

**CITY OF
ASHLAND**



COMPREHENSIVE ANNUAL FINANCIAL REPORT
for the year ended June 30, 2014

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



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INTRODUCTORY SECTION





November 18, 2014

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, 2014, as mandated by state statutes. These statutes require that the City of Ashland issue an annual report on its financial position and activity, and that this report be audited by an independent firm of certified public accountants licensed by the State of Oregon to conduct municipal audits. This report must be published within six months of the end of each fiscal year. Management holds responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the enclosed data is accurate in all material aspects and is reported in a manner designed to fairly present the financial position and the results of operations of the various funds and component unit of the City of Ashland. All disclosures necessary to enable the reader to gain an understanding of the City of Ashland's activities have been included.

Based upon their audit, the independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion and that the City's financial statements for the year ended June 30, 2014, 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 5 through 11. 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 20,366. The government has all powers necessary or convenient for the conduct of its municipal affairs, including the power to levy a property tax on both real and personal property located within its boundaries. The City also has the power, by state statute, to extend its corporate limits by annexation, which is done periodically when deemed appropriate by the City Council.

The City operates under the council-administrator form of government. Policymaking and legislative authority are vested in the Mayor and City Council. The governing Mayor and Council are responsible for, among

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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 shall have responsibility for the general administrative coordination of all City departments except for those officers and employees of the Parks Department. 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 members of citizen boards and commissions, with the exception of the Budget Committee, which 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 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 2008-2012 American Communities Survey, Ashland has an employed work force of an estimated 10,201 people with an average annual pay of \$33,143 and representing over 10.3 percent of Jackson County's labor force. A return of some parts of the economy is appearing with early reports on better ticket sales, local tax revenues and university enrollments. Examples are the Transient Occupancy Tax and Food and Beverage Tax revenues (for all business activities as presented in tables in the *Statistical* section). Transient Occupancy Tax revenue increased 4.1 percent while Food & Beverage tax revenue increased 2.8 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.

In 2013-2014, the City issued building permits totaling just under \$20.5 million in total estimated valuation, an approximate 40% increase over the previous year. The valuation of residential development was down approximately 13% over the prior year as there was a slight reduction in the number of dwelling units built or remodeled in 2013-14. The valuation of commercial development, including new construction and tenant improvements, increased by approximately 148% over FY 2012-13. Although the number of commercial permits remained relatively constant year over year, the notable increase in annual valuation reflects the development of higher value individual buildings.

The Ashland Chamber of Commerce publication, Living and Doing Business Guide 2014 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 \$482 million in 2013, with near \$100 million each for housing and transportation. Additionally, the median price of a home was \$325,000, a nearly 9.1% increase from 2012 and slightly above that of 2003. The guide also noted that over 56 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 435 (85 are actors) and has nearly 500 volunteers. Southern Oregon University reports over 6,100 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.

INITIATIVES

During most of FY 2013-2014 the City operated under goals set by Council in February 2013 for the following 12 to 24 months to continue Ashland's history as a community that focuses on sustaining itself and its people. To us, sustainability means using, developing and protecting resources at a rate and in a manner that enables people to meet their current needs and also provides that future generations can meet their own needs.

In FY 2013-2014 City Council updated their goals as listed below. They are also available in the current budget document or on the city website at:

<http://www.ashland.or.us/Page.asp?NavID=15482>

CITY COUNCIL GOALS 2014

PUBLIC SAFETY GOAL

Public safety and other city agencies, along with the community, collaborate effectively to ensure security for all and improve overall livability.

Objectives:

- Increase safety and security downtown
- Review the Emergency Preparedness Plan to include food security and other shortages of necessities
- Mitigate fire hazards in the urban interface
- Reduce risks of fire in the city via weed abatement and Firewise landscaping and building practices
- Improve public communication and community partnerships re: public safety policies and best practices
- Provide modern, fully equipped facilities and equipment for city public safety functions

MUNICIPAL INFRASTRUCTURE GOAL

Collaborate with the community to ensure safe, cost-effective, and sustainable public services, facilities and utilities to meet the urgent, immediate and future needs of Ashland.

Objectives:

- Examine the anticipated impacts of climate change on city infrastructure
- Evaluate all city infrastructure regarding planning, management, and financial resources
- Implement the conservation plan for water and complete the 10-year plan for electric
- Promote conservation as a long-term strategy to protect the environment and public utility needs and implement a conservation program to reduce water and electricity usage by 5 to 10% over the next three years.
- Maintain existing infrastructure to meet regulatory requirements and minimize life-cycle costs

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- Deliver timely life-cycle capital improvement projects
- Maintain and improve infrastructure that enhances the economic vitality of the community
- Develop a fee/rate structure that encourages conservation and pays the bills

COMMUNITY QUALITY OF LIFE GOAL

Anticipate and identify opportunities to provide for the physical, social, economic, and environmental health of the community.

Objectives:

- Minimize the incidence and impacts of homelessness
- Provide opportunities for those who are struggling to thrive and not just survive in Ashland
- Increase the number of internet-based businesses by 50% in two years
- Investigate land-use and funding strategies that provide affordable and workforce housing units
- Support and assist foundational relationships with community partners
- Establish a permanent jobs commission
- Implement Level I implementation strategies of the Economic Development Plan as approved by Council
- Review the Downtown Plan including zoning of areas around downtown and create a roadmap for the future planning of downtown
- Encourage private development of affordable housing options
- Analyze the impacts of increased preservation of historic buildings in Ashland

ORGANIZATION AND GOVERNANCE GOAL

Provide high quality and effective delivery of the full spectrum of city service and governance in a transparent, accessible and fiscally responsible manner.

Objectives:

- Examine and improve communication tools used to communicate with the public
- Improve budget and financial reports to be clear, realistic, and effective
- Review and evaluate current commissions for their mission and feasibility
- Improve communication between commissions and Council
- Ensure the efficient and effective use of technology to enhance customer satisfaction
- Ensure the availability of front-line personnel for customer contact during business hours

ASHLAND PARKS AND RECREATION GOAL (Submitted to and accepted by Ashland City Council)

Maintain and expand park, recreational, and educational opportunities; provide high quality, efficient and safe services with positive experiences for guests and other participants while maintaining community participation in the decision-making processes and protecting the environment.

Objectives:

- Evaluate current conditions of facilities and identify deficiencies that need correction.
- Provide neighborhood park facilities within ¼-mile of every home.
- Provide opportunities for community members to interact and improve health and social well-being for our community.
- Contribute to the economic viability of our community.
- Preserve natural areas, protect and enhance our environment.
- Incorporate community input into planning processes for parks and recreation programs, activities and facilities.
- Ensure continued safety within the parks and recreation system.
- Support education related to environmental issues.
- Provide ongoing evaluation of recreation programs to ensure current and future relevance.

Important steps or accomplishments in the above areas during FY 2013-14 include:

1. Transitioned to a biennial budget process for coming years to take advantage of better planning opportunities in the “off” year, a more comprehensive planning approach and time savings.
2. Retired significant portions of the prior year long-term liabilities.
3. Transitioned to a self-insured employee health benefits program.
4. Adjusted rates for water, wastewater and electric to comply with financing goals identified by master plan studies.
5. Granted over \$125,000 for safety net services and \$678,000 to encourage economic and cultural activities consistent with the city’s recently completed Economic and Development strategy.
6. Remodeled the Plaza and Calle Guanajuato to make them more open and inviting to the public.

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, 2014 , disclosed no material internal control weaknesses or material violations of laws and regulations.

In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriations budget resolution approved by the City Council. All funds are included in the annual appropriated budget. The annual 2013-14 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 29-37, immediately following the independent auditors report.

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, 2014, the fair market value of the investment in the Local Government Investment Pool was 100 percent of the pool shares, as reported in Oregon Short Term Fund audited financial statements.

The City provides life and health coverage to its employees and their dependants. The City pays 95 percent of premiums for employees, with management and all five bargaining units paying the remaining five percent. Other optional supplemental insurances are available to employees and are paid entirely by the indi-

2014 introductory section

viduals 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 70 through 73, 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 1990. 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 2012-2013 local net general government tax rate in the City of Ashland, all agencies, was \$7.16, 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. 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 2013-2014. The measure also provides for voter approved “Local Option Levies” for levies outside the limits. In May 1997, Ashland voters approved the three-year *Ashland Youth Activities Levy* as a Local Option Levy at a rate of \$0.97. The levy was renewed in May 2000 and again in May 2003, at a maximum rate of \$1.38. The 2003 renewal ended in fiscal year 2008. The City of Ashland is still receiving delinquent payments for Ashland Youth Activity Levy from Jackson County.

A Local Option Levy of \$0.21 was approved by the voters to provide extended library services in Ashland beginning in FY 2007-2008. It was levied in FY 2008-2009 at \$0.13, and in FY 2009-2010 through FY 2011-2013 at \$0.1921 per \$1,000 of valuation. The levy was renewed on the November 2012 ballot for another four years at \$0.21 per \$1,000. The City levied \$0.1921 for library service in 2013-2014.

Awards. The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for fiscal year ended June 30, 2013. This was the twenty-first 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 2013-2014 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,



Dave Kanner
City Administrator



Lee Tuneberg
Administrative Services/Finance Director





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, 2013

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is written in a cursive, flowing style.

Executive Director/CEO

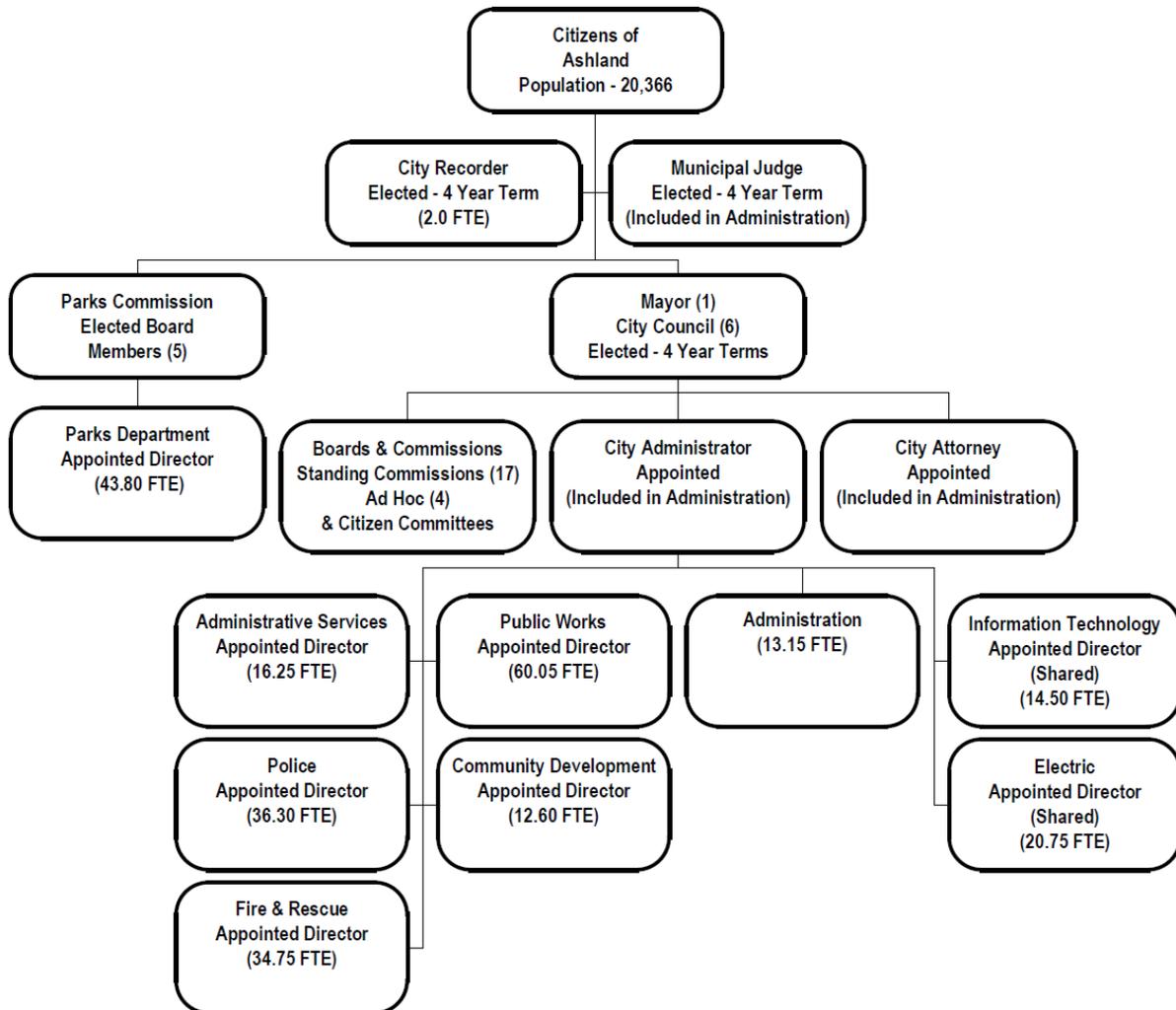
**CITY OF ASHLAND
ELECTED CITY OFFICIALS
as of June 30, 2014**

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
John Stromberg 252 Ridge Road Ashland OR 97520	Mayor	December 2016
Greg Lemhouse 2850 Wedgewood Ashland OR 97520	Council Member	December 2016
Pam Marsh 696 Siskiyou Blvd Ashland OR 97520	Council Member	December 2014
Michael Morris 720 S. Mountain Avenue Ashland OR 97520	Council Member	December 2014
Rich Rosenthal 1228 Rose Lane Ashland OR 97520	Council Member	December 2016
Dennis Slattery 1405 Pinecrest Terrace Ashland OR 97520	Council Member	December 2014
Carol Voisin 908 Fox Street Ashland OR 97520	Council Member	December 2016
Barbara Christensen 759 Willow Street Ashland OR 97520	Recorder Treasurer	December 2014
Pam B. Turner PO Box 1299 Ashland OR 97520	Municipal Judge	December 2016

**CITY OF ASHLAND
APPOINTED CITY OFFICIALS
as of June 30, 2014**

<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
Terry Holderness 50 Pine Street Ashland, OR 97520	Police Chief
John Karns 440 Wiley Street Ashland, OR 97520	Fire Chief
Don Robertson 3786 Windgate Medford OR 97504	Parks and Recreation Director (up to and including June 30, 2014)
Michael Black 711 NW Amelia Drive Grants Pass, OR 97526	Parks and Recreation Director (appointed August 18, 2014)

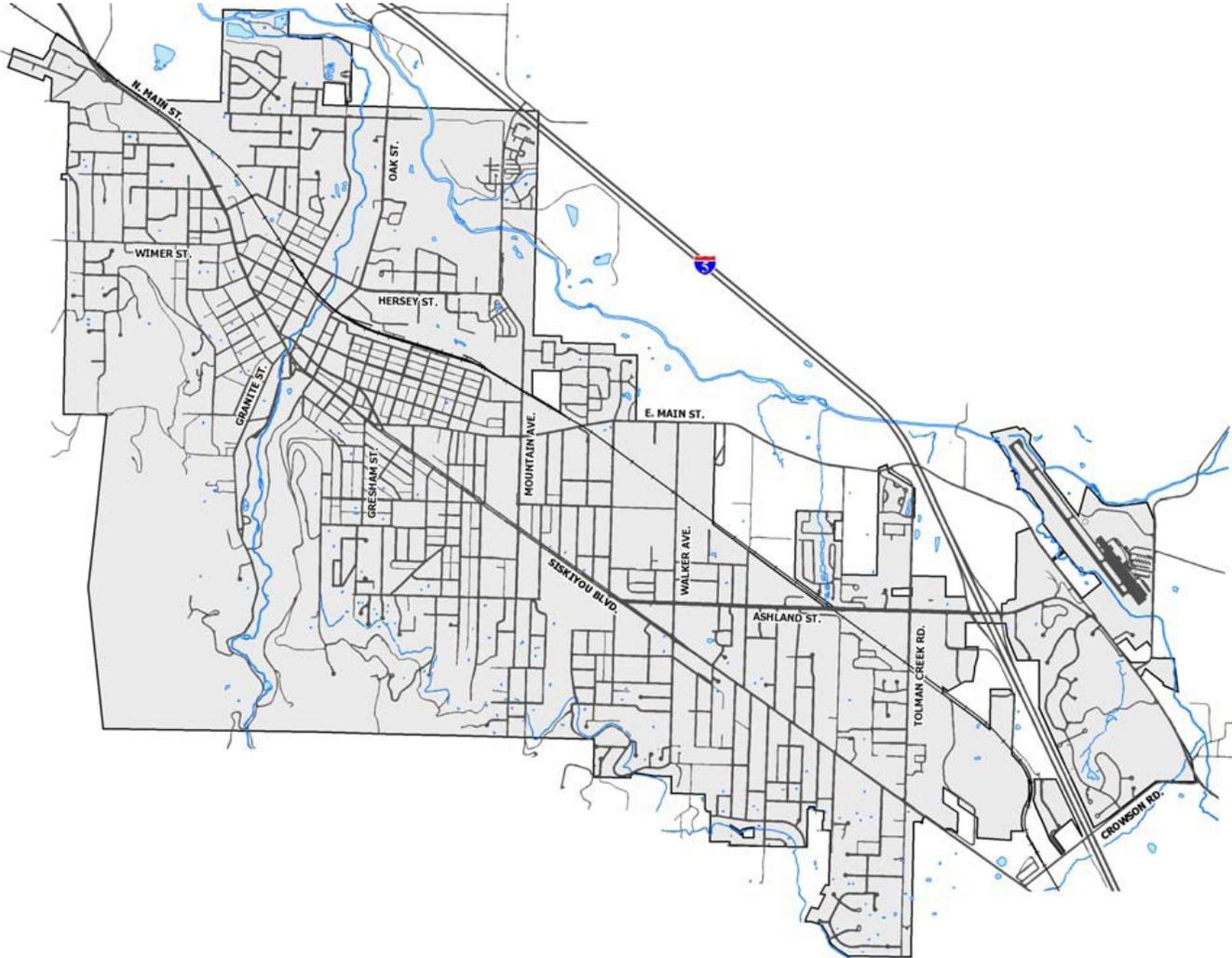
City of Ashland
254.55 FTE
Adopted



CITY OF ASHLAND



Vicinity Map 2014







October 27, 2014

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.

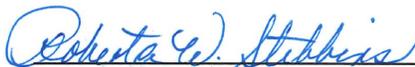
At the conclusion of the annual audit, the Commission meets with the City's auditor to discuss the results of their audit and their evaluation of the City and Parks financial reporting. The Commission also discusses the financial accounting and reporting processes with the City's auditor, including the 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.

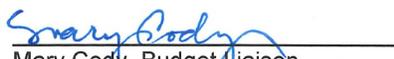
Based upon the above, we accept the 2013-2014 Comprehensive Annual Financial Report (CAFR) and the related audit reports of the independent certified public accountants for the City of Ashland and the Ashland Parks and Recreation Commission and recommend that the respective CAFR and auditor's reports be accepted by the Council and the Commission.

Respectfully submitted,

The Municipal Audit Commission


Roberta Stebbins,
Member at Large


Thomas Hepford,
Member at Large


Mary Cody, Budget Liaison
Representing Budget Committee


Carol Voisin,
City Council Liaison/Member


Barbara Christensen,
City Recorder/Treasurer
Ex-Officio Member

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

Tel: 541.488.5300
Fax: 541.552.2059
TTY: 800.735.2900



FINANCIAL SECTION





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12700 SW 72nd Ave. ♦ Tigard, OR 97223
(503) 620-2632 ♦ (503) 684-7523 FAX
www.paulyrogersandcocpas.com

October 17, 2014

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Ashland as of and for the year ended June 30, 2014, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Ashland, as of June 30, 2014, and the respective changes in financial position and budgetary comparisons for the general fund and federal grant fund, thereof 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. 65, *Items Previously Reported as Assets and Liabilities*, for the year ended June 30, 2014. 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

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the 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 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also 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.²

Reports on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2014 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 17, 2014, 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.

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, 2014, to readers of the financial statements. Certain information has been provided for the Ashland Parks and Recreation Commission (APRC), which qualifies as a blended component unit of the City.

In previous years the APRC was reported in the Comprehensive Annual Financial Report as a discretely presented component unit. Due to changes in funding it is now required to show it as a blended component unit. 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. Taken together they provide a comprehensive financial look at the City. The components of the report include the following:

- Management's Discussion and Analysis. This section of the report provides financial highlights and overviews.
- Basic Financial Statements. Includes 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.
- 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.

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Financial Highlights

The City's annual financial report in the past included a discretely presented component unit – The Ashland Parks and Recreation Commission (APRC). Through the budget process (The 2013-2015 Biennium) the primary revenue source for APRC was changed from property taxes to a payment for services from the City of Ashland's General Fund. This funding change now qualifies APRC as a blended component unit at June 30, 2014. It is now reclassified as a special revenue fund when combined with the primary government per the Governmental Accounting Standard Board. With this change, comparable data for both 2013 and 2014 fiscal years have been provided here in Table 1. and 2. to help the reader.

Table 1
City of Ashland's Net Position
Reconciliation
(in thousands of dollars)

	Governmental Activities			Total			Total Percentage Change 2014-2013
	City 2014	Parks 2014	Total 2014	City 2013	Parks 2013	Total 2013	
Current Assets:							
Cash and cash equivalents	\$ 18,341	\$ 1,194	\$ 19,535	\$ 17,586	\$ 2,416	\$ 20,002	-2.3%
Receivables, net	3,373	99	3,472	3,689	91	3,780	-8.1%
Inventories - supplies and materials	73	-	73	75	-	75	-2.7%
Deferred charges	-	-	-	-	-	-	
Internal balances	(1,393)	-	(1,393)	(1,123)	-	(1,123)	n/a
Restricted assets:							
Cash and cash equivalents	1,150	-	1,150	1,141	-	1,141	0.8%
Total current assets:	21,544	1,293	22,837	21,368	2,507	23,875	-4.3%
Non-current Assets:							
Capital assets	102,202	17,946	120,148	101,291	16,487	117,778	2.0%
Less accumulated depreciation	(50,562)	(7,467)	(58,029)	(48,437)	(6,960)	(55,397)	4.8%
Total non-current assets	51,640	10,479	62,119	52,854	9,527	62,381	-0.4%
Total assets	73,184	11,772	84,956	74,222	12,034	86,256	-1.5%
Current Liabilities:							
Accounts payable and accrued liabilities	6,762	632	7,394	5,403	612	6,015	22.9%
Deferred revenue	-	-	-	-	-	-	n/a
Total current liabilities	6,762	632	7,394	5,403	612	6,015	22.9%
Long-term liabilities:							
Claims payable	18,360	-	18,360	19,790	-	19,790	-7.2%
Total liabilities	25,122	632	25,754	25,193	612	25,805	-0.2%
Net Position:							
Invested in capital assets	33,281	10,479	43,760	33,064	9,527	42,591	2.7%
Restricted	4,936	-	4,936	4,544	-	4,544	8.6%
Unrestricted	9,845	661	10,506	11,421	1,895	13,316	-21.1%
Total net position	\$ 48,062	\$ 11,140	\$ 59,202	\$ 49,029	\$ 11,422	\$ 60,451	-2.1%

Table 2
Changes in City of Ashland's Net Position
Reconciliation
(in thousands of dollars)

	Governmental Activities						Total Percentage Change 2014-2013
	City 2014	Parks 2014	Total 2014				
Program revenues:							
Charges for services	\$ 5,529	\$ 1,578	\$ 7,107	\$ 9,868	\$ 932	\$ 10,800	-34.2%
Operating grants and contributions	433		433	898	-	898	-51.8%
Capital grants and contributions	-	-	-	-	-	-	
General revenues:							
Property taxes	10,216		10,216	5,783	4,082	9,865	3.6%
Other taxes	7,357		7,357	6,996	-	6,996	5.2%
Interest	179	7	186	176	68	244	-23.8%
Other	864	4,013	4,877	346	16	362	1247.2%
Total revenues	24,578	5,598	30,176	24,067	5,098	29,165	3.5%
Program expenses:							
General government	4,922	-	4,922	7,270	-	7,270	-32.3%
Public safety	14,677	-	14,677	10,352	-	10,352	41.8%
Highways and streets	5,420	-	5,420	3,081	-	3,081	75.9%
Parks and Recreation		5,881	5,881	-	6,095	6,095	N/A
Interest on long-term debt	435		435	1,618	-	1,618	-73.1%
Water	-	-	-	-	-	-	
Wastewater	-	-	-	-	-	-	
Electric	-	-	-	-	-	-	
Telecommunications	-	-	-	-	-	-	
Total expenses	25,454	5,881	31,335	22,321	6,095	28,416	10.3%
Increase (decrease) in net position before transfers and disposals	(876)	(283)	(1,159)	1,749	(997)	752	-254.1%
Interfund transfer	(90)	-	(90)	-	-	-	
Increase (decrease) in net positions	(966)	(283)	(1,249)	1,749	(997)	752	-266.1%
Net position - June 30, 2013	49,029	11,422	60,451	47,280	12,419	59,699	1.3%
Net position - June 30, 2014	<u>\$ 48,063</u>	<u>\$ 11,139</u>	<u>\$ 59,202</u>	<u>\$ 49,029</u>	<u>\$ 11,422</u>	<u>\$ 60,451</u>	-2.1%

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Net Position. The City's total net position is \$117,363,462 at June 30, 2014. This is \$4.5 million less than the previous year, equivalent to a 3.7% decrease. The decrease in the total net position is due to spending of prior year bond monies on projects, disposals of fixed assets and being self insurance.

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2014-2013
	2014	2013	2014	2013	2014	2013	
Current Assets:							
Cash and cash equivalents	\$ 19,535	\$ 20,002	\$ 10,760	\$ 9,732	\$ 30,295	\$ 29,734	1.9%
Receivables, net	3,472	3,780	3,493	5,255	6,965	9,035	-22.9%
Inventories - supplies and materials	73	75	1,024	881	1,097	956	14.7%
Deferred charges	-	-	488	607	488	607	-19.6%
Internal balances	(1,393)	(1,123)	1,393	1,123	-	-	n/a
Restricted assets:	-	-	-	-	-	-	-
Cash and cash equivalents	1,150	1,141	-	-	1,150	1,141	0.8%
Total current assets:	<u>22,837</u>	<u>23,875</u>	<u>17,158</u>	<u>17,598</u>	<u>39,995</u>	<u>41,473</u>	-3.6%
Non-current Assets:							
Capital assets	120,148	117,778	111,880	118,831	232,028	236,609	-1.9%
Less accumulated depreciation	(58,029)	(55,397)	(48,811)	(53,721)	(106,840)	(109,118)	-2.1%
Total non-current assets	<u>62,119</u>	<u>62,381</u>	<u>63,069</u>	<u>65,110</u>	<u>125,188</u>	<u>127,491</u>	-1.8%
Total assets	<u>84,956</u>	<u>86,256</u>	<u>80,227</u>	<u>82,708</u>	<u>165,183</u>	<u>168,964</u>	-2.2%
Current Liabilities:							
Accounts payable and accrued liabilities	7,394	6,015	2,963	2,906	10,357	8,921	16.1%
Deferred revenue	-	-	-	-	-	-	n/a
Total current liabilities	<u>7,394</u>	<u>6,015</u>	<u>2,963</u>	<u>2,906</u>	<u>10,357</u>	<u>8,921</u>	16.1%
Long-term liabilities:							
Claims payable	18,360	19,790	19,103	18,321	37,463	38,111	-1.7%
Total liabilities	<u>25,754</u>	<u>25,805</u>	<u>22,066</u>	<u>21,227</u>	<u>47,820</u>	<u>47,032</u>	1.7%
Net Position:							
Invested in capital assets	43,760	42,591	43,966	46,789	87,726	89,380	-1.9%
Restricted	4,936	4,544	4,661	4,481	9,597	9,025	6.3%
Unrestricted	10,506	13,316	9,534	10,211	20,040	23,527	-14.8%
Total net position	<u>\$ 59,202</u>	<u>\$ 60,451</u>	<u>\$ 58,161</u>	<u>\$ 61,481</u>	<u>\$ 117,363</u>	<u>\$ 121,932</u>	-3.7%

Changes in Net Position. Overall the City's net position decreased by 3.7%. This is mainly due to fewer projects completed that would reduce expenses. In the prior year large project costs reduced over all expenses.

