

Council Communication

December 6, 2016, Business Meeting

Acceptance of FY 2015-2016 Comprehensive Annual Financial Report

FROM:

Beverly Adams, Interim Administrative Services/Finance Director, bev.adams@ashland.or.us

SUMMARY

On November 16th the Audit Commission met with the auditor, Kenny Allen (Pauly, Rogers & Co., CPA's) and city staff to review the annual audit for fiscal year ending June 30, 2016.

The City's audit received an "unmodified opinion", which is the auditor's judgment that the financial records and statements are fairly and appropriately presented in accordance with Generally Accepted Accounting Principles (GAAP).

The Audit Commission's report and recommendation to accept the Comprehensive Annual Financial Report (CAFR) can be found in the report on page 16.

BACKGROUND AND POLICY IMPLICATIONS:

The CAFR is prepared each year as part of the state-required audit by an independent, certified and municipally licensed auditor. The City is responsible for completeness and accuracy of the annual report.

In Ashland, the auditor reports to the Audit Commission established by the Council. The Audit Commission receives the auditor opinion, management letter and annual financial reports (including Ashland Parks Commission Component Unit Financial Report) prepared by staff. When satisfied with the reports and related information, the Audit Commission forwards the report to Council with a recommendation to accept.

The Independent Auditors report is included in the document and presented on their letterhead. These reports attest to the City's compliance with Oregon Budget Law and federal reporting requirements (Pg.24). The auditor reports on legal and regulatory matters in accordance with Government Audit Standards (Pg.165) and that the CAFR conforms to generally accepted accounting principles (GAAP) and Governmental Accounting Standards Board Statements (GASBS). The audit also included a review of federal financial assistance funds received through the Community Development Block Grant Program where no issues of noncompliance were found.

City staff prepares a comprehensive annual report for both the City and Parks. Parks' report is referred to as a component unit financial report (CUFR) by the City. The CUFR is submitted to the Parks and Recreation Commission for acceptance after review by the Audit Commission. In the City's financial report the Parks' activities are included per GAAP as a "blended" component unit. Thus, Parks funds



are named and presented separately and its financial information is blended with city financial information.

Both City and Parks are prepared to submit the annual report to the Government Finance Officers Association for the “Certificate of Achievement” award, which is the highest national award attainable for excellence in financial reporting. It is commendable that the City of Ashland has earned the GFOA award for 27 years.

Financial Overview:

On June 30, 2016 the City’s total net position was \$103,724,443; a \$10.4 million (9.1%) decrease from the previous year.

The reduction is due to the implementation of GASB 68 which required the addition of the City’s portion of assets and accrued liabilities in the Public Employees Retirement System (PERS). The estimated net unfunded liability will change annually with PERS investments, actuarial assumptions and contributions by the City. Positive variances include an increase in operating cash of \$3.6 million (11.7%) and a \$1.8 million reduction (4.9%) in total outstanding debt from the previous year.

Key informational items within the annual report include the Transmittal Letter (Pg.9), Management’s Discussion and Analysis (Pg.26), and Notes to the Financial Statements (Pg.46); all which are intended to provide the reader with a general understanding of the financial condition and changes that may have occurred during the audited period.

COUNCIL GOALS SUPPORTED:

N/A

FISCAL IMPLICATIONS:

N/A

STAFF RECOMMENDATION AND REQUESTED ACTION:

The Audit Commission recommends acceptance of the Comprehensive Annual Financial Report for FY 2015/16 and staff concurs.

SUGGESTED MOTION:

I move to accept the Audit Commission Report and the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016 as presented.

ATTACHMENTS:

2015-16 Comprehensive Annual Financial Report



**CITY OF
ASHLAND**



STATE OF OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT
for the year ended June 30, 2016

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



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2016 comprehensive annual financial report



INTRODUCTORY SECTION

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October 24, 2016

RE: City of Ashland Comprehensive Annual Financial Report

To the Citizens of the City of Ashland:

We are pleased to submit the Comprehensive Annual Financial Report of the City of Ashland for the fiscal year ended June 30, 2016, 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 unmodified opinion and that the City's financial statements for the year ended June 30, 2016, are presented in conformity with Generally Accepted Accounting Principles (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 26 through 31. 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 those of the component unit, the Parks and Recreation Commission. Component units are legally autonomous 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, internet access, water, streets, storm drain, wastewater treatment, airport, cemetery, band, parks and recreation activities.

The Parks and Recreation Commission activities are reported as a blended component unit. The blended component unit information is included within the government-wide financial statements emphasizing that it is operated autonomously and accounted for separately from the primary government but significantly relies upon the oversight, policies and financial resources of the primary government.

GOVERNMENTAL STRUCTURE, ECONOMIC CONDITIONS AND OUTLOOK

The City, incorporated in 1874, is located in the southwest part of the state and currently has a land area of 6.52 square miles with a population of 20,405. 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

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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 is charged with general oversight of all operational and management 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/Information Technology Director). The Mayor, with confirmation of the City Council, appoints the City Administrator, the City Attorney, department heads, and the City boards and commissions with the exception of the Budget Committee, which, by state law is appointed by the full Council. The City Administrator is 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 150 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 relatively high occupancy rate with a variety of shops, restaurants, hotels, 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 2010-14 American Communities Survey, Ashland has an employed work force of approximately 9,252 with an average annual pay of \$20,184 and representing over 13.72 percent of Jackson County's labor force. A stabilization 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 3.6 percent from FY 2015 to 2016 while Food & Beverage tax revenue increased 25 percent. It is not uncommon to have local taxes, especially those relating to tourism, to "lead" the tax revenues from other tax revenues relating to construction.

The Oregon Employment Division reports the larger sectors for payroll in Ashland to be 21% in accommodations & Food, 14% in retail trade and 13% in health care services. Government (all sectors) represents approximately 7% of total payroll paid in Ashland.

In 2015-16, the City issued 243 building permits (two less than the prior year) but resulting in just under \$27 million in total estimated valuation. This is approximately 30% higher than an average year but a 39% decrease compared to 2014-2015 which included significant improvements to the Southern Oregon University. Residential home starts and corresponding valuation decreased by approximately 7% from the previous year, while the commercial activity decreased by nearly 65%.

The Ashland Chamber of Commerce publication, Living and Doing Business Guide 2016 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 \$1 billion in 2015, with nearly \$207 million for housing, \$189 million for transportation and \$149 million for food and beverage services. Additionally, the median price of a home was \$359,000, consistent with 2014 and nearly 26% above that of

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2011, Ashland's low point in the recession. The guide also noted that over 57 percent of Ashland's residents have a bachelor's or higher degree, contributing to a highly educated workforce and an engaged and knowledgeable citizenry.

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 780 performances over a season from February through October, to an estimated attendance of over 400,000. OSFA employs approximately 522 (112 are actors) and has nearly 500 volunteers. Southern Oregon University reports over 6,200 students, over 750 faculty and administration members and over \$125 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.

The City Council has adopted the following strategic planning goals and objectives.

MISSION STATEMENT

To support a resilient, sustainable community that lives within its means and maintains the distinctive quality of life for which it has become known -- in the face of external change and internal development -- via direct delivery of basic services and leveraged enablement of enhanced services.

<http://www.ashland.or.us/SIB/files/2015%20Strategic%20Planning%20Goals%20110414.pdf>

City Council Goals 2015

GOVERNMENT

1. ***Leverage our regional and state relationships to increase effectiveness in relevant policy areas.***
2. ***Promote effective citizen communication and engagement.***
3. ***Support and empower our community partners.***

ORGANIZATION

4. ***Evaluate real property and facility assets to strategically support city mission and goals.***
 - 4.1 Identify and evaluate underperforming assets.
 - 4.2 Cultivate external funding opportunities.
 - 4.3 Examine city hall replacement and other facility needs.
 - 4.4 Examine long term use of Imperatrice property.

PEOPLE

5. ***Seek opportunities to enable all citizens to meet basic needs.***
6. ***Develop supports to enable citizens to age in Ashland.***
7. ***Keep Ashland a family-friendly community.***

ENVIRONMENT

8. ***Protect the integrity and safety of the watershed.***
9. ***Enhance and expand natural and recreational resources.***
10. ***Support local micro-agriculture and food production.***
11. ***Prepare the community for natural and human-made disasters.***
12. ***Update the Comprehensive Plan.***
13. ***Develop and support land use and transportation policies to achieve sustainable development.***
14. ***Encourage and/or develop public spaces that build community and promote interaction.***

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ECONOMY

15. ***Seek opportunities to diversify the economy in coordination with the Economic Development Strategy.***
16. ***Nurture emerging new technologies.***
17. ***Market and further develop the Ashland Fiber Network.***
18. ***Diversify transportation and shipping options.***
19. ***Ensure that commercial and industrial areas are available for development.***
20. ***Embrace and plan ahead for emerging social trends that might impact the economy and vitality of the community.***

ENERGY AND INFRASTRUCTURE

21. ***Be proactive in using best practices in infrastructure management and modernization.***
22. ***Prepare for the impact of climate change on the community.***

PUBLIC SAFETY

23. ***Support innovative programs that protect the community.***

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. The internal control structure is designed to provide reasonable assurances that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) management must use 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, 2016, 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 biennium appropriations budget resolution adopted by the City Council. All funds are included in the biennium appropriated budget. The biennium 2015-17 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 26-31, immediately following the independent auditors report.

Legal level of Budgetary Control:

Management cannot overspend the budget without the approval of the governing body, management must request change to the appropriation level.

There are three ways in which to change appropriations after the budget is adopted.

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1. A transfer of appropriations decreases an appropriation and increases another. This is the simplest budget change allowed under Oregon Budget Law. This does not increase the overall budget. This is approved by a City Council resolution.
2. A supplemental budget of less than 10 percent of total appropriations within an individual fund follows a process similar to the transfer of appropriations. This process includes a notice in a newspaper of record prior to Council taking action.
3. A supplemental budget in excess of 10 percent of total appropriations requires a longer process. This process includes a notice in the paper and a public hearing prior to the Council taking action.

Significant Impacts. The City's investment policy objectives are to preserve capital, maintain liquidity and diversification, and to 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, 2016, 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 dependents. 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. During 2012-2013 the City laid the foundation to become "self insured" for employee health benefits and that was established beginning July 1, 2013.

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 63 through 66, 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 2013-2014 local net general government tax rate in the City of Ashland, all agencies, was \$6.67, 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 \$4.1972 of this amount in fiscal year 2015-2016. The measure also provides for voter approved "Local Option Levies" for levies outside the limits. No local option levies were included in the biennium budget.

Awards. The Government Finance Officers Association (GFOA) of the United States and Canada

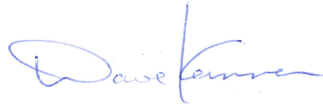
2016 introductory section

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, 2015. This was the twenty seventh 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 biennial 2015-2017 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.

Sincerely,

A handwritten signature in blue ink that reads "Dave Kanner". The signature is fluid and cursive, with the first name "Dave" being more prominent than the last name "Kanner".

Dave Kanner
City Administrator



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October 24, 2016

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

The Municipal Audit Commission 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 Audit Commission for their annual audit process.

In fulfilling its responsibilities, the Commission participates in selecting the City's auditor on a regular basis. The Commission interviews qualified, independent certified public accountants and discusses the overall scope and specific plans for the audit. The Commission 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 Commission meets with the City's auditor to discuss the results of their audit and their evaluation of the City and Parks financial reporting. The Commission 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.

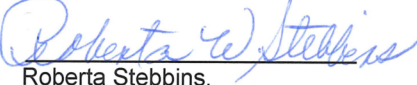
After receiving the annual reports and related documentation from the auditor and staff, evaluating the information, and considering the potential for changes, the Commission makes recommendations to both elected bodies on acceptance of the respective annual reports and changes deemed appropriate through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

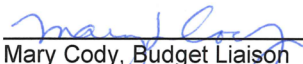
Based upon the above, we accept the 2015-2016 Comprehensive Annual Financial Report (CAFR) and the related audit reports of the independent certified public accountants for the City of Ashland and the Ashland Parks and Recreation Commission and recommend that the respective CAFR and auditor's reports be accepted by the Council and the Commission.

Respectfully submitted,


The Municipal Audit Commission


Thomas Heford,
Member at Large


Roberta Stebbins,
Member at Large


Mary Cody, Budget Liaison
Representing Budget Committee


Rich Rosenthal,
City Council Liaison/Member


Barbara Christensen,
City Recorder/Treasurer
Ex-Officio Member

Administrative Services Department
Bev Adams, Director of Administrative Services & Finance
20 East Main Street
Ashland, Oregon 97520
www.ashland.or.us

Tel: 541.488.5300
Fax: 541.552.2059
TTY: 800.735.2900



Government Finance Officers Association

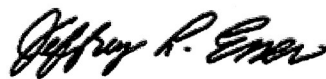
**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Ashland
Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015



Executive Director/CEO

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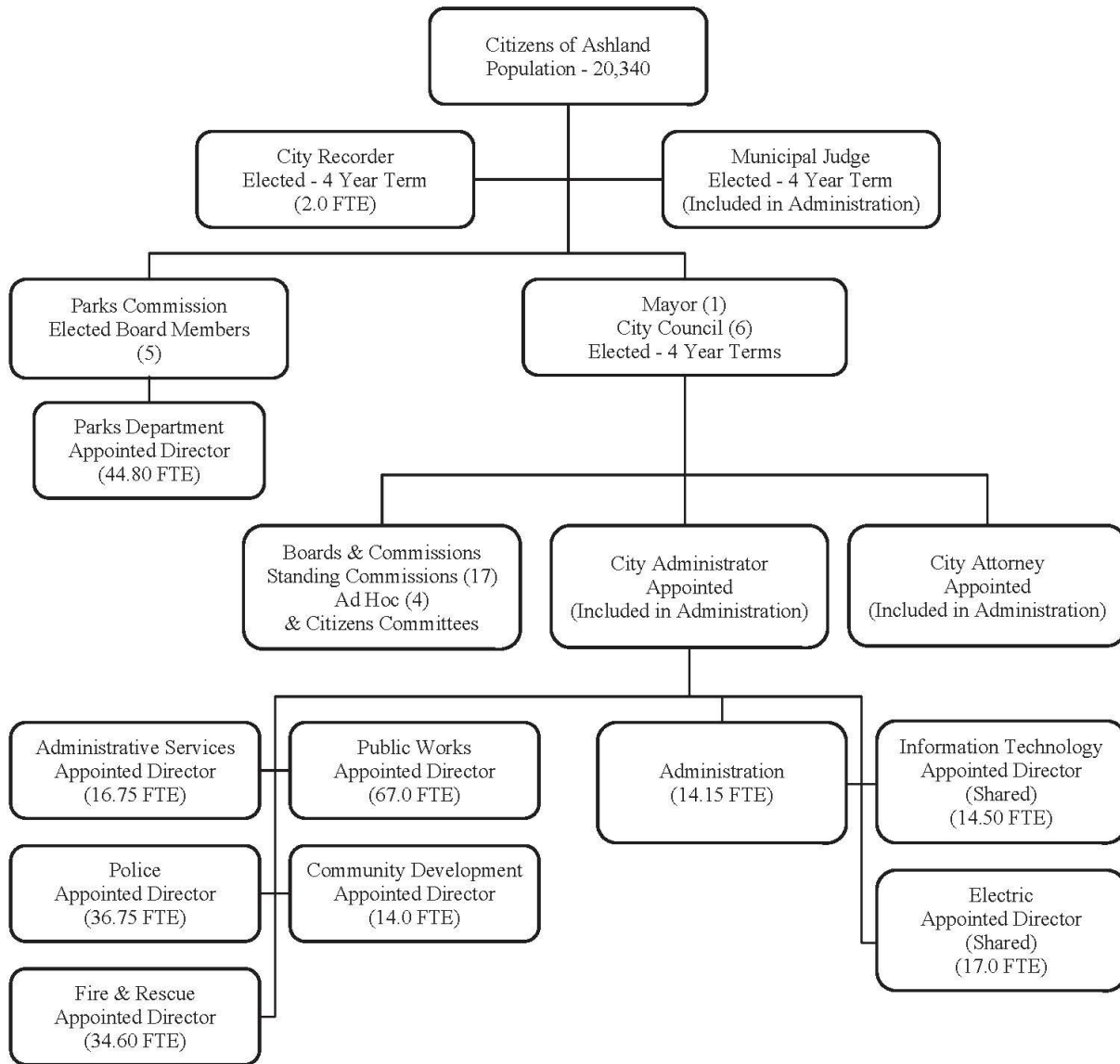
**CITY OF ASHLAND
ELECTED CITY OFFICIALS
as of June 30, 2016**

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
John Stromberg 252 Ridge Road Ashland OR 97520	Mayor	December 2016
Carol Voisin 908 Fox Street Ashland OR 97520	Council Member	December 2016
Michael Morris 720 S. Mountain Avenue Ashland OR 97520	Council Member	December 2018
Greg Lemhouse 2850 Wedgewood Ashland OR 97520	Council Member	December 2016
Stefani Seffinger 488 Taylor Street Ashland OR 97520	Council Member	December 2018
Rich Rosenthal 1228 Rose Lane Ashland OR 97520	Council Member	December 2016
Pam Marsh 696 Siskiyou Blvd Ashland OR 97520	Council Member	December 2018
Barbara Christensen 759 Willow Street Ashland OR 97520	Recorder Treasurer	December 2018
Pam B. Turner PO Box 1299 Ashland OR 97520	Municipal Judge	December 2016

**CITY OF ASHLAND
APPOINTED CITY OFFICIALS
as of June 30, 2016**

<u>Name</u>	<u>Position</u>
Dave Kanner PO Box 831 Ashland, OR 97520	City Administrator
Darlow "Lee" Tuneberg 327 Starflower Lane Ashland, OR 97520	Administrative Services/Finance Director/ Acting Assistant 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
Mark Holden PO Box 786 Ashland, OR 97520	Information Technology Director/Electric Director
William Molnar 155 Hillcrest Street Ashland, OR 97520	Community Development Director
Tighe O'Meara 1155 East Main Street Ashland, OR 97520	Police Chief
John Karns 440 Wiley Street Ashland, OR 97520	Fire Chief
Michael Black 711 NW Amelia Drive Grants Pass, OR 97526	Parks and Recreation Director

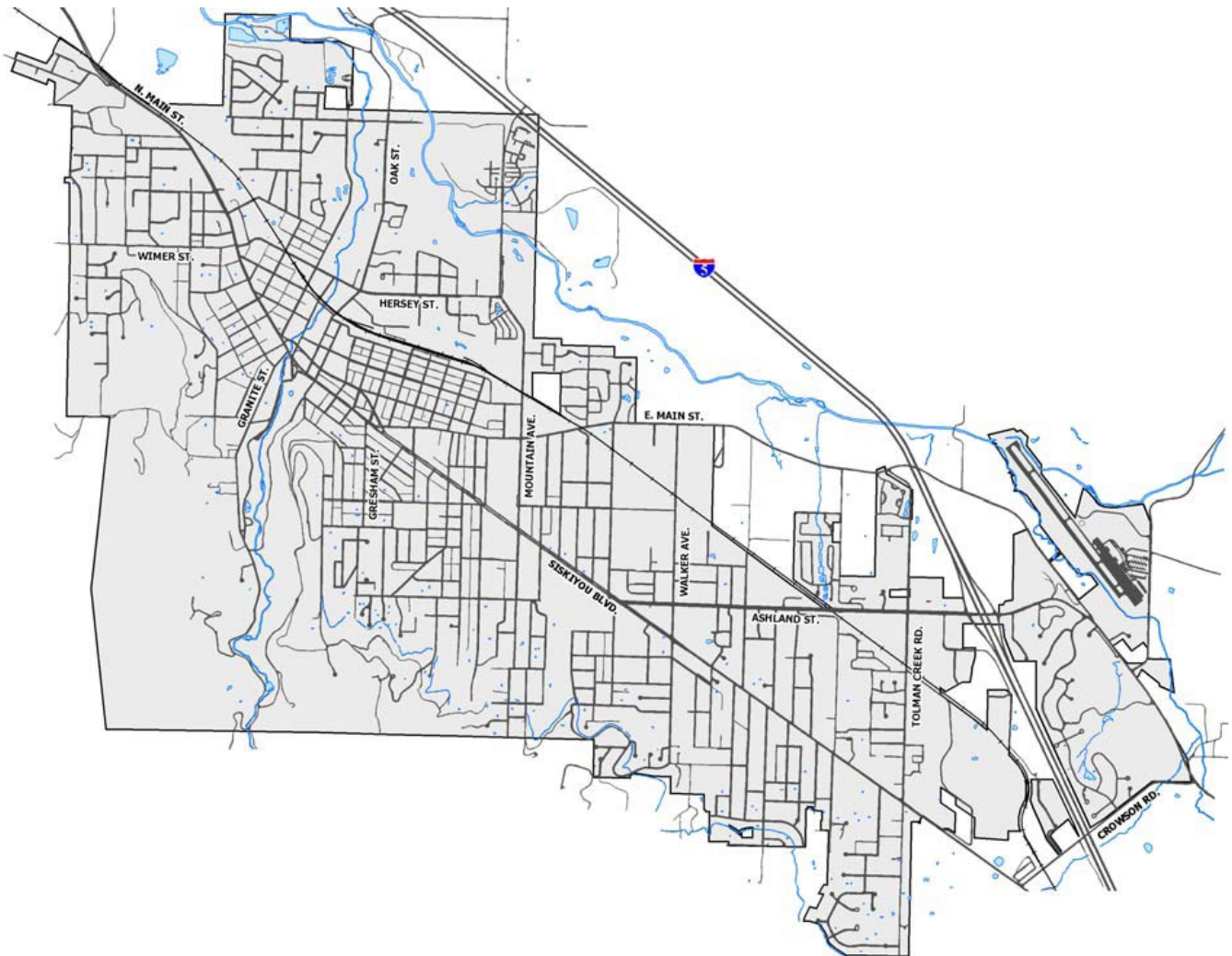
City of Ashland
261.55 FTE
Adopted
July 1, 2015
(shown as budget 2015-2017)



CITY OF ASHLAND



Vicinity Map 2016



2016 comprehensive annual financial report



FINANCIAL SECTION

2016 financial section



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October 6, 2016

To the Chair and Commissioners of the

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund, of Ashland Parks and Recreation Commission (a blended component unit of the City of Ashland), as of and for the year June 30, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund, of Ashland Parks and Recreation Commission, as of June 30, 2016, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Emphasis of Matter

The Commission adopted the provisions of GASB Statement No. 72, Fair Value Measurement and Application, for the year ended June 30, 2016. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedules presented as Required Supplementary Information, as listed in the table of contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary and other information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The listing of board members containing their term expiration dates, located before the table of contents, and the other information, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated October 6, 2016, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Kenneth Allen, CPA
PAULY, ROGERS AND CO., P.C.

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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, 2016, for our citizens. Certain information has been provided for the Ashland Parks and Recreation Commission (APRC), which qualifies as a blended 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.

Overview of the Report

The City's annual financial report consists of several sections and used together provide a comprehensive financial look at the City. The components of the report include the following:

- Management's Discussion and Analysis. This section of the report provides financial highlights and overviews.
- Basic Financial Statements. Includes Statements of Net Position, Statement of Activities, Fund Financial Statements and the Notes of the Financial Statements. Statements of Net Position and Activities focus on an entity-wide presentation using the accrual basis of accounting. They are designed to be more corporate-like in that all activities are consolidated into a total for the City.
 - The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of the assets the community owns, the liabilities it owes and the net difference.
 - The Statement of Activities focuses on gross and net costs of city programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
 - Fund Financial Statements focus separately on major governmental funds and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The City's major governmental funds are presented in their own column and the remaining funds are combined into a column titled "Other Governmental Funds".
 - The Notes to Basic Financial Statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the City's financial condition.
 - Required Supplementary Information contains budgetary comparison statements for the major governmental fund types, presented in a biennium format.
- Supplementary Information. Readers desiring additional information can find it in the Supplementary Information section of this report. Components within this section include:
 - Major Fund Budgetary Schedules
 - Special Revenues Funds (non major)
 - Debt Service Funds (non major)
 - Capital Projects Fund (non major)
 - Enterprise Fund (non major)
 - Internal Service Funds
 - Schedule of Property Tax Transactions
 - Schedule of Receipts, Disbursements and Balances by Elected Officials.
- Statistical Section. This section includes trend information and demographics.

2016 financial section

- Audit Comments and Disclosures Required by State Regulations. Supplemental communication on the City's compliance and internal controls as required by Oregon statutes and the Single Audit Act.

Financial Highlights

The City's annual financial report has changed from the past reports. This report now includes the implementation of Governmental Accounting Standards Board (GASB) statement 68, Accounting and Financial reporting for Pension. There are noticeable changes throughout the report from the 2015 Comprehensive Annual Financial Report.

Net Position. The City's total net position is \$103,724,443 at June 30, 2016. Governmental activities' net position is down \$8.9 million while the Business-type activities are down by \$1.5 million between fiscal years. The total of \$10.4 million is less than the previous year, equivalent to a 9.1% decrease total net position due to the implementation of GASB 68.

Changes in Net Position. Overall the City's net position decreased by 9.1% mainly due to the Pension Expense of \$14,665,846.

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2016-2015
	2016	2015	2016	2015	2016	2015	
Current Assets:							
Cash and cash equivalents	\$ 21,840	\$ 20,251	\$ 12,463	\$ 10,455	\$ 34,303	\$ 30,706	11.7%
Receivables, net	3,338	4,172	3,537	2,781	6,875	6,953	-1.1%
Inventories - supplies and materials	65	188	1,116	1,054	1,181	1,242	-4.9%
Deferred charges			179	289	179	289	-38.1%
Internal balances	(114)	(1,949)	114	1,949	-	-	n/a
Restricted assets:							
Cash and cash equivalents	943	856	-	-	943	856	10.2%
Total current assets:	26,072	23,518	17,409	16,528	43,481	40,046	8.6%
Non-current Assets:							
Proportional share of net pension assets	-	4,350		1,148	-	5,498	n/a
Capital assets	123,699	121,965	117,112	115,347	240,811	237,312	1.5%
Less accumulated depreciation	(65,662)	(61,946)	(53,728)	(51,317)	(119,390)	(113,263)	5.4%
Total non-current assets	58,037	64,369	63,384	65,178	121,421	129,547	-6.3%
Total assets	84,109	87,887	80,793	81,706	164,902	169,593	-2.8%
Deferred Outflows of Resources							
Deferred Inflows - Pensions	3,088	-	815	-	3,903	-	n/a
Current Liabilities:							
Accounts payable and accrued liabilities	8,318	7,294	3,022	2,603	11,340	9,897	14.6%
Total current liabilities	8,318	7,294	3,022	2,603	11,340	9,897	14.6%
Long-term liabilities:							
Proportional Share of Net Pensions Assets	11,796	-	3,114	-	14,910	-	n/a
Claims payable	16,149	16,926	19,219	20,392	35,368	37,318	-5.2%
Total liabilities	36,263	24,220	25,355	22,995	61,618	47,215	30.5%
Deferred Inflows of Resources:							
Net deferred pension assets	2,741	6,504	723	1,717	3,464	8,221	-57.9%
Net Position:							
Invested in capital assets	41,905	43,215	44,165	43,637	86,070	86,852	-0.9%
Restricted	5,341	5,040	3,860	4,599	9,201	9,639	-4.5%
Unrestricted	947	8,908	7,505	8,758	8,452	17,666	-52.2%
Total net position	\$ 48,193	\$ 57,163	\$ 55,530	\$ 56,994	\$ 103,723	\$ 114,157	-9.1%

2016 financial section

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2016-2015
	2016	2015	2016	2015	2016	2015	
Program revenues:							
Charges for services	\$ 6,604	\$ 6,980	\$ 29,027	\$ 27,035	\$ 35,631	\$ 34,015	4.8%
Operating grants and contributions	600	1,090	410	228	1,010	1,318	-23.4%
General revenues:							
Property taxes	10,453	10,203	-	-	10,453	10,203	2.5%
Other taxes	8,108	7,155	2,260	2,080	10,368	9,235	12.3%
Interest	110	138	77	55	187	193	-3.1%
Other	5,781	5,722	138	133	5,919	5,855	1.1%
Total revenues	31,656	31,288	31,912	29,531	63,568	60,819	4.5%
Program expenses:							
General government	6,915	4,010	-	-	6,915	4,010	72.4%
Public safety	19,474	11,272	-	-	19,474	11,272	72.8%
Highways and streets	5,491	4,537	-	-	5,491	4,537	21.0%
Parks and Recreation	8,802	5,453	-	-	8,802	5,453	61.4%
Interest on long-term debt	294	322	-	-	294	322	-8.7%
Water	-	-	7,271	7,832	7,271	7,832	-7.2%
Wastewater	-	-	6,839	5,359	6,839	5,359	27.6%
Electric	-	-	16,709	13,521	16,709	13,521	23.6%
Telecommunications	-	-	2,557	1,945	2,557	1,945	31.5%
Total expenses	40,976	25,594	33,376	28,657	74,352	54,251	37.1%
Increase (decrease) in net position before transfers and disposals	(9,320)	5,694	(1,464)	874	(10,784)	6,568	-264.2%
Interfund transfer	350	-	-	-	350	-	N/A
Increase (decrease) in net positions	(8,970)	5,694	(1,464)	874	(10,434)	6,568	-258.9%
Net position - Beginning	57,163	51,469	56,994	56,120	114,157	107,589	6.1%
Net position - Ending	\$ 48,193	\$ 57,163	\$ 55,530	\$ 56,994	\$ 103,723	\$ 114,157	-9.1%

Financial Analysis.

Governmental Funds. As of the end of the current year the City's governmental funds reported a combined ending fund balance of \$16,482,980, an increase from the prior year of \$1,340,250, or 9%. The Park's Capital Improvement Fund has the largest increase due to receipting Food and Beverage receipts directly into that fund.

The General Fund (page 77) ended the year with revenues slightly lower than expenditures. Revenues are tracking at 50% for the first half of the Biennium. Departments in this fund used between 46% to 50% of budgeted appropriations. Also note that on a GAAP Basis the Reserve Fund must roll into the General Fund at this point.

The Street Fund (page 78) ended the year with - revenues higher than expenditures. The Street Fund is facing challenges as the infrastructure continues to age and is in need of replacement. The fund balance includes \$2.6 million restricted for System Development.

The Parks and Recreation Fund (page 79) expenditures exceed revenues for the fiscal year. This is due in part to spending slightly higher than 50% for the first half of the Biennium.

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The Non-Major funds remain on target. The most significant change is the Parks Capital Improvements fund balance which has increased due to Food and Beverage tax receipts. This money is from the receipts of food and beverage revenue restricted for the parks capital improvement projects outlined in Ordinance #2991

The Reserve Fund was established by Resolution #2010-18. This fund must be rolled into the General Fund on a GAAP basis until a stabilization policy is adopted by Council. This year's ending fund balance decreased due to two interfund loans; one to the Health Benefits Fund and the other to the Telecommunication Fund.

Business-type Funds. The City has four enterprise funds; Water Fund, Wastewater Fund, Electric Fund and Telecommunications Fund.

The Water Fund (page 90) ended the year with approximately a \$.8 million dollar excess of revenues over expenditures. This fund is gearing up to work on a large project, the water treatment plant. This fund also is now transferring \$250,000 a year to the General Fund's division of Forest Interface Division.

The Wastewater Fund (page 91) ended the year with higher revenues than expenditures. This is mainly due to budgeted appropriations at 27% spent to date.

Shown on page 92, the Electric Fund ended the year just below the 50% level for revenues than anticipated. Expense are also tracking below the 50% mark. This fund will struggle to cover costs of purchased power and updated old infrastructure.

The Telecommunications Fund (page 93) is experiencing a decline in revenues - due to completion of similar services that are offered by AFN. This fund -incurred an interfund loan this year to help rebuild outdated infrastructure.

Internal Service Funds. The City has four internal service funds: Central Service, Insurance Services, Health Benefits and Equipment Funds.

