup> Identifies correction to capacity

<sup>2</sup> Identifies the implementation of new software that correctly accounts for crimes

<sup>3</sup> Cable TV outsourced

<sup>4</sup> Cable TV analog channels

**CITY OF ASHLAND, OREGON  
OPERATING INDICATORS  
BY FUNCTION / PROGRAM  
for the last ten years (continued)**

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
2,748	2,607	2,004	2,293	2,412 <sup>2</sup>	300
3,036	3,773	4,608	4,405	5,858	4,358
457	425	415	388	319	272
2,955	2,716	2,952	2,428	2,294	2,404
87	109	100	90	127	78
495	535	644	721	643	475
3,534	4,000	3,285	3,186	2,922	2,740
1,616	1,511	1,243	1,274	989	863
8,281	7,870	7,764	7,609	7,419	7,214
4	4	3	4	3	3
8	8	8	8	8 <sup>1</sup>	10
8,129	7,722	7,583	7,455	7,290	7,091
2	2	2	2	2	2
4	4	4	4	4	6
11,780	11,277	11,062	10,561	10,374	10,490
- <sup>3</sup>	3,095	3,170	3,100	2,961	2,499
3,988	3,823	3,686	3,435	3,040	2,323
80 <sup>4</sup>	140	161	161	161	161

**CITY OF ASHLAND, OREGON  
CAPITAL ASSETS AND INFRASTRUCTURE STATISTICS  
BY FUNCTION/PROGRAM  
for the last ten years**

<b>Function/Program</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Police</b>				
Stations	1	1	1	1
Contact station	1	1	1	1
Patrol units (vehicles)	8	8	8	8
Sworn officers	25.0	26.5	26.5	27
<b>Fire</b>				
Stations	2	2	2	2
Fire fighters	26	26	29	31
<b>Streets</b>				
Miles of paved streets	92	92	92 <sup>1</sup>	100
Miles of gravel streets	9	14	14 <sup>1</sup>	11
Miles of storm sewers	93	93	90	89
<b>Water</b>				
Miles of water mains	130	130	130 <sup>1</sup>	124
Hydrants	1,248	1,245	1,237 <sup>1</sup>	1,154
Water treatment plant	1	1	1	1
<b>Sewer</b>				
Miles of sanitary sewers	110	110	110	110
Treatment plant	1	1	1	1

<sup>1</sup> Identifies integration of Cartegraph System with GIS that has provided more accurate figures.

**CITY OF ASHLAND, OREGON  
CAPITAL ASSETS AND INFRASTRUCTURE STATISTICS  
BY FUNCTION/PROGRAM  
for the last ten years (continued)**

<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
1	1	1	1	1	1
NA	NA	NA	NA	NA	NA
8	8	8	8	6	6
27	27	27	30	29	29
2	2	2	2	2	2
31	31	31	31	27	28
100	100	100	97	97	78
10	14	14	17	19	20
85	85	84	76	55	60
124	124	124	121	115	94
1,115	1,142	1,131	1,069	1,000	987
1	1	1	1	1	1
110	110	108	106	106	86
1	1	1	1	1	1

**CITY OF ASHLAND, OREGON  
CAPITAL ASSETS AND INFRASTRUCTURE  
STATISTICS BY FUNCTION/PROGRAM  
for the last ten years (continued)**

Function/Program	2011	2010	2009	2008
<b>Electric</b>				
Street lights	1,827	1,832	1,811	1,802
Electrical transformers	2,007	2,002	1,996	1,982
Poles	3,506	3,560	3,557	3,453
Substations	3	3	3	3
<b>Telecommunications</b>				
Miles of fiber	25	25	25	25
Miles of coax	119	119	118	117
<b>Parks and Recreation</b>				
Community centers	3	3	3	3
Parks	16	19	19	19
Park acreage	642	642	640	640
Golf courses	1	1	1	1
Swimming pools	1	1	1	1
Ice skating rinks	1	1	1	1
Skateboard parks	1	1	1	1
Tennis courts	12	12	12	12
Trails (miles)	26	29	29	29
<b>Health Care</b>				
Hospital	1	1	1	1
Hospital beds	48	49	49	49
<b>Education</b>				
Elementary schools	4	4	4	4
Elementary school instructors	69	59	59	59
Secondary schools	2	2	2	2
Secondary school instructors	91	106	106	106
State universities	1	1	1	1

**CITY OF ASHLAND, OREGON  
CAPITAL ASSETS AND INFRASTRUCTURE  
STATISTICS BY FUNCTION/PROGRAM  
for the last ten years (continued)**

