

**CITY OF  
ASHLAND**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For year ended June 30, 2008**

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



## **INTRODUCTORY SECTION**

Page

Letter of Transmittal .....	i-viii
Certificate of Achievement for Excellence in Financial Reporting .....	ix
Elected City Officials .....	x
Appointed City Officials .....	xi
Map of City of Ashland .....	xii
Organization Chart .....	xiii
Report of Audit Committee .....	xv

## **FINANCIAL SECTION**

Independent Auditor's Report .....	3-4
Management's Discussion and Analysis.....	5-16
Basic Financial Statements:	
Government - Wide Financial Statements:	
Statement of Net Assets .....	19
Statement of Activities .....	20-21
Fund Financial Statements:	
Balance Sheet - Governmental Funds .....	22
Reconciliation of Balance Sheet of Governmental Funds to Statement of Net Assets .....	23
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds .....	24
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Statement of Activities .....	25
Statement of Net Assets - Proprietary Funds .....	26
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds .....	27
Statement of Cash Flows - Proprietary Funds .....	28
 Notes to Basic Financial Statements .....	 33-61
Required Supplementary Information:	
General Fund: Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual .....	67
Street Fund: Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual .....	68
Supplementary Information:	
Combining Balance Sheet - All Non-Major Funds .....	71
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Non-Major Funds .....	72

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
CDBG Fund .....	73
Airport Fund .....	74
Debt Service Fund .....	75
Capital Improvements Fund .....	76
Cemetery Trust Fund .....	77
Schedule of Revenues, Expenditures, and Changes in Net Assets - Budget and Actual:	
Water Fund .....	78
Wastewater Fund .....	79
Electric Fund .....	80
Telecommunications Fund .....	81
Consolidating Balance Sheet - Internal Service Funds .....	82
Consolidating Statement of Revenues, Expenses, and Changes in Net	
Asset - Internal Service Fund .....	83
Combining Internal Service Fund Statement of Cash Flows .....	84
Schedule of Revenues, Expenditures and Changes in Net Assets - Budget and Actual:	
Central Services Fund .....	85
Insurance Services Fund .....	86
Equipment Fund .....	87
Capital Assets Used in the Operation of Governmental Funds - By Source .....	88
Schedule of Assets Used in the Operation of	
Governmental Funds - By Function and Activity .....	89
Schedule of Bond Principal and Interest Transactions .....	90-91
Schedule of Property Tax Transactions Collected and Uncollected .....	92
Schedule of Property Tax Transactions and Balances of Taxes Uncollected .....	93

**STATISTICAL SECTION (UNAUDITED) - TOTAL REPORTING ENTITY**

Financial Trends

Statement of Net Assets, Governmental Activities, as of June 30, .....	98-99
Statement of Net Assets, Business-type Activities, as of June 30, .....	100-101
Changes in Net Assets, Governmental Activities, as of June 30, .....	102-103
Changes in Net Assets, Business-type Activities, as of June 30, .....	104-105
Fund Balances, Governmental Funds, Last Ten Years .....	106-107
Changes in Fund Balances, Governmental Funds, Last Ten Years .....	108-109
Fund Balance Comparison, Last Ten Years .....	110-111

Revenue Capacity

Assessed and Estimated Actual Value of Taxable Property, for the last ten fiscal years .....	112
Property Tax Rates- Direct and Overlapping Governments, for the last ten fiscal years .....	113
Property Value and New Construction History, for the last ten fiscal years .....	114
Food and Beverage Tax Revenues by Fund, for the last ten fiscal years .....	115
Principal Property Taxpayers, Current Year and Ten Years Ago .....	116-117
General Governmental Tax Revenues by Source, for the last ten fiscal years .....	118
Property Tax Levies and Collections, for the last ten fiscal years .....	119
Electric Utility Usage, for the last ten fiscal years .....	120-121

	<u>Page</u>
<b>Debt Capacity</b>	
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt Per Capita, for the last ten fiscal years .....	122
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures, for the last ten fiscal years .....	123
Pledged Revenue Coverage, Water Fund, for the last ten fiscal years .....	124
Ratios of Outstanding Debt By Type, Last Six Years .....	125
Legal Debt Margin, Last Ten Years .....	126-127
Computation of Legal Debt Margin, June 30, 2008 .....	128
Computation of Direct and Overlapping Bonded Debt, General Obligation Bonds, June 30, 2008 .....	129
<b>Economic &amp; Demographic Information</b>	
Principal Employers, Current Year and Ten Years Ago .....	130
Demographic Statistics, for the last ten fiscal years .....	131
<b>Operating Information</b>	
Schedule of Major Insurance in Force .....	132
City Employee By Function/Program, for the Fiscal Year ended June 30, .....	133
Operating Indicators By Function/Program, Last Ten Years .....	134-135
Capital Assets and Infrastructure Statistics By Function/Program, Last Ten Years .....	136-139

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

Minimum Standards for Audits of Oregon Municipal Corporations .....	143
Report of Independent Auditors .....	144-146

**GOVERNMENT AUDITING STANDARDS COMPLIANCE REPORTS**

Schedule of Federal Financial Assistance .....	149
--	-----



---

## INTRODUCTORY SECTION

---



---

# CITY OF ASHLAND

November 18, 2008

Re: City of Ashland Comprehensive Annual Financial Report

To the Citizens of the City of Ashland:

The Comprehensive Annual Financial Report of the City of Ashland, for the fiscal year ended June 30, 2008, is hereby submitted 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 close of each fiscal year and responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. 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, account groups 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.

The City is required to undergo an audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget's Circular A-133. Information related to this audit, including a schedule of expenditures of federal awards, the independent auditor's reports on internal controls and compliance with applicable laws and regulation, and a schedule of findings and questioned costs, are included in section five of this report titled "Government Auditing Standards Compliance Reports."

The independent auditor concluded, based upon their audit, that there was a reasonable basis for rendering an unqualified opinion and that the City's financial statements for the year ended June 30, 2008 are presented in conformity with Generally Accepted Accounting Principals (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

The financial reporting entity includes all the funds of the City of Ashland, as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. The City provides a full range of services which include police protection, fire protection, building inspection, planning services, economic development,

---

social services, senior program, ambulance, electric, cable television and internet access, water, streets, storm drain, wastewater, airport, cemetery, band, parks and recreation activities.

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

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

The City, incorporated in 1874, is located in the southwest part of the state. The City currently has a land area of 6.52 square miles and a population of 21,800. 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 governing council.

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

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

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

---

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

According to the State of Oregon Employment Department, Ashland has an employed work force of approximately 9,000. When governments and non-profits beyond the scope of licensing are included, the total work force is an estimated 10,329. Recent changes in the economy are beginning to appear in the City in flattened or reduction in revenue. Examples are the Transient Occupancy Tax and Food and Beverage Tax revenue (for all business activities as presented in tables in the Statistical section) reflect decreases of 1.5% and 3.3% respectively over the previous year.

In 2007-2008 the City issued \$24 million dollars in building permits, which is a decrease of both commercial and residential permits issued. Active residential electric meters rose from 9,914 in June 2007 to 10,889 in June 2008. This single-year increase of 9.8% is higher than Ashland's growth in population of 1.7%. Non-residential meters grew at 6.3 %.

The estimated consumer economy is \$228 million according to the 1997 US Economic Census, an increase of 13% over the \$202 million estimated in 1992. Using city tax collection information, visitor accommodations (over \$16 million) and food service (over \$15 million) accounted for 23% of the economy. The success of these aspects can be greatly attributed to tourism generated by cultural attractions, the largest of which is the Oregon Shakespeare Festival Association (OSFA), a nationally renowned theater company presenting eleven plays over a season from February through October to an estimated attendance over 350,000. OSFA employs 5% of the total work force in the City limits, and has an estimated impact on the local economy of over \$100 million based on the 2.9 multiplier provided by the 1997 economic census.

## **INITIATIVES**

The City Council has adopted a Community Values Statement and identified several major goals in July 2007 to meet the needs of citizens and community. The goals reflect the City's commitment of ensuring that its citizens are able to live and work in an enviable environment. The Community Values Statement is:

---

*“The citizens of Ashland value a city government that helps create an environment within which they are able to live happy and productive lives. This includes a healthy and sustainable environment: and opportunity to acquire the basic necessities of life: a sound infrastructure that meets our common needs for transportation, energy, information and communications, health care, water and waste management: and a variety of social, recreational, business and cultural opportunities.*

*The citizens want their government to respect our diverse people, natural environment, and rich heritage and culture: and to promote citizen involvement, initiative, innovation, and a strong sense of community.”*

The adopted goals include:

- Develop a City-led Comprehensive Economic Development Strategy with an Emphasis on Local Economy, Diverse Population, Risks of Over-Reliance on Single-Industry, and Living Wage
- Develop City-Employee Continuity Strategy
- Develop a City-Wide Transportation Strategy
- Complete a City-Wide Visioning Plan
- Develop plan to establish fiscal stability, manage costs, prioritize services, and insure key revenue streams
- Generate Net Increase in Affordable/Workforce Housing by a Minimum of 200 units by 2010
- Increase Effectiveness in Conservation programs and identify Specific targets in Energy and Resource Consumption
- Implement Program to Provide Workforce Housing for City Employees
- Develop a Long-Term Plan for all City Facilities and Properties
- Develop a Strategy for the Railroad Property
- Complete Downtown Planning Process

## **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) the valuation of costs and benefits requires estimates and judgements by management.

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

---

As a 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.

As part of the City's single audit, described earlier, 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, 2008, 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 2007-2008 budget was prepared on a fund basis with department, program and line item detail.

**Cash Management.** Cash temporarily left idle during the year was invested in demand deposits, certificates of deposit, treasury notes, treasury bills, and the State of Oregon Local Government Investment Pool. 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. This program is managed by the City Recorder/ Treasurer. All bank balances were collateralized by federal depository insurance or certificates of participation in the collateral pool issued by the Treasurer of the State of Oregon as the collateral pool manager.

**Risk Management.** The City has an ongoing risk management program. As part of this comprehensive program, which was started in 1980, resources are accumulated in the Insurance Services Fund to meet potential losses. Various risk control techniques, including employee accident prevention training and employee wellness programs, have been implemented to minimize workers compensation and health insurance claims. The City provides life and health coverage to its employees and their dependants. The City pays 95% for employees with management and all five bargaining units paying 5% of their premium. Other optional supplemental insurances are available to employees and are paid entirely by the individuals electing to carry them. General liability claims up to \$50,000 and workers compensation claims are being self-insured.

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 immediately following the report of the independent auditors.

---

## 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 college and the other for local governments. The citizens of the State of Oregon approved a property tax limitation in November 1991 referred to as Measure 5. 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 2007-2008 local government tax rate in the City of Ashland was \$5.73, 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 a property tax limitation referred to as Measure 47. Prior to enactment, this measure was repealed and replaced at a special election May 20, 1997, by Measure 50. Measure 50, after the 1996-1997 fiscal year, changed the property tax limitation on levies, rates assessment and equalization. Measure 50 includes a reduction of property tax to previous levels and a limit on the growth in assessed valuation, which will result in a limit on a tax increase in subsequent years. Specifically, Measure 50 rolled back the assessed value of each unit of property for the tax year 1997-98 to its 1995-96 "real market value" less ten percent. The Measure limited increases in assessed value in future years to 3% 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 \$3.9447 of this amount in 2007-2008. The Measure also provides for voter approved Local Options 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 this fiscal year.

**Recent Court Cases.** Two recent court cases have brought into focus the potential impact legislative or judicial changes may have on the City. An Oregon Court of Appeals decision in the case of *Clarke v. Oregon Health Sciences University* has raised questions about the tort cap limits that are part of the Oregon Tort Claims Act and liability coverage in Oregon. This case may change the protection that Oregon public entities have relied on in ORS 30.270 and may allow public entity staff members to be sued individually. Also, an Oregon Supreme Court opinion in the *Urhausen v. City of Eugene* regarding the constitutionality of special tax levies allowed under ORS 310.155(3) may have an impact on the similar Youth Activity Levy approved by Ashland citizens in 2003. As a result the School District moved to a separate local option levy and the Youth Activity Levy sunset on June 30, 2008, without renewal.

---

**Independent Audit.** State statutes require an annual audit by independent certified public accountants. The accounting firm of Pauly, Rogers and Co., P.C. was selected by the City's Audit Committee. In addition to meeting the requirements set forth in the state statutes, the audit was also designed to meet requirements of the federal Single Audit Amendments of 1996 and the related OMB Circular A-133. Generally accepted auditing standards and the standards set forth in the General Accounting Office's *Government Auditing Standards* were used by the auditors in conducting the engagement. The independent auditor's report on the basic financial statements and combining and individual fund statements and schedules are included in the financial section of its report. The auditor's reports related specifically to the Single Audit Act are included in the grant compliance section.

**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, 2007. This was the sixteenth 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 only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we intend to submit it to the GFOA to determine its eligibility for another certificate.

In addition, the City of Ashland received the GFOA's Award for Distinguished Budget Presentation for its annual 2007-2008 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,



Martha Bennett  
City Administrator

Lee Tuneberg  
Administrative Services and Finance Director



---

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Ashland  
Oregon

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2007

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



*Oliver S. Cox*

President

*Jeffrey R. Emmer*

Executive Director

---

**CITY OF ASHLAND  
ELECTED CITY OFFICIALS  
June 30, 2008**

Name

Position

John Morrison  
249 Wimer Street #40  
Ashland, OR 97520

Mayor

David Chapman  
390 Orchard Street  
Ashland, OR 97520

Council Member

Alice Hardesty  
575 Dogwood Way  
Ashland, OR 97520

Council Member

Cate Hartzell  
881 East Main Street  
Ashland, OR 97520

Council Member

Kate Jackson  
359 Kearney Street  
Ashland, OR 97520

Council Member

Eric Navickas  
363 Iowa  
Ashland, OR 97520

Council Member

Russ Silbiger  
562 Ray Lane  
Ashland, OR 97520

Council Member

Barbara Christensen  
759 Willow Street  
Ashland, OR 97520

Recorder/Treasurer

Pam B. Turner  
P.O. Box 1299  
Ashland, OR 97520

Municipal Judge

---

**CITY OF ASHLAND**  
**APPOINTED CITY OFFICIALS**  
**June 30, 2008**

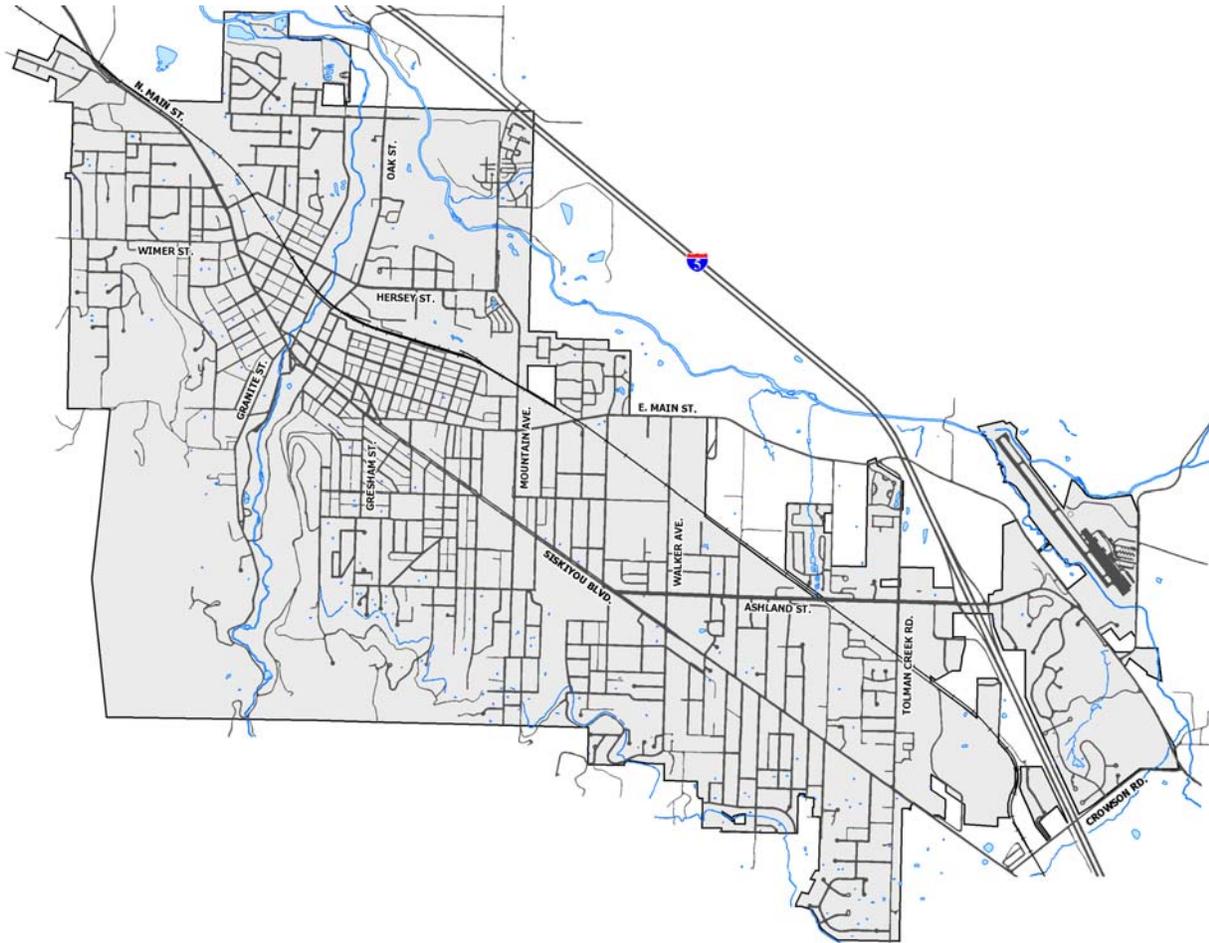
<u>Name</u>	<u>Position</u>
Martha Bennett 223 Eastbrook Way Ashland, OR 97520	City Administrator
Richard Appicello P.O. Box 1333 Ashland, OR 97520	City Attorney
Mike Faught 4015 Payne Rd. Medford, OR 97504	Public Works Director
Joseph Franell P.O. Box 2853 White City, OR 97503	Information Technology Director
Terry Holderness 50 Pine Street Ashland, OR 97520	Police Chief
William Molnar 155 Hillcrest Street Ashland, OR 97520	Community Development Director
Darlow "Lee" Tuneberg 327 Starflower Lane Ashland, OR 97520	Administrative Services/ Finance Director / Budget Officer
Richard Wanderscheid 1280 Kirk Lane Ashland, OR 97520	Electric Director
Keith Woodley 571 Oak Knoll Drive Ashland, OR 97520	Fire Chief

---

# CITY OF ASHLAND



## Vicinity Map 2008



**City of Ashland**  
**268.76 FTE**  
**Adopted**





October 29, 2008



The City Council  
City of Ashland, Oregon

The Audit Committee advises the City Council on matters concerning the City's financial reporting process. In fulfilling its responsibilities, the Committee recommends the independent certified public accountants to be engaged by the City Council as the City's auditors. The Committee discusses with the selected independent certified public accountants the overall scope and specific plans for the audit.

The Committee also discusses with the City's auditors the City's financial accounting and reporting processes, including the preparation of the financial statements. In addition, the Committee discusses including the safeguarding of the City's assets and other resources against unauthorized acquisition, use or disposition.

At the conclusion of the annual audit, the Committee meets with the City's auditors to discuss the results of their audit and their evaluation of the City's financial reporting.

Based on the Committee's discussions with the City's auditors, we accept the City's 2007-2008 Comprehensive Annual Financial Report (CAFR) and the related audit reports of the independent certified public accountants. Based on our acceptance, we recommend the CAFR and auditor's reports be accepted by the City Council.

Respectfully submitted,

The Chair of the Audit Committee

A handwritten signature in black ink, appearing to read "Guy B. Nutter". The signature is written in a cursive style and is positioned above a horizontal line.





---

## FINANCIAL SECTION

---





**PAULY, ROGERS AND CO., P.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

---

- 12700 S.W. 72nd Avenue • Tigard, Oregon 97223
- PHONE (503) 620-2632 • FAX (503) 684-7523

October 21, 2008

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

INDEPENDENT AUDITORS' REPORT

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Ashland, Jackson County, Oregon, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Ashland, Jackson County, Oregon, at June 30, 2008 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

---

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ashland's basic financial statements. The introductory section, supplementary information and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information, as listed in the table of contents, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Pauly, Rogers and Co., P.C.".

PAULY, ROGERS AND CO., P.C.

---

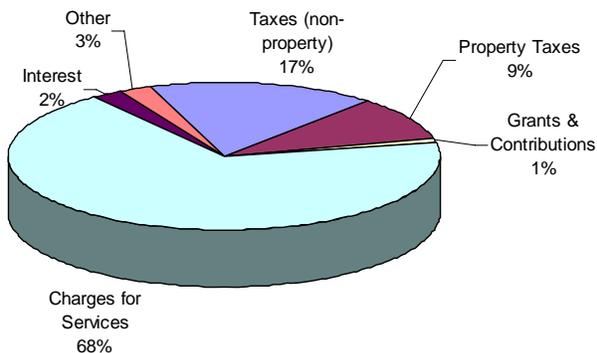
## MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Ashland management offers readers of the financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2008. Certain information has been provided for the Ashland Parks & Recreation Commission which qualifies as a component unit of the City. Please read Management's Discussion and Analysis (MD&A) in conjunction with the transmittal letter included in the introductory section of this report and the City's Financial Statements, which follow.

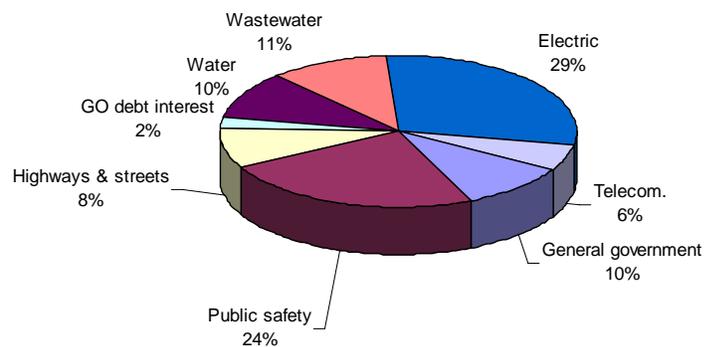
### Financial Highlights

- The total net assets of the City of Ashland (total assets less total liabilities) at the fiscal year end of June 30, 2008 is \$101,364,054.
- The City's total net assets decreased this year by \$4,008,671 or 3.8%.
- The City's governmental funds reported combined ending fund balances totaling \$7,541,105, an increase of \$628,303 or 9% for the year. Proprietary funds combined ending fund balances decreased by \$3,214,413 or 4% to \$63,501,275. Internal service funds reported a combined \$728,698 decrease in ending fund balance.
- The unreserved fund balance for the General Fund was \$2,060,152 or 14 percent of total General Fund expenditures.

**Figure 1 City of Ashland  
Sources of Revenue for Fiscal Year 2008**



**Figure 2 City of Ashland  
Program Expenses for Fiscal Year 2008**



---

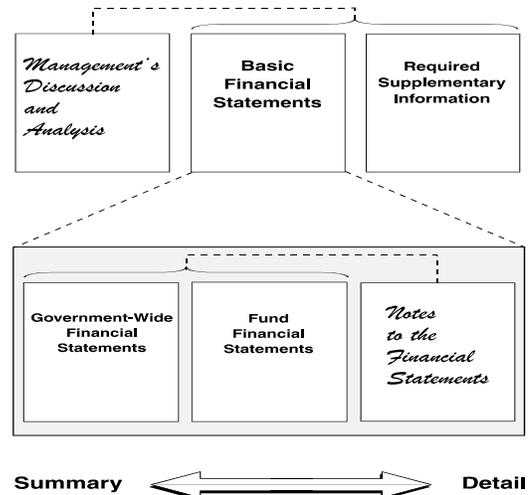
## Overview of the Financial Statements

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

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

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

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



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

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

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

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

## Government-wide Statements

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

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

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

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

---

## Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.
- The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has the following kinds of funds:

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

## FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net assets. The City's combined net assets were \$101,364,054 at June 30, 2008. (See Table A below and the Statement of Net Assets on page 19).

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2008-2007
	2008	2007	2008	2007	2008	2007	
<b>Current Assets:</b>							
Cash and cash equivalents	\$ 9,845	\$ 10,923	\$ 6,438	\$ 9,837	\$ 16,283	\$ 20,760	-21.6%
Receivables, net	2,444	2,531	2,190	2,105	4,634	4,636	0.0%
Inventories - supplies and materials	60	36	881	806	941	842	11.8%
Deferred charges			1,216	1,340	1,216	1,340	-9.3%
Internal balances	(1,305)	(1,587)	1,305	1,587	-	-	n/a
<b>Restricted assets:</b>							
Cash and cash equivalents	1,241	542			1,241	542	129.0%
<b>Total current assets:</b>	<u>12,285</u>	<u>12,445</u>	<u>12,030</u>	<u>15,675</u>	<u>24,315</u>	<u>28,120</u>	-13.5%
<b>Noncurrent assets:</b>							
Capital assets	86,696	84,841	113,104	110,634	199,800	195,475	2.2%
Less accumulated depreciation	(38,631)	(35,789)	(35,041)	(31,502)	(73,672)	(67,291)	9.5%
<b>Total noncurrent assets</b>	<u>48,065</u>	<u>49,052</u>	<u>78,063</u>	<u>79,132</u>	<u>126,128</u>	<u>128,184</u>	-1.6%
<b>Total Assets</b>	<u>60,350</u>	<u>61,497</u>	<u>90,093</u>	<u>94,807</u>	<u>150,443</u>	<u>156,304</u>	-3.7%
<b>Current liabilities:</b>							
Accounts payable and accrued liabilities	3,121	3,080	1,716	1,708	4,837	4,788	1.0%
Deferred revenue	-	-	-	-	-	-	n/a
<b>Total current liabilities</b>	<u>3,121</u>	<u>3,080</u>	<u>1,716</u>	<u>1,708</u>	<u>4,837</u>	<u>4,788</u>	1.0%
<b>Long-term liabilities:</b>							
Claims payable	20,591	21,268	23,651	24,877	44,242	46,145	-4.1%
<b>Total Liabilities</b>	<u>23,712</u>	<u>24,348</u>	<u>25,367</u>	<u>26,585</u>	<u>49,079</u>	<u>50,933</u>	-3.6%
<b>Net Assets:</b>							
Invested in capital assets	27,578	27,969	54,412	54,265	81,990	82,234	-0.3%
Restricted	4,402	3,849	5,590	4,315	9,992	8,164	22.4%
Unrestricted	4,658	5,332	4,724	9,643	9,382	14,975	-37.3%
<b>Total Net Assets</b>	<u>\$ 36,638</u>	<u>\$ 37,150</u>	<u>\$ 64,726</u>	<u>\$ 68,223</u>	<u>\$ 101,364</u>	<u>\$ 105,373</u>	-3.8%

At June 30, 2008, approximately 60% (\$6.0 million) of the City's restricted net assets represent proceeds from systems development charges as compared to \$6.2 million or 80% the prior year. These proceeds, when spent, are restricted for capital assets or related debt. The \$9.4 million of unrestricted net asset at June 30, 2008, is 37% smaller than the prior year and represents resources available to fund the programs of the City next year.

**Changes in net assets.** The City's total revenues were flat between years at \$44.455 million reflecting tax and charges for service increases being offset by reduced utility sales and housing industry charges and tourism related tax revenue. Notable changes in revenue were:

- An increase in Charges for service of \$471,000 (1.6%) primarily due to rate increases covering less water and electric sales.
- Decreases in total grants & contributions of \$687,000 (63%) as compared to the prior year due to less qualifying capital expenditures included in the budget.
- An increase in property taxes of \$613,000 to General Fund services and for other programs such as temporary local library support.
- \$254,000 more in other taxes represents better collections of delinquent franchise taxes.

Of the total \$44.4 million, 67% or \$30.2 million is from Charges for services and \$2.47 million or 5% is from grants, interest earnings and other non-tax sources. Only 26% or \$11.8 million comes from the various sources of taxes. (See Table B below and the Statement of Activities on pages 20 and 21.) Tax revenues represented 24% of total revenues in the prior year.