The Central Service Fund, in which expenditures are kept to a minimum ended the year with a negative net change of \$320,721 in fund balance. This decrease is mainly attribute do the purchase of a new financial software for which half of the expense was due upfront.

The Insurance Service Fund ended the year with a negative net change, the result of higher expenses than revenues this fund may continue to struggle with rising insurance costs in the coming years

Health Benefits Fund continues to see higher cost than payments coming in as premiums. Hopefully, this fund will see lower claims in the coming years to help reimburse an interfund loan of \$525,000.

The Equipment Fund continues to stay on track based on future equipment needs.

General Fund Budgetary Highlights. The City's final budget differs from the original budget in that it contains three supplemental appropriation approved during the first fiscal year of the biennium. Below are authorized changes in the General Fund:

General Fund

Police Department: Recognized grant money for three grants in total of \$80,191 for body cams, You Have Options Program (YHOP) and forfeiture money.

Fire Department: Recognized grant money for three grants in total of \$193,784 FEMA firefighter Assis-

2016 financial section

tance, Firewise, and Title III Community Wildfire.

Fire Department: Recognized reimbursement money for \$37,203 for FEMA reimbursements for the Canyon Creek and Stouts Fire.

The general fund ended the first year of the Biennium budget with actual revenues close to 50% of budgeted revenues.

The general fund expenditures were at 47% of budgeted expenditures. The largest savings is in the administration division mainly due to uncompleted budgeted projects for Public Art and Tourism dollars.

Capital Assets and Debt Administration

- o **Capital Assets.** As of June 30, 2016, the City had \$122 million in capital assets. In the Governmental Activities, the most notable increase is construction in progress such a network upgrades. In the Business-type Activities, the largest constructions in progress is the TAP (Talent, Ashland & Phoenix pipeline) project, this project is not yet completed.

Table C

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2016-2015
	2016	2015	2016	2015	2016	2015	
Land	\$ 12,466	\$ 12,466	\$ 1,907	\$ 1,907	\$ 14,373	\$ 14,373	0.0%
Buildings and improvements	35,982	35,850	22,089	22,089	58,071	57,939	0.2%
Equipment	18,115	17,117	1,290	1,272	19,405	18,389	5.5%
Infrastructure	55,746	54,917	84,406	84,290	140,152	139,207	0.7%
Construction in progress	1,390	1,614	7,420	5,789	8,810	7,403	19.0%
Totals at historical cost	123,699	121,964	117,112	115,347	240,811	237,311	1.5%
Total accumulated depreciation	65,662	61,946	53,728	51,317	119,390	113,263	5.4%
Net capital assets	\$ 58,037	\$ 60,018	\$ 63,384	\$ 64,030	\$ 121,421	\$ 124,048	-2.1%

- o **Debt Administration.** At end of year, the City has \$35.3 million in debt outstanding. The City did incur new debts of \$1.5 million. \$870,000 is for new construction at Garfield Park. Water Fund and Wastewater Fund incurred \$595,879. These two new debts are with the state of Oregon at 1% interest. All other changes to debt were payments reducing the principal outstanding. For more specific data please refer to the notes sections of Capital Assets (section C, starting on page 55) and Long-Term Debt (section E, starting on page 57)

Table D

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2016-2015
	2016	2015	2016	2015	2016	2015	
Bonds payable	\$ 14,880	\$ 16,325	\$ 12,778	\$ 14,440	\$ 27,658	\$ 30,765	-10.10%
Notes payable	1,252	479			1,252	479	161.38%
Revenue payable			6,441	5,952	6,441	5,952	8.22%
Total bonds and notes	\$ 16,132	\$ 16,804	\$ 19,219	\$ 20,392	\$ 35,351	\$ 37,196	-4.96%

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- o **Debt limitation.** Oregon Revised Statutes provide a limit on non-self-supporting general obligation debt of 3 percent of the real market value of all taxable property within the City's boundaries. Based on the City's FY 2014-15 real market value, this debt limitation is \$97,758,553. The amount of outstanding City debt subject to this limitation is \$16,325,000.

Economic Factors and Next Year's Budget and Rates

The City of Ashland has adopted its second Biennium for 2015-2017 budget of \$224,057,972 for total appropriations.

- o **Property Taxes.** This budget includes no change in the levy of the city's permanent tax rate. The maximum the city is permitted to levy is approximately \$4.29 per \$1,000 of assessed valuation. This budget levies about \$4.20 per \$1,000, with the entire levy going into the General Fund. Operating property taxes, excluding prior year tax collections, are projected to increase by 4% in each year of the biennium.
- o **Enterprise Fund revenues.** In the second year of the biennial budget, a rate increase of 4% is expected for the Electric Utility. This budget is balanced with a 10% increase in both water and wastewater rates. These rate increases have been anticipated to cover the cost of the significant capital improvements called for in the master plans for the enterprises, as well as basic operations and maintenance. Some of the most notable projects for the Water fund are Water Treatment Plant (\$7,726,600), Crowson II Reservoir (\$4,447,000). For the Wastewater fund, Outfall relocation and shading (\$2,094,610) and Bear Creek parallel truck line (\$1,382,920).

Other Utilities. This biennium has a 3% rate increase in both the Transportation Utility Fee and in the Storm Water Utility Fee.

Financial Contact:

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.

2016 basic financial statements



BASIC FINANCIAL STATEMENTS

2016 basic financial statements

CITY OF ASHLAND, OREGON
STATEMENT OF NET POSITION
June 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 21,839,880	\$ 12,462,639	\$ 34,302,519
Receivables (net of allowance for uncollectible)	3,338,266	3,537,442	6,875,708
Inventories	65,010	1,116,114	1,181,124
Startup costs		178,703	178,703
Internal balances	(113,519)	113,519	-
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	943,355	-	943,355
Capital assets:			
Land	12,466,348	1,906,925	14,373,273
Buildings	35,982,031	22,089,253	58,071,284
Machinery and equipment	18,115,158	1,289,590	19,404,748
Infrastructure	55,745,615	84,406,415	140,152,030
Construction in progress	1,390,232	7,420,192	8,810,424
Accumulated depreciation	(65,662,055)	(53,727,757)	(119,389,812)
Total assets	84,110,321	80,793,035	164,903,356
Deferred Outflows of Resources:			
Deferred outflows - pensions	3,088,480	815,302	3,903,782
Liabilities:			
Accounts payable and other current liabilities	6,921,351	2,462,792	9,384,143
Accrued interest payable	121,564	83,205	204,769
Non-current liabilities:			
Proportional Share of net pension assets	11,796,223	3,113,992	14,910,215
OPEB Net Pension Obligations	1,276,128	475,352	1,751,480
Claims and judgment - Due within one year	17,247		17,247
Bonds - Due within one year	730,000	2,976,477	3,706,477
Bonds - Due in more than one year	15,401,707	16,242,695	31,644,402
Total liabilities	36,264,220	25,354,513	61,618,733
Deferred Inflows of Resources:			
Deferred inflows - pensions	2,740,515	723,447	3,463,962
Net Position:			
Net investment in capital assets	41,905,622	44,165,446	86,071,068
Restricted for:			
Asset forfeiture	25,784		25,784
Transient Occupancy Tax - tourism	129,763		129,763
Library levy	-		-
System development	3,226,398	3,859,800	7,086,198
The Community Development Block Grant restriction	33,804	-	33,804
Perpetual care: non-expendable	895,931	-	895,931
Debt service	1,028,912	-	1,028,912
Unrestricted	947,852	7,505,131	8,452,983
Total Net Position	\$ 48,194,066	\$ 55,530,377	\$ 103,724,443

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

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2016 basic financial statements

**CITY OF ASHLAND, OREGON
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016**

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 6,914,541	\$ 1,041,323	\$ 162,143	\$ -
Public safety	19,474,413	1,563,986	438,074	-
Highways and streets	5,490,894	2,845,870		-
Parks and recreation	8,802,091	1,153,455	92	-
Interest on long-term debt	293,944	-	-	-
Total governmental activities	40,975,883	6,604,634	600,309	-
Business-type Activities:				
Water	7,271,424	7,214,898	14,898	-
Wastewater	6,838,563	5,201,264		-
Electric	16,708,504	14,600,751	395,149	-
Telecommunications	2,557,101	2,010,444	-	-
Total business-type activities	33,375,592	29,027,357	410,047	-
Total primary government	\$ 74,351,475	\$ 35,631,991	\$ 1,010,356	\$ -

General Revenues:
Property taxes
Utility users tax
Users taxes
Unrestricted interest earnings
Miscellaneous
Transfers
Total general revenues and transfers
Change in net position

Net position - beginning

Net position - ending

2016 basic financial statements

CITY OF ASHLAND, OREGON
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016 (continued)

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (5,711,075)	\$ -	\$ (5,711,075)
(17,472,353)	-	(17,472,353)
(2,645,024)	-	(2,645,024)
(7,648,544)	-	(7,648,544)
(293,944)	-	(293,944)
<u>(33,770,940)</u>	<u>-</u>	<u>(33,770,940)</u>
	(41,628)	(41,628)
	(1,637,299)	(1,637,299)
	(1,712,604)	(1,712,604)
	(546,657)	(546,657)
	<u>(3,938,188)</u>	<u>(3,938,188)</u>
<u>\$ (33,770,940)</u>	<u>\$ (3,938,188)</u>	<u>\$ (37,709,128)</u>
10,452,785	-	10,452,785
4,763,832		4,763,832
3,343,859	2,259,787	5,603,646
110,363	77,084	187,447
5,781,258	138,071	5,919,329
350,000	-	350,000
<u>24,802,097</u>	<u>2,474,942</u>	<u>27,277,039</u>
(8,968,843)	(1,463,246)	(10,432,089)
57,162,909	56,993,623	114,156,532
<u>\$ 48,194,066</u>	<u>\$ 55,530,377</u>	<u>\$ 103,724,443</u>

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

2016 basic financial statements

**CITY OF ASHLAND, OREGON
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016**

	General	Street	Parks	Other Governmental Funds	Total Governmental Funds
ASSETS					
Assets:					
Cash and cash equivalents	\$ 4,038,202	\$ 5,415,058	\$ 702,095	\$ 5,243,486	\$ 15,398,841
Receivables (net of allowance for uncollectible)	2,179,164	720,220	16,885	345,775	3,262,044
Due from other funds	690,544	-	-	-	690,544
Cash - restricted	-	-	-	943,355	943,355
Total assets	6,907,910	6,135,278	718,980	6,532,616	20,294,784
LIABILITIES AND EQUITY					
Liabilities:					
Accounts payable	1,475,170	179,260	405,840	111,362	2,171,632
Unearned revenue	336,443	313,309	-	94,029	743,781
Due to other agencies	-	-	-	-	-
Interfund loans payable	-	-	-	-	-
Liabilities payable from restricted assets	-	-	-	-	-
Total liabilities	1,811,613	492,569	405,840	205,391	2,915,413
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	635,614	-	-	33,031	668,645
Unavailable revenue - special assessments	-	227,742	-	-	227,742
Total Deferred Inflows of Resources	635,614	227,742	-	33,031	896,387
Fund Balances:					
Restricted for:					
Asset forfeiture	25,784	-	-	-	25,784
Transient Occupancy Tax - tourism	129,763	-	-	-	129,763
System development charges	-	2,619,729	-	606,669	3,226,398
Community Development Block Grant	-	-	-	33,804	33,804
Perpetual care	-	-	-	944,552	944,552
Debt commitment	-	-	-	1,028,912	1,028,912
Committed for:					
General fund	668,609	-	-	-	668,609
Special revenue funds	-	2,795,238	-	138,905	2,934,143
Parks activities	-	-	313,140	1,536,623	1,849,763
Capital projects funds	-	-	-	2,004,725	2,004,725
Unassigned	3,636,527	-	-	-	3,636,527
Total fund balances	4,460,683	5,414,967	313,140	6,294,190	16,482,980
Total liabilities and fund balances	\$ 6,907,910	\$ 6,135,278	\$ 718,980	\$ 6,532,612	\$ 20,294,780

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

2016 basic financial statements

**CITY OF ASHLAND, OREGON
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
June 30, 2016**

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

Fund Balances	\$ 16,482,980
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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 Position includes those capital assets among the assets of the City as a whole.

Net capital assets	55,141,972
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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 Position.

Long-term liabilities	(16,131,707)
Accrued interest on liabilities	(121,564)

The net pension assets (Liability), and deferred inflows and outflows related to the Net Pension Asset is the difference between the total pension liability and the assets set aside to pay benefits earned to the past and current employees and beneficiaries.

	(8,383,437)
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Accrued compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.

Other Post Employment Benefits implicit liability	(837,147)
Accrued vacation and sick leave	(925,591)

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

Deferred revenue	1,640,166
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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 Position.

Internal Service Fund net position	<u>1,328,394</u>
Total net position	<u>\$ 48,194,066</u>

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

2016 basic financial statements

**CITY OF ASHLAND, OREGON
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the year ended June 30, 2016**

	General Fund	Street Fund	Parks Fund	Other Governmental Funds	Total Primary Government
Revenues:					
Taxes	\$ 19,343,205	\$ 58,782	\$ -	\$ 1,071,812	\$ 20,473,799
Fees, licenses and permits	835,278	-	-	-	835,278
Intergovernmental	921,946	1,307,744	92	164,879	2,394,661
Charges for services	1,645,847	2,156,082	5,872,818	3,874,211	13,548,958
System development charges		183,380	-	49,372	232,752
Assessments		32,831	-	-	32,831
Fines and forfeitures	180,638	-	-	-	180,638
Interest on investments	40,564	33,135	3,772	32,892	110,363
Miscellaneous	113,065	77,727	17,204	359	208,355
Total revenues	23,080,543	3,849,681	5,893,886	5,193,525	38,017,635
Expenditures:					
General government	8,398,936	-	-	2,089,782	10,488,718
Public safety	14,846,892	-	-	-	14,846,892
Highways and streets	-	3,067,591	-	-	3,067,591
Parks and Recreation	-	-	5,854,414	360,137	6,214,551
Debt service	-	-	-	1,844,645	1,844,645
Capital outlay		645,353	229,958	559,675	1,434,986
Total expenditures	23,245,828	3,712,944	6,084,372	4,854,239	37,897,383
Excess (Deficiency) of revenues over (under) expenditures	(165,285)	136,737	(190,486)	339,286	120,252
Other financing sources (uses)					
Bond proceeds	-	-	-	870,000	870,000
Transfer in	255,935	-	80,000	276,227	612,162
Transfers out	(96,510)	-	(80,000)	(85,652)	(262,162)
Interfund loan	-	-	-	-	-
Total other financing sources (uses)	159,425	-	-	1,060,575	1,220,000
Net change in fund balance	(5,860)	136,737	(190,486)	1,399,861	1,340,252
Fund balance, July 1, 2015	4,466,543	5,278,230	503,626	4,894,330	15,142,729
Fund balance, June 30, 2016	\$ 4,460,683	\$ 5,414,967	\$ 313,140	\$ 6,294,191	\$ 16,482,981

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

2016 basic financial statements

**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, 2016**

Explanation of certain differences between the Net Changes in Fund Balance and the Government-wide Statement of Activities.

Changes in net fund balance	\$	1,340,252
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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		1,139,673
Depreciation expense		(2,987,355)

The Pension Expense and the changes in the deferred inflows and outflows related to the Net Pension Assets represents the changes in the Net Pension Assets (Liability) from year to year due to changes in total pension liability and the fair value of pension plan net position available to pay pension benefits.

(6,806,502)

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		(80,348)
Other Post Employment Benefits implicit liability		(40,551)
Accrued interest		8,865
General obligation bonds and notes payable		671,836

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

Property taxes		(55,491)
Special assessments		(28,909)
Other		(65,925)

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 position		(2,064,388)
Change in net position		<u>\$ (8,968,843)</u>

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

2016 basic financial statements

**CITY OF ASHLAND, OREGON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2016**

	Water Fund	Wastewater Fund	Electric Fund	Tele- communications Fund	Total	Governmental Activities Internal Service Funds
ASSETS						
Current assets:						
Cash and investments	\$ 4,971,518	\$ 5,590,373	\$ 1,676,115	\$ 224,633	\$ 12,462,639	\$ 6,441,039
Interest and accounts receivable, net	1,184,351	1,051,383	987,172	190,760	3,413,666	45,670
Notes and contracts receivable			123,776	-	123,776	30,552
Interfund receivable	-			-	-	-
Inventories	421,787	13,452	680,875	-	1,116,114	65,010
Total current assets	6,577,656	6,655,208	3,467,938	415,393	17,116,195	6,582,271
Non Current Capital assets:						
	38,944,914	53,238,712	15,266,578	9,662,171	117,112,375	12,679,035
Accumulated depreciation	(17,438,057)	(18,902,419)	(8,348,052)	(9,039,229)	(53,727,757)	(9,783,679)
Capital assets, net	21,506,857	34,336,293	6,918,526	622,942	63,384,618	2,895,356
Non-current assets:						
Start up costs (net of amortization)	-	-	-	178,703	178,703	-
Total non-current assets	21,506,857	34,336,293	6,918,526	801,645	63,563,321	2,895,356
Total assets	28,084,513	40,991,501	10,386,464	1,217,038	80,679,516	9,477,627
Deferred Outflows of Resources:						
Deferred Outflows	270,232	158,147	298,637	88,286	815,302	826,819
LIABILITIES, DEFERRED INFLOWS AND NET POSITION						
Current liabilities:						
Accounts payable	388,256	114,231	1,151,411	27,065	1,680,963	526,982
Accrued salaries, vacation and payroll taxes	341,901	200,033	369,222	104,577	1,015,733	890,718
Accrued interest payable	24,432	58,706	67		83,205	
Interfund payable	-	-	-	165,544	165,544	525,000
Other liabilities	-	-	241,447	-	241,447	2,862,649
Proportionate Share of Net Pension Liability	1,032,133	604,032	1,140,624	337,203	3,113,992	3,157,975
Notes/bonds payable, current portion	1,620,202	1,334,561	21,714	-	2,976,477	-
Total current liabilities	3,406,924	2,311,563	2,924,485	634,389	9,277,361	7,963,324
Long-term liabilities:						
Revenue bonds payable, net	2,878,067	1,812,746	108,572	-	4,799,385	-
General obligation bonds payable, net	3,741,010	7,702,300	-	-	11,443,310	-
Total long-term liabilities	6,619,077	9,515,046	108,572	-	16,242,695	-
Total liabilities	10,026,001	11,826,609	3,033,057	634,389	25,520,056	7,963,324
Deferred Inflows of Resources:						
Deferred inflows - pensions	239,787	140,330	264,991	78,339	723,447	733,665
Net Position:						
Net Position (deficit):						
Net Investment in capital assets	13,267,578	23,486,686	6,788,240	622,942	44,165,446	2,895,356
Restricted for system development	1,985,482	1,874,318	-	-	3,859,800	-
Restricted for debt service	-	-	-	-	-	-
Unrestricted	2,835,897	3,821,705	598,813	(30,346)	7,226,069	(1,287,899)
Total Net Position	18,088,957	29,182,709	7,387,053	592,596	55,251,315	1,607,457
Total liabilities, Deferred Inflows and Net Position	\$ 28,354,745	\$ 41,149,648	\$ 10,685,101	\$ 1,305,324	\$ 81,494,818	\$ 10,304,446
Total Net Position					\$ 55,251,315	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					279,062	
Net Position of business-type activities					<u>\$ 55,530,377</u>	

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

2016 basic financial statements

**CITY OF ASHLAND, OREGON
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the year ended June 30, 2016**

	Water Fund	Wastewater Fund	Electric Fund	Tele- communications Fund	Total	Governmental Activities Internal Service Funds
Operating revenues:						
Charges for services	\$ 7,214,898	\$ 5,201,264	\$ 14,600,751	\$ 2,010,444	\$ 29,027,357	\$ 14,268,089
Miscellaneous	27,287	1,619	108,469	696	138,071	190,141
Total operating revenues	7,242,185	5,202,883	14,709,220	2,011,140	29,165,428	14,458,230
Operating expenses:						
Cost of sales and services	4,595,711	4,275,240	14,361,301	2,362,637	25,594,889	17,492,868
Depreciation and amortization	827,106	1,242,246	283,850	57,518	2,410,720	725,064
Total operating expenses	5,422,817	5,517,486	14,645,151	2,420,155	28,005,609	18,217,932
Operating income (loss)	1,819,368	(314,603)	64,069	(409,015)	1,159,819	(3,759,702)
Non-operating income (expenses):						
Taxes	2	2,259,785	-	-	2,259,787	85,523
Intergovernmental	14,898	-	395,149	-	410,047	-
Interest income	32,633	34,769	8,338	1,344	77,084	39,721
Transfer Out	(250,000)	-	-	-	(250,000)	(100,000)
Tax equivalents	(418,922)	(410,399)	(1,465,385)	-	(2,294,706)	-
Interest expense	(713,735)	(439,718)	(1,753)	-	(1,155,206)	-
Total non-operating income (expenses)	(1,335,124)	1,444,437	(1,063,651)	1,344	(952,994)	25,244
Change in net position	484,244	1,129,834	(999,582)	(407,671)	206,825	(3,734,458)
Total Net Position - beginning	17,604,713	28,052,875	8,386,635	1,000,267	55,044,490	5,341,915
Total Net Position - ending	\$ 18,088,957	\$ 29,182,709	\$ 7,387,053	\$ 592,596	\$ 55,251,315	\$ 1,607,457
Change in Net Position					\$ 206,825	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(1,670,071)	
Change in Net Position of business-type activities - Statement of Activities					\$ (1,463,246)	

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

2016 basic financial statements

**CITY OF ASHLAND, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended June 30, 2016**

	Business-type Activities - Enterprise Funds				Total	Governmental Activities Internal Service Funds
	Water Fund	Wastewater Fund	Electric Fund	Tele- communications Fund		
Cash flows from operating activities:						
Receipts from customers and users	\$ 6,698,491	\$ 5,105,538	\$ 14,623,488	\$ 1,981,309	\$ 28,408,826	\$ 14,499,200
Payments to suppliers	(2,115,668)	(2,624,855)	(10,647,587)	(1,352,381)	(16,740,491)	(8,813,080)
Payments to employees	(1,640,427)	(1,202,279)	(2,460,432)	(631,578)	(5,934,716)	(5,809,033)
Net cash from operating activities	2,942,396	1,278,404	1,515,469	(2,650)	5,733,619	(122,913)
Cash flows from noncapital financing activities:						
Taxes collected	2	2,259,785	-	-	2,259,787	85,523
Transfers Out	(250,000)					(517,000)
Interfund Loan	-	-	-	165,544	165,544	417,000
Intergovernmental	14,898		395,149			
Net cash from noncapital financing activities	(235,100)	2,259,785	395,149	165,544	2,425,331	(14,477)
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(1,359,936)	(194,395)	(74,001)	(137,511)	(1,765,843)	(591,491)
Proceeds from issuance of debt	542,455	53,423	-	-	595,878	-
Principal paid on bonds, contracts and notes	(443,716)	(1,303,627)	(21,714)	-	(1,769,057)	-
Interest paid on debt	(713,735)	(439,718)	(1,753)	-	(1,155,206)	-
Tax equivalents	(418,922)	(410,399)	(1,465,385)	-	(2,294,706)	-
Net cash from capital and related financing activities	(2,393,854)	(2,294,716)	(1,562,853)	(137,511)	(6,388,934)	(591,491)
Cash flows from investing activities:						
Interest from investments and other income	32,633	34,769	8,338	1,344	77,084	39,721
Net increase (decrease) in cash and investments	346,075	1,278,242	356,103	26,727	2,007,147	(689,160)
Cash and investments, beginning of year	4,625,443	4,312,129	1,320,012	197,906	10,455,490	7,130,199
Cash and investments, end of year	4,971,518	5,590,371	1,676,115	224,633	12,462,637	6,441,039
Reconciliation of operating income to net cash provided by operating activities:						
Operating income (loss)	1,819,368	(314,603)	64,069	(409,015)	1,159,819	(3,759,702)
Depreciation and amortization	827,106	1,242,246	283,850	57,517	2,410,719	725,065
Change in assets and liabilities:						
(Increase) decrease in:						
Receivables	(543,694)	(97,345)	(85,732)	(29,831)	(756,602)	40,970
Net Pension Assets	813,270	475,947	898,754	265,699	2,453,670	2,488,324
Inventories	(59,899)	5,913	(8,067)	-	(62,053)	122,501
Start up costs	-	-	-	109,969	109,969	-
Increase (decrease) in:						
Accounts payable and accrued liabilities	22,562	(44,524)	310,957	(9,157)	279,838	107,077
Other liabilities	63,683	10,771	51,638	12,168	138,260	152,852
Net cash from operating activities	\$ 2,942,396	\$ 1,278,405	\$ 1,515,469	\$ (2,650)	\$ 5,733,620	\$ (122,913)

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

**NOTES TO BASIC
FINANCIAL STATEMENTS**

2016 notes to basic financial statements

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.

Blended 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. Due to the funding change at the end of the year for 2015, the financial statements are now reported as a blended component unit.

B. Government-wide and Fund Financial Statements

Governmental Accounting Standards Boards Statement No. 34 (GASBS 34)

The 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 Position and the Statement of Changes in Net Position) 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

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

2016 notes to basic financial statements

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 accrualable 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.

The City reports the following major governmental funds:

- o 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.
- o 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.
- o The Parks Fund accounts for the resources and operating expenditures related to the Parks operations, recreational and the golf course. The parks fund is the general fund for the Ashland Parks and Recreation Commission (ARPC). The ARPC receives all the majority of its funding directly from the City of Ashland, due to the funding change it is now a blended component unit.

The City reports the following major proprietary funds:

- o 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.
- o 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.
- o 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.
- o 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:

- o 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.

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.

2016 notes to basic financial statements

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 Position 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.

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.

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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 Position 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.

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 2010) 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. 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 storm water systems	15 to 50 years
Public domain infrastructure	15 to 25 years
Equipment	2 to 20 years

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 Position.

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Bond premiums and discounts 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.

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.

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.

9. Deferred Outflows/Inflow of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Fair Value Inputs and Methodologies and Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based up on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

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

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

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund’s own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The City has adopted a biennial budget 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 biennium budget period of 2015-

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2017; therefore, all spending authority of the City lapses at the end of the biennial period. During 2015-2016 the City made one appropriation transfer, as well as three supplemental budget adjustments, all adopted by resolution.

Expenditures of the various funds were within authorized appropriations for the year ended June 30, 2016.

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	\$ 5,440	\$ 750	\$ 6,190
Deposits with financial institutions	1,305,051	-	1,305,051
Imprest Cash	358,000	10,000	368,000
Investments	31,500,259	2,066,374	33,566,633
	<u>\$ 33,168,750</u>	<u>\$ 2,077,124</u>	<u>\$ 35,245,874</u>
Governmental - unrestricted	\$ 34,302,519		
Governmental - restricted:			
Debt service	943,355		
	<u>\$ 35,245,874</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, 2016, the bank balance of deposits was \$ 2,172,351. Of those deposits, \$547,318 was covered by federal depository insurance, and the remaining is collateralized by the Oregon Public Funds Collateralization Program.

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.

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.

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Cash and Investment Note

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2016. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. As of June 30, 2016, the fair value of the position in the LGIP is 100.6% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized.

As of June 30, 2016, 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	33,566,633	33,566,633	-	-
	<u>\$ 33,566,633</u>	<u>\$ 33,566,633</u>	<u>\$ -</u>	<u>\$ -</u>

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 |

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

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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, 2016, 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 Bankers 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%

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 unearned and unavailable 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 unavailable revenue and unearned revenue reported in all funds were as follows:

Components of unavailable revenue and unearned revenue reported
in all funds at current fiscal year end:

	<u>Unavailable</u>
Delinquent property taxes receivable:	
General fund	\$ 663,135
Debt service fund	34,902
Business Licenses	146,960
Rehabilitation loans	61,467
Ambulance billing	232,576
Notes receivable	343,860
SDC receivable	94,029
Special assessments not yet due:	
Unbonded-street fund	227,741
Utility Receivables	2,354,492
Food and Beverage Receivables	681,348
Misc. Receivables	1,389,680
Hotel/Motel Receivables	722,426
	<u>\$ 6,952,616</u>

2016 notes to basic financial statements

C. Capital Assets

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

	<u>Balance June 30, 2015</u>	<u>Additions and Reclasses</u>	<u>Retirements and Reclasses</u>	<u>Balance June 30, 2016</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 12,466,348		\$ -	\$ 12,466,348
Construction in progress	1,614,352	1,390,232	1,614,352	1,390,232
Total capital assets, not being depreciated	14,080,700	1,390,232	1,614,352	13,856,580
Buildings	35,855,873	126,158		35,982,031
Improvements other than buildings	54,917,222	828,394		55,745,616
Machinery and equipment	17,114,424	1,000,734		18,115,158
Total capital assets, being depreciated	107,887,519	1,955,286	-	109,842,805
Less accumulated depreciation for:				
Buildings	(13,966,356)	(1,002,704)	-	(14,969,060)
Improvements other than buildings	(31,941,278)	(1,701,909)		(33,643,187)
Machinery and equipment	(16,042,001)	(1,007,807)		(17,049,808)
Total accumulated depreciation	(61,949,635)	(3,712,420)	-	(65,662,055)
Total capital assets being depreciated, net	45,937,884	(1,757,134)	-	44,180,750
Governmental activities capital assets, net	<u>\$ 60,018,584</u>	<u>\$ (366,902)</u>	<u>\$ 1,614,352</u>	<u>\$ 58,037,330</u>
	<u>Balance June 30, 2015</u>	<u>Additions and Reclasses</u>	<u>Retirements and Reclasses</u>	<u>Balance June 30, 2016</u>
Business-type activities:				
Capital assets, not being depreciated	-	-	-	-
Land	\$ 1,906,925		\$ -	\$ 1,906,925
Construction in progress	5,788,805	1,748,593	117,206	7,420,192
Total capital assets, not being depreciated	7,695,730	1,748,593	117,206	9,327,117
Buildings	22,089,254	-	-	22,089,254
Machinery and equipment	1,271,975	17,614		1,289,589
Improvements other than buildings	84,289,573	116,845		84,406,418
Total capital assets, being depreciated	107,650,802	134,459	-	107,785,261
Less accumulated depreciation:				
Buildings	(6,429,486)	(435,007)	-	(6,864,493)
Machinery and equipment	(876,060)	(96,520)		(972,580)
Improvements other than buildings	(44,011,493)	(1,879,194)		(45,890,687)
Total accumulated depreciation	(51,317,039)	(2,410,721)	-	(53,727,760)
Total capital assets being depreciated, net	56,333,763	(2,276,262)	-	54,057,501
Business-type activities capital assets, net	<u>\$ 64,029,493</u>	<u>\$ (527,669)</u>	<u>\$ 117,206</u>	<u>\$ 63,384,618</u>

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

General government	\$	1,000,214
Public safety		246,318
Highways and streets		1,656,710
Parks and Rec		809,178
Total	\$	3,712,420

Construction Commitments

The government has active construction projects as of June 30, 2016. 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 \$14,093,411 at June 30, 2016.

D. Interfund Receivable, Payable and Transfers

The internal transfers are budgeted and recorded to show legal and operational commitments between funds such as cost sharing or debt service. Interfund loans are used to assure adequate fund balances in funds where operations do not currently (on a short term basis) generate enough support through revenues.

The composition of interfund balances as of June 30, 2016, is as follows:

Fund	Transfers In	Transfers Out
General fund	\$ 255,935	\$ 96,510
Street fund	-	-
Parks fund	80,000	80,000
Non-major governmental	276,227	85,652
Central Service	417,000	
Insurance Services		517,000
Water Fund		250,000
Total	\$ 1,029,162	\$ 1,029,162

Fund	Interfund Receivable and Payable In	Interfund Receivable and Payable Out
General Fund	\$ 690,544	\$ -
Other Governmental Funds		-
Telecommunications Fund		165,544
Insurance Fund		-
Health Benefits Fund	-	525,000
Total	\$ 690,544	\$ 690,544

The interfund loan in the amount of \$525,000 is for the Health Benefits fund to help the shortage. This fund is now \$525,000 in debt. The second interfund loan is for \$165,544 to fund AFN capital projects.