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2014-2013
	2014	2013	2014	2013	2014	2013	
Program revenues:							
Charges for services	\$ 7,107	\$ 10,800	\$ 26,035	\$ 24,671	\$ 33,142	\$ 35,471	-6.6%
Operating grants and contributions	433	898	268	2,119	701	3,017	-76.8%
Capital grants and contributions	-	-	-	-	-	-	
General revenues:							
Property taxes	10,216	9,865	-	-	10,216	9,865	3.6%
Other taxes	7,357	6,996	1,892	1,840	9,249	8,836	4.7%
Interest	186	244	156	166	342	410	-16.6%
Other	4,877	362	723	786	5,600	1,148	387.8%
Total revenues	30,176	29,165	29,074	29,582	59,250	58,747	0.9%
Program expenses:							
General government	4,922	7,270	-	-	4,922	7,270	-32.3%
Public safety	14,677	10,352	-	-	14,677	10,352	41.8%
Highways and streets	5,420	3,081	-	-	5,420	3,081	75.9%
Parks and Recreation	5,881	6,095	-	-	5,881	6,095	N/A
Interest on long-term debt	435	1,618	-	-	435	1,618	-73.1%
Water	-	-	6,852	7,582	6,852	7,582	-9.6%
Wastewater	-	-	7,475	3,846	7,475	3,846	94.4%
Electric	-	-	15,826	13,614	15,826	13,614	16.2%
Telecommunications	-	-	2,241	3,234	2,241	3,234	-30.7%
Total expenses	31,335	28,416	32,394	28,276	63,729	56,692	12.4%
Increase (decrease) in net position before transfers and disposals	(1,159)	752	(3,320)	1,306	(4,479)	2,055	-318.0%
Interfund transfer	(90)	-	-	-	(90)	-	
Increase (decrease) in net positions	(1,249)	752	(3,320)	1,306	(4,569)	2,055	-322.3%
Net position - June 30, 2013	60,451	59,699	61,481	60,175	121,932	119,877	1.7%
Net position - June 30, 2014	\$ 59,202	\$ 60,451	\$ 58,161	\$ 61,481	\$ 117,363	\$ 121,932	-3.7%

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Financial Analysis. For the Governmental Activities on a Generally Accepted Accounting Principles (GAAP) basis, the largest changes are due to more operating costs (less offset by capitalization costs) in the current year. Also, the large increase in General revenues: Other is due to the payment for Parks Services. The Business-type Activities increase is also due to less capitalization of costs. These costs reduced the program expense.

- **Governmental Funds.** The City has three major governmental funds; General Fund, Street Fund and now Parks and Recreation Fund.
 - The General Fund (pg 81) ended the year with revenues higher than expenditures. This was due to most departments spending less than fifty percent of it in the first year of this biennium. This year shows the division of Parks, this is to show the payment from the City to Parks and Recreation Commission. Also note that on a GAAP Basis the Reserve Fund must roll into the General Fund at this point.
 - The Street Fund (pg 82) also has a higher ending fund balance than budgeted. Most of the under spending in this fund is from timing of improvements that were budgeted but were not completed. This fund will struggle as the infrastructure ages and is showing need for replacement.
 - The Parks and Recreation Fund (pg 83) is new to the financials this year. The fund balance is down significantly to align with current ending fund balance policy. Most of the divisions are at the fifty percent mark of the biennium budget.
 - The Non-Major funds are staying on target. The most significant change is the addition of Parks and Recreations Commission's Capital Improvements Fund into the City's financials.
 - 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 transfers. One to the general fund for a homeless shelter and the other one for computer upgrades to Information Technology in the Central Service Fund. This fund also loaned money to the Health Benefits Fund.

- **Business-type Funds.** The City has four enterprise funds; Water Fund, Wastewater Fund, Electric Fund and Telecommunications Fund.
 - The Water Fund (pg 95) started the Talent Ashland Phoenix Pipeline Intertie project (TAP). Part of the funding for this project was a 1% interest loan from the State of Oregon. The other funding source was from a Bond that was issued in fiscal year 2013. The TAP project is expected to be completed in fiscal year 2015. The Forest division spent the majority of the \$350,000 in the first half of the biennium budget.
 - The Wastewater Fund (pg 96) spent less than half of the budget. This was expected as more of the projects are anticipated for the fiscal year 2015.
 - Shown on page 97, the Electric Fund is trending at almost 50% of budgeted revenue. Although this fund spent more than revenue, this fund has been spending less than anticipated at this point in time. This fund has been able to work on small capital projects without incurring long term debt. However, due to aging infrastructure this may not continue to be the case.
 - The Telecommunications Fund (pg 98) did end the year with expenditures higher than revenue. This fund struggles with being able to fund capital projects.

- **Internal Service Funds.** The City has four internal service funds: Central Service, Insurance Services Health Benefits and Equipment Funds.
 - The Central Service Fund tries to keep expenditures to a minimum. However, the City Recorder department is experiencing very high banking charges due to the new utility billing software and frequency of credit card use.
 - The Insurance Service Fund ended the year with a positive net change. However, this fund will continue to struggle with post employment benefit costs.
 - Health Benefits Fund is new this year. The first year of being self insured has put the expense at 59% of the biennium budget.
 - 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 one supplemental appropriation approved during the first fiscal year of the biennium. Below were authorized changes for the General Fund:
 - General Fund – Police Department: Recognizes grant money of \$30,000 for the Violence Against Women Program.
 - General Fund – Police Department: Recognizes grant money to be paid to Ashland for participation in Southern Oregon Regional High Tech Crimes Task Force in the amount of \$42,000.
 - General Fund – Fire Department: Recognized grant money for three grants in total of \$72,836 for new radios, training and replacement of out of service rescue rope and hardware.
 - General Fund – Fire Department: Recognized \$8,100 for workshops and FEMA expenses.

There was one transfer request in the general fund in the first fiscal year of the Biennium moving appropriations from Administrative Services - Miscellaneous to Administration - Tourism and Parking for better tracking of the restricted money.

Capital Assets and Debt Administration

- **Capital Assets.** As of June 30, 2014, the City had \$125 million in capital assets. This table includes Parks and Recreation Commission's fixed assets of \$10.5 million. In the Governmental Activities, the police station remodel and addition was completed reducing the construction in progress. In the Business-type Activities, long term water projects at treatment plant were completed.

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

	City 2014	Governmental Activities		Parks 2013	Governmental Activities Total	
		Parks 2014	City 2013		2014	2013
Land	\$ 12,466	\$ -	\$ 12,466	\$ -	\$ 12,466	\$ 12,466
Buildings and improvements	22,390	13,350	22,390	13,186	35,740	35,576
Equipment	14,724	1,929	13,169	1,495	16,653	14,664
Infrastructure	51,660	2,009	49,725	1,796	53,669	51,521
Construction in progress	961	658	3,541	10	1,619	3,551
Totals at historical cost	102,201	17,946	101,291	16,487	120,147	117,778
Total accumulated depreciation	50,561	7,467	48,437	6,960	58,028	55,397
Net capital assets	\$ 51,640	\$ 10,479	\$ 52,854	\$ 9,527	\$ 62,119	\$ 62,381

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- o **Debt Administration.** At end of year, the City has \$37.5 million in debt outstanding. The City did incur new debts of \$2,6 million for new construction projects within the Water Fund and Wastewater Fund. These two new debts are with the state of Oregon at 1% interest. All other changes to debt were payments reducing the principal outstanding.

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2014-2013
	2014	2013	2014	2013	2014	2013	
Bonds payable	\$ 17,820	\$ 19,140	\$ 16,054	\$ 17,490	\$ 33,874	\$ 36,630	-7.52%
Notes payable	539	650	3,048	830	3,587	1,480	142.36%
Total bonds and notes	<u>\$ 18,359</u>	<u>\$ 19,790</u>	<u>\$ 19,102</u>	<u>\$ 18,320</u>	<u>\$ 37,461</u>	<u>\$ 38,110</u>	-1.70%

Economic Factors and Next Year's Budget and Rates

- o The City of Ashland is half way through its first biennium budget. Included in the 2013-2015 biennium budget are some large changes from past budgeting processes.
- o This budget does not record the primary revenue source in the Parks Fund as property taxes and instead records that revenue as a payment for services from the General Fund. As such, the entirety of the City's general property tax levy is recorded in the General Fund, which reduces the amount needed for an unappropriated fund balance in the Parks Fund, thus making those otherwise unappropriated dollars available for programs and services throughout the City.
- o The operating budget benefits tremendously from the conversion to a self-funded health benefits program on July 1, 2013. This conversion allowed the City to hold its health insurance costs flat during the biennium, rather than increasing them by an estimated 10% in each year. In addition, this budget changes the way health insurance costs are allocated to the departments from an "actual cost of the employee" methodology to a "per full time employee" methodology. As a result, some departments saw their health benefits charges decrease the first year. Although personal services costs city-wide were projected to increase by about 4.7% in the first year of the biennium and another 2.6% over that in the second year, those increases would have been much higher if not for the conversion to a self-insurance plan. All other contractual and compliance obligations were budgeted as required.

The City of Ashland budget also has the following rates budgeted in the last half of the biennium:

- 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 that entire levy going to the General Fund. The city can assess up to \$.21 per \$1,000 for a voter-approved serial levy that supports Ashland Library operations, however in year one of this budget the city levied only \$.19 per thousand, as was the case in FY 2013. No levy for the library is needed in year two of the biennium due to the voter approval of a library district. The operating property taxes, excluding prior year tax collections, are projected to increase by 4% in each year of the biennium.
- o **Enterprise Fund revenues.** This budget assumed a 5.3% rate increase for the Electric Utility effective October 1, 2013. It was not done until January 2014. 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. The combined impact on a residential customer in 2014-15 is estimated at less than \$6.00 per month depend-

ing on water use. This budget also includes cost of service studies in the Water and Street Funds (\$50,000 and \$30,000, respectively) in order to meet the Council objectives to “Evaluate all city infrastructure regarding planning, management, and financial resources” and to “Develop a fee/rate structure that encourages conservation and pays the bills.”

- o **Other Utilities.** This budget included increases of 3% in the Transportation Utility Fee and 3% in the Storm Water Utility Fee for fall 2013. The approved increases were 2.57% for both. The Storm Water Division needs this adjustment to cover operational costs. The estimated impact on the average residential customer of these combined increases is \$0.36 per month.

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.



BASIC FINANCIAL STATEMENTS



CITY OF ASHLAND, OREGON
STATEMENT OF NET POSITION
For the year ending June 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 19,534,572	\$ 10,760,319	\$ 30,294,891
Receivables (net of allowance for uncollectibles)	3,471,767	3,493,316	6,965,083
Inventories	73,094	1,024,111	1,097,205
Deferred charges	-	488,135	488,135
Internal balances	(1,392,782)	1,392,782	-
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	1,149,616	-	1,149,616
Capital assets:			
Land	12,466,348	1,880,637	14,346,985
Buildings	35,739,298	22,089,254	57,828,552
Machinery and equipment	16,653,654	1,169,663	17,823,317
Infrastructure	53,668,418	83,671,768	137,340,186
Construction in progress	1,620,133	3,069,144	4,689,277
Accumulated depreciation	(58,028,592)	(48,811,228)	(106,839,820)
Total assets	84,955,526	80,227,901	165,183,427
Liabilities:			
Accounts payable and other current liabilities	7,116,594	2,865,087	9,981,681
Accrued interest payable	155,091	98,772	253,863
Non-current liabilities:			
Due within one year	1,555,932	1,885,841	3,441,773
Due in more than one year	16,925,776	17,216,872	34,142,648
Total liabilities	25,753,393	22,066,572	47,819,965
Net Position:			
Net investment in capital assets	43,637,551	43,966,525	87,604,076
Restricted for:			
Asset forfeiture	28,897	-	28,897
Transient Occupancy Tax - tourism	116,131	-	116,131
Library levy	142,497	-	142,497
System development	2,924,188	3,786,696	6,710,884
The Community Development Block Grant restrictior	33,801	-	33,801
Perpetual care: non-expendable	896,572	-	896,572
Debt service	794,695	875,490	1,670,185
Unrestricted	10,627,801	9,532,618	20,160,419
Total Net Position	\$ 59,202,133	\$ 58,161,329	\$ 117,363,462

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

CITY OF ASHLAND, OREGON
STATEMENT OF ACTIVITIES
For the year ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 4,921,674	\$ 2,022,814	\$ 252,742	\$ -
Public safety	14,677,285	1,412,785	180,422	-
Highways and streets	5,420,004	2,093,705	-	-
Parks and recreation	5,881,480	1,578,123	-	-
Interest on long-term debt	435,790	-	-	-
Total governmental activities	31,336,233	7,107,427	433,164	-
Business-type Activities:				
Water	6,852,085	6,182,662	89,747	-
Wastewater	7,475,207	4,251,800	-	-
Electric	15,825,968	13,671,443	178,002	-
Telecommunications	2,240,951	1,929,101	-	-
Total business-type activities	32,394,211	26,035,006	267,749	-
Total primary government	\$ 63,730,444	\$ 33,142,433	\$ 700,913	\$ -

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, Restated

Net position - ending

CITY OF ASHLAND, OREGON
STATEMENT OF ACTIVITIES
For the year ended June 30, 2014 (continued)

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (2,646,118)	\$ -	\$ (2,646,118)
(13,084,078)	-	(13,084,078)
(3,326,299)	-	(3,326,299)
(4,303,357)	-	(4,303,357)
(435,790)	-	(435,790)
(23,795,642)	-	(23,795,642)
-	(579,676)	(579,676)
-	(3,223,407)	(3,223,407)
-	(1,976,523)	(1,976,523)
-	(311,850)	(311,850)
-	(6,091,456)	(6,091,456)
\$ (23,795,642)	\$ (6,091,456)	\$ (29,887,098)
10,216,080	-	10,216,080
4,572,352	-	4,572,352
2,784,842	1,891,730	4,676,572
186,146	156,492	342,638
4,877,216	723,106	5,600,322
(90,000)	-	(90,000)
22,546,636	2,771,328	25,317,964
(1,249,006)	(3,320,128)	(4,569,134)
60,451,139	61,481,457	121,932,596
\$ 59,202,133	\$ 58,161,329	\$ 117,363,462

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

2014 basic financial statements

**CITY OF ASHLAND, OREGON
BALANCE SHEET
GOVERNMENTAL FUNDS
For the year ended June 30, 2014**

	<u>General</u>	<u>Street</u>	<u>Parks</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Assets:					
Cash and cash equivalents	\$ 4,049,176	\$ 4,723,987	\$ 868,944	\$ 3,191,093	\$ 12,833,200
Receivables (net of allowance for uncollectibles)	1,895,096	869,977	74,847	411,680	3,251,600
Due from other funds	500,000	-	-	-	500,000
Cash - restricted	-	-	-	1,149,616	1,149,616
Total assets	<u>6,444,272</u>	<u>5,593,964</u>	<u>943,791</u>	<u>4,752,389</u>	<u>17,734,416</u>
LIABILITIES AND EQUITY					
Liabilities:					
Accounts payable	971,605	150,522	360,397	131,927	1,614,451
Unearned revenue	294,406	384,859	-	162,503	841,768
Interfund Loans Payable	-	-	-	364,795	364,795
Liabilities payable from restricted assets	-	-	-	-	-
Total liabilities	<u>1,266,011</u>	<u>535,381</u>	<u>360,397</u>	<u>659,225</u>	<u>2,821,014</u>
Deferred Inflows of Resources					
Unavailable revenue - Property Taxes	622,285	-	-	31,752	654,037
Unavailable revenue - Special Assesments	-	320,960	-	-	320,960
Total Deferred Inflows of Resources	<u>622,285</u>	<u>320,960</u>	<u>-</u>	<u>31,752</u>	<u>974,997</u>
Fund Balances:					
Restricted for:					
Asset forfeiture	28,897	-	-	-	28,897
Transient Occupancy Tax - tourism	116,131	-	-	-	116,131
Library levy	142,497	-	-	-	142,497
System development charges	-	2,415,789	-	508,399	2,924,188
The Community Development Block Grant restriction	-	-	-	33,801	33,801
Perpetual care	-	-	-	896,572	896,572
Debt commitment	-	-	-	794,695	794,695
Committed for:					
General fund	536,535	-	-	-	536,535
Special revenue funds	-	2,321,834	-	80,488	2,402,322
Parks activities	-	-	583,394	332,482	915,876
Capital projects funds	-	-	-	1,414,975	1,414,975
Unassigned	3,731,916	-	-	-	3,731,916
Total fund balances	<u>4,555,976</u>	<u>4,737,623</u>	<u>583,394</u>	<u>4,061,412</u>	<u>13,938,405</u>
Total liabilities and fund balances	<u>\$ 6,444,272</u>	<u>\$ 5,593,964</u>	<u>\$ 943,791</u>	<u>\$ 4,752,389</u>	<u>\$ 17,734,416</u>

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

**CITY OF ASHLAND, OREGON
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
For year ended June 30, 2014**

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

Fund Balances	\$	13,938,405
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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		58,786,643
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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		(18,359,474)
Accrued interest on liabilities		(155,091)

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		(707,146)
Accrued vacation and sick leave		(881,908)

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

Deferred revenue		1,816,765
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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>4,763,939</u>
Total net position	\$	<u><u>59,202,133</u></u>

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

2014 basic financial statements

**CITY OF ASHLAND, OREGON
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the year ended June 30, 2014**

	General Fund	Street Fund	Parks Fund	Other Governmental Funds	Total Primary Government
Revenues:					
Taxes	\$ 17,805,058	\$ 57,273	\$ -	\$ 988,538	\$ 18,850,869
Fees, licenses and permits	667,416	-	-	-	667,416
Intergovernmental	703,160	1,166,800	-	977,376	2,847,336
Charges for services	1,491,564	2,000,061	4,813,323	2,388,204	10,693,152
System development charges	-	93,644	-	48,941	142,585
Assessments	-	59,483	-	-	59,483
Fines and forfeitures	183,732	-	-	-	183,732
Interest on investments	33,919	23,207	5,841	23,058	86,025
Miscellaneous	80,867	233,209	34,862	61,651	410,589
Total revenues	<u>20,965,716</u>	<u>3,633,677</u>	<u>4,854,026</u>	<u>4,487,768</u>	<u>33,941,187</u>
Expenditures:					
General government	7,626,596	-	-	1,754,959	9,381,555
Public safety	13,102,433	-	-	-	13,102,433
Highways and streets	-	1,974,219	-	-	1,974,219
Parks and Recreation	-	-	5,452,065	1,402,249	6,854,314
Debt service	-	-	-	1,842,374	1,842,374
Capital outlay	-	1,338,957	-	297,450	1,636,407
Total expenditures	<u>20,729,029</u>	<u>3,313,176</u>	<u>5,452,065</u>	<u>5,297,032</u>	<u>34,791,302</u>
Excess (Deficiency) of revenues over (under) expenditures	236,687	320,501	(598,039)	(809,264)	(850,115)
Other financing sources (uses)					
Transfer in	104,529	-	-	646,398	750,927
Transfers out	(190,500)	-	(602,000)	(48,427)	(840,927)
Total other financing sources (uses)	<u>(85,971)</u>	<u>-</u>	<u>(602,000)</u>	<u>597,971</u>	<u>(90,000)</u>
Net change in fund balance	150,716	320,501	(1,200,039)	(211,293)	(940,115)
Fund balance, July 1, 2013	<u>4,405,260</u>	<u>4,417,122</u>	<u>1,783,433</u>	<u>4,272,705</u>	<u>14,878,520</u>
Fund balance, June 30, 2014	<u>\$ 4,555,976</u>	<u>\$ 4,737,623</u>	<u>\$ 583,394</u>	<u>\$ 4,061,412</u>	<u>\$ 13,938,405</u>

The accompanying notes are an integral part of the 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, 2014

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

Excess of revenues over expenditures	\$	(940,115)
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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		919,358
Depreciation expense		(2,671,602)

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		(28,199)
Other Post Employment Benefits implicit liability		(82,612)
Accrued interest		(24,194)
General obligation bonds and notes payable		1,430,778

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

Property taxes		(51,704)
Special assessments		(61,387)
Other		(27,099)

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		287,770
Change in net position	\$	(1,249,006)

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

2014 basic financial statements

**CITY OF ASHLAND, OREGON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
For the year ended 30 June, 2014**

	Water Fund	Wastewater Fund	Electric Fund	Tele- communications Fund	Total	Governmental Activities Internal Service Funds
ASSETS						
Current assets:						
Cash and investments	\$ 5,510,019	\$ 3,690,500	\$ 1,245,927	\$ 313,873	\$ 10,760,319	\$ 6,701,372
Interest and accounts receivable, net	1,485,635	768,096	921,790	172,678	3,348,199	149,330
Notes and contracts receivable	-	-	145,117	-	145,117	70,837
Interfund receivable	-	-	-	-	-	364,795
Inventories	374,756	14,837	613,313	21,205	1,024,111	73,094
Deferred charges	89,494	-	-	-	89,494	-
Total current assets	7,459,904	4,473,433	2,926,147	507,756	15,367,240	7,359,428
Non Current Capital assets:						
Accumulated depreciation	34,865,601	52,655,427	14,993,926	9,365,512	111,880,466	11,782,293
Capital assets, net	(15,685,422)	(16,422,637)	(7,787,485)	(8,915,684)	(48,811,228)	(8,449,678)
	19,180,179	36,232,790	7,206,441	449,828	63,069,238	3,332,615
Non-current assets:						
Deferred costs (net of amortization)	-	-	-	398,641	398,641	-
Total non-current assets	19,180,179	36,232,790	7,206,441	848,469	63,467,879	3,332,615
Total assets	26,640,083	40,706,223	10,132,588	1,356,225	78,835,119	10,692,043
LIABILITIES AND NET POSITION						
Current liabilities:						
Accounts payable	1,012,226	176,249	604,321	12,735	1,805,531	945,143
Accrued salaries, vacation and payroll taxes	297,291	159,041	287,270	92,914	836,516	715,337
Accrued interest payable	27,239	71,434	99	-	98,772	-
Interfund payable	-	-	-	-	-	500,000
Other liabilities	-	-	223,041	-	223,041	2,374,842
Notes/bonds payable, current portion	596,389	1,267,738	21,714	-	1,885,841	-
Total current liabilities	1,933,145	1,674,462	1,136,445	105,649	4,849,701	4,535,322
Long-term liabilities:						
Notes payable	-	-	-	-	-	-
Revenue bonds payable, net	979,630	1,645,280	152,000	-	2,776,910	-
General obligation bonds payable, net	4,099,473	10,340,489	-	-	14,439,962	-
Total long-term liabilities	5,079,103	11,985,769	152,000	-	17,216,872	-
Total liabilities	7,012,248	13,660,231	1,288,445	105,649	22,066,573	4,535,322
Net Position:						
Net Position (deficit):						
Invested in capital assets, net of related debt	13,504,687	22,979,283	7,032,727	449,828	43,966,525	3,332,615
Restricted for system development	2,078,886	1,707,810	-	-	3,786,696	-
Restricted for debt service	-	875,490	-	-	875,490	-
Unrestricted	4,044,262	1,483,409	1,811,416	800,748	8,139,835	2,824,106
Total Net Position	19,627,835	27,045,992	8,844,143	1,250,576	56,768,546	6,156,721
Total liabilities and Net Position	\$ 26,640,083	\$ 40,706,223	\$ 10,132,588	\$ 1,356,225	\$ 78,835,119	\$ 10,692,043
Total Net Position					\$ 56,768,546	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					1,392,783	
Net Position of business-type activities					<u>\$ 58,161,329</u>	

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

CITY OF ASHLAND, OREGON
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the year ended June 30, 2014

	Water Fund	Wastewater Fund	Electric Fund	Tele- communications Fund	Total	Governmental Activities Internal Service Funds
Operating revenues:						
Charges for services	\$ 6,182,662	\$ 4,251,800	\$ 13,671,443	\$ 1,929,101	\$ 26,035,006	\$ 12,819,192
Miscellaneous	17,154	4,505	130,573	4,292	156,524	1,170,253
Total operating revenues	<u>6,199,816</u>	<u>4,256,305</u>	<u>13,802,016</u>	<u>1,933,393</u>	<u>26,191,530</u>	<u>13,989,445</u>
Operating expenses:						
Cost of sales and services	5,195,003	2,956,948	12,196,451	2,040,562	22,388,964	13,004,926
Depreciation and amortization	922,549	1,215,556	376,762	171,430	2,686,297	608,375
Total operating expenses	<u>6,117,552</u>	<u>4,172,504</u>	<u>12,573,213</u>	<u>2,211,992</u>	<u>25,075,261</u>	<u>13,613,301</u>
Operating income (loss)	82,264	83,801	1,228,803	(278,599)	1,116,269	376,144
Non-operating income (expenses):						
Taxes	52	1,891,678	-	-	1,891,730	64,924
Intergovernmental	89,747	-	178,002	-	267,749	-
Interest income	32,527	20,566	8,172	1,257	62,522	39,167
Gain/(loss) on disposal of assets	(159,503)	(792,575)	(1,673,106)	-	(2,625,184)	(12,378)
Transfers	-	-	-	-	-	90,000
Tax equivalents	(357,799)	(335,704)	(1,373,028)	-	(2,066,531)	-
Interest expense	(123,610)	(2,110,865)	(2,296)	-	(2,236,771)	-
Total non-operating income (expenses)	<u>(518,586)</u>	<u>(1,326,900)</u>	<u>(2,862,256)</u>	<u>1,257</u>	<u>(4,706,485)</u>	<u>181,713</u>
Change in net position	<u>(436,322)</u>	<u>(1,243,099)</u>	<u>(1,633,453)</u>	<u>(277,342)</u>	<u>(3,590,216)</u>	<u>557,857</u>
Total Net Position - beginning	<u>20,064,157</u>	<u>28,289,091</u>	<u>10,477,596</u>	<u>1,527,918</u>	<u>60,358,762</u>	<u>5,598,864</u>
Total Net Position - ending	<u>\$ 19,627,835</u>	<u>\$ 27,045,992</u>	<u>\$ 8,844,143</u>	<u>\$ 1,250,576</u>	<u>\$ 56,768,546</u>	<u>\$ 6,156,721</u>
Change in Net Position					\$ (3,590,216)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					270,088	
Change in Net Position of business-type activities - Statement of Activities					<u>\$ (3,320,128)</u>	

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

2014 basic financial statements

CITY OF ASHLAND, OREGON STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the year ended June 30, 2014

	Business-type Activities - Enterprise Funds				Total	Governmental
	Water Fund	Wastewater Fund	Electric Fund	Tele- communications Fund		Internal Service Funds
Cash flows from operating activities:						
Receipts from customers and users	\$ 6,227,560	\$ 5,869,747	\$ 13,779,310	\$ 2,078,110	\$ 27,954,727	\$ 14,040,692
Payments to suppliers	(3,601,040)	(1,827,040)	(9,806,141)	(1,436,791)	(16,671,012)	(5,847,793)
Payments to employees	(1,770,933)	(1,002,773)	(2,385,423)	(636,494)	(5,795,623)	(5,387,886)
Net cash from operating activities	855,587	3,039,934	1,587,746	4,825	5,488,092	2,805,013
Cash flows from noncapital financing activities:						
Taxes collected	52	1,891,678	-	-	1,891,730	64,924
Transfers in	-	-	-	-	-	90,000
Intergovernmental	89,747		178,002			
Net cash from noncapital financing activities	89,799	1,891,678	178,002	-	1,891,730	154,924
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(3,519,587)	(1,207,777)	(861,192)	(10,301)	(5,598,857)	(2,110,866)
Principal paid on bonds, contracts and notes	395,216	408,389	(21,714)	-	781,891	-
Interest paid on debt	(123,610)	(2,110,865)	(2,296)	-	(2,236,771)	-
Tax equivalents	(357,799)	(335,704)	(1,373,028)	-	(2,066,531)	-
Net cash from capital and related financing activities	(3,605,780)	(3,245,957)	(2,258,230)	(10,301)	(9,120,268)	(2,110,866)
Cash flows from investing activities:						
Interest from investments and other income	32,527	20,566	8,172	1,257	62,522	39,167
Net increase (decrease) in cash and investments	(2,627,867)	1,706,221	(484,310)	(4,219)	(1,410,175)	888,238
Cash and investments, beginning of year	5,699,908	1,984,279	1,730,237	318,092	9,732,516	5,813,134
Cash and investments, end of year	3,072,041	3,690,500	1,245,927	313,873	8,322,341	6,701,372
Reconciliation of operating income to net cash provided by operating activities:						
Operating income (loss)	82,264	83,801	1,228,803	(278,599)	1,116,269	376,144
Depreciation and amortization	922,549	1,215,556	376,762	171,430	2,686,297	608,375
Change in assets and liabilities:						
(Increase) decrease in:						
Receivables	27,744	1,613,442	(22,706)	144,717	1,763,197	51,247
Inventories	(80,682)	3,181	(45,753)	(21,205)	(144,459)	1,849
Deferred charges	8,950	-	-	-	8,950	-
Increase (decrease) in:						
Accounts payable and accrued liabilities	(24,062)	102,994	33,406	(23,107)	89,231	456,600
Other liabilities	(81,176)	20,960	17,234	11,589	(31,393)	1,310,798
Net cash from operating activities	\$ 855,587	\$ 3,039,934	\$ 1,587,746	\$ 4,825	\$ 5,488,092	\$ 2,805,013

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

**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 2014, the financial statements are now reported as a blended component unit.