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2008-2007
	2008	2007	2008	2007	2008	2007	
Program revenues:							
Charges for services	\$ 9,334	\$ 8,657	\$ 20,825	\$ 21,031	\$ 30,159	\$ 29,688	1.6%
Operating grants & contributions	100	217	116	168	216	385	-43.9%
Capital grants & contributions	178	696	-	-	178	696	-74.4%
General revenues:							
Property taxes	4,170	3,557	-	-	4,170	3,557	17.2%
Other taxes	6,092	5,786	1,568	1,620	7,660	7,406	3.4%
Interest	445	407	459	1,195	904	1,602	-43.6%
Other	779	1,085	389	-	1,168	1,085	7.6%
Total revenues	<u>21,098</u>	<u>20,405</u>	<u>23,357</u>	<u>24,014</u>	<u>44,455</u>	<u>44,419</u>	0.1%
Program expenses:							
General government	4,876	4,287			4,876	4,287	13.7%
Public safety	11,556	10,083			11,556	10,083	14.6%
Highways and streets	4,000	2,584			4,000	2,584	54.8%
Interest on long-term debt	1,178	1,139			1,178	1,139	3.4%
Water			4,959	4,956	4,959	4,956	0.1%
Wastewater			5,262	4,895	5,262	4,895	7.5%
Electric			13,876	12,904	13,876	12,904	7.5%
Telecommunications			2,757	2,683	2,757	2,683	2.8%
Total expenses	<u>21,610</u>	<u>18,093</u>	<u>26,854</u>	<u>25,438</u>	<u>48,464</u>	<u>43,531</u>	11.3%
Increase (Decrease) in net assets before transfers and disposals	(512)	2,312	(3,497)	(1,424)	(4,009)	888	-551.5%
Interfund transfer	-	(15,896)	-	15,896	-	-	
Increase (Decrease) in net assets	(512)	(13,584)	(3,497)	14,472	(4,009)	888	-551.5%
Net Assets - 6/30/2007	37,150	50,734	68,223	53,751	105,373	104,485	0.8%
Recognition of prior infrastructure							
Net Assets - 6/30/2008	<u>\$ 36,638</u>	<u>\$ 37,150</u>	<u>\$ 64,726</u>	<u>\$ 68,223</u>	<u>\$ 101,364</u>	<u>\$ 105,373</u>	-3.8%

The total cost of all programs and services was \$48.5 million which is 11% more than 2007's \$43.5 million. Governmental Activities increased \$3.5 million (as compared to 2007's \$4.3 million increase) and Business-type Activities increased \$1.4 million whereas the prior two years had reductions. The current year included significant increases in operational (fuel, staffing, debt service) and project costs as compared to the prior years. This, combined with the revenue levels mentioned above, resulted in a \$4 million decrease in net assets for the current year as opposed to a \$888,000 increase in the prior year.

As mentioned above, the overall change in Net Assets during the year is a decrease of \$4 million or 3%. In the prior year (2007) the City experienced a \$888,000 increase in net assets and a \$2.3 million increase in 2006. The three years combined indicate stability in the City's financial position.

---

The decrease for 2007-2008 represents a consistent tightening of revenues as compared to expenses in most areas with the city attempting to balance total revenues with total program and project expenditures. The city received more in Taxes and miscellaneous revenues than the prior year while operating and capital requirements in all operations negatively impacted cash reserves and ending balances. Rate and fee increases were implemented but their impact was diminished by reduced activities in the corresponding programs.

### **Governmental Activities**

- The cost of all governmental activities in FY 2007-2008 was \$21.6 million or 19% (\$3.5 million) more than the prior year. FY 2007-2008 included \$1.5 million more in Public Safety, \$1.4 million more in Highway and street maintenance and repair and \$600,000 more in general government services than in FY 2006-2007.
- The amount that citizens paid for these activities through property taxes was \$4,170,062 or approximately \$613,000 more than the prior year representing a 17% increase, in part due to additional services approved during the budget process.
- Those who directly benefited from the offered programs paid \$677,000 (7%) more than the prior year's \$8.7 million which equates to 45% of the cost (excluding interest on long term debt) for FY 2007-2008 as compared to 51% in the prior year.
- Grants and contributions revenues decreased from \$913,000 to \$278,000 between the two years in keeping with fewer qualifying programs for grant funding in FY 2007-2008. The availability of grant and contributions (and related costs) can change significantly each year.

The Property Tax revenue increase was due to allowable increases for assessed value on property, new construction and improvements, normally referred to as growth, plus the debt service amounts levied and approved levies for added services. Other tax revenues increased \$306,000 including increased franchise revenues from utilities, state subventions (such as 911 excise tax) and other user taxes such as food and beverage tax proceeds.

Net Assets for Governmental Activities as identified in Table B decreased \$512,000 or 1.5% to \$36.6 million due to increased operational costs as compared to revenue.

Reducing reserves had been a goal of the City and prior budgets reflected such activity. This naturally occurred during FY 2007-2008 in an effort to contain the impact on the average customer but this will not be possible in the coming years. Management's focus for FY 2007-2008 and beyond was and is to balance annual and short-term revenues and expenses, maintaining approved reserve levels to assure long-term financial stability. Recent changes in the local economy elevates the importance of this goal.

Table C presents the cost of each of the City's largest Governmental Activities as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The table shows that, again this year, only General Government (primarily Internal Service funds, Street Fund and Capital Improvement Fund activities) had charges for services, grants and contributions sufficient to cover expenses as reflected by the negative net costs in the table of \$1,139,000 as compared to \$890,000 more in revenues than expenses in the prior year. Public Safety (Police and Fire services in the General Fund) and Highways and Streets had "positive" net costs that required funding through General Revenues like taxes and fund balance in FY 2007-2008 as in the prior year. Changes between years are common and most often are due to timing of capital projects and receipt of related financing proceeds, grants or other intergovernmental monies.

**Table C**  
 Net Cost of Selected City of Ashland Governmental Functions  
 (In thousands of dollars)

	Total Cost of Services		% Change	Net Cost of Services		% Change
	2008	2007		2008	2007	
General Government	\$ 4,876	\$ 4,287	13.7%	\$ (1,139)	\$ (890)	-28.0%
Public Safety	11,556	10,083	14.6%	9,933	7,988	24.3%
Highways and Streets	4,000	2,584	54.8%	2,025	285	610.5%

### Business-type Activities

Program revenues of the City's Business-type Activities totaled \$20,941,000 or 77% of related expenses for FY 2007-2008 as compared to \$21,199,000 or 83.0% of the prior year. Revenues were fairly consistent between years with decreased activity in Telecommunications due to out-sourcing cable television operations and milder weather holding power and water sales flat. The more significant impact was increased operational costs for all enterprises during the year greater than additional revenue afforded by rate increases. The City also received 32% less in operating grant revenues for business-type projects than the prior year.

All four utilities presented in Table D recorded program revenues less than expenses resulting in net costs in FY 2007-2008. The most significant change was in the Electric fund where sales were flat due to milder weather and a revenue rate adjustment that was designed to be a neutral impact on the customer but did cause a shift in revenue to the General Fund. This resulted in a 1% to 1.5% reduction in sales to the Electric Fund.

The mild weather had a similar impact directly on Water Fund sales and indirectly on Wastewater revenues that are based upon water consumption during winter months. The Telecommunications Fund finished outsourcing cable television services during FY 2007-2008 and contributed \$356,000 toward related debt service which accounts for the increase in Net Cost of Services for that fund.

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

	Total Cost of Services			Net Cost of Services		
	2008	2007	% Change	2008	2007	% Change
Water	\$ 4,959	\$ 4,956	0.1%	\$ 790	\$ 623	26.8%
Wastewater	5,262	4,896	7.5%	2,527	2,254	12.1%
Electric	13,876	12,905	7.5%	1,549	709	118.5%
Telecommunications	2,756	2,683	2.7%	1,047	654	60.1%

## FINANCIAL ANALYSIS OF THE CITY OF ASHLAND'S FUNDS

Total ending fund balance for city funds decreased 12% or \$3.1 million to \$21,585,741 during FY 2007-2008. With the Parks and Recreation Commission (component unit of the city) fund balances, the total is \$23,211,118 at June 30, 2008, and represents 41% more than budgeted. Actual exceeded budget by 21% at the end of FY 2006-2007. Actual ending fund balance exceeding the budgeted amount is desirable but may represent a too conservative approach in budgeting and projects not being done or services not being provided. The reduction in the actual amount of ending fund balance above budget is caused by many things including inflationary costs exceeding growth in demands for and payment for services. Other considerations are:

- Utility rates were raised but sales lagged and operational costs for staff, fuel, materials and purchased services increased.
- Some departmental and divisional budgets were under spent (programs or projects undone) due to key positions being vacant during the year.
- Capital projects that were completed were paid for with reserves rather than financed as anticipated in the budget.
- Most of the Contingency budgeted in a fund going unused.

Revenues from governmental fund types totaled \$20.9 million, which is \$921,000 more than the preceding year while expenditures were \$1.4 million more for the same activities. General Fund's ending balance is \$2.3 million, about the same as the prior year with a prior period adjustment between funds absorbing most of the \$286,048 disconnect between revenues and expenditures. FY 2007-2008 was another year with some revenue flat or reduced and departments offsetting that impact with reduced spending and 70% of Contingency going unused.

Other significant changes in governmental fund types, were increases in Property Taxes to fund desired services like the local library, additional franchise taxes from prior years were received in FY 2007-2008 less in Miscellaneous revenue from property sales despite a refund on the wholesale power purchases of \$636,000 that was set aside in the Debt Service fund to meet future obligations.

---

Capital intensive funds (all enterprise funds) recorded reduced ending fund balances for operations and capital improvements paid from reserves. Those funds anticipating bonds or loans for capital improvements moved ahead slowly anticipating borrowing late in FY 2007-2008 or early in the following year. The Water and Wastewater funds are good examples of using reserves to pay for approved capital improvements instead of issuing bonds to finance the projects. In the Electric Fund reduced wholesale power costs offset other increases contributing to a better-than-budgeted ending fund balance. The Telecommunications Fund balance decreased from \$963,896 to \$869,719 in part due to a larger contribution toward debt service and the Central service program.

The Cemetery Trust fund balance remained consistent and above targets reflecting balanced revenues and expenditures. The Internal Service funds (Central Service, Insurance Services and Equipment funds) fund balances decreased but maintained sufficient balances for the short term.

### **General Fund Budgetary Highlights**

During the year the City revised its budget by transfer of appropriation, reducing Contingency by \$120,000 and increased the total appropriation through supplemental budget to recognize and use forfeited assets. Actual expenditures were 14% or \$2,3 million below final budget amounts, consistent with the prior year. As in the prior year, the most significant variation was the City not being able to use proceeds from the sale of property to expend the budgeted \$1,000,000 for affordable housing.

The Police Department spent 94% of its final budget leaving \$337,776 for carry forward primarily due to less staff and related impact on programs. Fire and Rescue under spent its final budget by \$259,430 (a savings of 5%) and Community Development could not purchase the anticipated property for affordable housing leaving the \$1,000,000 unused which was offset by no revenue from related property sales.

Except the previously mentioned land sale, other revenue varied from budget but remained consistent with activities. Excluding the \$1,000,000 from sale of land, revenue for the General Fund was about 98% of budget. The largest reduction was in total taxes of \$407,564 or 3% of budget.

The net effect of the above changes was expenses exceeding revenues by \$318,728 when a shortfall of \$1.1 million was budgeted for a positive variance of \$823,368.

With transfers between funds the fund balance decreased \$286,048 or 12% before the prior period adjustment. The adjustment correctly recognizes the \$215,000 loan and liability repayment between the General Fund and the Community Development Block Grant Fund to buy The Grove community center in the prior year.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2008, the City recorded an net investment of \$126 million (\$81,989,730 net of related debt) in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table E). This is a decrease of \$2 million in Net Capital Assets after an increase in depreciation of \$6.3 million as shown in the Notes on page 46 and 47.

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2008-2007
	2008	2007	2008	2007	2008	2007	
Land	\$ 9,829	\$ 9,829	\$ 1,881	\$ 1,881	\$ 11,710	\$ 11,710	0.0%
Buildings and improvements	19,563	19,563	21,782	21,782	41,345	41,345	0.0%
Equipment	14,380	13,184	824	674	15,204	13,858	9.7%
Infrastructure	42,250	42,122	84,636	81,141	126,886	123,263	2.9%
Construction in progress	674	143	3,982	5,156	4,656	5,299	
Totals at historical cost	<u>86,696</u>	<u>84,841</u>	<u>113,105</u>	<u>110,634</u>	<u>199,801</u>	<u>195,475</u>	2.2%
Total accumulated depreciation	<u>38,631</u>	<u>35,789</u>	<u>35,041</u>	<u>31,502</u>	<u>73,672</u>	<u>67,291</u>	9.5%
Net capital assets	<u>\$ 48,065</u>	<u>\$ 49,052</u>	<u>\$ 78,064</u>	<u>\$ 79,132</u>	<u>\$ 126,129</u>	<u>\$ 128,184</u>	-1.6%

The City's fiscal year 2009 capital budget estimates spending \$10.3 million on capital projects including construction of water lines and line replacement, wastewater and street improvements. Bond proceeds, some cash reserves and systems development charge balances will be used to fund these capital projects. Reserves in the Equipment Fund will be used to purchase several vehicles, various pieces of utility equipment and software. More detailed information about the City's capital assets is presented in the notes to the financial statements beginning on page 46.

### Long Term Debt

The City issued \$304,000 of Clean Renewable Energy Bonds as authorized by the U.S. Treasury during FY 2007-2008 to build a photovoltaic system for the Electric system. This small financing may not be indicative of how the City would due in today's bond market.

The City has not issued major revenue bonds since it issued \$2,560,000 in General Obligation bonds refunding a portion of the City's General Obligation Bonds, Series 1997 and Series 2000 bonds on December 1, 2005, with an interest rate ranging from 3.5% to 5.0% over the fifteen year life. The refunding resulted in a \$121,962 (4.41%) net present value savings. Moody's assigned an "Aaa" rating to the bonds due to the fact that the bonds are insured by Financial Security Assurance, Inc. The underlying rating to these bonds was "A2."

#### Bond Ratings

The City's bonds presently carry Moody's "Aaa" ratings with insurance and underlying ratings as follows: General Obligation Bonds at "A2" and Water Revenue Bonds at "A3".

At year-end the City had \$39.9 million in bonds and notes outstanding as shown in Table F. This is \$1.9 million or 4.6% less than the prior year. More detailed information about the City's debt is presented in the Notes to the financial statements beginning on page 50.

**Table F**

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2008-2007
	2008	2007	2008	2007	2008	2007	
	Bonds payable	\$ 18,160	\$ 18,575	\$ 680	\$ 850	\$ 18,840	
Notes payable	2,327	2,639	18,687	19,712	21,014	22,351	-6.0%
Total bonds & notes	<u>\$ 20,487</u>	<u>\$ 21,214</u>	<u>\$ 19,367</u>	<u>\$ 20,562</u>	<u>\$ 39,854</u>	<u>\$ 41,776</u>	-4.6%

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

- Growth in assessed value used for the 2009 budget preparation was projected at 3% per the Measure 50 limitation and 2% for new construction.
- Projections for new construction for 2009 is up \$35 million or 2%.
- General Fund budgeted spending for 2009 increases over 2008's budget of \$16.3 million by \$100,000 to \$16.4 million. This is a 1% increase.

These indicators were taken into account when adopting the General Fund budget for 2009. The amounts available for appropriation in the General Fund budget was estimated to be \$15.8 million in resources and a working capital carry over of \$1.7 million. The actual carry forward for the General Fund budget is \$2.3 million.

General Fund Tax revenues are projected to increase \$1.2 million (11% over actual for 2008) to \$11.2 million yet property taxes are a small part of the total thus most of the increase is budgeted in the Electric User, Transient Occupancy and Franchise taxes. The City will use these increases to finance programs currently offered.

The largest increments in budgeted expenditures for 2008 are increased benefit and retirement costs for staffing, internal charges and fuel-related and operating costs. The citizens approved adding interim financing for library operations via a local option levy for 2008 and 2009. The estimated tax revenue and cost is approximately \$300,000 per year. No other new major programs were added to the 2009 budget but increased emphasis on strategic planning and fiscal stability were added.

## CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

---

## BASIC FINANCIAL STATEMENTS

---



**CITY OF ASHLAND, OREGON**  
**STATEMENT OF NET ASSETS**  
**June 30, 2008**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Parks and Recreation
<b>ASSETS</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 9,845,351	\$ 6,437,889	\$ 16,283,240	\$ 1,796,482
Receivables (net of allowance for uncollectibles)	2,444,054	2,190,239	4,634,293	469,735
Inventories	59,984	881,530	941,514	
Deferred charges		1,215,668	1,215,668	
Internal Balances	(1,304,641)	1,304,641	-	
Restricted assets:				
Cash and cash equivalents	1,240,543	-	1,240,543	
Capital Assets:				
Land	9,829,360	1,880,638	11,709,998	
Buildings	19,563,238	21,782,187	41,345,425	12,939,833
Machinery and equipment	14,380,378	823,581	15,203,959	1,965,596
Infrastructure	42,249,665	84,636,278	126,885,943	536,322
Construction in progress	673,643	3,981,724	4,655,367	
Accumulated Depreciation	(38,631,224)	(35,041,272)	(73,672,496)	(5,532,617)
<b>Total assets</b>	<b>\$ 60,350,351</b>	<b>\$ 90,093,103</b>	<b>\$ 150,443,454</b>	<b>\$ 12,175,351</b>
<b>Liabilities:</b>				
Accounts payable and other current liabilities	\$ 2,672,369	\$ 1,571,810	\$ 4,244,179	\$ 292,931
Accrued interest payable	449,038	144,127	593,165	
Noncurrent liabilities:				
Due within one year	1,327,360	1,595,081	2,922,441	23,410
Due in more than one year	19,263,447	22,056,168	41,319,615	70,229
<b>Total liabilities</b>	<b>23,712,214</b>	<b>25,367,186</b>	<b>49,079,400</b>	<b>386,570</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	27,474,253	54,411,887	81,886,140	9,909,134
Restricted for:				
System development	2,146,609	3,838,867	5,985,476	
Debt service	1,246,509	1,751,369	2,997,878	
Asset Forfeiture	236,514		236,514	
Perpetual care: Nonexpendable	771,948		771,948	
Unrestricted	4,762,304	4,723,794	9,486,098	1,879,647
<b>Total net assets</b>	<b>\$ 36,638,137</b>	<b>\$ 64,725,917</b>	<b>\$ 101,364,054</b>	<b>\$ 11,788,781</b>

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

**CITY OF ASHLAND, OREGON**  
**STATEMENT OF ACTIVITIES**  
**For the year ended June 30, 2008**

Functions\Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 4,876,071	\$ 5,834,339	\$ 2,122	\$ 178,186
Public Safety	11,555,693	1,524,229	98,302	
Highways and Streets	4,000,048	1,975,425		
Interest on long-term debt	1,178,388			
<b>Total governmental activities</b>	<b>21,610,200</b>	<b>9,333,993</b>	<b>100,424</b>	<b>178,186</b>
Business-type Activities:				
Water	4,959,525	4,121,028	48,096	
Wastewater	5,261,713	2,734,499		
Electric	13,876,456	12,260,230	67,620	
Telecommunications	2,756,528	1,709,705		
<b>Total business-type activities</b>	<b>26,854,222</b>	<b>20,825,462</b>	<b>115,716</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 48,464,422</b>	<b>\$ 30,159,455</b>	<b>\$ 216,140</b>	<b>\$ 178,186</b>
<b>Component Unit:</b>				
Ashland Parks and Recreation	\$ 7,474,607	\$ 890,905	\$ 733,847	\$ -

General Revenues:  
Property taxes  
Utility users tax  
Users Taxes  
State subventions - unrestricted  
Unrestricted interest earnings  
Miscellaneous  
Total general revenues and transfers  
Change in net assets

Net assets - beginning  
Net assets - ending

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

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Ashland Parks and Recreation
\$ 1,138,576		\$ 1,138,576	\$ -
(9,933,162)		(9,933,162)	-
(2,024,623)		(2,024,623)	-
(1,178,388)		(1,178,388)	-
<u>(11,997,597)</u>	<u>-</u>	<u>(11,997,597)</u>	<u>-</u>
	(790,401)	(790,401)	-
	(2,527,214)	(2,527,214)	-
	(1,548,606)	(1,548,606)	-
	(1,046,823)	(1,046,823)	-
<u>-</u>	<u>(5,913,044)</u>	<u>(5,913,044)</u>	<u>-</u>
<u>(11,997,597)</u>	<u>(5,913,044)</u>	<u>(17,910,641)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,849,855)</u>
4,170,062		4,170,062	6,434,459
3,945,382		3,945,382	
1,899,320	1,568,385	3,467,705	
247,357		247,357	
444,557	459,073	903,630	104,150
779,133	388,701	1,167,834	137,340
<u>11,485,811</u>	<u>2,416,159</u>	<u>13,901,970</u>	<u>6,675,949</u>
<u>(511,786)</u>	<u>(3,496,885)</u>	<u>(4,008,671)</u>	<u>826,094</u>
<u>37,149,923</u>	<u>68,222,802</u>	<u>105,372,725</u>	<u>10,962,687</u>
<u>\$ 36,638,137</u>	<u>\$ 64,725,917</u>	<u>\$ 101,364,054</u>	<u>\$ 11,788,781</u>

**CITY OF ASHLAND, OREGON**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2008**

	General	Street	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 2,315,107	\$ 2,284,895	\$ 1,842,838	\$ 6,442,840
Receivables (net of allowance for uncollectibles)	1,268,816	276,436	867,483	2,412,735
Cash - restricted			1,240,543	1,240,543
<b>Total assets</b>	<b>\$ 3,583,923</b>	<b>\$ 2,561,331</b>	<b>\$ 3,950,864</b>	<b>\$ 10,096,118</b>
 <b>LIABILITIES, AND EQUITY</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 583,495	\$ 264,103	\$ 79,233	\$ 926,831
Deferred revenue	417,395	126,758	717,662	1,261,815
Due to other agencies			-	-
Due to other funds			80,000	80,000
Liabilities payable from restricted assets	286,367			286,367
<b>Total liabilities</b>	<b>1,287,257</b>	<b>390,861</b>	<b>876,895</b>	<b>2,555,013</b>
 <b>Fund Balances:</b>				
Reserved for:				
Reserved for system development charges		2,049,977	96,632	2,146,609
Reserved for debt service			1,246,509	1,246,509
Reserved for asset forfeiture	236,514			236,514
Reserved for perpetual care			771,948	771,948
Unreserved, reported in:				
General Fund	2,060,152			2,060,152
Special revenue funds		120,493	6,891	127,384
Capital projects funds			951,989	951,989
<b>Total fund balances</b>	<b>2,296,666</b>	<b>2,170,470</b>	<b>3,073,969</b>	<b>7,541,105</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,583,923</b>	<b>\$ 2,561,331</b>	<b>\$ 3,950,864</b>	<b>\$ 10,096,118</b>

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

---

**CITY OF ASHLAND, OREGON**  
**RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO STATEMENT OF NET ASSETS**  
**June 30, 2008**

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

Fund Balances	\$	7,541,105
---------------	----	-----------

The cost of capital assets (land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress) is reported as an expenditure in governmental funds. The statement of net assets includes those capital assets among the assets of the City as a whole.

Net Capital Assets		44,535,847
--------------------	--	------------

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets.

Long-term Liabilities		(20,487,217)
Accrued Interest on Liabilities		(449,038)

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

Accrued Vacation and Sick Leave		(534,516)
---------------------------------	--	-----------

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

Deferred Revenue		1,261,814
------------------	--	-----------

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

Internal Service Fund Net Assets		4,770,142
----------------------------------	--	-----------

Total Net Assets	\$	<u>36,638,137</u>
------------------	----	-------------------

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

**CITY OF ASHLAND, OREGON**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**For the year ended June 30, 2008**

	<b>General Fund</b>	<b>Street Fund</b>	<b>Other Governmental Funds</b>	<b>Total Primary Government</b>
<b>Revenues:</b>				
Taxes	\$ 10,243,372	\$ 188,030	\$ 773,474	\$ 11,204,876
Fees, Licenses and Permits	886,644			886,644
Intergovernmental	662,102	942,746	244,066	1,848,914
Charges for Services	1,441,157	1,692,436	2,244,720	5,378,313
System Development Charges		167,486	48,307	215,793
Assessments		67,195		67,195
Fines and Forfeitures	150,346			150,346
Interest on Investments	113,937	110,992	105,484	330,413
Miscellaneous	91,203	400	695,556	787,159
<b>Total Revenues</b>	<b>13,588,761</b>	<b>3,169,285</b>	<b>4,111,607</b>	<b>20,869,653</b>
<b>Expenditures:</b>				
General Government	3,328,964		1,105,777	4,434,741
Public Safety	10,578,525			10,578,525
Highways and Streets		3,376,035		3,376,035
Debt Service			1,852,049	1,852,049
<b>Total Expenditures</b>	<b>13,907,489</b>	<b>3,376,035</b>	<b>2,957,826</b>	<b>20,241,350</b>
Excess(Deficiency) of Revenues over Expenditures	(318,728)	(206,750)	1,153,781	628,303
Transfer in	33,180		303,073	336,253
Transfers out	(500)		(335,753)	(336,253)
<b>Total other financing sources (uses)</b>	<b>32,680</b>	<b>-</b>	<b>(32,680)</b>	<b>-</b>
Net Change in Fund Balance	(286,048)	(206,750)	1,121,101	628,303
<b>Fund Balance, July 1, 2007</b>	<b>2,582,714</b>	<b>2,377,220</b>	<b>1,952,868</b>	<b>6,912,802</b>
<b>Fund Balance, June 30, 2008</b>	<b>\$ 2,296,666</b>	<b>\$ 2,170,470</b>	<b>\$ 3,073,969</b>	<b>\$ 7,541,105</b>

---

**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, 2008**

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	\$	628,303
--------------------------------------	----	---------

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		728,959
Depreciation Expense		(1,896,796)

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. In the statement of activities, however, 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		(153,804)
Accrued Interest		(52,828)
General Obligation Bonds & Notes Payable		726,491

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

Property Taxes		24,009
Special Assessments		(5,592)
Other		(64,300)

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

Internal Service Fund Change in Net Assets		(446,228)
Change in Net Assets	\$	(511,786)

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

**CITY OF ASHLAND, OREGON**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**June 30, 2008**

	Water Fund	Wastewater Fund	Electric Fund	Telecom- munications Fund	Total	Governmental Activities Internal Service Funds
<b>ASSETS</b>						
<b>Current assets:</b>						
Cash and investments	\$ 1,690,020	\$ 3,299,078	\$ 776,046	\$ 672,745	\$ 6,437,889	\$ 3,402,511
Interest and accounts receivable, net	336,590	549,799	839,957	253,311	1,979,657	3,232
Notes and contracts receivable			210,582		210,582	28,087
Interfund receivable	80,000				80,000	
Inventories	204,681	11,881	664,968		881,530	59,984
Deferred charges	157,213		-	-	157,213	
<b>Total current assets</b>	<b>2,468,504</b>	<b>3,860,758</b>	<b>2,491,553</b>	<b>926,056</b>	<b>9,746,871</b>	<b>3,493,814</b>
<b>Capital assets</b>						
Accumulated depreciation	(12,376,671)	(9,448,504)	(9,915,957)	(3,300,140)	(35,041,272)	(8,170,132)
<b>Capital assets, net</b>	<b>22,161,318</b>	<b>40,140,049</b>	<b>9,848,549</b>	<b>5,913,219</b>	<b>78,063,135</b>	<b>3,529,214</b>
<b>Other assets</b>						
Deferred costs (net of amortization)				1,058,455	1,058,455	
<b>Noncurrent assets</b>	<b>22,161,318</b>	<b>40,140,049</b>	<b>9,848,549</b>	<b>6,971,674</b>	<b>79,121,590</b>	<b>3,529,214</b>
<b>Total assets</b>	<b>\$ 24,629,822</b>	<b>\$ 44,000,807</b>	<b>\$ 12,340,102</b>	<b>\$ 7,897,730</b>	<b>\$ 88,868,461</b>	<b>\$ 7,023,028</b>
<b>LIABILITIES AND NET ASSETS</b>						
<b>Current liabilities:</b>						
Accrued salaries, vacation and payroll taxes	\$ 257,776	\$ 63,839	\$ 560,607	\$ 30,119	\$ 912,341	\$ 140,118
Accrued interest payable	141,046	64,274	181,133	54,281	440,734	343,055
Other liabilities	38,762	105,365			144,127	
Notes/bonds payable, current portion	50,647		168,088		218,735	545,072
<b>Total current liabilities</b>	<b>998,231</b>	<b>1,293,559</b>	<b>934,828</b>	<b>84,400</b>	<b>3,311,018</b>	<b>1,028,245</b>
<b>Long-term liabilities:</b>						
Notes payable						-
Revenue bonds payable, net	3,645,000	17,627,168	279,000		21,551,168	-
General obligation bonds payable, net	505,000				505,000	-
<b>Total long-term liabilities</b>	<b>4,150,000</b>	<b>17,627,168</b>	<b>279,000</b>	<b>-</b>	<b>22,056,168</b>	<b>-</b>
<b>Total liabilities</b>	<b>5,148,231</b>	<b>18,920,727</b>	<b>1,213,828</b>	<b>84,400</b>	<b>25,367,186</b>	<b>1,028,245</b>
<b>Net Assets:</b>						
<b>Net assets (deficit):</b>						
Invested in capital assets, net of related debt	17,501,318	21,452,800	9,544,549	5,913,219	54,411,886	3,529,214
Restricted for system development	1,978,487	1,860,380			3,838,867	
Restricted for debt service		1,751,369			1,751,369	
Unrestricted	1,786	15,531	1,581,725	1,900,111	3,499,153	2,465,569
<b>Total net assets</b>	<b>19,481,591</b>	<b>25,080,080</b>	<b>11,126,274</b>	<b>7,813,330</b>	<b>63,501,275</b>	<b>5,994,783</b>
<b>Total liabilities and net assets</b>	<b>\$ 24,629,822</b>	<b>\$ 44,000,807</b>	<b>\$ 12,340,102</b>	<b>\$ 7,897,730</b>	<b>\$ 88,868,461</b>	<b>\$ 7,023,028</b>
Total net assets					\$ 63,501,275	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					1,224,642	
Net assets of business-type activities					<u>\$ 64,725,917</u>	