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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.

Promissory notes outstanding at year end are as follows;

Purpose	Interest Rates	Amount
Government activities	2.12%	\$ 837,000
Government activities	3.77%	309,895
Government activities	5.75%	104,812
		\$ 1,251,707

Promissory note debt service requirement to maturity is as follows:

Year ending June 30,	Governmental Activities	
	Principal	Interest
2017	146,885	34,563
2018	152,085	29,655
2019	157,451	24,543
2020	123,890	19,775
2021	127,319	16,513
2022-2026	544,076	32,077
2027-2031		
	\$ 1,251,707	\$ 157,126

The City issued debt in the amount of \$870,000 for the upgrade of the water feature at Garfield Park. The note will be funded by the food and beverage tax.

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.

The City issued GO Bonds in November 2011 for the construction of Fire Station #2 in the amount of \$2,960,000.

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

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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	2.0-4.00%	\$ 2,335,000
Government activities	3.5-5.0%	975,000
Government activities	2-2.8%	10,195,000
Government activities	2-2.5%	1,375,000
Business-type activities	2 - 4%	8,370,000
Business-type activities	4.95%	622,872
Business-type activities	2.00%	1,235,000
Business-type activities	2-2.5%	2,550,000
		\$ 27,657,872

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.

Future maturities of bond principal and interest at June 30, 2016, are as follows:

Year Ending June 30,	2004 Full Faith and Credit		2005 GO Bonds		2009 GO Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2017			225,000	48,750	65,202	30,035
2018			240,000	37,500	68,469	26,768
2019			250,000	25,500	71,901	23,337
2020			260,000	13,000	75,504	19,733
2021					79,287	15,950
2022-2026					262,509	23,203
2027-2031						
2032-2036						
	\$ -	\$ -	\$ 975,000	\$ 124,750	\$ 622,872	\$ 139,026

Year Ending June 30,	2010 GO Bonds		2011 GO Bonds Fire Station #2		2013 AFN Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	1,280,000	334,800	125,000	78,388	1,035,000	219,860
2018	1,325,000	283,600	125,000	74,638	1,060,000	198,910
2019	1,370,000	230,600	130,000	70,888	1,080,000	177,510
2020	1,415,000	175,800	135,000	66,988	1,100,000	155,710
2021	1,465,000	119,200	140,000	62,938	1,130,000	133,410
2022-2026	1,515,000	60,600	765,000	249,038	4,790,000	256,660
2027-2031			915,000	112,150		
2032-2036						
	\$ 8,370,000	\$ 1,204,600	\$ 2,335,000	\$ 715,028	\$ 10,195,000	\$ 1,142,060

Year Ending June 30,	2013 Water Debt GO Bonds		2013 GO Bonds New Construction		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	165,000	23,050	290,000	80,125	3,185,202	815,008
2018	170,000	19,700	295,000	74,275	3,283,469	715,391
2019	175,000	16,250	300,000	68,325	3,376,901	612,409
2020	180,000	12,700	310,000	62,225	3,475,504	506,156
2021	180,000	9,100	320,000	55,925	3,314,287	396,523
2022-2026	365,000	7,350	1,675,000	180,000	9,372,509	776,851
2027-2031			735,000	18,338	1,650,000	130,488
2032-2036					-	-
	\$ 1,235,000	\$ 88,150	\$ 3,925,000	\$ 539,213	\$ 27,657,872	\$ 3,952,826

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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.

In 2003, the remaining \$2.75 million of these bonds were decreased 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.

The City has obtained two loans from the State of Oregon – Department of Environmental Quality (DEQ). The first loan is for the wastewater treatment plant, the membrane system upgrade in the amount of \$4,549,691. This is a reimbursement loan and to date \$1,645,280 has been requested. The interest rate is 1%. The second DEQ loan is for water projects, such as the TAP project. The total is \$ 2,970,000 at 1% interest. The total of the drawdown at June 30, 2016 is \$979,630.

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Water & Wastewater	1.00%	\$ 4,079,748
Water	3.42%	2,231,269
Electric	3.8-6.01%	130,284
		<u>\$ 6,441,301</u>

Revenue bond debt service requirements to maturity are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2017	439,908	172,055
2018	442,950	168,741
2019	446,097	165,323
2020	449,352	161,796
2021	474,434	158,293
2022-2026	2,209,756	734,022
2027-2031	1,442,934	335,592
2032-2036	535,870	37,275
	<u>\$ 6,441,301</u>	<u>\$ 1,933,097</u>

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.

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 Position. 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,

2016 notes to basic financial statements

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 Position. 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 to payoff 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 Financial Guaranty Insurance Company. 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).

On February 7, 2013, the City issued \$6,345,000 in new debt and refinanced two existing issues, one Tax-Exempt and the other one Federally Taxable.

- o The new debt of \$6,345,000 is Full Faith and Credit Bonds with an interest rate of 2.00 percent to 2.50 percent over the fifteen year life. The purpose for these bonds are for projects in the Street, Water and Wastewater funds and a small portion for the component unit projects.

Moody's Investors Services assigned an "A1" rating to both the Tax-Exempt Bonds and the Taxable Bonds. The following table on page 61 shows the activities for both Governmental and Business type as they relate to long term liabilities.

5. Changes in Long-term Liabilities

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Long-term liability activity for the year ended June 30, 2016, was as follows:

	Beginning Balance	Additions and Adjustments	Reductions	Ending Balance	Due within One Year
Governmental Activities:					
Bonds payable:					
General obligation	\$ 16,325,000	\$ -	\$ 1,445,000	\$ 14,880,000	\$ 730,000
Total bonds payable	16,325,000	-	1,445,000	14,880,000	730,000
Notes and contracts	478,543	870,000	96,836	1,251,706	146,885
Claims and judgements	122,107		104,860	17,247	17,247
Government Activities:					
Long-term liabilities	<u>\$ 16,925,650</u>	<u>\$ 870,000</u>	<u>\$ 1,646,696</u>	<u>\$ 16,148,953</u>	<u>\$ 894,132</u>
Business-type Activities:					
Bonds Payable:					
General obligation	\$ 14,439,962	\$ -	\$ 1,662,091	\$ 12,777,871	\$ 1,700,202
Revenue	5,952,389	595,879	106,968	6,441,300	109,908
Total bonds payable	20,392,351	595,879	1,769,059	19,219,171	1,810,110
Business-type Activities:					
Long-term liabilities	<u>\$ 20,392,351</u>	<u>\$ 595,879</u>	<u>\$ 1,769,059</u>	<u>\$ 19,219,171</u>	<u>\$ 1,810,110</u>

F. Restricted Cash Assets

All cash in the debt service fund is restricted for debt payment. The balances of the restricted asset accounts in the governmental and business-type are as follows;

G. Compensated Absences

	General Government
Restricted Cash:	
Debt service for GO Debt	\$ 943,355
	<u>\$ 943,355</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, \$213,288 of the Internal Service Fund was 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:

IV. OTHER INFORMATION

	Beginning Balance	Additions	Reductions	Ending Balance	Due within a Year
Governmental Activities:	\$ 845,243	\$ 925,591	\$ 845,243	\$ 925,591	\$ 231,398
Business-type Activities:	491,586	518,864	491,586	518,864	129,716
Total compensated absences payable	<u>\$ 1,336,829</u>	<u>\$ 1,444,455</u>	<u>\$ 1,336,829</u>	<u>\$ 1,444,455</u>	<u>\$ 361,114</u>

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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, 2016, such premiums did not exceed paid claims and reserves.

Effective April 1, 2004, 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.

Settlements have not exceeded coverage's 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. Changes in the balances of claims liability during the past two years are as follows:

	Year ended June 30, 2016	Year ended June 30, 2015
Unpaid claims, beginning of fiscal year	\$ 122,107	\$ 122,235
Incurred claims (including IBNRs)	(104,860)	(128)
Unpaid claims, end of fiscal year	\$ 17,247	\$ 122,107

The City has established an internal service fund to account for self insurance of Health care. Beginning July 1, 2013, the city implemented a self-insured health benefit program that provides medical, dental and vision coverage to all regular full and part-time employees and their dependents as well as non-Medicare eligible retirees and their dependents. The City has established a self-insurance reserve to pay medical, dental, and vision claims up to the self-insurance retention limit of \$ 100,000 per covered individual.

B. Contingent Liabilities

	June 30, 2016
Accrued claim liability, July 1	\$ 439,379
Incurred claims	4,793,330
Claims payment	(4,311,653)
Accrued Claim liability, June 30	\$ 481,677

In August 2011 Ashland City Council approved Ashland Community Hospital (ACH) seeking an affiliation with a larger hospital group to address financial impacts relating to operations of a small, stand-

2016 notes to basic financial statements

alone hospital in a difficult economy. On April 9, 2012, a formal report was made to the Council on the decision by ACH to enter into a 90-day period of exclusive negotiations with Dignity Health. City of Ashland retains ownership of the hospital property consistent with prior years and Council must approve of the terms of any merger.

On June 4, 2013 Council approved the affiliation agreement between ACH and Asante. Under this affiliation agreement, the City transferred its sole corporate membership in ACH to Asante. Asante will agree to operate ACH as a general hospital for at least 15 years. If it fails to do so within the first three years of the agreement, sole corporate membership will revert to the City including the debt. If it fails to operate ACH as a general hospital in years four through 15 of the agreement, Asante will pay the City \$4 million in what is the equivalent of liquidated damages. In addition, should Asante fail to operate ACH as a general hospital in the first three years of the agreement, thus causing reversion to the City, Asante will pay the City \$8 million; reduced by an amount equal to payment into the ACH defined benefit retirement plan in excess of \$900,000 averaged annually. Asante has the right to exercise a reversionary interest in the first three years of the agreement if total pension liability exceeds \$16 million or if previously unknown liabilities arise after closing that exceed \$4 million. In the event of a reversion from Asante to the City in the first three years of the agreement, caused by Asante's failure to operate ACH as a general hospital, Asante must pay to ACH \$8 million, reduced by no more than \$2 million for higher-than-expected contributions to the ACH defined benefit pension plan.

As of June 30, 2016 Asante has paid their debt in full.

C. Other Post Employment Benefits

Post Employment Stipend

The post employment stipend is administrated by the City of Ashland. The City has elected to use the project Unit Credit cost method.

Plan Description - In addition to providing pension benefits, the City provides certain benefits for 19 retired City employees from the management, unrepresented group 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. On July 16, 2008 a Resolution was passed which states that any employee hired on or after July 1, 2008, or hired into management on or after July 1, 2008 will not be eligible to receive retiree benefits under this provision.

Funding Policy - The benefits from this program are 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) 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, 2016, actuarial valuation, using the present value of projected benefits discounted at the valuation interest rate (4.50 percent). The assumed health costs will increase 5.75 percent in the first year (August 1, 2016, premiums compared with August 1, 2015, premiums), In future years, the medical and vision cost trend varies from 6.75 percent to 5.00 percent depending upon the timing of the excise tax scheduled to affect health care benefits beginning in 2018. The demographic assumptions, such as mortality rates,

2016 notes to basic financial statements

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 June 30, 2013, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$3,912,886 and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,912,886.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
08/01/2010	\$ -	\$ 2,802,196	\$ 2,802,196	0%	N/A	N/A
08/01/2012	\$ -	\$ 2,764,065	\$ 2,764,065	0%	N/A	N/A
08/01/2014	\$ -	\$ 2,044,116	\$ 2,044,116	0%	N/A	N/A

	Year ended June 30, 2016	Year ended June 30, 2015
Annual required contribution (medical)	\$ 112,826	\$ 156,771
Amortization of UAAL	253,661	348,373
Annual required contribution	366,487	505,144
Interest on prior year	\$ 57,975	\$ 51,021
Adjustment to ARC	199,170	175,282
Implicit benefit payments	135,231	182,220
Increase (decrease) in net OPEB obligation	90,061	198,663
Net OPEB obligation - beginning of fiscal year	\$ 1,656,418	\$ 1,457,755
Net OPEB obligation - end of fiscal year	\$ 1,746,479	\$ 1,656,418

Fiscal Year Ending	Annual OPEB Cost	Percentage of annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2016	\$ 225,292	60%	\$ 1,746,479
6/30/2015	380,883	48%	1,656,418
6/30/2014	382,000	52%	1,457,755

Post Employment Health Insurance Subsidy

The post employment Health Insurance Subsidy is administrated by the City of Ashland. The City has elected to use the project Unit Credit cost method.

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 health care 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.

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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, 2016, actuarial valuation, using the present value of projected benefits discounted at the valuation interest rate (4.50 percent). The assumed health costs will increase 5.75 percent in the first year (August 1, 2016, premiums compared with August 1, 2015, premiums), In future years, the medical and vision cost trend varies from 6.75 percent to 5.00 percent depending upon the timing of the excise tax scheduled to affect health care benefits beginning in 2018. 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.

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Unfunded AAL	Funded Ratio	PUC Accrued Liability	Unfunded AAL (UAAL)	Funded Ratio
06/30/2015	\$ -	\$ 3,659,015	\$ 3,659,015	0%	\$ 3,328	\$ 3,325	0%
06/30/2013	\$ -	\$ 3,716,191	\$ 3,716,191	0%	\$ 4,812	\$ 4,812	0%
06/30/2011	\$ -	\$ 2,707,203	\$ 2,704,203	0%	\$ 5,139	\$ 5,139	0%

	Year ended June 30, 2016	Year ended June 30, 2015
Annual required contribution (medical)	\$ 437,520	\$ 423,650
Interest on net OPEB obligation (BOY)	68,394	59,045
Adjustment to ARC for net OPEB obligation	-	-
Annual OPEB costs	505,914	482,695
Expected contributions	(246,317)	(215,580)
Increase (decrease) in net OPEB obligation	259,597	267,115
Net OPEB obligation - beginning of fiscal year	\$ 1,954,128	\$ 1,687,013
Net OPEB obligation - end of fiscal year	\$ 2,213,725	\$ 1,954,128

Fiscal Year Ending	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2016	\$ 336,247	22.80%	\$ 2,213,725
6/30/2015	336,220	20.55%	1,954,128
6/30/2014	371,007	18.22%	1,687,013

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D. Employee Retirement System and Pension Plan

Plan Description – The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Comprehensive Annual Financial Report which can be found at: http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx. If the link is expired please contact Oregon PERS for this information.

- a) **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
- i) **Pension Benefits.** The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percent age (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results.
- ii) **Death Benefits.** Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following contributions are met:
- member was employed by PERS employer at the time of death,
 - member died within 120 days after termination of PERS covered employment,
 - member died as a result of injury sustained while employed in a PERS-covered job, or
 - member was on an official leave of absence from a PERS-covered job at the time of death.
- iii) **Disability Benefits.** A member with 10 or more years of creditable service who becomes disable from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.
- iv) **Benefit Changes After Retirement.** Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.
- b) **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
- i) **Pension Benefits.** This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:
- Police and fire:** 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.
- General service:** 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit. A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement

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- age, and, if the pension program is terminated, the date on which termination becomes effective.
- ii) **Death Benefits.** Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.
 - iii) **Disability Benefits.** A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.
 - iv) **Benefit Changes After Retirement.** Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation, which became effective July 1, 2015. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2016 were \$2,552,663 excluding amounts to fund employer specific liabilities. In addition approximately \$2,805,936 in employee contributions were paid or picked up by the City in fiscal 2016.

Pension Asset or Liability - At June 30, 2016, the City reported a net pension asset of \$14,910,215 for its proportionate share of the net pension asset. The pension asset was measured as of December 31, 2013, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2013, the City's proportion was .26 percent per GASB 68 valuation.

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow Of Resources</u>
Difference between expected and actual experience	\$ 804,034	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	3,125,519
Net changes in proportionate share and Difference between the City contributions and proportionate share of contributions	<u>293,813</u>	<u>338,443</u>
Subtotal - Amortized Deferrals (below)	1,097,847	3,463,962
City Contributions subsequent to measuring date	<u>2,805,936</u>	<u> </u>
Net Deferred outflow (inflow) of resources	<u>\$ 3,903,783</u>	<u>\$ 3,463,962</u>

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Amounts reported as deferred outflows or inflow of resources related to pension will be recognized in pension expense as follows:

Year ending June 30,	Amount
2017	\$ (1,319,363)
2018	(1,319,363)
2019	(1,319,363)
2020	1,521,742
2021	70,231
Thereafter	
Total	<u>\$ (2,366,116)</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated May 23, 2016. Oregon PERS produces an independently audited CAFR which can be found at:

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

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

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an actuarially determined amount for funding a disability benefit component, and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

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Actuarial Methods and Assumptions

Valuation date	December 31, 2013 rolled forward to June 30, 2015
Experience Study Report	2014, Published September 2015
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset valuation method	Market value of assets
Inflation rate	2.75 percent
Investment rate of return	7.75 percent
Projected salary increase	3.75 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service. For COLA, a blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision, blend based on service.
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (65% for males and 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2014 Experience Study which is reviewed for the four-year period ending December 31, 2013.

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

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

	Decrease (6.75%)	Rate (7.75%)	Increase (8.75%)
City's proportionate share of the net pension liability	\$ (35,985,249)	\$ (14,910,215)	\$ 2,850,502

2016 notes to basic financial statements

Since the December 31, 2013 actuarial valuation, the system-wide actuarial accrued liability has increased primarily due to the Moro decision and assumption changes, along with interest on the liability as current active members get closer to retirement. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future system Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the benefits projected to be paid by Employers compared to those developed in the prior actuarial valuation, and consequently increased plan liabilities. The employers' projected long-term contribution effort has been adjusted for the estimated impact of the Moro Decision. In accordance with statute, a biennial review of actuarial methods and assumptions was completed in 2015 to be used for the December 31, 2014 actuarial valuation. After completion of this review and subsequent to the measurement date, the PERS Board adopted several assumption changes, including lowering the investment return assumption to 7.50%, which will be effective January 1, 2016 and will be included in the next update.

A deferred compensation plan is available to employees wherein they may execute an individual agreement with the City for amounts earned by them to not be paid until a future date when certain circumstances are met. These circumstances are: termination by reason of death, disability, resignation, or retirement. Payment to the employee will be made over a period not to exceed 15 years. The deferred compensation plan is one which is authorized under IRC Section 457 and has been approved in its specifics by a private ruling from the Internal Revenue Service. The assets of the plan are held by the administrator for the sole benefit of the plan participants and are not considered assets or liabilities of the City.

Individual Account Program - In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for OPERS. The Oregon Public Service Retirement Plan (OPSRP) is effective for all new employees hired on or after August 29, 2003, and applies to any inactive OPERS members who return to employment following a six month or greater break in service. The new plan consists of the defined benefit pension plans and a defined contribution pension plan (the Individual Account Program or IAP). Beginning January 1, 2004, all OPERS member contributions go into the IAP portion of OPSRP. OPERS' members retain their existing OPERS accounts, but any future member contributions are deposited into the member's IAP, not the member's OPERS account. Those employees who had established an OPERS membership prior to the creation of OPSRP will be members of both the OPERS and OPSRP system as long as they remain in covered employment. Members of OPERS and OPSRP are required to contribute six percent of their salary covered under the plan which is invested in the IAP. The City makes this contribution on behalf of its employees.

Additional disclosures related to Oregon PERS not applicable to specific employers are available online, or by contacting PERS at the following address: PO BOX 23700 Tigard, OR 97281-3700.

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, 2016, is as follows:

Startup costs	\$	1,861,076
Less accumulated amortization		<u>1,682,373</u>
	\$	<u>178,703</u>

2016 notes to basic financial statements

F. Fund Balance Constraints

The specific purposes for each of the categories of the fund balance as of June 30, 2016, are as follows:

Fund Balances:	General Fund	Street Fund	Parks	Non Major Funds	Total
Restricted for:					
Asset forfeiture	25,784	-	-	-	25,784
TOT tourism	129,763	-	-	-	129,763
CDBG restriction	-	-	-	33,804	33,804
SDC - Transportation	-	2,619,729	-	-	2,619,729
SDC - Parks	-	-	-	606,669	606,669
Perpetual care	-	-	-	944,552	944,552
Debt commitment	-	-	-	1,028,912	1,028,912
Committed for:					
Parking surcharge	370,085	-	-	-	370,085
Public art	109,938	-	-	-	109,938
Affordable housing	166,351	-	-	-	166,351
Grubbs Case	22,235	-	-	-	22,235
Street activities	-	2,795,238	-	-	2,795,238
Parks activities	-	-	313,140	1,346,001	1,659,141
Airport activities	-	-	-	138,905	138,905
Food and beverage tax	-	-	-	190,623	190,623
CIP - Facilities	-	-	-	2,004,725	2,004,725
Assigned for:					
N/A					
Unassigned:	3,636,527	-	-	-	3,636,527
Total fund balances:	\$ 4,460,683	\$ 5,414,967	\$ 313,140	\$ 6,294,190	\$ 16,482,980

G. Service Concession Agreement

The City of Ashland contracts with the Skinner Aviation to operate the City owned airport. Skinner Aviation has been the airport's Fixed Base Operator since 1993 and is responsible for all oversight of the airport facilities including radio control, fuel facility, aircraft maintenance, hangar rental collection, flight training and facility maintenance. They collect the income for the City and remit the City's revenue on a monthly basis, they keep 25% of the monthly revenue and receive a credit for Water and Garbage services. No upfront monies were exchanged by either party when the contract was executed, so thus there is not an asset or liability to recognize in the financial statements.

2016 comprehensive annual financial report



REQUIRED SUPPLEMENTARY INFORMATION

2016 notes to required supplementary information

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

2016 notes to required supplementary information

**CITY OF ASHLAND, OREGON
SCHEDULE OF FUNDING PROGRESS
For the year ended June 30, 2016**

Post Employment Benefits

Health Care						
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
08/01/2008	\$ -	\$ 2,923,625	\$ 2,923,625	0%	\$ 12,757,206	23%
08/01/2010	\$ -	\$ 2,802,196	\$ 2,802,196	0%	\$ 12,889,661	22%
08/01/2012	\$ -	\$ 2,764,065	\$ 2,764,065	0%	\$ 13,988,043	20%
08/01/2014	\$ -	\$ 2,044,116	\$ 2,044,116	0%	\$ 14,005,178	15%
Actuarial Valuation Date	Annual OPEB Costs	Funded Ratio	Net OPEB Obligation			
6/30/2013	\$ 363,984	48%	\$ 1,274,279			
6/30/2014	\$ 382,000	52%	\$ 1,457,755			
6/30/2015	\$ 380,883	48%	\$ 1,656,418			
6/30/2016	\$ 225,292	60%	\$ 1,746,479			
OPEB						
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
6/30/2009	\$ -	\$ 1,882,214	\$ 1,882,214	0%	\$ 12,757,206	15%
6/30/2011	\$ -	\$ 2,704,203	\$ 2,704,203	0%	\$ 12,889,661	21%
6/30/2013	\$ -	\$ 3,912,886	\$ 3,912,886	0%	\$ 13,988,043	28%
6/30/2015	\$ -	\$ 3,821,285	\$ 3,821,285	0%	\$ 14,005,178	27%
Actuarial Valuation Date	Annual OPEB Costs	Contributions	Funded Ratio	Net OPEB Obligation		
6/30/2013	\$ 387,045	\$ 58,990	15%	\$ 1,383,606		
6/30/2014	\$ 371,007	\$ 67,601	18%	\$ 1,687,013		
6/30/2015	\$ 336,220	\$ 69,105	21%	\$ 1,954,128		
6/30/2016	\$ 336,247	\$ 76,650	23%	\$ 2,213,725		

2016 notes to required supplementary information

**REQUIRED SUPPLEMENTARY INFORMATION
For the fiscal year ended June 30, 2016**

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2016	0.04%	\$ 14,910,215	\$ 14,948,474	%	91.9 %
2015	0.04%	5,498,618	17,016,281	32.3	103.6
2014	0.04%	(12,379,260)	16,753,124	(73.9)	92.0

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years. However until a full 10 year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

SCHEDULE OF CONTRIBUTIONS

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2016	\$ 2,805,936	\$ 2,805,936	\$ -	\$ 15,571,834	18.0 %
2015	2,389,586	2,389,586	-	14,948,474	16.0
2014	2,604,925	2,604,925	-	17,016,281	15.3

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years. However until a full 10 year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

2016 notes to required supplementary information

CITY OF ASHLAND, OREGON
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND

For the year ended June 30, 2016

	BN 2015-2017		First Year Actual FY 2015-16	Total Actual for budget period	Variance with Final Budget
	Biennium Budget Amounts				Positive (Negative)
Revenues:	Original	Final			
Taxes	\$ 38,746,990	\$ 38,746,990	\$ 19,343,205	\$ 19,343,205	\$ (19,403,785)
Fees, licenses and permits	1,910,425	1,910,425	835,278	835,278	(1,075,147)
Intergovernmental	1,379,795	1,684,373	921,946	921,946	(762,427)
Charges for services	3,331,350	3,331,350	1,645,847	1,645,847	(1,685,503)
Fines and forfeitures	410,000	410,000	180,638	180,638	(229,362)
Interest on investments	60,000	60,000	29,834	29,834	(30,166)
Miscellaneous	73,000	79,600	113,065	113,065	33,465
Total revenues	45,911,560	46,222,738	23,069,813	23,069,813	(23,152,925)
Expenditures:					
General Government:					
Administration	1,009,197	1,018,127	345,676	345,676	672,451
Administrative Services:					
Band	130,550	130,550	65,186	65,186	65,364
Social services	267,933	267,933	131,113	131,113	136,820
Economic development	1,695,033	1,695,033	741,608	741,608	953,425
Parks Services	9,560,000	9,560,000	4,680,000	4,680,000	4,880,000
Public Works:					
Cemetery	755,365	755,365	335,763	335,763	419,602
Community Development:					
Planning	2,886,423	2,886,423	1,309,888	1,309,888	1,576,535
Building	1,459,230	1,459,230	724,797	724,797	734,433
Miscellaneous	269,000	269,000	64,905	64,905	204,095
Total general government	18,032,731	18,041,661	8,398,936	8,398,936	9,642,725
Public Safety:					
Police	13,544,844	13,637,535	6,690,677	6,690,677	6,946,858
Municipal court	1,056,830	1,056,830	489,250	489,250	567,580
Fire and rescue	15,780,502	16,011,489	7,666,965	7,666,965	8,344,524
Total public safety	30,382,176	30,705,854	14,846,892	14,846,892	15,858,962
Contingency	697,000	675,570			675,570
Total expenditures	49,111,907	49,423,085	23,245,828	23,245,828	26,177,257
Excess (deficiency) of revenues over (under) expenditures	(3,200,347)	(3,200,347)	(176,015)	(176,015)	3,024,332
Other financing sources (uses):					
Transfers in	510,800	510,800	255,935	255,935	(254,865)
Transfers out	(518,570)	(518,570)	(96,510)	(96,510)	422,060
Interfund loan	126,200	126,200	-	-	(126,200)
Interfund loan	(66,000)	(66,000)	-	-	66,000
Total other financing sources (uses)	52,430	52,430	159,425	159,425	106,995
Net change in fund balance	(3,147,917)	(3,147,917)	(16,590)	(16,590)	3,131,327
Fund balance, July 1, 2015	3,400,277	3,400,277	3,620,264	3,620,264	219,987
Fund balance, June 30, 2016	\$ 252,360	\$ 252,360	\$ 3,603,674	\$ 3,603,674	\$ 3,351,314
Reconciliation to GAAP fund balance :					
Interfund loan			690,544		
Reserve fund balance:			166,465		
			\$ 4,460,683		

2016 notes to required supplementary information

**CITY OF ASHLAND, OREGON
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STREET FUND
For the year ended June 30, 2016**

	BN 2015-2017		First Year Actual FY 2015-16	Total Actual for budget period	Variance with Final Budget Positive (Negative)
	Original	Final			
Revenues:					
Taxes	\$ 96,700	\$ 96,700	\$ 58,782	\$ 58,782	\$ (37,918)
Intergovernmental	7,422,136	7,422,136	1,307,744	1,307,744	(6,114,392)
Charges for services	4,219,700	4,219,700	2,156,082	2,156,082	(2,063,618)
System development charges (SDC)	133,000	133,000	183,380	183,380	50,380
Assessments	120,000	120,000	32,831	32,831	(87,169)
Interest on investments	48,000	48,000	33,135	33,135	(14,865)
Miscellaneous	100,000	100,000	77,727	77,727	(22,273)
Total revenues	12,139,536	12,139,536	3,849,681	3,849,681	(8,289,855)
Expenditures:					
Highways and streets:					
Operations and maintenance	13,486,170	13,486,170	2,981,650	2,981,650	10,504,520
Storm water	1,312,700	1,312,700	593,152	593,152	719,548
Transportation SDCs	2,674,754	2,674,754	1,438	1,438	2,673,316
Storm water SDCs	282,100	282,100	-	-	282,100
Local improvement districts	-	-	-	-	-
Total highways and streets	17,755,724	17,755,724	3,576,240	3,576,240	14,179,484
Debt Service:					
Operations and maintenance Debt	246,710	246,710	123,954	123,954	122,756
Storm water Debt	25,300	25,300	12,750	12,750	12,550
Total Debt	272,010	272,010	136,704	136,704	135,306
Contingency	99,000	99,000	-	-	99,000
Total expenditures	18,126,734	18,126,734	3,712,944	3,712,944	14,413,790
Excess (deficiency) of revenues over (under) expenditures	(5,987,198)	(5,987,198)	136,737	136,737	6,123,935
Other financing sources (uses):					
Bond proceeds	3,306,854	3,306,854	-	-	(3,306,854)
Transfers out	-	-	-	-	-
Total other financing sources (uses)	3,306,854	3,306,854	-	-	(3,306,854)
Net change in fund balance	(2,680,344)	(2,680,344)	136,737	136,737	2,817,081
Fund balance, July 1, 2015	4,702,624	4,702,624	5,278,230	5,278,230	575,606
Fund balance, June 30, 2016	\$ 2,022,280	\$ 2,022,280	\$ 5,414,967	\$ 5,414,967	\$ 3,392,687

2016 notes to required supplementary information

**CITY OF ASHLAND, OREGON
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PARKS AND RECREATION FUND
For the year ended June 30, 2016**

	BN 2015-2017 Biennium Budget Amounts		First Year Actual FY 2015-16	Total Actual for budget period	Variance with Final Budget Positive (Negative)
	Original	Final			
Revenues:					
Intergovernmental	\$ -	\$ -	\$ 92	\$ 92	\$ 92
Charges for services - External	1,805,000	1,805,000	931,776	931,776	(873,224)
Charges for services - Internal	9,560,000	9,560,000	4,732,500	4,732,500	(4,827,500)
Interest on investments	14,000	14,000	3,522	3,522	(10,478)
Miscellaneous	100,000	100,000	17,204	17,204	(82,796)
Total revenues	11,479,000	11,479,000	5,685,094	5,685,094	(5,793,906)
Expenditures:					
Parks and Recreation:					
Operations and maintenance	8,127,847	7,529,390	3,897,926	3,897,926	3,631,464
Recreation	2,828,630	2,828,630	1,409,208	1,409,208	1,419,422
Golf Course	1,104,650	1,052,880	547,280	547,280	505,600
Total Parks and Recreation	12,061,127	11,410,900	5,854,414 (1)	5,854,414 (1)	5,556,486
Contingency	100,000	-			-
Total expenditures	12,161,127	11,410,900	5,854,414	5,854,414	5,556,486
Excess (deficiency) of revenues over (under) expenditures	(682,127)	68,100	(169,320)	(169,320)	(237,420)
Other financing sources (uses):					
Transfer in	373,500	373,500		-	(373,500)
Transfers out	(80,000)	(80,000)	(80,000)	(80,000)	-
Total other financing sources (uses)	293,500	293,500	(80,000)	(80,000)	(373,500)
Net change in fund balance	(388,627)	361,600	(249,320)	(249,320)	(610,920)
Fund balance, July 1, 2015	392,641	392,641	503,626	503,626	110,985
Fund balance, June 30, 2016	\$ 4,014	\$ 754,241	\$ 254,306	\$ 254,306	\$ (499,935)