Discretely Presented Component Unit. The Financial Statements of the Ashland Parks and Recreation Commission no longer qualify as a discretely presented component unit at end of year 2014.

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 period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the payment is due.

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

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 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.

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

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 vari-

ous 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 on-going operations. The enterprise and internal service funds are charges to customers for sales and services.

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

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

D. Assets, Liabilities and Net 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.

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 1989) as having a historic cost or market value in excess of \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

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

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

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

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

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

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

Buildings and improvements	33 to 50 years
Electric power generation and distribution systems	40 to 70 years
Water, wastewater and 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.

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

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

8. Reservations of Fund Equity

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

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. The City does not have an item that qualifies for reporting in this category.

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. The City has two types, which arises only under the modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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 2013-2015; therefore, all spending authority of the City lapses at the end of the biennial period. During 2013-2014, the City made one appropriation transfer, as well as one supplemental budget adjustment, both adopted by Resolutions.

2014 notes to basic financial statements

B. Excess of Expenditures over Appropriations

Expenditures of the various funds were within authorized appropriations for the year ended June 30, 2014.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

	Total Primary Government	Component Unit Parks and Recreation	Total
Petty cash	\$ 5,140	\$ 550	\$ 5,690
Deposits with financial institutions	918,980	-	918,980
Imprest Cash	285,607	2,000	287,607
Investments	29,039,104	1,193,126	30,232,230
	<u>\$ 30,248,831</u>	<u>\$ 1,195,676</u>	<u>\$ 31,444,507</u>
Governmental - unrestricted	\$ 30,294,891		
Governmental - restricted:			
Debt service	1,149,616		
	<u>\$ 31,444,507</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, 2014, the bank balance of deposits was \$ 1,041,070. Of those deposits, \$251,000 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.

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

As of June 30, 2014, 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	30,232,230	30,232,230	-	-
	<u>\$ 30,232,230</u>	<u>\$ 30,232,230</u>	<u>\$ -</u>	<u>\$ -</u>

Investments are valued at fair value as required by GASBS 31. As of June 30, 2014, the fair value of the position in the Local Government Investment Pool (LGIP) is 100.8 percent of the value of the pool shares, as reported in the Oregon Short Term Fund audited financial statements.

Interest Rate Risk

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

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

The City limits investment maturities as follows:

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

Credit Risk

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

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

Concentration of Credit Risk

To avoid incurring unreasonable risks inherent to over-investing in specific instruments or in individual financial institutions, the City's investment policy sets maximum limits on the percentage of the portfolio that can be invested in any one type of security. At June 30, 2014, the City was in compliance with all percentage restrictions.

2014 notes to basic financial statements

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 governmental funds were as follows:

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

	<u>Unavailable</u>
Delinquent property taxes receivable:	
General fund	\$ 622,285
Debt service fund	31,752
Business Licenses	144,784
Rehabilitation loans	65,056
Ambulance billing	84,567
Notes receivable	384,858
SDC receivable	162,503
Special assessments not yet due:	
Unbonded-street fund	320,960
	<u>\$ 1,816,765</u>

C. Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

	Balance June 30, 2013	Additions and Reclasses	Retirements and Reclasses	Balance June 30, 2014
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 12,466,348		\$ -	\$ 12,466,348
Construction in progress	3,550,743	1,496,897	3,427,491	1,620,149
Total capital assets, not being depreciated	16,017,091	1,496,897	3,427,491	14,086,497
Buildings	35,576,043	163,255		35,739,298
Improvements other than buildings	51,521,525	2,242,152	95,260	53,668,417
Machinery and equipment	14,664,146	2,545,829	556,321	16,653,654
Total capital assets, being depreciated	101,761,714	4,787,981	651,581	106,061,369
Less accumulated depreciation for:				
Buildings	(11,795,893)	(780,536)	-	(12,576,429)
Improvements other than buildings	(30,140,976)	(775,471)	(543,943)	(30,372,504)
Machinery and equipment	(13,460,527)	(1,714,407)	(95,260)	(15,079,674)
Total accumulated depreciation	(55,397,396)	(3,270,414)	(639,203)	(58,028,607)
Total capital assets being depreciated, net	46,364,318	1,517,567	12,378	48,032,762
Governmental activities capital assets, net	<u>\$ 62,381,409</u>	<u>\$ 3,014,464</u>	<u>\$ 3,439,869</u>	<u>\$ 62,119,259</u>

	Balance June 30, 2013	Additions and Reclasses	Retirements and Reclasses	Balance June 30, 2014
Business-type activities:				
Capital assets, not being depreciated	-	-	-	-
Land	\$ 1,880,637	\$ -	\$ -	\$ 1,880,637
Construction in progress	4,033,296	2,663,496	3,627,648	3,069,144
Total capital assets, not being depreciated	5,913,933	2,663,496	3,627,648	4,949,781
Buildings	22,089,254	-	-	22,089,254
Machinery and equipment	1,059,799	109,864		1,169,663
Improvements other than buildings	89,768,373	2,825,497	8,922,101	83,671,769
Total capital assets, being depreciated	112,917,426	2,935,361	8,922,101	106,930,686
Less accumulated depreciation:				
Buildings	(5,559,169)	(435,312)	-	(5,994,481)
Machinery and equipment	(692,977)	(87,893)		(780,870)
Improvements other than buildings	(47,469,340)	(2,053,125)	7,486,587	(42,035,878)
Total accumulated depreciation	(53,721,486)	(2,576,330)	7,486,587	(48,811,229)
Total capital assets being depreciated, net	59,195,940	359,031	1,435,514	58,119,457
Business-type activities capital assets, net	<u>\$ 65,109,873</u>	<u>\$ 3,022,527</u>	<u>\$ 5,063,162</u>	<u>\$ 63,069,238</u>

2014 notes to basic financial statements

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

General government	\$	980,467
Public safety		144,816
Highways and streets		1,637,942
Parks and Rec		507,189
Total	\$	<u>3,270,414</u>

Construction Commitments

The government has active construction projects as of June 30, 2014. 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 \$13,741,260 at June 30, 2014.

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, 2014, is as follows:

Fund	Transfers	
	In	Out
General fund	\$ 104,529	\$ 190,500
Street fund	-	-
Parks fund		602,000
Non-major governmental	646,398	48,427
Central Services fund	90,000	
Total	<u>\$ 840,927</u>	<u>\$ 840,927</u>

The first interfund loan is for the payoff of the Hargadine parking structure. The second interfund loan is from the Reserve Fund to help fund the beginning of the new Health Benefits Fund.

Fund	Interfund Receivable and Payable In	Interfund Receivable and Payable Out
Non-major governmental		\$ 364,795
Health Benefits Fund		500,000
Central Services	364,795	
General Fund	500,000	
Total	<u>\$ 864,795</u>	<u>\$ 864,795</u>

E. Long-term Debt

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

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

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

Promissory notes outstanding at year end are as follows;

Purpose	Interest Rates	Amount
Government activities	3.77%	\$ 374,061
Government activities	5.75%	165,412
		<u>\$ 539,473</u>

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

Promissory note debt service requirement to maturity is as follows:

Year ending June 30,	Governmental Activities	
	Principal	Interest
2015	60,932	23,196
2016	63,836	20,292
2017	66,885	17,242
2018	70,087	14,041
2019	73,449	10,678
2020-2024	204,284	23,674
2025-2029		
	<u>\$ 539,473</u>	<u>\$ 109,124</u>

2014 notes to basic financial statements

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 issues with varying principal payments due over 12 to 20 years. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Government activities	2.0-4.00%	\$ 2,575,000
Government activities	3.7-6.02%	775,000
Government activities	3.5-5.0%	1,395,000
Government activities	2-2.8%	11,500,000
Business-type activities	2 - 4%	10,835,000
Business-type activities	4.95%	744,089
Business-type activities	2.00%	1,560,000
Business-type activities	2-2.5%	4,490,000
		<u>\$ 33,874,089</u>

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

2014 notes to basic financial statements

Future maturities of bond principal and interest at June 30, 2014, are as follows:

Year Ending June 30,	2004 Full Faith and Credit		2005 GO Bonds		2009 GO Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	775,000	20,906	205,000	69,750	59,127	36,110
2016			215,000	59,500	62,090	33,147
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
2020-2024			260,000	13,000	417,301	58,886
2025-2029						
2030-2034						
	<u>\$ 775,000</u>	<u>\$ 20,906</u>	<u>\$ 1,395,000</u>	<u>\$ 254,000</u>	<u>\$ 744,089</u>	<u>\$ 208,283</u>

Year Ending June 30,	2010 GO Bonds		2011 GO Bonds Fire Station #2		2013 AFN Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	1,215,000	408,750	120,000	83,188	295,000	253,360
2016	1,250,000	372,300	120,000	80,788	1,010,000	240,310
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
2020-2024	4,395,000	355,600	715,000	293,087	5,775,000	530,350
2025-2029			840,000	173,825	1,245,000	17,430
2030-2034			400,000	24,200		
	<u>\$ 10,835,000</u>	<u>\$ 1,985,650</u>	<u>\$ 2,575,000</u>	<u>\$ 879,002</u>	<u>\$ 11,500,000</u>	<u>\$ 1,637,730</u>

Year Ending June 30,	2013 Water Debt GO Bonds		2013 GO Bonds New Construction		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	160,000	29,600	280,000	91,525	3,109,127	993,189
2016	165,000	26,350	285,000	85,875	3,107,090	898,270
2017	165,000	23,050	290,000	80,125	3,185,202	815,008
2018	170,000	19,700	300,000	74,275	3,288,469	715,391
2019	175,000	16,250	295,000	68,325	3,371,901	612,409
2020-2024	725,000	29,150	1,615,000	246,875	13,902,301	1,526,948
2025-2029			1,425,000	69,613	3,510,000	260,868
2030-2034					400,000	24,200
	<u>\$ 1,560,000</u>	<u>\$ 144,100</u>	<u>\$ 4,490,000</u>	<u>\$ 716,613</u>	<u>\$ 33,874,089</u>	<u>\$ 5,846,283</u>

2014 notes to basic financial statements

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, 2014 is \$979,630.

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Water & Wastewater	1.00%	\$ 2,624,910
Water	2.0-4.0%	250,000
Electric	3.8-6.01%	173,714
		<u>\$ 3,048,624</u>

Revenue bond debt service requirements to maturity are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
<u>June 30,</u>		
2015	391,714	5,911
2016	141,714	41,764
2017	143,714	43,492
2018	144,714	44,221
2019	145,714	44,950
2020-2024	690,144	46,222
2025-2029	630,000	47,000
2030-2034	635,000	48,000
2035-2039	125,910	20,000
	<u>\$ 3,048,624</u>	<u>\$ 341,560</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, 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.
- o The City also refunded a portion of the 2003 Water Revenue Bonds in the amount of \$1,580,000, for ten years at 2.00 percent interest. The remaining debt of \$635,000 at 3.10 percent to 3.125 percent will be paid off in the fiscal year 2015. The refunding resulted in \$162,000 gross savings, equivalent to \$151,000 in net present value. The refunding reduces annual debt service by an average of \$15,000 in the Water Fund.
- o The remainder of the new issue was a partial refund of Ashland Fiber Network (AFN) 2004 Full Faith and Credit Bonds. The new issue is \$11,675,000 over the next twelve years at 2.00 percent to 2.80 percent. The remaining debt of \$1,505,000 at 5.328 percent to 5.395 percent will be paid off in fiscal year 2015. The refunding results in \$2.01 million in gross savings, equivalent to \$1.78 million in net present value.

Moody's Investors Services assigned an "A1" rating to both the Tax-Exempt Bonds and the Taxable Bonds. The following table on page 68 shows the activities for both Governmental and Business type as they relate to long term liabilities.

2014 notes to basic financial statements

5. Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Additions and Adjustments</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation	\$ 19,140,000	\$ -	\$ 1,320,000	\$ 17,820,000	\$ 1,495,000
Total bonds payable	19,140,000	-	1,320,000	17,820,000	1,495,000
Notes and contracts	650,252	-	110,778	539,473	60,932
Claims and judgements	121,971	264	-	122,235	
Government Activities:					
Long-term liabilities	<u>\$ 19,912,223</u>	<u>\$ 264</u>	<u>\$ 1,430,778</u>	<u>\$ 18,481,708</u>	<u>\$ 1,555,932</u>
Business-type Activities:					
Bonds Payable:					
General obligation	\$ 17,490,395	\$ -	\$ 1,436,306	\$ 16,054,089	\$ 1,614,127
Revenue	830,429	2,624,910	406,715	3,048,624	271,714
Total bonds payable	18,320,824	2,624,910	1,843,021	19,102,713	1,885,841
Notes and contracts		-		-	-
Business-type Activities:					
Long-term liabilities	<u>\$ 18,320,824</u>	<u>\$ 2,624,910</u>	<u>\$ 1,843,021</u>	<u>\$ 19,102,713</u>	<u>\$ 1,885,841</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, \$216,589 of the Internal Service Fund was compensated absences.

F. Restricted Cash Assets

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

	<u>General Government</u>
Restricted Cash:	
Debt service for GO Debt	\$ 1,149,616
	<u>\$ 1,149,616</u>

G. Compensated Absences

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within a Year</u>
Governmental Activities:	\$ 853,709	\$ 881,908	\$ 853,709	\$ 881,908	\$ 220,477
Business-type Activities:	455,278	488,621	455,278	488,621	122,155
Total compensated absences payable	<u>\$ 1,308,987</u>	<u>\$ 1,370,529</u>	<u>\$ 1,308,987</u>	<u>\$ 1,370,529</u>	<u>\$ 342,632</u>

IV. OTHER INFORMATION

A. Risk Management

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

The government purchases re-insurance above defined loss levels in each program. Premiums are paid into the Insurance Services internal service fund by all other funds, component units, and potential component units, and are available to pay claims, claim reserves, and administrative costs of the programs. These interfund and agency premiums are used to offset the amount of claims expenditures reported. As of June 30, 2014, 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:

	<u>Year ended June 30, 2014</u>	<u>Year ended June 30, 2013</u>
Unpaid claims, beginning of fiscal year	\$ 121,971	\$ 196,302
Incurred claims (including IBNRs)	264	(74,331)
Unpaid claims, end of fiscal year	<u>\$ 122,235</u>	<u>\$ 121,971</u>

The City has established an internal service fund to account for self insurance of Health care. Beginning July 1st, 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.

	<u>June 30, 2014</u>
Accrued claim liability, July 1	\$ -
Incurred claims	4,122,937
Claims payment	(3,707,343)
Accrued Claim liability, June 30	<u>\$ 415,594</u>

B. Contingent Liabilities

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-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. Below is the current debt schedule:

Year Ending June 30,	Principal	Interest
2015	361,425	313,660
2016	7,364,972	175,932
	\$ 7,726,397	\$ 489,592

C. Other Post Employment Benefits

Post Employment Stipend

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

2014 notes to basic financial statements

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, 2012, actuarial valuation, using the present value of projected benefits discounted at the valuation interest rate (4.50 percent). The assumed health costs will increase 7.25 percent in the first year (August 1, 2013, premiums compared with August 1, 2012, premiums). In future years, the medical and vision cost trend varies from 5.75% to 6.75% 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.

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.

	June 30, 2014	June 30, 2012
Present value of benefits	\$ 5,035,267	\$ 3,940,139
Actuarial accrued liability	3,912,886	2,704,203
Assets	-	-
Unfunded actuarial accrued liability	\$ 3,912,886	\$ 2,704,203

Fiscal Year Ending	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	\$ 371,007	18.22%	\$ 1,687,013
6/30/2013	387,045	15.24%	1,383,606
6/30/2012	314,263	18.65%	1,055,551

	Year ended June 30, 2014	Year ended June 30, 2013
Annual required contribution (medical)	\$ 438,650	\$ 438,650
Interest on net OPEB obligation (BOY)	48,426	36,944
Adjustment to ARC for net OPEB obligation	-	-
Annual OPEB costs	487,076	475,594
Expected contributions	(183,669)	(88,549)
Increase (decrease) in net OPEB obligation	303,407	328,055
Net OPEB obligation - beginning of fiscal year	\$ 1,383,606	\$ 1,055,551
Net OPEB obligation - end of fiscal year	\$ 1,687,013	\$ 1,383,606

Post Employment Health Insurance Subsidy

Plan Description - The City operates a single-employer retiree benefit plan that provides post employment health, dental, vision and life insurance benefits to eligible employees and their spouses. There are active and retired members in the plan. Benefits and eligibility for members are established through the collective bargaining agreements. The City's post-retirement healthcare plan was established in accordance

2014 notes to basic financial statements

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.

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, 2012, actuarial valuation, using the present value of projected benefits discounted at the valuation interest rate (4.50 percent). The assumed health costs will increase 7.25 percent in the first year (August 1, 2013, premiums compared with August 1, 2012, premiums), In future years, the medical and vision cost trend varies from 5.75% to 6.75% 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.

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Present value of benefits	\$ 4,673,112	\$ 4,865,844
Actuarial accrued liability	2,764,065	2,802,196
Assets	-	-
Unfunded actuarial accrued liability	<u>\$ 2,764,065</u>	<u>\$ 2,802,196</u>

	<u>Year ended June 30, 2014</u>	<u>Year ended June 30, 2013</u>
Annual required contribution (medical)	\$ 147,619	\$ 179,810
Amortization of UAAL	343,002	214,472
Annual required contribution	490,621	394,282
Interest on prior year	\$ 44,600	\$ 43,346
Adjustment to ARC	153,221	73,644
Implicit benefit payments	198,524	173,353
Increase (decrease) in net OPEB obligation	183,476	190,631
Net OPEB obligation - beginning of fiscal year	<u>\$ 1,274,279</u>	<u>\$ 1,083,648</u>
Net OPEB obligation - end of fiscal year	<u>\$ 1,457,755</u>	<u>\$ 1,274,279</u>

Fiscal Year Ending	Annual OPEB Cost	Percentage of annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	\$ 382,000	52%	\$ 1,457,755
6/30/2013	363,984	48%	1,274,279
6/30/2012	349,826	44%	1,083,648

D. Employee Retirement System and Pension Plan

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

Funding policy. Plan members are required to contribute six percent of their annual covered salary. ORS 238.225 requires the City to contribute at an actuarially determined rate(s). In 2003, the Oregon Legislature revised OPERF operations and how benefits for existing and new employees are calculated and funded. Accordingly, employers may now have two rates to use in calculating the amount owed to fund the liabilities of employees benefits in OPERF. The new plan, established in 2003, is called the Oregon Public Service Retirement Plan (OPSRP) and the current rates are: PERS-General Service 13.35 percent, PERS-Police and Fire 20.55 percent, OPSRP-General Service 11.63 percent, and OPSRP-Police and Fire 14.36 percent, respectively, of annual covered payroll. The City has “picked up” employee contributions at a rate of six percent, as allowed under Oregon law. The contribution requirement of plan members and their employers are established under ORS Chapter 238, and may be amended by an act of the Oregon legislature. The City elected to join the Local Government Rate Pool in 2000 and the State and Local Rate Pool in 2002, to minimize annual variances in employer rates.

For 2013-2014, the City’s annual pension cost of \$3,209,292 was equal to the City’s required and actual contributions. This consisted of \$881,492 “picked up” and paid by the City on behalf of employees and \$2,327,800 paid by the City. The required contribution was determined as part of the December 31, 2011, actuarial valuation, using the entry age actuarial cost method. The Unfunded Actuarial Liability, if any, is amortized as a level percentage of covered payroll over a twenty year period on an open basis. The actuarial assumptions include (a) eight percent investment rate of return (net of administrative expenses), (b) projected salary increases of 4.25 percent per year (attributable to general wage adjustments, with additional increases for promotion and longevity that vary by age and services), and (c) two percent per year cost-of-living adjustments. The underlying rate of inflation is 3.5 percent per year.

Three Year Trend Information for PERS:

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

Fiscal Year Ending	Annual Pension Cost (C of A)	Percentage of C of A Contributed	Net Pension Obligation
6/30/2014	\$ 3,209,292	100%	-
6/30/2013	2,759,047	100%	-
6/30/2012	2,669,770	100%	-

2014 notes to basic financial statements

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, 2014, is as follows:

Startup costs	\$	1,861,076
Less accumulated amortization		<u>1,462,435</u>
	\$	<u>398,641</u>

F. Fund Balance Constraints

The specific purposes for each of the categories of the fund balance as of June 30, 2014, are as follows:

Fund Balances:	General Fund	Street Fund	Parks	Non Major Funds	Total
Restricted for:					
Asset forfeiture	28,897	-	-	-	28,897
TOT tourism	116,131	-	-	-	116,131
Library Levy	142,497				142,497
CDBG restriction	-	-	-	33,801	33,801
SDC - Transportation	-	2,415,789	-	-	2,415,789
SDC - Parks	-	-	-	508,399	508,399
Perpetual care	-	-	-	896,572	896,572
Debt commitment	-	-	-	794,695	794,695
Committed for:					
Parking surcharge	287,725	-	-	-	287,725
Public art	78,154	-	-	-	78,154
Affordable housing	148,426	-	-	-	148,426
Grubbs Case	22,230				22,230
Street activities		2,321,834			2,321,834
Parks activities			583,394	332,482	915,876
Airport activities	-	-	-	80,488	80,488
Food and beverage tax	-	-	-	470,422	470,422
CIP - Facilities	-	-	-	944,553	944,553
	-	-	-	-	-
Assigned for:					
N/A					
Unassigned:	3,731,916	-	-	-	3,731,916
Total fund balances:	<u>\$ 4,555,976</u>	<u>\$ 4,737,623</u>	<u>\$ 583,394</u>	<u>\$ 4,061,412</u>	<u>\$ 13,938,405</u>

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.

H. Restatement

The beginning Net Position of the city was restated due to the fact that in the prior year the Ashland Parks and Recreation Commission was a discrete component unit, in 2013-14 the financial arrangement changed and it became a blended component unit. The June 30, 2013 Net Position of the City was \$49,029,187, the Parks amount was \$11,421,952, to come to the restated balance this year of \$60,451,139.