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

**CITY OF ASHLAND, OREGON**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**For the year ended June 30, 2008**

	Water Fund	Wastewater Fund	Electric Fund	Telecom- munications Fund	Total	Governmental Activities Internal Service Funds
<b>Operating revenues:</b>						
Charges for services	\$ 4,121,028	\$ 2,734,499	\$ 12,260,230	\$ 1,709,705	\$ 20,825,462	\$ 6,923,563
Miscellaneous	27,663	3,167	186,488	69,788	287,106	262,095
<b>Total operating revenues</b>	<u>4,148,691</u>	<u>2,737,666</u>	<u>12,446,718</u>	<u>1,779,493</u>	<u>21,112,568</u>	<u>7,185,658</u>
<b>Operating expenses:</b>						
Cost of sales and services	3,477,357	3,066,515	11,946,515	1,781,834	20,272,221	7,155,560
Depreciation and amortization	1,014,115	1,113,642	598,561	937,276	3,663,594	945,196
<b>Total operating expenses</b>	<u>4,491,472</u>	<u>4,180,157</u>	<u>12,545,076</u>	<u>2,719,110</u>	<u>23,935,815</u>	<u>8,100,756</u>
Operating income (loss)	<u>(342,781)</u>	<u>(1,442,491)</u>	<u>(98,358)</u>	<u>(939,617)</u>	<u>(2,823,247)</u>	<u>(915,097)</u>
<b>Nonoperating income (expenses):</b>						
Taxes	1,267	1,566,868		250	1,568,385	12,366
Intergovernmental	48,096		67,620		115,716	
Interest income	123,528	178,212	55,827	29,251	386,818	174,033
Tax equivalents	(275,364)	(195,225)	(1,168,473)		(1,639,062)	
Gain (loss) on disposal of assets		-			-	
Interfund Transfers		-			-	
Interest expense	(65,375)	(757,648)		-	(823,023)	
<b>Total nonoperating income (expenses)</b>	<u>(167,848)</u>	<u>792,207</u>	<u>(1,045,026)</u>	<u>29,501</u>	<u>(391,166)</u>	<u>186,399</u>
	(510,629)	(650,284)	(1,143,384)	(910,116)	(3,214,413)	(728,698)
<b>Total net assets - beginning</b>	<u>19,992,220</u>	<u>25,730,364</u>	<u>12,269,658</u>	<u>8,723,446</u>	<u>66,715,688</u>	<u>6,723,481</u>
<b>Total net assets - ending</b>	<u>\$ 19,481,591</u>	<u>\$ 25,080,080</u>	<u>\$ 11,126,274</u>	<u>\$ 7,813,330</u>	<u>\$ 63,501,275</u>	<u>\$ 5,994,783</u>
Change in net assets					\$ (3,214,413)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(282,472)	
Change in net assets of business-type activities - Statement of Activities					<u>\$ (3,496,885)</u>	

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

**CITY OF ASHLAND, OREGON**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the year ended June 30, 2008**

	Business-type Activities - Enterprise Funds				Total	Governmental
	Water Fund	Wastewater Fund	Electric Fund	Telecom- munications Fund		Activities Internal Service Funds
<b>Cash flows from operating activities:</b>						
Receipts from customers and users	\$ 4,232,824	\$ 2,729,179	\$ 12,350,756	\$ 2,652,248	\$ 21,965,007	\$ 7,210,455
Payments to suppliers	(2,017,382)	(2,320,863)	(9,892,506)	(1,987,117)	(16,217,868)	(3,221,556)
Payments to employees	(1,469,921)	(775,407)	(2,073,017)	(625,796)	(4,944,141)	(4,070,617)
Net cash from operating activities	<u>745,521</u>	<u>(367,091)</u>	<u>385,233</u>	<u>39,335</u>	<u>802,998</u>	<u>(81,718)</u>
<b>Cash flows from noncapital financing activities:</b>						
Proceeds from (payment of) interfund and other loans					-	
Transfers	-	-	-	-	-	
Taxes collected	1,267	1,566,868	-	250	1,568,385	
Net cash from noncapital financing activities	<u>1,267</u>	<u>1,566,868</u>	<u>-</u>	<u>250</u>	<u>1,568,385</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>						
Acquisition and construction of capital assets	(1,399,029)	(519,817)	(441,143)	(235,053)	(2,595,042)	(1,126,340)
Proceeds from issuance of debt			304,000		304,000	
Proceeds from intergovernmental income					-	
Principal paid on bonds, contracts and notes	(495,000)	(1,024,634)			(1,519,634)	
Interest paid on debt	(65,375)	(757,648)	-	-	(823,023)	
Tax Equivalents	(275,364)	(195,225)	(1,168,473)	-	(1,639,062)	
Net cash from capital and related financing activities	<u>(2,234,768)</u>	<u>(2,497,324)</u>	<u>(1,305,616)</u>	<u>(235,053)</u>	<u>(6,272,761)</u>	<u>(1,126,340)</u>
Interest from investments and Other income	171,624	178,212	123,447	29,251	502,534	186,399
<b>Net increase (decrease) in cash and investments</b>	<u>(1,316,356)</u>	<u>(1,119,335)</u>	<u>(796,936)</u>	<u>(166,217)</u>	<u>(3,398,844)</u>	<u>(1,021,659)</u>
<b>Cash and investments, beginning of year</b>	<u>3,006,376</u>	<u>4,418,413</u>	<u>1,572,982</u>	<u>838,962</u>	<u>9,836,733</u>	<u>4,424,170</u>
<b>Cash and investments, end of year</b>	<u>\$ 1,690,020</u>	<u>\$ 3,299,078</u>	<u>\$ 776,046</u>	<u>\$ 672,745</u>	<u>\$ 6,437,889</u>	<u>\$ 3,402,511</u>
Reconciliation of operating income to net cash provided by operating activities:						
Operating income (loss)	\$ (342,781)	\$ (1,442,491)	\$ (98,358)	\$ (939,617)	\$ (2,823,247)	\$ (915,097)
Depreciation and amortization	1,014,115	1,113,642	598,561	937,276	3,663,594	945,196
Change in assets and liabilities:						
(Increase) decrease in:						
Receivables	84,133	(8,487)	(95,962)	(64,521)	(84,837)	24,796
Inventories	41,796	870	(118,148)	-	(75,482)	(23,811)
Deferred charges	14,752			109,969	124,721	
Increase (decrease) in:						
Accounts payable and accrued liabilities	(39,725)	(14,289)	113,011	(5,712)	53,285	(166,807)
Other liabilities	(26,769)	(16,336)	(13,871)	1,940	(55,036)	54,005
Net cash from operating activities	<u>\$ 745,521</u>	<u>\$ (367,091)</u>	<u>\$ 385,233</u>	<u>\$ 39,335</u>	<u>\$ 802,998</u>	<u>\$ (81,718)</u>

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





---

**NOTES TO BASIC  
FINANCIAL STATEMENTS**

---



---

**CITY OF ASHLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2008**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

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

Governmental Accounting Standards Boards Statement 34 (GASBS 34). The new presentation of financial information required by GASBS 34 for Basic Financial Statements and Supplementary Information are described below and in the Management's Discussion and Analysis located earlier in this document.

---

**CITY OF ASHLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2008**

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

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

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on the nonfiduciary 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, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. 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.

---

**CITY OF ASHLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2008**

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

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

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. 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 judgements, 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:

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

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

The City reports the following major proprietary funds:

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

---

**CITY OF ASHLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2008**

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

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

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

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

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

Additionally, the City reports the following fund types:

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

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

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

---

**CITY OF ASHLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2008**

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

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

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 nonoperating items. Operating revenues and expenses result from providing and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The enterprise and internal service funds are charges to customers for sales and services. Where applicable, enterprises also recognize as operating revenue the portion of System Development Charges intended to recover the cost of connecting new customers to the system. 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 nonoperating revenues and expenses.

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

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

**1. Cash and Investments**

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

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.

---

**CITY OF ASHLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2008**

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

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

**1. Cash and Investments (continued)**

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.

---

**CITY OF ASHLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2008**

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

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

**3. Inventories and Prepaid Items**

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

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

**4. Restricted Assets**

Certain proceeds of the Water enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because they are maintained in separate bank accounts not in the City's control and their use is limited by applicable bond covenants. The "Cash in transit" and "Cash with escrow agent" are used to segregate resources for provision of current and noncurrent 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.

---

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008**

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

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

**5. Capital Assets (continued)**

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 system	40 to 70 years
Water, wastewater and stormwater systems	15 to 50 years
Public domain infrastructure	15 to 25 years
Equipment	2 to 20 years

**6. Compensated Absences**

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

**7. Long-Term Obligations**

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

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

---

**CITY OF ASHLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2008**

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

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

**7. Long Term Obligations (continued)**

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 the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

The annual budgets are adopted for all funds on a basis consistent with generally accepted accounting principles for governmental funds, except the Mt. Ashland Ski Area Agency Fund. 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

**CITY OF ASHLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2008**

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**A. Budgetary Information (continued)**

by the City Council by the use of appropriation transfers between the levels of control. In addition, Oregon Local Budget Law provides certain specific exceptions to the supplemental budget process to increase appropriations. Such transfers and increases require approval by the City Council by adoption of a resolution. Budget appropriation amounts shown in the financial statements include the original and revised budget appropriations as approved by the City Council. Appropriations are limited to a single fiscal year; therefore, all spending authority of the City lapse at year end. During 2007-2008, the City made two appropriation transfers, as well as three supplemental budget adjustments, adopted by resolutions.

**B. Excess of Expenditures Over Appropriations**

Expenditures of the various funds were within authorized appropriations for the year ended June 30, 2008.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

	Total Primary Government	Component Unit <u>Parks and Recreation</u>	Total
Petty Cash	\$ 2,810	\$ 750	\$ 3,560
Deposits with financial institutions	1,058,704		1,058,704
Investments	16,462,269	1,795,732	18,258,001
	<u>\$ 17,523,783</u>	<u>\$ 1,796,482</u>	<u>\$ 19,320,265</u>
Governmental - unrestricted	\$ 16,283,240		
Governmental - restricted:			
Debt Service	1,240,543		
Fiduciary	-		
	<u>\$ 17,523,783</u>		

**DEPOSITS**

State statutes require that the City obtain from its depositories a certificate of participation for the full amount of the City's deposits that exceed FDIC coverage. The depositories are required to pledge, with an independent collateral pool manager, as agent for the City,

**CITY OF ASHLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2008**

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

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

securities in the City's name at least equal to twenty-five percent of the face value of the certificate of participation issued to the City. Not all of the City's deposits at year-end were covered, as required by law, by federal depository insurance or by certifications of participation backed by securities held by financial institutions acting as agents for the City in the City's name.

Deposits consist of bank demand deposits. The carrying amount of deposits is \$1,058,704. The total bank balance per the bank statements is \$1,217,790. Of these deposits, \$102,000 is covered by federal depository insurance and the remaining is uninsured and uncollateralized. At June 30, 2008, the collateral was sufficient to meet the requirements of Oregon Law.

**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, Bankers' Acceptances (BA's), Certificates of Deposit (Commercial Banks which have a branch in Oregon & Savings & Loan Associations which have a branch in Oregon), State & 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, 2008, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in months)		
		Less than 3	3-17	18-59
Certificates of Deposit	\$ 500,000	\$ 500,000	\$ -	\$ -
US Government Securities	-	-	-	-
State Treasurer's investment pool	17,758,001	17,758,001		
<b>Total</b>	<b>\$18,258,001</b>	<b>\$18,258,001</b>	<b>\$ -</b>	<b>\$ -</b>

---

**CITY OF ASHLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2008**

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

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

Investments are valued at fair value as required by GASB 31. There is no material difference between fair value of the City's position in the State Treasurer's Local Governmental Investment Pool and the value of the pool shares at June 30, 2008.

**Interest Rate Risk**

As a means of limiting its exposure to fair value losses resulting from rising interest rates, 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 investments to 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 bankers' acceptances to be guaranteed by and carried on the books of, a qualified financial institution, eligible for discount by 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.

---

**CITY OF ASHLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2008**

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

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

**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, 2008 the City was in compliance with all percentage restrictions.

Oregon Revised Statutes require no more than 25 percent of the moneys of local government to be invested in bankers' acceptances of any qualified financial institution. Amounts in the State Treasurer's Local Government Investment Pool 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 (BA's)	50%
Certificates of Deposit (CD)	35%
State & Local Government Securities	35%
Repurchase Transactions	25%
Commercial Paper (AA,A1,P1)	10%
State of Oregon Investment Pool Securities	100%

**B. Receivables**

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

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

**CITY OF ASHLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2008**

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

**B. Receivables (continued)**

	<u>Unavailable</u>
Delinquent Property Taxes Receivable:	
General Fund	206,719
Debt Service Fund	19,521
Installment notes receivable	410,999
Rehabilitation Loans	105,936
Deferred SDC Loans	181,205
Ambulance billing	113,838
Business Licenses	96,839
Special Assessments not yet due:	
Unbonded-Street Fund	126,758
	<u><u>\$1,261,815</u></u>

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2008 was as follows:

	<u>Balance June 30, 2007</u>	<u>Additions &amp; Reclasses</u>	<u>Retirements &amp; Reclasses</u>	<u>Balance June 30, 2008</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 9,829,360			\$ 9,829,360
Construction in progress	143,017	658,691	128,065	673,643
Total capital assets, not being depreciated	9,972,377	658,691	128,065	10,503,003
Buildings	19,563,238	-	-	19,563,238
Improvements other than buildings	42,121,600	128,065	-	42,249,665
Machinery and equipment	13,183,769	1,210,639	14,030	14,380,378
Total capital assets, being depreciated	74,868,607	1,338,704	14,030	76,193,281
Less accumulated depreciation for:				
Buildings	(4,180,831)	(440,269)	-	(4,621,100)
Improvements other than buildings	(22,059,234)	(1,303,931)	-	(23,363,165)
Machinery and equipment	(9,549,166)	(1,097,793)	-	(10,646,959)
Total accumulated depreciation	(35,789,232)	(2,841,993)	-	(38,631,224)
Total capital assets being depreciated, net	39,079,374	(1,503,289)	-	37,562,057
Governmental activities capital assets, net	<u>\$ 49,051,751</u>	<u>\$ (844,598)</u>	<u>\$ 128,065</u>	<u>\$ 48,065,060</u>

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008**

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

**C. Capital Assets (continued)**

	Balance June 30, 2007	Additions & Reclasses	Retirements & Reclasses	Balance June 30, 2008
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 1,880,638	\$ -	\$ -	\$ 1,880,638
Construction in progress	5,156,412	2,100,343	3,275,031	3,981,724
Total capital assets, not being depreciated	7,037,050	2,100,343	3,275,031	5,862,362
Buildings	21,782,187	-	-	21,782,187
Machinery and equipment	673,607	149,974	-	823,581
Improvements other than buildings	81,141,248	3,495,030	-	84,636,278
Total capital assets, being depreciated	103,597,042	3,645,004	-	107,242,046
Less accumulated depreciation:				
Buildings	(2,478,412)	(480,670)	7	(2,959,075)
Machinery and equipment	(559,916)	(61,059)	-	(620,975)
Improvements other than buildings	(28,464,074)	(2,997,148)	-	(31,461,222)
Total accumulated depreciation	(31,502,402)	(3,538,877)	7	(35,041,272)
Total capital assets being depreciated, net	72,094,640	106,127	(7)	72,200,774
Business-type activities capital assets, net	<u>\$ 79,131,690</u>	<u>\$ 2,206,470</u>	<u>\$ 3,275,024</u>	<u>\$ 78,063,136</u>

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

Governmental activities:	
General government	\$ 561,476
Public Safety	1,790,749
Highways and Streets	489,768
	<u>\$ 2,841,993</u>

**CITY OF ASHLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2008**

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

**C. Capital Assets (continued)**

**Construction Commitments**

The government has active construction projects as of June 30, 2008. 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 \$1,254,199 at June 30, 2008.

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

The composition of interfund balances as of June 30, 2008, is as follows:

Fund	Transfers In	Transfers Out
General Fund	\$ 33,180	\$ 500
Nonmajor Governmental	303,073	335,753
<b>Total</b>	<b>\$ 336,253</b>	<b>\$ 336,253</b>

Receivable Fund	Payable Fund	Amount
Water	Nonmajor Governmental	\$ 80,000
		<b>\$ 80,000</b>

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.

---

**CITY OF ASHLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2008**

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

**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, the wastewater treatment facility by both 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	5.5-8.5%	\$ 372,076
Government activities	8.00%	173,454
Government activities	4.40%	807,226
Government activities	5.00%	779,912
Government activities	4.68%	194,549
Business-type activities	4.20%	18,687,249
		<u>\$ 21,014,466</u>

**CITY OF ASHLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2008**

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

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

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

Promissory note debt service requirement to maturity is as follows:

Year ending June 30,	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 580,434	\$ 112,816	\$ 1,060,081	\$ 722,768	\$ 1,640,515	\$ 835,584
2010	295,859	85,884	1,096,753	680,704	1,392,612	766,588
2011	297,284	71,797	1,134,694	637,185	1,431,978	708,982
2012	236,894	58,990	1,173,947	592,162	1,410,841	651,152
2013	230,605	48,838	1,214,560	545,578	1,445,165	594,416
2014-2018	217,690	163,693	6,732,883	1,970,768	6,950,573	2,134,461
2019-2023	231,872	106,224	6,274,331	558,035	6,506,203	664,259
2024-2028	236,579	33,898			236,579	33,898
2029-2030						
	<u>\$ 2,327,217</u>	<u>\$ 682,140</u>	<u>\$ 18,687,249</u>	<u>\$ 5,707,200</u>	<u>\$ 21,014,466</u>	<u>\$ 6,389,340</u>

**2. General Obligation Bonds**

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

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

Purpose	Interest Rates	Amount
Government activities	3.7-6.02%	\$ 15,305,000
Government activities	5.0-5.875%	295,000
Government activities	3.5-5.0%	2,560,000
Business-type activities	5.0-7.0%	25,000
Business-type activities-refunding	3.75-4.65%	655,000
		<u>\$ 18,840,000</u>

**CITY OF ASHLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2008**

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

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

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

The above table includes \$15.5 million in General Obligation bonds issued to refinance the outstanding loans entered into to build and operate the Ashland Fiber Network (AFN). This bond is a full faith and credit obligation of the City and is payable from any and all taxes and other legally available funds of the City. To the extent available, the City expects to use revenues of the AFN system to pay the Series 2004 Bonds, but they are not secured by a pledge of, or lien on, such revenues. In FY 2005-2006 the City Council approved the transfer from the Telecommunications Fund and Business type activities presentation to the Debt Service Fund and Governmental Activities presentations in recognition of the decision to use any available revenues streams to meet the annual debt service obligation.

Future maturities of bond principal and interest at June 30, 2008, are as follows:

Year Ending June 30,	1977 Water GO Bonds		1997 Flood and Refunding GO Bonds		2004 Full Faith and Credit	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 25,000	\$ 5,000	\$ 150,000	\$ 26,458	\$ 450,000	\$ 848,303
2010			160,000	19,558	605,000	826,378
2011			170,000	12,048	630,000	798,744
2012			175,000	4,069	660,000	767,666
2013					695,000	733,631
2014-2018					4,100,000	3,045,320
2019-2023					5,475,000	1,669,276
2024-2028					2,690,000	164,401
2029-2030						
	\$ 25,000	\$ 5,000	\$ 655,000	\$ 62,131	\$ 15,305,000	\$ 8,853,719

Year Ending June 30,	2000 GO Bonds		2005 GO Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 145,000	\$ 15,710	\$ 100,000	\$ 112,725	\$ 870,000	\$ 1,008,195
2010	150,000	8,025	110,000	109,225	1,025,000	963,186
2011			275,000	105,375	1,075,000	916,167
2012			290,000	95,750	1,125,000	867,485
2013			190,000	84,875	885,000	818,506
2014-2018			1,085,000	293,250	5,185,000	3,338,570
2019-2023			510,000	38,500	5,985,000	1,707,776
2024-2028					2,690,000	164,401
2029-2030						
	\$ 295,000	\$ 23,735	\$ 2,560,000	\$ 839,700	\$ 18,840,000	\$ 9,784,285

**CITY OF ASHLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2008**

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

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

**3. Revenue Bonds**

The government also issues bonds where 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 upgrade of existing and addition of distribution infrastructure. In 2003 the remaining \$2.75 million of these bonds were defeased with the issuance of \$5.625 million for infrastructure construction and refunding of the original issue. On June 20, 2008, the government issued \$304,000 in tax exempt, low-interest (1.25%) 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.

Purpose	Interest Rates	Amount
Water	2.0-4.0%	\$ 3,980,000
Electric	1.25%	304,000
		<u>\$ 4,284,000</u>

Revenue bond debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest
2009	\$ 356,714	\$ 123,899
2010	366,714	115,599
2011	381,714	106,065
2012	391,714	95,294
2013	396,714	83,847
2014-2018	1,373,571	265,960
2019-2023	1,016,857	94,245
2024-2028		
2029-2030		
	<u>\$ 4,284,000</u>	<u>\$ 884,909</u>

**4. Advance and Current Refundings**

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

---

**CITY OF ASHLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2008

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

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

**4. Advance and Current Refundings (continued)**

As a result, the refunded bonds are considered to be defeased and the liability has been removed from the business-type activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$265,010. This amount was netted against the new debt and amortized over the life of the refunded debt, which was shorter than the life of the new debt issued. These advance refundings 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 in June, 2003, of revenue bonds 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 bonds issued in 1984. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the business-type activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$202,833. This amount was netted against the new debt and amortized over the life of the refunded debt, which was shorter than the life of the new debt issued. This advance refunding 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 borrowed to construct the Ashland Fiber Network (AFN). The loans' interest rates were 5.14% and 7.01% 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%. The refunding of the loans resulted in an economic loss of \$1,631. In addition to refunding the bank loans, the bonds also provided \$8.44 million in internal borrowing related to AFN.

**CITY OF ASHLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2008**

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

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

**4. Advance and Current Refundings (continued)**

The City issued \$2,560,000 in General Obligation bonds refunding a portion of the City's General Obligation Bonds, Series 1997 and Series 2000 bonds on December 1, 2005, with an interest rate ranging from 3.5% to 5.0% over the fifteen year life. The refunding resulted in a \$121,962 (4.41%) net present value savings. The City's GO Bond, Series 2000 was insured by the FGIC originally and on February 14, 2008, Moody's downgraded FGIC's rating to A3 and 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.)

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

Long-term liability activity for the year ended June 30, 2008, was as follows:

	Beginning Balance	Additions and Adjustments	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General obligation	\$ 18,575,000	\$ -	\$ 415,000	\$ 18,160,000	\$ 695,000
Total bonds payable	18,575,000	-	415,000	18,160,000	695,000
Notes and Contracts	2,638,708	-	311,491	2,327,217	582,360
Claims and judgements	53,360	227,310	177,080	103,590	50,000
Government activities					
Long-term liabilities	<u>\$ 21,267,068</u>	<u>\$ 227,310</u>	<u>\$ 903,571</u>	<u>\$ 20,590,807</u>	<u>\$ 1,327,360</u>
Business-type Activities:					
Bonds Payable:					
General obligation	\$ 850,000		\$ 170,000	\$ 680,000	\$ 175,000
Revenue	4,315,000	304,000	335,000	4,284,000	356,714
Total bonds payable	5,165,000	304,000	505,000	4,964,000	531,714
Notes and Contracts	19,711,883	-	1,024,634	18,687,249	1,060,081
Business-type Activities					
Long-term liabilities	<u>\$ 24,876,883</u>	<u>\$ 304,000</u>	<u>\$ 1,529,634</u>	<u>\$ 23,651,249</u>	<u>\$ 1,591,795</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 \$165,229 of internal service fund compensated absences, and \$205,660 of internal service fund claims and judgements are included in the above amounts.

**CITY OF ASHLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2008**

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

**F. Restricted Assets**

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

	<u>General Government</u>	<u>Business-type Activities</u>
Unused System Development Charges:		
Street Fund	\$ 2,049,977	\$ -
Capital Improvements Fund	96,632	
Water Fund		1,978,487
Wastewater Fund		1,860,380
	<u>\$ 2,146,609</u>	<u>\$ 3,838,867</u>

**G. Compensated Absences**

The General fund typically is 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:	\$ 498,761	\$ 534,516	\$ 498,761	\$ 534,516	\$ 133,629
Business-Type Activities:	389,803	407,816	389,803	407,816	101,954
Total Compensated Absences Payable	<u>\$ 888,564</u>	<u>\$ 942,332</u>	<u>\$ 888,564</u>	<u>\$ 942,332</u>	<u>\$ 235,583</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.

**CITY OF ASHLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2008**

**IV. OTHER INFORMATION (CONTINUED)**

**A. Risk Management (continued)**

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, 2008, such premiums did not exceed paid claims and reserves.

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

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

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

	Year ended <u>June 30, 2008</u>	Year ended <u>June 30, 2007</u>
Unpaid claims, beginning of fiscal year	\$ 53,360	\$ 124,360
Incurred claims (including IBNRs)	227,310	8,212
Claim Payments	<u>(177,080)</u>	<u>(79,212)</u>
Unpaid claims, end of fiscal year	<u>\$ 103,590</u>	<u>\$ 53,360</u>

---

**CITY OF ASHLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2008**

**IV. OTHER INFORMATION (CONTINUED)**

**B. Contingent Liabilities**

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

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

The City leases, under agreement with the Forest Service, land that is a designated ski area to the Mt. Ashland Association (Ski Ashland), a non-profit organization, to conduct skiing activities. The permit with the Forest Service and the lease agreement recognize the need for reclamation of the area should skiing operations cease and the City, as the permit holder, is the responsible party. The lease agreement between the City of Ashland and Mt. Ashland Association estimates the cost of reclamation to be \$305,680 at June 30, 2008, and as requires Ski Ashland to maintain sufficient liquid assets to cover that cost. This amount is adjusted each January by the CPI U per the agreement.

The City leases property to Ashland Community Hospital per a July 1, 1996, agreement when the hospital operation transitioned from a department to a non-profit service provider. As part of the lease agreement, the City maintained ownership of land, buildings and certain equipment and those assets are included within the City's governmental net fixed asset amounts. On January 13, 2004, the City agreed to subordinate rights to leased property in order for the hospital to borrow \$10,000,000 for expansion.

---

**CITY OF ASHLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2008**

**IV. OTHER INFORMATION (CONTINUED)**

**C. Other Postemployment Benefits**

In addition to providing pension benefits, the City provides certain benefits for 16 retired City employees who completed a minimum of 15 years employment with the City. The City pays a monthly stipend from the retiree's fifty-eighth 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.

For fiscal year 2008, costs advanced funded total \$339,412, and are recorded in the Insurance Services Fund. The City has funded the estimated amount of benefits that will be payable in the future to eligible retirees. At present, the entire estimated liability is fully funded, and the City expects to fully fund future increases in this liability.