(1) Appropriation level

Reconciliation to GAAP fund balance :

Equipment fund balance: 58,834

Total GAAP fund balance \$ 313,140

SUPPLEMENTARY INFORMATION

Combining Individual Fund Statements
and Other Financial Schedules

2016 supplementary information

**CITY OF ASHLAND, OREGON
COMBINING BALANCE SHEET
ALL NON-MAJOR FUNDS
For the year ended June 30, 2016**

	Governmental Fund Types					Permanent Fund Type Cemetery Trust Fund	Total Other Governmental (Compilation Only)
	CDBG Fund	Airport Fund	Capital Improvements Fund	Parks Capital Improvements Fund	Debt Service Fund		
ASSETS							
Cash and cash equivalents	\$ 5,703	\$ 135,342	\$ 2,734,289	\$ 1,375,029	\$ 993,123	\$ -	\$ 5,243,486
Receivables (net of allowance for uncollectible)	34,735	10,257	228,001	2,765	68,820	1,197	345,775
Cash - restricted	-	-	-	-	-	943,355	943,355
Total assets	40,438	145,599	2,962,290	1,377,794	1,061,943	944,552	6,532,616
LIABILITIES AND FUND BALANCES							
Accounts payable	6,634	6,694	66,245	31,793	-	-	111,366
Interfund loan payable	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Liabilities payable from restricted assets	-	-	-	-	-	-	-
Total liabilities	6,634	6,694	66,245	31,793	-	-	111,366
Deferred Outflows of Resources:							
Deferred Outflows			94,029		33,031	-	127,060
Fund Balances:							
Restricted for:							
CDBG restriction	33,804	-	-	-	-	-	33,804
Systems development charges	-	-	606,669	-	-	-	606,669
Open Space (Food & Bev)	-	-	190,622	1,346,001	-	-	1,536,623
Perpeture care	-	-	-	-	-	944,552	944,552
Committed for:							
Special revenue funds	-	138,905	-	-	-	-	138,905
Debt service	-	-	-	-	1,028,912	-	1,028,912
Parks Improvements	-	-	-	-	-	-	-
Capital projects funds	-	-	2,004,725	-	-	-	2,004,725
Total fund balances	33,804	138,905	2,802,016	1,346,001	1,028,912	944,552	6,294,190
Total liabilities, deferred outflows and fund balances	\$ 40,438	\$ 145,599	\$ 2,962,290	\$ 1,377,794	\$ 1,061,943	\$ 944,552	\$ 6,532,616

2016 supplementary information

CITY OF ASHLAND, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL NON-MAJOR FUNDS
For the year ended June 30, 2016

	Governmental Fund Types					Permanent Fund Type Cemetery Nonexpendable Trust Fund	Total Other Governmental (Compilation Only)
	CDBG Fund	Airport Fund	Capital Improvements Fund	Parks Capital Improvements Fund	Debt Service Fund		
Revenues:							
Taxes	\$ -	\$ -	\$ 564,947	\$ -	\$ 506,865	\$ -	\$ 1,071,812
Intergovernmental	162,147	-	2,732	-	-	-	164,879
Charges for services	-	125,406	950,170	1,490,908	1,286,341	21,386	3,874,211
System development charges	-	-	49,372	-	-	-	49,372
Interest on investments	-	790	15,712	5,928	4,527	5,935	32,892
Miscellaneous	-	-	359	-	-	-	359
Total revenues	162,147	126,196	1,583,292	1,496,836	1,797,733	27,321	5,193,525
Expenditures:							
General government	162,140	66,271	2,421,047	360,137	-	-	3,009,595
Debt service	-	38,536	-	-	1,806,109	-	1,844,645
Total expenditures	162,140	104,807	2,421,047	360,137	1,806,109	-	4,854,240
Excess (deficiency) of revenues over (under) expenditures	7	21,389	(837,755)	1,136,699	(8,376)	27,321	339,285
Other financing sources (uses):							
Bond proceeds	-	-	870,000	-	-	-	870,000
Transfers in	-	-	100,000	-	175,727	500	276,227
Transfers out	-	-	(79,717)	-	-	(5,935)	(85,652)
Interfund loan	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	890,283	-	175,727	(5,435)	1,060,575
Net change in fund balance	7	21,389	52,528	1,136,699	167,351	21,886	1,399,860
Fund balance, July 1, 2015	33,797	117,516	2,749,488	209,302	861,561	922,666	4,894,330
Fund balance, June 30, 2016	\$ 33,804	\$ 138,905	\$ 2,802,016	\$ 1,346,001	\$ 1,028,912	\$ 944,551	\$ 6,294,190

2016 supplementary information

**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, 2016**

	BN 2015-2017 Biennium Budget Amounts		First Year Actual FY 2015-16	Second Year Actual FY 2016-17	Total Actual for budget period	Variance with Final Budget Positive (Negative)
	Original	Final				
Revenues:						
Intergovernmental	\$ 439,798	\$ 439,798	\$ 162,143		\$ 162,143	\$ (277,655)
Total revenues	439,798	439,798	162,143	-	162,143	(277,655)
Expenditures:						
General government:						
Personal services	65,420	65,420	32,510		32,510	32,910
Material and services	374,378	374,378	129,630		129,630	244,748
Total general government	439,798	439,798	162,140		162,140	277,658
Total expenditures	439,798	439,798	162,140	-	162,140	277,658
Net change in fund balance	-	-	3	-	3	3
Fund balance, July 1, 2015	1	1	33,801		33,801	33,800
Fund balance, June 30, 2016	\$ 1	\$ 1	\$ 33,804	\$ -	\$ 33,804	\$ 33,803

2016 supplementary information

CITY OF ASHLAND, OREGON
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
AIRPORT FUND
For the year ended June 30, 2016

	BN 2015-2017		First Year Actual FY 2015-16	Total Actual for budget period	Variance with Final Budget Positive (Negative)
	Biennium Budget Amounts Original	Final			
Revenues:					
Charges for services	\$ 276,000	\$ 276,000	\$ 125,406	\$ 125,406	\$ (150,594)
Interest on investments	500	500	790	790	290
Total revenues	276,500	276,500	126,196	126,196	(150,304)
Expenditures:					
General government:					
Materials and services	460,943	460,943	39,314	39,314	421,629
Capital outlay	40,000	40,000	26,957	26,957	13,043
Total general government	500,943	500,943	66,271	66,271	434,672
Debt service	77,072	77,072	38,536	38,536	38,536
Contingency	13,000	13,000	-	-	13,000
Total expenditures	591,015	591,015	104,807	104,807	486,208
Other financing sources (uses):					
Loan proceeds	270,000	270,000			270,000
Interfund loan	-	-		(19,000)	19,000
Total other financing sources (uses)	270,000	270,000	-	(19,000)	289,000
Net change in fund balance	(44,515)	(44,515)	21,389	2,389	46,904
Fund balance, July 1, 2015	114,751	114,751	117,516	116,697	1,946
Fund balance, June 30, 2016	\$ 70,236	\$ 70,236	\$ 138,905	\$ 119,086	\$ 48,850

2016 supplementary information

**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, 2016**

	BN 2015-2017		First Year Actual FY 2015-16	Total Actual for budget period	Variance with
	Biennium Budget Amounts				Final Budget Positive (Negative)
	Original	Final			
Revenues:					
Taxes	\$ 1,093,400	\$ 1,093,400	\$ 564,947	\$ 564,947	\$ (528,453)
Intergovernmental	-	-	2,732	2,732	2,732
Charges for services	2,205,600	2,205,600	950,170	950,170	(1,255,430)
System development charges	129,416	129,416	49,372	49,372	(80,044)
Interest on investments	22,600	22,600	15,712	15,712	(6,888)
Miscellaneous	22,100	22,100	359	359	(21,741)
Total revenues	3,473,116	3,473,116	1,583,292	1,583,292	(1,889,824)
Expenditures:					
General government:					
Public works - facilities	1,710,650	1,710,650	867,196	867,196	843,454
Admin services - parks open space	3,707,182	3,707,182	1,481,271	1,481,271	2,225,911
Capital outlay	1,110,000	1,110,000	72,580	72,580	1,037,420
Total cost of service	6,527,832	6,527,832 (1)	2,421,047 (1)	2,421,047	4,106,785
Contingency	200,000	200,000	-	-	200,000
Total expenditures	6,727,832	6,727,832	2,421,047	2,421,047	4,306,785
Excess (Deficiency) of revenues over (under) expenditures	(3,254,716)	(3,254,716)	(837,755)	(837,755)	2,416,961
Other financing sources (uses):					
Bond proceeds	3,050,045	3,050,045	870,000	870,000	2,180,045
Transfers in	100,000	100,000	100,000	100,000	-
Transfers out	(277,370)	(277,370)	(79,717)	(79,717)	(197,653)
Interfund loan				-	-
Total other financing sources (uses):	2,872,675	2,872,675	890,283	890,283	1,982,392
Net change in fund balance	(382,041)	(382,041)	52,528	52,528	434,569
Fund balance, July 1, 2015	1,918,994	1,918,994	2,749,488	2,749,488	830,494
Fund balance, June 30, 2016	\$ 1,536,953	\$ 1,536,953	\$ 2,802,016	\$ 2,802,016	\$ 1,265,063

(1) Appropriation level

2016 supplementary information

**CITY OF ASHLAND, OREGON
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PARKS CAPITAL IMPROVEMENTS FUND
for the year ended June 30, 2016**

	BN 2015-2017 Biennium Budget Amounts		First Year Actual FY 2015-16	Total Actual for budget period	Variance with Final Budget Positive (Negative)
	Original	Final			
Revenues:					
Intergovernmental	\$ 3,517,252	\$ 3,517,252	\$ -	\$ -	\$ (3,517,252)
Charges for services	212,930	212,930	1,490,908	1,490,908	1,277,978
Interest on investments	4,000	4,000	5,928	5,928	1,928
Miscellaneous			-	-	-
Total revenues	3,734,182	3,734,182	1,496,836	1,496,836	(2,237,346)
Expenditures:					
General government:					
Personal Services	189,930	189,930	64,041	64,041	125,889
Material and Services	-	85,052	23,840	23,840	61,212
Capital outlay	3,817,889	3,732,837	272,256	272,256	3,460,581
Total cost of service	4,007,819	4,007,819	360,137	360,137	3,647,682
Contingency	-	-	-	-	-
Total expenditures	4,007,819	4,007,819	360,137	360,137	3,647,682
Excess (Deficiency) of revenues over (under) expenditures	(273,637)	(273,637)	1,136,699	1,136,699	1,410,336
Other financing sources (uses):					
Transfers in			-	-	-
Total other financing sources (uses):	-	-	-	-	-
Net change in fund balance	(273,637)	(273,637)	1,136,699	1,136,699	1,410,336
Fund balance, July 1, 2015	582,254	582,254	209,302	209,302	(372,952)
Fund balance, June 30, 2016	\$ 308,617	\$ 308,617	\$ 1,346,001	\$ 1,346,001	\$ 1,037,384

2016 supplementary information

**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, 2016**

	BN 2015-2017 Biennium Budget Amounts		First Year Actual FY 2015-16	Total Actual for budget period	Variance with Final Budget Positive (Negative)
	Original	Final			
Revenues:					
Taxes	\$ 955,426	\$ 955,426	\$ 506,865	\$ 506,865	\$ (448,561)
Charges for services	2,457,636	2,457,636	1,286,341	1,286,341	(1,171,295)
Assessments	400,000	400,000	-	-	(400,000)
Interest on investments	20,000	20,000	4,527	4,527	(15,473)
Miscellaneous	58,604	58,604	-	-	(58,604)
Total revenues	<u>3,891,666</u>	<u>3,891,666</u>	<u>1,797,733</u>	<u>1,797,733</u>	<u>(2,093,933)</u>
Expenditures:					
Materials and services	-	-	-	-	-
Debt service:					
Bancroft	400,000	400,000	-	-	400,000
General obligation	3,457,596	3,457,596	1,764,573	1,764,573	1,693,023
Notes and contracts	412,604	412,604	41,536	41,536	371,068
Total expenditures	<u>4,270,200</u>	<u>4,270,200</u>	<u>1,806,109</u> (1)	<u>1,806,109</u> (1)	<u>2,464,091</u>
Excess (deficiency) of revenues over (under) expenditures	(378,534)	(378,534)	(8,376)	(8,376)	370,158
Other financing sources (uses):					
Transfers in	473,940	473,940	175,727	175,727	298,213
Interfund Loan	-	-	-	-	-
Total other financing sources (uses):	<u>473,940</u>	<u>473,940</u>	<u>175,727</u>	<u>175,727</u>	<u>298,213</u>
Net change in fund balance	95,406	95,406	167,351	167,351	71,945
Fund balance, July 1, 2015	<u>753,948</u>	<u>753,948</u>	<u>861,561</u>	<u>861,561</u>	<u>107,613</u>
Fund balance, June 30, 2016	<u>\$ 849,354</u>	<u>\$ 849,354</u>	<u>\$ 1,028,912</u>	<u>\$ 1,028,912</u>	<u>\$ 179,558</u>

2016 supplementary information

**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, 2016**

	BN 2015-2017		First Year Actual FY 2015-16	Total Actual for budget period	Variance with Final Budget Positive (Negative)
	Biennium Budget Amounts				
	Original	Final			
Revenues:					
Charges for services	\$ 50,000	\$ 50,000	\$ 21,386	\$ 21,386	\$ (28,614)
Interest on investments	10,800	10,800	5,935	5,935	(4,865)
Miscellaneous				-	-
Total revenues	<u>60,800</u>	<u>60,800</u>	<u>27,321</u>	<u>27,321</u>	<u>(33,479)</u>
Other financing sources (uses):					
Transfers in	1,000	1,000	500	500	(500)
Transfers out	(10,800)	(10,800)	(5,935)	(5,935)	4,865
Total other financing sources (uses):	<u>(9,800)</u>	<u>(9,800)</u>	<u>(5,435)</u>	<u>(5,435)</u>	<u>4,365</u>
Net change in fund balance	51,000	51,000	21,886	21,886	(29,114)
Fund balance, July 1, 2015	<u>923,046</u>	<u>923,046</u>	<u>922,667</u>	<u>874,045</u>	<u>(12,699)</u>
Fund balance, June 30, 2016	<u>\$ 974,046</u>	<u>\$ 974,046</u>	<u>\$ 944,553</u>	<u>\$ 895,931</u>	<u>\$ (41,813)</u>

2016 supplementary information

**CITY OF ASHLAND, OREGON
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
RESERVE FUND
For the year ended June 30, 2016**

	BN 2015-2017 Biennium Budget Amounts		First Year Actual FY 2015-16	Total Actual for budget period	Variance with Final Budget Positive (Negative)
	Original	Final			
Revenues:					
Interest on investments	34,000	34,000	10,730	10,730	(23,270)
Total revenues	<u>34,000</u>	<u>34,000</u>	<u>10,730</u>	<u>10,730</u>	<u>(23,270)</u>
Excess (deficiency) of revenues over (under) expenditures	34,000	34,000	10,730	10,730	(23,270)
Other financing sources (uses):					
Transfer in	-	-	-	-	-
Interfund loan	650,000	650,000	325,000	325,000	(325,000)
Transfer out	-	-	-	-	-
Interfund loan	(850,000)	(850,000)	(365,544)	(365,544)	(484,456)
Total other financing sources (uses)	<u>(200,000)</u>	<u>(200,000)</u>	<u>(40,544)</u>	<u>(40,544)</u>	<u>(809,456)</u>
Net change in fund balance	(166,000)	(166,000)	(29,814)	(29,814)	136,186
Fund balance, July 1, 2015	<u>204,580</u>	<u>204,580</u>	<u>196,279</u>	<u>1,019,580</u>	<u>815,000</u>
Fund balance, June 30, 2016	<u>\$ 38,580</u>	<u>\$ 38,580</u>	<u>\$ 166,465</u>	<u>\$ 989,766</u>	<u>\$ 951,186</u>
Reconciliation to GAAP fund balance					
Reserve fund			<u>\$ (166,465)</u>		
			<u>\$ -</u>		

2016 supplementary information

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

For the year ended June 30, 2016

	BN 2015-2017		First Year Actual FY 2015-16	Total Actual for budget period	Variance with Final Budget Positive (Negative)
	Original	Final			
Revenues:					
Taxes	\$ -	\$ -	\$ 2	\$ 2	\$ 2
Intergovernmental	14,000	14,000	14,897	14,897	897
Charges for services	13,954,600	13,954,600	6,937,651	6,937,651	(7,016,949)
System developments charges	200,000	200,000	277,247	277,247	77,247
Interest on investments	40,800	40,800	32,632	32,632	(8,168)
Miscellaneous	24,000	24,000	27,286	27,286	3,286
Total revenues	14,233,400	14,233,400	7,289,715	7,289,715	(6,943,685)
Expenditures:					
Cost of services:					
Administration: Water conservation	696,025	696,025	249,276	249,276	446,749
Public works water supply	2,557,935	2,557,935	1,821,173	1,821,173	736,762
Public works water treatment	13,941,884	13,941,884	1,121,878	1,121,878	12,820,006
Public works water distribution	9,595,707	9,595,707	2,879,829	2,879,829	6,715,878
Public works reimbursement SDCs	-	-	-	-	-
Public works improvements SDCs	3,170,335	3,170,335	20,021	20,021	3,150,314
Total Cost of Service	29,961,886	29,961,886	6,092,177	6,092,177	23,869,709
Debt service	2,581,317	2,581,317	617,047	617,047	1,964,270
Contingency	170,000	170,000	-	-	170,000
Total expenditures	32,713,203	32,713,203	6,709,224	6,709,224	26,003,979
Excess (Deficiency) of revenues over (under) expenditures	(18,479,803)	(18,479,803)	580,491	580,491	(32,947,664)
Other financing sources (uses):					
Loan proceeds	14,990,125	14,990,125	542,455	542,455	(14,447,670)
Transfer Out	(500,000)	(500,000)	(250,000)	(250,000)	(250,000)
Total other financing sources (uses)	14,490,125	14,490,125	292,455	292,455	(14,697,670)
Net change in fund balance	(3,989,678)	(3,989,678)	872,946	872,946	4,862,624
Fund balance, July 1, 2015	6,061,702	6,061,702	5,208,591	5,208,591	(853,111)
Fund balance, June 30, 2016	\$ 2,072,024	\$ 2,072,024	\$ 6,081,537	\$ 6,081,537	\$ 4,009,513
Reconciliation to Net Position:					
Deferred Outflow			\$ 270,232		
Capital assets, net			21,506,857		
Compensated absences			(84,077)		
OPEB implicit rate liability			(149,966)		
Net Pension liability			(1,032,133)		
Deferred Inflow			(239,787)		
Accrued interest			(24,432)		
GO bonds payable			(3,741,010)		
Revenue bonds payable			(4,498,269)		
			5		
			\$ 18,088,957		

2016 supplementary information

CITY OF ASHLAND, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL
WASTEWATER FUND

For the year ended June 30, 2016

	BN 2015-2017		First Year Actual FY 2015-16	Total Actual for budget period	Variance with Final Budget Positive (Negative)
	Biennium Budget Amounts Original	Final			
Revenues:					
Taxes	\$ 4,264,260	\$ 4,264,260	\$ 2,259,785	\$ 2,259,785	\$ (2,004,475)
Charges for services	10,787,000	10,787,000	5,093,609	5,093,609	(5,693,391)
System developments charges	130,000	130,000	107,655	107,655	(22,345)
Interest on investments	30,000	30,000	34,765	34,765	4,765
Miscellaneous	-	-	1,619	1,619	1,619
Total revenues	15,211,260	15,211,260	7,497,433	7,497,433	(7,713,827)
Expenditures:					
Cost of services:					
Public works wastewater collection	5,349,514	5,349,514	1,936,069	1,936,069	3,413,445
Public works wastewater treatment	10,183,710	10,183,710	2,501,279	2,501,279	7,682,431
Public works reimbursement SDC's	3,691,644	3,691,644	13,039	13,039	3,678,605
Public works improvements SDC's	-	-	-	-	-
Total cost of service	19,224,868	19,224,868	4,450,387	4,450,387	14,774,481
Debt service	3,384,757	3,384,757	1,696,374	1,696,374	1,688,383
Contingency	192,000	192,000	-	-	192,000
Total expenditures	22,801,625	22,801,625	6,146,761	6,146,761	16,654,864
Excess (deficiency) of revenues over (under) expenditures	(7,590,365)	(7,590,365)	1,350,672	1,350,672	8,941,037
Other financing sources (uses):					
Loan proceeds	5,318,700	5,318,700	53,424	53,424	(5,265,276)
Total other financing sources (uses)	5,318,700	5,318,700	53,424	53,424	(5,265,276)
Net change in fund balance	(2,271,665)	(2,271,665)	1,404,096	1,404,096	3,675,761
Fund balance, July 1, 2015	4,464,697	4,464,697	5,095,342	5,095,342	630,645
Fund balance, June 30, 2016	\$ 2,193,032	\$ 2,193,032	\$ 6,499,438	\$ 6,499,438	\$ 4,306,406
Reconciliation to Net Position:					
Deferred Outflow			\$ 158,147		
Capital assets, net			34,336,292		
Compensated absences			(62,546)		
OPEB implicit rate liability			(95,950)		
Net Pension liability			(604,032)		
Deferred Inflow			(140,330)		
Accrued interest			(58,706)		
GO bonds payable			(9,036,861)		
Revenue bonds payable			(1,812,747)		
Rounding			4		
			\$ 29,182,709		

2016 supplementary information

CITY OF ASHLAND, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL
ELECTRIC FUND
For the year ended June 30, 2016

	BN 2015-2017		First Year Actual FY 2015-16	Total Actual for budget period	Variance with Final Budget - Positive (Negative)
	Biennium Budget Amounts				
	Original	Final			
Revenues:					
Intergovernmental	\$ 323,000	\$ 323,000	\$ 395,149	\$ 395,149	\$ 72,149
Charges for services	29,993,044	29,993,044	14,600,751	14,600,751	(15,392,293)
Interest on investments	14,715	14,715	8,338	8,338	(6,377)
Miscellaneous	322,974	322,974	99,394	99,394	(223,580)
Total revenues	30,653,733	30,653,733	15,103,632	15,103,632	(15,550,101)
Expenditures:					
Cost of Services:					
Administration - Conservation	1,420,030	1,420,030	747,689	747,689	672,341
Electric - supply	13,751,887	13,751,887	6,847,528	6,847,528	6,904,359
Electric distribution	14,041,211	14,041,211	6,467,679	6,467,679	7,573,532
Electric transmission	2,225,945	2,225,945	909,289	909,289	1,316,656
Total cost of service	31,439,073	31,439,073	14,972,185	14,972,185	16,466,888
Debt service	46,688	46,688	23,478	23,478	23,210
Contingency	279,000	279,000	-	-	279,000
Total expenditures	31,764,761	31,764,761	14,995,663	14,995,663	16,769,098
Net change in fund balance	(1,111,028)	(1,111,028)	107,969	107,969	1,218,997
Fund balance, July 1, 2015	1,479,265	1,479,265	1,755,162	1,755,162	275,897
Fund balance, June 30, 2016	\$ 368,237	\$ 368,237	\$ 1,863,131	\$ 1,863,131	\$ 1,494,894
Reconciliation to Net Position:					
Deferred Outflow			\$ 298,637		
Capital assets, net			6,918,526		
Compensated absences			(110,451)		
OPEB implicit rate liability			(170,599)		
Net Pension liability			(1,140,624)		
Deferred Inflow			(264,991)		
Accrued interest			(67)		
Revenue bonds payable			(130,286)		
Deferred revenue			123,776		
Rounding			1		
			\$ 7,387,053		

2016 supplementary information

**CITY OF ASHLAND, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL
TELECOMMUNICATIONS FUND
For the year ended June 30, 2016**

	BN 2015-2017		First Year Actual FY 2015-16	Total Actual for budget period	Variance with Final Budget Positive (Negative)
	Biennium Budget Amounts				
	Original	Final			
Revenues:					
Charges for services	\$ 4,363,565	\$ 4,363,565	\$ 2,010,444	\$ 2,010,444	\$ (2,353,121)
Interest on investments	1,943	1,943	1,344	1,344	(599)
Miscellaneous	-	-	696	696	696
Total revenues	<u>4,365,508</u>	<u>4,365,508</u>	<u>2,012,484</u>	<u>2,012,484</u>	<u>(2,353,024)</u>
Expenditures:					
Cost of services:					
Personal services	1,343,230	1,343,230	643,746	643,746	699,484
Materials and services	2,846,504	2,846,504	1,283,499	1,283,499	1,563,005
Capital outlay	250,000	250,000	190,204	190,204	59,796
Total cost of service	4,439,734	4,439,734	2,117,449	2,117,449	2,322,285
Contingency	250,000	250,000			250,000
Total expenditures	<u>4,689,734</u>	<u>4,689,734</u>	<u>2,117,449</u>	<u>2,117,449</u>	<u>2,572,285</u>
Excess (deficiency) of revenues over (under) expenditures	(324,226)	(324,226)	(104,965)	(104,965)	219,261
Other financing sources (uses):					
Interfund Loan	400,000	400,000	165,544	165,544	(234,456)
Total other financing sources (uses)	<u>400,000</u>	<u>400,000</u>	<u>165,544</u>	<u>165,544</u>	<u>(234,456)</u>
Net change in fund balance	75,774	75,774	60,579	60,579	(15,195)
Fund balance, July 1, 2015	<u>251,528</u>	<u>251,528</u>	<u>305,058</u>	<u>305,058</u>	<u>53,530</u>
Fund balance, June 30, 2016	<u>\$ 327,302</u>	<u>\$ 327,302</u>	<u>\$ 365,637</u>	<u>\$ 365,637</u>	<u>\$ 38,335</u>
Reconciliation to net position:					
Deferred Outflow			\$ 88,286		
Capital assets, net			622,941		
Amortized start up costs			178,703		
Compensated absences			(28,049)		
OPEB implicit rate liability			(53,836)		
Net pension liability			(337,203)		
Deferred Inflow			(78,339)		
Interfund Loan			(165,544)		
			<u>\$ 592,596</u>		

2016 supplementary information

**CITY OF ASHLAND, OREGON
CONSOLIDATING BALANCE SHEET
INTERNAL SERVICE FUNDS
For the year ended June 30, 2016**

	Central Services Fund	Insurance Services Fund	Health Benefits Fund	Equipment Fund	Totals
ASSETS					
Current assets:					
Cash and investments	\$ 941,003	\$ 1,487,403	\$ 771,669	\$ 3,240,964	\$ 6,441,039
Interest and accounts receivable, net	12,433	1,385	27,406	4,446	45,670
Notes receivable		30,552			30,552
Interfund loan				-	-
Inventories	44,900	2,623	-	17,487	65,010
Total current assets	998,336	1,521,963	799,075	3,262,897	6,582,271
Non-Current assets:					
Non-Current capital assets	780,440	-	-	11,898,595	12,679,035
Accumulated depreciation	(539,945)	-	-	(9,243,734)	(9,783,679)
Capital assets, net	240,495	-	-	2,654,861	2,895,356
Total Assets	1,238,831	1,521,963	799,075	5,917,758	9,477,627
Deferred Outflows of Resources:					
Deferred Outflows	750,048			76,771	826,819
LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY					
Current liabilities:					
Accounts payable	223,261	18,031	176,634	109,056	526,982
Accrued salaries, vacation and payroll taxes	811,725	3,562		75,431	890,718
Other liabilities			525,000	-	525,000
Proportionate Share of Net Pension Liability	2,864,755			293,220	3,157,975
Accrued claims and adjustments	-	2,380,972	481,677	-	2,862,649
Total current liabilities	3,899,741	2,402,565	1,183,311	477,707	7,963,324
Deferred Inflows of Resources:					
Deferred inflows - pensions	665,544			68,121	733,665
Net Position:					
Net Investment in Capital Assets	240,495	-	-	2,654,861	2,895,356
Unreserved	(2,816,901)	(880,602)	(384,236)	2,793,840	(1,287,899)
Total net position:	(2,576,406)	(880,602)	(384,236)	5,448,701	1,607,457
Total liabilities, deferred inflows and net position	\$ 1,988,879	\$ 1,521,963	\$ 799,075	\$ 5,994,529	\$ 10,304,446

2016 supplementary information

**CITY OF ASHLAND, OREGON
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the year ended June 30, 2016**

	Central Service Fund	Insurance Service Fund	Health Benefits Fund	Equipment Fund	Totals
Operating revenues:					
Service charges and fees	\$ 6,567,583	\$ 735,580	\$ 4,848,409	\$ 2,116,517	\$ 14,268,089
Miscellaneous	127,957	37,961	12,886	11,337	190,141
Total revenues	6,695,540	773,541	4,861,295	2,127,854	14,458,230
Operating expenses:					
Cost of service	9,637,201	1,024,488	5,073,134	1,758,045	17,492,868
Depreciation	68,831	-	-	656,233	725,064
Total operating expenses	9,706,032	1,024,488	5,073,134	2,414,278	18,217,932
Operating income (loss)	(3,010,492)	(250,947)	(211,839)	(286,424)	(3,759,702)
Nonoperating income (expense):					
Taxes	85,523	-	-	-	85,523
Interest income	8,483	7,884	3,877	19,477	39,721
Gain/(loss) on disposal of assets					-
Transfers In	417,000	(517,000)	-	-	(100,000)
Total nonoperating income (expense)	511,006	(509,116)	3,877	19,477	25,244
Change in Net Position	(2,499,486)	(760,063)	(207,962)	(266,947)	(3,734,458)
Total Net Position - beginning	(76,920)	(120,539)	(176,274)	5,715,648	5,341,915
Total Net Position - ending	\$ (2,576,406)	\$ (880,602)	\$ (384,236)	\$ 5,448,701	\$ 1,607,457

2016 supplementary information

**CITY OF ASHLAND, OREGON
COMBINING INTERNAL SERVICE FUND
STATEMENT OF CASH FLOWS
for the year ended June 30, 2016**

	Central Service Fund	Insurance Service Fund	Health Benefits Fund	Equipment Fund	Total
Cash flows from operating activities:					
Receipts from customers and users	\$ 6,695,670	\$ 808,056	\$ 4,851,952	\$ 2,143,522	\$ 14,499,200
Payments to suppliers	(2,048,896)	(734,610)	(5,072,130)	(957,444)	(8,813,080)
Payments to employees	(5,229,792)	(98,329)	-	(480,912)	(5,809,033)
Net cash from operating activities	<u>(583,018)</u>	<u>(24,883)</u>	<u>(220,178)</u>	<u>705,166</u>	<u>(122,913)</u>
Cash flows from noncapital financing activities:					
Transfer Out		(517,000)			(517,000)
Transfers in	417,000	-		-	417,000
Taxes collected	85,523	-	-	-	85,523
Net cash from noncapital financing activities	<u>502,523</u>	<u>(517,000)</u>	<u>-</u>	<u>-</u>	<u>(14,477)</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(162,737)	-	-	(428,754)	(591,491)
Net cash from capital and related financing activities	<u>(162,737)</u>	<u>-</u>	<u>-</u>	<u>(428,754)</u>	<u>(591,491)</u>
Cash flows from investing activities:					
Interest from investments and other income	8,483	7,884	3,877	19,477	39,721
Net increase (decrease) in cash and investments	<u>(234,749)</u>	<u>(533,999)</u>	<u>(216,301)</u>	<u>295,889</u>	<u>(689,160)</u>
Cash and investments, beginning of year	<u>1,175,752</u>	<u>2,021,402</u>	<u>987,970</u>	<u>2,945,075</u>	<u>7,130,199</u>
Cash and investments, end of year	<u>941,003</u>	<u>1,487,403</u>	<u>771,669</u>	<u>3,240,964</u>	<u>6,441,039</u>
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	(3,010,492)	(250,947)	(211,839)	(286,424)	(3,759,702)
Depreciation and amortization	68,831	-	-	656,234	725,065
Change in assets and liabilities:					
(Increase) decrease in:					
Receivables	130	34,515	(9,343)	15,668	40,970
Net Pension Assets, Outflows/Inflows	2,257,282			231,042	2,488,324
Inventories	(8,294)	66,561	44,651	19,583	122,501
Deferred charges					
Increase (decrease) in:					
Accounts payable and accrued liabilities	38,154	(27,134)	39,055	57,002	107,077
Other liabilities	71,371	152,122	(82,702)	12,061	152,852
Net cash from operating activities	<u>\$ (583,018)</u>	<u>\$ (24,883)</u>	<u>\$ (220,178)</u>	<u>\$ 705,166</u>	<u>\$ (122,913)</u>