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

2014 required supplementary information

**CITY OF ASHLAND, OREGON
SCHEDULE OF FUNDING PROGRESS
For the year ended June 30, 2014**

Post Employment Benefits

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
Health Care							
	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%

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
OPEB							
	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%

2014 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, 2014

	Actual FY 2013-14	BN 2013-2015 Biennium Budget Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
Revenues:				
Taxes	\$ 17,805,058	\$ 36,158,607	\$ 36,158,607	\$ (18,353,549)
Fees, licenses and permits	667,416	1,545,692	1,545,692	(878,276)
Intergovernmental	703,160	1,277,045	1,429,981	(726,821)
Charges for services	1,491,564	3,062,700	3,062,700	(1,571,136)
Fines and forfeitures	183,732	339,000	339,000	(155,268)
Interest on investments	27,332	43,000	43,000	(15,668)
Miscellaneous	80,867	124,000	124,000	(43,133)
Total revenues	20,959,129	42,550,044	42,702,980	(21,743,851)
Expenditures:				
General Government:				
Administration	535,493	1,365,465	1,714,422	1,178,929
Administrative Services:				
Band	55,955	120,390	120,390	64,435
Social services	127,233	257,688	257,688	130,455
Economic development	643,005	1,433,226	1,433,226	790,221
Parks Services	3,959,833	8,856,000	8,856,000	4,896,167
Public Works:				
Cemetery	319,459	704,551	704,551	385,092
Community Development:				
Planning	1,243,646	2,730,822	2,730,822	1,487,176
Building	661,396	1,390,632	1,390,632	729,236
Miscellaneous:	80,576	610,208	261,251	180,675
Total general government	7,626,596	17,468,982	17,468,982	9,842,386
Public Safety:				
Police	6,075,095	12,391,656	12,463,656	6,388,561
Municipal court	498,371	994,970	994,970	496,599
Fire and rescue	6,528,967	13,053,484	13,134,420	6,605,453
Total public safety	13,102,433	26,440,110	26,593,046	13,490,613
Contingency		1,041,000	1,041,000	1,041,000
Total expenditures	20,729,029	44,950,092	45,103,028	24,373,999
Excess (deficiency) of revenues over (under) expenditures	230,100	(2,400,048)	(2,400,048)	2,630,148
Other financing sources (uses):				
Transfers in	104,529	110,600	110,600	6,071
Transfers out	(500)	(192,824)	(192,824)	192,324
Total other financing sources (uses)	104,029	(82,224)	(82,224)	198,395
Net change in fund balance	334,129	(2,482,272)	(2,482,272)	2,816,401
Fund balance, July 1, 2013	3,385,680	3,259,706	3,259,706	125,974
Fund balance, June 30, 2014	\$ 3,719,809	\$ 777,434	\$ 777,434	\$ 2,942,375
Reconciliation to GAAP fund balance :				
Interfund Loan	500,000			
Reserve fund balance:	336,167			
	\$ 4,555,976			

2014 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, 2014**

	Actual FY 2013-14	BN 2013-2015 Biennium Budget Amounts		Variance with Final Budget Postive (Negative)
		Original	Final	
Revenues:				
Taxes	\$ 57,273	\$ 46,000	\$ 46,000	\$ 11,273
Intergovernmental	1,166,800	3,363,166	3,363,166	(2,196,366)
Charges for services	2,000,061	4,061,600	4,061,600	(2,061,539)
System development charges (SDC)	93,644	130,000	130,000	(36,356)
Assessments	59,483	20,000	20,000	39,483
Interest on investments	23,207	20,000	20,000	3,207
Miscellaneous	233,209	220,000	220,000	13,209
Total revenues	3,633,677	7,860,766	7,860,766	(4,227,089)
Expenditures:				
Highways and streets:				
Operations and maintenance	2,705,458	7,970,460	7,970,460	5,265,002
Storm water	569,250	1,273,547	1,273,547	704,297
Transportation SDCs	36,424	446,613	446,613	410,189
Storm water SDCs	2,044	80,600	80,600	78,556
Local improvement districts	-	-	-	-
New debt	-	-	-	-
Total highways and streets	3,313,176	9,771,220	9,771,220	6,458,044
Contingency		215,000	215,000	215,000
Total expenditures	3,313,176	9,986,220	9,986,220	6,673,044
Excess (deficiency) of revenues over (under) expenditures	320,501	(2,125,454)	(2,125,454)	2,445,955
Net change in fund balance	320,501	(2,125,454)	(2,125,454)	2,445,955
Fund balance, July 1, 2013	4,417,122	3,185,314	3,185,314	1,231,808
Fund balance, June 30, 2014	\$ 4,737,623	\$ 1,059,860	\$ 1,059,860	\$ 3,677,763

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, 2014

	Actual FY 2013-14	BN 2013-2015 Biennium Budget Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
Revenues:				
Charges for services - External	\$ 853,490	\$ 1,793,633	\$ 1,793,633	\$ (940,143)
Charges for services - Internal	3,959,833	8,856,000	8,856,000	(4,896,167)
Interest on investments	5,841	26,000	26,000	(20,159)
Miscellaneous	34,862	69,000	69,000	(34,138)
Total revenues	4,854,026	10,744,633	10,744,633	(5,890,607)
Expenditures:				
Parks and Recreation:				
Operations and maintenance	3,719,517	7,469,390	7,469,390	3,749,873
Recreation	1,207,579	2,547,830	2,547,830	1,340,251
Golf Course	524,969	1,012,880	1,012,880	487,911
Total Parks and Recreation	5,452,065	11,030,100	11,030,100 (1)	5,578,035
Contingency		100,000	100,000	100,000
Total expenditures	5,452,065	11,130,100	11,130,100	5,678,035
Excess (deficiency) of revenues over (under) expenditures	(598,039)	(385,467)	(385,467)	(212,572)
Other financing sources (uses):				
Transfers out	(602,000)	(922,000)	(922,000)	320,000
Total other financing sources (uses)	(602,000)	(922,000)	(922,000)	320,000
Net change in fund balance	(1,200,039)	(1,307,467)	(1,307,467)	107,428
Fund balance, July 1, 2013	1,783,433	1,973,756	1,973,756	(190,323)
Fund balance, June 30, 2014	\$ 583,394	\$ 666,289	\$ 666,289	\$ (82,895)

(1) Appropriation level



SUPPLEMENTARY INFORMATION

Combining Individual Fund Statements
and Other Financial Schedules

2014 supplementary information

**CITY OF ASHLAND, OREGON
COMBINING BALANCE SHEET
ALL NON-MAJOR FUNDS
For the year ended June 30, 2014**

	Governmental Fund Types				Debt Service Fund	Permanent Fund Type Cemetery Trust Fund	Total Other Governmental (Compilation Only)
	CDBG Fund	Airport Fund	Capital Improvements Fund	Parks Capital Improvements Fund			
ASSETS							
Cash and cash equivalents	\$ 3,098	\$ 76,973	\$ 1,891,234	\$ 324,732	\$ -	\$ 895,056	\$ 3,191,093
Receivables (net of allowance for uncollectibles)	40,347	10,007	293,561	24,623	41,626	1,516	411,680
Cash - restricted	-	-	-	-	1,149,616	-	1,149,616
Total assets	43,445	86,980	2,184,795	349,355	1,191,242	896,572	4,752,389
LIABILITIES AND FUND BALANCES							
Accounts payable	9,644	6,492	98,918	16,873	-	-	131,927
Deferred revenue	-	-	162,503	-	31,752	-	194,255
Interfund loan payable	-	-	-	-	364,795	-	364,795
Due to other funds	-	-	-	-	-	-	-
Liabilities payable from restricted assets	-	-	-	-	-	-	-
Total liabilities	9,644	6,492	261,421	16,873	396,547	-	690,977
Fund Balances:							
Restricted for:							
CDBG restriction	33,801	-	-	-	-	-	33,801
Systems development charges	-	-	508,399	-	-	-	508,399
Perpeture care	-	-	-	-	-	896,572	896,572
Committed for:							
Special revenue funds	-	80,488	-	-	-	-	80,488
Debt service	-	-	-	-	794,695	-	794,695
Parks Improvements	-	-	341,907	-	-	-	341,907
Capital projects funds	-	-	1,073,068	332,482	-	-	1,405,550
Total equity and other credits	33,801	80,488	1,923,374	332,482	794,695	896,572	4,061,412
Total liabilities and fund balances	\$ 43,445	\$ 86,980	\$ 2,184,795	\$ 349,355	\$ 1,191,242	\$ 896,572	\$ 4,752,389

CITY OF ASHLAND, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL NON-MAJOR FUNDS
For the year ended June 30, 2014

	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	\$ -	\$ -	\$ 472,920	\$ -	\$ 515,618	\$ -	\$ 988,538
Intergovernmental	252,742	-	-	724,634	-	-	977,376
Charges for services	-	134,693	983,054	-	1,248,430	22,027	2,388,204
System development charges	-	-	48,941	-	-	-	48,941
Interest on investments	-	492	11,180	2,093	4,764	4,529	23,058
Miscellaneous	-	-	43,279	18,372	-	-	61,651
Total revenues	252,742	135,185	1,559,374	745,099	1,768,812	26,556	4,487,768
Expenditures:							
General government	252,742	113,858	1,685,809	1,402,249	-	-	3,454,658
Debt service	-	38,536	-	-	1,803,838	-	1,842,374
Total expenditures	252,742	152,394	1,685,809	1,402,249	1,803,838	-	5,297,032
Excess (deficiency) of revenues over (under) expenditures	-	(17,209)	(126,435)	(657,150)	(35,026)	26,556	(809,264)
Other financing sources (uses):							
Transfers in	-	-	-	602,000	43,898	500	646,398
Transfers out	-	-	(43,898)	-	-	(4,529)	(48,427)
Total other financing sources (uses)	-	-	(43,898)	602,000	43,898	(4,029)	597,971
Net change in fund balance	-	(17,209)	(170,333)	(55,150)	8,872	22,527	(211,293)
Fund balance, July 1, 2013	33,801	97,697	2,093,707	387,632	785,823	874,045	4,272,705
Fund balance, June 30, 2014	\$ 33,801	\$ 80,488	\$ 1,923,374	\$ 332,482	\$ 794,695	\$ 896,571	\$ 4,061,412

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, 2014

	Actual FY 2013-14	BN 2013-2015 Biennium Budget Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
Revenues:				
Intergovernmental	\$ 252,742	\$ 446,646	\$ 446,646	\$ (193,904)
Total revenues	252,742	446,646	446,646	(193,904)
Expenditures:				
General government:				
Personal services	33,636	61,100	61,100	27,464
Material and services	219,106	406,735	406,735	187,629
Total general government	252,742	467,835	467,835	215,093
Contingency				
Total expenditures	252,742	467,835	467,835	215,093
Net change in fund balance	-	(21,189)	(21,189)	21,189
Fund balance, July 1, 2013	33,801	21,189	21,189	12,612
Fund balance, June 30, 2014	\$ 33,801	\$ -	\$ -	\$ 33,801

CITY OF ASHLAND, OREGON
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
AIRPORT FUND
For the year ended June 30, 2014

	Actual FY 2013-14	BN 2013-2015 Biennium Budget Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
Revenues:				
Charges for services	\$ 134,693	\$ 268,800	\$ 268,800	\$ (134,107)
Interest on investments	492	1,000	1,000	(508)
Total revenues	135,185	269,800	269,800	(134,615)
Expenditures:				
General government:				
Materials and services	113,858	208,310	208,310	94,452
Capital outlay	-	-	-	-
Total general government	113,858	208,310	208,310	94,452
Debt service	38,536	77,072	77,072	38,536
Contingency	-	10,000	10,000	10,000
Total expenditures	152,394	295,382	295,382	142,988
Other financing sources (uses):				
Interfund loan		7,500	7,500	7,500
Interfund loan	(19,000)	(19,000)	(19,000)	-
Total other financing sources (uses)	(19,000)	(11,500)	(11,500)	7,500
Net change in fund balance	(36,209)	(37,082)	(37,082)	873
Fund balance, July 1, 2013	116,697	101,550	101,550	15,147
Fund balance, June 30, 2014	\$ 80,488	\$ 64,468	\$ 64,468	\$ 16,020

**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, 2014**

	Actual FY 2013-14	BN 2013-2015		Variance with
		Biennium Budget Amounts		Final Budget
		Original	Final	Postive (Negative)
Revenues:				
Taxes	\$ 472,920	\$ 926,300	\$ 926,300	\$ (453,380)
Intergovernmental	-	792,500	792,500	(792,500)
Charges for services	983,054	1,957,254	1,957,254	(974,200)
System development charges	48,941	50,000	50,000	(1,059)
Interest on investments	11,180	27,000	27,000	(15,820)
Miscellaneous	43,279	21,500	21,500	21,779
Total revenues	1,559,374	3,774,554	3,774,554	(2,215,180)
Expenditures:				
General government:				
Public works - facilities	661,442	1,271,460	1,271,460	610,018
Admin services - parks open space	726,917	3,929,000	3,929,000	3,202,083
Capital outlay	297,450	1,135,000	1,135,000	837,550
Total cost of service	1,685,809	6,335,460	6,335,460	4,649,651
Contingency	-	200,000	199,000	-
Total expenditures	1,685,809	6,535,460	6,534,460	4,649,651
Excess (Deficiency) of revenues over (under) expenditures	(126,435)	(2,760,906)	(2,759,906)	2,434,471
Other financing sources (uses):				
Bond proceeds	-	3,429,000	3,429,000	3,429,000
Transfers out	(43,898)	(466,900)	(466,900)	(423,002)
Interfund loan	(1,000)	-	(1,000)	-
Total other financing sources (uses):	(44,898)	2,962,100	2,961,100	3,005,998
Net change in fund balance	(171,333)	201,194	201,194	(372,527)
Fund balance, July 1, 2013	2,094,707	1,689,114	1,689,114	405,593
Fund balance, June 30, 2014	\$ 1,923,374	\$ 1,890,308	\$ 1,890,308	\$ 33,066

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, 2014

	Actual FY 2013-14	BN 2013-2015 Biennium Budget Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
Revenues:				
Intergovernmental	\$ 724,634	\$ 3,929,000	\$ 3,929,000	\$ (3,204,366)
Charges for services	-	59,000	59,000	(59,000)
Interest on investments	2,093	4,100	4,100	(2,007)
Miscellaneous	18,372			18,372
Total revenues	745,099	3,992,100	3,992,100	(3,247,001)
Expenditures:				
General government:				
Capital outlay	1,402,249	4,851,000	4,851,000	3,448,751
Total cost of service	1,402,249	4,851,000	4,851,000	3,448,751
Contingency	-	-	-	-
Total expenditures	1,402,249	4,851,000	4,851,000	3,448,751
Excess (Deficiency) of revenues over (under) expenditures	(657,150)	(858,900)	(858,900)	201,750
Other financing sources (uses):				
Transfers in	602,000	922,000	922,000	320,000
Total other financing sources (uses):	602,000	922,000	922,000	320,000
Net change in fund balance	(55,150)	63,100	63,100	(118,250)
Fund balance, July 1, 2013	387,632	239,032	239,032	148,600
Fund balance, June 30, 2014	\$ 332,482	\$ 302,132	\$ 302,132	\$ 30,350

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, 2014

	Actual FY 2013-14	BN 2013-2015 Biennium Budget Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
Revenues:				
Taxes	\$ 515,618	\$ 956,176	\$ 956,176	\$ (440,558)
Charges for services	1,248,430	2,457,640	2,457,640	(1,209,210)
Assessments		252,000	252,000	(252,000)
Interest on investments	4,764	20,000	20,000	(15,236)
Miscellaneous	-	58,604	58,604	(58,604)
Total revenues	1,768,812	3,744,420	3,744,420	(1,975,608)
Expenditures:				
Materials and services	6,294	-	15,000	8,706
Debt service:				-
Bancroft	-	400,000	400,000	400,000
General obligation	1,797,544	3,678,621	3,663,621	1,866,077
Notes and contracts	-	469,463	469,463	469,463
Total expenditures	1,803,838	4,548,084	4,548,084	(1) 2,744,246
Excess (deficiency) of revenues over (under) expenditures	(35,026)	(803,664)	(803,664)	768,638
Other financing sources (uses):				
Interfund Loan	-	(370,000)	(370,000)	(370,000)
Transfers in	43,898	658,724	658,724	614,826
Total other financing sources (uses):	43,898	288,724	288,724	244,826
Net change in fund balance	8,872	(514,940)	(514,940)	523,812
Fund balance, July 1, 2013	1,150,618	1,121,533	1,121,533	29,085
Fund balance, June 30, 2014	\$ 1,159,490	\$ 606,593	\$ 606,593	\$ 552,897
(1) Appropriation level				
Reconciliation to GAAP:				
Interfund Loan	(364,795)			
Total	\$ 794,695			

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, 2014

	Actual FY 2013-14	BN 2013-2015 Biennium Budget Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
Revenues:				
Charges for services	\$ 22,027	\$ 50,000	\$ 50,000	\$ (27,973)
Interest on investments	4,529	10,600	10,600	(6,071)
Total revenues	26,556	60,600	60,600	(34,044)
Other financing sources (uses):				
Transfers in	500	1,000	1,000	(500)
Transfers out	(4,529)	(10,600)	(10,600)	6,071
Total other financing sources (uses):	(4,029)	(9,600)	(9,600)	5,571
Net change in fund balance	22,527	51,000	51,000	(28,473)
Fund balance, July 1, 2013	874,045	886,744	886,744	(12,699)
Fund balance, June 30, 2014	\$ 896,572	\$ 937,744	\$ 937,744	\$ (41,172)

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

For the year ended June 30, 2014

	Actual FY 2013-14	BN 2013-2015 Biennium Budget Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
Revenues:				
Charges for Services	\$ -	\$ -	\$ -	\$ -
Interest on investments	6,587	15,000	15,000	(8,413)
Total revenues	<u>6,587</u>	<u>15,000</u>	<u>15,000</u>	<u>(8,413)</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	6,587	15,000	15,000	(8,413)
Other financing sources (uses):				
Transfer in	-	-	-	-
Interfund loan	-	510,000	510,000	510,000
Transfer out	(190,000)	(190,000)	(190,000)	-
Interfund loan	(500,000)	(900,000)	(900,000)	(400,000)
Total other financing sources (uses)	<u>(690,000)</u>	<u>(580,000)</u>	<u>(580,000)</u>	<u>110,000</u>
Net change in fund balance	(683,413)	(565,000)	(565,000)	(118,413)
Fund balance, July 1, 2013	<u>1,019,580</u>	<u>1,019,910</u>	<u>1,019,910</u>	<u>(330)</u>
Fund balance, June 30, 2014	<u>\$ 336,167</u>	<u>\$ 454,910</u>	<u>\$ 454,910</u>	<u>\$ (118,743)</u>
Reconciliation to GAAP fund balance				
Reserve fund	\$ (336,167)			
	<u>\$ -</u>			

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

For the year ended June 30, 2014

	Actual FY 2013-14	BN 2013-2015 Biennium Budget Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
Revenues:				
Taxes	\$ 52		\$ -	\$ 52
Intergovernmental	89,747			89,747
Charges for services	5,913,633	12,383,100	12,383,100	(6,469,467)
System developments charges	269,029	300,000	300,000	(30,971)
Interest on investments	32,527	20,000	20,000	12,527
Miscellaneous	17,154	10,000	10,000	7,154
Total revenues	6,322,142	12,713,100	12,713,100	(6,390,958)
Expenditures:				
Cost of services:				
Administration: Water conservation	183,179	449,010	449,010	265,831
Forest land management	578,038	887,265	887,265	309,227
Public works water supply	1,982,794	2,951,820	5,391,820	3,409,026
Public works water treatment	1,076,608	2,570,700	2,570,700	1,494,092
Public works water distribution	2,679,306	8,570,680	6,130,680	3,451,374
Public works reimbursement SDCs	-	-	-	-
Public works improvements SDCs	102,501	282,750	282,750	180,249
Public works debt SDCs	-	-	-	-
Total Cost of Service	6,602,426	15,712,225	15,712,225	9,109,799
Debt service	713,507	1,417,252	1,417,252	703,745
Contingency	-	403,000	403,000	403,000
Total expenditures	7,315,933	17,532,477	17,532,477	10,216,544
Excess (Deficiency) of revenues over (under) expenditures	(993,791)	(4,819,377)	(4,819,377)	3,825,586
Other financing sources (uses):				
Loan proceeds	979,630	2,787,000	2,787,000	1,807,370
Interfund loan	(150,000)	(150,000)	(150,000)	-
Total other financing sources (uses)	829,630	2,637,000	2,637,000	1,807,370
Net change in fund balance	(164,161)	(2,182,377)	(2,182,377)	2,018,216
Fund balance, July 1, 2013	6,437,575	5,741,693	5,741,693	695,882
Fund balance, June 30, 2014	\$ 6,273,414	\$ 3,559,316	\$ 3,559,316	\$ 2,714,098
Reconciliation to Net Position:				
Deferred charges	\$ 89,494			
Capital assets, net	19,180,179			
Compensated absences	(86,741)			
OPEB implicit rate liability	(125,780)			
Accrued interest	(27,239)			
GO bonds payable	(4,445,862)			
Revenue bonds payable	(1,229,630)			
	\$ 19,627,835			

CITY OF ASHLAND, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL
WASTEWATER FUND
For the year ended June 30, 2014

	Actual FY 2013-14	BN 2013-2015 Biennium Budget Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
Revenues:				
Taxes	\$ 1,891,678	\$ 3,469,200	\$ 3,469,200	\$ (1,577,522)
Charges for services	4,171,230	9,048,100	9,048,100	(4,876,870)
System developments charges	80,570	130,000	130,000	(49,430)
Interest on investments	20,566	36,000	36,000	(15,434)
Miscellaneous	4,505	5,000	5,000	(495)
Total revenues	6,168,549	12,688,300	12,688,300	(6,519,751)
Expenditures:				
Cost of services:				
Public works wastewater collection	1,909,598	5,298,621	5,298,621	3,389,023
Public works wastewater treatment	2,506,020	6,527,385	6,527,385	4,021,365
Public works reimbursement SDC's	-	117,500	117,500	117,500
Public works improvements SDC's	66,741	1,383,491	1,383,491	1,316,750
Total cost of service	4,482,359	13,326,997	13,326,997	8,844,638
Debt service	1,705,577	3,434,325	3,434,325	1,728,748
Contingency		440,000	440,000	440,000
Total expenditures	6,187,936	17,201,322	17,201,322	11,013,386
Excess (deficiency) of revenues over (under) expenditures	(19,387)	(4,513,022)	(4,513,022)	4,493,635
Other financing sources (uses):				
Loan proceeds	-	3,272,000	3,272,000	3,272,000
Total other financing sources (uses)	-	3,272,000	3,272,000	3,272,000
Net change in fund balance	(19,387)	(1,241,022)	(1,241,022)	1,221,635
Fund balance, July 1, 2013	4,290,774	3,546,633	3,546,633	744,141
Fund balance, June 30, 2014	\$ 4,271,387	\$ 2,305,611	\$ 2,305,611	\$ 1,965,776
Reconciliation to Net Position:				
Capital assets, net	\$ 36,232,790			
Compensated absences	(53,922)			
OPEB implicit rate liability	(79,322)			
Accrued interest	(71,434)			
GO bonds payable	(11,608,227)			
Revenue Bonds Payable	(1,645,280)			
	\$ 27,045,992			

CITY OF ASHLAND, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL
ELECTRIC FUND
For the year ended June 30, 2014

	Actual FY 2013-14	BN 2013-2015 Biennium Budget Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Revenues:				
Intergovernmental	\$ 178,002	\$ 300,000	\$ 300,000	\$ (121,998)
Charges for services	13,671,443	29,220,000	29,220,000	15,548,557
Interest on investments	8,172	22,000	22,000	13,828
Miscellaneous	147,598	384,000	384,000	236,402
Total revenues	14,005,215	29,926,000	29,926,000	15,676,789
Expenditures:				
Cost of Services:				
Electric - supply	6,531,924	13,628,373	13,628,373	7,096,449
Electric distribution	6,316,029	13,398,521	13,398,521	7,082,492
Electric transmission	942,068	2,177,635	2,177,635	1,235,567
Administration - Conservation	619,609	1,494,890	1,494,890	875,281
Total cost of service	14,409,630	30,699,419	30,699,419	16,289,789
Debt service	24,021	47,774	47,774	23,753
Contingency	-	923,000	923,000	923,000
Total expenditures	14,433,651	31,670,193	31,670,193	901,264
Net change in fund balance	(428,436)	(1,744,193)	(1,744,193)	814,305
Fund balance, July 1, 2013	2,327,540	2,334,310	2,334,310	274,954
Fund balance, June 30, 2014	\$ 1,899,104	\$ 590,117	\$ 590,117	\$ 1,089,259
Reconciliation to Net Position:				
Capital assets, net	\$ 7,206,443			
Compensated absences	(88,153)			
OPEB implicit rate liability	(141,878)			
Accrued interest	(89)			
Revenue bonds payable	(173,714)			
Deferred revenue	142,431			
Rounding	(1)			
	\$ 8,844,143			

CITY OF ASHLAND, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL
TELECOMMUNICATIONS FUND
For the year ended June 30, 2014

	Actual FY 2013-14	BN 2013-2015 Biennium Budget Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
Revenues:				
Charges for services	\$ 1,929,101	\$ 3,935,719	\$ 3,935,719	\$ (2,006,618)
Interest on investments	1,257	2,000	2,000	(743)
Miscellaneous	4,292	1,000	1,000	3,292
Total revenues	<u>1,934,650</u>	<u>3,938,719</u>	<u>3,938,719</u>	<u>(2,004,069)</u>
Expenditures:				
Cost of services:				
Information Technology Department:				
Internet Services Division	2,042,278	4,263,843	4,263,843	2,221,565
Total cost of service	2,042,278	4,263,843	4,263,843	2,221,565
Contingency		150,000	150,000	150,000
Total expenditures	<u>2,042,278</u>	<u>4,413,843</u>	<u>4,413,843</u>	<u>2,371,565</u>
Excess (deficiency) of revenues over (under) expenditures	(107,628)	(475,124)	(475,124)	367,496
Net change in fund balance	(107,628)	(475,124)	(475,124)	367,496
Fund balance, July 1, 2013	<u>587,625</u>	<u>506,092</u>	<u>506,092</u>	<u>81,533</u>
Fund balance, June 30, 2014	<u>\$ 479,997</u>	<u>\$ 30,968</u>	<u>\$ 30,968</u>	<u>\$ 449,029</u>
Reconciliation to Net Position:				
Capital assets, net	\$ 848,470			
Compensated absences	(31,611)			
OPEB implicit rate liability	(46,277)			
Rounding	(3)			
	<u>\$ 1,250,576</u>			

CITY OF ASHLAND, OREGON
CONSOLIDATING BALANCE SHEET
INTERNAL SERVICE FUNDS
For the year ended June 30, 2014

	Central Services Fund	Insurance Services Fund	Health Benefits Fund	Equipment Fund	Totals
ASSETS					
Current assets:					
Cash and investments	\$ 1,068,561	\$ 1,875,992	\$ 734,771	\$ 3,022,048	\$ 6,701,372
Interest and accounts receivable, net	20,256	-	16,137	112,937	149,330
Notes receivable	-	70,837			70,837
Interfund Loan	364,795			-	364,795
Inventories	32,075	-	-	41,019	73,094
Total current assets	1,485,687	1,946,829	750,908	3,176,004	7,359,428
Capital assets	591,567	-	-	11,190,726	11,782,293
Accumulated depreciation	(393,287)	-	-	(8,056,391)	(8,449,678)
Capital assets, net	198,280	-	-	3,134,335	3,332,615
Total assets	1,683,967	1,946,829	750,908	6,310,339	10,692,043
LIABILITIES AND FUND EQUITY					
Current liabilities:					
Accounts payable	133,454	20,625	165,948	625,116	945,143
Accrued salaries, vacation and payroll taxes	660,297	2,070		52,970	715,337
Other liabilities	-	-	500,000	-	500,000
Accrued claims and adjustments	-	1,959,248	415,594	-	2,374,842
Total current liabilities	793,751	1,981,943	1,081,542	678,086	4,535,322
Net Position:					
Invested in capital assets, net of related debt	198,280	-	-	3,134,335	3,332,615
Unreserved	691,936	(35,114)	(330,634)	2,497,918	2,824,106
Total fund equity:	890,216	(35,114)	(330,634)	5,632,253	6,156,721
Total liabilities and Net Position	\$ 1,683,967	\$ 1,946,829	\$ 750,908	\$ 6,310,339	\$ 10,692,043

CITY OF ASHLAND, OREGON
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the year ended June 30, 2014