Fiscal Year	Number of Retirees Covered	Benefits Paid
2007-08	15	\$ 28,138
2006-07	15	28,525
2005-06	17	24,095
2004-05	16	23,903
2003-04	16	24,014
2002-03	15	21,251
2001-02	15	20,400
2000-01	14	16,928
1999-00	13	11,212
1998-99	14	13,146
1997-98	19	18,744
1996-97	15	12,338
1995-96	13	10,222

Significant assumptions used in the estimate include (a) a rate of return on the investment of present and future assets of 6.0%, and (b) annual rate increases of 4.0%.

---

**CITY OF ASHLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2008**

**IV. OTHER INFORMATION (CONTINUED)**

**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 6% of their annual covered salary. The City is required by ORS 238.225 to contribute at an actuarially determined rate(s). In 2003 the Oregon Legislature revised OPERF operations and how benefits for existing and new employees is 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 and the new plan established in 2003 called Oregon Public Service Retirement Plan (OPSRP) and the current rates are 13.99% and 13.49% respectively of annual covered payroll. The City has "picked up" employee contributions at a rate of 6%, 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 & Local Rate Pool in 2002 to minimize annual variances in employer rates.

For 2007-2008, the City's annual pension cost of \$2,456,749 was equal to the City's required and actual contributions. This consisted of \$740,634 picked up and paid by the City on behalf of employees, and \$1,716,115 paid by the City. The required contribution was determined as part of the December 31, 2005, actuarial valuation, using the entry age actuarial cost method. The Unfunded Actuarial Liability, if any, is amortized as a level percentage of covered payroll over a twenty year period on an open basis. The actuarial assumptions include (a) 8% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.25% per year attributable to general wage adjustments, with additional increases for promotion and longevity that vary by age and services, and (c) 2% per year cost-of-living adjustments. The underlying rate of inflation is 3.5% per year.

**CITY OF ASHLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2008**

**IV. OTHER INFORMATION (CONTINUED)**

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

Three-Year Trend Information for PERS:

<u>GASB Statement No. 27 Required Disclosures</u>			
Three Year Tend Information			
Fiscal Year <u>Ending</u>	Annual Pension Cost (C of A)	Percentage of C of A <u>Contributed</u>	Net Pension <u>Obligation</u>
06/30/2008	2,456,749	100%	
06/30/2007	2,524,947	100%	-
06/30/2006	1,958,234	100%	-

**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 is as follows at June 30, 2008:

Startup Costs	\$ 1,861,076
Less accumulated amortization	<u>802,621</u>
	<u><u>\$ 1,058,455</u></u>

**F. Prior Period Adjustment**

The prior period adjustment is to recognize a budget to GAAP difference that was not accounted for in the previous years. It relates to a transfer of \$215,000 between the Community Development Block Grant Fund and the General Fund for cash and receivable outstanding as of June 30, 2007 relating to the City paying off obligations to the Grove Community Center.





---

## 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 an other financing source, for GAAP it is purely a balance sheet transaction.



**CITY OF ASHLAND, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the year ended June 30, 2008**

	Actual	Budget Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
Taxes	\$ 10,243,372	\$ 10,650,936	10,650,936	\$ (407,564)
Fees, licenses and permits	886,644	900,000	900,000	(13,356)
Intergovernmental	662,102	558,000	558,000	104,102
Charges for Services	1,441,157	1,466,130	1,466,130	(24,973)
Fines and Forfeitures	150,346	180,000	180,000	(29,654)
Interest on Investments	113,937	75,000	75,000	38,937
Miscellaneous	91,203	1,100,000	1,290,000	(1,198,797)
<b>Total Revenues</b>	<b>13,588,761</b>	<b>14,930,066</b>	<b>15,120,066</b>	<b>(1,531,305)</b>
<b>Expenditures:</b>				
General Government:				
Administration	370,552	494,686	494,686	124,134
Administrative Services:				
Band	52,924	60,509	60,509	7,585
Social Services	105,534	121,000	121,000	15,466
Economic Development	527,519	527,519	527,519	-
Public Works:				
Cemetery	283,106	339,165	339,165	56,059
Community Development:				
Planning	1,200,310	2,411,548	2,411,548	1,211,238
Building	780,678	833,991	833,991	53,313
Miscellaneous	8,341	1,000	11,000	2,659
Total general government	3,328,964	4,789,418	4,799,418	1,470,454
Public Safety:				
Police	5,310,433	5,458,209	5,648,209	337,776
Municipal Court	430,347	427,360	437,360	7,013
Fire and Rescue	4,837,745	4,997,175	5,097,175	259,430
Total public safety	10,578,525	10,882,744	11,182,744	604,219
Contingency		400,000	280,000	280,000
<b>Total Expenditures</b>	<b>13,907,489</b>	<b>16,072,162</b>	<b>16,262,162</b>	<b>2,354,673</b>
Excess(Deficiency) of Revenues over	(318,728)	(1,142,096)	(1,142,096)	823,368
<b>Other financing sources (uses):</b>				
Transfer In (Cemetery Fund)	33,180	25,000	25,000	8,180
Transfers out	(500)	(500)	(500)	-
<b>Total other financing sources (uses)</b>	<b>32,680</b>	<b>24,500</b>	<b>24,500</b>	<b>8,180</b>
Net Change in Fund Balance	(286,048)	(1,117,596)	(1,117,596)	831,548
<b>Fund Balance, July 1, 2007</b>	<b>2,367,714</b>	<b>2,245,116</b>	<b>2,245,116</b>	<b>122,598</b>
Prior period adjustment	215,000			215,000
<b>Fund Balance, June 30, 2008</b>	<b>\$ 2,296,666</b>	<b>\$ 1,127,520</b>	<b>\$ 1,127,520</b>	<b>\$ 1,169,146</b>

**CITY OF ASHLAND, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**STREET FUND**  
**For the year ended June 30, 2008**

	Actual	Budget Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
Taxes	\$ 188,030	\$ 225,000	225,000	\$ (36,970)
Intergovernmental	942,746	2,000,000	2,000,000	(1,057,254)
Charges for Services	1,692,436	1,810,000	1,810,000	(117,564)
System Development Charges	167,486	200,000	200,000	(32,514)
Assessments	67,195	100,000	100,000	(32,805)
Interest on Investments	110,992	50,000	50,000	60,992
Miscellaneous	400	25,000	25,000	(24,600)
<b>Total Revenues</b>	<b>3,169,285</b>	<b>4,410,000</b>	<b>4,410,000</b>	<b>(1,240,715)</b>
<b>Expenditures:</b>				
Highways and streets:				
Operations and Maintenance	2,316,348	3,327,919	3,327,919	1,011,571
Storm Water	678,798	834,957	834,957	156,159
Transportation SDC's	202,916	188,800	238,000	35,084
Storm Water SDC's	152,980	172,500	211,500	58,520
Local Improvement Districts	24,993	685,998	685,998	661,005
New Debt	-	400,000	400,000	400,000
Total highways and streets	3,376,035	5,610,174	5,698,374	2,322,339
Contingency		89,000	-	-
	3,376,035	5,699,174	5,698,374	2,322,339
Excess(Deficiency) of Revenues over	(206,750)	(1,289,174)	(1,288,374)	1,081,624
<b>Other financing sources (uses):</b>				
Bond Proceeds	-	-	-	-
Transfer Out	-	(200,000)	(200,000)	200,000
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(200,000)</b>	<b>(200,000)</b>	<b>200,000</b>
Net Change in Fund Balance	(206,750)	(1,489,174)	(1,488,374)	1,282,424
Fund Balance, July 1, 2007	2,377,220	2,712,415	2,712,415	(335,195)
<b>Fund Balance, June 30, 2008</b>	<b>\$ 2,170,470</b>	<b>\$ 1,223,241</b>	<b>\$ 1,224,041</b>	<b>\$ 947,229</b>

---

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

---



**CITY OF ASHLAND, OREGON  
COMBINING BALANCE SHEET  
ALL NON-MAJOR FUNDS  
June 30, 2008**

	Governmental Fund Types				Permanent Fund Type	Total Other
	CDBG Fund	Airport Fund	Capital	Debt	Cemetery Trust Fund	Governmental (Compilation Only)
			Improvements Fund	Service Fund		
<b>ASSETS</b>						
Cash and cash equivalents	\$ 45,315	\$ 73,975	\$ 951,600		\$ 771,948	\$ 1,842,838
Receivables (net of allowance for uncollectibles)		13,324	490,173	363,986		867,483
Cash - restricted				1,240,543		1,240,543
<b>Total assets</b>	<u>\$ 45,315</u>	<u>\$ 87,299</u>	<u>\$ 1,441,773</u>	<u>\$ 1,604,529</u>	<u>\$ 771,948</u>	<u>\$ 3,950,864</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Accounts payable	\$ 610	\$ 408	\$ 78,215			\$ 79,233
Deferred revenue			359,642	358,020		717,662
Due to other Funds	-					-
Liabilities payable from restricted assets						-
<b>Total liabilities</b>	<u>610</u>	<u>408</u>	<u>437,857</u>	<u>358,020</u>	<u>-</u>	<u>796,895</u>
<b>Fund Balances:</b>						
Reserved for:						
Reserved for systems development charges			96,632			96,632
Reserved for debt service				1,246,509		1,246,509
Reserved for perpetual care					771,948	771,948
Unreserved:						
Special revenue funds		86,891				86,891
Capital projects funds	44,705		907,284			951,989
<b>Total equity and other credits</b>	<u>44,705</u>	<u>86,891</u>	<u>1,003,916</u>	<u>1,246,509</u>	<u>771,948</u>	<u>3,153,969</u>
<b>Total liabilities and fund balances</b>	<u>\$ 45,315</u>	<u>\$ 87,299</u>	<u>\$ 1,441,773</u>	<u>\$ 1,604,529</u>	<u>\$ 771,948</u>	<u>\$ 3,950,864</u>

**CITY OF ASHLAND, OREGON**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**ALL NON-MAJOR FUNDS**  
**For the year ended June 30, 2008**

	<b>Governmental Fund Types</b>				<b>Permanent Fund Type</b>	<b>Total Other Governmental (Compilation Only)</b>
	<b>CDBG Fund</b>	<b>Airport Fund</b>	<b>Capital Improvements Fund</b>	<b>Debt Service Fund</b>	<b>Cemetery Nonexpendable Trust Fund</b>	
<b>Revenues:</b>						
Taxes			\$ 391,717	\$ 381,757		\$ 773,474
Intergovernmental	65,880	178,186				244,066
Charges for Services		108,513	984,166	1,130,511	21,530	2,244,720
System Development Charges			48,307			48,307
Interest on Investments	4,984	2,361	41,154	23,805	33,180	105,484
Miscellaneous	-		29,979	665,577		695,556
<b>Total Revenues</b>	<b>70,864</b>	<b>289,060</b>	<b>1,495,323</b>	<b>2,201,650</b>	<b>54,710</b>	<b>4,111,607</b>
<b>Expenditures:</b>						
General Government	38,192	222,436	845,149			1,105,777
Debt Service		35,072		1,816,977		1,852,049
<b>Total Expenditures</b>	<b>38,192</b>	<b>257,508</b>	<b>845,149</b>	<b>1,816,977</b>	<b>-</b>	<b>2,957,826</b>
Excess (Deficiency) of Revenues over Expenditures	32,672	31,552	650,174	384,673	54,710	1,153,781
<b>Other financing sources (uses):</b>						
Interfund Loan	-					-
Transfer in				302,573	500	303,073
Transfers out			(302,573)		(33,180)	(335,753)
	-	-	(302,573)	302,573	(32,680)	(32,680)
Net Change in Fund Balance	32,672	31,552	347,601	687,246	22,030	1,121,101
<b>Fund Balance, July 1, 2007</b>	<b>12,033</b>	<b>55,339</b>	<b>656,315</b>	<b>559,263</b>	<b>749,918</b>	<b>2,032,868</b>
<b>Fund Balance, June 30, 2008</b>	<b>\$ 44,705</b>	<b>\$ 86,891</b>	<b>\$ 1,003,916</b>	<b>\$ 1,246,509</b>	<b>\$ 771,948</b>	<b>\$ 3,153,969</b>
				Reconciliation to Net Assets		
				Interfund Loans		\$ (80,000)
						<u>\$ 3,073,969</u>

**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, 2008**

	Actual	Budget Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
Intergovernmental	\$ 65,880	\$ 213,500	\$ 213,500	\$ (147,620)
Interest on Investments	4,984	-	-	4,984
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<u>70,864</u>	<u>213,500</u>	<u>213,500</u>	<u>(142,636)</u>
<b>Expenditures:</b>				
General government:				
Personal Services	14,201	23,600	23,600	9,399
Material and Services	23,991	203,700	203,700	179,709
Total general government	<u>38,192</u>	<u>227,300</u>	<u>227,300</u>	<u>189,108</u>
Contingency	-	-	-	-
<b>Total Expenditures</b>	<u>38,192</u>	<u>227,300</u>	<u>227,300</u>	<u>189,108</u>
Excess (Deficiency) of Revenues over	<u>32,672</u>	<u>(13,800)</u>	<u>(13,800)</u>	<u>46,472</u>
<b>Other financing sources (uses):</b>				
Interfund Loans	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	32,672	(13,800)	(13,800)	46,472
Fund Balance, July 1, 2007	<u>12,033</u>	<u>13,800</u>	<u>13,800</u>	<u>(1,767)</u>
Fund Balance, June 30, 2008	<u>\$ 44,705</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,705</u>

**CITY OF ASHLAND, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**AIRPORT FUND**  
**For the year ended June 30, 2008**

	Actual	Budget Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
Intergovernmental	\$ 178,186	\$ 240,000	\$ 240,000	\$ (61,814)
Charges for services	108,513	105,000	105,000	3,513
Interest on investments	2,361	1,500	1,500	861
Miscellaneous	-	2,000	2,000	(2,000)
<b>Total Revenues</b>	<b>289,060</b>	<b>348,500</b>	<b>348,500</b>	<b>(59,440)</b>
<b>Expenditures:</b>				
General government:				
Materials and services	222,436	339,637	339,637	117,201
Total general government	222,436	339,637	339,637	117,201
Debt Service	35,072	35,172	35,172	100
Contingency	-	5,000	5,000	5,000
<b>Total Expenditures</b>	<b>257,508</b>	<b>379,809</b>	<b>379,809</b>	<b>122,301</b>
Excess(Deficiency) of Revenues over Expenditures	31,552	(31,309)	(31,309)	62,861
Net Change in Fund Balance	31,552	(31,309)	(31,309)	62,861
<b>Fund Balance, July 1, 2007</b>	<b>55,339</b>	<b>34,251</b>	<b>34,251</b>	<b>21,088</b>
<b>Fund Balance, June 30, 2008</b>	<b>\$ 86,891</b>	<b>\$ 2,942</b>	<b>\$ 2,942</b>	<b>\$ 83,949</b>

**CITY OF ASHLAND, OREGON  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
DEBT SERVICE FUND  
For the year ended June 30, 2008**

	Actual	Budget Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
Taxes	\$ 381,757	\$ 357,475	\$ 357,475	\$ 24,282
Charges for services	1,130,511	1,181,000	1,181,000	(50,489)
Special assessments	-	2,427	2,427	(2,427)
Interest on investments	23,805	10,000	10,000	13,805
Miscellaneous	665,577	29,300	29,300	636,277
<b>Total Revenues</b>	<u>2,201,650</u>	<u>1,580,202</u>	<u>1,580,202</u>	<u>621,448</u>
<b>Expenditures:</b>				
Debt Service:				
Bancroft	-	200,000	200,000	200,000
General Obligation	1,413,159	1,413,325	1,413,325	166
Notes and Contracts	403,818	403,496	403,496	(322)
<b>Total Expenditures</b>	<u>1,816,977</u>	<u>2,016,821</u>	<u>2,016,821</u>	<u>199,844</u>
Excess(Deficiency) of Revenues over Expenditures	<u>384,673</u>	<u>(436,619)</u>	<u>(436,619)</u>	<u>821,292</u>
<b>Other financing sources (uses):</b>				
Transfers in	302,573	502,573	502,573	200,000
<b>Total other financing sources (uses)</b>	<u>302,573</u>	<u>502,573</u>	<u>502,573</u>	<u>200,000</u>
Net Change in Fund Balance	687,246	65,954	65,954	621,292
<b>Fund Balance, July 1, 2007</b>	<u>559,263</u>	<u>535,131</u>	<u>535,131</u>	<u>24,132</u>
<b>Fund Balance, June 30, 2008</b>	<u>\$ 1,246,509</u>	<u>\$ 601,085</u>	<u>\$ 601,085</u>	<u>\$ 645,424</u>

**CITY OF ASHLAND, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**CAPITAL IMPROVEMENTS FUND**  
**For the year ended June 30, 2008**

	Actual	Budget Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
Taxes	\$ 391,717	\$ 406,400	\$ 406,400	\$ (14,683)
Charges for services	984,166	1,130,561	1,130,561	(146,395)
System Development	48,307	65,000	65,000	(16,693)
Interest on investments	41,154	20,000	20,000	21,154
Miscellaneous	29,979	10,000	10,000	19,979
<b>Total Revenues</b>	<b>1,495,323</b>	<b>1,631,961</b>	<b>1,631,961</b>	<b>(136,638)</b>
<b>Expenditures:</b>				
General government:				
Personal Services	172,426	176,216	176,216	3,790
Material and Services	456,015	489,275	489,275	33,260
Capital Outlay	216,708	300,000	300,000	83,292
Total cost of Service	845,149	965,491	965,491	120,342
Contingency	-	50,000	50,000	-
<b>Total Expenditures</b>	<b>845,149</b>	<b>1,015,491</b>	<b>1,015,491</b>	<b>120,342</b>
Excess(Deficiency) of Revenues	650,174	616,470	616,470	(16,296)
<b>Other financing sources (uses):</b>				
Transfers out	(302,573)	(302,573)	(302,573)	-
Loan Proceeds	-	-	-	-
<b>(uses)</b>	<b>(302,573)</b>	<b>(302,573)</b>	<b>(302,573)</b>	<b>-</b>
Net Change in Fund Balance	347,601	313,897	313,897	33,704
Fund Balance, July 1, 2007	656,315	493,325	493,325	162,990
<b>Fund Balance, June 30, 2008</b>	<b>\$ 1,003,916</b>	<b>\$ 807,222</b>	<b>\$ 807,222</b>	<b>\$ 196,694</b>

**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, 2008**

	Actual	Budget Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
Charges for services	\$ 21,530	\$ 20,000	\$ 20,000	\$ 1,530
Interest on investments	33,180	25,000	40,000	(6,820)
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>54,710</b>	<b>45,000</b>	<b>60,000</b>	<b>(5,290)</b>
<b>Other financing sources (uses):</b>				
Transfers in	500	500	500	-
Transfers out	(33,180)	(25,000)	(40,000)	6,820
<b>Total other financing sources (uses)</b>	<b>(32,680)</b>	<b>(24,500)</b>	<b>(39,500)</b>	<b>6,820</b>
Net Change in Fund Balance	22,030	20,500	20,500	1,530
Fund Balance, July 1, 2007	749,918	753,953	753,953	(4,035)
<b>Fund Balance, June 30, 2008</b>	<b>\$ 771,948</b>	<b>\$ 774,453</b>	<b>\$ 774,453</b>	<b>\$ (2,505)</b>

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

**For the year ended June 30, 2008**

	Actual	Budget Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
Taxes	\$ 1,267	\$ -	\$ -	\$ 1,267
Intergovernmental	48,096	295,000	295,000	(246,904)
Charges for Services	3,780,193	4,300,000	4,300,000	(519,807)
System Developments Charges	340,835	450,000	450,000	(109,165)
Interest on Investments	123,528	190,000	190,000	(66,472)
Miscellaneous	27,663	10,000	10,000	17,663
<b>Total Revenues</b>	<b>4,321,582</b>	<b>5,245,000</b>	<b>5,245,000</b>	<b>(923,418)</b>
<b>Expenditures:</b>				
Cost of Services:				
Forest Land Management	179,418	385,670	385,670	206,252
Public Works Water Supply	481,038	448,819	523,819	42,781
Public Works Water Treatment	1,480,146	1,137,338	2,106,338	626,192
Public Works Water Distribution	2,149,178	3,802,816	2,833,816	684,638
Public Works Reimbursement SDC's	58,761	-	100,000	41,239
Public Works Improvements SDC's	497,934	605,250	505,250	7,316
Public Works Debt SDC's	124,710	124,850	124,850	140
Electric:				
Water Conservation	162,461	177,300	177,300	14,839
	5,133,645	6,682,043	6,757,043	1,623,398
Debt Service	564,109	785,704	785,704	221,595
Contingency	-	144,000	69,000	69,000
<b>Total Expenditures</b>	<b>5,697,754</b>	<b>7,611,747</b>	<b>7,611,747</b>	<b>1,913,993</b>
Excess(Deficiency) of Revenues over	(1,376,172)	(2,366,747)	(2,366,747)	990,575
<b>Other financing sources (uses):</b>				
Transfer In	-	-	-	-
Loan Proceeds	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balance	(1,376,172)	(2,366,747)	(2,366,747)	990,575
<b>Fund Balance, July 1, 2007</b>	<b>3,241,590</b>	<b>5,171,075</b>	<b>5,171,075</b>	<b>(1,929,485)</b>
<b>Fund Balance, June 30, 2008</b>	<b>\$ 1,865,418</b>	<b>\$ 2,804,328</b>	<b>\$ 2,804,328</b>	<b>\$ (938,910)</b>
Reconciliation to Net Assets:				
Capital Assets, Net	\$ 22,161,318			
Accrued Interest	(38,762)			
Compensated Absences	(83,596)			
Deferred Charges	157,213			
Interfund loan	80,000			
GO Bonds Payable	(680,000)			
Revenue Bonds Payable	(3,980,000)			
	<b>\$ 19,481,591</b>			

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

**For the year ended June 30, 2008**

	Actual	Budget Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
Taxes	\$ 1,566,868	\$ 1,625,600	\$ 1,600,000	\$ (33,132)
Charges for Services	2,607,275	2,912,000	2,912,000	(304,725)
System Developments Charges	127,224	215,000	215,000	(87,776)
Interest on Investments	178,212	150,000	150,000	28,212
Miscellaneous	3,167	3,000	3,000	167
<b>Total Revenues</b>	<b>4,482,746</b>	<b>4,905,600</b>	<b>4,880,000</b>	<b>(397,254)</b>
<b>Expenditures:</b>				
Cost of Services:				
Public Works Wastewater Collection	2,066,762	2,479,706	2,479,706	412,944
Public Works Wastewater Treatment	1,462,078	1,926,453	1,926,453	464,375
Public Works Reimbursement SDC's	129,125	239,403	164,403	35,278
Public Works Improvements SDC's	133,750	121,423	196,423	62,673
Total cost of service	3,791,715	4,766,985	4,766,985	975,270
Debt Service	1,788,060	1,788,160	1,788,160	100
Contingency		140,000	140,000	140,000
<b>Total Expenditures</b>	<b>5,579,775</b>	<b>6,695,145</b>	<b>6,695,145</b>	<b>1,115,370</b>
Excess(Deficiency) of Revenues over Other financing sources (uses):	(1,097,029)	(1,789,545)	(1,815,145)	718,116
Loan Proceeds	-	3,000,000	3,000,000	3,000,000
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>3,000,000</b>	<b>3,000,000</b>	<b>-</b>
Net Change in Fund Balance	(1,097,029)	1,210,455	1,184,855	(2,307,484)
<b>Fund Balance, July 1, 2007</b>	<b>4,862,001</b>	<b>4,328,857</b>	<b>4,328,857</b>	<b>533,144</b>
<b>Fund Balance, June 30, 2008</b>	<b>\$ 3,764,972</b>	<b>\$ 5,539,312</b>	<b>\$ 5,513,712</b>	<b>\$ (1,774,340)</b>
Reconciliation to Net Assets:				
Capital Assets, Net	\$ 40,140,048			
Rounding	1			
Accrued Interest	(105,365)			
Compensated Absences	(32,327)			
Notes Payable	(18,687,249)			
	<b>\$ 25,080,080</b>			

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

**For the year ended June 30, 2008**

	Actual	Budget Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
Intergovernmental	\$ 67,620	\$ 50,000	\$ 50,000	\$ 17,620
Charges for Services	12,260,230	12,691,800	12,691,800	(431,570)
Interest on Investments	55,827	75,000	75,000	(19,173)
Miscellaneous	155,330	61,000	61,000	94,330
<b>Total Revenues</b>	<u>12,539,007</u>	<u>12,877,800</u>	<u>12,877,800</u>	<u>(338,793)</u>
<b>Expenditures:</b>				
Cost of Services:				
Electric supply	6,009,164	6,102,504	6,102,504	93,340
Electric distribution	5,577,990	5,711,671	5,711,671	133,681
Electric transmission	886,638	903,600	903,600	16,962
Conservation	1,078,466	942,887	1,167,887	89,421
Total cost of service	<u>13,552,258</u>	<u>13,660,662</u>	<u>13,885,662</u>	<u>333,404</u>
Contingency		375,000	150,000	150,000
<b>Total Expenditures</b>	<u>13,552,258</u>	<u>14,035,662</u>	<u>14,035,662</u>	<u>483,404</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,013,251)</u>	<u>(1,157,862)</u>	<u>(1,157,862)</u>	<u>144,611</u>
<b>Other financing sources (uses):</b>				
Other financing sources	304,000	800,000	800,000	(496,000)
<b>Total other financing sources (uses)</b>	<u>304,000</u>	<u>800,000</u>	<u>800,000</u>	<u>(496,000)</u>
	(709,251)	(357,862)	(357,862)	
<b>Fund Balance, July 1, 2007</b>	<u>2,178,995</u>	<u>2,035,107</u>	<u>2,035,107</u>	<u>143,888</u>
<b>Fund Balance, June 30, 2008</b>	<u>\$ 1,469,744</u>	<u>\$ 1,677,245</u>	<u>\$ 1,677,245</u>	<u>\$ 143,888</u>
<b>Reconciliation to Net Assets:</b>				
Capital Assets, Net	\$ 9,848,549			
Compensated Absences	(98,601)			
Deferred Revenue	210,582			
Revenue Bonds Payable	(304,000)			
	<u>\$ 11,126,274</u>			

**CITY OF ASHLAND, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN NET ASSETS - BUDGET AND ACTUAL**  
**TELECOMMUNICATIONS FUND**  
**For the year ended June 30, 2008**

	Actual	Budget Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
Taxes	\$ 250	\$ 30,000	\$ 30,000	\$ (29,750)
Charges for Services	1,709,705	1,680,874	1,680,874	28,831
Interest on Investments	29,251	15,450	15,450	13,801
Miscellaneous	69,788	16,000	16,000	53,788
<b>Total Revenues</b>	<b>1,808,994</b>	<b>1,742,324</b>	<b>1,742,324</b>	<b>66,670</b>
<b>Expenditures:</b>				
Cost of Services:				
IT - Internet	1,157,175	1,228,233	1,228,233	71,058
IT - High Speed Data	389,996	468,607	468,607	78,611
IT - Other	356,000	356,000	356,000	-
Total cost of service	1,903,171	2,052,840	2,052,840	149,669
Contingency	-	100,000	100,000	100,000
<b>Total Expenditures</b>	<b>1,903,171</b>	<b>2,152,840</b>	<b>2,152,840</b>	<b>249,669</b>
Excess(Deficiency) of Revenues over Expenditures	(94,177)	(410,516)	(410,516)	316,339
Net Change in Fund Balance	(94,177)	(410,516)	(410,516)	316,339
<b>Fund Balance, July 1, 2007</b>	<b>963,896</b>	<b>773,232</b>	<b>773,232</b>	<b>190,664</b>
<b>Fund Balance, June 30, 2008</b>	<b>\$ 869,719</b>	<b>\$ 362,716</b>	<b>\$ 362,716</b>	<b>\$ 507,003</b>
Capital Assets, Net	\$ 6,971,674			
Compensated Absences	(28,062)			
Rounding	(1)			
	<b>\$ 7,813,330</b>			