2016 supplementary information

CITY OF ASHLAND, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL
CENTRAL SERVICES FUND
For the year ended June 30, 2016

	BN 2015-2017		First Year Actual FY 2015-16	Total Actual for budget period	Variance with Final Budget Positive (Negative)
	Biennium Budget Amounts				
	Original	Final			
Revenues:					
Taxes	\$ 148,800	\$ 148,800	\$ 85,523	\$ 85,523	\$ (63,277)
Intergovernmental revenues	-	-	-	-	-
Charges for services	13,640,765	13,640,765	6,567,583	6,567,583	(7,073,182)
Interest on investments	10,000	10,000	8,483	8,483	(1,517)
Miscellaneous	250,000	250,000	127,957	127,957	(122,043)
Total revenues	14,049,565	14,049,565	6,789,546	6,789,546	(7,260,019)
Expenditures:					
Cost of services:					
Administration department	3,314,520	3,314,520	1,652,395	1,652,395	1,662,125
IT - Information Services	2,907,638	2,907,638	1,372,561	1,372,561	1,535,077
Administrative Services department	4,292,097	4,867,097	2,405,788	2,405,788	2,461,309
City Recorder department	912,590	912,590	498,254	498,254	414,336
Public Works department	3,621,822	3,621,822	1,598,269	1,598,269	2,023,553
Contingency	125,000	125,000	-	-	125,000
Total expenditures	15,173,667	15,748,667	7,527,267	7,527,267	8,221,400
Other financing sources (uses):					
Transfer In	417,000	417,000	417,000	417,000	-
Interfund loan	-	400,000	-	-	(400,000)
Total other financing sources (uses)	417,000	817,000	417,000	417,000	(400,000)
Net change in fund balance	(707,102)	(882,102)	(320,721)	(320,721)	561,381
Fund Balance, July 1, 2015	723,651	898,651	900,609	900,609	1,958
Fund Balance, June 30, 2016	\$ 16,549	\$ 16,549	\$ 579,888	\$ 579,888	\$ 563,339
Reconciliation to Net Position:					
Deferred Outflow			\$ 750,048		
Capital assets, net			240,495		
Accrued compensated absences			(213,288)		
OPEB implicit rate liability			(403,251)		
Net Pension liability			(2,864,755)		
Deferred Inflow			(665,544)		
Rounding			1		
			<u>\$ (2,576,406)</u>		

2016 supplementary information

**CITY OF ASHLAND, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL
INSURANCE SERVICES FUND
For the year ended June 30, 2016**

	BN 2015-2017		First Year Actual FY 2015-16	Total Actual for budget period	Variance with Final Budget Positive (Negative)
	Original	Final			
Revenues:					
Charges for services	\$ 1,560,000	\$ 1,560,000	\$ 735,580	\$ 735,580	\$ (824,420)
Interest on investments	13,000	13,000	7,884	7,884	(5,116)
Miscellaneous	80,000	80,000	37,961	37,961	(42,039)
Total revenues	<u>1,653,000</u>	<u>1,653,000</u>	<u>781,425</u>	<u>781,425</u>	<u>(871,575)</u>
Expenditures:					
Cost of services:					
Personal services	204,960	204,960	98,329	98,329	106,631
Materials and services	1,814,790	1,814,790	771,422	771,422	1,043,368
Total cost of services	2,019,750	2,019,750	869,751	869,751	1,149,999
Contingency	390,000	390,000	-	-	390,000
Total expenditures	<u>2,409,750</u>	<u>2,409,750</u>	<u>869,751</u>	<u>869,751</u>	<u>1,539,999</u>
Other financing sources (uses):					
Transfer In	-	-	-	-	-
Transfer out	1,069,500	1,069,500	(517,000)	(517,000)	1,586,500
Total other financing sources (uses)	<u>1,069,500</u>	<u>1,069,500</u>	<u>(517,000)</u>	<u>(517,000)</u>	<u>1,586,500</u>
Net change in fund balance	(1,826,250)	(1,826,250)	(605,326)	428,674	2,254,924
Fund balance, July 1, 2015	<u>1,962,888</u>	<u>1,962,888</u>	<u>1,766,283</u>	<u>1,766,283</u>	<u>(196,605)</u>
Fund balance, June 30, 2016	<u>\$ 136,638</u>	<u>\$ 136,638</u>	<u>\$ 1,160,957</u>	<u>\$ 2,194,957</u>	<u>\$ 2,058,319</u>
Reconciliation to net position:					
Accrued claims and judgments			\$ (2,041,559)		
			<u>\$ (880,602)</u>		

2016 supplementary information

**CITY OF ASHLAND, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL
HEALTH BENEFITS FUND
For the year ended June 30, 2016**

	BN 2015-2017		First Year Actual FY 2015-16	Total Actual for budget period	Variance with Final Budget Positive (Negative)
	Biennium Budget Amounts				
	Original	Final			
Revenues:					
Charges for services	\$ 9,730,000	\$ 9,730,000	\$ 4,848,409	\$ 4,848,409	\$ (4,881,591)
Interest on investments	10,000	10,000	3,877	3,877	(6,123)
Miscellaneous		-	12,886	12,886	12,886
Total revenues	<u>9,740,000</u>	<u>9,740,000</u>	<u>4,865,172</u>	<u>4,865,172</u>	<u>(4,874,828)</u>
Expenditures:					
Cost of services:					
Materials and services	9,580,000	9,580,000	5,073,134	5,073,134	4,506,866
Total cost of services	9,580,000	9,580,000	5,073,134	5,073,134	4,506,866
Contingency	500,000	500,000			500,000
Total expenditures	<u>10,080,000</u>	<u>10,080,000</u>	<u>5,073,134</u>	<u>5,073,134</u>	<u>5,006,866</u>
Other financing sources (uses):					
Interfund loan	450,000	450,000	200,000	200,000	250,000
Transfer In	500,000	500,000	-	-	500,000
Interfund loan	(650,000)	(650,000)	(325,000)	(325,000)	325,000
Total other financing sources (uses)	<u>300,000</u>	<u>300,000</u>	<u>(125,000)</u>	<u>(125,000)</u>	<u>1,075,000</u>
Net change in fund balance	(40,000)	(40,000)	(332,962)	(332,962)	1,207,038
Fund balance, July 1, 2015	<u>73,370</u>	<u>73,370</u>	<u>473,726</u>	<u>473,726</u>	<u>400,356</u>
Fund balance, June 30, 2016	<u>\$ 33,370</u>	<u>\$ 33,370</u>	<u>\$ 140,764</u>	<u>\$ 140,764</u>	<u>\$ 1,607,394</u>
Reconciliation to GAAP:					
Interfund Loan			(525,000)		
Accrued claims and judgments					
			<u>\$ (384,236)</u>		

2016 supplementary information

CITY OF ASHLAND, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL
EQUIPMENT FUND

For the year ended June 30, 2016

	BN 2015-2017		First Year Actual FY 2015-16	Total Actual for budget period	Variance with Final Budget Positive (Negative)
	Biennium Budget Amounts				
	Original	Final			
Revenues:					
Charges for services	\$ 4,098,460.00	\$ 4,538,460	\$ 2,116,517	\$ 2,116,517	\$ (2,421,943)
Interest on investments	35,000	35,000	19,477	19,477	(15,523)
Miscellaneous	170,000	170,000	11,337	11,337	(158,663)
Total revenues	4,303,460	4,743,460	2,147,331	2,147,331	(2,596,129)
Expenditures:					
Cost of services:					
Public works maintenance	2,521,860	2,961,860	1,305,026	1,305,026	1,656,834
Total cost of service	2,521,860	2,961,860	1,305,026	1,305,026	1,656,834
Capital outlay	1,330,500	1,330,500	644,818	644,818	685,682
Contingency	70,000	70,000			70,000
Total expenditures	3,922,360	4,362,360	1,949,844	1,949,844	2,412,516
Excess (deficiency) of revenues over (under) expenditures	381,100	381,100	197,487	197,487	183,613
Other financing sources (uses):					
Interfund loan	106,000	106,000			(106,000)
Interfund loan	(565,200)	(965,200)			(965,200)
Total other financing sources (uses)	(459,200)	(859,200)	-	-	(1,071,200)
Net change in fund balance	(78,100)	(478,100)	197,487	197,487	(1,254,813)
Fund balance, July 1, 2015	2,046,794	2,446,794	2,937,106	2,937,106	490,312
Fund balance, June 30, 2016	\$ 1,968,694	\$ 1,968,694	\$ 3,134,593	\$ 3,134,593	\$ (764,501)
Reconciliation to Net Position:					
Deferred Outflow			\$ 76,771		
Capital assets, net			2,654,862		
Accrued compensated absences			(20,454)		
OPEB implicit rate liability			(35,730)		
Net Pension liability			(293,220)		
Deferred Inflow			(68,121)		
			<u>\$ 5,448,701</u>		

2016 supplementary information

**CITY OF ASHLAND, OREGON
CAPITAL ASSETS USED
IN THE OPERATION OF GOVERNMENTAL FUNDS
BY SOURCE
For the year ended June 30, 2016**

Governmental funds capital assets:	
Land	\$ 12,367,578
Buildings and improvements	35,657,855
Improvements other than buildings	55,301,209
Machinery and equipment	6,456,194
Construction in progress	1,767,233
Total capital assets	111,550,069
Investments in governmental funds capital assets by source:	
General and capital projects funds	54,844,934
Special revenue funds	42,140,388
Leased to other agencies	14,564,747
Total investments in governmental funds capital assets	\$ 111,550,069

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*.

2016 supplementary information

**CITY OF ASHLAND, OREGON
SCHEDULE OF ASSETS USED
IN THE OPERATION OF GOVERNMENTAL FUNDS
BY FUNCTION AND ACTIVITY
For the year ended June 30, 2016**

Function and Activity	Land	Buildings	Machinery and Equipment	Improvements other than Buildings	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	145,916	435,335	48,692	2,112,025
Leased to other agencies	253,000	8,744,018	1,609,780	3,957,949	-	14,564,747
Other - unclassified	2,660,200	2,809,244	553,922	1,317,784		7,341,150
Total general government	4,358,635	13,696,091	2,687,756	5,711,068	48,692	26,502,242
Public safety:						
Police	80,000	614,700	520,085	1,515,652	-	2,730,437
Fire	998,400	6,094,861	343,777	300,000		7,737,038
Total public safety	1,078,400	6,709,561	863,862	1,815,652	-	10,467,475
Highway and streets:						
Public thoroughfares	589,276	630,075	628,530	40,703,601	355,957	42,907,439
Total highways and streets	589,276	630,075	628,530	40,703,601	355,957	42,907,439
Airports	176,566	1,029,780	-	4,173,243	578,044	5,957,633
Culture and recreation	6,164,701	13,592,348	2,276,046	2,897,645	784,540	25,715,280
Total governmental funds capital assets	\$ 12,367,578	\$ 35,657,855	\$ 6,456,194	\$ 55,301,209	\$ 1,767,233	\$ 111,550,069

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*.

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2016 supplementary information

**CITY OF ASHLAND, OREGON
SCHEDULE OF BOND PRINCIPAL
AND BOND INTEREST TRANSACTIONS
For the year ended June 30, 2016**

	Original Issue	Bond Principal Transactions	
		Outstanding June 30, 2015	Issued
<u>General Obligation Bonds</u>			
**Re-funding Bonds, issued December 1, 2005 interest variable	2,560,000	1,190,000	-
Water and Wastewater, Series 2009, issued May 15, 2009 interest at 4.95%	1,000,000	684,962	-
Wastewater, issued October 13, 2010 interest at 2.00% to 4.00%	15,440,000	9,620,000	-
**Fire Station #2, issued November 1, 2011 interest at 2.00% to 4.00%	2,960,000	2,455,000	-
**Ashland Fiber Network Bonds, (Refinanced 2004) issued March 7, 2013 interest at 2.00% to 2.80%	11,675,000	11,205,000	-
Water debt (Refinanced 2003), issued March 7, 2013 interest at 2.00%	1,580,000	1,400,000	-
New Construction for Street, CIP, Water and Wastewater, issued March 7, 2013 interest at 2.00% to 2.50%	4,765,000	4,210,000	-
<u>Revenue Bonds</u>			
Electric, Series 2008, issued June 20, 2008 interest at 3.8% to 6.01%	304,000	152,000	-
Water, DEQ loan interest at 1.00%	979,630	1,724,546	542,455
Wastewater, DEQ Loan interest at 1.00%	1,645,280	1,759,323	53,424
Medford Water Commission - Duff Treatment Plant - Issued 3/26/2014 interest at 3.42%	-	2,316,522	-
	\$ 42,908,910	\$ 36,717,353	\$ 595,879

** Paid by Property Taxes

2016 supplementary information

**CITY OF ASHLAND, OREGON
SCHEDULE OF BOND PRINCIPAL
AND BOND INTEREST TRANSACTIONS
For the year ended June 30, 2016 (continued)**

Bond Principal Transactions			Interest Transactions			
Matured	Paid	Outstanding June 30, 2016	Outstanding June 30, 2015	Matured	Paid	Outstanding June 30, 2016
\$ 215,000	\$ 215,000	\$ 975,000	\$ -	\$ 59,500	\$ 59,500	\$ -
62,090	62,090	622,872	-	33,147	33,147	-
1,250,000	1,250,000	8,370,000	-	372,300	372,300	-
120,000	120,000	2,335,000	-	80,788	80,788	-
1,010,000	1,010,000	10,195,000	-	240,310	240,310	-
165,000	165,000	1,235,000	-	26,350	26,350	-
285,000	285,000	3,925,000	-	85,875	85,875	-
21,714	21,714	130,286	-	1,764	1,764	-
-	-	2,267,001	-	-	-	-
-	-	1,812,747	-	-	-	-
85,253	85,253	2,231,268	-	78,502	78,502	-
\$ 3,214,058	\$ 3,214,058	\$ 34,099,173	\$ -	\$ 978,536	\$ 978,536	\$ -

2016 supplementary information

CITY OF ASHLAND, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
COLLECTED AND UNCOLLECTED
FOR THE CITY
For the year ended June 30, 2016

	Taxes Uncollected July 1, 2015	Add Levy Extended by Assessor	Add (Deduct) Discounts Interest Cancellations Adjustments	Deduct Interest and Tax Collections	Taxes Uncollected June 30, 2016
2015-16	\$ -	\$ 10,782,252	\$ (290,138)	\$ 10,205,957	\$ 286,157
2014-15	358,916		(46,782)	145,901	166,233
2013-14	175,635	-	(900)	62,207	112,528
2012-13	112,988	-	3,289	57,336	58,941
2011-12	68,867	-	(7,660)	23,616	37,591
Prior years	52,479	-	(2,627)	13,261	36,588
	<u>\$ 768,885</u>	<u>\$ 10,782,252</u>	<u>\$ (344,818)</u>	<u>\$ 10,508,278</u>	<u>\$ 698,038</u>

	Collections to June 30, 2016	Taxes Uncollected June 30, 2016
Taxes receivable and tax collections classified by fund:		
Primary government:		
General Fund	\$ 10,001,411	\$ 663,136
Debt Service Fund	506,865	34,902
Enterprise Funds:		
Water Fund	2	
	<u>\$ 10,508,278</u>	<u>\$ 698,038</u>

2016 supplementary information

**CITY OF ASHLAND, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
AND BALANCES OF TAXES UNCOLLECTED
FOR THE CITY
for the year ended June 30, 2016**

Reconciliation of tax collections by fund to tax revenues on the Generally Accepted Accounting Principles

	Collections	Other Taxes	Tax Revenues GAAP Basis
Primary government:			
General Fund	\$ 10,001,411	\$ 9,341,794	\$ 19,343,205
Special Revenue Funds:			
Street Fund	-	58,782	58,782
Debt Service Funds:			
Debt Service Fund	506,865	-	506,865
Capital Projects Fund:			
Capital Improvement Fund	-	564,947	564,947
Enterprise Funds:			
Water Fund	2	-	2
Wastewater Fund	-	2,259,785	2,259,785
	<u>\$ 10,508,278</u>	<u>\$ 12,225,308</u>	<u>\$ 22,733,586</u>

2016 supplementary information

**CITY OF ASHLAND, OREGON
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND BALANCES
ELECTED OFFICIALS
For the year ended June 30, 2016**

	Cash Balance July 1, 2015	Receipts	Turnovers to			Cash Balance June 30, 2016
			Treasurer	State	Other	
City Recorder/Treasurer	\$ 31,562,210	\$ 217,074,400	\$ -	\$ -	\$ 213,390,736	\$ 35,245,874
Judge	-	236,590	161,807	74,783	-	-
	<u>\$ 31,562,210</u>	<u>\$ 217,310,990</u>	<u>\$ 161,807</u>	<u>\$ 74,783</u>	<u>\$ 213,390,736</u>	<u>\$ 35,245,874</u>

STATISTICAL SECTION

Total Reporting Entity (Unaudited)



**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.

Financial Trends	Page
These tables contain trend information that may assist the reader in assessing the City's current financial performance by placing it in historical perspective.	112-125
Revenue Capacity	
These tables contain information that may assist the reader in assessing the viability of the City's revenue sources.	126-135
Debt Capacity	
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.	136-145
Economic and Demographic Information	
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.	146-147
Operating Information	
These tables contain service and infrastructure indicators that can help the reader understand how the information in the City's financial statements relate to the services the City provides and the activities it performs.	148-155

2016 statistical section

CITY OF ASHLAND, OREGON
STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
Last ten years
For the year ended June 30

ASSETS	2016	2015	2014	2013
Assets:				
Cash and cash equivalents	\$ 21,839,880	\$ 20,251,175	\$ 19,534,572	\$ 17,585,953
Receivables (net of allowance for uncollectibles)	3,338,266	4,167,775	3,471,767	3,688,713
Inventories	65,010	187,511	73,094	74,943
Internal balances	(113,519)	(1,945,133)	(1,392,782)	(1,122,695)
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	943,355	855,545	1,149,616	1,140,881
Proportional Share of Net Pension Asset:	-	4,350,234	-	-
Capital assets:				
Land	12,466,348	12,466,348	12,466,348	12,466,348
Buildings and improvements	35,982,031	35,850,207	35,739,298	22,389,683
Machinery and equipment	18,115,158	17,116,629	16,653,654	13,169,274
Infrastructure	55,745,615	54,917,223	53,668,418	49,724,924
Construction in progress	1,390,232	1,614,351	1,620,133	3,541,161
Accumulated depreciation	(65,662,055)	(61,946,174)	(58,028,592)	(48,437,198)
Total assets	\$ 84,110,321	\$ 87,885,691	\$ 84,955,526	\$ 74,221,987
Deferred Outflows of Resources:				
Deferred outflows - pensions	3,088,480			
Liabilities:				
Accounts payable and other current liabilities	\$ 6,921,351	\$ 7,163,036	\$ 7,116,594	\$ 5,271,651
Accrued interest payable	121,564	130,429	155,091	130,897
Noncurrent liabilities:				
Proportional share of net pension assets	11,796,223			
OPEB Net Pension Obligations	1,276,128			
Claims and judgment - Due within one year	17,247	122,107		
Bonds: Due within one year	730,000	793,836	1,555,932	1,452,982
Bonds: Due in more than one year	15,401,707	16,009,707	16,925,776	18,337,270
Total liabilities	36,264,220	24,219,115	25,753,393	25,192,800
Deferred Inflows of Resources:				
Deferred inflows - pensions	2,740,515			
Net position:				
Invested in capital assets, net of related debt	41,905,622	43,215,041	43,637,551	33,063,940
Restricted for:				
Asset forfeiture	25,784	29,678	28,897	14,579
TOT tourism	129,763	99,108	116,131	
Library Levy	-	56,587	142,497	
System development	3,226,398	3,036,906	2,924,188	2,835,567
Debt service	1,028,912	861,561	794,695	785,823
CDBG restriction	33,804	33,797	33,801	33,801
Perpetual care: nonexpendable	895,931	922,667	896,572	874,045
Unrestricted	947,852	8,907,564	10,627,801	11,421,432
Total net position	\$ 48,194,066	\$ 57,162,909	\$ 59,202,133	\$ 49,029,187

2016 statistical section

**CITY OF ASHLAND, OREGON
STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES**

**Last ten years
For the year ended June 30 (continued)**

2012	2011	2010	2009	2008	2007
\$ 18,062,202	\$ 12,769,637	\$ 11,832,259	\$ 9,453,086	\$ 9,845,351	\$ 10,922,900
3,462,383	4,085,185	2,647,744	2,668,694	2,444,054	2,530,776
61,605	54,579	32,325	36,193	59,984	36,173
(690,129)	(354,295)	(534,894)	(640,731)	(1,304,641)	(1,587,111)
976,265	802,870	755,885	1,066,850	1,240,543	542,190
-	-	-	-	-	-
12,261,807	12,400,610	12,400,610	12,400,610	9,829,360	9,829,360
19,563,238	19,563,238	19,563,238	19,563,238	19,563,238	19,563,238
12,890,582	13,487,439	13,278,430	13,130,505	14,380,378	13,183,769
48,193,897	44,589,519	44,299,409	43,579,697	42,249,665	42,121,600
2,692,359	3,510,539	484,590	340,422	673,643	143,017
(46,093,174)	(44,589,333)	(42,260,637)	(39,728,339)	(38,631,224)	(35,789,232)
<u>\$ 71,381,035</u>	<u>\$ 66,319,988</u>	<u>\$ 62,498,959</u>	<u>\$ 61,870,225</u>	<u>\$ 60,350,351</u>	<u>\$ 61,496,680</u>
\$ 4,811,345	\$ 5,715,843	\$ 3,190,369	\$ 3,153,914	\$ 2,672,369	\$ 2,683,604
382,895	393,592	417,042	430,105	449,038	396,208
1,127,229	1,067,338	1,276,871	1,183,044	1,327,360	925,973
17,779,689	15,781,372	17,330,191	18,316,590	19,263,447	20,341,095
<u>24,101,158</u>	<u>22,958,145</u>	<u>22,214,473</u>	<u>23,083,653</u>	<u>23,712,214</u>	<u>24,346,880</u>
30,601,791	32,113,302	29,449,210	29,786,499	27,577,843	27,969,339
224,361	187,864	129,510	140,974	236,514	329,180
102,786	105,063	-	-	-	-
2,763,714	2,345,201	2,469,667	2,363,441	2,146,609	1,930,458
982,650		762,199	1,072,785	1,246,509	479,262
33,798	34,424	-	-	-	-
861,244	831,603	807,797	788,753	771,948	749,918
11,709,533	7,744,386	6,666,013	4,634,120	4,658,714	5,691,643
<u>\$ 47,279,877</u>	<u>\$ 43,361,843</u>	<u>\$ 40,284,396</u>	<u>\$ 38,786,572</u>	<u>\$ 36,638,137</u>	<u>\$ 37,149,800</u>

2016 statistical section

**CITY OF ASHLAND, OREGON
STATEMENT OF NET POSITION
BUSINESS TYPE ACTIVITIES
Last ten years
For the year ended June 30**

ASSETS	2016	2015	2014	2013
Assets:				
Cash and cash equivalents	\$ 12,462,639	\$ 10,455,490	\$ 10,760,319	\$ 9,732,516
Receivables (net of allowance for uncollectibles)	3,537,442	2,780,841	3,493,316	5,255,513
Inventories	1,116,114	1,054,059	1,024,111	880,651
Deferred charges	178,703	288,672	488,135	607,054
Internal balances	113,519	1,949,133	1,392,782	1,122,695
Restricted assets:	-			
Proportional Share of Net Pension Assets	-	1,148,384	-	-
Capital assets:				
Land	1,906,925	1,906,925	1,880,637	1,880,637
Buildings and improvements	22,089,253	22,089,254	22,089,254	22,089,254
Machinery and equipment	1,289,590	1,271,975	1,169,663	1,059,798
Infrastructure	84,406,415	84,289,573	83,671,768	89,768,372
Construction in progress	7,420,192	5,788,805	3,069,144	4,033,297
Accumulated depreciation	(53,727,757)	(51,317,039)	(48,811,228)	(53,721,485)
Total assets	\$ 80,793,035	\$ 81,706,072	\$ 80,227,901	\$ 82,708,302
Deferred Outflows of Resources:				
Deferred outflows - pensions	815,302			
Liabilities:				
Accounts payable and other current liabilities	\$ 2,938,144	\$ 2,511,527	\$ 2,865,087	\$ 2,798,666
Accrued interest payable	83,205	91,720	98,772	107,357
Noncurrent liabilities:				
Proportional Share of net pension assets	3,113,992			
Claims and judgment - Due within one year	-			
Bonds: Due within one year	2,976,477	1,769,057	1,885,841	1,843,020
Bonds: Due in more than one year	16,242,695	18,623,294	17,216,872	16,477,803
Total liabilities	25,354,513	22,995,598	22,066,572	21,226,846
Deferred Inflows of Resources:				
Deferred inflows - pensions	723,447			
Net position:				
Invested in capital assets, net of related debt	44,165,446	43,637,142	43,966,525	46,789,050
Restricted for:				
System development	3,859,800	3,723,378	3,786,696	3,606,339
Debt service	-	875,490	875,490	875,490
Unrestricted	7,505,131	8,757,613	9,532,618	10,210,577
Total net position	\$ 55,530,377	\$ 56,993,623	\$ 58,161,329	\$ 61,481,456

2016 statistical section

CITY OF ASHLAND, OREGON
STATEMENT OF NET POSITION
BUSINESS TYPE ACTIVITIES
Last ten years
For the year ended June 30 (continued)

2012	2011	2010	2009	2008	2007
\$ 6,155,621	\$ 6,743,304	\$ 6,959,037	\$ 6,993,295	\$ 6,437,889	\$ 9,836,733
2,545,430	2,408,196	2,307,864	2,227,713	2,190,239	2,105,403
899,374	740,438	732,821	810,073	881,530	806,047
725,973	844,892	966,228	1,098,448	1,215,668	1,340,389
690,129	354,295	534,984	640,731	1,304,641	1,587,111
-	-	-	-	-	-
1,880,637	1,880,637	1,880,637	1,880,637	1,880,638	1,880,638
22,089,254	22,089,254	22,089,254	22,089,254	21,782,187	21,782,187
894,352	1,072,204	875,928	823,580	823,581	673,607
88,885,630	87,809,652	87,809,652	84,636,277	84,636,278	81,141,248
3,453,267	3,335,467	2,538,176	4,620,579	3,981,724	5,156,412
(49,710,027)	(46,028,522)	(42,247,672)	(38,584,771)	(35,041,272)	(31,502,402)
<u>\$ 78,509,640</u>	<u>\$ 81,249,817</u>	<u>\$ 84,446,909</u>	<u>\$ 87,235,816</u>	<u>\$ 90,093,103</u>	<u>\$ 94,807,373</u>
\$ 1,407,377	\$ 1,591,542	\$ 1,769,929	\$ 1,467,227	\$ 1,571,810	\$ 1,554,049
105,621	113,296	121,211	130,104	144,127	153,639
-	-	-	-	-	-
1,610,333	1,757,774	1,735,032	1,669,770	1,595,081	1,379,209
15,210,823	16,821,156	19,654,652	21,389,683	22,056,168	23,497,674
<u>18,334,154</u>	<u>20,283,768</u>	<u>23,280,824</u>	<u>24,656,784</u>	<u>25,367,186</u>	<u>26,584,571</u>
50,671,957	51,579,762	51,556,291	52,406,103	54,411,887	54,264,807
3,621,447	3,395,974	3,646,949	3,800,824	3,838,867	4,315,088
875,490	875,490	875,490	875,490	1,751,369	-
5,006,592	5,114,823	5,087,355	5,496,615	4,723,794	9,642,907
<u>\$ 60,175,486</u>	<u>\$ 60,966,049</u>	<u>\$ 61,166,085</u>	<u>\$ 62,579,032</u>	<u>\$ 64,725,917</u>	<u>\$ 68,222,802</u>

2016 statistical section

**CITY OF ASHLAND, OREGON
CHANGES IN NET POSITION
GOVERNMENTAL ACTIVITIES
Last ten years
For the year ended June 30**

Program Revenues:	2016	2015	2014	2013
General government:				
Charges for services	\$ 1,041,323	\$ 1,777,397	\$ 2,022,814	\$ 6,054,232
Operating grants and contributions	162,143	611,864	252,742	199,701
Capital grants and contributions	-	-	-	-
Capital system development charges	-	-	-	-
Public safety:				
Charges for services	1,563,986	1,805,092	1,412,785	1,722,410
Operating grants and contributions	438,074	132,061	180,422	77,257
Capital grants and contributions	-	-	-	-
Highways and streets:				
Charges for services	2,845,870	2,248,027	2,093,705	2,090,907
Operating grants and contributions	-	25,712	-	620,913
Capital grants and contributions	-	-	-	-
Capital system development charges	-	-	-	-
Parks and Recreation :				
Charges for Services	1,153,455	1,149,154	1,578,123	-
Operating Grants and Contributions	92	320,539	-	-
Capital Grants and Contributions	-	-	-	-
Capital System Development Charges	-	-	-	-
	<u>7,204,943</u>	<u>8,069,846</u>	<u>7,540,591</u>	<u>10,765,420</u>
Program Expenses:				
General government	6,914,541	4,010,499	4,921,674	7,269,820
Public safety	19,474,413	11,271,574	14,677,285	10,352,003
Highways and streets	5,490,894	4,536,755	5,420,004	3,080,513
Parks and Recreation	8,802,091	5,452,550	5,881,480	-
Interest on long-term debt	293,944	322,330	435,790	1,618,065
	<u>40,975,883</u>	<u>25,593,708</u>	<u>31,336,233</u>	<u>22,320,401</u>
Net (Expense) Revenue:				
General government	(5,711,075)	(1,621,238)	(2,646,118)	(1,015,887)
Public safety	(17,472,353)	(9,334,421)	(13,084,078)	(8,552,336)
Highways and streets	(2,645,024)	(2,263,016)	(3,326,299)	(368,693)
Parks and Recreation	(7,648,544)	(3,982,857)	(4,303,357)	-
Interest on long-term debt	(293,944)	(322,330)	(435,790)	(1,618,065)
	<u>(33,770,940)</u>	<u>(17,523,862)</u>	<u>(23,795,642)</u>	<u>(11,554,981)</u>
General Revenues:				
Property taxes	10,452,785	10,203,218	10,216,080	5,783,168
Utility users tax	4,763,832	4,607,586	4,572,352	4,306,761
Users taxes	3,343,859	2,547,514	2,784,842	2,688,525
State subventions - unrestricted	-	-	-	-
Unrestricted interest earnings	110,363	137,558	186,146	179,794
Capital assets transfers	-	-	-	-
Miscellaneous	5,781,258	5,721,728	4,877,216	346,043
Gain (loss) on disposal of assets	-	-	-	-
Transfers:	350,000	-	(90,000)	
Total general revenues and transfers	<u>24,802,097</u>	<u>23,217,604</u>	<u>22,546,636</u>	<u>13,304,291</u>
Change in net position	(8,968,843)	5,693,742	(1,249,006)	1,749,310
Net position - beginning, restated	57,162,909	59,292,133	60,451,139	47,279,877
Recognition of prior infrastructure	-	-	-	-
Net position - ending	<u>\$ 48,194,066</u>	<u>\$ 64,985,875</u>	<u>\$ 59,202,133</u>	<u>\$ 49,029,187</u>