2007	2006	2005	2004	2003	2002
1,802	1,771	1,707	1,804	1,870	1,895
1,982	1,973	1,943	1,851	1,815	2,030
2,551	2,559	3,501	2,511	2,501	2,501
3	3	3	3	3	3
25	29	25	25	35	30
117	110	117	117	117	120
3	3	3	3	3	3
19	19	19	19	19	19
640	640	637	637	637	637
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
12	12	12	12	12	12
29	29	29	29	NA	NA
1	1	1	1	1	1
49	49	49	49	49	49
4	3	3	4	5	5
59	59	61	58	69	93
2	2	2	2	2	2
106	106	106	90	102	116
1	1	1	1	1	1



**AUDIT COMMENTS  
AND  
DISCLOSURES REQUIRED BY STATE REGULATIONS**

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Oregon Administrative Rules 162-10-050 through 162-10-320, the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments and disclosures required in audit reports. The required financial statements and schedules are set forth in preceding sections of this report. Required comments and disclosures related to the audit of such statements and schedules are set forth following.



**PAULY, ROGERS AND CO., P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

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**Independent Auditor's Report Required by Oregon State Regulations**

We have audited the basic financial statements of the City of Ashland as of and for the year ended June 30, 2011, and have issued our report thereon dated October 13, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

**Compliance**

As part of obtaining reasonable assurance about whether the City of Ashland's financial statements are free of material misstatement, we performed tests of its 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, non-compliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our testing nothing came to our attention that caused us to believe the City of Ashland 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 Corporation.

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

In planning and performing our audit, we considered the 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 internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

We noted matters involving the internal control structure and its operation that we consider to be significant deficiencies under standards established by the American Institute of Certified Public Accountants, which are noted in the schedule of findings and questioned costs.

This report is intended solely for the information and use of the council members and management and the Oregon Secretary of State and is not intended to be, and should not be, used by anyone other than these parties.

*Pauly, Rogers and Co., P.C.*  
**PAULY, ROGERS AND CO., P.C.**



**PAULY, ROGERS AND CO., P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

- 
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October 13, 2011

To the City Council  
City of Ashland

**Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards**

We have audited the financial statements of City of Ashland as of and for the year ended June 30, 2011, and have issued our report thereon dated October 13, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered City of Ashland'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 internal controls over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal controls over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

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

We noted certain matters that we reported to management of the City of Ashland on the Schedule of Findings and Questioned Costs. The responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Council, and federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

  
PAULY, ROGERS AND CO., P.C.



**GOVERNMENT AUDITING STANDARDS  
COMPLIANCE REPORTS**

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**CITY OF ASHLAND, OREGON  
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
for the year ended June 30, 2011**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Federal Grantor's Number	Program or Award Amount	Year to Date Disbursements / Expenditures
Oregon Military Department Office of Emergency Management State Homeland Security Program 11/01/2008-12/31/2010	97.073	08-203	\$ 50,500.00	\$ 18,062.00
Oregon Military Department Office of Emergency Management State Homeland Security Program 10/01/2009-12/31/2011	97.073	09-202	\$ 7,500.00	\$ 1,552.20
Oregon Military Department Office of Emergency Management Citizen Corps Program 10/01/2009-12/31/2011	97.053	09-101	\$ 12,675.00	\$ 657.62
Oregon Military Department Office of Emergency Management Citizen Corps Program 01/01/2011-12/31/2012	97.053	10-101	\$ 18,000.00	\$ -
Oregon Military Department Office of Emergency Management State Homeland Security Program 01/11/2011-12/31/2012	97.073	10-203	\$ 34,079.00	\$ 10,275.00
United States (U.S.) Department of Agriculture USFS, Rogue River-Siskiyou National Forest Ashland Forest Resiliency Stewardship Project 03/15/2010-06/30/2012	10.678	ORFO-03-31- 10-02EH	\$ 1,495,027.00	\$ 247,830.23
U. S. Department of Housing and Urban Development Community Development Block Grant-ARRA 06/05/2009-09/30/2012	14.253	B09MY410008	\$ 55,622.00	\$ 39,913.21
U. S. Department of Housing and Urban Development Community Development Block Grant Program 07/01/2009-06/30/2010-Unallocated Carryover	14.218	B09MC410008	\$ 64,780.30	\$ -
07/01/2010-06/30/2011-Grant Award	14.218	B10MC410008	\$ 224,545.00	\$ 209,281.24
<b>TOTAL CDBG in FY11</b>			<b>\$ 289,325.30</b>	<b>\$ 209,281.24</b>
U. S. Department of Justice Office of Justice Programs Byrne Memorial Justice Assistance Grant 06/30/2009-02/28/2013	16.738	2009-SB- B9-0400	\$ 22,173.00	\$ 13,200.00
U. S. Department of Transportation Federal Aviation Administration Nonprimary Entitlement Grant	20.106	DOT-FA10 NM-0134	\$ 1,581,949.00	\$ 1,423,519.02 (1)
<b>TOTAL FEDERAL ASSISTANCE</b>			<b>\$ 3,566,850.30</b>	<b>\$ 1,964,290.52</b>