**CITY OF ASHLAND, OREGON**  
**CONSOLIDATING BALANCE SHEET**  
**INTERNAL SERVICE FUNDS**  
**June 30, 2008**

	Central Services Fund	Insurance Services Fund	Equipment Fund	Totals
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and investments	\$ 629,599	\$ 1,463,692	\$ 1,309,220	\$ 3,402,511
Interest and accounts receivable, net	107	2,837	288	3,232
Notes receivable		28,087		28,087
Inventories	1,716		58,268	59,984
Total current assets	<u>631,422</u>	<u>1,494,616</u>	<u>1,367,776</u>	<u>3,493,814</u>
<b>Capital assets</b>	294,620		11,404,726	11,699,346
Accumulated depreciation	(243,389)		(7,926,743)	(8,170,132)
Capital assets, net	<u>51,231</u>	-	<u>3,477,983</u>	<u>3,529,214</u>
<b>Total assets</b>	<u>\$ 682,653</u>	<u>\$ 1,494,616</u>	<u>\$ 4,845,759</u>	<u>\$ 7,023,028</u>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 99,659	\$ 13,401	\$ 27,058	\$ 140,118
Accrued salaries, vacation and payroll taxes	318,578	3,104	21,373	343,055
Other liabilities				-
Accrued claims and adjustments		545,072		545,072
Total current liabilities	<u>418,237</u>	<u>561,577</u>	<u>48,431</u>	<u>1,028,245</u>
<b>Net assets:</b>				
Invested in capital assets, net of related debt	51,231	-	3,477,983	3,529,214
Unreserved	213,185	933,039	1,319,345	2,465,569
Total fund equity:	<u>264,416</u>	<u>933,039</u>	<u>4,797,328</u>	<u>5,994,783</u>
<b>Total liabilities and net assets</b>	<u>\$ 682,653</u>	<u>\$ 1,494,616</u>	<u>\$ 4,845,759</u>	<u>\$ 7,023,028</u>

**CITY OF ASHLAND, OREGON**  
**CONSOLIDATING STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**For the year ended June 30, 2008**

	<b>Central Service Fund</b>	<b>Insurance Services Fund</b>	<b>Equipment Fund</b>	<b>Totals</b>
<b>Operating revenues:</b>				
Service Charges and fees	\$ 5,021,189	\$ 648,360	\$ 1,254,014	\$ 6,923,563
Miscellaneous	103,116	9,682	149,297	262,095
<b>Total Revenues</b>	<u>5,124,305</u>	<u>658,042</u>	<u>1,403,311</u>	<u>7,185,658</u>
<b>Operating expenses:</b>				
Cost of Service	5,629,127	756,606	769,827	7,155,560
Depreciation	14,627		930,569	945,196
<b>Total operating expenses</b>	<u>5,643,754</u>	<u>756,606</u>	<u>1,700,396</u>	<u>8,100,756</u>
Operating income (loss)	<u>(519,449)</u>	<u>(98,563)</u>	<u>(297,085)</u>	<u>(915,097)</u>
<b>Nonoperating income (expense):</b>				
Taxes	12,366			12,366
Interest income	44,756	57,152	72,125	174,033
Gain (loss) on disposal of assets				
<b>Total nonoperating income (expense)</b>	<u>57,122</u>	<u>57,152</u>	<u>72,125</u>	<u>186,399</u>
Change in Net Assets	<u>(462,327)</u>	<u>(41,411)</u>	<u>(224,960)</u>	<u>(728,698)</u>
<b>Net Assets, July 1, 2007</b>	<u>726,743</u>	<u>974,450</u>	<u>5,022,288</u>	<u>6,723,481</u>
<b>Net Assets, July 1, 2008</b>	<u>\$ 264,416</u>	<u>\$ 933,039</u>	<u>\$ 4,797,328</u>	<u>\$ 5,994,783</u>

**CITY OF ASHLAND, OREGON**  
**COMBINING INTERNAL SERVICE FUND STATEMENT OF CASH FLOWS**  
**For the year ended June 30, 2008**

	Central Services	Insurance Services	Equipment Fund	Total
<b>Cash flows from operating activities:</b>				
Receipts from customers and users	\$ 5,124,587	\$ 682,584	\$ 1,403,284	\$ 7,210,455
Payments to suppliers	(1,851,493)	(745,507)	(624,556)	(3,221,556)
Payments to employees	(3,797,587)	-	(273,030)	(4,070,617)
Net cash from operating activities	<u>(524,493)</u>	<u>(62,923)</u>	<u>505,698</u>	<u>(81,718)</u>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition and construction of capital assets	-	-	(1,126,340)	(1,126,340)
Net cash from capital and related financing activities	<u>-</u>	<u>-</u>	<u>(1,126,340)</u>	<u>(1,126,340)</u>
<b>Cash flows from investing activities:</b>				
Interest from investments and Other income	57,122	57,152	72,125	186,399
<b>Net increase (decrease) in cash and investments</b>	<u>(467,371)</u>	<u>(5,771)</u>	<u>(548,517)</u>	<u>(1,021,659)</u>
<b>Cash and investments, beginning of year</b>	1,096,970	1,469,463	1,857,737	4,424,170
<b>Cash and investments, end of year</b>	<u>\$ 629,599</u>	<u>\$ 1,463,692</u>	<u>\$ 1,309,220</u>	<u>\$ 3,402,511</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ (519,449)	\$ (98,563)	\$ (297,085)	\$ (915,097)
Depreciation and amortization	14,627		930,569	945,196
Change in assets and liabilities:				
(Increase) decrease in:				
Receivables	282	24,541	(27)	24,796
Inventories	598	-	(24,409)	(23,811)
Increase (decrease) in:				
Accounts payable and accrued liabilities	(20,551)	(42,235)	(104,021)	(166,807)
Other liabilities		53,334	671	54,005
Net cash from operating activities	<u>\$ (524,493)</u>	<u>\$ (62,923)</u>	<u>\$ 505,698</u>	<u>\$ (81,718)</u>

**CITY OF ASHLAND, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN NET ASSETS - BUDGET AND ACTUAL**  
**CENTRAL SERVICES FUND**  
**For the year ended June 30, 2008**

	Actual	Budget Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
Taxes	\$ 12,366	\$ 17,000	\$ 17,000	\$ (4,634)
Intergovernmental Revenues	2,835	-	2,835	-
Charges for Services	5,021,189	5,461,708	5,461,708	(440,519)
Interest on Investments	44,756	20,000	20,000	24,756
Miscellaneous	100,281	85,000	85,000	15,281
<b>Total Revenues</b>	<b>5,181,427</b>	<b>5,583,708</b>	<b>5,586,543</b>	<b>(405,116)</b>
<b>Expenditures:</b>				
Cost of Services:				
Administration Department	1,302,421	1,502,580	1,614,615	312,194
Administrative Services Department	1,509,145	1,575,530	1,575,530	66,385
IT - Computer Services Division	1,153,554	1,165,588	1,206,388	52,834
City Recorder Division	281,257	298,569	298,569	17,312
Public Works - Administration and Engineering	1,355,070	1,387,186	1,387,186	32,116
Contingency		150,000	-	-
<b>Total Expenditures</b>	<b>5,601,447</b>	<b>6,079,453</b>	<b>6,082,288</b>	<b>480,841</b>
Net Change in Fund Balance	(420,020)	(495,745)	(495,745)	(885,957)
<b>Fund Balance, July 1, 2007</b>	<b>788,106</b>	<b>578,732</b>	<b>578,732</b>	<b>209,374</b>
<b>Fund Balance, June 30, 2008</b>	<b>\$ 368,086</b>	<b>\$ 82,987</b>	<b>\$ 82,987</b>	<b>\$ (676,583)</b>
Reconciliation to Net Assets				
Accrued Compensated Absences	(154,901)			
Capital Assets, Net	51,231			
	<b>\$ 264,416</b>			

**CITY OF ASHLAND, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN NET ASSETS - BUDGET AND ACTUAL**  
**INSURANCE SERVICES FUND**  
**For the year ended June 30, 2008**

	Actual	Budget Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
Charges for Services	\$ 648,360	\$ 617,485	\$ 617,485	\$ 30,875
Interest on Investments	57,152	50,000	50,000	7,152
Miscellaneous	9,682	-	-	9,682
<b>Total Revenues</b>	<b>715,194</b>	<b>667,485</b>	<b>667,485</b>	<b>47,709</b>
<b>Expenditures:</b>				
Cost of Services:				
Personal Services	81,133	85,000	85,000	3,867
Materials and Services	620,793	700,000	700,000	79,207
Total cost of Services	701,926	785,000	785,000	83,074
Contingency		100,000	100,000	100,000
<b>Total Expenditures</b>	<b>701,926</b>	<b>885,000</b>	<b>885,000</b>	<b>183,074</b>
<b>Other financing sources (uses):</b>				
Interfund Loan	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balance	13,269	(217,515)	(217,515)	(135,365)
<b>Fund Balance, July 1, 2007</b>	<b>1,125,430</b>	<b>1,120,790</b>	<b>1,120,790</b>	<b>4,640</b>
<b>Fund Balance, June 30, 2008</b>	<b>\$ 1,138,699</b>	<b>\$ 903,275</b>	<b>\$ 903,275</b>	<b>\$ (130,725)</b>
Reconciliation to Net Assets				
Accrued claims and judgments	(205,660)			
	<b>\$ 933,039</b>			

**CITY OF ASHLAND, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN NET ASSETS - BUDGET AND ACTUAL**  
**EQUIPMENT FUND**  
**For the year ended June 30, 2008**

	Actual	Budget Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
Charges for Services	\$ 1,254,014	\$ 1,323,000	\$ 1,323,000	\$ (68,986)
Interest on Investments	72,125	44,000	44,000	28,125
Miscellaneous	149,297	50,000	50,000	99,297
<b>Total Revenues</b>	<b>1,475,436</b>	<b>1,417,000</b>	<b>1,417,000</b>	<b>58,436</b>
<b>Expenditures:</b>				
Cost of Services:				
Personal Services	266,336	268,701	273,701	7,365
Materials and Services	487,001	503,222	503,222	16,221
Total cost of service	753,337	771,923	776,923	23,586
Capital Outlay	1,143,279	1,438,000	1,438,000	294,721
Contingency		43,000	38,000	38,000
<b>Total Expenditures</b>	<b>1,896,616</b>	<b>2,252,923</b>	<b>2,252,923</b>	<b>356,307</b>
Net Change in Fund Balance	(421,180)	(835,923)	(835,923)	(297,871)
<b>Fund Balance, July 1, 2007</b>	<b>1,750,852</b>	<b>1,344,280</b>	<b>1,344,280</b>	<b>406,572</b>
<b>Fund Balance, June 30, 2008</b>	<b>\$ 1,329,672</b>	<b>\$ 508,357</b>	<b>\$ 508,357</b>	<b>\$ 108,701</b>
Reconciliation to Net Assets				
Accrued Compensated Absences	(10,328)			
Capital Assets, Net	3,477,984			
	<u>\$ 4,797,328</u>			

---

**CITY OF ASHLAND, OREGON**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**BY SOURCE**  
**June 30, 2008**

**Governmental funds capital assets:**

Land	\$ 9,730,550
Buildings and improvements	19,244,728
Improvements other than buildings	41,805,261
Machinery and equipment	2,310,355
Construction in progress	650,362
	<hr/>

**Total capital assets**

**\$ 73,741,256**  

---

---

**Investments in governmental funds capital assets by source:**

General and Capital Projects Funds	\$ 16,005,054
Special Revenue Funds	36,969,374
Component Unit	7,152,481
Leased to Other Agencies	13,614,347
	<hr/>

**Total investments in governmental funds capital assets**

**\$ 73,741,256**  

---

---

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

**CITY OF ASHLAND, OREGON**  
**SCHEDULE OF ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**BY FUNCTION AND ACTIVITY**  
**June 30, 2008**

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Construction in Progress	Total
<b>General Government:</b>						
Community Development	\$ 985,235	\$ 1,120,947		\$ 378,138		\$ 2,484,320
Public Buildings	460,200	1,021,882	49,429	124,461		1,655,972
Leased to Other Agencies	253,000	8,744,018	3,957,949	659,380		13,614,347
Other - Unclassified	181,505	2,035,844	790,298	183,248		3,190,895
<b>Total General government</b>	<b>1,879,940</b>	<b>12,922,691</b>	<b>4,797,676</b>	<b>1,345,227</b>	<b>-</b>	<b>20,945,534</b>
<b>Public Safety:</b>						
Police	80,000	614,700		472,497		1,167,197
Fire	998,400	3,268,416	300,000	5,797		4,572,613
<b>Total Public Safety</b>	<b>1,078,400</b>	<b>3,883,116</b>	<b>300,000</b>	<b>478,294</b>	<b>-</b>	<b>5,739,810</b>
<b>Highway and Streets:</b>						
Public Thoroughfares	452,235	630,075	34,979,874	256,828	650,362	36,969,374
<b>Total Highways and Streets</b>	<b>452,235</b>	<b>630,075</b>	<b>34,979,874</b>	<b>256,828</b>	<b>650,362</b>	<b>36,969,374</b>
Airports	176,566	1,029,780	1,727,711			2,934,057
Culture and Recreation	6,143,409	779,066		230,006		7,152,481
<b>Total Governmental Funds Capital Assets</b>	<b>\$ 9,730,550</b>	<b>\$ 19,244,728</b>	<b>\$ 41,805,261</b>	<b>\$ 2,310,355</b>	<b>\$ 650,362</b>	<b>\$ 73,741,256</b>

This schedule represents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as the appropriate business activity or governmental activity in the statement of net assets.

**CITY OF ASHLAND, OREGON**  
**SCHEDULE OF BOND PRINCIPAL AND BOND INTEREST TRANSACTIONS**  
**For the year ended June 30, 2008**

	Original Issue	Bond Principal Transactions	
		Outstanding June 30, 2007	Issued
<b><u>General Obligation Bonds</u></b>			
Water Bonds, issued December 1, 1977, interest at 5.00% to 7.00%	\$ 560,000	\$ 50,000	\$ -
Flood and Refunding Bonds, issued December 1, 1997, interest at 3.65% to 6.00%	2,800,000	880,000	-
Flood and Fire Station Bonds, issued June 1, 2000 interest variable	3,310,000	435,000	-
Ashland Fiber Network Bonds, issued August 11, 2004, interest at 3.70% to 6.02%	15,500,000	15,500,000	-
Refunding Bonds, issued December 1, 2005 interest variable	2,560,000	2,560,000	-
<b><u>Revenue Bonds</u></b>			
Water, Series 2003, issued June 1, 2003, interest at 2.00% to 4.00%	5,625,000	4,315,000	-
Electric, Series 2008, issued June 20, 2008, interest at 2.00% to 4.00%	304,000	-	304,000
	<u>\$30,659,000</u>	<u>\$ 23,740,000</u>	<u>\$ 304,000</u>

**CITY OF ASHLAND, OREGON**  
**SCHEDULE OF BOND PRINCIPAL AND BOND INTEREST TRANSACTIONS**  
**For the year ended June 30, 2008 (continued)**

Bond Principal Transactions			Interest Transactions			
Matured	Paid	Outstanding June 30, 2008	Outstanding June 30, 2007	Matured	Paid	Outstanding June 30, 2008
\$ 25,000	\$ 25,000	\$ 25,000	\$ 4,263	\$ -	\$ 4,263	\$ -
225,000	225,000	655,000	-	34,708	34,708	-
140,000	140,000	295,000	-	22,990	22,990	-
195,000	195,000	15,305,000	-	860,849	860,849	-
-	-	2,560,000	-	112,725	112,725	-
335,000	335,000	3,980,000	-	127,406	127,406	-
-	-	304,000	-	-	-	-
<u>\$ 920,000</u>	<u>\$ 920,000</u>	<u>\$ 23,124,000</u>	<u>\$ 4,263</u>	<u>\$ 1,158,678</u>	<u>\$ 1,162,941</u>	<u>\$ -</u>

**CITY OF ASHLAND, OREGON**  
**SCHEDULE OF PROPERTY TAX TRANSACTIONS COLLECTED AND UNCOLLECTED**  
**FOR THE CITY AND COMPONENT UNIT**  
**For the year ended June 30, 2008**

	Taxes Uncollected July 1, 2007	Add Levy Extended by Assessor	Add (Deduct) Discounts Interest Cancellations Adjustments	Deduct Interest and Tax Collections	Taxes Uncollected June 30, 2008
2007-08	\$ -	\$ 10,852,570	\$ 162,977	\$ 10,273,879	\$ 415,714
2006-07	428,935		86,971	217,000	124,964
2005-06	96,628	-	89	42,195	54,344
2004-05	43,652	-	2,267	25,829	15,556
2003-04	19,217	-	1,412	10,677	7,128
Prior years	20,876	-	(1,004)	3,074	18,806
	<u>\$ 609,308</u>	<u>\$ 10,852,570</u>	<u>\$ 252,712</u>	<u>\$ 10,572,653</u>	<u>\$ 636,512</u>

Taxes receivable and tax collections classified by fund:

**Primary government:**

	Collections to June 30, 2008	Taxes Uncollected June 30, 2008
General Fund	\$ 3,764,295	\$ 228,062
Debt Service Fund	381,757	22,295
Enterprise Fund: Water Fund	1,267	

**Component unit:**

	Collections to June 30, 2008	Taxes Uncollected June 30, 2008
Parks and Recreation:		
Parks and Recreation Fund	3,872,201	232,701
Ashland Youth Activities Serial Levy Fund	2,553,133	153,454
	<u>\$ 10,572,653</u>	<u>\$ 636,512</u>

**CITY OF ASHLAND, OREGON**  
**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES OF TAXES UNCOLLECTED**  
**FOR THE CITY AND COMPONENT UNIT**  
**For the year ended June 30, 2008**

Reconciliation of tax collections by fund to tax revenues on the generally accepted accounting

	<u>Collections</u>	<u>Other Taxes</u>	<u>Tax Revenues GAAP Basis</u>
<b>Primary government:</b>			
General Fund	\$ 3,764,295	\$ 6,479,077	\$ 10,243,372
Special Revenue Funds:			
Street Fund	-	188,030	188,030
Debt Service Funds:			
Debt Service Fund	381,757	-	381,757
Capital Projects Fund:			
Capital Improvement Fund	-	391,717	391,717
Enterprise Funds:			
Water Fund	1,267	-	1,267
Wastewater Fund	-	1,566,868	1,566,868
<b>Component unit:</b>			
Parks and Recreation:			
Parks and Recreation Fund	3,872,201	-	3,872,201
Special Revenue Fund:			
Ashland Youth Activities Serial Levy Fund	2,553,133	-	2,553,133
	<u>\$ 10,572,653</u>	<u>\$ 8,625,692</u>	<u>\$ 19,198,345</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.

<b>Financial Trends</b>	<u>Page</u>
These tables contain trend information that may assist the reader in assessing the City's current financial performance by placing it in historical perspective.	98-111
 <b>Revenue Capacity</b>	
These tables contain information that may assist the reader is assessing the viability of the City's revenue sources.	112-121
 <b>Debt Capacity</b>	
These tables present information that may assist the reader in analyzing the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	122-129
 <b>Economic &amp; Demographic Information</b>	
These tables offer economic and demographic indicators that are commonly used for financial analysis and that can help the reader understand the City's present and ongoing financial status.	130-131
 <b>Operating Information</b>	
These tables contain service and infrastructure indicators that can help the reader understand how the information in the City's financial statements relates to the services the City provides and the activities it performs.	132-139

**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 six years.

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

<b>ASSETS</b>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 9,845,351	\$ 10,922,900	\$ 9,274,073	\$ 9,123,663
Receivables (net of allowance for uncollectibles)	2,444,054	2,530,776	2,353,604	2,354,558
Inventories	59,984	36,173	31,621	42,894
Internal Balances	(1,304,641)	(1,587,111)	(1,319,579)	(1,378,719)
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	1,240,543	542,190	451,672	428,719
Capital Assets:				
Land	9,829,360	9,829,360	8,559,612	8,287,911
Buildings and Improvements	19,563,238	19,563,238	19,563,238	30,138,810
Machinery and equipment	14,380,378	13,183,769	12,405,182	11,771,045
Infrastructure	42,249,665	42,121,600	41,047,189	15,986,209
Construction in progress	673,643	143,017	798,324	9,744,570
Accumulated Depreciation	(38,631,224)	(35,789,232)	(33,506,950)	(31,952,088)
<b>Total assets</b>	<u>\$ 60,350,351</u>	<u>\$ 61,496,680</u>	<u>\$ 59,657,986</u>	<u>\$ 54,547,572</u>
<b>Liabilities:</b>				
Accounts payable and other current liabilities	\$ 2,672,369	\$ 2,683,604	\$ 2,590,134	\$ 2,652,837
Unearned revenue	449,038	396,208	12,700	26,392
Noncurrent liabilities:				
Due within one year	1,327,360	925,973	590,000	908,822
Due in more than one year	19,263,447	20,341,095	5,731,134	5,815,074
Total liabilities	<u>23,712,214</u>	<u>24,346,880</u>	<u>8,923,968</u>	<u>9,403,125</u>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	27,577,843	27,969,339	42,669,821	37,631,383
Restricted for:				
System development	2,146,609	1,930,458	1,663,317	1,537,765
Debt service	1,246,509	479,262	459,095	423,842
Asset Forfeiture	236,514	329,180	-	-
Perpetual care: Nonexpendable	771,948	749,918	719,429	702,629
Unrestricted	4,658,714	5,691,643	5,222,356	4,848,828
<b>Total net assets</b>	<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 ASSETS**  
**Governmental Activities**  
**For the Fiscal Year Ended June 30, (continued)**

<u>2004</u>	<u>2003</u>
\$ 6,312,364	\$ 8,961,587
2,430,662	2,669,101
16,602	1,728
1,222,273	-
413,078	260,813
8,261,273	8,343,858
29,933,056	7,420,827
9,345,294	3,610,916
15,720,372	9,951,054
9,789,517	12,327,224
<u>(28,220,545)</u>	<u>-</u>
<u>\$ 55,223,946</u>	<u>\$ 53,547,108</u>
\$ 2,734,135	\$ 2,798,840
94,404	335,303
783,485	750,750
<u>6,357,569</u>	<u>6,530,911</u>
<u>9,969,593</u>	<u>10,415,804</u>
37,948,847	34,601,570
1,197,249	1,594,538
433,278	(47,412)
-	-
684,476	679,646
<u>4,990,503</u>	<u>6,302,962</u>
<u>\$ 45,254,353</u>	<u>\$ 43,131,304</u>

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

<b>ASSETS</b>	2008	2007	2006	2005
<b>Assets:</b>				
Cash and cash equivalents	\$ 6,437,889	\$ 9,836,733	\$ 12,951,933	\$ 15,066,503
Receivables (net of allowance for uncollectibles)	2,190,239	2,105,403	2,203,826	2,057,466
Inventories	881,530	806,047	799,588	851,200
Deferred charges	1,215,668	1,340,389	1,721,312	1,819,860
Internal Balances	1,304,641	1,587,111	1,319,579	1,378,719
Restricted assets:				
Capital Assets:				
Land	1,880,638	1,880,638	1,945,107	1,945,107
Buildings and Improvements	21,782,187	21,782,187	21,782,188	23,113,448
Machinery and equipment	823,581	673,607	636,103	675,297
Infrastructure	84,636,278	81,141,248	80,305,280	79,057,892
Construction in progress	3,981,724	5,156,412	2,998,341	4,472,229
Accumulated Depreciation	(35,041,272)	(31,502,402)	(28,803,335)	(26,616,727)
<b>Total assets</b>	<b>\$ 90,093,103</b>	<b>\$ 94,807,373</b>	<b>\$ 97,859,922</b>	<b>\$ 103,820,994</b>
<b>Liabilities:</b>				
Accounts payable and other current liabilities	\$ 1,571,810	\$ 1,554,049	\$ 1,678,775	\$ 2,343,307
Accrued interest payable	144,127	153,639	587,720	819,171
Unearned revenue	-	-	-	-
Noncurrent liabilities:				
Due within one year	1,595,081	1,379,209	1,475,373	1,437,257
Due in more than one year	22,056,168	23,497,674	40,366,883	42,177,256
<b>Total liabilities</b>	<b>25,367,186</b>	<b>26,584,571</b>	<b>44,108,751</b>	<b>46,776,991</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	54,411,887	54,264,807	42,661,428	39,032,733
Restricted for:				
System development	3,838,867	4,315,088	4,251,713	4,636,560
Debt service	1,751,369	-	1,913,648	1,913,648
Unrestricted	4,723,794	9,642,907	4,924,382	11,461,062
<b>Total net assets</b>	<b>\$ 64,725,917</b>	<b>\$ 68,222,802</b>	<b>\$ 53,751,171</b>	<b>\$ 57,044,003</b>

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

<u>2004</u>	<u>2003</u>
\$ 9,286,593 1,883,966 821,407 1,921,810 (1,222,273)	\$ 7,961,325 1,893,686 828,978 2,082,204 -
1,971,745 23,157,904 2,833,165 79,121,637 4,563,158 (25,236,582)	1,945,107 22,595,341 722,977 60,513,768 3,428,686 -
<u>\$ 99,102,530</u>	<u>\$ 101,972,072</u>
\$ 1,960,591 307,538 4,000 2,388,750 <u>34,841,659</u>	\$ 1,486,328 307,634 323,308 2,300,805 <u>36,927,296</u>
<u>39,502,538</u>	<u>41,345,371</u>
44,754,393 4,020,207 1,281,341 <u>9,544,051</u>	49,967,778 3,441,297 1,913,648 <u>5,303,978</u>
<u>\$ 59,599,992</u>	<u>\$ 60,626,701</u>

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

	2008	2007	2006	2005
<b>Program Revenues:</b>				
General Government				
Charges for Services	\$ 5,786,031	\$ 5,058,193	\$ 4,110,436	\$ 4,453,046
Operating Grants and Contributions	2,122	35,144	141,500	358,309
Capital Grants and Contributions	178,186	17,377	299,171	948,845
Capital System Development Charges	48,308	67,014	105,193	154,200
Public Safety				
Charges for Services	1,524,229	1,600,538	1,556,909	1,769,625
Operating Grants and Contributions	98,302	182,281	-	71,245
Capital Grants and Contributions	-	312,000	-	53,443
Highways and Streets				
Charges for Services	1,807,939	1,662,360	1,659,421	1,593,663
Operating Grants and Contributions	-	-	-	1,243
Capital Grants and Contributions	-	366,549	202,982	463,695
Capital System Development Charges	167,486	269,338	388,654	509,175
	<u>9,612,603</u>	<u>9,570,794</u>	<u>8,464,266</u>	<u>10,376,489</u>
<b>Program Expenses:</b>				
General Government	4,876,071	4,287,280	2,818,129	5,202,781
Public Safety	11,555,693	10,082,938	7,903,054	9,235,540
Highways and Streets	4,000,048	2,583,641	2,419,380	4,221,022
Interest on long-term debt	1,178,388	1,139,346	637,146	311,527
	<u>21,610,200</u>	<u>18,093,205</u>	<u>13,777,709</u>	<u>18,970,870</u>
<b>Net (Expense) Revenue:</b>				
General Government	1,138,576	890,448	1,838,171	557,419
Public Safety	(9,933,162)	(7,988,119)	(6,346,145)	(7,341,227)
Highways and Streets	(2,024,623)	(285,394)	(168,323)	(2,162,421)
Interest on long-term debt	(1,178,388)	(1,139,346)	(637,146)	(311,527)
	<u>(11,997,597)</u>	<u>(8,522,411)</u>	<u>(5,313,443)</u>	<u>(9,257,756)</u>
<b>General Revenues:</b>				
Property Taxes	4,170,062	3,557,262	2,970,566	2,658,995
Utility Users Tax	3,945,382	2,345,323	2,323,390	2,277,178
Users Taxes	1,899,320	1,952,810	1,784,302	1,753,477
State Subventions - unrestricted	247,357	1,486,776	1,817,175	1,360,724
Unrestricted Interest Earnings	444,557	406,964	256,648	146,041
Capital Assets Transfers	-	(15,896,208)	1,425,346	-
Miscellaneous	779,133	1,085,266	617,542	288,060
Gain (loss) on Disposal of Assets	-	-	-	-
<b>Transfers:</b>				
Total General Revenues and Transfers	<u>11,485,811</u>	<u>(5,061,807)</u>	<u>11,194,969</u>	<u>8,484,475</u>
Change in Net Assets	(511,786)	(13,584,218)	5,881,526	(773,281)
Net Assets - Beginning	37,149,923	50,734,018	45,144,447	45,254,353
Recognition of Prior Infrastructure	-	-	-	-
Net Assets - Ending	<u>\$ 36,638,137</u>	<u>\$ 37,149,800</u>	<u>\$ 51,025,973</u>	<u>\$ 44,481,072</u>

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

<u>2004</u>	<u>2003</u>
\$ 4,269,353	\$ 4,667,720
811,075	132,171
3,859	156,141
107,687	130,486
1,693,838	1,599,037
101,877	34,536
79,460	-
1,491,256	1,146,124
-	-
1,075,598	2,849,793
<u>376,951</u>	<u>430,806</u>
<u>10,010,954</u>	<u>11,146,814</u>
2,982,532	6,543,127
8,454,075	7,914,876
4,637,272	3,985,835
<u>370,491</u>	<u>339,082</u>
<u>16,444,370</u>	<u>18,782,920</u>
2,101,755	(1,456,609)
(6,578,900)	(6,281,303)
(1,693,467)	440,888
<u>(370,491)</u>	<u>(339,082)</u>
<u>(6,541,103)</u>	<u>(7,636,106)</u>
2,626,369	2,206,505
2,102,550	1,929,092
1,808,047	1,567,079
1,277,933	1,128,521
62,543	115,947
-	-
590,682	280,289
(868,437)	-
-	(200,000)
<u>7,599,687</u>	<u>7,027,433</u>
1,058,584	(608,673)
43,131,304	43,739,977
956,778	-
<u>\$ 45,146,666</u>	<u>\$ 43,131,304</u>