2016 statistical section

**CITY OF ASHLAND, OREGON
CHANGES IN NET POSITION
GOVERNMENTAL ACTIVITIES**

**Last ten years
For the year ended June 30 (continued)**

2012	2011	2010	2009	2008	2007
\$ 6,915,050	\$ 6,946,410	\$ 6,336,870	\$ 5,084,158	\$ 5,786,031	\$ 5,058,193
290,097	19,793	18,890	3,641	2,122	35,144
99,591	1,428,253	196,058	3,991	178,186	17,377
-	22,701	16,377	18,375	48,308	67,014
1,525,601	1,551,370	1,551,370	1,487,673	1,524,229	1,600,538
37,537	189,248	95,570	114,188	98,302	182,281
3,060,434	-	-	-	-	312,000
3,024,262	2,006,385	2,027,116	1,842,187	1,807,939	1,662,360
-	-	-	-	-	-
868,543	-	-	-	-	366,549
-	-	76,101	72,643	167,486	269,338
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
15,821,115	12,164,160	10,318,352	8,626,856	9,612,603	9,570,794
6,086,034	5,963,977	4,813,802	3,856,719	4,876,071	4,287,280
13,893,641	10,457,134	11,410,483	10,312,721	11,555,693	10,082,938
3,923,526	3,650,817	2,893,462	2,505,897	4,000,048	2,583,641
-	-	-	-	-	-
966,063	976,011	1,033,451	442,168	1,178,388	1,139,346
24,869,264	21,047,939	20,151,198	17,117,505	21,610,200	18,093,205
1,218,704	2,453,180	1,721,639	1,253,446	1,138,576	890,448
(9,270,609)	(8,716,516)	(9,763,543)	(8,710,860)	(9,933,162)	(7,988,119)
(30,721)	(1,644,432)	(942,447)	(591,067)	(2,024,623)	(285,394)
-	-	-	-	-	-
(966,063)	(976,011)	(1,033,451)	(442,168)	(1,178,388)	(1,139,346)
(9,048,689)	(8,883,779)	(10,017,802)	(8,490,649)	(11,997,597)	(8,522,411)
5,416,909	5,093,848	4,821,809	4,391,088	4,170,062	3,557,262
4,209,696	4,170,896	3,989,351	3,888,747	3,945,382	2,345,323
2,547,854	2,315,909	2,276,353	2,013,026	1,899,320	1,952,810
-	-	-	-	247,357	1,486,776
173,648	117,112	134,142	127,224	444,557	406,964
-	-	-	-	-	(15,896,208)
618,616	263,461	293,971	218,999	779,133	1,085,266
-	-	-	-	-	-
12,966,723	11,961,226	11,515,626	10,639,084	11,485,811	(5,061,807)
3,918,034	3,077,447	1,497,824	2,148,435	(511,786)	(13,584,218)
43,361,843	40,284,396	38,786,572	36,638,137	37,149,923	50,734,018
-	-	-	-	-	-
\$ 47,279,877	\$ 43,361,843	\$ 40,284,396	\$ 38,786,572	\$ 36,638,137	\$ 37,149,800

2016 statistical section

**CITY OF ASHLAND, OREGON
CHANGES IN NET POSITION
BUSINESS TYPE ACTIVITIES**

**Last ten years
For the year ended June 30**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Program Revenues:				
Water:				
Charges for services	\$ 7,214,898	\$ 6,163,924	\$ 5,913,633	\$ 5,547,560
Capital grants and contributions	14,898	70,473	89,747	1,969,979
Capital system development charges	277,247	328,414	269,029	266,196
Wastewater:				
Charges for services	5,201,264	4,651,836	4,171,230	3,928,342
Capital system development charges	107,655	112,989	80,570	95,132
Electric:				
Charges for services	14,600,751	13,817,822	13,671,443	12,938,039
Operating grants and contributions	395,149	157,698	178,002	148,642
Telecommunications:				
Charges for services	2,010,444	1,960,462	1,929,101	1,896,106
	<u>29,822,306</u>	<u>27,263,618</u>	<u>26,302,755</u>	<u>26,789,996</u>
Program Expenses:				
Water	7,271,424	7,832,250	6,852,085	7,581,708
Wastewater	6,838,563	5,359,115	7,475,207	3,846,640
Electric	16,708,504	13,521,819	15,825,968	13,613,715
Telecommunications	2,557,101	1,945,375	2,240,951	3,233,961
	<u>33,375,592</u>	<u>28,658,559</u>	<u>32,394,211</u>	<u>28,276,024</u>
Net (Expense) Revenue:				
Water	235,619	(1,269,439)	(579,676)	202,027
Wastewater	(1,529,644)	(594,290)	(3,223,407)	176,834
Electric	(1,712,604)	453,701	(1,976,523)	(527,034)
Telecommunications	(546,657)	15,087	(311,850)	(1,337,855)
	<u>(3,553,286)</u>	<u>(1,394,941)</u>	<u>(6,091,456)</u>	<u>(1,486,028)</u>
General Revenues:				
Property taxes	-	-	-	-
Users taxes	2,259,787	2,080,616	1,891,730	1,839,711
Unrestricted interest earnings	77,084	55,019	156,492	166,290
Capital assets transfers	-	-	-	-
Miscellaneous	138,071	132,966	723,106	785,997
Gain (loss) on disposal of assets	-	-	-	-
Transfers:				
Total general revenues and transfers	<u>2,474,942</u>	<u>2,268,601</u>	<u>2,771,328</u>	<u>2,791,998</u>
Change in net position	(1,463,246)	873,660	(3,320,128)	1,305,970
Net position - beginning, Restated	56,993,623	56,119,963	61,481,457	60,175,486
Net position - ending	<u>\$ 55,530,377</u>	<u>\$ 56,993,623</u>	<u>\$ 58,161,329</u>	<u>\$ 61,481,457</u>

2016 statistical section

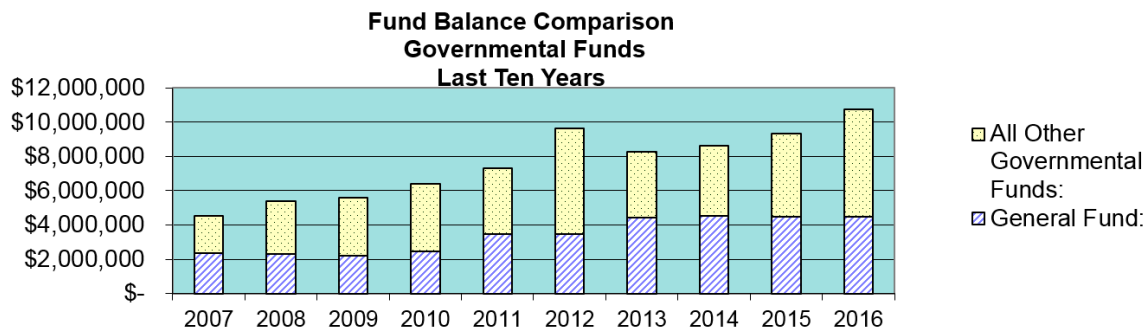
CITY OF ASHLAND, OREGON
CHANGES IN NET POSITION
BUSINESS TYPE ACTIVITIES
Last ten years
For the year ended June 30 (continued)

2012	2011	2010	2009	2008	2007
\$ 4,891,233	\$ 4,250,255	\$ 4,146,730	\$ 4,067,377	\$ 3,780,193	\$ 3,829,222
461,964	344,396	99,928	55,628	48,096	135,828
491,612	180,604	151,864	125,389	340,835	367,839
3,601,900	3,385,748	3,148,850	2,734,001	2,607,275	2,432,868
81,998	68,956	55,945	75,843	127,224	208,554
12,402,857	12,238,716	12,144,279	11,688,967	12,260,230	12,163,467
125,123	187,436	267,850	47,121	67,620	32,233
1,931,126	1,944,758	1,818,789	1,805,746	1,709,706	2,029,467
23,987,813	22,600,869	21,834,235	20,600,072	20,941,179	21,199,478
5,256,110	5,260,907	4,599,205	4,969,862	4,959,525	4,955,737
5,035,171	4,300,986	5,223,619	4,675,433	5,261,713	4,895,541
13,673,739	12,516,992	12,585,218	12,823,006	13,876,456	12,904,663
3,308,448	3,535,592	2,931,512	2,845,198	2,756,528	2,682,968
27,273,468	25,614,477	25,339,554	25,313,499	26,854,222	25,438,909
588,699	(485,652)	(200,683)	(721,468)	(790,401)	(622,848)
(1,351,273)	(846,282)	(2,018,824)	(1,865,589)	(2,527,214)	(2,254,119)
(1,145,759)	(90,840)	(173,089)	(1,086,918)	(1,548,606)	(708,963)
(1,377,322)	(1,590,834)	(1,112,723)	(1,039,452)	(1,046,823)	(653,501)
(3,285,655)	(3,013,608)	(3,505,319)	(4,713,427)	(5,913,044)	(4,239,431)
-	-	-	-	-	322
1,707,079	1,592,942	1,583,908	1,495,488	1,568,385	1,619,849
155,478	106,904	114,266	108,066	459,073	1,194,688
-	-	-	-	-	15,896,208
632,532	1,113,726	394,199	962,989	388,701	-
-	-	-	-	-	-
-	-	-	-	-	-
2,495,089	2,813,572	2,092,373	2,566,543	2,416,159	18,711,067
(790,566)	(200,036)	(1,412,946)	(2,146,884)	(3,496,885)	14,471,636
60,966,052	61,166,088	62,579,034	64,725,918	68,222,803	53,751,167
\$ 60,175,486	\$ 60,966,052	\$ 61,166,088	\$ 62,579,034	\$ 64,725,918	\$ 68,222,803

2016 statistical section

**CITY OF ASHLAND, OREGON
FUND BALANCES, GOVERNMENTAL FUNDS
Last ten years
For the year ended June 30**

	2016	2015	2014	2013
General Fund:				
Restricted for:				
Asset forfeiture	\$ 25,784	\$ 29,678	\$ 28,897	\$ 14,579
Transient Occupancy Tax - tourism	129,763	99,108	116,131	-
Library services	-	56,587	142,497	
Committed for:				
Parking surcharge	370,085	334,949	287,725	273,965
Public art	109,938	85,667	78,154	82,849
Affordable housing	166,351	166,351	148,426	148,426
Grubbs case	22,235	22,235	22,230	22,230
Unassigned, reported in:				
General fund	3,636,527	3,671,969	3,731,916	3,863,212
Total general fund	4,460,683	4,466,544	4,555,976	4,405,261
Street Fund:				
Restricted for:				
System development charges	2,619,729	2,479,609	2,415,789	2,376,109
Unassigned, reported in:				
Special revenue funds	2,795,238	2,798,621	2,321,834	2,041,013
Total street fund	5,414,967	5,278,230	4,737,623	4,417,122
Parks Fund:				
Unassigned, reported in:				
Special revenue funds	313,140	503,626	583,394	-
Total parks fund	313,140	503,626	583,394	-
All Other Governmental Funds:				
Restricted for:				
System development charges	606,669	557,297	508,399	459,458
Community Development Grant Block funding	33,804	33,797	33,801	33,801
Cemetery perpetual care	944,552	922,667	896,572	874,045
Committed for:				
Committed for parks activities	1,536,623	209,302	332,482	
Committed for airport activities	138,905	117,516	80,488	97,697
Committed for food and beverage		524,663	470,422	365,466
Committed for facilities	2,004,725	1,667,528	944,553	1,268,783
Committed for debt service	1,028,912	861,560	794,695	785,823
Unassigned, reported in:				
Special revenue funds		-	-	-
Capital projects funds		-	-	-
Total all other governmental funds	6,294,190	4,894,330	4,061,412	3,885,073
Total governmental funds	\$ 16,482,980	\$ 15,142,730	\$ 13,938,405	\$ 8,290,334



2016 statistical section

CITY OF ASHLAND, OREGON
FUND BALANCES, GOVERNMENTAL FUNDS
Last ten years (continued)
For the year ended June 30

2012	2011	2010	2009	2008	2007
\$ 224,361	\$ 187,864	\$ 129,510	\$ 140,974	\$ 236,514	\$ 329,180
102,786	100,563	-	-	-	-
247,725	232,497	-	-	-	-
73,011	28,113	-	-	-	-
148,426	23,367	-	-	-	-
21,230					
3,692,190	2,875,653	2,345,060	2,044,482	2,060,152	2,038,534
4,509,729	3,448,057	2,474,570	2,185,456	2,296,666	2,367,714
2,352,315	1,980,292	2,115,971	2,085,259	2,049,977	1,761,561
690,977	256,008	704,546	316,999	120,493	615,659
3,043,292	2,236,300	2,820,517	2,402,258	2,170,470	2,377,220
-	-	-	-	-	-
-	-	-	-	-	-
411,399	364,909	353,696	348,746	96,632	168,896
33,798	34,424	-	-	-	-
861,244	831,603	807,796	788,752	771,948	749,918
83,711	60,083	-	-	-	-
365,466	526,148	-	-	-	-
3,463,420	1,241,604	-	-	-	-
982,650	809,249	762,199	1,072,785	1,246,509	559,263
-	-	32,160	19,979	6,891	(24,661)
-	-	1,969,977	1,154,776	951,989	714,329
6,201,688	3,868,020	3,925,828	3,385,038	3,073,969	2,167,745
\$ 10,711,417	\$ 7,316,077	\$ 6,400,398	\$ 5,570,494	\$ 5,370,635	\$ 4,535,459

2016 statistical section

**CITY OF ASHLAND, OREGON
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Last ten years
For the year ended June 30**

Revenues:	2016	2015	2014	2013
Taxes	\$ 20,473,799	\$ 19,210,392	\$ 18,850,869	\$ 13,661,986
Fees, licenses and permits	835,278	1,205,381	667,416	583,679
Intergovernmental	2,394,661	2,774,500	2,847,336	2,500,297
Special assessments	32,831	67,508	59,483	41,048
Charges for services	13,548,958	12,358,624	10,835,737	6,319,508
System development charges	232,752			
Fines and forfeitures	180,638	178,455	183,732	196,535
Interest on investments	110,363	79,835	86,025	72,312
Miscellaneous	208,355	221,293	410,589	559,195
Total revenues	38,017,635	36,095,988	33,941,187	23,934,560
Expenditures:				
General government	10,488,718	9,346,850	9,381,555	4,820,740
Public safety	14,846,892	13,328,400	13,102,433	11,868,980
Highways and streets	3,067,591	2,762,562	1,974,219	2,529,333
Parks and recreation	6,214,551	6,591,385	6,854,314	
Capital outlay	1,434,986	959,542	1,636,407	4,984,031
Debt service	1,844,645	1,902,924	1,842,374	2,754,188
Principal	1,541,836	1,454,442	1,320,000	1,732,744
Interest	302,016	447,689	522,374	1,021,444
Total expenditures	37,897,383	34,891,663	34,791,302	26,957,272
Excess (deficiency) of revenues over expenditures	120,252	1,204,325	(850,115)	(3,022,712)
Other financing sources (uses):				
Proceeds from debt issuance	870,000	-	-	1,767,459
Interfund loans	-	-	-	208,000
Transfers in	612,162	556,515	750,927	41,461
Transfers out	(262,162)	(556,515)	(840,927)	(41,461)
Total other financing sources (uses)	1,220,000	-	(90,000)	1,975,459
Net change in fund balance	\$ 1,340,252	\$ 1,204,325	\$ (940,115)	\$ (1,047,253)
Non-capital expenditures:				
Total expenditures (Debt excluded)	\$ 36,052,738	\$ 32,988,739	\$ 32,948,928	\$ 24,203,084
Less: capital assets expenditures	(1,434,986)	(959,542)	(1,636,407)	(4,984,031)
Non-capital expenditures:	\$ 34,617,752	\$ 32,029,197	\$ 31,312,521	\$ 19,219,053
Ratio of debt service to noncapital expenditures	5.33%	5.94%	5.88%	14.33%

2016 statistical section

**CITY OF ASHLAND, OREGON
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

**Last ten years
For the year ended June 30 (continued)**

	2012	2011	2010	2009	2008	2007
\$	13,270,221	\$ 12,978,142	\$ 12,636,896	\$ 11,790,772	\$ 11,204,876	\$ 10,620,715
	1,340,102	482,275	474,379	768,451	886,644	847,665
	2,878,726	3,642,108	2,103,165	1,630,055	1,848,914	2,606,832
	43,542	17,867	3,292	25,587	67,195	108,864
	6,520,263	6,315,976	5,799,929	5,732,687	5,594,106	4,564,898
	168,305	183,239	183,266	156,092	150,346	169,558
	87,553	62,062	102,302	97,379	330,413	310,478
	262,858	272,814	190,732	164,995	787,159	719,478
	<u>24,571,570</u>	<u>23,954,483</u>	<u>21,493,961</u>	<u>20,366,018</u>	<u>20,869,653</u>	<u>19,948,488</u>
	4,631,724	4,300,262	4,278,859	3,982,889	4,114,305	3,423,269
	11,411,045	10,914,166	10,896,098	10,701,354	10,578,525	10,227,177
	2,422,483	3,778,610	2,361,523	2,298,680	2,341,178	2,245,609
	2,374,574	1,859,097	479,600	1,502,763	1,355,293	1,359,308
	2,172,846	2,562,886	2,229,718	2,363,685	1,852,049	1,622,412
	1,196,086	1,563,425	1,183,203	1,277,584	725,753	533,630
	976,760	999,461	1,046,515	1,086,101	1,126,296	1,088,782
	<u>23,012,672</u>	<u>23,415,021</u>	<u>20,245,798</u>	<u>20,849,371</u>	<u>20,241,350</u>	<u>18,877,775</u>
	1,558,898	539,462	1,248,163	(483,353)	628,303	1,070,713
	-	-	-	915,000	-	-
	-	(208,000)	-	-	-	89,818
	203,105	997,349	469,360	328,173	336,253	936,934
	(203,105)	(997,349)	(469,360)	(328,173)	(336,253)	(936,934)
	-	(208,000)	-	915,000	-	89,818
\$	<u>1,558,898</u>	<u>331,462</u>	<u>1,248,163</u>	<u>431,647</u>	<u>628,303</u>	<u>1,160,531</u>
\$	20,839,826	\$ 20,852,135	\$ 18,016,080	\$ 18,485,686	\$ 18,389,301	\$ 17,255,363
	(2,374,574)	(1,859,097)	(479,600)	(1,502,763)	(1,355,293)	(1,359,308)
\$	<u>18,465,252</u>	<u>18,993,038</u>	<u>17,536,480</u>	<u>16,982,923</u>	<u>17,034,008</u>	<u>15,896,055</u>
	11.77%	13.49%	12.71%	13.92%	10.87%	10.21%

2016 statistical section

**CITY OF ASHLAND, OREGON
FUND BALANCE COMPARISON
Last ten years
For the year ended June 30**

Fund Balances	2016 Adopted	2015 Adopted	2014 Adopted	2013 Adopted
City Component				
General Fund	\$ 1,646,957	\$ 777,434	\$ 2,594,256	\$ 1,563,870
Community Development Block Grant Fund	1	-	-	(34,424)
Reserve Fund	221,580	454,910	336,910	1,018,502
Street Fund	3,694,376	1,059,860	1,403,337	1,669,993
Airport Fund	71,735	64,468	34,564	99,276
Capital Improvements Fund	1,363,411	1,890,308	1,858,486	545,638
Debt Service Fund	803,151	606,593	637,043	949,626
Water Fund	4,711,984	3,559,316	3,575,115	2,383,044
Wastewater Fund	2,803,471	2,305,611	2,415,670	2,235,859
Electric Fund	537,900	590,117	1,012,411	1,077,114
Telecommunications Fund	172,269	30,968	210,594	153,998
Central Services Fund	232,353	392,031	754,268	32,508
Insurance Services Fund	318,938	429,287	622,602	477,568
Health Benefits Fund	(291,630)	86,718	348,359	
Equipment Fund	1,657,459	1,280,781	1,233,835	2,553,013
Cemetery Trust Fund	948,546	937,744	912,244	892,603
Total city component	18,892,501	14,466,146	17,949,694	15,618,188
Parks Component				
Parks and Recreation Fund	184,915	666,289	583,396	1,290,439
Youth Activities Levy Fund	-	-	-	-
Parks Capital Improvements Fund	(674,924)	302,132	270,032	242,067
Parks Equipment Fund	192,000			
Total parks component	(298,009)	968,421	853,428	1,532,506
Total budget	\$ 18,594,492	\$ 15,434,567	\$ 18,803,122	\$ 17,150,694

Fund Balances	2016 Actual	2015 Actual	2014 Actual	2013 Actual
City Component				
General Fund	\$ 3,603,674	\$ 3,620,264	\$ 3,719,809	\$ 3,385,681
Community Development Block Grant Fund	33,804	33,797	33,801	33,801
Reserve Fund	166,465	196,279	336,167	1,019,580
Street Fund	5,414,967	5,278,231	4,737,624	4,417,121
Airport Fund	138,905	117,516	80,488	116,697
Capital Improvements Fund	2,802,016	2,749,488	1,923,374	2,094,707
Debt Service Fund	1,028,912	861,560	1,159,490	1,150,618
Water Fund	6,081,537	5,208,592	6,273,413	6,437,576
Wastewater Fund	6,499,438	5,095,342	4,271,386	4,290,774
Electric Fund	1,863,131	900,609	1,899,104	2,327,540
Telecommunications Fund	365,637	305,058	479,997	587,624
Central Services Fund	579,888	870,190	870,190	853,280
Insurance Services Fund	1,160,957	1,766,284	1,584,721	848,857
Health Benefits Fund	140,764	473,726	169,366	
Equipment Fund	3,134,593	2,937,105	2,540,413	3,357,663
Cemetery Trust Fund	944,553	922,667	896,572	874,045
Total city component	33,959,241	31,336,708	30,975,915	31,795,564
Parks Component				
Parks and Recreation Fund	254,306	503,628	583,396	1,783,433
Youth Activities Levy Fund	-	-	-	-
Parks Capital Improvements Fund	1,346,001	209,302	332,482	387,632
Parks Equipment Fund				
Total parks component	1,600,307	712,930	915,878	2,171,065

2016 statistical section

CITY OF ASHLAND, OREGON
FUND BALANCE COMPARISON
Last ten years

For the year ended June 30 (continued)

	2012	2011	2010	2009	2008	2007
	Adopted	Adopted	Adopted	Adopted	Adopted	Adopted
\$	1,729,188	\$ 1,484,490	\$ 1,332,508	\$ 1,190,469	\$ 1,127,520	\$ 1,047,023
	-	-	-	11,799	-	-
	869,172	151,500	215,000	-	-	-
	2,205,420	2,199,998	1,447,363	3,634,173	1,223,241	6,308,766
	44,387	10,804	9,024	31,727	2,942	12,382
	1,828,450	1,493,676	2,137,061	1,753,706	807,222	1,680,528
	1,020,546	790,646	1,149,113	1,166,758	601,085	148,902
	1,121,531	4,302,000	836,814	3,041,343	2,804,328	5,401,307
	233,204	2,328,958	3,020,769	4,069,588	5,539,312	3,035,439
	1,091,591	1,387,036	649,494	2,067,545	1,677,245	1,185,892
	339,464	281,732	325,135	396,498	362,716	217,611
	10,026	70,593	12,531	106,614	82,987	92,793
	646,302	394,466	543,266	977,803	908,275	492,028
	1,124,500	88,202	1,322,161	1,252,898	508,357	618,799
	852,797	826,753	812,948	790,918	774,453	735,212
	13,116,578	15,810,854	13,813,187	20,491,839	16,419,683	20,976,682
	1,703,840	1,409,225	1,450,910	1,190,614	877,245	667,250
	-	-	10,591	-	216,893	-
	193,504	195,991	287,239	107,590	26,926	44,866
	1,897,344	1,605,216	1,748,740	1,298,204	1,121,064	712,116
\$	15,013,922	\$ 17,416,070	\$ 15,561,927	\$ 21,790,043	\$ 17,540,747	\$ 21,688,798
	2012	2011	2010	2009	2008	2007
	Actual	Actual	Actual	Actual	Actual	Actual
\$	3,495,819	\$ 2,938,556	\$ 2,474,570	\$ 2,185,456	\$ 2,296,666	\$ 2,367,714
	33,798	34,424	37,424	69,618	44,705	12,033
	1,013,910	509,502	148,072	-	-	-
	3,043,292	2,236,300	2,820,517	2,402,258	2,170,470	2,377,220
	83,710	60,083	32,160	99,978	86,891	55,339
	4,449,285	2,132,661	2,138,176	1,433,904	1,003,916	656,315
	982,649	809,248	762,199	1,072,785	1,246,509	559,263
	2,708,910	2,212,401	1,851,885	2,323,768	1,865,418	3,241,590
	2,794,806	3,250,111	3,496,009	3,710,771	3,764,972	4,862,001
	2,418,099	2,476,294	2,054,733	1,642,543	1,469,744	2,178,995
	586,943	517,916	953,315	929,945	869,719	963,896
	o	491,546	266,820	161,163	368,086	726,743
	761,552	605,943	640,110	696,071	1,138,699	974,450
	2,479,905	1,858,969	1,760,305	844,150	1,329,672	1,750,852
	861,243	831,602	870,797	788,753	771,948	749,918
	25,713,921	20,965,556	20,307,092	18,361,163	18,427,415	21,476,329
	2,242,227	2,214,031	1,787,781	1,379,752	1,201,443	1,180,912
	20,326	9,899	22,534	27,356	160,591	72,671
	449,131	432,866	252,864	166,991	263,343	195,390
	2,711,684	2,656,796	2,063,179	1,574,099	1,625,377	1,448,973

2016 statistical section

**CITY OF ASHLAND, OREGON
ASSESSED AND ESTIMATED ACTUAL
VALUE OF TAXABLE PROPERTY
Last ten years - Unaudited**

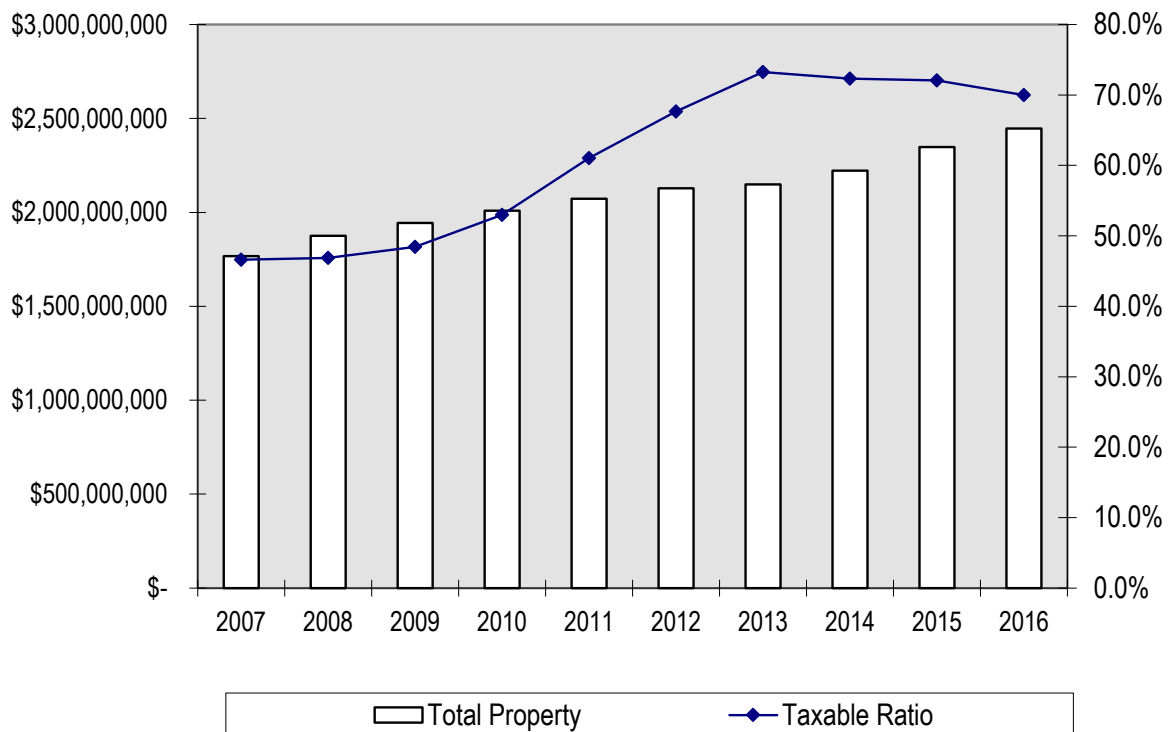
Fiscal Year Ended June 30,	Real Property	Mobile Home	Personal (1)	Utilities	Total	Property Tax Rate	Taxable ratio (True Cash Value to Assessed)
2016	\$ 2,367,355,356	\$ 6,526,881	\$ 40,417,280	\$ 31,573,600	\$ 2,445,873,117	\$ 4.49	70.0%
2015	2,274,534,883	6,445,605	38,438,560	29,027,740	2,348,446,788	4.61	72.1%
2014	2,154,231,164	6,060,576	36,756,490	24,858,300	2,221,906,530	4.61	72.3%
2013	2,079,286,927	6,060,300	36,739,550	26,166,700	2,148,253,477	4.63	73.3%
2012	2,055,111,118	6,318,010	40,939,090	26,290,929	2,128,659,147	4.71	67.7%
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%

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**



2016 statistical section

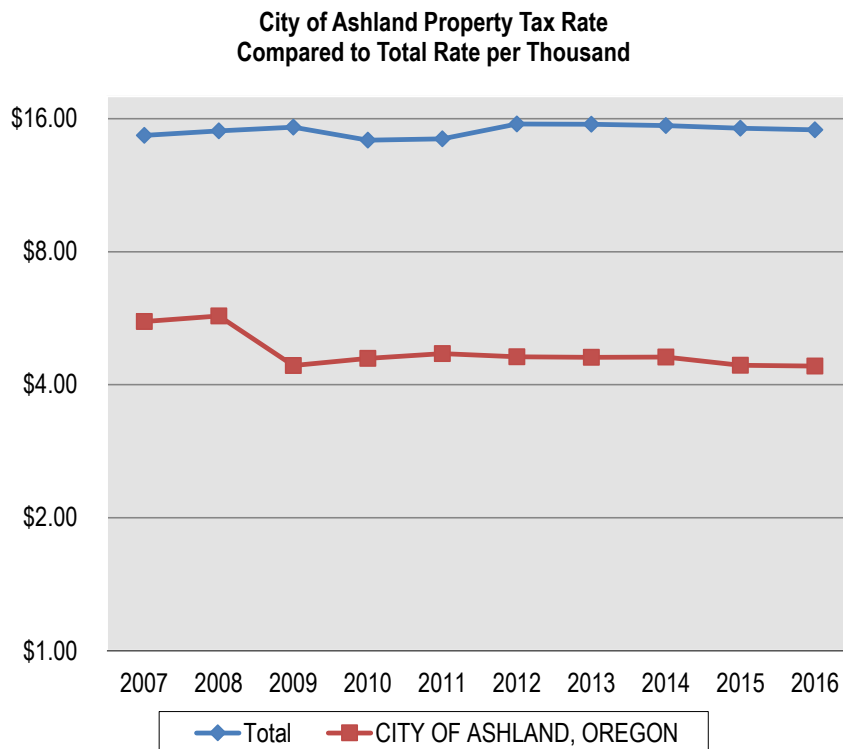
**PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
(Per \$1,000 of Assessed Valuation)
Last ten years - Unaudited**