	Central Service Fund	Insurance Service Fund	Health Benefits Fund	Equipment Fund	Totals
Operating revenues:					
Service charges and fees	\$ 6,137,997	\$ 751,543	\$ 4,084,502	\$ 1,845,150	\$ 12,819,192
Miscellaneous	107,690	729,583	211,795	121,185	1,170,253
Total revenues	<u>6,245,687</u>	<u>1,481,126</u>	<u>4,296,297</u>	<u>1,966,335</u>	<u>13,989,445</u>
Operating expenses:					
Cost of service	6,449,527	1,055,328	4,628,478	871,593	13,004,926
Depreciation	73,137	-	-	535,238	608,375
Total operating expenses	<u>6,522,664</u>	<u>1,055,328</u>	<u>4,628,478</u>	<u>1,406,831</u>	<u>13,613,301</u>
Operating income (loss)	(276,977)	425,798	(332,181)	559,504	376,144
Nonoperating income (expense):					
Taxes	64,924	-	-	-	64,924
Interest income	13,219	6,395	1,547	18,006	39,167
Gain/(loss) on disposal of assets	-	-	-	(12,378)	(12,378)
Transfers In	90,000	-	-	-	90,000
Total nonoperating income (expense)	<u>168,143</u>	<u>6,395</u>	<u>1,547</u>	<u>5,628</u>	<u>181,713</u>
Change in Net Position	(108,834)	432,193	(330,634)	565,132	557,857
Net Position, July 1, 2013	<u>999,050</u>	<u>(467,307)</u>	<u>-</u>	<u>5,067,121</u>	<u>5,598,864</u>
Net Position, July 1, 2014	<u>\$ 890,216</u>	<u>\$ (35,114)</u>	<u>\$ (330,634)</u>	<u>\$ 5,632,253</u>	<u>\$ 6,156,721</u>

CITY OF ASHLAND, OREGON
COMBINING INTERNAL SERVICE FUND
STATEMENT OF CASH FLOWS
for the year ended June 30, 2014

	Central Service Fund	Insurance Service Fund	Health Benefits Fund	Equipment Fund	Total
Cash flows from operating activities:					
Receipts from customers and users	\$ 6,239,146	\$ 1,471,332	\$ 4,280,160	\$ 2,050,054	\$ 14,040,692
Payments to suppliers	(1,569,123)	(660,972)	(3,546,936)	(70,762)	(5,847,793)
Payments to employees	(4,853,258)	(88,280)	-	(446,348)	(5,387,886)
Net cash from operating activities	<u>(183,235)</u>	<u>722,080</u>	<u>733,224</u>	<u>1,532,944</u>	<u>2,805,013</u>
Cash flows from noncapital financing activities:					
Transfers in	90,000	-	-	-	90,000
Taxes collected	64,924	-	-	-	64,924
Net cash from noncapital financing activities	<u>154,924</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>154,924</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(5,452)	-	-	(2,105,414)	(2,110,866)
Net cash from capital and related financing activities	<u>(5,452)</u>	<u>-</u>	<u>-</u>	<u>(2,105,414)</u>	<u>(2,110,866)</u>
Cash flows from investing activities:					
Interest from investments and other income	13,219	6,395	1,547	18,006	39,167
Net increase (decrease) in cash and investments	<u>(20,544)</u>	<u>728,475</u>	<u>734,771</u>	<u>(554,464)</u>	<u>888,238</u>
Cash and investments, beginning of year	<u>1,089,105</u>	<u>1,147,517</u>	<u>-</u>	<u>3,576,512</u>	<u>5,813,134</u>
Cash and investments, end of year	<u><u>1,068,561</u></u>	<u><u>1,875,992</u></u>	<u><u>734,771</u></u>	<u><u>3,022,048</u></u>	<u><u>6,701,372</u></u>
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	(276,977)	425,798	(332,181)	559,504	376,144
Depreciation and amortization	73,137	-	-	535,238	608,375
Change in assets and liabilities:					
(Increase) decrease in:					
Receivables	(6,541)	(9,794)	(16,137)	83,719	51,247
Inventories	387	2,351	-	(889)	1,849
Increase (decrease) in:					
Accounts payable and accrued liabilities	(58,599)	1,776	165,948	347,475	456,600
Other liabilities	85,358	301,949	915,594	7,897	1,310,798
Net cash from operating activities	<u><u>\$ (183,235)</u></u>	<u><u>\$ 722,080</u></u>	<u><u>\$ 733,224</u></u>	<u><u>\$ 1,532,944</u></u>	<u><u>\$ 2,805,013</u></u>

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, 2014

	Actual FY 2013-14	BN 2013-2015 Biennium Budget Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
Revenues:				
Taxes	\$ 64,924	\$ 137,800	\$ 137,800	\$ (72,876)
Intergovernmental revenues	-	-	-	-
Charges for services	6,137,997	12,644,870	12,644,870	(6,506,873)
Interest on investments	13,219	10,000	10,000	3,219
Miscellaneous	107,690	229,390	229,390	(121,700)
Total revenues	6,323,830	13,022,060	13,022,060	(6,698,230)
Expenditures:				
Cost of services:				
Administration department	1,345,264	3,015,362	3,015,362	1,670,098
Information Technology department:				
Information Systems division	1,144,762	2,537,128	2,537,128	1,392,366
Administrative Services department	1,886,369	4,084,194	4,084,194	2,197,825
City Recorder department	415,532	708,330	708,330	292,798
Public Works department	1,604,994	3,362,420	3,362,420	1,757,426
Contingency	-	104,000	104,000	104,000
Total expenditures	6,396,921	13,811,434	13,811,434	7,414,513
Other financing sources (uses):				
Transfer In	90,000	90,000	90,000	-
Interfund loan	-	370,000	370,000	370,000
Total other financing sources (uses)	90,000	460,000	460,000	370,000
Net change in fund balance	16,909	(329,374)	(329,374)	716,283
Fund Balance, July 1, 2013	853,281	721,405	721,405	131,876
Fund Balance, June 30, 2014	\$ 870,190	\$ 392,031	\$ 392,031	\$ 848,159
Reconciliation to Net Position:				
Accrued compensated absences	\$ (212,358)			
OPEB implicit rate liability	(330,692)			
Interfund loan	364,795			
Capital assets, net	198,281			
	\$ 890,216			

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, 2014

	Actual FY 2013-14	BN 2013-2015 Biennium Budget Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
Revenues:				
Charges for services	\$ 4,084,502	\$ 7,993,710	\$ 7,993,710	\$ (3,909,208)
Interest on investments	1,547	20,000	20,000	(18,453)
Miscellaneous	211,795	-	-	211,795
Total revenues	4,297,844	8,013,710	8,013,710	(3,715,866)
Expenditures:				
Cost of services:				
Materials and services	4,628,478	7,816,992	7,816,992	3,188,514
Total cost of services	4,628,478	7,816,992	7,816,992	3,188,514
Contingency		510,000	510,000	510,000
Total expenditures	4,628,478	8,326,992	8,326,992	3,698,514
Other financing sources (uses):				
Interfund loan	500,000	900,000	900,000	400,000
Interfund loan	-	(500,000)	(500,000)	(500,000)
Total other financing sources (uses)	500,000	400,000	400,000	(100,000)
Net change in fund balance	169,366	86,718	86,718	(17,352)
Fund balance, July 1, 2013	-	-	-	-
Fund balance, June 30, 2014	\$ 169,366	\$ 86,718	\$ 86,718	\$ (17,352)
Reconciliation to GAAP:				
Interfund Loan	(500,000)			
Accrued claims and judgments				
	\$ (330,634)			

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

For the year ended June 30, 2014

	Actual FY 2013-14	BN 2013-2015 Biennium Budget Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for services	1,845,150	3,438,225	3,438,225	(1,593,075)
Interest on investments	18,006	53,000	53,000	(34,994)
Miscellaneous	121,185	113,000	113,000	8,185
Total revenues	<u>1,984,341</u>	<u>3,604,225</u>	<u>3,604,225</u>	<u>(1,619,884)</u>
Expenditures:				
Cost of services:				
Public works maintenance	1,040,157	2,054,460	2,084,460	1,044,303
Total cost of service	1,040,157	2,054,460	2,084,460	1,044,303
Capital outlay	1,931,433	3,113,000	3,113,000	1,181,567
Contingency		156,000	126,000	126,000
Total expenditures	<u>2,971,590</u>	<u>5,323,460</u>	<u>5,323,460</u>	<u>2,351,870</u>
Excess (deficiency) of revenues over (under) expenditures	(987,249)	(1,719,235)	(1,719,235)	(731,986)
Other financing sources (uses):				
Interfund loan	170,000	169,000	169,000	(1,000)
Interfund loan				-
Total other financing sources (uses)	<u>170,000</u>	<u>169,000</u>	<u>169,000</u>	<u>(1,000)</u>
Net change in fund balance	(817,249)	(1,550,235)	(1,550,235)	731,986
Fund balance, July 1, 2013	<u>3,357,663</u>	<u>2,831,016</u>	<u>2,831,016</u>	<u>526,647</u>
Fund balance, June 30, 2014	<u>\$ 2,540,414</u>	<u>\$ 1,280,781</u>	<u>\$ 1,280,781</u>	<u>\$ 1,258,633</u>
Reconciliation to Net Position:				
Capital assets, net	\$ 3,134,335			
OPEB implicit rate liability	(26,660)			
Interfund Loan	-			
Accrued compensated absences	(15,836)			
	<u>\$ 5,632,253</u>			

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, 2014

	Actual FY 2013-14	BN 2013-2015 Biennium Budget Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
Revenues:				
Charges for services	\$ 751,543	\$ 1,464,410	\$ 1,464,410	\$ (712,867)
Interest on investments	6,395	10,000	10,000	(3,605)
Miscellaneous	729,583	60,000	60,000	669,583
Total revenues	1,487,521	1,534,410	1,534,410	(46,889)
Expenditures:				
Cost of services:				
Personal services	88,280	178,080	178,080	89,800
Materials and services	663,377	1,446,500	1,446,500	783,123
Total cost of services	751,657	1,624,580	1,624,580	872,923
Contingency	-	300,000	300,000	300,000
Total expenditures	751,657	1,924,580	1,924,580	1,172,923
Net change in fund balance	735,864	(390,170)	(390,170)	1,126,034
Fund balance, July 1, 2013	848,857	819,457	819,457	29,400
Fund balance, June 30, 2014	\$ 1,584,721	\$ 429,287	\$ 429,287	\$ 1,155,434
Reconciliation to net position:				
Accrued claims and judgments	\$ (1,619,835)			
	\$ (35,114)			

CITY OF ASHLAND, OREGON
CAPITAL ASSETS USED
IN THE OPERATION OF GOVERNMENTAL FUNDS
BY SOURCE
For the year ended June 30, 2014

Governmental funds capital assets:	
Land	\$ 12,367,578
Buildings and improvements	35,420,788
Improvements other than buildings	53,223,998
Machinery and equipment	5,733,044
Construction in progress	1,620,149
Total capital assets	<u><u>108,365,557</u></u>
 Investments in governmental funds capital assets by source:	
General and capital projects funds	53,096,092
Special revenue funds	40,704,718
Leased to other agencies	14,564,747
Total investments in governmental funds capital assets	<u><u>\$ 108,365,557</u></u>

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

CITY OF ASHLAND, OREGON
SCHEDULE OF ASSETS USED
IN THE OPERATION OF GOVERNMENTAL FUNDS
BY FUNCTION AND ACTIVITY
For the year ended June 30, 2014

Function and Activity	Land	Buildings	Improvements other than Buildings	Machinery and Equipment	Construction in Progress	Total
General government:						
Community development	\$ 985,235	\$ 1,120,947	\$ -	\$ 378,138	\$ -	\$ 2,484,320
Public buildings	460,200	1,021,882	435,335	145,916	32,403	2,095,736
Leased to other agencies	253,000	8,744,018	3,957,949	1,609,780	-	14,564,747
Other - unclassified	2,660,200	2,035,844	1,026,811	256,116	284,554	6,263,525
Total general government	4,358,635	12,922,691	5,420,095	2,389,950	316,957	25,408,328
Public safety:						
Police	80,000	614,700	1,515,652	484,266	-	2,694,618
Fire	998,400	6,094,861	300,000	343,777	-	7,737,038
Total public safety	1,078,400	6,709,561	1,815,652	828,043	-	10,431,656
Highway and streets:						
Public thoroughfares	589,276	630,075	40,101,902	286,508	644,750	42,252,511
Total highways and streets	589,276	630,075	40,101,902	286,508	644,750	42,252,511
Airports	176,566	1,029,780	3,567,023	-	-	4,773,369
Culture and recreation	6,164,701	14,128,681	2,319,326	2,228,543	658,442	25,499,693
Total governmental funds capital assets	\$ 12,367,578	\$ 35,420,788	\$ 53,223,998	\$ 5,733,044	\$ 1,620,149	\$ 108,365,557

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*.

2014 supplementary information

**CITY OF ASHLAND, OREGON
SCHEDULE OF BOND PRINCIPAL
AND BOND INTEREST TRANSACTIONS
For the year ended June 30, 2014**

	Original Issue	Bond Principal Transactions	
		Outstanding June 30, 2013	Issued
General Obligation Bonds			
Ashland Fiber Network Bonds, issued August 11, 2004 interest at 3.70% to 6.02%	15,500,000	1,505,000	-
**Re-funding Bonds, issued December 1, 2005 interest variable	2,560,000	1,595,000	-
Water and Wastewater, Series 2009, issued May 15, 2009 interest at 4.95%	1,000,000	800,395	-
Wastewater, issued October 13, 2010 interest at 2.00% to 4.00%	15,440,000	12,020,000	-
**Fire Station #2, issued November 1, 2011 interest at 2.00% to 4.00%	2,960,000	2,690,000	-
**Ashland Fiber Network Bonds, (Refinanced 2004) issued March 7, 2013 interest at 2.00% to 2.80%	11,675,000	11,675,000	-
Water debt (Refinanced 2003), issued March 7, 2013 interest at 2.00%	1,580,000	1,580,000	-
New Construction for Street, CIP, Water and Wastewater, issued March 7, 2013 interest at 2.00% to 2.50%	4,765,000	4,765,000	-
Revenue Bonds			
Water, Series 2003, issued June 1, 2003 interest at 2.00% to 4.00%	5,625,000	635,000	-
Electric, Series 2008, issued June 20, 2008 interest at 3.8% to 6.01%	304,000	195,429	-
Water, DEQ loan interest at 1.00%			979,630
Wastewater, DEQ Loan interest at 1.00%			1,645,280
	<u>\$ 61,409,000</u>	<u>\$ 37,460,824</u>	<u>\$ 2,624,910</u>

** Paid by Property Taxes

CITY OF ASHLAND, OREGON
SCHEDULE OF BOND PRINCIPAL
AND BOND INTEREST TRANSACTIONS
For the year ended June 30, 2014 (continued)

Bond Principal Transactions			Interest Transactions			
Matured	Paid	Outstanding June 30, 2014	Outstanding June 30, 2013	Matured	Paid	Outstanding June 30, 2014
\$ 730,000	\$ 730,000	\$ 775,000	\$ -	\$ 61,259	\$ 61,259	\$ -
200,000	200,000	1,395,000	-	77,750	77,750	-
56,306	56,306	744,089	-	38,931	38,931	-
1,185,000	1,185,000	10,835,000	-	444,300	444,300	-
115,000	115,000	2,575,000	-	85,488	85,488	-
175,000	175,000	11,500,000	-	232,079	232,079	-
20,000	20,000	1,560,000	-	33,507	33,507	-
275,000	275,000	4,490,000	-	103,728	103,728	-
385,000	385,000	250,000	-	13,766	13,766	-
21,714	21,714	173,714	-	2,307	2,307	-
	-	979,630	-			-
		1,645,280	-			-
\$ 3,163,020	\$ 3,163,020	\$ 36,922,713	\$ -	\$ 1,093,115	\$ 1,093,115	\$ -

CITY OF ASHLAND, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
COLLECTED AND UNCOLLECTED
FOR THE CITY
For the year ended June 30, 2014

	Taxes Uncollected July 1, 2013	Add Levy Extended by Assessor	Add (Deduct) Discounts Interest Cancellations Adjustments	Deduct Interest and Tax Collections	Taxes Uncollected June 30, 2014
2012-13	\$ -	\$ 10,453,597	\$ (284,438)	\$ 9,827,617	\$ 341,542
2011-12	397,456		(3,786)	217,699	175,971
2010-11	200,299	-	13,246	109,309	104,236
2009-10	99,620	-	14,718	79,339	34,999
2008-09	43,048	-	7,215	37,339	12,924
Prior years	44,954	-	11,045	20,866	35,133
	<u>\$ 785,377</u>	<u>\$ 10,453,597</u>	<u>\$ (241,999)</u>	<u>\$ 10,292,169</u>	<u>\$ 704,806</u>

	Collections to June 30, 2014	Taxes Uncollected June 30, 2014
Taxes receivable and tax collections classified by fund:		
Primary government:		
General Fund	\$ 9,776,499	\$ 669,566
Debt Service Fund	515,618	35,240
Enterprise Funds:		
Water Fund	52	
	<u>\$ 10,292,169</u>	<u>\$ 704,806</u>

**CITY OF ASHLAND, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
AND BALANCES OF TAXES UNCOLLECTED
FOR THE CITY
for the year ended June 30, 2014**

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	\$ 9,776,499	\$ 8,028,559	\$ 17,805,058
Special Revenue Funds:			
Street Fund	-	57,273	57,273
Debt Service Funds:			
Debt Service Fund	515,618	-	515,618
Capital Projects Fund:			
Capital Improvement Fund	-	472,920	472,920
Enterprise Funds:			
Water Fund	52	-	52
Wastewater Fund	-	1,891,678	1,891,678
	<u>\$ 10,292,169</u>	<u>\$ 10,450,430</u>	<u>\$ 20,742,599</u>

CITY OF ASHLAND, OREGON
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND BALANCES
ELECTED OFFICIALS
For the year ended June 30, 2014

	Cash Balance July 1, 2013	Receipts	Turnovers to			Cash Balance June 30, 2014
			Treasurer	State	Other	
City Recorder/Treasurer	\$ 30,875,818	\$ 62,574,894	\$ -	\$ -	\$ 62,006,205	\$ 31,444,507
Judge	-	530,906	438,985	91,921	-	0
	<u>\$ 30,875,818</u>	<u>\$ 63,105,800</u>	<u>\$ 438,985</u>	<u>\$ 91,921</u>	<u>\$ 62,006,205</u>	<u>\$ 31,444,507</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.	116-129
 Revenue Capacity	
These tables contain information that may assist the reader in assessing the viability of the City's revenue sources.	130-139
 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.	140-149
 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.	150-151
 Operating Information	
These tables contain service and infrastructure indicators that can help the reader understand how the information in the City's financial statements relates to the services the City provides and the activities it performs.	152-159

Source:

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

CITY OF ASHLAND, OREGON
STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
Last ten years
For the year ended June 30, 2014

ASSETS	2014	2013	2012	2011	2010
Assets:					
Cash and cash equivalents	\$ 19,534,572	\$ 17,585,953	\$ 18,062,202	\$ 12,769,637	\$ 11,832,259
Receivables (net of allowance for uncollectibles)	3,471,767	3,688,713	3,462,383	4,085,185	2,647,744
Inventories	73,094	74,943	61,605	54,579	32,325
Internal balances	(1,392,782)	(1,122,695)	(690,129)	(354,295)	(534,894)
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	1,149,616	1,140,881	976,265	802,870	755,885
Capital assets:					
Land	12,466,348	12,466,348	12,261,807	12,400,610	12,400,610
Buildings and improvements	35,739,298	22,389,683	19,563,238	19,563,238	19,563,238
Machinery and equipment	16,653,654	13,169,274	12,890,582	13,487,439	13,278,430
Infrastructure	53,668,418	49,724,924	48,193,897	44,589,519	44,299,409
Construction in progress	1,620,133	3,541,161	2,692,359	3,510,539	484,590
Accumulated depreciation	(58,028,592)	(48,437,198)	(46,093,174)	(44,589,333)	(42,260,637)
Total assets	\$ 84,955,526	\$ 74,221,987	\$ 71,381,035	\$ 66,319,988	\$ 62,498,959
Liabilities:					
Accounts payable and other current liabilities	\$ 7,116,594	\$ 5,271,651	\$ 4,811,345	\$ 5,715,843	\$ 3,190,369
Unearned revenue	155,091	130,897	382,895	393,592	417,042
Noncurrent liabilities:					
Due within one year	1,555,932	1,452,982	1,127,229	1,067,338	1,276,871
Due in more than one year	16,925,776	18,337,270	17,779,689	15,781,372	17,330,191
Total liabilities	25,753,393	25,192,800	24,101,158	22,958,145	22,214,473
Net position:					
Invested in capital assets, net of related debt	43,637,551	33,063,940	30,601,791	32,113,302	29,449,210
Restricted for:					
Asset forfeiture	28,897	14,579	224,361	187,864	129,510
TOT tourism	116,131		102,786	105,063	-
Library Levy	142,497				
System development	2,924,188	2,835,567	2,763,714	2,345,201	2,469,667
Debt service	794,695	785,823	982,650		762,199
CDBG restriction	33,801	33,801	33,798	34,424	-
Perpetual care: nonexpendable	896,572	874,045	861,244	831,603	807,797
Unrestricted	10,627,801	11,421,432	11,709,533	7,744,386	6,666,013
Total net position	\$ 59,202,133	\$ 49,029,187	\$ 47,279,877	\$ 43,361,843	\$ 40,284,396

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

Last ten years

For the year ended June 30, 2014 (continued)

2009	2008	2007	2006	2005
\$ 9,453,086	\$ 9,845,351	\$ 10,922,900	\$ 9,274,073	\$ 9,123,663
2,668,694	2,444,054	2,530,776	2,353,604	2,354,558
36,193	59,984	36,173	31,621	42,894
(640,731)	(1,304,641)	(1,587,111)	(1,319,579)	(1,378,719)
1,066,850	1,240,543	542,190	451,672	428,719
12,400,610	9,829,360	9,829,360	8,559,612	8,287,911
19,563,238	19,563,238	19,563,238	19,563,238	30,138,810
13,130,505	14,380,378	13,183,769	12,405,182	11,771,045
43,579,697	42,249,665	42,121,600	41,047,189	15,986,209
340,422	673,643	143,017	798,324	9,744,570
(39,728,339)	(38,631,224)	(35,789,232)	(33,506,950)	(31,952,088)
<u>\$ 61,870,225</u>	<u>\$ 60,350,351</u>	<u>\$ 61,496,680</u>	<u>\$ 59,657,986</u>	<u>\$ 54,547,572</u>
\$ 3,153,914	\$ 2,672,369	\$ 2,683,604	\$ 2,590,134	\$ 2,652,837
430,105	449,038	396,208	12,700	26,392
1,183,044	1,327,360	925,973	590,000	908,822
18,316,590	19,263,447	20,341,095	5,731,134	5,815,074
<u>23,083,653</u>	<u>23,712,214</u>	<u>24,346,880</u>	<u>8,923,968</u>	<u>9,403,125</u>
29,786,499	27,577,843	27,969,339	42,669,821	37,631,383
140,974	236,514	329,180	-	-
-	-	-	-	-
2,363,441	2,146,609	1,930,458	1,663,317	1,537,765
1,072,785	1,246,509	479,262	459,095	423,842
-	-	-	-	-
788,753	771,948	749,918	719,429	702,629
4,634,120	4,658,714	5,691,643	5,222,356	4,848,828
<u>\$ 38,786,572</u>	<u>\$ 36,638,137</u>	<u>\$ 37,149,800</u>	<u>\$ 50,734,018</u>	<u>\$ 45,144,447</u>

**CITY OF ASHLAND, OREGON
STATEMENT OF NET POSITION
BUSINESS TYPE ACTIVITIES**

**Last ten years
For the year ended June 30, 2014**

ASSETS	2014	2013	2012	2011	2010
Assets:					
Cash and cash equivalents	\$ 10,760,319	\$ 9,732,516	\$ 6,155,621	\$ 6,743,304	\$ 6,959,037
Receivables (net of allowance for uncollectibles)	3,493,316	5,255,513	2,545,430	2,408,196	2,307,864
Inventories	1,024,111	880,651	899,374	740,438	732,821
Deferred charges	488,135	607,054	725,973	844,892	966,228
Internal balances	1,392,782	1,122,695	690,129	354,295	534,984
Restricted assets:					
Capital assets:					
Land	1,880,637	1,880,637	1,880,637	1,880,637	1,880,637
Buildings and improvements	22,089,254	22,089,254	22,089,254	22,089,254	22,089,254
Machinery and equipment	1,169,663	1,059,798	894,352	1,072,204	875,928
Infrastructure	83,671,768	89,768,372	88,885,630	87,809,652	87,809,652
Construction in progress	3,069,144	4,033,297	3,453,267	3,335,467	2,538,176
Accumulated depreciation	(48,811,228)	(53,721,485)	(49,710,027)	(46,028,522)	(42,247,672)
Total assets	\$ 80,227,901	\$ 82,708,302	\$ 78,509,640	\$ 81,249,817	\$ 84,446,909
Liabilities:					
Accounts payable and other current liabilities	\$ 2,865,087	\$ 2,798,666	\$ 1,407,377	\$ 1,591,542	\$ 1,769,929
Accrued interest payable	98,772	107,357	105,621	113,296	121,211
Unearned revenue	-	-	-	-	-
Noncurrent liabilities:					
Due within one year	1,885,841	1,843,020	1,610,333	1,757,774	1,735,032
Due in more than one year	17,216,872	16,477,803	15,210,823	16,821,156	19,654,652
Total liabilities	22,066,572	21,226,846	18,334,154	20,283,768	23,280,824
Net position:					
Invested in capital assets, net of related debt	43,966,525	46,789,050	50,671,957	51,579,762	51,556,291
Restricted for:					
System development	3,786,696	3,606,339	3,621,447	3,395,974	3,646,949
Debt service	875,490	875,490	875,490	875,490	875,490
Unrestricted	9,532,618	10,210,577	5,006,592	5,114,823	5,087,355
Total net position	\$ 58,161,329	\$ 61,481,456	\$ 60,175,486	\$ 60,966,049	\$ 61,166,085