(1) Major Program



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October 13, 2011

To the City Council  
City of Ashland

**Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program  
and on Internal Control Over Compliance in Accordance With OMB Circular A-133**

**Compliance**

We have audited the compliance of the City of Ashland with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2011. City of Ashland major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of Ashland management. Our responsibility is to express an opinion on the City of Ashland's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards, and OMB Circular A-133, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of City of Ashland compliance with those requirements.

In our opinion, City of Ashland complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

**Internal Control over Compliance**

The management of the City of Ashland is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Ashland's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the internal control over compliance.

A control deficiency in internal control over compliance 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 non-compliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the internal controls.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected by the internal control.

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

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Council, others within the City, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



PAULY, ROGERS AND CO., P.C.

**CITY OF ASHLAND  
SCHEDULE FINDINGS AND QUESTIONED COSTS  
for Fiscal Year Ended June 30, 2011**

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

Financial Statements

Type of Auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

Federal Awards

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses  Yes  None reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?  Yes  No

Identification of major programs

<u>CFDA Number(s):</u> <u>20.106</u>	<u>Name of Federal Program:</u> <u>Airport Pavement Maintenance</u>
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Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee?  Yes  No

The accompanying schedule of expenditures of federal awards includes the federal grant activity and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**CITY OF ASHLAND  
SCHEDULE FINDINGS AND QUESTIONED COSTS  
for Fiscal Year Ended June 30, 2011 (continued)**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

1 -

Condition: We noted that the Information Technology (IT) department does not have a cohesive written internal control document that details out their internal controls over their internally developed utility billing (UB) system. The UB system also should be modified to be fully integrated into the Eden GL system, and should have a report written that "red flags" unusual or missing charges to individual accounts. We also recommend that that IT department have an external review of the processes and controls from an outside entity.

Criteria: Good internal control requires that internally built systems have written controls and best practice controls in place.

Cause: An internally built system normally does not have the controls in place that an externally generated system would.

Effect: Transactions could be processed improperly in the UB system.

Response: Staff has been working on this comment and an acceptable solution to the problems inherent with home-built software for multiple years. Staff began a process to evaluate needs in January 2011, and has gone through a successful bid to acquire a new Utility Billing software package. Staff is working with the vendor, preparing to install, test and go-live with the new software in the first quarter of calendar 2012. The schedule has the implementation complete by June 30, 2012.

2 -

Condition: The City's capital asset (and intangible policy) does not specifically state how the City determines costs on their internally generated assets.

Criteria: The City needs to modify their capital asset policy to clarify this situation.

Cause: The original policy did not specifically address internally generated costs.

Effect: Internally generated assets could be valued inconsistently between assets.

Response: This comment is a repeat from the prior year. Staff is still working on clearing this comment. Due to staff turnover, we were unable to revise and finalize the policy by June 30, 2011. Staff expects to revise the capital asset policy and clear this comment in fiscal year 2012.

3 -

Condition: All staff at the Courts Department can make manual changes to court charges within the system.

Criteria: Good internal control requires that the all manual changes be reviewed by someone other than the preparer and that not all staff have access to make manual changes.

Cause: A lack of segregation of duties causes this issue.

Effect: Court transactions could be processed incorrectly or theft could be perpetrated by pocketing cash and manually reducing individual court charges.

Response: This comment is a repeat from the prior year. The Human Resources Division of the Administration Department supervises the Municipal Court Division. Due to changes in staff in both divisions, this comment could not be cleared in fiscal year 2011. The Accounting Division will assist in writing and implementing a procedure to ensure proper review of adjustments. Staff expects to clear this comment in fiscal year 2012.

**CITY OF ASHLAND  
SCHEDULE FINDINGS AND QUESTIONED COSTS  
for Fiscal Year Ended June 30, 2011 (continued)**

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONS COSTS**

None reported