Fiscal Year Ended June 30,	City of Ashland Permanent rate	City of Ashland Local Option Levies	City of Ashland Bonded Debt	City of Ashland Component Unit	City of Ashland Total Tax Rate	Net General Government Tax Rate	Net School Support Tax Rate	Total
2016	\$ 4.20		\$ 0.21		\$ 4.41	\$ 6.69	\$ 8.41	\$ 15.10
2015	4.20		0.22		4.43	6.90	8.33	15.22
2014	4.20	0.19	0.22		4.62	7.09	8.34	15.42
2013	2.10	0.19	0.24	2.09	4.62	7.16	8.38	15.54
2012	2.10	0.19	0.24	2.09	4.63	7.18	8.38	15.56
2011	2.10	0.19	0.32	2.09	4.70	7.25	7.14	14.39
2010	2.10	0.19	0.20	2.09	4.59	7.17	7.14	14.31
2009	1.99	0.13	0.21	2.09	4.42	6.90	8.42	15.31
2008	1.85	0.20	0.20	3.47	5.72	8.12	6.90	15.01
2007	1.88	-	0.21	3.47	5.56	8.30	6.37	14.67

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

(2) Rogue Community College

Source: Jackson County Assessor and Tax Collector



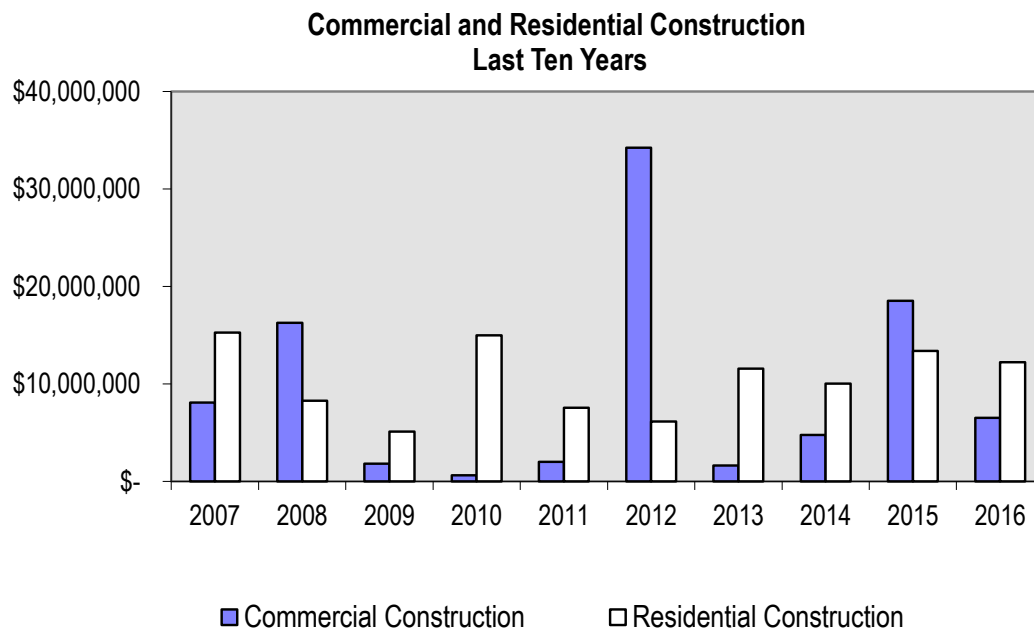
2016 statistical section

**CITY OF ASHLAND, OREGON
PROPERTY VALUE AND NEW CONSTRUCTION HISTORY
Last ten years - Unaudited**

Fiscal Year Ended June 30,	Property Value (1)	Commercial Construction		Residential Construction	
		Number of Units	Value	Number of Units	Value
2016	\$ 2,445,873,117	6	\$ 6,513,734	57	\$ 12,204,836
2015	2,348,446,788	8	18,530,998	62	13,371,460
2014	2,262,503,440	9	4,770,334	50	10,032,795
2013	2,079,286,927	8	1,632,075	56	11,568,784
2012	2,128,659,147	10	34,221,808	33	6,123,270
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

(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
(amounts expressed in thousands)
Last ten years - Unaudited**

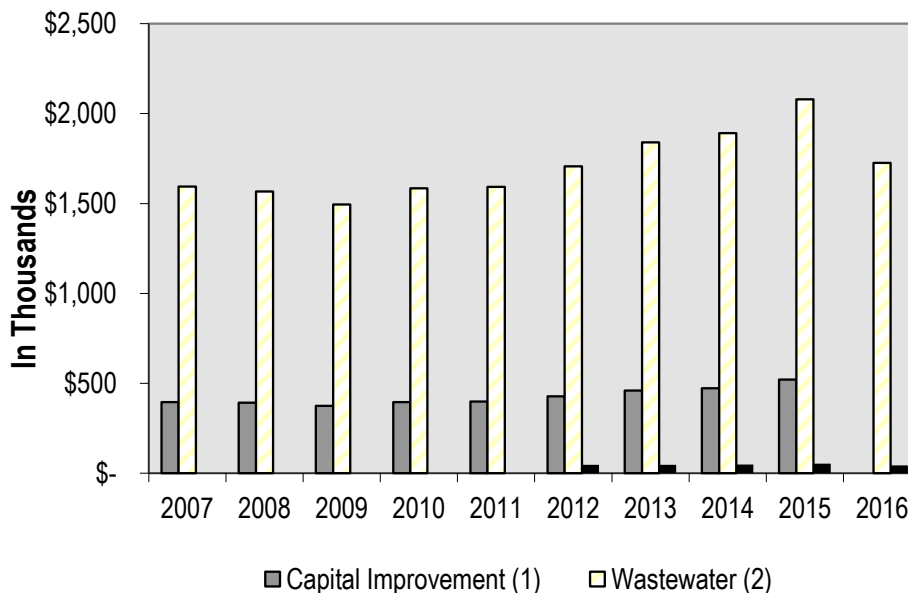
Fiscal Year Ended June 30,	Capital Improvement (1)	Wastewater (2)	Central Service	Total (3)	Cumulative
2016	\$ 432	\$ 1,726	\$ 44	\$ 2,202	40,389
2015	520	2,080	53	\$ 2,653	38,187
2014	473	1,892	48	2,413	35,534
2013	460	1,840	47	2,347	33,121
2012	427	1,707	47	2,181	30,774
2011	398	1,593	31	2,022	28,593
2010	396	1,584	-	1,980	26,571
2009	374	1,495	-	1,869	24,591
2008	392	1,567	-	1,959	22,722
2007	395	1,594	-	1,989	20,763

(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**



2016 statistical section

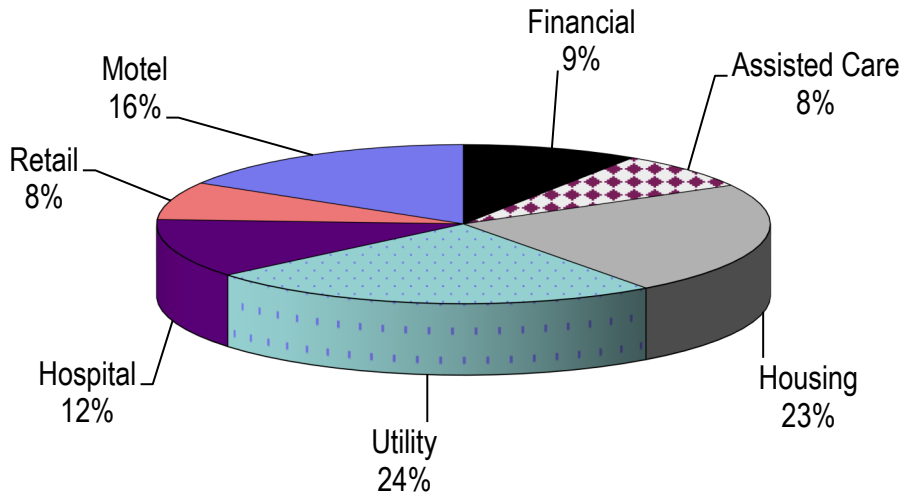
**CITY OF ASHLAND, OREGON
PRINCIPAL PROPERTY TAXPAYERS
Current and ten years ago**

Taxpayers	Type of Business	Percentage	
		2016 Assessed Valuation	of Total Assessed Valuation
Avista Corp	Utility	\$ 12,182,000	0.50%
Deluca Ronald L Trustee	Housing	11,378,910	0.47%
Ashland Community Hopsital	Hospital	9,275,350	0.38%
Financial Pacific INC	Financial	7,213,180	0.29%
Deluca Ronald L Trustee	Housing	6,774,890	0.28%
Charter Communication	Utility	6,425,600	0.26%
Ashland Hills Hotel LLC	Motel	6,730,250	0.28%
Ashland Shopping Center LLC	Retail	5,989,840	0.24%
Mark Antony Hist Prop LLC	Motel	5,973,790	0.24%
Ashland Assisted Living LLC	Assisted Care	5,887,620	0.24%
All other		2,368,041,687	96.82%
Total		\$ 2,445,873,117	100.00%

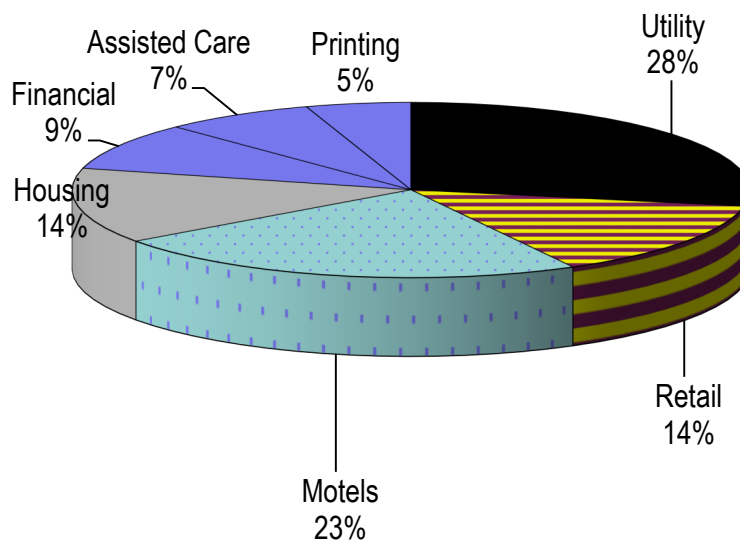
Taxpayers	Type of Business	of Total	
		2007 Assessed Valuation	Assessed Valuation
Qwest Corporation	Utility	\$ 10,347,600	0.59%
Windmill Inns of America, Inc	Motels	10,072,980	0.57%
Ronald L. Deluca	Housing	8,722,189	0.49%
Avista Corp.	Utility	7,224,300	0.41%
Pacific Financial, Inc.	Financial	5,528,460	0.31%
Michael E & Beverly Rydbom	Retail	4,590,790	0.26%
Skylark Assisted Living	Assisted Care	4,532,670	0.26%
Bard's Inn Limited	Motels	4,319,770	0.24%
Summit Investment	Retail	4,229,050	0.24%
IPCO Development Corporation	Printing	3,141,440	0.18%
All other		1,703,787,050	96.45%
Total		\$ 1,766,496,299	100.00%

Source: Jackson County Assessor

2016 Principal Property Tax Payers



2007 Principal Property Tax Payers



2016 statistical section

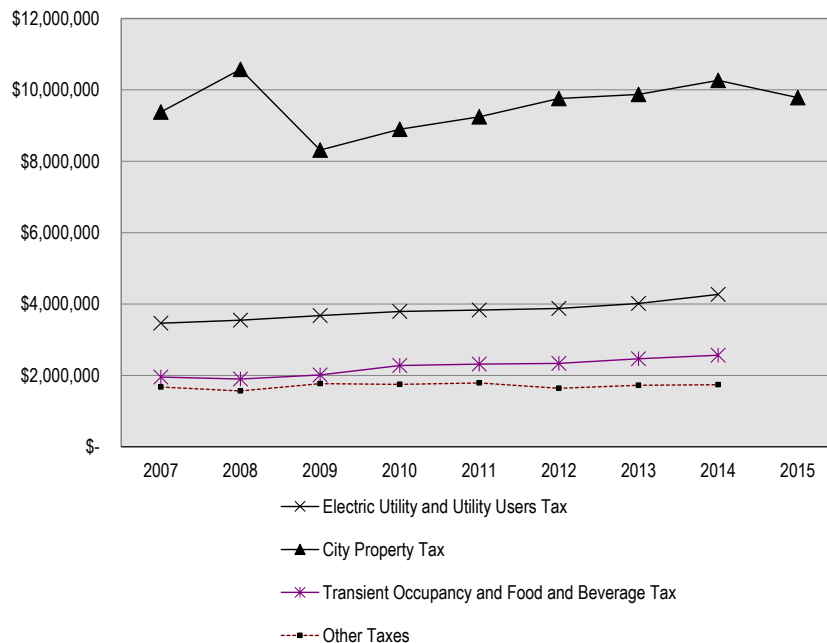
**CITY OF ASHLAND, OREGON
GENERAL GOVERNMENTAL TAX REVENUES
BY SOURCE
(amounts expressed in thousands)
Last ten years - Unaudited**

Fiscal Year Ended June 30,	Combined Property Taxes	Electric Utility Franchise (1)	Utility Users Tax (1)	Other Franchise and Privilege Taxes	Transient Occupancy Tax	Food and Beverage Tax (2)	Business License Tax	Total
2016	\$ 9,731	\$ 1,466	\$ 3,077	\$ 1,604	\$ 2,055	\$ 432	\$ 384	\$ 18,748
2015	9,781	1,390	2,923	1,513	2,460	520	209	18,796
2014	10,268	1,373	2,895	1,530	2,091	473	208	18,838
2013	9,874	1,311	2,704	1,518	2,009	460	208	18,084
2012	9,759	1,251	2,627	1,436	1,911	427	202	17,613
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

(1) Derived from city-owned electric utility operations

(2) Tax enacted July 1, 1993

**GENERAL GOVERNMENTAL TAX REVENUES
BY SOURCE**



2016 statistical section

**CITY OF ASHLAND, OREGON
PROPERTY TAX LEVIES AND COLLECTIONS
Last ten years - Unaudited**

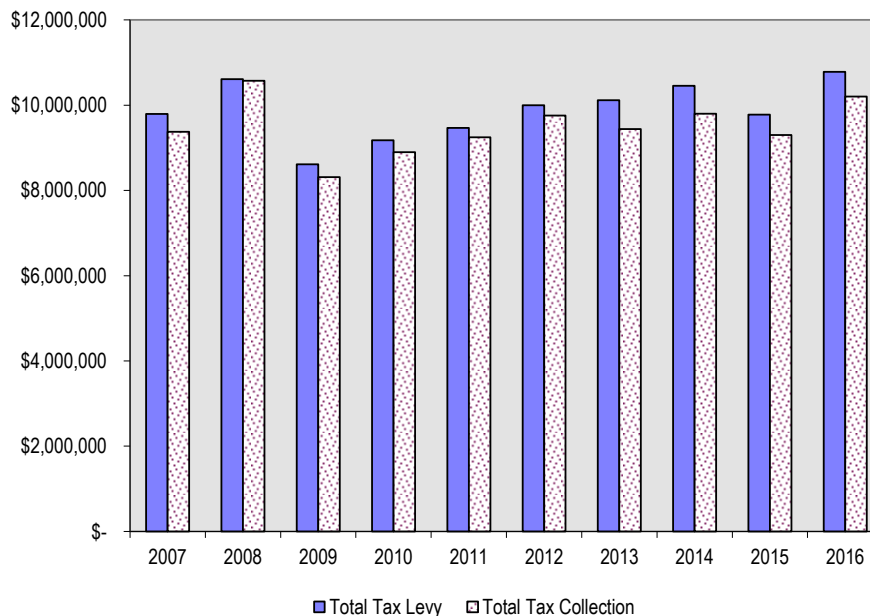
Fiscal Year Ended June 30,	Total Tax Levy (1)	Current Tax Collections (2)	Percent of Levy Collected	Delinquent Tax Collections (2)(3)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
2016	\$ 10,782,252	\$ 10,204,495	94.6%	\$ 303,781	\$ 10,508,276	97.5%	\$ 698,038	6.5%
2015	9,780,890	9,301,056	95.1%	346,208	9,647,264	98.6%	768,885	7.9%
2014	10,453,597	9,799,116	93.7%	468,669	10,267,785	98.2%	704,806	6.7%
2013	10,119,532	9,440,360	93.3%	394,679	9,835,039	97.2%	785,377	7.8%
2012	9,997,229	9,322,678	93.3%	436,198	9,758,876	97.6%	755,098	7.6%
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%

(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

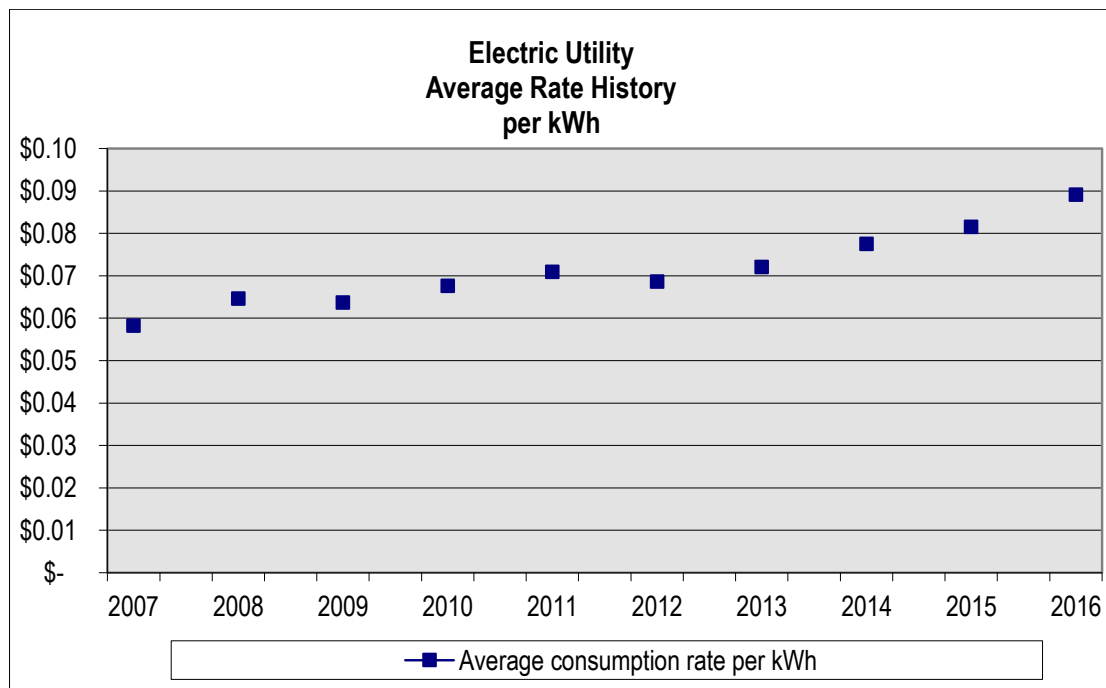
PROPERTY TAX LEVIES AND COLLECTIONS



2016 statistical section

**CITY OF ASHLAND, OREGON
ELECTRIC UTILITY USAGE
IN KILOWATT HOURS (kWh)
Last ten years - Unaudited**

	2016	2015	2014	2013
Electric:				
Commercial	55,434,978	57,241,622	57,351,533	58,984,152
Governmental	17,084,620	18,894,191	19,552,546	19,934,831
Municipal	7,607,560	6,439,200	6,410,372	5,978,193
Residential	86,749,323	85,448,299	91,309,827	89,637,162
Electric usage total	166,876,481	168,023,312	174,624,278	174,534,338
Total electric revenue	\$ 14,338,555	\$ 13,700,057	\$ 13,536,923	\$ 12,575,449
Average consumption rate per kWh	\$ 0.086	\$ 0.082	\$ 0.078	\$ 0.072
BPA surcharge revenue	NA	NA	NA	NA
Average surcharge per consumed kWh (1)	NA	NA	NA	NA



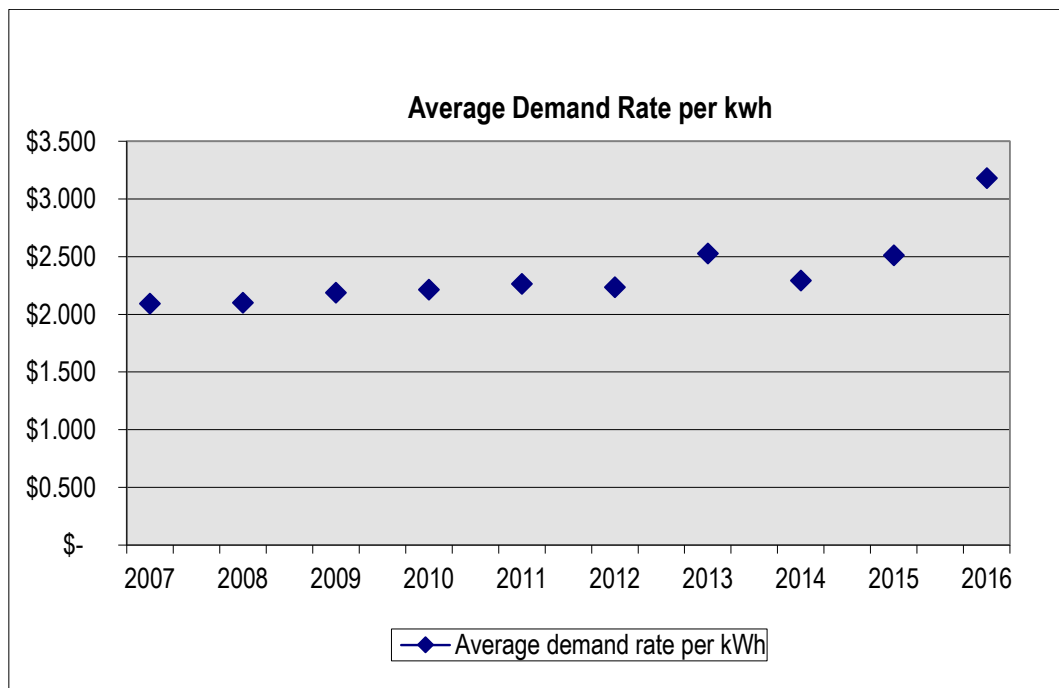
(1) Council implemented the surcharge due to increasing costs and changes in the wholesale power industry in FY 2002

	2016	2015	2014	2013
Demand:				
Commercial	159,344	209,020	158,829	175,675
Governmental/Municipal	67,850	66,037	67,481	67,388
Demand usage total	227,194	275,057	226,310	243,063
Total demand revenue	\$ 722,904	\$ 691,225	\$ 519,458	\$ 614,862
Average demand rate per kWh	\$ 3.182	\$ 2.513	\$ 2.295	\$ 2.530

2016 statistical section

**CITY OF ASHLAND, OREGON
ELECTRIC UTILITY USAGE
IN KILOWATT HOURS (kwh)
Last ten years - Unaudited (continued)**

2012	2011	2010	2009	2008	2007
55,628,874	55,617,369	56,996,490	56,893,914	59,730,031	59,796,009
20,136,246	20,539,286	19,467,344	18,283,476	18,328,996	16,771,812
6,164,885	6,107,945	6,407,172	6,288,095	6,231,719	5,911,482
91,550,691	94,402,343	93,634,626	91,638,620	95,853,685	91,324,747
173,480,696	176,666,943	176,505,632	173,104,105	180,144,431	173,804,050
\$ 12,305,176	\$ 12,126,401	\$ 11,931,379	\$ 11,028,224	\$ 11,638,234	\$ 10,118,284
\$ 0.071	\$ 0.069	\$ 0.068	\$ 0.064	\$ 0.065	\$ 0.058
NA	NA	NA	NA	\$ 1,016,152	\$ 1,123,490
NA	NA	NA	NA	\$ 0.006	\$ 0.006



2012	2011	2010	2009	2008	2007
164,566	162,175	151,072	147,155	159,430	164,228
71,111	68,480	63,445	70,242	65,931	69,856
235,677	230,655	214,517	217,397	225,361	234,084
\$ 533,947	\$ 515,481	\$ 475,273	\$ 476,024	\$ 473,565	\$ 490,039
\$ 2.266	\$ 2.235	\$ 2.216	\$ 2.190	\$ 2.101	\$ 2.093

2016 statistical section

**CITY OF ASHLAND, OREGON
RATIO OF NET GENERAL OBLIGATION BONDED DEBT
TO ASSESSED VALUE AND
NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
Last ten years - Unaudited**

Fiscal Year Ended June 30,	Population (1)	Percentage Change	Assessed Value (2)	Gross Bonded Debt (3)	Debt Service Fund Monies Available
2016	20,405	0.32%	\$ 2,445,873,117	\$ 35,350,879	\$ 855,545
2015	20,340	0.22%	2,348,446,788	37,195,894	861,561
2014	20,295	-0.15%	2,262,503,440	37,462,187	794,695
2013	20,325	-5.29%	2,186,388,026	38,111,076	785,823
2012	21,460	6.79%	2,128,659,147	35,728,075	976,265
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

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 Revenue, fund operations, and special assessment payments from benefited property owners.

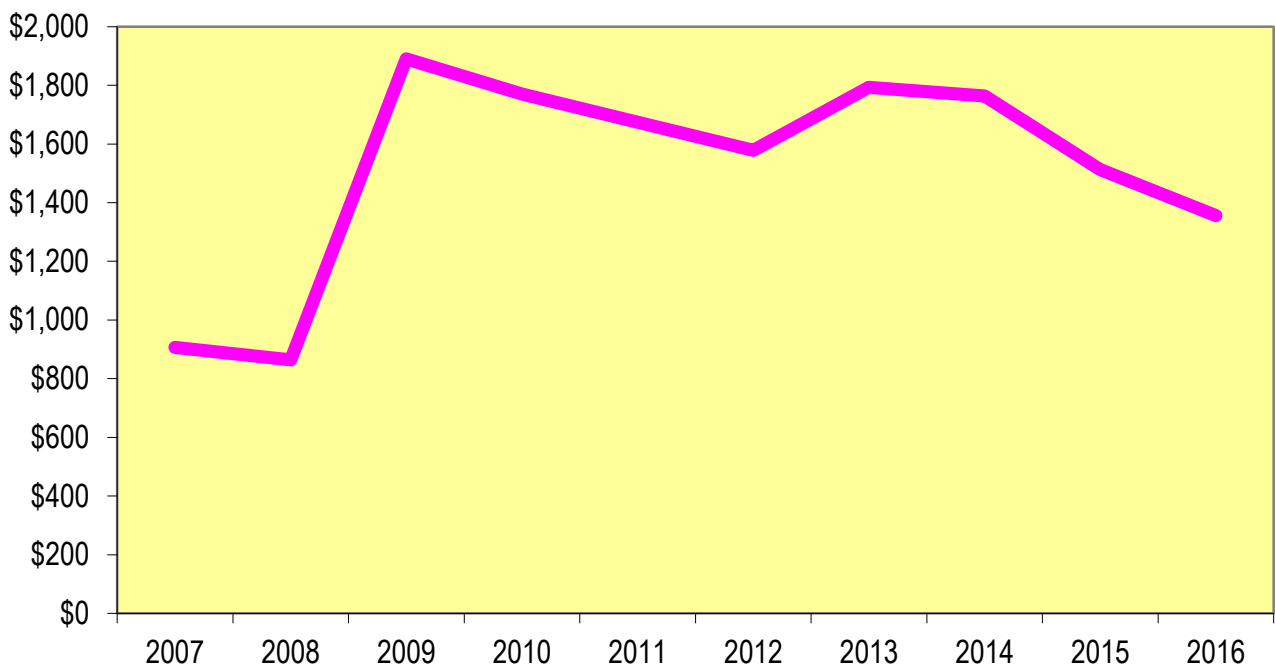
(5) Includes Gross Bonded Debt reduced by Debt Service Fund and Enterprise Fund monies available to pay General Obligation Bonded Debt.