**CITY OF ASHLAND, OREGON
STATEMENT OF NET POSITION
BUSINESS TYPE ACTIVITIES**

**Last ten years
For the year ended June 30, 2014 (continued)**

2009	2008	2007	2006	2005
\$ 6,993,295	\$ 6,437,889	\$ 9,836,733	\$ 12,951,933	\$ 15,066,503
2,227,713	2,190,239	2,105,403	2,203,826	2,057,466
810,073	881,530	806,047	799,588	851,200
1,098,448	1,215,668	1,340,389	1,721,312	1,819,860
640,731	1,304,641	1,587,111	1,319,579	1,378,719
1,880,637	1,880,638	1,880,638	1,945,107	1,945,107
22,089,254	21,782,187	21,782,187	21,782,188	23,113,448
823,580	823,581	673,607	636,103	675,297
84,636,277	84,636,278	81,141,248	80,305,280	79,057,892
4,620,579	3,981,724	5,156,412	2,998,341	4,472,229
(38,584,771)	(35,041,272)	(31,502,402)	(28,803,335)	(26,616,727)
<u>\$ 87,235,816</u>	<u>\$ 90,093,103</u>	<u>\$ 94,807,373</u>	<u>\$ 97,859,922</u>	<u>\$ 103,820,994</u>
\$ 1,467,227	\$ 1,571,810	\$ 1,554,049	\$ 1,678,775	\$ 2,343,307
130,104	144,127	153,639	587,720	819,171
-	-	-	-	-
1,669,770	1,595,081	1,379,209	1,475,373	1,437,257
21,389,683	22,056,168	23,497,674	40,366,883	42,177,256
<u>24,656,784</u>	<u>25,367,186</u>	<u>26,584,571</u>	<u>44,108,751</u>	<u>46,776,991</u>
52,406,103	54,411,887	54,264,807	42,661,428	39,032,733
3,800,824	3,838,867	4,315,088	4,251,713	4,636,560
875,490	1,751,369	-	1,913,648	1,913,648
5,496,615	4,723,794	9,642,907	4,924,382	11,461,062
<u>\$ 62,579,032</u>	<u>\$ 64,725,917</u>	<u>\$ 68,222,802</u>	<u>\$ 53,751,171</u>	<u>\$ 57,044,003</u>

**CITY OF ASHLAND, OREGON
CHANGES IN NET POSITION
GOVERNMENTAL ACTIVITIES
Last ten years
For the year ended June 30, 2014**

Program Revenues:	2014	2013	2012	2011	2010
General government:					
Charges for services	\$ 2,022,814	\$ 6,054,232	\$ 6,915,050	\$ 6,946,410	\$ 6,336,870
Operating grants and contributions	252,742	199,701	290,097	19,793	18,890
Capital grants and contributions	-	-	99,591	1,428,253	196,058
Capital system development charges	-	-	-	22,701	16,377
Public safety:					
Charges for services	1,412,785	1,722,410	1,525,601	1,551,370	1,551,370
Operating grants and contributions	180,422	77,257	37,537	189,248	95,570
Capital grants and contributions	-	-	3,060,434	-	-
Highways and streets:					
Charges for services	2,093,705	2,090,907	3,024,262	2,006,385	2,027,116
Operating grants and contributions	-	620,913	-	-	-
Capital grants and contributions	-	-	868,543	-	-
Capital system development charges	-	-	-	-	76,101
Parks and Recreation :					
Charges for Services	1,578,123	-	-	-	-
Operating Grants and Contributions	-	-	-	-	-
Capital Grants and Contributions	-	-	-	-	-
Capital System Development Charges	-	-	-	-	-
	7,540,591	10,765,420	15,821,115	12,164,160	10,318,352
Program Expenses:					
General government	4,921,674	7,269,820	6,086,034	5,963,977	4,813,802
Public safety	14,677,285	10,352,003	13,893,641	10,457,134	11,410,483
Highways and streets	5,420,004	3,080,513	3,923,526	3,650,817	2,893,462
Parks and Recreation	5,881,480	-	-	-	-
Interest on long-term debt	435,790	1,618,065	966,063	976,011	1,033,451
	31,336,233	22,320,401	24,869,264	21,047,939	20,151,198
Net (Expense) Revenue:					
General government	(2,646,118)	(1,015,887)	1,218,704	2,453,180	1,721,639
Public safety	(13,084,078)	(8,552,336)	(9,270,609)	(8,716,516)	(9,763,543)
Highways and streets	(3,326,299)	(368,693)	(30,721)	(1,644,432)	(942,447)
Parks and Recreation	(4,303,357)	-	-	-	-
Interest on long-term debt	(435,790)	(1,618,065)	(966,063)	(976,011)	(1,033,451)
	(23,795,642)	(11,554,981)	(9,048,689)	(8,883,779)	(10,017,802)
General Revenues:					
Property taxes	10,216,080	5,783,168	5,416,909	5,093,848	4,821,809
Utility users tax	4,572,352	4,306,761	4,209,696	4,170,896	3,989,351
Users taxes	2,784,842	2,688,525	2,547,854	2,315,909	2,276,353
State subventions - unrestricted	-	-	-	-	-
Unrestricted interest earnings	186,146	179,794	173,648	117,112	134,142
Capital assets transfers	-	-	-	-	-
Miscellaneous	4,877,216	346,043	618,616	263,461	293,971
Gain (loss) on disposal of assets	-	-	-	-	-

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

**Last ten years
For the year ended June 30, 2014 (continued)**

2009	2008	2007	2006	2005
\$ 5,084,158	\$ 5,786,031	\$ 5,058,193	\$ 4,110,436	\$ 4,453,046
3,641	2,122	35,144	141,500	358,309
3,991	178,186	17,377	299,171	948,845
18,375	48,308	67,014	105,193	154,200
1,487,673	1,524,229	1,600,538	1,556,909	1,769,625
114,188	98,302	182,281	-	71,245
-	-	312,000	-	53,443
1,842,187	1,807,939	1,662,360	1,659,421	1,593,663
-	-	-	-	1,243
-	-	366,549	202,982	463,695
72,643	167,486	269,338	388,654	509,175
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
8,626,856	9,612,603	9,570,794	8,464,266	10,376,489
3,856,719	4,876,071	4,287,280	2,818,129	5,202,781
10,312,721	11,555,693	10,082,938	7,903,054	9,235,540
2,505,897	4,000,048	2,583,641	2,419,380	4,221,022
-	-	-	-	-
442,168	1,178,388	1,139,346	637,146	311,527
17,117,505	21,610,200	18,093,205	13,777,709	18,970,870
1,253,446	1,138,576	890,448	1,838,171	557,419
(8,710,860)	(9,933,162)	(7,988,119)	(6,346,145)	(7,341,227)
(591,067)	(2,024,623)	(285,394)	(168,323)	(2,162,421)
-	-	-	-	-
(442,168)	(1,178,388)	(1,139,346)	(637,146)	(311,527)
(8,490,649)	(11,997,597)	(8,522,411)	(5,313,443)	(9,257,756)
4,391,088	4,170,062	3,557,262	2,970,566	2,658,995
3,888,747	3,945,382	2,345,323	2,323,390	2,277,178
2,013,026	1,899,320	1,952,810	1,784,302	1,753,477
-	247,357	1,486,776	1,817,175	1,360,724
127,224	444,557	406,964	256,648	146,041
-	-	(15,896,208)	1,425,346	-
218,999	779,133	1,085,266	617,542	288,060
-	-	-	-	-
10,639,084	11,485,811	(5,061,807)	11,194,969	8,484,475
2,148,435	(511,786)	(13,584,218)	5,881,526	(773,281)
36,638,137	37,149,923	50,734,018	45,144,447	45,254,353
-	-	-	-	-
\$ 38,786,572	\$ 36,638,137	\$ 37,149,800	\$ 51,025,973	\$ 44,481,072

CITY OF ASHLAND, OREGON
CHANGES IN NET POSITION
BUSINESS TYPE ACTIVITIES
Last ten years
For the year ended June 30, 2014

	2014	2013	2012	2011	2010
Program Revenues:					
Water:					
Charges for services	\$ 5,913,633	\$ 5,547,560	\$ 4,891,233	\$ 4,250,255	\$ 4,146,730
Capital grants and contributions	89,747	1,969,979	461,964	344,396	99,928
Capital system development charges	269,029	266,196	491,612	180,604	151,864
Wastewater:					
Charges for services	4,171,230	3,928,342	3,601,900	3,385,748	3,148,850
Capital system development charges	80,570	95,132	81,998	68,956	55,945
Electric:					
Charges for services	13,671,443	12,938,039	12,402,857	12,238,716	12,144,279
Operating grants and contributions	178,002	148,642	125,123	187,436	267,850
Telecommunications:					
Charges for services	1,929,101	1,896,106	1,931,126	1,944,758	1,818,789
	<u>26,302,755</u>	<u>26,789,996</u>	<u>23,987,813</u>	<u>22,600,869</u>	<u>21,834,235</u>
Program Expenses:					
Water	6,852,085	7,581,708	5,256,110	5,260,907	4,599,205
Wastewater	74,752,007	3,846,640	5,035,171	4,300,986	5,223,619
Electric	15,825,968	13,613,715	13,673,739	12,516,992	12,585,218
Telecommunications	2,240,951	3,233,961	3,308,448	3,535,592	2,931,512
	<u>99,671,011</u>	<u>28,276,024</u>	<u>27,273,468</u>	<u>25,614,477</u>	<u>25,339,554</u>
Net (Expense) Revenue:					
Water	(579,676)	202,027	588,699	(485,652)	(200,683)
Wastewater	(3,223,407)	176,834	(1,351,273)	(846,282)	(2,018,824)
Electric	(1,976,523)	(527,034)	(1,145,759)	(90,840)	(173,089)
Telecommunications	(311,850)	(1,337,855)	(1,377,322)	(1,590,834)	(1,112,723)
	<u>(6,091,456)</u>	<u>(1,486,028)</u>	<u>(3,285,655)</u>	<u>(3,013,608)</u>	<u>(3,505,319)</u>
General Revenues:					
Property taxes	-	-	-	-	-
Users taxes	1,891,730	1,839,711	1,707,079	1,592,942	1,583,908
Unrestricted interest earnings	156,492	166,290	155,478	106,904	114,266
Capital assets transfers	-	-	-	-	-
Miscellaneous	723,106	785,997	632,532	1,113,726	394,199
Gain (loss) on disposal of assets	-	-	-	-	-
Transfers:					
Total general revenues and transfers	<u>2,771,328</u>	<u>2,791,998</u>	<u>2,495,089</u>	<u>2,813,572</u>	<u>2,092,373</u>
Change in net position	(3,320,128)	1,305,970	(790,566)	(200,036)	(1,412,946)
Net position - beginning	61,481,457	60,175,486	60,966,052	61,166,088	62,579,034
Net position - ending	<u>\$ 58,161,329</u>	<u>\$ 61,481,457</u>	<u>\$ 60,175,486</u>	<u>\$ 60,966,052</u>	<u>\$ 61,166,088</u>

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

Last ten years

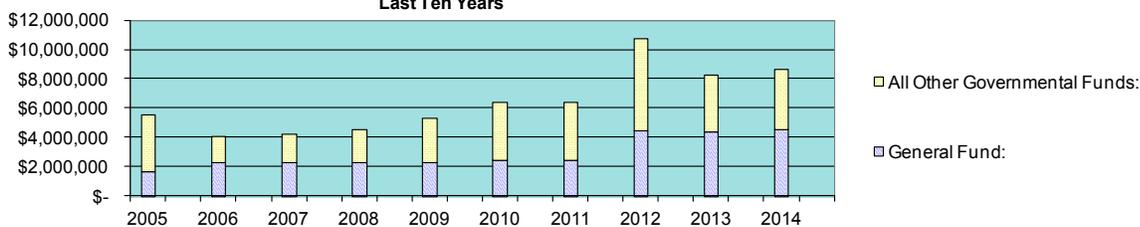
For the year ended June 30, 2014 (continued)

	2009	2008	2007	2006	2005
\$	4,067,377	\$ 3,780,193	\$ 3,829,222	\$ 4,092,206	\$ 3,557,350
	55,628	48,096	135,828	43,622	81,504
	125,389	340,835	367,839	439,306	662,911
	2,734,001	2,607,275	2,432,868	2,428,775	2,458,233
	75,843	127,224	208,554	410,910	513,489
	11,688,967	12,260,230	12,163,467	12,095,363	12,283,303
	47,121	67,620	32,233	36,043	42,656
	1,805,746	1,709,706	2,029,467	2,738,635	2,642,055
	<u>20,600,072</u>	<u>20,941,179</u>	<u>21,199,478</u>	<u>22,284,860</u>	<u>22,241,501</u>
	4,969,862	4,959,525	4,955,737	4,974,536	5,910,251
	4,675,433	5,261,713	4,895,541	4,397,923	4,524,112
	12,823,006	13,876,456	12,904,663	12,831,758	12,445,069
	2,845,198	2,756,528	2,682,968	4,182,956	4,238,644
	<u>25,313,499</u>	<u>26,854,222</u>	<u>25,438,909</u>	<u>26,387,173</u>	<u>27,118,076</u>
	(721,468)	(790,401)	(622,848)	(399,402)	(1,608,486)
	(1,865,589)	(2,527,214)	(2,254,119)	(1,558,238)	(1,552,390)
	(1,086,918)	(1,548,606)	(708,963)	(700,352)	(119,110)
	<u>(1,039,452)</u>	<u>(1,046,823)</u>	<u>(653,501)</u>	<u>(1,444,321)</u>	<u>(1,596,589)</u>
	<u>(4,713,427)</u>	<u>(5,913,044)</u>	<u>(4,239,431)</u>	<u>(4,102,313)</u>	<u>(4,876,575)</u>
	-	-	322	86,335	74,551
	1,495,488	1,568,385	1,619,849	1,573,251	1,454,132
	108,066	459,073	1,194,688	518,138	352,983
	-	-	15,896,208	(1,425,346)	-
	962,989	388,701	-	57,103	438,920
	-	-	-	-	-
	-	-	-	-	-
	<u>2,566,543</u>	<u>2,416,159</u>	<u>18,711,067</u>	<u>809,481</u>	<u>2,320,586</u>
	(2,146,884)	(3,496,885)	14,471,636	(3,292,832)	(2,555,989)
	64,725,918	68,222,803	53,751,167	57,043,999	59,599,988
\$	<u>62,579,034</u>	<u>\$ 64,725,918</u>	<u>\$ 68,222,803</u>	<u>\$ 53,751,167</u>	<u>\$ 57,043,999</u>

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

General Fund:	2014	2013	2012	2011
Restricted for:				
Asset forfeiture	\$ 28,897	\$ 14,579	\$ 224,361	\$ 187,864
Transient Occupancy Tax - tourism	116,131	-	102,786	100,563
Library services	142,497			
Committed for:				
Parking surcharge	287,725	273,965	247,725	232,497
Public art	78,154	82,849	73,011	28,113
Affordable housing	148,426	148,426	148,426	23,367
Grubbs case	22,230	22,230	21,230	
Unassigned, reported in:				
General fund	3,731,916	3,863,212	3,692,190	2,875,653
Total general fund	4,555,976	4,405,261	4,509,729	3,448,057
Street Fund:				
Restricted for:				
System development charges	2,415,789	2,376,109	2,352,315	1,980,292
Unassigned, reported in:				
Special revenue funds	2,321,834	2,041,013	690,977	256,008
Total street fund	4,737,623	4,417,122	3,043,292	2,236,300
Parks Fund:				
Unassigned, reported in:				
Special revenue funds	583,394	-	-	-
Total parks fund	583,394	-	-	-
All Other Governmental Funds:				
Restricted for:				
System development charges	508,399	459,458	411,399	364,909
Community Development Grant Block funding	33,801	33,801	33,798	34,424
Cemetery perpetual care	896,572	874,045	861,244	831,603
Committed for:				
Committed for parks activities	332,482			
Committed for airport activities	80,488	97,697	83,711	60,083
Committed for food and beverage	470,422	365,466	365,466	526,148
Committed for facilities	944,553	1,268,783	3,463,420	1,241,604
Committed for debt service	794,695	785,823	982,650	809,249
Unassigned, reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Total all other governmental funds	4,061,412	3,885,073	6,201,688	3,868,020
Total governmental funds	\$ 13,938,405	\$ 8,290,334	\$ 10,711,417	\$ 7,316,077

Fund Balance Comparison
Governmental Funds
Last Ten Years



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

2010	2009	2008	2007	2006	2005
\$ 129,510	\$ 140,974	\$ 236,514	\$ 329,180	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,345,060	2,044,482	2,060,152	2,038,534	2,326,936	2,308,388
2,474,570	2,185,456	2,296,666	2,367,714	2,326,936	2,308,388
2,115,971	2,085,259	2,049,977	1,761,561	1,597,642	1,472,090
704,546	316,999	120,493	615,659	(133,598)	(556,062)
2,820,517	2,402,258	2,170,470	2,377,220	1,464,044	916,028
-	-	-	-	-	-
-	-	-	-	-	-
353,696	348,746	96,632	168,896	65,675	65,675
-	-	-	-	-	-
807,796	788,752	771,948	749,918	719,429	702,629
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
762,199	1,072,785	1,246,509	559,263	459,095	423,842
32,160	19,979	6,891	(24,661)	130,126	2,942
1,969,977	1,154,776	951,989	714,329	586,843	635,387
3,925,828	3,385,038	3,073,969	2,167,745	1,961,168	1,830,475
\$ 6,400,398	\$ 5,570,494	\$ 5,370,635	\$ 4,535,459	\$ 4,288,104	\$ 4,138,863

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

Revenues:	2014	2013	2012	2011	2010
Taxes	\$ 18,850,869	\$ 13,661,986	\$ 13,270,221	\$ 12,978,142	\$ 12,636,896
Fees, licenses and permits	667,416	583,679	1,340,102	482,275	474,379
Intergovernmental	2,847,336	2,500,297	2,878,726	3,642,108	2,103,165
Special assessments	59,483	41,048	43,542	17,867	3,292
Charges for services	10,835,737	6,319,508	6,520,263	6,315,976	5,799,929
Fines and forfeitures	183,732	196,535	168,305	183,239	183,266
Interest on investments	86,025	72,312	87,553	62,062	102,302
Miscellaneous	410,589	559,195	262,858	272,814	190,732
Total revenues	33,941,187	23,934,560	24,571,570	23,954,483	21,493,961
Expenditures:					
General government	9,381,555	4,820,740	4,631,724	4,300,262	4,278,859
Public safety	13,102,433	11,868,980	11,411,045	10,914,166	10,896,098
Highways and streets	1,974,219	2,529,333	2,422,483	3,778,610	2,361,523
Parks and recreation	6,854,314				
Capital outlay	1,636,407	4,984,031	2,374,574	1,859,097	479,600
Debt service	1,842,374	2,754,188	2,172,846	2,562,886	2,229,718
Principal	1,320,000	1,732,744	1,196,086	1,563,425	1,183,203
Interest	522,374	1,021,444	976,760	999,461	1,046,515
Total expenditures	34,791,302	26,957,272	23,012,672	23,415,021	20,245,798
Excess (deficiency) of revenues over expenditures	(850,115)	(3,022,712)	1,558,898	539,462	1,248,163
Other financing sources (uses):					
Proceeds from debt issuance	-	1,767,459	-	-	-
Interfund loans	-	208,000	-	(208,000)	-
Transfers in	750,927	41,461	203,105	997,349	469,360
Transfers out	(840,927)	(41,461)	(203,105)	(997,349)	(469,360)
Total other financing sources (uses)	(90,000)	1,975,459	-	(208,000)	-
Net change in fund balance	\$ (940,115)	\$ (1,047,253)	\$ 1,558,898	\$ 331,462	\$ 1,248,163

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

2009	2008	2007	2006	2005
\$ 11,790,772	\$ 11,204,876	\$ 10,620,715	\$ 9,454,799	\$ 9,057,868
768,451	886,644	847,665	1,106,317	1,489,379
1,630,055	1,848,914	2,606,832	2,168,873	3,252,504
25,587	67,195	108,864	360,860	222,408
5,732,687	5,594,106	4,564,898	3,817,938	4,165,663
156,092	150,346	169,558	137,460	133,170
97,379	330,413	310,478	197,960	112,531
164,995	787,159	719,478	554,076	62,546
<u>20,366,018</u>	<u>20,869,653</u>	<u>19,948,488</u>	<u>17,798,283</u>	<u>18,496,069</u>
3,982,889	4,114,305	3,423,269	3,081,984	3,317,996
10,701,354	10,578,525	10,227,177	9,152,421	8,630,755
2,298,680	2,341,178	2,245,609	2,191,178	2,079,150
	-	-	-	-
1,502,763	1,355,293	1,359,308	1,889,998	2,403,697
2,363,685	1,852,049	1,622,412	820,218	846,573
1,277,584	725,753	533,630	523,769	497,493
1,086,101	1,126,296	1,088,782	296,449	349,079
<u>20,849,371</u>	<u>20,241,350</u>	<u>18,877,775</u>	<u>17,135,799</u>	<u>17,278,171</u>
(483,353)	628,303	1,070,713	662,484	1,217,898
915,000	-	-	2,761,180	-
-	-	89,818	-	-
328,173	336,253	936,934	347,780	154,360
<u>(328,173)</u>	<u>(336,253)</u>	<u>(936,934)</u>	<u>(347,780)</u>	<u>(154,360)</u>
915,000	-	89,818	2,761,180	-
<u>\$ 431,647</u>	<u>\$ 628,303</u>	<u>\$ 1,160,531</u>	<u>\$ 3,423,664</u>	<u>\$ 1,217,898</u>

2014 statistical section

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

Fund Balances	2014 Adopted	2013 Adopted	2012 Adopted	2011 Adopted	2010 Adopted
City Component					
General Fund	\$ 2,594,256	\$ 1,563,870	\$ 1,729,188	\$ 1,484,490	\$ 1,332,508
Community Development Block Grant Fund	-	(34,424)	-	-	-
Reserve Fund	336,910	1,018,502	869,172	151,500	215,000
Street Fund	1,403,337	1,669,993	2,205,420	2,199,998	1,447,363
Airport Fund	34,564	99,276	44,387	10,804	9,024
Capital Improvements Fund	1,858,486	545,638	1,828,450	1,493,676	2,137,061
Debt Service Fund	637,043	949,626	1,020,546	790,646	1,149,113
Water Fund	3,575,115	2,383,044	1,121,531	4,302,000	836,814
Wastewater Fund	2,415,670	2,235,859	233,204	2,328,958	3,020,769
Electric Fund	1,012,411	1,077,114	1,091,591	1,387,036	649,494
Telecommunications Fund	210,594	153,998	339,464	281,732	325,135
Central Services Fund	754,268	32,508	10,026	70,593	12,531
Insurance Services Fund	622,602	477,568	646,302	394,466	543,266
Health Benefits Fund	348,359				
Equipment Fund	1,233,835	2,553,013	1,124,500	88,202	1,322,161
Cemetery Trust Fund	912,244	892,603	852,797	826,753	812,948
Total city component	17,949,694	15,618,188	13,116,578	15,810,854	13,813,187
Parks Component					
Parks and Recreation Fund	583,396	1,290,439	1,703,840	1,409,225	1,450,910
Youth Activities Levy Fund	-	-	-	-	10,591
Parks Capital Improvements Fund	270,032	242,067	193,504	195,991	287,239
Total parks component	853,428	1,532,506	1,897,344	1,605,216	1,748,740
Total budget	\$ 18,803,122	\$ 17,150,694	\$ 15,013,922	\$ 17,416,070	\$ 15,561,927

Fund Balances	2014 Actual	2013 Actual	2012 Actual	2011 Actual	2010 Actual
City Component					
General Fund	\$ 3,719,809	\$ 3,385,681	\$ 3,495,819	\$ 2,938,556	\$ 2,474,570
Community Development Block Grant Fund	33,801	33,801	33,798	34,424	37,424
Reserve Fund	336,167	1,019,580	1,013,910	509,502	148,072
Street Fund	4,737,624	4,417,121	3,043,292	2,236,300	2,820,517
Airport Fund	80,488	116,697	83,710	60,083	32,160
Capital Improvements Fund	1,923,374	2,094,707	4,449,285	2,132,661	2,138,176
Debt Service Fund	1,159,490	1,150,618	982,649	809,248	762,199
Water Fund	6,273,413	6,437,576	2,708,910	2,212,401	1,851,885
Wastewater Fund	4,271,386	4,290,774	2,794,806	3,250,111	3,496,009
Electric Fund	1,899,104	2,327,540	2,418,099	2,476,294	2,054,733
Telecommunications Fund	479,997	587,624	586,943	517,916	953,315
Central Services Fund	870,190	853,280	984,410	491,546	266,820
Insurance Services Fund	1,584,721	848,857	761,552	605,943	640,110
Health Benefits Fund	169,366				
Equipment Fund	2,540,413	3,357,663	2,479,905	1,858,969	1,760,305
Cemetery Trust Fund	896,572	874,045	861,243	831,602	870,797
Total city component	30,975,915	31,795,564	26,698,331	20,965,556	20,307,092
Parks Component					
Parks and Recreation Fund	583,396	1,783,433	2,242,227	2,214,031	1,787,781
Youth Activities Levy Fund	-	-	20,326	9,899	22,534
Parks Capital Improvements Fund	332,482	387,632	449,131	432,866	252,864
Total parks component	915,878	2,171,065	2,711,684	2,656,796	2,063,179
Total actual	\$ 31,891,793	\$ 33,966,629	\$ 29,410,015	\$ 23,622,352	\$ 22,370,271

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

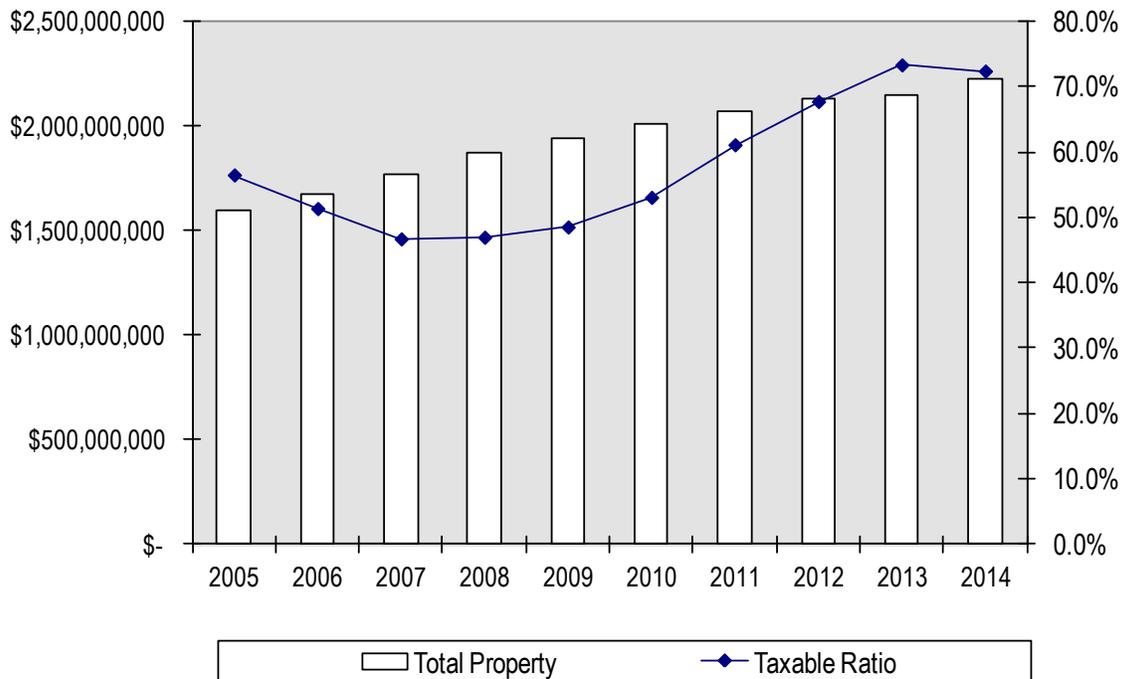
Fiscal Year Ended June 30,	Real Property	Mobile Home	Personal (1)	Utilities	Total	Property Tax Rate	Taxable ratio (True Cash Value to Assessed)
2014	\$ 2,154,231,164	\$ 6,060,576	\$ 36,756,490	\$ 24,858,300	2,221,906,530	\$ 4.61	72.3%
2013	2,079,286,927	6,060,300	36,739,550	26,166,700	2,148,253,477	4.63	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	2.10	53.0%
2009	1,871,896,544	5,744,350	44,282,840	21,243,990	1,943,167,724	4.42	48.4%
2008	1,802,639,910	5,762,080	44,536,050	22,372,000	1,875,310,040	5.73	46.9%
2007	1,700,020,579	5,498,040	40,468,280	20,509,400	1,766,496,299	5.56	46.6%
2006	1,610,148,502	5,301,570	38,820,610	20,344,260	1,674,614,942	5.25	51.3%
2005	1,524,210,039	5,108,410	38,419,400	27,532,841	1,595,270,690	5.26	56.4%