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

	2008	2007	2006	2005
<b>Program Revenues:</b>				
Water				
Charges for Services	\$ 3,780,193	\$ 3,829,222	\$ 4,092,206	\$ 3,557,350
Capital Grants and Contributions	48,096	135,828	43,622	81,504
Capital System Development Charges	340,835	367,839	439,306	662,911
Wastewater				
Charges for Services	2,607,275	2,432,868	2,428,775	2,458,233
Capital System Development Charges	127,224	208,554	410,910	513,489
Electric				
Charges for Services	12,260,230	12,163,467	12,095,363	12,283,303
Operating Grants and Contributions	67,620	32,233	36,043	42,656
Telecommunications				
Charges for Services	1,709,706	2,029,467	2,738,635	2,642,055
	<u>20,941,179</u>	<u>21,199,478</u>	<u>22,284,860</u>	<u>22,241,501</u>
<b>Program Expenses:</b>				
Water	4,959,525	4,955,737	4,974,536	5,910,251
Wastewater	5,261,713	4,895,541	4,397,923	4,524,112
Electric	13,876,456	12,904,663	12,831,758	12,445,069
Telecommunications	2,756,528	2,682,968	4,182,956	4,238,644
	<u>26,854,222</u>	<u>25,438,909</u>	<u>26,387,173</u>	<u>27,118,076</u>
<b>Net (Expense) Revenue</b>				
Water	(790,401)	(622,848)	(399,402)	(1,608,486)
Wastewater	(2,527,214)	(2,254,119)	(1,558,238)	(1,552,390)
Electric	(1,548,606)	(708,963)	(700,352)	(119,110)
Telecommunications	(1,046,823)	(653,501)	(1,444,321)	(1,596,589)
	<u>(5,913,044)</u>	<u>(4,239,431)</u>	<u>(4,102,313)</u>	<u>(4,876,575)</u>
<b>General Revenues:</b>				
Property Taxes	-	322	86,335	74,551
Users Taxes	1,568,385	1,619,849	1,573,251	1,454,132
Unrestricted Interest Earnings	459,073	1,194,688	518,138	352,983
Capital Assets Transfers	-	15,896,208	(1,425,346)	-
Miscellaneous	388,701	-	57,103	438,920
Gain (loss) on Disposal of Assets	-	-	-	-
<b>Transfers:</b>				
Total General Revenues and Transfers	<u>2,416,159</u>	<u>18,711,067</u>	<u>809,481</u>	<u>2,320,586</u>
Change in Net Assets	(3,496,885)	14,471,636	(3,292,832)	(2,555,989)
Net Assets - Beginning	<u>68,222,802</u>	<u>53,751,166</u>	<u>57,044,003</u>	<u>59,599,992</u>
Net Assets - Ending	<u>\$ 64,725,917</u>	<u>\$ 68,222,802</u>	<u>\$ 53,751,171</u>	<u>\$ 57,044,003</u>

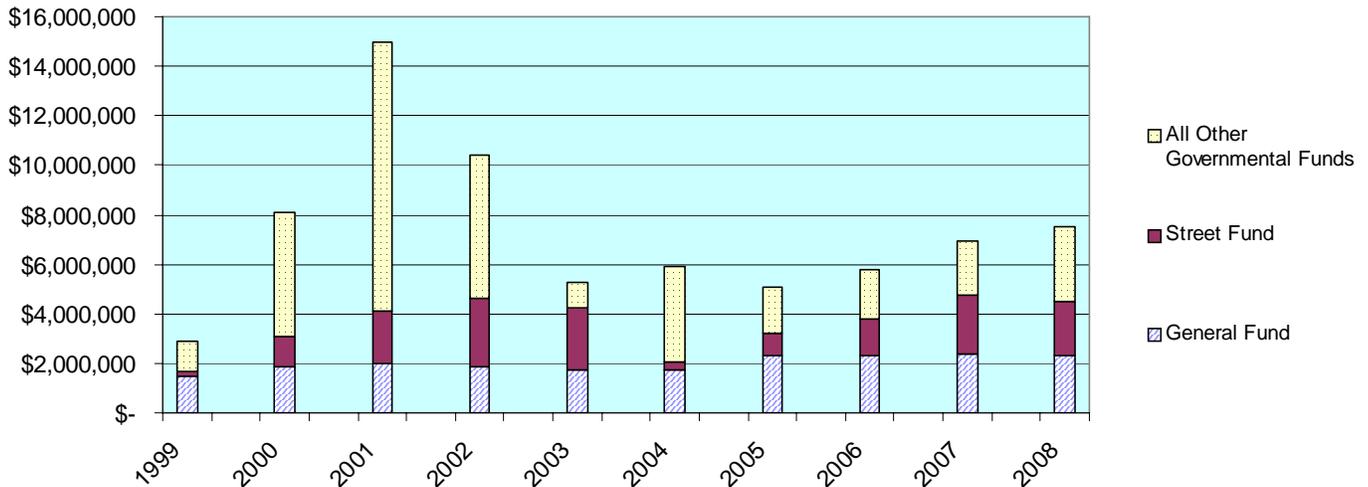
**CITY OF ASHLAND, OREGON**  
**CHANGES IN NET ASSETS**  
**Business - type Activities**  
**For the Fiscal Year Ended June 30, (continued)**

<u>2004</u>	<u>2003</u>
\$ 3,678,974	\$ 3,075,622
129,721	110,147
574,540	528,553
2,368,237	2,218,249
432,273	408,843
11,962,925	10,220,661
7,165	137,483
<u>2,403,436</u>	<u>1,969,079</u>
<u>21,557,271</u>	<u>18,668,637</u>
4,177,640	5,331,263
4,615,409	5,665,728
11,638,094	11,395,422
<u>3,706,854</u>	<u>3,662,002</u>
<u>24,137,997</u>	<u>26,054,415</u>
205,595	(1,616,941)
(1,814,899)	(3,038,636)
331,996	(1,037,278)
<u>(1,303,418)</u>	<u>(1,692,923)</u>
<u>(2,580,726)</u>	<u>(7,385,778)</u>
179,302	176,523
1,346,863	1,280,190
166,529	300,418
-	-
847,330	499,947
(986,004)	-
	<u>200,000</u>
<u>1,554,020</u>	<u>2,457,078</u>
(1,026,706)	(4,928,700)
<u>60,626,698</u>	<u>65,555,401</u>
<u>\$ 59,599,992</u>	<u>\$ 60,626,701</u>

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>General Fund</b>					
Unreserved, reported in:					
General Fund	\$ 2,296,666	\$ 2,367,714	\$ 2,326,936	\$ 2,308,388	\$ 1,755,143
<b>Total General Fund</b>	<u>2,296,666</u>	<u>2,367,714</u>	<u>2,326,936</u>	<u>2,308,388</u>	<u>1,755,143</u>
<b>Street Fund</b>					
Reserved for:					
Reserved for system development charges	2,049,977	1,761,561	1,597,642	1,472,090	1,197,249
Unreserved, reported in:					
Special revenue Funds	120,493	615,659	(133,598)	(556,062)	(881,403)
<b>Total Street Fund</b>	<u>2,170,470</u>	<u>2,377,220</u>	<u>1,464,044</u>	<u>916,028</u>	<u>315,846</u>
<b>All Other Governmental Funds</b>					
Reserved for:					
Reserved for system development charges	96,632	168,896	65,675	65,675	1,197,249
Reserved for debt service	1,246,509	559,263	459,095	423,842	433,278
Reserved for perpetual care	771,948	749,918	719,429	702,629	684,476
Unreserved, reported in:					
General Fund	-	-	-	-	1,755,143
Special revenue Funds	6,891	(24,661)	130,126	2,942	(663,026)
Capital projects funds	951,989	714,329	586,843	635,387	429,873
<b>Total All Other Governmental Funds</b>	<u>3,073,969</u>	<u>2,167,745</u>	<u>1,961,168</u>	<u>1,830,475</u>	<u>3,836,993</u>
<b>Total Governmental Funds</b>	<u>\$ 7,541,105</u>	<u>\$ 6,912,679</u>	<u>\$ 5,752,148</u>	<u>\$ 5,054,891</u>	<u>\$ 5,907,982</u>

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



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

<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
\$ 1,715,220	\$ 1,865,212	\$ 1,962,295	\$ 1,888,103	\$ 1,480,891
<u>1,715,220</u>	<u>1,865,212</u>	<u>1,962,295</u>	<u>1,888,103</u>	<u>1,480,891</u>
1,594,538	1,348,177	1,079,784	654,291	300,324
934,212	1,436,880	1,080,273	521,787	(81,660)
<u>2,528,750</u>	<u>2,785,057</u>	<u>2,160,057</u>	<u>1,176,078</u>	<u>218,664</u>
-	1,348,177	1,182,176	1,037,219	454,534
282,293	136,978	103,883	225,841	374,915
679,646	-	-	-	-
-	-	-	-	-
(298)	1,423,536	954,654	547,823	(48,887)
67,583	2,833,606	8,599,456	3,217,748	384,796
<u>1,029,224</u>	<u>5,742,297</u>	<u>10,840,169</u>	<u>5,028,631</u>	<u>1,165,358</u>
<u>\$ 5,273,194</u>	<u>\$ 10,392,566</u>	<u>\$ 14,962,521</u>	<u>\$ 8,092,812</u>	<u>\$ 2,864,913</u>

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Revenues:</b>					
Taxes	\$ 11,204,876	\$ 10,620,715	\$ 9,454,799	\$ 9,057,868	\$ 8,714,013
Fees, licenses and permits	886,644	847,665	1,106,317	1,489,379	1,156,285
Intergovernmental	1,848,914	2,606,832	2,168,873	3,252,504	3,349,802
Special assessments	67,195	108,864	360,860	222,408	170,860
Charges for services	5,594,106	4,564,898	3,817,938	4,165,663	3,717,342
Fines and forfeitures	150,346	169,558	137,460	133,170	120,749
Interest on investments	330,413	310,478	197,960	112,531	51,967
Miscellaneous	787,159	719,478	554,076	62,546	563,988
<b>Total revenues</b>	<u>20,869,653</u>	<u>19,948,488</u>	<u>17,798,283</u>	<u>18,496,069</u>	<u>17,845,006</u>
<b>Expenditures:</b>					
General government	4,114,305	3,423,269	3,081,984	3,317,996	3,610,326
Public safety	10,578,525	10,227,177	9,152,421	8,630,755	8,468,294
Highways and streets	2,341,178	2,245,609	2,191,178	2,079,150	1,923,050
Capital Outlay	1,355,293	1,359,308	1,889,998	2,403,697	4,736,857
Debt service	1,852,049	1,622,412	820,218	846,573	917,680
Principal	725,753	533,630	523,769	497,493	537,325
Interest	1,126,296	1,088,782	296,449	349,079	380,354
Ratio of Debt service to noncapital expenditures	10.87%	10.21%	5.69%	6.03%	6.55%
<b>Total expenditures</b>	<u>20,241,350</u>	<u>18,877,775</u>	<u>17,135,799</u>	<u>17,278,171</u>	<u>19,656,207</u>
Excess (deficiency) of revenues over expenditures	<u>628,303</u>	<u>1,070,713</u>	<u>662,484</u>	<u>1,217,898</u>	<u>(1,811,201)</u>
<b>Other financing sources (uses):</b>					
Proceeds from debt issuance	-	-	2,761,180	-	-
Interfund Loans	-	89,818	-	-	375,000
Transfers in	336,253	936,934	347,780	154,360	318,393
Transfers out	(336,253)	(936,934)	(347,780)	(154,360)	(318,393)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>89,818</u>	<u>2,761,180</u>	<u>-</u>	<u>375,000</u>
Net Change in Fund Balance	<u>\$ 628,303</u>	<u>\$ 1,160,531</u>	<u>\$ 3,423,664</u>	<u>\$ 1,217,898</u>	<u>\$ (1,436,201)</u>

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

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
\$	7,906,257	\$ 7,558,510	\$ 6,934,972	\$ 6,262,184	\$ 6,212,932
	1,472,877	1,256,617	865,019	780,708	599,202
	4,190,546	2,183,896	6,704,367	1,658,050	2,142,086
	214,606	193,999	164,263	259,002	327,011
	3,665,166	3,613,534	3,336,396	3,095,292	1,597,564
	107,607	188,006	121,919	163,949	163,872
	115,947	310,385	808,711	175,560	331,626
	191,096	439,863	155,895	106,732	116,240
	<u>17,864,102</u>	<u>15,744,810</u>	<u>19,091,542</u>	<u>12,501,477</u>	<u>11,490,533</u>
	2,769,315	2,620,298	2,462,368	2,214,215	2,497,598
	7,914,876	7,513,892	6,823,528	6,374,244	5,622,387
	2,036,222	2,852,552	1,924,020	1,413,591	1,654,203
	8,793,175	7,896,316	1,261,320	1,110,158	2,324,391
	779,527	716,069	802,089	611,393	650,449
	440,445	442,513	485,064	419,282	403,278
	339,083	273,557	317,025	192,111	247,171
	6.13%	5.51%	7.16%	6.11%	6.65%
	<u>22,293,115</u>	<u>21,599,127</u>	<u>13,273,325</u>	<u>11,723,601</u>	<u>12,749,028</u>
	<u>(4,429,013)</u>	<u>(5,854,317)</u>	<u>5,818,217</u>	<u>777,876</u>	<u>(1,258,495)</u>
	1,621,875	900,000	25,012	3,140,000	-
	600,000	-	-	-	-
	361,108	725,771	341,480	392,929	1,442,666
	<u>(561,108)</u>	<u>(966,408)</u>	<u>(298,980)</u>	<u>(367,500)</u>	<u>(719,166)</u>
	<u>2,021,875</u>	<u>659,363</u>	<u>67,512</u>	<u>3,165,429</u>	<u>723,500</u>
\$	<u>(2,407,138)</u>	<u>(5,194,954)</u>	<u>5,885,729</u>	<u>3,943,305</u>	<u>(534,995)</u>

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

<b>Fund Balances</b>	<b>2008 Adopted</b>	<b>2007 Adopted</b>	<b>2006 Adopted</b>	<b>2005 Adopted</b>	<b>2004 Adopted</b>
<b>City Component</b>					
General Fund	\$ 1,127,520	\$ 1,047,023	\$ 1,051,983	\$ 936,568	\$ 1,315,669
Community Development Block Grant Fund	-	-	-	-	-
Street Fund	1,223,241	6,308,766	733,073	1,976,046	1,065,590
Airport Fund	2,942	12,382	37,660	42,315	4,000
Capital Improvements Fund	807,222	1,680,528	3,609,193	389,839	429,000
Debt Service Fund	601,085	148,902	569,205	695,484	264,900
Water Fund	2,804,328	5,401,307	2,158,888	3,524,870	2,784,125
Wastewater Fund	5,539,312	3,035,439	3,899,968	4,463,795	1,726,251
Electric Fund	1,677,245	1,185,892	1,405,027	1,812,094	763,763
Telecommunications Fund	362,716	217,611	70,187	954,723	269,910
Central Services Fund	82,987	92,793	10,000	113,758	145,824
Insurance Services Fund	908,275	492,028	417,936	471,538	156,500
Equipment Fund	508,357	618,799	856,499	965,561	908,740
Cemetery Trust Fund	774,453	735,212	699,876	681,408	684,500
<b>Total City Component</b>	<b>16,419,683</b>	<b>20,976,682</b>	<b>15,519,495</b>	<b>17,027,999</b>	<b>10,518,772</b>
<b>Parks Component</b>					
Parks and Recreation Fund	877,245	667,250	993,667	965,822	815,000
Youth Activities Levy Fund	216,893	-	125,306	2,166	2,000
Parks Capital Improvements Fund	26,926	44,866	112,569	169,965	234,000
<b>Total Parks Component</b>	<b>1,121,064</b>	<b>712,116</b>	<b>1,231,542</b>	<b>1,137,953</b>	<b>1,051,000</b>
<b>Total Budget</b>	<b>\$ 17,540,747</b>	<b>\$ 21,688,798</b>	<b>\$ 16,751,037</b>	<b>\$ 18,165,952</b>	<b>\$ 11,569,772</b>

<b>For the Fiscal Year Ended June 30,</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
<b>Fund Balances</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
<b>City Component</b>					
General Fund	\$ 2,296,666	\$ 2,367,714	\$ 2,326,936	\$ 2,093,388	\$ 1,755,145
Community Development Block Grant Fund	44,705	12,033	4,599	(8,492)	33,018
Street Fund	2,170,470	2,377,220	1,464,044	1,186,028	315,846
Airport Fund	86,891	55,339	54,874	122,942	218,377
Capital Improvements Fund	1,003,916	656,315	803,171	924,554	396,855
Debt Service Fund	1,246,509	559,263	459,095	423,842	433,278
Water Fund	1,865,418	3,241,590	6,179,246	6,458,230	5,002,748
Wastewater Fund	3,764,972	4,862,001	5,301,598	5,664,182	1,541,125
Electric Fund	1,469,744	2,178,995	2,116,269	2,527,430	1,539,766
Telecommunications Fund	869,719	963,896	518,687	898,750	62,635
Central Services Fund	368,086	726,743	439,010	185,137	569,013
Insurance Services Fund	1,138,699	974,450	1,060,790	1,036,331	934,499
Equipment Fund	1,329,672	5,022,288	1,510,170	1,489,055	1,224,311
Cemetery Trust Fund	771,948	749,918	719,429	702,629	684,476
<b>Total City Component</b>	<b>18,427,415</b>	<b>24,747,765</b>	<b>22,957,918</b>	<b>23,704,006</b>	<b>14,711,092</b>
<b>Parks Component</b>					
Parks and Recreation Fund	1,201,443	1,180,912	1,507,367	1,621,679	1,558,332
Youth Activities Levy Fund	160,591	72,671	35,374	103,733	122,588
Parks Capital Improvements Fund	263,343	195,390	165,326	207,375	300,331
<b>Total Parks Component</b>	<b>1,625,377</b>	<b>1,448,973</b>	<b>1,708,067</b>	<b>1,932,787</b>	<b>1,981,251</b>
<b>Total Budget</b>	<b>\$ 20,052,792</b>	<b>\$ 26,196,738</b>	<b>\$ 24,665,985</b>	<b>\$ 25,636,793</b>	<b>\$ 16,692,343</b>

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

<b>2003 Adopted</b>	<b>2002 Adopted</b>	<b>2001 Adopted</b>	<b>2000 Adopted</b>	<b>1999 Adopted</b>
\$ 1,238,814	\$ 1,079,348	\$ 1,152,000	\$ 679,000	\$ 549,000
-	-	-	-	-
1,764,790	1,377,392	804,322	378,000	100,000
6,140	8,000	23,000	22,000	15,000
1,150,300	1,782,000	3,611,000	2,588,000	2,255,000
540,000	238,000	293,000	427,000	399,000
4,478,680	1,448,010	3,032,000	1,804,000	1,619,000
754,800	2,004,896	3,036,000	2,380,000	7,110,000
443,533	989,946	108,000	1,580,000	1,340,000
97,036	38,130	-	-	-
142,675	119,283	-	-	-
91,500	110,500	230,000	242,000	725,000
452,640	121,778	72,000	786,000	814,000
653,000	89,000	685,000	680,000	664,000
<b>11,813,908</b>	<b>9,406,283</b>	<b>13,046,322</b>	<b>11,566,000</b>	<b>15,590,000</b>
782,294	805,300	735,715	577,000	180,000
9,000	9,000	-	-	34,000
185,000	148,000	-	195,000	564,000
<b>976,294</b>	<b>962,300</b>	<b>735,715</b>	<b>772,000</b>	<b>778,000</b>
<b>\$ 12,790,202</b>	<b>\$ 10,368,583</b>	<b>\$ 13,782,037</b>	<b>\$ 12,338,000</b>	<b>\$ 16,368,000</b>

<b>2003 Actual</b>	<b>2002 Actual</b>	<b>2001 Actual</b>	<b>2000 Actual</b>	<b>1999 Actual</b>
\$ 1,715,220	\$ 1,865,212	\$ 1,962,295	\$ 1,888,103	\$ 1,480,895
(32,433)	(35,904)	(142,463)	3,744	3
2,528,750	2,785,057	2,160,057	1,176,078	218,663
32,135	22,560	16,844	22,292	32,771
67,583	2,833,606	8,701,848	3,600,676	539,004
282,293	136,978	103,883	225,841	625,738
4,662,028	1,985,298	3,905,152	4,708,031	3,243,350
2,356,054	9,190,945	9,198,221	10,454,701	8,358,755
1,497,827	1,069,861	1,249,047	1,560,301	1,500,976
388,018	1,982,175	119,745	1,902,118	-
947,953	823,405	436,624	96,609	68,154
145,978	204,263	299,415	502,000	630,294
1,121,598	783,340	526,894	253,019	370,944
679,646	72,823	669,517	663,140	660,698
<b>16,392,650</b>	<b>23,719,619</b>	<b>29,207,079</b>	<b>27,056,653</b>	<b>17,730,245</b>
1,403,171	1,168,934	1,023,774	1,196,511	1,966,643
36,403	36,341	125,706	125,191	133,769
367,733	280,337	151,955	295,000	536,494
<b>1,807,307</b>	<b>1,485,612</b>	<b>1,301,435</b>	<b>1,616,702</b>	<b>2,636,906</b>
<b>\$ 18,199,957</b>	<b>\$ 25,205,231</b>	<b>\$ 30,508,514</b>	<b>\$ 28,673,355</b>	<b>\$ 20,367,151</b>

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

Fiscal Year Ended June 30,	Real Property	Mobile Home	Personal <sup>1</sup>	Utilities	Total	Property Tax Rate	Taxable ratio (True Cash Value to Assessed)
2008	\$ 1,802,639,910	\$ 5,762,080	\$ 44,536,050	\$ 22,372,000	\$ 1,875,310,040	\$ 5.73	46.9%
2007	1,700,020,579	5,498,040	40,468,280	20,509,400	1,766,496,299	5.56	46.6%
2006	1,610,148,502	5,301,570	38,820,610	20,344,260	1,674,614,942	5.25	51.3%
2005	1,524,210,039	5,108,410	38,419,400	27,532,841	1,595,270,690	5.26	56.4%
2004	1,446,150,336	5,400,552	37,453,000	22,831,681	1,511,835,569	5.34	61.7%
2003	1,360,297,002	5,147,040	34,209,260	24,241,450	1,423,894,752	5.36	61.1%
2002	1,272,205,820	4,983,960	32,044,090	23,806,860	1,333,040,730	5.38	68.6%
2001	1,183,527,490	4,760,560	30,004,310	21,823,850	1,240,116,210	5.46	83.0%
2000	1,106,322,240	4,241,270	26,183,680	20,989,320	1,157,736,510	4.81	94.0%
1999	1,039,559,010	4,439,960	25,093,370	19,043,890	1,088,136,230	4.92	87.0%

All property is evaluated once every six years as required by State Statute

<sup>1</sup> Includes Non-Profit Housing

Source: County Assessor tax roll property values

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



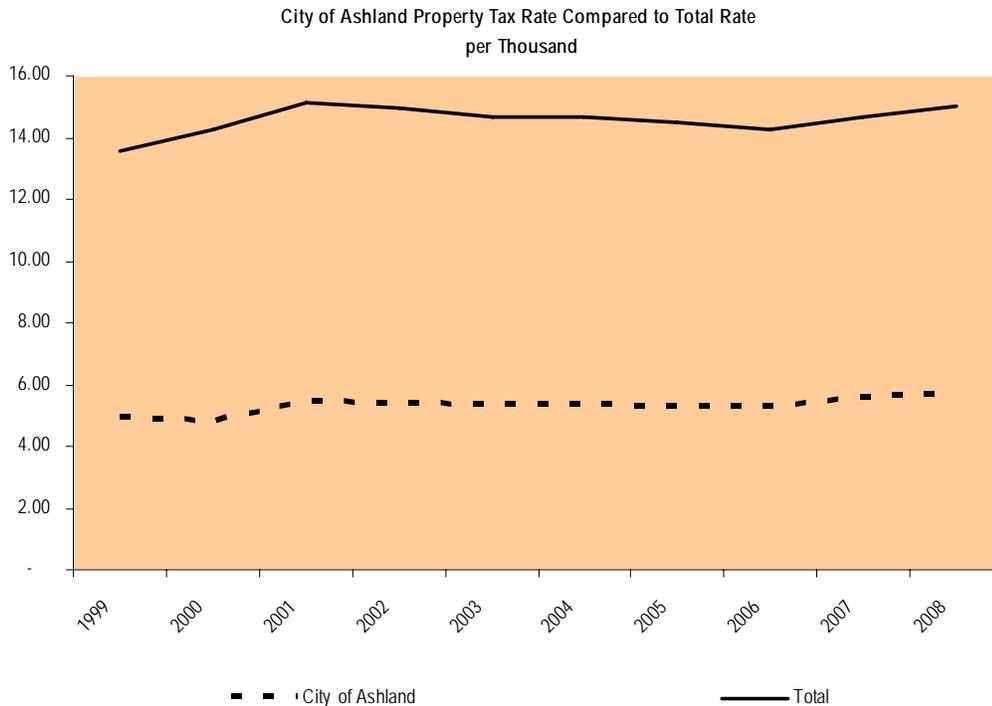
**CITY OF ASHLAND, OREGON**  
**PROPERTY TAX RATES- DIRECT AND OVERLAPPING GOVERNMENTS**  
**(Per \$1,000 of Assessed Valuation)**  
**for the last ten fiscal years - Unaudited**

Fiscal Year Ended June 30,	City of Ashland	Jackson County Vector Control	Jackson County <sup>1</sup>	Rogue Valley Transit District	Net General Government Tax Rate	Jackson County Education Service District	School District 5	RCC <sup>2</sup>	Net School Support Tax Rate	Total
2008	\$ 5.73	\$ 0.04	\$ 2.18	\$ 0.17	\$ 8.12	\$ 0.34	\$ 5.94	\$ 0.62	\$ 6.90	\$15.02
2007	5.56	0.04	2.52	0.17	8.30	0.34	5.41	0.62	6.37	14.67
2006	5.25	0.04	2.55	0.17	8.01	0.34	5.31	0.62	6.28	14.28
2005	5.26	0.04	2.75	0.17	8.22	0.34	5.44	0.50	6.28	14.50
2004	5.34	0.04	2.79	0.17	8.34	0.34	5.49	0.50	6.33	14.67
2003	5.36	0.04	2.70	0.17	8.27	0.34	5.53	0.50	6.37	14.64
2002	5.38	0.04	2.66	0.18	8.26	0.86	5.83		6.69	14.95
2001	5.46	0.04	2.56	0.18	8.24	1.84	5.03		6.87	15.11
2000	4.81	0.04	2.25	0.18	7.28	1.95	5.03		6.98	14.26
1999	4.92	0.04	2.01	0.18	7.15	0.35	6.08		6.43	13.58

<sup>1</sup> Oregon Measure 47 combined with Jackson County tax rate since 1997-98

<sup>2</sup> Rogue Community College

Source: Jackson County Assessor and Tax Collector



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

Fiscal Year Ended June 30,	Property Value <sup>1</sup>	Commercial Construction		Residential Construction	
		Number of Units	Value	Number of Units	Value
2008	\$ 1,875,310,040	23	\$ 16,269,379	82	\$ 8,258,031
2007	1,766,496,299	26	8,086,124	98	15,270,781
2006	1,674,614,942	19	20,988,810	160	24,336,944
2005	1,595,270,690	42	18,426,846	188	35,576,749
2004	1,511,835,569	30	10,137,442	154	35,764,484
2003	1,423,894,752	17	9,077,761	152	25,170,310
2002	1,333,040,730	17	13,702,661	106	11,464,493
2001	1,240,116,210	9	12,715,512	150	19,907,603
2000	1,157,736,510	15	7,081,675	233	31,940,531
1999	1,088,136,230	17	22,097,963	169	30,183,930

<sup>1</sup> Property value is assessed valuation

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

**Commercial and Residential Construction  
 Last Ten Years**



**CITY OF ASHLAND, OREGON**  
**FOOD AND BEVERAGE TAX REVENUES BY FUND**  
**(Amounts Expressed in Thousands)**  
**for the last ten fiscal years- Unaudited**