2016 statistical section

**CITY OF ASHLAND, OREGON
RATIO OF NET GENERAL OBLIGATION BONDED DEBT
TO ASSESSED VALUE AND
NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
Last ten years - Unaudited (continued)**

Enterprise Fund Monies Available	Debt Payable for Enterprise Revenues (4)	Net General Obligation Bonded Debt (5)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
\$ 875,490	\$ 19,219,172	\$ 27,657,871	1.13%	\$ 1,355.45
875,490	20,392,351	30,764,962	1.31%	1,513
875,490	19,102,713	35,792,002	1.58%	1,763.59
875,490	18,320,823	36,449,763	1.67%	1,793.35
875,490	16,821,156	33,876,320	1.59%	1,578.58
875,490	18,578,931	33,651,812	1.62%	1,674.64
875,490	21,389,684	38,070,580	1.90%	1,770.31
875,490	23,059,454	40,612,529	2.09%	1,890.27
1,751,369	38,652,249	18,840,000	1.00%	864.22
-	40,456,883	19,425,000	1.10%	906.44

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



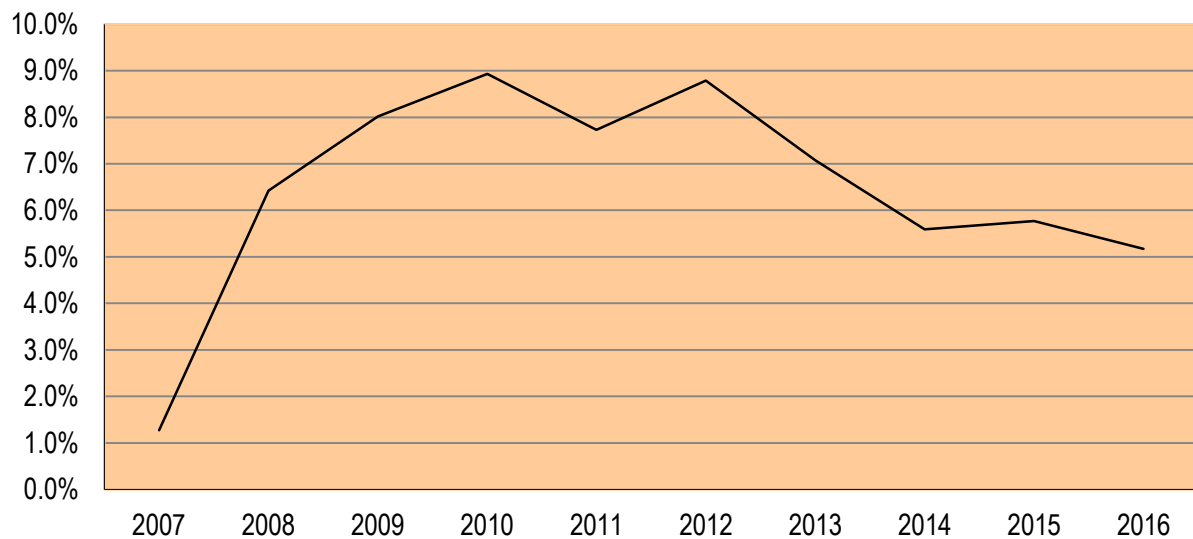
2016 statistical section

**CITY OF ASHLAND, OREGON
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
Last ten 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
2016	\$ 1,445,000	\$ 418,422	\$ 1,863,422	\$ 36,033,961	5.2%
2015	1,495,000	415,879	1,902,924	32,988,739	5.8%
2014	1,320,000	522,374	1,842,374	32,948,928	5.6%
2013	1,000,000	906,689	1,906,689	26,957,272	7.1%
2012	1,105,000	916,434	2,021,434	23,012,672	8.8%
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%

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

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



2016 statistical section

**CITY OF ASHLAND, OREGON
PLEGGED REVENUE COVERAGE
WATER FUND
Last ten years - Unaudited**

Fiscal Year Ended June 30,	Gross Revenues (1)	Operating Expenses (2)	Future Rate Stabilization Offset (3)	Net Revenues Available for Debt Service	Debt Service Requirements (4)			Coverage
					Principal	Interest	Total	
2016	\$ 7,289,715	\$ 4,225,107	-	\$ 3,064,608	\$ 443,717	\$ 173,330	\$ 617,046	4.97
2015	6,604,339	4,256,299	-	2,348,040	899,952	147,300	1,047,251	2.24
2014	6,322,142	4,244,890	-	2,077,252	584,414	129,093	713,507	2.91
2013	8,280,514	5,776,098	-	2,504,416	412,533	82,471	495,004	5.06
2012	5,745,624	3,597,970	-	2,147,654	580,742	127,436	708,178	3.03
2011	4,806,603	3,597,701	-	1,208,902	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	4,543,609	3,451,254	-	1,092,355	335,000	120,288	455,288	2.40
2008	4,321,582	3,089,546	-	1,232,036	335,000	127,406	462,406	2.66
2007	4,651,122	3,321,176	-	1,329,946	325,000	133,191	458,191	3.34

(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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2016 statistical section

**CITY OF ASHLAND, OREGON
RATIOS OF OUTSTANDING DEBT
BY TYPE**

Last ten years

Governmental Activities			Notes and Contracts		
Fiscal Year Ended June 30,	General Obligation Bonds	Percent of Assessed Value	Promissory Notes	OECDD (1) Loans	Per Capita (2)
2016	\$ 14,880,000	0.61%	\$ 1,251,707		\$ 790.58
2015	16,325,000	0.70%	478,543	-	812.39
2014	17,820,000	0.79%	539,474	-	901.48
2013	19,140,000	0.88%	650,253	-	973.69
2012	17,550,000	0.82%	681,780	675,138	853.51
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

Business - Type Activities

Fiscal Year Ended June 30,	General Obligation Bonds	Percent of Assessed Value	Revenue Bonds and Notes	DEQ (3) Loan	Per Capita (2)
2016	\$ 12,777,871	0.52%	\$ 4,628,555	\$ 1,812,747	\$ 941.89
2015	14,439,962	0.61%	4,193,067	1,759,323	985.90
2014	16,054,089	0.71%	3,048,624	-	937.97
2013	17,490,395	0.80%	830,429	-	901.39
2012	14,034,014	0.66%	2,787,143	-	783.84
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

Total Outstanding Debt

Fiscal Year Ended June 30,	Total Outstanding Debt	Personal Income (4)	Debt as a Percentage of Personal Income
2016	\$ 35,350,879	unavailable	NA
2015	37,195,894	unavailable	NA
2014	37,462,187	unavailable	NA
2013	38,111,077	unavailable	NA
2012	35,728,075	unavailable	NA
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%

(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 *Ratio of Net General Obligation Bonded Debt to Assessed Value Schedule*

(3) DEQ - Oregon Department of Environmental Quality

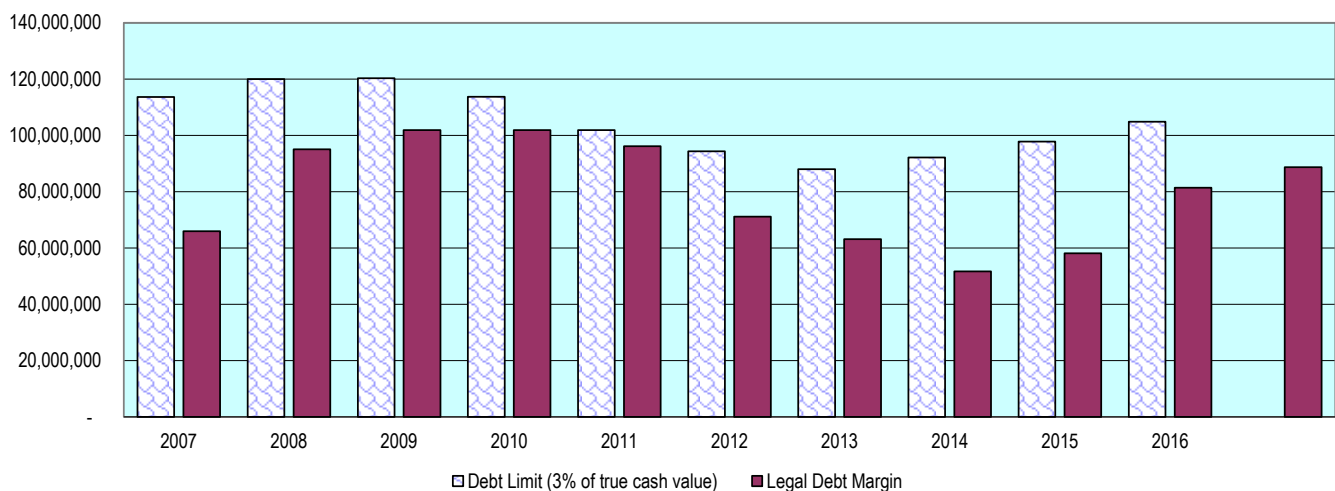
(4) Oregon Department of Revenue Personal Income Tax Statistics

2016 statistical section

**CITY OF ASHLAND, OREGON
LEGAL DEBT MARGIN
Last ten years
For the year ended June 30**

	2016	2015	2014	2013	2012
True Cash Value	\$ 3,493,732,448	\$ 3,258,618,439	\$ 3,072,079,759	\$ 2,931,862,235	\$ 3,145,655,451
Legal Debt Margin					
Debt limit (3% of true cash value)	104,811,973	97,758,553	92,162,393	87,955,867	94,369,664
Net Bonded Debt:					
Gross bonded debt	16,131,707	16,325,000	34,295,413	36,630,395	31,584,014
Less amounts exempted:					
Water			-	-	-
Special assessment			-	-	-
Re-funding			-	-	-
Water re-funding	-	-	(250,000)	(375,000)	(370,000)
Total debt applicable to margin	16,131,707	16,325,000	34,045,413	36,255,395	31,214,014
Legal Debt Margin	\$ 88,680,267	\$ 81,433,553	\$ 58,116,980	\$ 51,700,472	\$ 63,155,650

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



2016 statistical section

**CITY OF ASHLAND, OREGON
LEGAL DEBT MARGIN
Last ten years
For the year ended June 30 (continued)**

2011	2010	2009	2008	2007
\$ 3,394,416,254	\$ 3,790,236,802	\$ 4,011,032,636	\$ 4,000,418,984	\$ 3,788,568,503
101,832,488	113,707,104	120,330,979	120,012,570	113,657,055
31,095,074	17,898,697	18,970,000	18,840,000	19,425,000
-	-	-	(25,000)	(50,000)
-	-	-	-	-
-	-	-	-	-
(360,000)	(345,000)	(505,000)	(655,000)	(800,000)
30,735,074	17,553,697	18,465,000	18,160,000	18,575,000
\$ 71,097,414	\$ 96,153,407	\$ 101,865,979	\$ 101,852,570	\$ 95,082,055

2016 statistical section

**CITY OF ASHLAND, OREGON
COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2016 - Unaudited**

True cash value	\$	3,493,732,448		
3% of true cash value		0.03		
			\$	104,811,973
NET BONDED DEBT:				
Gross bonded debt		16,131,707		
Less amounts exempted:				
Water				
Water re-funding		-		
Total debt applicable to margin				16,131,707
LEGAL DEBT MARGIN			\$	88,680,267

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.

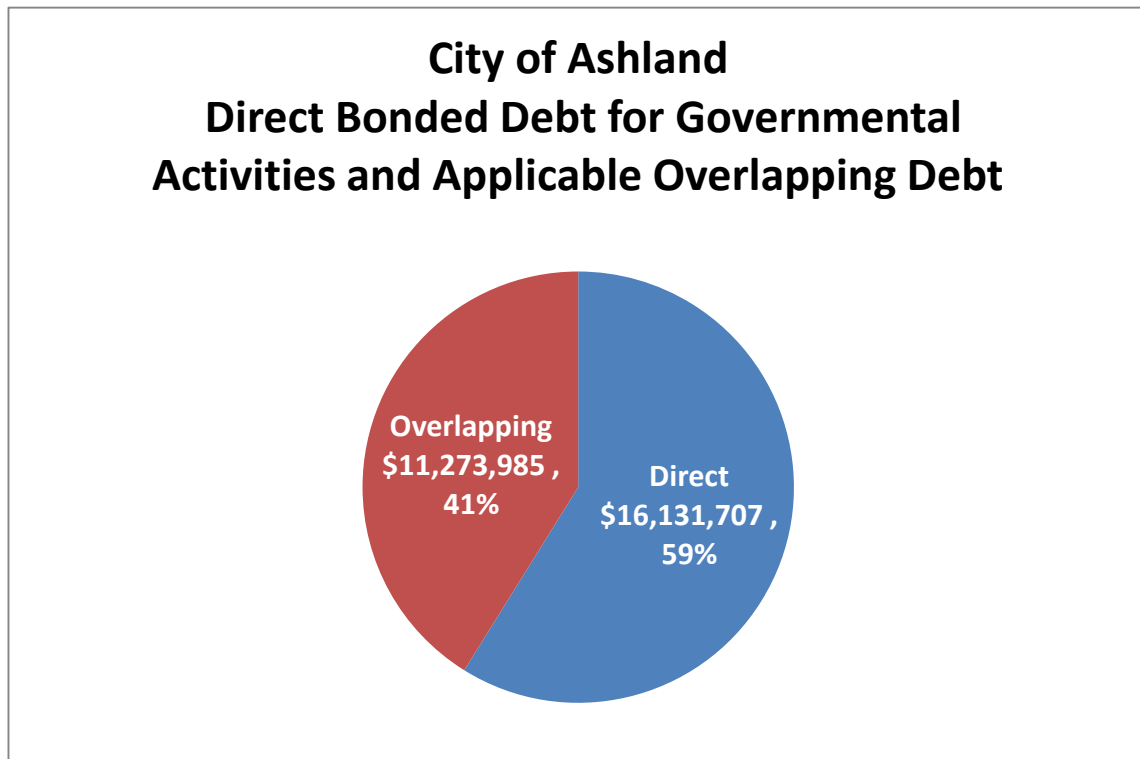
Source: Jackson County Assessor's Office
Audited Financial Statements
Oregon Revised Statutes (ORS) 287.004

**CITY OF ASHLAND, OREGON
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
GENERAL OBLIGATION BONDS
June 30, 2016 - Unaudited**

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City
Direct:			
City of Ashland - Governmental Activities only	\$ 16,131,707	100.00%	\$ 16,131,707
Overlapping:			
Jackson County	2,213,654	14.53%	321,644
School District No. 5	13,243,688	79.93%	10,585,680
Rogue Community College	2,411,976	14.53%	350,460
Jackson County Housing Authority	49,455	14.53%	7,186
Rogue Valley Transit District	47,250	19.08%	9,015
	<u>\$ 17,966,023</u>		<u>\$ 11,273,985</u>
	<u>\$ 34,097,730</u>		<u>\$ 27,405,692</u>

(1) Percentage of overlap is calculated on real market value.

Source: State of Oregon, Office of Treasurer - overlapping debt report, debt for governmental activities only



2016 statistical section

**CITY OF ASHLAND, OREGON
PRINCIPAL EMPLOYERS
Current and ten years ago**

Employer	2016	
	Employees	Percentage of Total City Employment
Southern Oregon University	896	9.03%
Oregon Shakespeare Festival	522	5.26%
Ashland Public Schools	300	3.02%
Asante Ashland Community Hospital	278	2.80%
City of Ashland	245	2.47%
Subtotal	2,241	22.59%
Estimated total city employment	9,922	

Employer	2007	
	Employees	Percentage of Total City Employment
Southern Oregon University	750	8.33%
Ashland Community Hospital	410	4.56%
Ashland Shakespeare Festival	398	4.42%
Ashland Public Schools	350	3.89%
City of Ashland	229	2.54%
Subtotal	2,137	23.74%
Butler Ford	160	1.78%
Pathway Enterprises	140	1.56%
Ashland Food Cooperative	130	1.44%
Professional Tool Mfg. LLC	100	1.11%
Prestige Care (dba Linda Vista)	75	0.83%
Total	2,742	30.46%
Estimated total city employment	9,000	

Source: Ashland Chamber of Commerce

Note: Ashland Chamber of Commerce has changed their reporting method and now only tracks the top four employers in the city

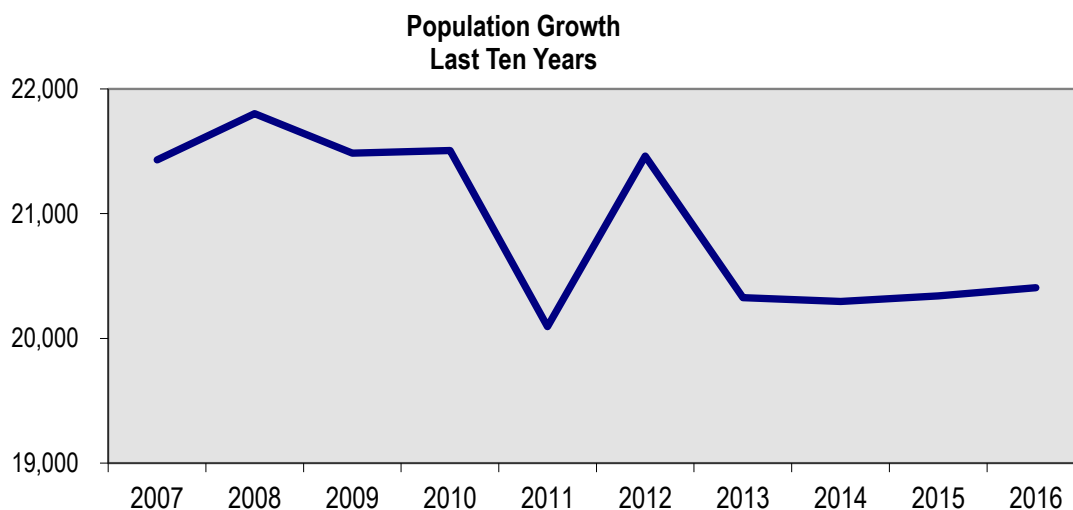
2016 statistical section

**CITY OF ASHLAND, OREGON
DEMOGRAPHIC STATISTICS
Last ten years - Unaudited**

Fiscal Year Ended June 30,	Population (1)	Percentage Change	Per Capita Income	Total Personal Income (2)	School Enrollment (3)	Jackson County Unemployment Rate (4)
2016	20,405	0.32%		unavailable	2,775	6.2%
2015	20,340	0.22%	-	unavailable	2,735	6.6%
2014	20,295	-0.15%	-	unavailable	2,800	8.4%
2013	20,325	-5.29%	-	unavailable	2,700	8.3%
2012	21,460	6.79%	-	unavailable	2,720	8.3%
2011	20,095	-6.56%	-	unavailable	2,737	11.9%
2010	21,505	0.09%	-	unavailable	2,819	12.1%
2009	21,485	-1.44%	18,219	391,431	2,767	13.6%
2008	21,800	1.73%	19,770	430,978	2,846	6.7%
2007	21,430	2.63%	21,636	463,652	2,909	5.6%

Sources:

- (1) Center for Population and Research and Census, Portland State University
- (2) State of Oregon Employment Division, Department of Human Resources
- (3) Ashland School District
- (4) US Bureau of Labor Statistics



2016 statistical section

**CITY OF ASHLAND, OREGON
SCHEDULE OF MAJOR INSURANCE IN FORCE
June 30, 2016**

Company	Coverage	Policy Period	Annual Aggregate/Each Occurrence	Premium
Citycounty Insurance Services	General Liability			\$ 211,293
	Commercial General Liability	07/01/2015-07/01/2016	\$ 15,000,000 / \$5,000,000	
	Public Officials Liability	07/01/2015-07/01/2016	\$ 15,000,000 / \$ 5,000,000	
	Employment Practices	07/01/2015-07/01/2016	\$ 15,000,000 / \$ 5,000,000	
	Automobile Liability			38,050
	Scheduled Autos	07/01/2015-07/01/2016	None / \$ 5,000,000	
	Hired Autos/Non Owned	07/01/2015-07/01/2016	None / \$ 5,000,000	
	Uninsured Motorist	07/01/2015-07/01/2016	None / \$ 5,000,000	
	Auto Physical Damage			17,453
	Scheduled Autos	07/01/2015-07/01/2016	Per Filed Value	
	Rented or Leased	07/01/2015-07/01/2016	Per Filed Value	
	Newly Acquired Autos	07/01/2015-07/01/2016	Per Filed Value	
	Property			93,562
	Buildings	07/01/2015-07/01/2016	Per Filed Value	
	Mobile Equipment	07/01/2015-07/01/2016	Per Filed Value	
	Boiler and Machinery	07/01/2015-07/01/2016	Replacement Cost of Machinery & Equipment not covered elsewhere	Included above
	Excess Crime	07/01/2015-07/01/2016	Per Loss/ \$250,000	1,195
	Excess Cyber Liability	07/01/2015/07-01/2016	\$100,000 / \$100,000	5,166
	ACE Group	Airport Liability	07/01/2015-07/01/2016	\$4,000,000/\$4,000,000
Wright National Flood Ins. Co.	Flood	10/23/2015-10/23/2016	\$65,800	1,726
Safety National Casualty Corp.	Workers' Compensation Self-Insured Bond	07/01/2015-07/01/2016		6,000
Midwest Employers Casualty Co.	Excess Workers' Compensation	07/01/2015-07/01/2016	Statutory / \$ 1,000,000	66,743
AIG/Chartis	Volunteer Accident Ins	07/01/2015-07/01/2016	Per Schedule of Benefits	1,788
ACE Group	Underground Storage Tank	07/01/2015-07/01/2016	\$1,000,000/\$1,000,000	730

2016 statistical section

**CITY OF ASHLAND, OREGON
CITY EMPLOYEE BY FUNCTION/PROGRAM
Last ten years
For the year ended June 30**

Function/Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Administration	3.00	4.00	4.00	4.00	5.00	4.00	4.00	4.00	3.06	3.00
Human Resources	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00
Legal	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.50	3.50
Information Technology	8.75	8.80	8.80	8.80	8.80	8.80	7.95	7.95	7.60	7.60
Finance	16.75	16.25	16.25	16.25	16.25	16.25	17.25	17.25	15.75	15.50
Municipal Court	4.15	4.15	4.15	4.15	3.15	3.65	3.65	3.65	4.15	4.15
City Recorder/Treasurer	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Police	36.75	36.75	36.75	36.30	35.30	34.80	34.80	36.80	39.30	40.30
Fire	37.60	34.75	34.75	34.75	33.75	32.00	32.40	33.40	35.40	35.40
Streets	10.70	10.70	10.70	10.95	9.90	9.90	10.20	10.20	10.20	10.20
Water	15.00	14.50	14.50	14.50	14.50	14.50	16.30	16.30	16.30	16.30
Wastewater	11.30	11.30	11.30	11.30	10.30	10.30	12.80	12.80	11.80	11.80
Public Works Administration	7.00	7.00	7.00	7.00	6.00	7.50	7.00	7.00	8.00	8.00
Engineering	7.00	7.00	7.00	7.00	6.00	5.00	6.00	6.00	6.00	6.00
Facilities Maintenance / Cemetery	5.50	4.00	4.00	4.50	4.50	4.50	4.00	4.00	4.00	4.00
Fleet Maintenance	4.00	4.80	4.80	4.80	4.80	5.00	3.50	3.50	3.50	3.50
Planning	9.00	9.00	9.00	9.00	8.90	8.90	8.70	8.70	10.65	11.75
Building	4.00	4.00	4.00	4.00	3.70	3.60	3.85	3.85	5.75	6.05
Electric	17.00	17.25	17.25	17.25	17.75	17.75	18.50	18.50	18.10	18.10
Telecommunication	5.75	5.70	5.70	5.70	6.70	6.20	7.55	7.55	7.55	7.55
Conservation	4.00	3.50	3.50	3.50	3.00	3.00	3.00	3.00	3.00	3.00
Senior Program	*	*	*	*	*	*	*	*	*	*
Subtotal	214.25	210.45	210.45	210.75	205.30	202.65	208.45	211.45	218.61	220.70
Parks	44.80	43.80	43.80	43.80	43.80	43.45	45.65	48.55	50.55	48.45
Total	259.05	254.25	254.25	254.55	249.10	246.10	254.10	260.00	269.16	269.15

2016 statistical section

**CITY OF ASHLAND, OREGON
OPERATING INDICATORS
BY FUNCTION / PROGRAM
Last ten years**

Function/Program	2016	2015	2014	2013
Police				
Physical arrests, juvenile and adult	2,042	2,591	2,509	2,868
Traffic violations	2,065	2,969	3,461	3,061
Fire				
Fire alarm responses	819	462	398	390
Emergency medical responses	2718	3144	3,098	2,927
Non-emergency public service responses	248	261	155	97
Code enforcement plans review	507	499	404	380
Total calls for service	4063	3867	3,533	3,414
Total ambulance patient transports	1942	1895	1,600	1,523
Water				
Service connections	8,810	8,738	8,870	9,038
Daily average consumption in millions of gallons	4.1	3	3	2.7
Maximum daily capacity of plant in million gallons	8	8	8	8
Sewer				
Service connections	8,414	8,308	8,295	8,181
Daily average treatment in million of gallons	2.2	2.4	2	2.2
Maximum daily capacity in millions of gallons	4	4	4	4
Electric				
Service connections	12,706	12,678	12,662	11,914
Telecommunications				
Cable TV	1350	1306	1,400	1,840
Cable modem	3,962	3,800	3,961	4,082
Potential station capacity	140	140	140	140

¹ Identifies correction to capacity

² Identifies the implementation of new software that correctly accounts for crimes

³ Cable TV outsourced

⁴ Cable TV analog channels

2016 statistical section

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

2012	2011	2010	2009	2008	2007
2,670	2,343	2,073	2,098	2,489	2,748
2,679	2,868	3,160	2,784	2,600	3,036
379	291	359	363	500	457
3,105	2,694	2,705	2,761	3,022	2,955
94	79	75	46	76	87
246	215	293	262	440	495
3,577	3,327	3,128	3,170	3,590	3,534
1,635	1,611	1,456	1,476	1,700	1,616
9,071	8,678	8,433	8,126	8,291	8,281
2.7	4.6	2.7	3.3	3.4	4
8	8	8	8	8	8
7,850	8,181	7,995	8,008	8,153	8,129
2.2	2.1	2.2	2.2	2.2	2
3	4	4	4	4	4
12,148	11,985	11,275	11,944	11,979	11,780
-	-	-	-	-	-
4,066	4,454	4,094	4,160	4,153	3,988
140	140	140	80	80	80

2016 statistical section

CITY OF ASHLAND, OREGON
CAPITAL ASSETS AND INFRASTRUCTURE STATISTICS
BY FUNCTION/PROGRAM
Last ten years

Function/Program	2016	2015	2014	2013
Police				
Stations	1	1	1	1
Contact station	1	1	1	1
Patrol units (vehicles)	8	8	8	8
Sworn officers	28	28	28	28
Fire				
Stations	2	2	2	2
Fire fighters	26	27	27	27
Streets				
Miles of paved streets	93	92	92	92
Miles of gravel streets	10	9	9	9
Miles of storm sewers	94	93	93	93
Water				
Miles of water mains	132.76	130	130	130
Hydrants	1263	1267	1,266	1,262
Water treatment plant	1	1	1	1
Sewer				
Miles of sanitary sewers	110	110	110	110
Treatment plant	1	1	1	1

1 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
Last ten years (continued)**

2012	2011	2010	2009	2008	2007
1	1	1	1	1	1
1	1	1	1	1	NA
8	8	8	8	8	8
25	25	26.5	26.5	27	27
2	2	2	2	2	2
26	26	26	29	31	31
92	92	92	92	100	100
9	9	14	14	11	10
93	93	93	90	89	85
130	130	130	130	124	124
1,248	1,248	1,245	1,237	1,154	1,115
1	1	1	1	1	1
110	110	110	110	110	110
1	1	1	1	1	1

2016 statistical section

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

Function/Program	2016	2015	2014	2013
Electric				
Street lights	1865	1864	1864	1,858
Electrical transformers	2049	2040	2032	2,025
Poles	3600	3602	3605	3,600
Substations	3	3	3	3
Telecommunications				
Miles of fiber	25	25	25	25
Miles of coax	119	119	119	119
Parks and Recreation				
Community centers	3	3	3	3
Parks	19	19	19	16
Park acreage	728	642	642	642
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)	47	41	29	29
Health Care				
Hospital	1	1	1	1
Hospital beds	49	49	49	49
Education				
Elementary schools	4	4	4	4
Elementary school instructors	78	75	69	69
Secondary schools	2	2	2	2
Secondary school instructors	105	103	91	91
State universities	1	1	1	1

2016 statistical section

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

2012	2011	2010	2009	2008	2007
1,827	1,827	1,832	1,811	1,802	1,802
2,007	2,007	2,002	1,996	1,982	1,982
3,506	3,506	3,560	3,557	3,453	2,551
3	3	3	3	3	3
25	25	25	25	25	25
119	119	119	118	117	117
3	3	3	3	3	3
16	16	19	19	19	19
642	642	642	640	640	640
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	29	29
1	1	1	1	1	1
49	49	49	49	49	49
4	4	4	4	4	4
69	69	59	59	59	59
2	2	2	2	2	2
91	91	106	106	106	106
1	1	1	1	1	1

2016 comprehensive annual financial report



AUDIT COMMENTS AND DISCLOSURES

Required by State Regulations

2016 audit comments and disclosures required by state regulations

Oregon Administrative Rules 162-10-050 through 162-10-320 incorporated in 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, and comments and disclosures required in audit reports. The required statements and schedules are set forth in the preceding sections of this <report. Required comments and disclosures related to the audit of such statements and schedules are set forth in the following pages.

2016 audit comments and disclosures required by state regulations



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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, 2016, and have issued our report thereon dated October 14, 2016. 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, noncompliance 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).**

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 Corporations.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the internal controls 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 controls over financial reporting.

2016 audit comments and disclosures required by state regulations

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

A handwritten signature in black ink, appearing to read "Ken Allen". The signature is written in a cursive style with a large, sweeping initial "K".

Kenneth Allen, CPA
PAULY, ROGERS AND CO., P.C.

**GOVERNMENT AUDITING STANDARDS
COMPLIANCE REPORTS**

2016 government auditing standards compliance reports



2016 government auditing standards compliance reports



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October 14, 2016

To the Mayor and City Council
City of Ashland
20 East Main Street
Ashland, OR 97520

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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ashland as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated October 14, 2016.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

2016 government auditing standards compliance reports

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "Ken Allen", is positioned above the printed name and title.

Kenneth Allen, CPA
PAULY, ROGERS AND CO., P.C.

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October 14, 2016

To the Mayor and City Council
City of Ashland

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Ashland as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Ashland, as of June 30, 2016, and the results of its operations and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The City adopted the provisions of GASB Statement No. 72, Fair Value Measurement and Application, for the year ended June 30, 2016. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements.

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Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedules presented as Required Supplementary Information, as listed in the table of contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary and other information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal expenditures is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements.

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

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

Reports on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2016 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated October 14, 2016, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Kenneth Allen, CPA
PAULY, ROGERS AND CO., P.C.

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CITY OF ASHLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016

Program Title	Federal CFDA Number	Pass-Through Organization	Identifying Number	Year to Date Disbursements / Expenditures	Passed Through to Subrecipients
GRANTS					
DEPARTMENT OF AGRICULTURE					
Cooperative Forestry Assistance Promoting Ecosystem Resiliency via Collaboration (PERC) 3/12/2012-12/31/2015	10.664	The Nature Conservancy	FIRE_CITY OF ASHLAND_11.16.11	4,375.00	-
Schools and Roads - Grants to States Title III - Community Wildfire Grant 07/01/2014-06/30/2016 Project# 000442	10.665	Jackson County Oregon	3240	16,494.28	-
Schools and Roads - Grants to States Title III - FY15 Firewise Grant 07/01/2014-12/31/2015 Project# 000443	10.665	Jackson County Oregon	3232	15,176.63	-
Schools and Roads - Grants to States Title III - FY15/FY16 Firewise Grant 07/01/2014-12/31/2016 Project# 000444	10.665	Jackson County Oregon	3235	25,437.41	-
				<u>\$ 57,108.32</u>	<u>\$ -</u>
Total Department of Agriculture				<u>\$ 61,483.32</u>	<u>\$ -</u>
DEPARTMENT OF HOMELAND SECURITY					
Assistance to Firefighters Grant Federal Emergency Management Agency FY2014 Assistance to Firefighters Grant 5/12/2015-5/11/2016 Project# 000472	97.044	Direct	EMW-2014-FO-05859	255,517.40	-
Assistance to Firefighters Grant Federal Emergency Management Agency FY2014 Assistance to Firefighters Grant 8/6/2015-8/5/2016 Project# 000480	97.044	Direct	EMW-2014-FP-00609	-	-
				<u>\$ 255,517.40</u>	<u>\$ -</u>
State Homeland Security Program Grant Oregon Military Department CERT Grant 10/01/2015-09/30/2016	97.067	Oregon Military Department	15-201	4,958.60	-
Total Department of Homeland Security				<u>\$ 260,476.00</u>	<u>\$ -</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Community Development Block Grants/Entitlement Grants 07/01/2014-06/30/2015-Grant Award	14.218	Direct	B14MC410008	30,303.66	-
07/01/2015-06/30/2016-Grant Award	14.218	Direct	B15MC410008	131,835.92	-
Total Department of Housing and Urban Development				<u>\$ 162,139.58</u>	<u>\$ -</u>
DEPARTMENT OF JUSTICE					
Bulletproof Vest Partnership Program 04/01/2014-08/31/2016	16.607	Direct	ASHLAND CITY	3,509.50	-
Public Safety Partnership and Community Policing Grants Community Policing Development Program COPS Grant 09/01/2015-8/31/2017 Project# 000519	16.710	Direct	2015CKWXX019	38,686.05	29,102.13
Total Department of Justice				<u>\$ 42,195.55</u>	<u>\$ 29,102.13</u>
DEPARTMENT OF TRANSPORTATION					
Airport Improvement Program Federal Aviation Administration Ashland Municipal Airport Grant 7/3/2014-not specific Project# 201312	20.106	Direct	3-41-0002-010-2014	\$ 3,035.90	-
Total of Department of Transportation				<u>\$ 3,035.90</u>	<u>\$ -</u>
TOTAL GRANTS EXPENDED or PASSED THROUGH to SUBRECIPIENTS				<u>\$ 529,330.35</u>	<u>\$ 29,102.13</u>

Program Title	Federal CFDA Number	Pass-Through Organization	Identifying Number	Year to Date Disbursements / Expenditures	Loan Balance at End of Period
LOANS					
ENVIRONMENTAL PROTECTION AGENCY					
Capitalization Grants for Drinking Water State Revolving Funds Loop Road Reservoir, PS and TAP Intertie 7/19/2014 - 7/19/2017 Project # 200808	66.468	Oregon Infrastructure Finance Authority	S14005	577,231.60 (1)	1,786,480.74
TOTAL FEDERAL FINANCIAL ASSISTANCE				<u>\$ 1,106,561.95</u>	

(1) Major Program

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SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

FEDERAL AWARDS

Type of auditors’ report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(s) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Any GAGAS audit findings disclosed that are required to be reported in accordance with section 515 (d)(2) of the Uniform Guidance? yes no

IDENTIFICATION OF MAJOR PROGRAMS

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM CLUSTER</u>
66.468	Capitalization Grants for Drinking Water State Revolving Funds

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

Auditee qualified as low-risk auditee? Yes

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONS COSTS:

None

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

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The accompanying schedule of expenditures of federal awards includes federal grant activity under programs of the federal government. The information in this schedule is presented in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations, it is not intended to and does not present the net position, changes in net position, or cash flows of the entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The entity has elected to use the ten percent de minimus indirect cost rate as allowed under Uniform Guidance, although it was not used in FY 15-16.

3. FEDERAL LOAN PROGRAMS

The federal loan programs listed subsequently are administered directly by the entity and balances and transactions relating to the programs are included in the entity's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the schedule. The balance of loans outstanding are clearly stated on the face of the schedule of federal award.