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

(1) Includes non-profit housing

Source: Jackson County Assessor tax roll property values

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



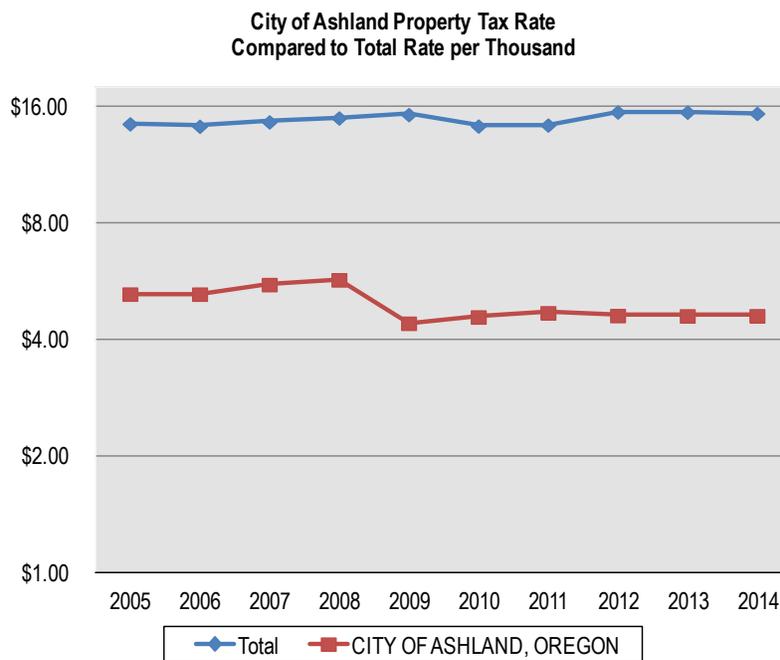
**CITY OF ASHLAND, OREGON
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
(Per \$1,000 of Assessed Valuation)
Last ten years - Unaudited**

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
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
2006	1.62	-	0.16	3.47	5.26	8.01	6.28	14.29
2005	1.47	-	0.31	3.47	5.26	8.22	6.28	14.50

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

(2) Rogue Community College

Source: Jackson County Assessor and Tax Collector

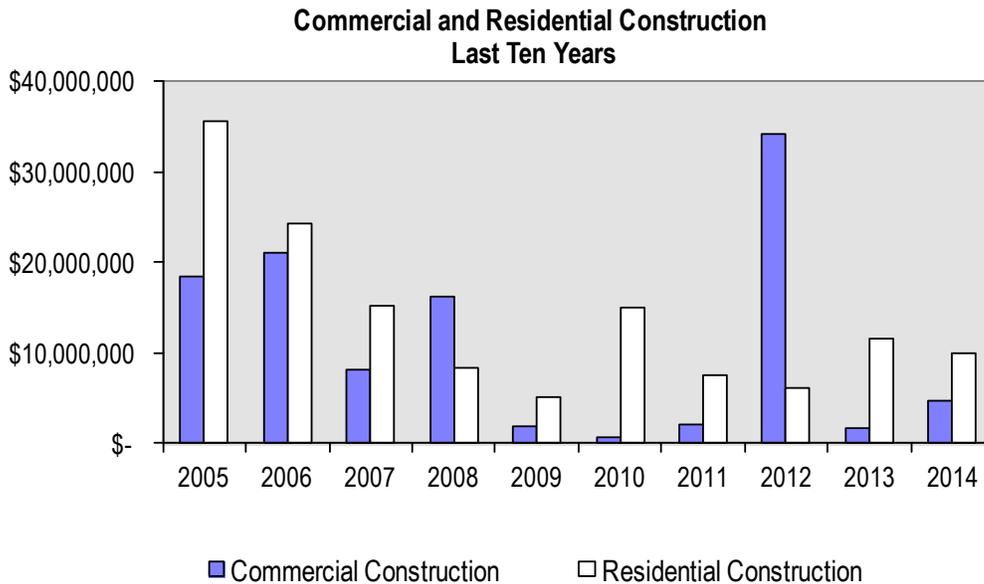


**CITY OF ASHLAND, OREGON
PROPERTY VALUE AND NEW CONSTRUCTION HISTORY
Last ten years - Unaudited**

Fiscal Year Ended June 30,	Property Value (1)	Commercial Construction		Residential Construction	
		Number of Units	Value	Number of Units	Value
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
2006	1,674,614,942	19	20,988,810	160	24,336,944
2005	1,595,270,690	42	18,426,846	188	35,576,749

(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**

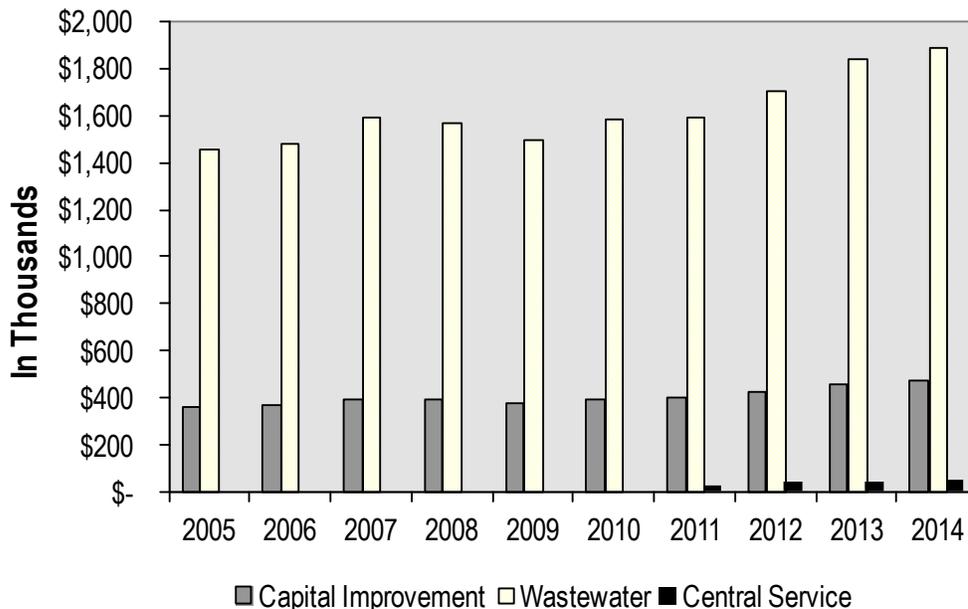
Fiscal Year Ended June 30,	Capital Improvement (1)	Wastewater (2)	Central Service	Total (3)	Cumulative
2014	\$ 473	\$ 1,892	\$ 48	\$ 2,413	\$ 33,770
2013	460	1,840	47	2,347	31,357
2012	427	1,707	47	2,181	29,010
2011	398	1,593	31	2,022	26,829
2010	396	1,584	-	1,980	24,807
2009	374	1,495	-	1,869	22,827
2008	392	1,567	-	1,959	20,958
2007	395	1,594	-	1,989	18,999
2006	370	1,481	-	1,851	17,010
2005	364	1,454	-	1,818	15,159

(1) Dedicated to acquisition of open space parkland

(2) Derived from wastewater enterprise operations

(3) Tax enacted July 1, 1993

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



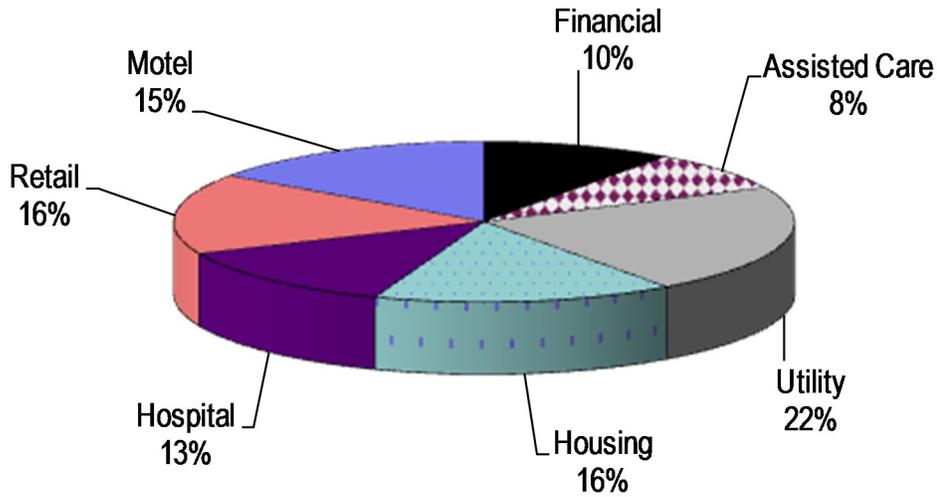
**CITY OF ASHLAND, OREGON
PRINCIPAL PROPERTY TAXPAYERS
Current and ten years ago**

Taxpayers	Type of Business	2014 Assessed Valuation	Percentage of Total Assessed Valuation
Ronald L. Deluca	Housing	\$ 10,725,940	0.45%
Avista Corp.	Utility	9,774,000	0.41%
Ashland Community Hopsital	Hospital	8,753,390	0.37%
Pacific Financial , Inc.	Financial	6,799,150	0.29%
Charter Communication	Retail	5,496,000	0.23%
Beverly Rydbom	Retail	5,646,020	0.24%
Skylark Assisted Living	Assisted Care	5,549,660	0.24%
Bard's Inn	Motel	5,312,560	0.23%
Plaza Hospitality	Motel	5,174,180	0.22%
Centurylink	Utility	5,334,800	0.23%
All other		2,291,651,106	97.09%
Total		\$ 2,360,216,806	100.00%

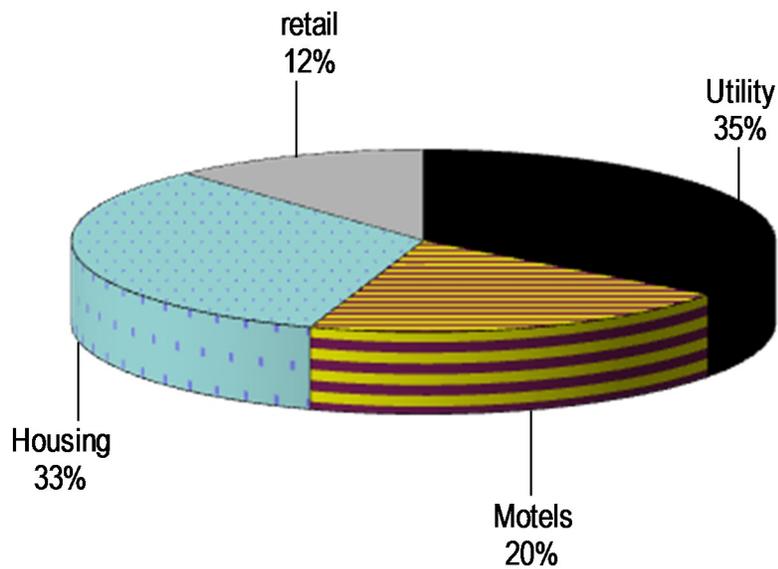
Taxpayers	Type of Business	2005 Assessed Valuation	of Total Assessed Valuation
Qwest, Inc	Utility	\$ 18,347,700	1.15%
Windmill Inns of America, Inc.	Motels	9,494,780	0.60%
Ronald L. Deluca	Housing	7,732,200	0.48%
Mountain Meadows	Housing	5,979,500	0.37%
Avista Corp.	Utility	5,164,000	0.32%
Financial Pacific, Inc.	Housing	4,327,280	0.27%
Rydbom, Michael and Beverly	Retail	4,268,270	0.27%
Skylark Assisted Living	Housing	4,071,850	0.26%
Bard's Inn	Motels	3,986,320	0.25%
Summit Investment	Retail	3,649,510	0.23%
All other		1,528,249,280	95.80%
Total		\$ 1,595,270,690	100.00%

Source: Jackson County Assessor

2014 Principal Property Tax Payers



2005 Principal Property Tax Payers



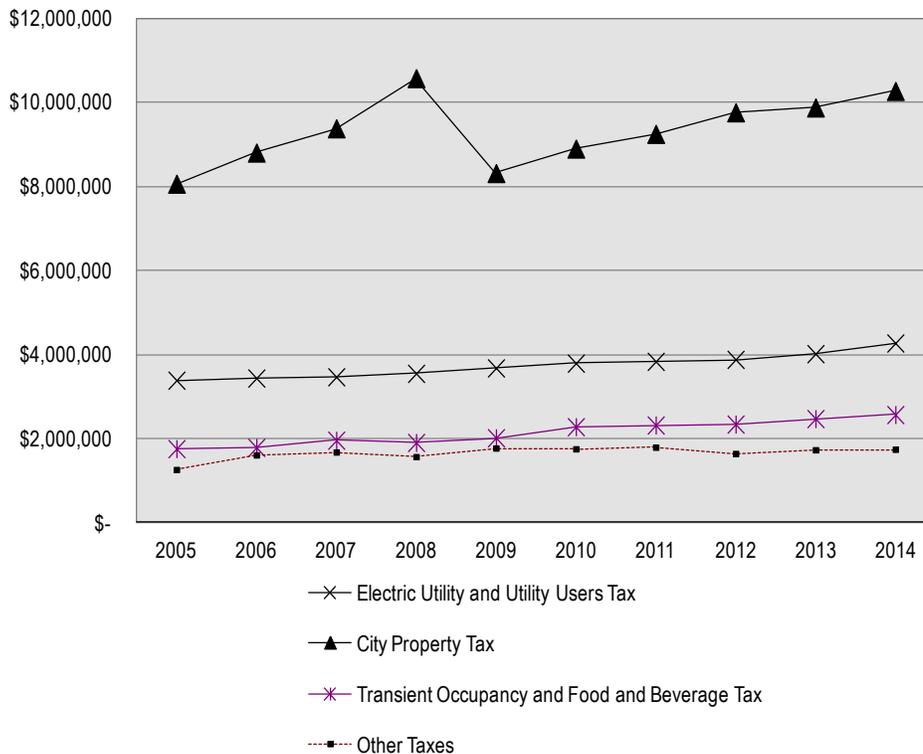
**CITY OF ASHLAND, OREGON
GENERAL GOVERNMENTAL TAX REVENUES
BY SOURCE
(amounts expressed in thousands)
Last ten years - Unaudited**

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
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
2006	8,801	1,111	2,323	1,399	1,414	370	205	15,623
2005	8,061	1,106	2,277	1,101	1,390	364	155	14,454

(1) Derived from city-owned electric utility operations

(2) Tax enacted July 1, 1993

**GENERAL GOVERNMENTAL TAX REVENUES
BY SOURCE**



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

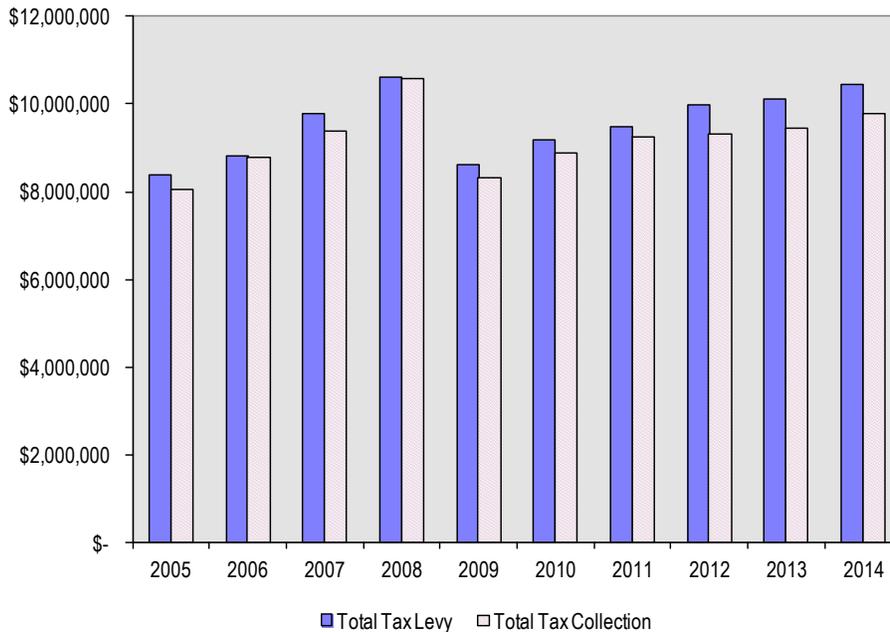
Fiscal Year Ended June 30,	Total Tax Levy (1)	Current Tax Collections (2)	Percent of Levy Collected	Delinquent Tax Collections (2)(3)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
2014	\$ 10,453,597	\$ 9,799,116	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%
2006	8,803,680	8,428,550	95.7%	372,526	8,801,076	100.0%	642,298	7.3%
2005	8,399,000	7,753,164	92.3%	307,911	8,061,075	96.0%	535,484	6.4%

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

(2) Includes adjustments, rounding and discounts

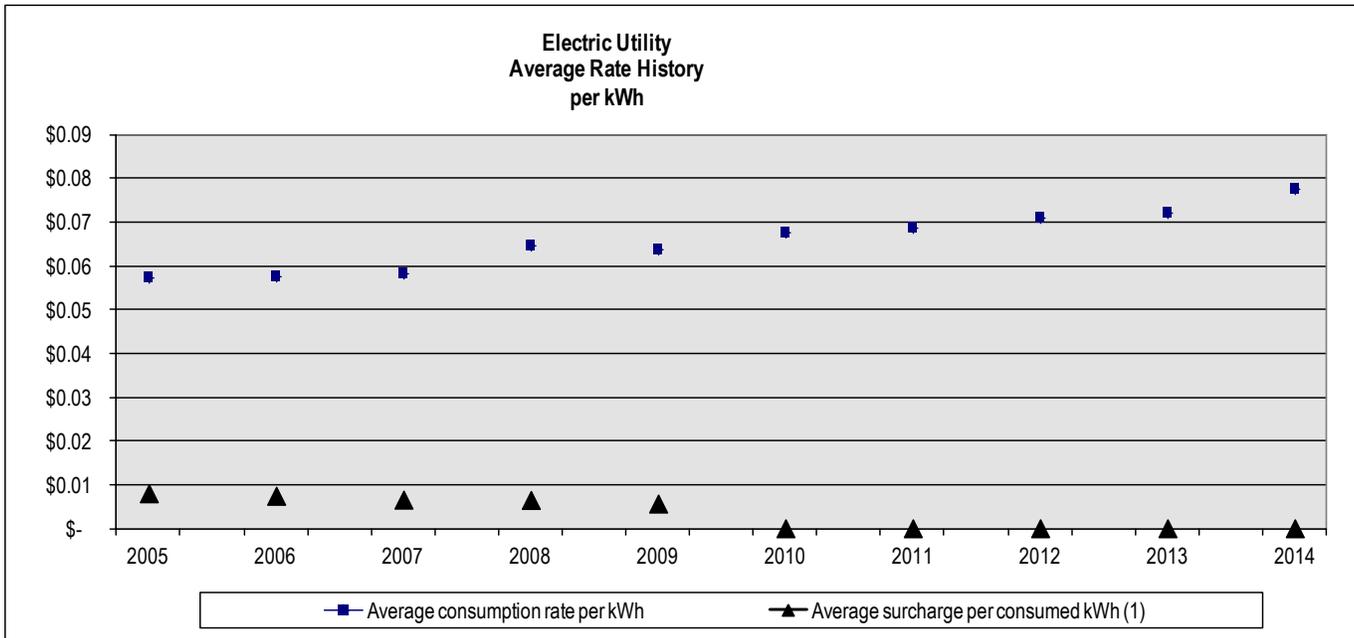
(3) Delinquent taxes collected represent accumulative amounts for the specific fiscal year

PROPERTY TAX LEVIES AND COLLECTIONS



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

	2014	2013	2012	2011
Electric:				
Commercial	57,351,533	58,984,152	55,628,874	55,617,369
Governmental	19,552,546	19,934,831	20,136,246	20,539,286
Municipal	6,410,372	5,978,193	6,164,885	6,107,945
Residential	91,309,827	89,637,162	91,550,691	94,402,343
Electric usage total	174,624,278	174,534,338	173,480,696	176,666,943
Total electric revenue	\$ 13,536,923	\$ 12,575,449	\$ 12,305,176	\$ 12,126,401
Average consumption rate per kWh	\$ 0.078	\$ 0.072	\$ 0.071	\$ 0.069
BPA surcharge revenue	NA	NA	NA	NA
Average surcharge per consumed kWh (1)	NA	NA	NA	NA

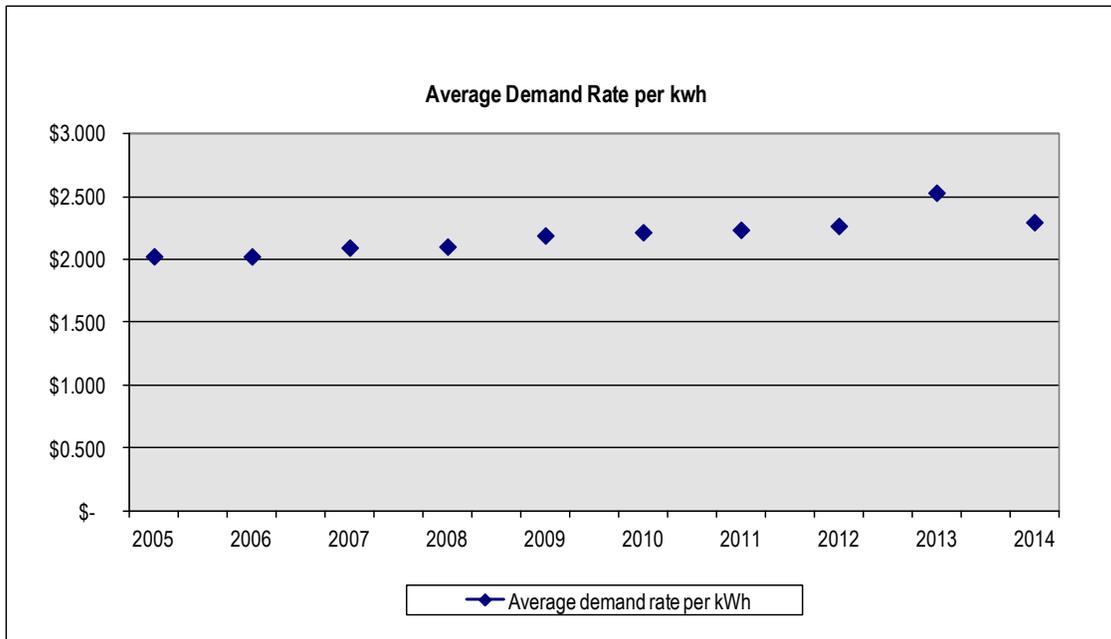


(1) Council implemented the surcharge due to increasing costs and changes in the wholesale power industry in FY 2002

	2014	2013	2012	2011
Demand:				
Commercial	158,829	175,675	164,566	162,175
Governmental/Municipal	67,481	67,388	71,111	68,480
Demand usage total	226,310	243,063	235,677	230,655
Total demand revenue	\$ 519,458	\$ 614,862	\$ 533,947	\$ 515,481
Average demand rate per kWh	\$ 2.295	\$ 2.530	\$ 2.266	\$ 2.235

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

2010	2009	2008	2007	2006	2005
56,996,490	56,893,914	59,730,031	59,796,009	58,939,938	58,199,994
19,467,344	18,283,476	18,328,996	16,771,812	17,684,660	17,522,640
6,407,172	6,288,095	6,231,719	5,911,482	5,798,328	6,015,412
93,634,626	91,638,620	95,853,685	91,324,747	90,977,982	89,045,820
176,505,632	173,104,105	180,144,431	173,804,050	173,400,908	170,783,866
\$ 11,931,379	\$ 11,028,224	\$ 11,638,234	\$ 10,118,284	\$ 9,978,512	\$ 9,779,099
\$ 0.068	\$ 0.064	\$ 0.065	\$ 0.058	\$ 0.058	\$ 0.057
NA	NA	\$ 1,016,152	\$ 1,123,490	\$ 1,133,645	\$ 1,266,655
NA	NA	\$ 0.006	\$ 0.006	\$ 0.007	\$ 0.007



2010	2009	2008	2007	2006	2005
151,072	147,155	159,430	164,228	160,133	156,388
63,445	70,242	65,931	69,856	68,828	67,529
214,517	217,397	225,361	234,084	228,961	223,917
\$ 475,273	\$ 476,024	\$ 473,565	\$ 490,039	\$ 463,244	\$ 453,221
\$ 2.216	\$ 2.190	\$ 2.101	\$ 2.093	\$ 2.023	\$ 2.024

**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
2014	20,366	0.20%	\$ 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
2006	20,880	1.41%	1,674,614,942	49,105,540	459,095
2005	20,590	0.78%	1,595,270,690	48,595,783	423,842

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.