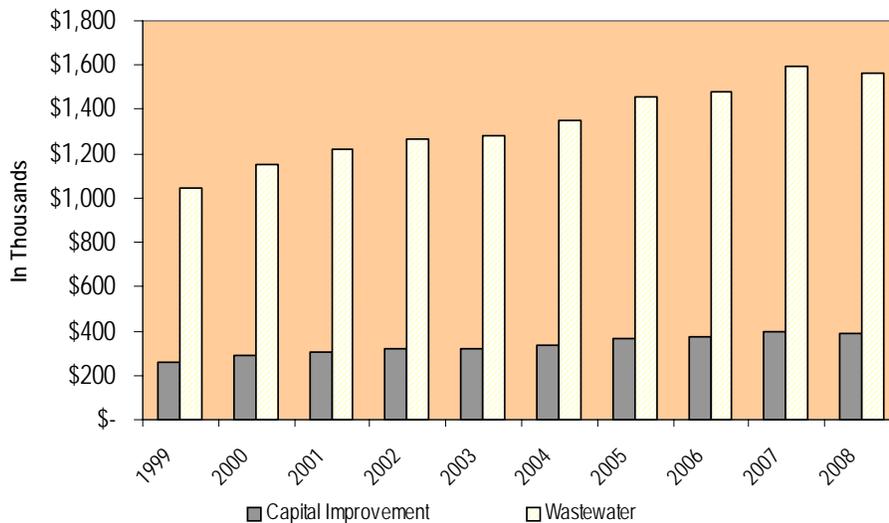
Fiscal Year Ended June 30,	Capital Improvement <sup>3</sup>	Wastewater <sup>2</sup>	Total <sup>1</sup>	Cumulative
2008	\$ 392	\$ 1,567	1,959	22,554
2007	395	1,594	1,989	20,595
2006	370	1,481	1,851	18,606
2005	364	1,454	1,818	16,755
2004	337	1,347	1,684	14,937
2003	320	1,280	1,600	13,253
2002	317	1,268	1,585	11,653
2001	307	1,219	1,526	10,068
2000	284	1,151	1,435	8,542
1999	262	1,047	1,309	7,107

<sup>1</sup> Tax enacted July 1, 1993

<sup>2</sup> Derived from wastewater enterprise operations

<sup>3</sup> Dedicated to acquisition of Open Space Parkland

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



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

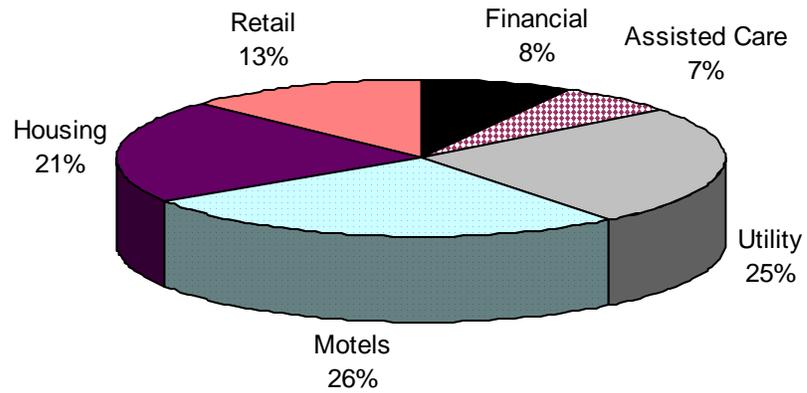
Taxpayers	Type of Business	2008 Assessed Valuation	Percentage of Total Assessed Valuation
Qwest Corporation	Utility	\$ 10,510,100	0.56%
Windmill Inns of America, Inc.	Motels	10,375,160	0.55%
Ronald L. Deluca	Housing	8,983,710	0.48%
Avista Corp.	Utility	7,342,900	0.39%
North Mountain Land Company	Housing	6,302,400	0.34%
Pacific Financial , Inc.	Financial	5,694,300	0.39%
Michael D. & Beverly Rydbom	Retail	4,728,500	0.30%
Skylark Assisted Living	Assisted Care	4,647,770	0.25%
Bard's Inn Limited	Motels	4,449,330	0.25%
Summit Investment	Retail	4,407,650	0.24%
Plaza Hospitality	Motels	3,896,970	0.25%
All other		<u>\$ 1,803,971,250</u>	<u>96.20%</u>
Total		<u><u>\$ 1,875,310,040</u></u>	<u><u>100.00%</u></u>

Taxpayers	Type of Business	1999 Assessed Valuation	Percentage of Total Assessed Valuation
US West Communications Inc.	Utility	\$ 10,027,300	0.97%
AHI Inc.	Motels	9,011,480	0.87%
Washington Water Power Co.	Utility	5,770,230	0.56%
Michael D. & Beverly Rydbom	Retail	4,451,060	0.43%
Lloyd Haines	Construction	4,407,450	0.43%
Pacific Financial , Inc.	Financial	4,324,860	0.42%
Skylark Assisted Living	Assisted Care	3,573,850	0.35%
Brodeur/Brodeur Inc.	Motels	3,450,260	0.33%
Warren Family Partnership	Construction	3,410,240	0.33%
Summit Investment	Retail	3,223,030	0.31%
All other		<u>\$ 984,033,890</u>	<u>95.01%</u>
Total		<u><u>\$ 1,035,683,650</u></u>	<u><u>100.00%</u></u>

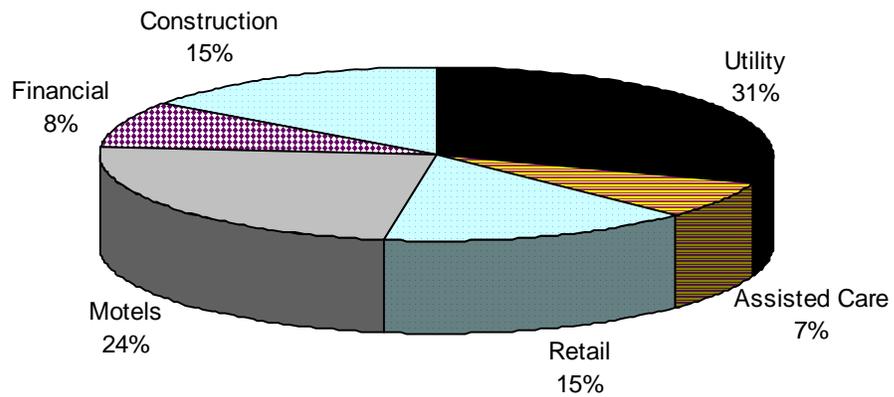
Source: Jackson County Assessor

---

## 2008 Principal Property Tax Payers



## 1999 Principal Property Tax Payers



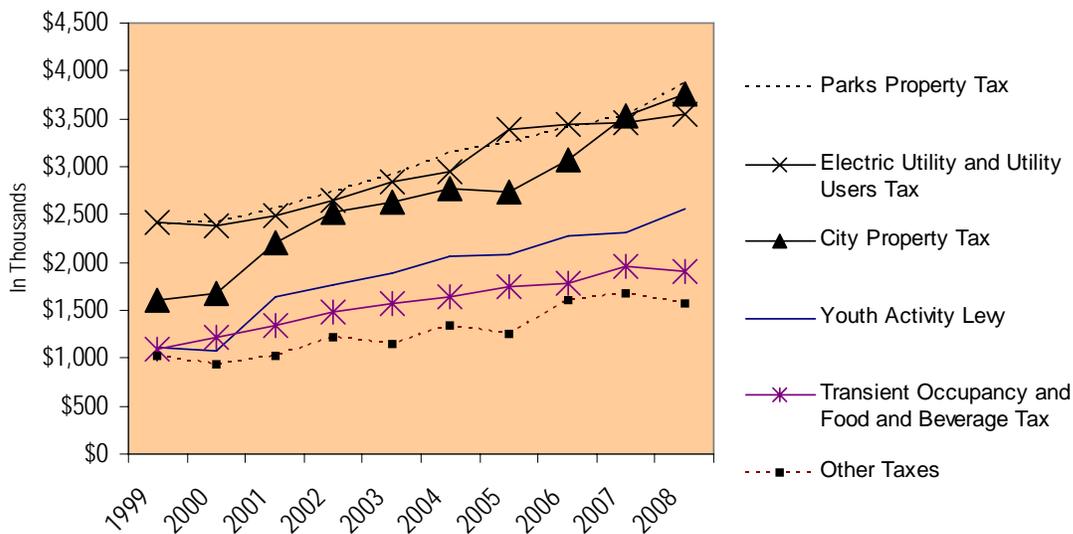
**CITY OF ASHLAND, OREGON**  
**GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE**  
**(Amounts Expressed in Thousands)**  
**for the last ten fiscal years - Unaudited**

Fiscal Year Ended June 30,	Combined Property Taxes	Electric Utility Franchise <sup>1</sup>	Utility Users Tax <sup>1</sup>	Other Franchise and Privilege Taxes	Transient Occupancy Tax	Food and Beverage Tax <sup>2</sup>	Business License Tax	Total
2008	\$ 10,573	\$ 1,170	\$ 2,375	\$ 1,362	\$ 1,508	\$ 392	\$ 201	\$ 17,581
2007	9,378	1,119	2,345	1,544	1,559	395	129	16,469
2006	8,801	1,111	2,323	1,399	1,414	370	205	15,623
2005	8,061	1,106	2,277	1,101	1,390	364	155	14,454
2004	7,970	842	2,103	1,178	1,309	337	155	13,894
2003	7,426	914	1,929	997	1,255	320	153	12,994
2002	7,010	870	1,770	1,060	1,168	317	157	12,352
2001	6,414	833	1,648	887	1,039	307	141	11,269
2000	5,182	781	1,594	783	930	292	148	9,710
1999	5,130	769	1,651	881	840	262	140	9,673

<sup>1</sup> Derived from city-owned electric utility operations

<sup>2</sup> Tax enacted July 1, 1993

**General Governmental Tax Revenues by Source**



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

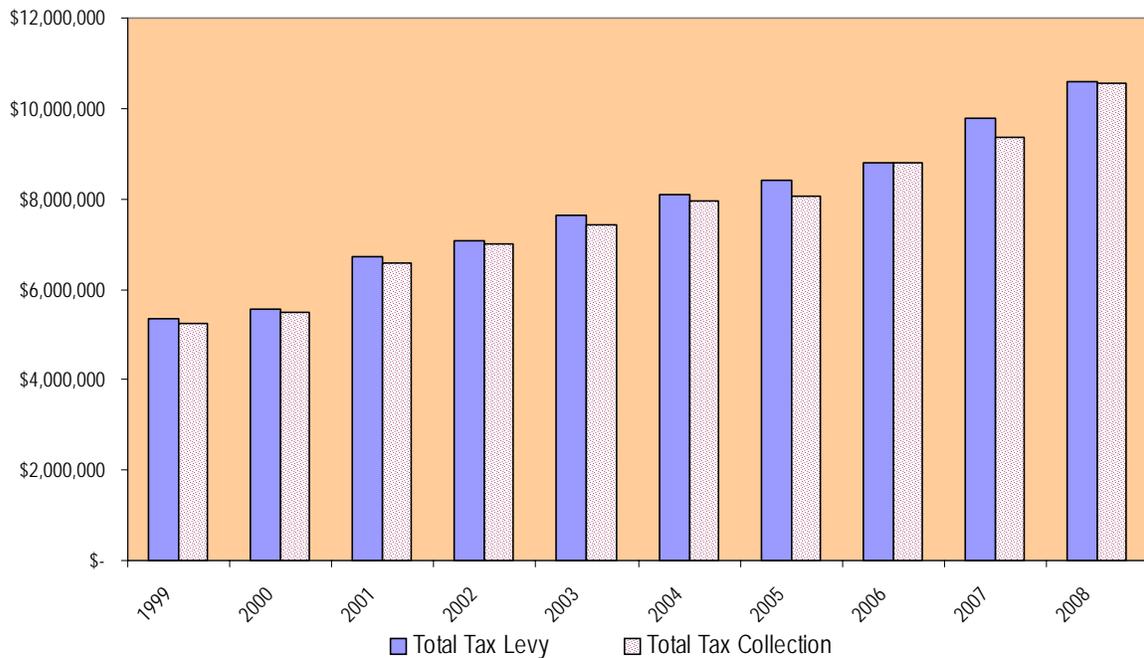
Fiscal Year Ended June 30,	Total Tax Levy <sup>1</sup>	Current Tax Collections <sup>3</sup>	Percent of Levy Collected	Delinquent Tax Collections <sup>2,3</sup>	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
2008	\$ 10,609,706	\$ 10,273,879	96.8%	\$ 298,774	\$ 10,572,653	99.7%	\$ 636,512	6.0%
2007	9,797,262	9,142,734	93.3%	235,560	9,378,294	95.7%	609,308	6.2%
2006	8,803,680	8,428,550	95.7%	372,526	8,801,076	100.0%	642,298	7.3%
2005	8,399,000	7,753,164	92.3%	307,911	8,061,075	96.0%	535,484	6.4%
2004	8,103,092	7,618,841	94.0%	351,635	7,970,476	98.4%	661,833	8.2%
2003	7,643,588	7,100,832	92.9%	325,084	7,425,916	97.2%	717,103	9.4%
2002	7,078,000	6,611,284	93.4%	398,332	7,009,616	99.0%	690,652	9.8%
2001	6,735,000	6,304,073	93.6%	264,836	6,568,909	97.5%	613,710	9.1%
2000	5,576,000	5,109,088	91.6%	367,430	5,476,518	98.2%	542,712	9.7%
1999	5,359,000	4,701,836	87.7%	535,791	5,237,627	97.7%	487,762	9.1%

<sup>1</sup> Includes levy within the tax base, levy for bonded indebtedness, miscellaneous assessment payments in lieu of tax and tax levy shared offsets

<sup>2</sup> Delinquent taxes collected represent accumulative amounts for the specific fiscal year

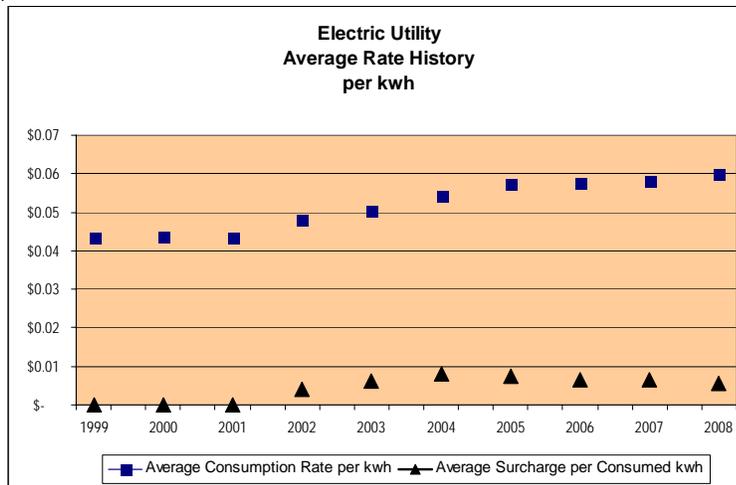
<sup>3</sup> Includes adjustments, rounding and discounts

**Property Tax Levies and Collections**



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

	2008	2007	2006	2005	2004
<b>Electric:</b>					
Commercial	59,730,031	59,796,009	58,939,938	58,199,994	57,257,258
Governmental	18,328,996	16,771,812	17,684,660	17,522,640	16,826,746
Municipal	6,231,719	5,911,482	5,798,328	6,015,412	6,181,644
Residential	95,853,685	91,324,747	90,977,982	89,045,820	86,225,218
<b>Electric Usage Total</b>	<b>180,144,431</b>	<b>173,804,050</b>	<b>173,400,908</b>	<b>170,783,866</b>	<b>166,490,866</b>
<b>Total Electric Revenue</b>	<b>\$ 11,638,234</b>	<b>\$ 10,118,284</b>	<b>\$ 9,978,512</b>	<b>\$ 9,779,099</b>	<b>\$ 9,022,608</b>
<b>Average Consumption Rate per kwh</b>	<b>\$ 0.065</b>	<b>\$ 0.058</b>	<b>\$ 0.058</b>	<b>\$ 0.057</b>	<b>\$ 0.054</b>
<b>BPA Surcharge Revenue</b>	<b>\$ 1,016,152</b>	<b>\$ 1,123,490</b>	<b>\$ 1,133,645</b>	<b>\$ 1,266,655</b>	<b>\$ 1,329,577</b>
<b>Average Surcharge per Consumed kwh</b>	<b>\$ 0.006</b>	<b>\$ 0.006</b>	<b>\$ 0.007</b>	<b>\$ 0.007</b>	<b>\$ 0.008</b>



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

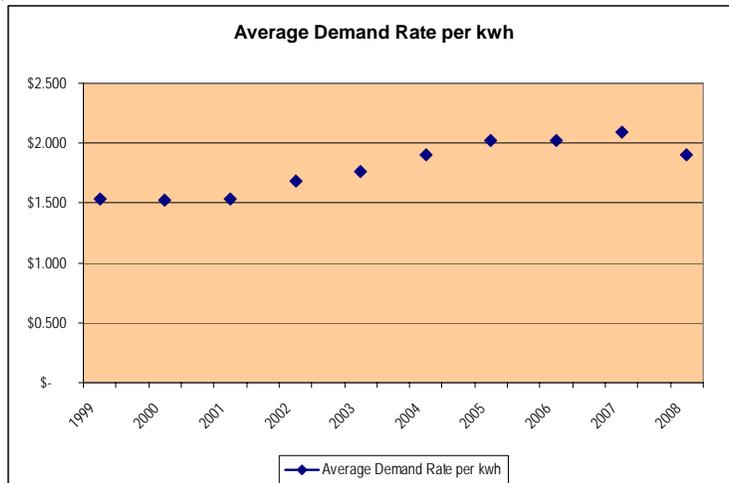
	2008	2007	2006	2005	2004
<b>Demand:</b>					
Commercial	159,430	164,228	160,133	156,388	156,476
Governmental/Municipal	65,931	69,856	68,828	67,529	65,457
<b>Demand Usage Total</b>	<b>225,361</b>	<b>234,084</b>	<b>228,961</b>	<b>223,917</b>	<b>221,933</b>
<b>Total Demand Revenue</b>	<b>\$ 429,220</b>	<b>\$ 490,039</b>	<b>\$ 463,244</b>	<b>\$ 453,221</b>	<b>\$ 422,209</b>
<b>Average Demand Rate per kwh</b>	<b>\$ 1.905</b>	<b>\$ 2.093</b>	<b>\$ 2.023</b>	<b>\$ 2.024</b>	<b>\$ 1.902</b>

The cost of supplying electric service depends not only upon the amount of energy (kwh) provided, but also upon the rate (kwh demand) at which it is consumed, since this factor is ultimately reflected in the amount of distributing capacity which must be kept available.

Note: The revenue shown above is only for the categories listed. These categories represent approximately 90% of the total charges for services which can be seen on page 104.

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

2003	2002	2001	2000	1999
56,017,453	53,220,997	52,714,544	51,407,937	51,867,428
16,009,661	16,620,796	20,273,391	17,388,770	15,637,206
5,785,074	4,957,496	2,807,439	3,957,069	3,794,375
<u>85,158,420</u>	<u>82,490,010</u>	<u>86,856,040</u>	<u>83,216,352</u>	<u>88,819,268</u>
<b>162,970,608</b>	<b>157,289,299</b>	<b>162,651,414</b>	<b>155,970,128</b>	<b>160,118,277</b>
\$ 8,236,862	\$ 7,570,069	\$ 7,074,783	\$ 6,794,532	\$ 6,953,048
\$ 0.051	\$ 0.048	\$ 0.043	\$ 0.044	\$ 0.043
\$ 994,166	\$ 610,887	NA	NA	NA
\$ 0.006	\$ 0.004	NA	NA	NA



2003	2002	2001	2000	1999
155,538	146,098	148,608	147,439	149,218
62,436	61,760	63,126	58,607	53,353
<u>217,974</u>	<u>207,858</u>	<u>211,734</u>	<u>206,046</u>	<u>202,571</u>
\$ 384,340	\$ 349,766	\$ 325,045	\$ 314,276	\$ 310,204
\$ 1.763	\$ 1.683	\$ 1.535	\$ 1.525	\$ 1.531

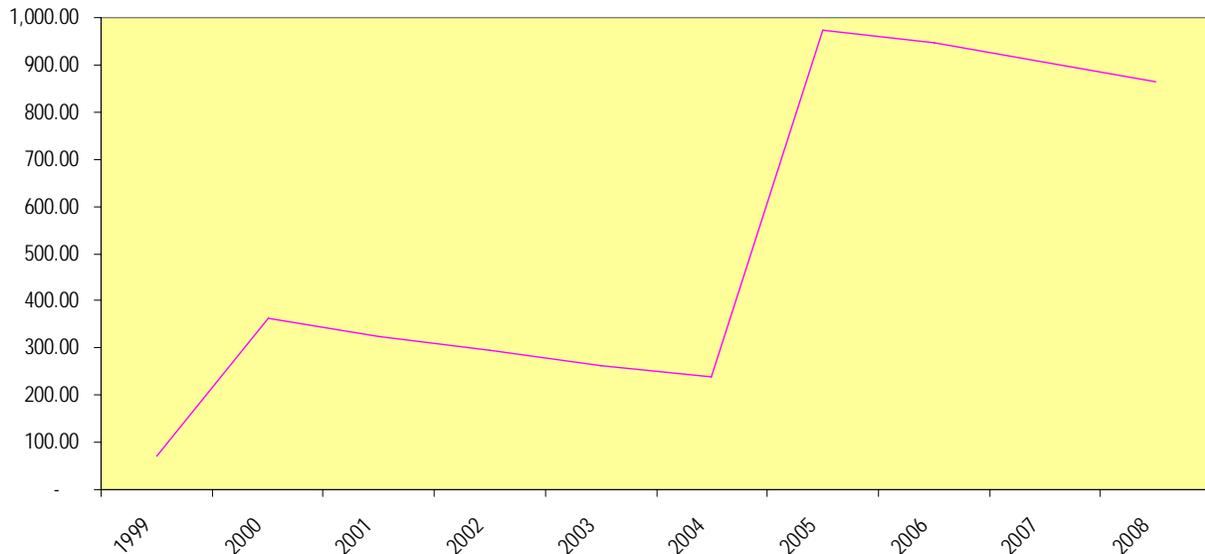
**CITY OF ASHLAND, OREGON**  
**RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND**  
**NET GENERAL OBLIGATION BONDED DEBT PER CAPITA**  
**for the last ten fiscal years - Unaudited**

Fiscal Year Ended June 30,	Population <sup>1</sup>	Percentage Change	Assessed Value <sup>2</sup>	Gross Bonded Debt <sup>3</sup>	Debt Service Fund Monies Available	Enterprise Fund Monies Available	Debt Payable from Enterprise Revenues <sup>4</sup>	Net General Obligation Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2008	21,800	1.73%	\$1,875,310,040	\$44,138,466	\$1,246,509	\$1,751,369	\$38,652,249	\$18,840,000	1.00%	864.22
2007	21,430	2.63%	1,766,496,299	46,090,591	479,262	-	40,456,883	19,425,000	1.10%	906.44
2006	20,880	1.41%	1,674,614,942	49,105,540	459,095	1,913,648	41,842,256	19,770,000	1.18%	946.84
2005	20,590	0.78%	1,595,270,690	48,595,783	423,842	1,913,648	43,614,513	20,045,000	1.26%	973.05
2004	20,430	1.49%	1,511,835,569	43,746,882	433,278	1,281,341	36,866,762	4,875,000	0.32%	239.11
2003	20,130	1.82%	1,423,894,752	42,804,005	282,293	1,913,648	38,884,073	5,280,000	0.37%	262.30
2002	19,770	0.82%	1,333,040,730	41,503,298	136,978	2,830,609	32,700,711	5,835,000	0.44%	295.14
2001	19,610	0.62%	1,240,116,210	34,976,385	132,019	694,697	27,799,669	6,350,000	0.51%	323.81
2000	19,490	1.40%	1,157,736,510	31,454,293	225,841	584,621	23,553,831	7,090,000	0.61%	363.78
1999	19,220	3.56%	1,088,136,230	14,715,508	522,083	333,888	12,484,537	1,375,000	0.13%	71.54

Source:

- <sup>1</sup> Center for Population Research and Census, Portland State University
- <sup>2</sup> County Assessor Tax Roll Property Value Records
- <sup>3</sup> City Financial Records - includes all long-term general obligation debt, including general obligation special assessments, general obligation bonds and general obligation warrants from City of Ashland financial records
- <sup>4</sup> Includes general obligation debt paid from Hospital Enterprise Fund operations, Utility Services Revenue Fund operations and special assessment payments from benefited property owners

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

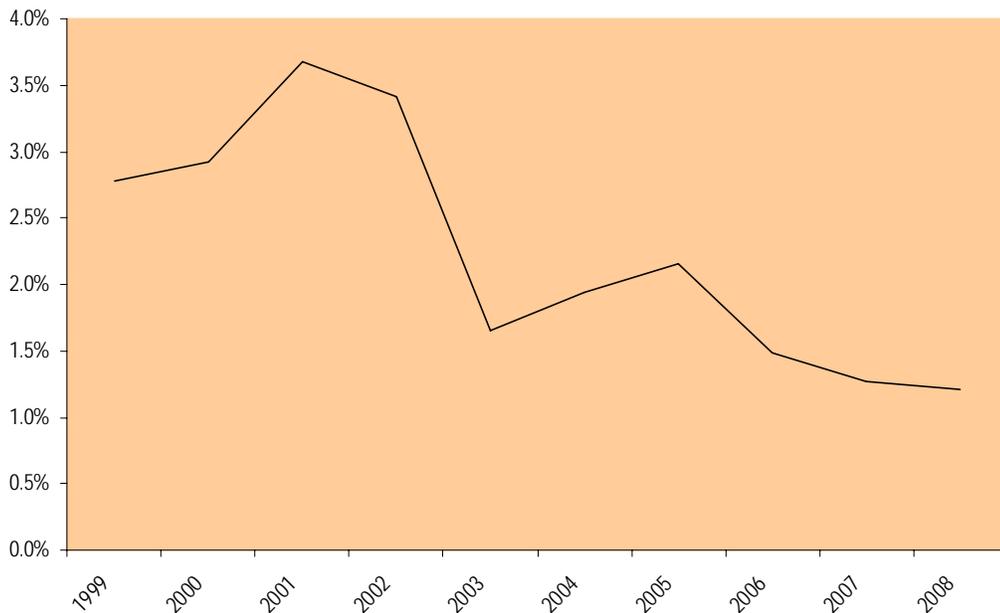


**CITY OF ASHLAND, OREGON**  
**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR**  
**GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES**  
**for the last ten fiscal years - Unaudited**

Fiscal Year Ended June 30,	Principal	Interest	Total Debt Service <sup>1</sup>	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2008	\$ 220,000	\$ 24,750	\$ 244,750	\$ 20,241,350	1.2%
2007	205,000	34,836	239,836	18,877,775	1.3%
2006	195,000	62,360	257,360	17,302,206	1.5%
2005	185,000	187,607	372,607	17,278,171	2.2%
2004	185,000	196,353	381,353	19,656,207	1.9%
2003	170,000	199,068	369,068	22,293,115	1.7%
2002	280,000	188,809	468,809	13,724,000	3.4%
2001	210,000	232,044	442,044	12,021,000	3.7%
2000	215,000	96,081	311,081	10,626,000	2.9%
1999	145,000	144,515	289,515	10,427,000	2.8%

<sup>1</sup> 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**  
**for the last ten fiscal years - Unaudited**

Fiscal Year Ended June 30,	Gross Revenues	Operating Expenses	Future Rate Stabilization Offset <sup>3</sup>	Net Revenues Available for Debt Service	Debt Service Requirements <sup>4</sup>			Coverage
					Principal	Interest	Total	
2008	\$4,181,852	\$3,166,159		1,015,693	\$335,000	\$127,406	\$462,406	2.20
2007	4,429,216	3,348,682	-	1,080,534	325,000	134,006	459,006	2.35
2006	4,299,753	2,878,596	-	1,421,157	320,000	140,456	460,456	3.09
2005	4,182,066 <sup>1</sup>	1,718,464 <sup>2</sup>	-	2,463,602	320,000	146,856	466,856	5.58
2004	3,960,509 <sup>1</sup>	2,765,557 <sup>2</sup>	-	1,194,952	345,000	127,347	472,347	2.53
2003	3,605,602	2,529,243	100,000	976,359	365,487	391,227	756,714	1.42
2002	3,634,789	2,020,392	600,000	1,014,397	150,000	179,888	329,888	3.07
2001	3,464,218	2,252,410	600,000	611,808	140,000	187,502	327,502	1.87
2000	3,241,760	2,358,054		883,706	135,000	194,518	329,518	2.68
1999	2,794,002	1,868,660		925,342	125,000	200,955	325,955	2.84
1998	2,477,079	1,621,087		855,992	120,000	206,837	326,837	2.62

<sup>1</sup> Total Operating Revenues including System Development Charges

<sup>2</sup> Total operating expenses not including Interfund Loan, Capital Outlay, Existing Debt, and Franchise Taxes paid

<sup>3</sup> Gross revenues in excess of those necessary to meet current debt service obligations by covenant available to assure coverage in future fiscal periods

<sup>4</sup> Includes Revenue Bond principal and interest amounts transferred to registered paying agent irrespective of actual bond maturities

**CITY OF ASHLAND, OREGON**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**Last Five Years**

<b>Governmental Activities</b>			<u>Notes and Contracts</u>		
Fiscal Year Ended June 30,	General Obligation Bonds	Percent of Assessed Value	Promissory Notes	OECCD Loans	Per Capita <sup>1</sup>
2008	\$ 18,160,000	0.97%	\$ 740,079	\$ 1,587,138	939.78
2007	18,575,000	1.05%	888,158	1,754,932	990.11
2006	1,155,000	0.07%	1,064,610	1,920,692	198.29
2005	1,795,000	0.11%	1,233,611	2,079,804	248.10
2004	2,885,000	0.19%	8,709,957	2,232,048	676.80
2003	3,420,000	0.24%	9,263,423	2,249,447	741.82

<b>Business - type Activities</b>					
Fiscal Year Ended June 30,	General Obligation Bonds	Percent of Assessed Value	Revenue Bonds and Notes	DEQ Loan	Per Capita
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	18,625,000	1.11%	4,640,000	20,702,256	2,105.71
2005	18,265,000	1.14%	4,960,000	21,659,513	2,179.92
2004	2,050,817	0.14%	5,280,000	22,584,762	1,464.30
2003	1,860,000	0.13%	5,625,000	23,479,073	1,538.21

<sup>1</sup> 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

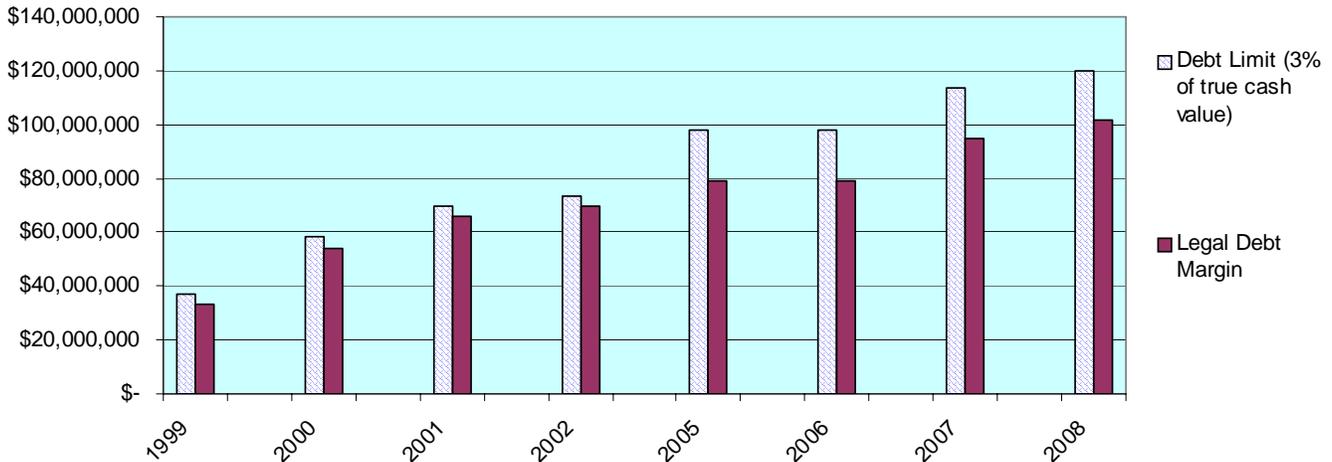
OECCD - Oregon Economic and Community Development Department

DEQ - Oregon Department of Environmental Quality

**CITY OF ASHLAND, OREGON**  
**LEGAL DEBT MARGIN**  
**Last Ten Years**  
**For the Fiscal Year Ended June 30,**

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>True Cash Value</b>	<u>\$4,000,418,984</u>	<u>\$3,788,568,503</u>	<u>\$3,266,109,773</u>	<u>\$2,827,489,200</u>	<u>\$2,450,551,643</u>
<b>Legal Debt Margin</b>					
Debt Limit (3% of true cash value)	<u>\$ 120,012,570</u>	<u>\$ 113,657,055</u>	<u>\$ 97,983,293</u>	<u>\$ 84,824,676</u>	<u>\$ 73,516,549</u>
<b>Net Bonded Debt:</b>					
Gross bonded debt	18,840,000	19,425,000	19,780,000	20,045,000	4,875,000
Less amounts exempted:					
Water	(25,000)	(50,000)	(60,000)	(85,000)	(100,000)
Special assessment				-	-
Refunding				-	-
Water Refunding	<u>(655,000)</u>	<u>(800,000)</u>	<u>(940,000)</u>	<u>(1,075,000)</u>	<u>(1,205,000)</u>
Total debt applicable to margin	<u>18,160,000</u>	<u>18,575,000</u>	<u>18,780,000</u>	<u>18,885,000</u>	<u>3,570,000</u>
<b>LEGAL DEBT MARGIN</b>	<u>\$ 101,852,570</u>	<u>\$ 95,082,055</u>	<u>\$ 79,203,293</u>	<u>\$ 65,939,676</u>	<u>\$ 69,946,549</u>

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



**CITY OF ASHLAND, OREGON**  
**LEGAL DEBT MARGIN**  
**Last Ten Years (continued)**  
**For the Fiscal Year Ended June 30,**

<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
<u>\$2,327,582,133</u>	<u>\$1,943,471,450</u>	<u>\$1,240,116,210</u>	<u>\$1,157,736,510</u>	<u>\$1,089,529,060</u>
<u>\$ 69,827,464</u>	<u>\$ 58,304,144</u>	<u>\$ 37,203,486</u>	<u>\$ 34,732,095</u>	<u>\$ 32,685,872</u>
5,280,000	6,135,000	6,530,000	7,090,000	4,255,000
(125,000)	(145,000)	(165,000)	(185,000)	(205,000)
-	(55,000)	(180,000)	(255,000)	(335,000)
(75,000)	(325,000)	(550,000)	(765,000)	(980,000)
<u>(1,325,000)</u>	<u>(1,440,000)</u>	<u>(1,555,000)</u>	<u>(1,670,000)</u>	<u>(1,695,000)</u>
<u>3,755,000</u>	<u>4,170,000</u>	<u>4,080,000</u>	<u>4,215,000</u>	<u>1,040,000</u>
<u>\$ 66,072,464</u>	<u>\$ 54,134,144</u>	<u>\$ 33,123,486</u>	<u>\$ 30,517,095</u>	<u>\$ 31,645,872</u>

**CITY OF ASHLAND, OREGON**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**June 30, 2008 - Unaudited**

True cash value	\$ 4,000,418,984	
3% of the true cash value	<u>0.03</u>	
		\$ 120,012,570
 <b>NET BONDED DEBT:</b>		
Gross bonded debt	18,840,000	
Less amounts exempted:		
Water	(25,000)	
Water Refunding	<u>(655,000)</u>	
Total debt applicable to margin		<u>18,160,000</u>
 <b>LEGAL DEBT MARGIN</b>		 <u><u>\$ 101,852,570</u></u>

ORS 287.004 provides a debt limit of 3% of the true cash value of all taxable property within the Municipality's boundaries. According to ORS 287.004, the 3% limitation does not apply to bonds issued for water, sanitary or storm sewers, sewage disposal plants, hospitals, power or lighting purposes, nor to bonds issued pursuant to applications to pay assessments for improvements or installments for benefited property owners.

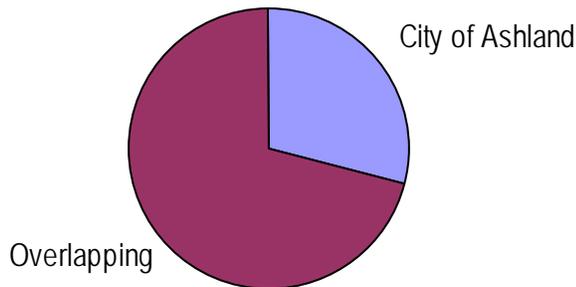
Source: Jackson County Assessor's Office  
Audited Financial Statements  
Oregon Revised Statutes (ORS) 287.004

**CITY OF ASHLAND, OREGON**  
**COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT**  
**GENERAL OBLIGATION BONDS**  
**June 30, 2008 - Unaudited**

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to City	Amount Applicable to City
<b>Direct:</b>			
City of Ashland	\$ 18,840,000	100.00%	\$ 18,840,000
<b>Overlapping</b>			
Jackson County	38,561,021	13.54%	5,221,162
School District #5	44,775,000	80.41%	36,003,578
Rogue Community College	<u>43,615,000</u>	9.94%	<u>4,335,331</u>
	<u>\$ 126,951,021</u>		<u>\$ 45,560,071</u>
	<u>\$ 145,791,021</u>		<u>\$ 64,400,071</u>

Source: State of Oregon, Office of Treasurer

**City of Ashland**  
**Bonded Debt Compared to Overall Debt Applicable to the City**



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

2008		
Employer	Employees	Percentage of Total City Employment
Southern Oregon University	850	9.44%
Ashland Community Hospital	410	4.56%
Oregon Shakespeare Festival	398	4.42%
Ashland Public Schools	350	3.89%
City of Ashland*	229	2.54%
Butler Ford	160	1.78%
Pathway Enterprises	140	1.56%
Ashland Food Cooperative	130	1.44%
Professional Tool Mfg. LLC	100	1.11%
Prestige Care (Linda Vista)	75	0.83%
<b>Total</b>	<b>2,842</b>	<b>31.58%</b>
Estimated Total City Employment	<b>9,000</b>	

1999		
Employer	Employees	Percentage of Total City Employment
Southern Oregon State College	740	12.33%
Public Schools	382	6.37%
Oregon Shakespeare Festival	430	7.17%
Ashland Community Hospital	264	4.40%
Southern OR Training & Habilitation	246	4.10%
City of Ashland*	197	3.28%
Darex Corporation	135	2.25%
Butler Ford	100	1.67%
Linda Vista Care	85	1.42%
Parson's Pine Products	71	1.18%
<b>Total</b>	<b>2,650</b>	<b>44.17%</b>
Estimated Total City Employment	<b>6,000</b>	

Source: Ashland Chamber of Commerce  
Oregon Employment Department

\* Excludes Ashland Parks Commission

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

Fiscal Year Ended June 30,	Population <sup>1</sup>	Percentage Change	Per Capita Income <sup>2</sup>	Total Personal Income <sup>4</sup>	School Enrollment <sup>3</sup>	Unemployment Rate Jackson Co. <sup>2</sup>
2008	21,800	1.73%	N/A	N/A	3,000	6.7%
2007	21,430	2.63%	N/A	N/A	3,000	5.6%
2006	20,880	1.41%	31,785	6,255,659	2,777	5.7%
2005	20,590	0.78%	30,239	5,860,640	2,920	6.2%
2004	20,430	1.49%	28,531	5,502,474	3,138	7.3%
2003	20,130	1.82%	26,477	5,214,284	3,321	6.8%
2002	19,770	0.82%	25,772	4,939,787	3,393	6.6%
2001	19,610	0.62%	24,917	4,780,747	3,411	5.9%
2000	19,490	1.40%	23,914	4,530,926	3,258	5.7%
1999	19,220	3.56%	22,649	4,286,867	3,309	6.4%

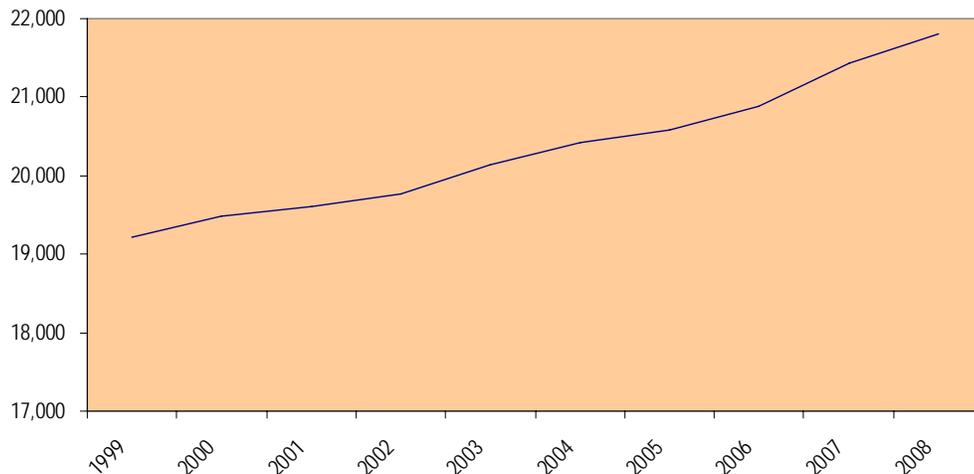
<sup>1</sup> Center for Population and Research and Census, and Portland State University

<sup>2</sup> Bureau of Economic Analysis

<sup>3</sup> Ashland School District

<sup>4</sup> Bureau of Economic Analysis, in thousands of dollars

**Population Growth  
Last Ten Years**



**CITY OF ASHLAND, OREGON**  
**SCHEDULE OF MAJOR INSURANCE IN FORCE**  
**June 30, 2008**

Company	Coverage	Policy Period	General Aggregate/Each Occurrence	Premium
City County Insurance Services	<b>General Liability</b>	07/01/2007-07/01/2008	\$ 15,000,000 / \$ 5,000,000	\$ 157,583
	Commercial General Liability	07/01/2007-07/01/2008	\$ 15,000,000 / \$ 5,000,000	
	Public Officials Liability	07/01/2007-07/01/2008	\$ 15,000,000 / \$ 5,000,000	
	Employment Practices	07/01/2007-07/01/2008	\$ 15,000,000 / \$ 5,000,000	
	Occurrence	07/01/2007-07/01/2008	\$ 15,000,000 / \$ 5,000,000	
	<b>Automobile Liability</b>			29,750
	Scheduled Autos	07/01/2007-07/01/2008	None / \$ 5,000,000	
	Hired Autos	07/01/2007-07/01/2008	None / \$ 5,000,000	
	Non-Owned Autos	07/01/2007-07/01/2008	None / \$ 5,000,000	
	<b>Auto Physical Damage</b>			6,719
	Scheduled Autos	07/01/2007-07/01/2008	Per Filed Value	
	Hired Autos	07/01/2007-07/01/2008	Per Filed Value	
	Non-Owned Autos	07/01/2007-07/01/2008	Per Filed Value	
	<b>Property</b>			77,183
	Buildings	07/01/2007-07/01/2008	Per Filed Value	
Mobile Equipment	07/01/2007-07/01/2008	Per Filed Value		
<b>Boiler and Machinery</b>	07/01/2007-07/01/2008	Replacement Cost of Machinery & Equipment not covered elsewhere	5,865	
<b>Excess Crime</b>	07/01/2007-07/01/2008	Per Loss/ \$250,000	445	
Northwest Insurance Group, Inc.	<b>Airport Liability</b>	07/01/2007-07/01/2008	\$4,000,000/\$4,000,000	5,189
The Hartford	<b>Flood</b>	10/23/2007-10/23/2008	\$ 54,200	766
Safety National Casualty Corp.	<b>Workers' Compensation Self-Insured Bond</b>	07/01/2007-07/01/2008		6,000
	<b>Excess Workers' Compensation</b>	07/01/2007-07/01/2008	\$ 1,000,000 / \$ 1,000,000	25,479

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

<b>Function/Program</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Administration	3.06	3.00	3.00	3.00	3.00
Human Resources	3.00	3.00	2.00	2.00	2.00
Legal	3.50	3.50	3.50	3.50	3.50
Information Technology	7.60	7.60	7.60	6.45	4.95
Finance	15.75	15.50	17.50	16.50	15.80
Municipal Court	4.15	4.15	4.15	3.75	3.00
City Recorder/Treasurer	2.00	2.00	2.00	2.00	2.00
Police	39.30	40.30	39.80	39.80	37.30
Fire	35.40	35.40	35.00	34.00	32.00
Streets	10.20	10.20	10.20	9.70	9.45
Water	16.30	16.30	14.80	14.80	13.70
Wastewater	11.80	11.80	11.80	11.80	12.55
Public Works Administration	8.00	8.00	8.00	8.00	6.75
Engineering	6.00	6.00	6.00	6.00	5.75
Facilities Maintenance/Cemetery	4.00	4.00	4.00	4.00	4.00
Fleet Maintenance	3.50	3.50	3.50	3.50	3.60
Planning	11.00	11.50	10.50	8.65	8.45
Building	5.40	6.50	6.50	6.55	6.55
Electric	18.10	18.10	18.10	17.15	14.40
Telecommunication	7.55	7.55	8.05	9.65	8.65
Conservation	3.00	3.00	3.00	2.80	3.00
Senior Program	*	*	*	1.75	1.75
Subtotal	218.61	220.90	219.00	215.35	202.15
Parks	50.55	48.45	48.45	45.90	37.40
Total	269.16	269.35	267.45	261.25	239.55

\* Senior Program included in Parks in 2006  
2004 figures do not include temporary employees

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

**CITY OF ASHLAND, OREGON**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**Last Ten Years**

<b>Function/Program</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
<b>Police</b>					
Physical Arrests, Juvenile and Adult	2,489	2,748	2,607	2,004	2,293
Traffic Violations	2,600	3,036	3,773	4,608	4,405
<b>Fire</b>					
Fire Alarm Responses	500	457	425	415	388
Emergency Medical Responses	3,022	2,955	2,716	2,952	2,428
Non-emergency Public Service Responses	76	87	109	100	90
Code Enforcement Plans Review	440	495	535	644	721
Total Calls for Service	3,590	3,534	4,000	3,285	3,186
Total Ambulance Patient Transports	1,700	1,616	1,511	1,243	1,274
<b>Water</b>					
Service Connections	8,291	8,281	7,870	7,764	7,609
Daily Average Consumption in Millions of Gallons	3.4	4	4	3	4
Maximum Daily Capacity of Plant in Million Gallons	8	8	8	8	8
<b>Sewer</b>					
Service Connections	8,153	8,129	7,722	7,583	7,455
Daily Average Treatment in Million Gallons	2.2	2	2	2	2
Maximum Daily Capacity in Million Gallons	4	4	4	4	4
<b>Electric</b>					
Service Connections	12,479	11,780	11,277	11,062	10,561
<b>Telecommunications</b>					
Cable TV	-	- <sup>3</sup>	3,095	3,170	3,100
Cable Modem	4,153	3,988	3,823	3,686	3,435
Potential Station Capacity	424	424	140	161	161

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

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

<sup>3</sup> Cable TV outsourced

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

<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
2,412 <sup>2</sup>	300	287	287	363
5,858	4,358	3,283	3,283	4,150
319	272	313	313	225
2,294	2,404	1,964	1,964	1,600
127	78	78	78	84
643	475	NA	NA	NA
2,922	2,740	2,630	NA	NA
989	863	793	NA	NA
7,419	7,214	7,200	6,662	6,662
3	3	4	3	3
8 <sup>1</sup>	10	10	10	10
7,290	7,091	7,046	6,546	6,546
2	2	2	2	2
4	6	10	6	6
10,374	10,490	10,441	10,105	9,884
2,961	2,499	NA	NA	NA
3,040	2,323	NA	NA	NA
161	161	161	161	161

**CITY OF ASHLAND, OREGON**  
**CAPITAL ASSETS AND INFRASTRUCTURE**  
**STATISTICS BY FUNCTION/PROGRAM**  
**Last Ten Years**

<b>Function/Program</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
<b>Police</b>					
Stations	1	1	1	1	1
Contact Station	1	NA	NA	NA	NA
Patrol Units (vehicles)	8	8	8	8	8
Sworn Officers	27	27	27	27	30
<b>Fire</b>					
Stations	2	2	2	2	2
Fire Fighters	31	31	31	31	31
<b>Streets</b>					
Miles of Paved Streets	100	100	100	100	97
Miles of Gravel Streets	11	10	14	14	17
Miles of Storm Sewers	89	85	85	84	76
<b>Water</b>					
Miles of Water Mains	124	124	124	124	121
Hydrants	1,154	1,115	1,142	1,131	1,069
<b>Sewer</b>					
Miles of Sanitary Sewers	110	110	110	108	106
Treatment Plant	1	1	1	1	1

1 Identifies implementation of GIS system

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

<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
1	1	1	1	1
NA	NA	NA	NA	NA
6	6	6	6	6
29	29	26	26	26
2	2	2	2	2
27	28	24	24	24
97	78	81	78	78
19	20	7	5	5
55	60	55	14	14
115	94	90	55	55
1,000	987	972	875	875
106	86	88	86	86
1	1	1	1	1

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

<b>Function/Program</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
<b>Electric</b>					
Street Lights	1,802	1,802	1,771	1,707	1,338
Electrical Transformers	1,982	1,982	1,973	1,943	1,851
Poles	3,453	2,551	2,559	3,501	2,511
Substations	3	3	3	3	3
<b>Telecommunications</b>					
Miles of Fiber	25	25	29	25	25
Miles of Coax	117	117	110	117	117
<b>Parks and Recreation</b>					
Community Centers	3	3	3	3	3
Parks	19	19	19	19	19
Park Acreage	640	640	640	637	637
Golf Courses	1	1	1	1	1
Swimming Pools	1	1	1	1	1
Ice Skating Rinks	1	1	1	1	1
Skateboard Parks	1	1	1	1	1
Tennis Courts	12	12	12	12	12
Trails (miles)	29	29	29	29	29
<b>Health Care</b>					
Hospital	1	1	1	1	1
Hospital Beds	49	60	49	49	49
<b>Education</b>					
Elementary Schools	3	3	3	3	4
Elementary School Instructors	59	59	59	61	58
Secondary Schools	2	2	2	2	2
Secondary School Instructors	106	106	106	106	90
State Universities	1	1	1	1	1

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

<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
1,283	1,276	1,895	1,895	1,872
1,815	2,030	1,864	1,864	1,824
2,501	2,501	2,742	2,742	2,734
3	3	3	3	3
35	30	10	10	10
117	120	120	120	90
3	3	3	3	3
19	19	19	17	17
637	637	637	535	535
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
1	1	1	NA	NA
12	12	12	12	12
NA	NA	NA	NA	NA
1	1	1	1	1
49	49	49	49	49
5	5	5	5	5
69	93	93	93	93
2	2	2	2	2
102	116	116	116	116
1	1	1	1	1



---

AUDIT COMMENTS  
AND  
DISCLOSURES REQUIRED BY STATE REGULATIONS

---



---

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



**PAULY, ROGERS AND CO., P.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

- 12700 S.W. 72nd Avenue • Tigard, Oregon 97223
- PHONE (503) 620-2632 • FAX (503) 684-7523

October 21, 2008

**2007-2008 AUDITORS' COMMENTS AND DISCLOSURES**

Oregon Administrative Rules 162-10-000 through 162-16-000 the Minimum Standards for Audits of Oregon Municipal Corporations enumerate the financial statements, schedules, comments and disclosures required in audit reports. The required statements and schedules are set forth in preceding pages of this report. Required comments and disclosures related to our audit of such statements and schedules are set forth as follows:

**REPORT ON INTERNAL ACCOUNTING CONTROL**

We have audited the basic financial statements of the City of Ashland, Jackson County, Oregon, for the year ended June 30, 2008 and have issued our report thereon dated October 21, 2008.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

The management of the City of Ashland, Jackson County, Oregon, is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

In planning and performing our audit of the basic financial statements of the City of Ashland, Jackson County, Oregon, for the year ended June 30, 2008, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

A material weakness is a significant deficiency in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

---

## 2007-2008 AUDITORS' COMMENTS AND DISCLOSURES

---

### REPORT ON INTERNAL ACCOUNTING CONTROL (CONTINUED)

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses as defined above. We have issued a report on significant deficiencies dated October 21, 2008.

These factors were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the 2008 basic financial statements, and this report does not affect our report on the basic financial statements dated October 21, 2008.

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

### ACCOUNTING RECORDS

The City's accounting records were adequate for audit.

### BUDGET TRANSACTIONS

Expenditures of the various funds appeared to be within authorized appropriations.

### 2007-2008 and 2008-2009 BUDGETS

The budgets adopted by the City for the current and ensuing fiscal year were examined during the audit. Based on our testing, it was determined that budget preparation and adoption procedures followed by the City were in compliance with the Oregon Local Budget Law.

### STATE HIGHWAY FUNDS

The City's compliance with requirements of Article IX, Section 3a of the Oregon Constitution and ORS 294 and 373 was reviewed, and based upon our testing, were found to comply with the restrictions on the use of revenue from taxes on motor vehicle use and fuel.

### COLLATERAL SECURING BANK DEPOSITS

We are not aware of any failure to comply with legal requirements related to the amount and adequacy of collateral pledged by depositories to secure funds of the City.

---

2007-2008 AUDITORS' COMMENTS AND DISCLOSURES

---

INVESTMENTS

The City's investments for the year ending June 30, 2008, were reviewed and, based upon our testing, appeared to comply with the legal requirements pertaining to the investment of public funds contained in ORS 294.035.

PUBLIC CONTRACTS AND PURCHASING

The City's procedures for awarding public contracts were reviewed, and based upon our testing, we found no instances of non-compliance with ORS Chapter 279 during 2007-2008.

INSURANCE AND FIDELITY BONDS

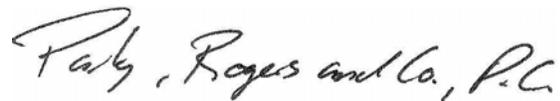
We are not aware of any failure to comply with legal requirements relating to insurance and fidelity bonds, however, we are not competent by training and experience to comment on the adequacy of insurance coverage. We recommend the City consult appropriate advisers related to these issues.

STATUTORY BONDED DEBT LIMITATION

The City's bonded debt outstanding appeared to be within the limitation established by Oregon Law.

PROGRAMS FUNDED FROM OUTSIDE SOURCES

We reviewed and tested, to the extent we considered necessary in the circumstances, transactions and reports relative to federal and state grant programs. Our reports concerning grant compliance and a schedule of expenditures of federal awards are contained in this report in the grant compliance review section.



PAULY, ROGERS AND CO., P.C.

---

**GOVERNMENT AUDITING STANDARDS  
COMPLIANCE REPORTS**

---



**CITY OF ASHLAND**  
**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**  
**For the year ended June 30, 2008**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass through Grantor's Number	Program or Award Amount	Cumulative Disbursements / Expenditures
Oregon Military Department Office of Emergency Management State Homeland Security Program 11/01/2007-05/31/2010	97.073	07-201	\$ 34,437.00	\$ 12,578.00
Oregon Military Department Office of Emergency Management Citizen Corps Program 11/01/2007-05/31/2010	97.053	07-101	\$ 10,000.00	\$ 4,965.00
Oregon Office of Homeland Security Criminal Justice Services Division Citizen Corps Program 09/01/2006-06/30/2008	97.053	06-101	\$ 35,542.00	\$ 13,515.00
United States Department of Agriculture Federal Financial Assistance Award Ashland Wildfire Mitigation Project 06/22/2004- 12/31/2007	10.672	2004-DG- 11062764-003	\$ 250,000.00	\$ 154,996.00
Federal Aviation Administration Nonprimary Allocation	20.106	3-41-0002-07	\$ 227,900.00	\$ 129,645.00
United States Department of Housing and Urban Development Community Development Block Grant Program 07/01/2007-06/30/2008-Grant Award	14.218	B07MC410008	\$ 212,738.00	\$ 42,457.00
07/01/2006-06/30/2007-Unallocated Carryover	14.218	B06MC410008	32,000.00	23,333.00
07/01/2005-06/30/2006-Unallocated Carryover	14.218	B05MC410008	7.00	-
07/01/2003-06/30/2004-Reprogrammed into FY08	14.218	B03MC410008	13,800.00	-
<b>TOTAL CDBG</b>			<b>\$ 258,545.00</b>	<b>\$ 65,790.00</b>
<b>TOTAL FEDERAL ASSISTANCE</b>			<b>\$ 816,424.00</b>	<b>\$ 381,489.00</b>