**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)**

<u>Enterprise Fund Monies Available</u>	<u>Debt Payable for Enterprise Revenues (4)</u>	<u>Net General Obligation Bonded Debt (5)</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt per Capita</u>
\$ 875,490	\$ 19,102,713	\$ 35,792,002	1.58%	\$ 1,757.44
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
1,913,648	41,842,256	19,770,000	1.18%	946.84
1,913,648	43,614,513	20,045,000	1.26%	973.05

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

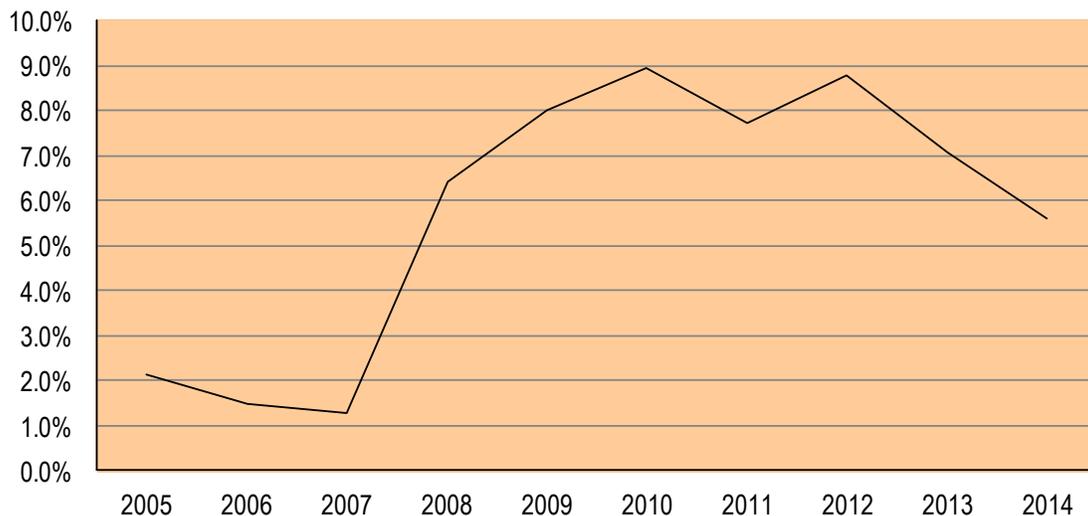


CITY OF ASHLAND, OREGON
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
Last ten years - Unaudited

Fiscal Year Ended June 30,	Principal	Interest	Total Debt Service (1)	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
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%
2006	195,000	62,360	257,360	17,302,206	1.5%
2005	185,000	187,607	372,607	17,278,171	2.2%

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

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



**CITY OF ASHLAND, OREGON
PLEDGED 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	
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
2006	4,531,503	2,797,896	-	1,733,607	320,000	140,456	460,456	4.21
2005	4,430,029	2,477,104	-	1,952,925	320,000	146,856	466,856	5.58

(1) Total Operating Revenues, including System Development Charges

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

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

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

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CITY OF ASHLAND, OREGON
RATIOS OF OUTSTANDING DEBT
BY TYPE
Last ten years

Fiscal Year Ended June 30,	General Obligation Bonds	Percent of Assessed Value	Notes and Contracts		
			Promissory	OECD (1)	Per
			Notes	Loans	Capita (2)
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
2006	18,625,000	1.11%	1,066,510	1,920,792	1,035.07
2005	18,265,000	1.14%	1,200,270	2,079,804	1,046.39

Fiscal Year Ended June 30,	General Obligation Bonds	Percent of Assessed Value	Business - Type Activities		Per Capita (2)
			Revenue Bonds and Notes	DEQ (3)	
			Loan	Loan	
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
2006	1,145,000	0.07%	4,640,000	20,702,256	1,268.55
2005	1,795,000	0.11%	4,960,000	21,659,513	1,380.02

Fiscal Year Ended June 30,	Total Outstanding Debt		Debt as a Percentage of Personal Income	
	Total Debt	Personal Income (4)	Personal Income	Personal Income
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%	
2006	48,099,558	461,001,000	10.43%	
2005	49,959,587	411,308,000	12.15%	

(1) OECD - 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*

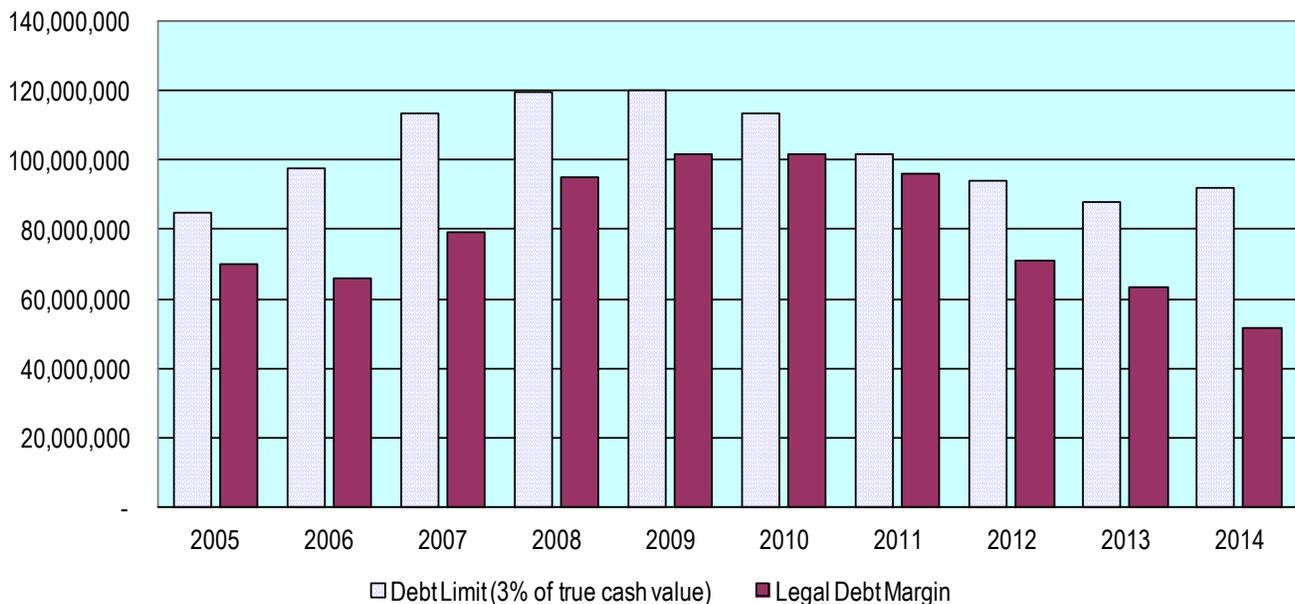
(3) DEQ - Oregon Department of Environmental Quality

(4) Oregon Department of Revenue Personal Income Tax Statistics

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

	2014	2013	2012	2011	2010
True Cash Value	\$ 3,072,079,759	\$ 2,931,862,235	\$ 3,145,655,451	\$ 3,394,416,254	\$ 3,790,236,802
Legal Debt Margin					
Debt limit (3% of true cash value)	92,162,393	87,955,867	94,369,664	101,832,488	113,707,104
Net Bonded Debt:					
Gross bonded debt	34,295,413	36,630,395	31,584,014	31,095,074	17,898,697
Less amounts exempted:					
Water	-	-	-	-	-
Special assessment	-	-	-	-	-
Re-funding	-	-	-	-	-
Water re-funding	(250,000)	(375,000)	(370,000)	(360,000)	(345,000)
Total debt applicable to margin	34,045,413	36,255,395	31,214,014	30,735,074	17,553,697
Legal Debt Margin	\$ 58,116,980	\$ 51,700,472	\$ 63,155,650	\$ 71,097,414	\$ 96,153,407

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



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

2009	2008	2007	2006	2005
\$ 4,011,032,636	\$ 4,000,418,984	\$ 3,788,568,503	\$ 3,266,109,773	\$ 2,827,489,200
120,330,979	120,012,570	113,657,055	97,983,293	84,824,676
18,970,000	18,840,000	19,425,000	19,780,000	20,045,000
-	(25,000)	(50,000)	(60,000)	(85,000)
-	-	-	-	-
-	-	-	-	-
(505,000)	(655,000)	(800,000)	(940,000)	(1,075,000)
18,465,000	18,160,000	18,575,000	18,780,000	18,885,000
\$ 101,865,979	\$ 101,852,570	\$ 95,082,055	\$ 79,203,293	\$ 65,939,676

**CITY OF ASHLAND, OREGON
COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2014 - Unaudited**

True cash value	\$	3,072,079,759	
3% of true cash value		<u>0.03</u>	
			\$ 92,162,393
NET BONDED DEBT:			
Gross bonded debt		34,295,413	
Less amounts exempted:			
Water			
Water re-funding		<u>(250,000)</u>	
Total debt applicable to margin			<u>34,045,413</u>
LEGAL DEBT MARGIN			<u><u>\$ 58,116,980</u></u>

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

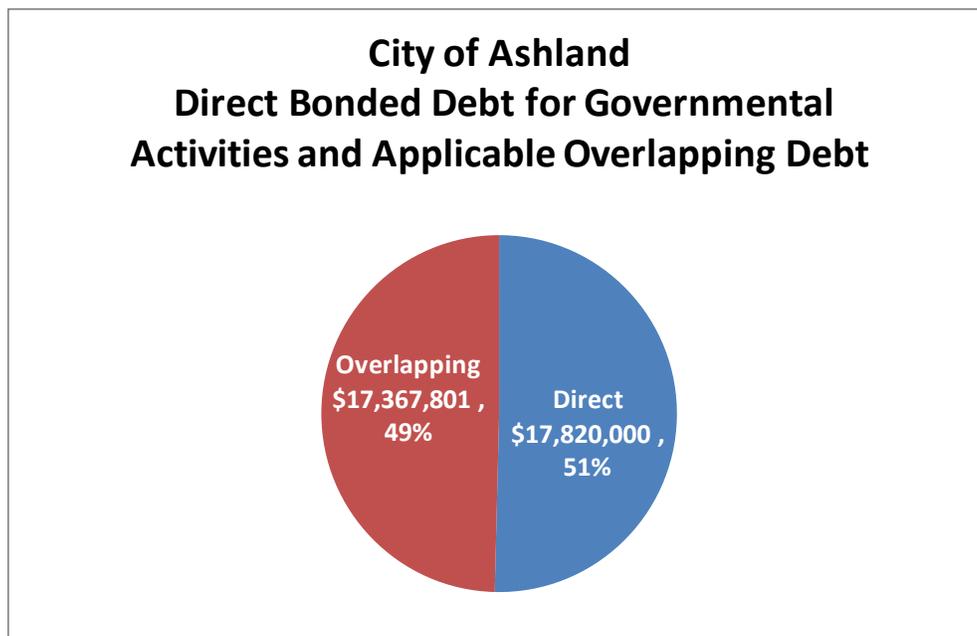
Source: Jackson County Assessor's Office
Audited Financial Statements
Oregon Revised Statutes (ORS) 287.004

**CITY OF ASHLAND, OREGON
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
GENERAL OBLIGATION BONDS
June 30, 2014 - Unaudited**

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to City (1)</u>	<u>Amount Applicable to City</u>
Direct:			
City of Ashland - Governmental Activities only	\$ 17,820,000	100.00%	\$ 17,820,000
Overlapping:			
Jackson County	3,401,982	15.14%	515,060
School District No. 5	20,618,692	80.49%	16,595,985
Rogue Community College	2,870,525	15.14%	434,597
	<u>\$ 26,891,199</u>		<u>\$ 17,545,643</u>
	<u>\$ 44,711,199</u>		<u>\$ 35,365,643</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



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

<u>Employer (1)</u>	<u>2014</u>	
	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Numbers not yet available		
Total	0	0.00%
Estimated total city employment	9,000	

<u>Employer</u>	<u>2005</u>	
	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Southern Oregon University	750	8.96%
Oregon Shakespeare Festival	450	5.38%
Ashland Public Schools	429	5.13%
Ashland Community Hospital	425	5.08%
City of Ashland	269	3.21%
Subtotal	2,323	25.81%
Professional Tool Mfg. LLC	95	1.14%
Prestige Care (dba Linda Vista)	84	1.00%
Albertsons	71	0.85%
Ashland Springs Hotel	65	0.78%
Windmill Inn of Ashland	53	0.63%
	0	0.00%
Total	2,691	32.15%
Estimated total city employment	8,369	

Source: Ashland Chamber of Commerce

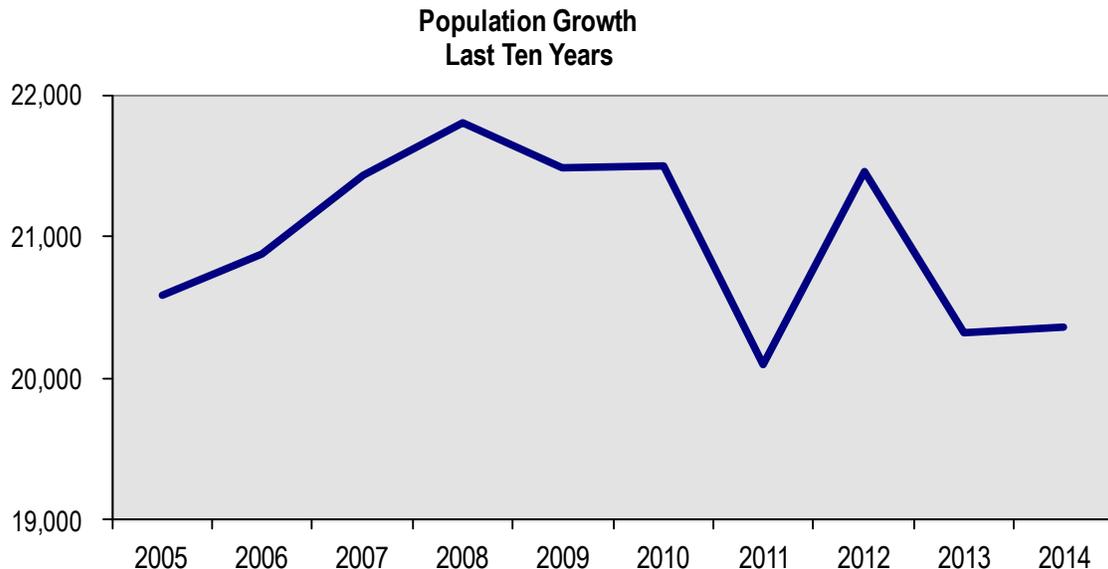
Note: Ashland Chamber of Commerce has changed their reporting method and now only tracks the top five employers in the city

**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)
2014	20,366	0.20%	-	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%
2006	20,880	1.41%	22,079	461,001	2,915	5.7%
2005	20,590	0.78%	19,976	411,308	3,044	6.2%

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



**CITY OF ASHLAND, OREGON
SCHEDULE OF MAJOR INSURANCE IN FORCE
June 30, 2014**

Company	Coverage	Policy Period	Annual Aggregate/Each Occurrence	Premium	
Citycounty Insurance Services	General Liability	07/01/2013-07/01/2014	\$ 15,000,000 / \$ 5,000,000	\$ 144,253	
	Public Officials Liability	07/01/2013-07/01/2014	\$ 15,000,000 / \$ 5,000,000		
	Employment Practices	07/01/2013-07/01/2014	\$ 15,000,000 / \$ 5,000,000		
		Automobile Liability			31,333
	Scheduled Autos	07/01/2013-07/01/2014	None / \$ 5,000,000		
	Hired Autos/Non Owned	07/01/2013-07/01/2014	None / \$ 5,000,000		
	Uninsured Motorist	07/01/2013-07/01/2014	None / \$ 5,000,000		
		Auto Physical Damage			10,911
	Scheduled Autos	07/01/2013-07/01/2014	Per Filed Value		
	Rented or Leased	07/01/2013-07/01/2014	Per Filed Value		
	Newly Acquired Autos	07/01/2013-07/01/2014	Per Filed Value		
		Property			79,650
	Buildings	07/01/2013-07/01/2014	Per Filed Value		
	Mobile Equipment	07/01/2013-07/01/2014	Per Filed Value		
	Boiler and Machinery	07/01/2013-07/01/2014	Replacement Cost of Machinery & Equipment not covered elsewhere	Included above	
	Excess Crime	07/01/2013-07/01/2014	Per Loss/ \$250,000	1,195	
ACE Property & Casualty	Airport Liability	07/01/2013-07/01/2014	\$4,000,000/\$4,000,000	2,441	
The Hartford	Flood	10/23/2013-10/23/2014	\$ 56,900	1,217	
Safety National Casualty Corp.	Workers' Compensation Self-Insured Bond	07/01/2013-07/01/2014		6,000	
Midwest Employers Casualty Co	Excess Workers' Compensation	07/01/2013-07/01/2014	Statutory / \$ 1,000,000	559,060	
National Union Fire Ins. Co of Pittsburgh, PA	Volunteer Accident Ins	07/01/2013-07/01/2014	Per Filed Value	1,788	
ACE American Ins. Co.	Underground Storage Tank Liability	07/01/2013-07/01/2014	\$1,000,000/\$1,000,000	563	

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

Function/Program	2014	2013	2012	2011	2010	2009	2008	2007	2006*	2005
Administration	4.00	4.00	5.00	4.00	4.00	4.00	3.06	3.00	3.00	3.00
Human Resources	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	2.00	2.00
Legal	3.00	3.00	3.00	3.00	3.00	3.00	3.50	3.50	3.50	3.50
Information Technology	8.80	8.80	8.80	8.80	7.95	7.95	7.60	7.60	7.60	6.45
Finance	16.25	16.25	16.25	16.25	17.25	17.25	15.75	15.50	17.50	16.50
Municipal Court	4.15	4.15	3.15	3.65	3.65	3.65	4.15	4.15	4.15	3.75
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	36.30	35.30	34.80	34.80	36.80	39.30	40.30	39.80	39.80
Fire	34.75	34.75	33.75	32.00	32.40	33.40	35.40	35.40	35.00	34.00
Streets	10.70	10.95	9.90	9.90	10.20	10.20	10.20	10.20	10.20	9.70
Water	14.50	14.50	14.50	14.50	16.30	16.30	16.30	16.30	14.80	14.80
Wastewater	11.30	11.30	10.30	10.30	12.80	12.80	11.80	11.80	11.80	11.80
Public Works Administration	7.00	7.00	6.00	7.50	7.00	7.00	8.00	8.00	8.00	8.00
Engineering	7.00	7.00	6.00	5.00	6.00	6.00	6.00	6.00	6.00	6.00
Facilities Maintenance / Cemetery	4.00	4.50	4.50	4.50	4.00	4.00	4.00	4.00	4.00	4.00
Fleet Maintenance	4.80	4.80	4.80	5.00	3.50	3.50	3.50	3.50	3.50	3.50
Planning	9.00	9.00	8.90	8.90	8.70	8.70	10.65	11.75	10.50	8.65
Building	4.00	4.00	3.70	3.60	3.85	3.85	5.75	6.05	6.50	6.55
Electric	17.25	17.25	17.75	17.75	18.50	18.50	18.10	18.10	18.10	17.15
Telecommunication	5.70	5.70	6.70	6.20	7.55	7.55	7.55	7.55	8.05	9.65
Conservation	3.50	3.50	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.80
Senior Program	*	*	*	*	*	*	*	*	*	1.75
Subtotal	210.45	210.75	205.30	202.65	208.45	211.45	218.61	220.70	219.00	215.35
Parks	43.80	43.80	43.80	43.45	45.65	48.55	50.55	48.45	48.45	45.90
Total	254.25	254.55	249.10	246.10	254.10	260.00	269.16	269.15	267.45	261.25

* Senior Program included in Parks in 2006

**2004 figures do not include temporary employees

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

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

Function/Program	2014	2013	2012	2011
Police				
Physical arrests, juvenile and adult	2,509	2,868	2,670	2,343
Traffic violations	3,461	3,061	2,679	2,868
Fire				
Fire alarm responses	398	390	379	291
Emergency medical responses	3,098	2,927	3,105	2,694
Non-emergency public service responses	155	97	94	79
Code enforcement plans review	404	380	246	215
Total calls for service	3,533	3,414	3,577	3,327
Total ambulance patient transports	1,600	1,523	1,635	1,611
Water				
Service connections	8,870	9,038	9,071	8,678
Daily average consumption in millions of gallons	3	2.7	2.7	4.6
Maximum daily capacity of plant in million gallons	8	8	8	8
Sewer				
Service connections	8,295	8,181	7,850	8,181
Daily average treatment in million of gallons	2	2.2	2.2	2.1
Maximum daily capacity in millions of gallons	4	4	3	4
Electric				
Service connections	12,662	11,914	12,148	11,985
Telecommunications				
Cable TV	1,400	1,840	-	-
Cable modem	3,961	4,082	4,066	4,454
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

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

2010	2009	2008	2007	2006	2005
2,073	2,098	2,489	2,748	2,607	2,004
3,160	2,784	2,600	3,036	3,773	4,608
359	363	500	457	425	415
2,705	2,761	3,022	2,955	2,716	2,952
75	46	76	87	109	100
293	262	440	495	535	644
3,128	3,170	3,590	3,534	4,000	3,285
1,456	1,476	1,700	1,616	1,511	1,243
8,433	8,126	8,291	8,281	7,870	7,764
2.7	3.3	3.4	4	4	3
8	8	8	8	8	8
7,995	8,008	8,153	8,129	7,722	7,583
2.2	2.2	2.2	2	2	2
4	4	4	4	4	4
11,275	11,944	11,979	11,780	11,277	11,062
-	-	-	-	3,095	3,170
4,094	4,160	4,153	3,988	3,823	3,686
140	80	80	80	140	161

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

Function/Program	2014	2013	2012	2011
Police				
Stations	1	1	1	1
Contact station	1	1	1	1
Patrol units (vehicles)	8	8	8	8
Sworn officers	28	28	25	25
Fire				
Stations	2	2	2	2
Fire fighters	27	27	26	26
Streets				
Miles of paved streets	92	92	92	92
Miles of gravel streets	9	9	9	9
Miles of storm sewers	93	93	93	93
Water				
Miles of water mains	130	130	130	130
Hydrants	1,266	1,262	1,248	1,248
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)

2010	2009	2008	2007	2006	2005
1	1	1	1	1	1
1	1	1	NA	NA	NA
8	8	8	8	8	8
26.5	26.5	27	27	27	27
2	2	2	2	2	2
26	29	31	31	31	31
92	92	100	100	100	100
14	14	11	10	14	14
93	90	89	85	85	84
130	130	124	124	124	124
1,245	1,237	1,154	1,115	1,142	1,131
1	1	1	1	1	1
110	110	110	110	110	108
1	1	1	1	1	1

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

Function/Program	2014	2013	2012	2011
Electric				
Street lights	1864	1,858	1,827	1,827
Electrical transformers	2032	2,025	2,007	2,007
Poles	3605	3,600	3,506	3,506
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	16	16	16
Park acreage	642	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)	29	29	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	69	69	69	69
Secondary schools	2	2	2	2
Secondary school instructors	91	91	91	91
State universities	1	1	1	1

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

2010	2009	2008	2007	2006	2005
1,832	1,811	1,802	1,802	1,771	1,707
2,002	1,996	1,982	1,982	1,973	1,943
3,560	3,557	3,453	2,551	2,559	3,501
3	3	3	3	3	3
25	25	25	25	29	25
119	118	117	117	110	117
3	3	3	3	3	3
19	19	19	19	19	19
642	640	640	640	640	637
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
12	12	12	12	12	12
29	29	29	29	29	29
1	1	1	1	1	1
49	49	49	49	49	49
4	4	4	4	3	3
59	59	59	59	59	61
2	2	2	2	2	2
106	106	106	106	106	106
1	1	1	1	1	1



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.



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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, 2014, and have issued our report thereon dated October 17, 2014. 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.
- 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.

2014 audit comments and disclosures required by state regulations

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

This report is intended solely for the information and use of the Council, Audit Commission, 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 fluid and cursive, with a large initial "K" and "A".

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

**GOVERNMENT AUDITING STANDARDS
COMPLIANCE REPORTS**





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October 17, 2014

To the Mayor and City Council
City of Ashland

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ashland as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated October 17, 2014.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies.

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.

2014 audit comments and disclosures required by state regulations

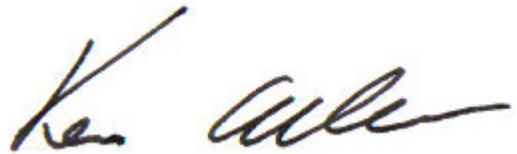
Compliance and Other Matters

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.

We noted certain matters that we reported to management on the Schedule of Findings and Questioned Costs.

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.



Kenneth Allen, CPA
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October 17, 2014

To the Mayor and City Council
City of Ashland

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

Report on Compliance for Each Major Federal Program

We have audited City of Ashland's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2014. The major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of compliance.

Opinion on Each Major Federal Program

In our opinion, City of Ashland, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

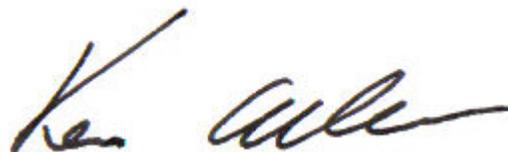
Report on Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



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

2014 government auditing standards compliance reports

**CITY OF ASHLAND
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
For the year ended June 30, 2014**

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Grantor's Number</u>	<u>Program or Award Amount</u>	<u>Year to Date Disbursements / Expenditures</u>
Bulletproof Vest Partnership Program United States Department of Justice 04/01/2012-08/31/2014	16.607	ASHLAND CITY	\$ 3,720.00	\$ 5,843.00
Southern Oregon High Tech Crimes Task Force United State Department of Justice Federal Intellectual Property Grant 10/01/2012-09/30/2013	16.752	2012-DG-BX-0013	\$ 50,790.00	\$ 41,606.11
Cooperative Forestry Assistance United States Department of Agriculture Oregon Department of Forestry ODF-Biomass 3/5/2013-09/30/2014	10.664	12-DG-11062764-027	\$ 75,000.00	\$ 48,863.78
Forest Stewardship Program United States Department of Agriculture USFS, Rogue River-Siskiyou National Forest Ashland Forest Resiliency Stewardship Project (AFR) 3/15/2010-09/30/2013	10.678	ORFO-03-31-10-02EH	\$ 2,117,979.00	\$ 72,448.99
Cooperative Forestry Assistance United States Department of Agriculture via The Nature Conservancy Promoting Ecosystem Resiliency via Collaboration (PERC) 3/12/2012-12/31/2013	10.664	FIRE_CITYOFASHLAND _11.16.11	\$ 255,345.00	\$ 32,241.36
Assistance to Firefighters Grant United States Department of Homeland Security Federal Emergency Management Agency FY2012 Assistance to Firefighters Grant (Rope) 12/20/2012-12/19/2013	97.044	EMW-2012-FO-04235	\$ 67,318.00	\$ 65,288.39
Community Development Block Grant Program United States Department of Housing and Urban Development Unallocated Carryover 07/01/2013-06/30/2014-Grant Award	14.218 14.218	B12MC410008 B13 MC410008	\$ 97,244.15 \$ 165,591.00	\$ 90,533.40 \$ 162,208.35
TOTAL CDBG in FY14			\$ 262,835.15	\$ 252,741.75 (1)
TOTAL FEDERAL ASSISTANCE			\$ 2,832,987.15	\$ 519,033.38

(1) - Major Program

2014 government auditing standards compliance reports

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

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 505(d)(2) of OMB Circular A-133? yes no

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified? yes no

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

Type of auditors’ report issued on compliance for major programs: Unmodified

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

IDENTIFICATION OF MAJOR PROGRAMS

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM CLUSTER</u>
14.218	Community Development Block Grants/Entitlement Grants

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes

SECTION II – FINANCIAL STATEMENT FINDINGS

2014-FS-1

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

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

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

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

Recommendations: We recommend that someone in management, other than the preparer, review all manual changes in the Courts Department.

Management's Response:

The Administrator responsible for the Courts Division has required a monthly report for all manual transactions to be prepared, reviewed by her and the Court Supervisor and signed by both agreeing to its completeness and accuracy. A copy of the signed report is to be submitted to Accounting and held for audit review. A loss in key personnel occurred late in the year, disrupting this process. It has been reestablished for 2014-2015.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONS COSTS:

None

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Basis of Presentation:

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

