

**CITY OF  
ASHLAND**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For year ended June 30, 2009**

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

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**INTRODUCTORY SECTION**

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## INTRODUCTORY SECTION

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# CITY OF ASHLAND

November 6, 2009

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, 2009, 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 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, 2009 are presented in conformity with Generally Accepted Accounting Principals (GAAP). The independent auditor's report is presented as the first component of the financial section of this report. It is followed by a Management Discussion and Analysis report on pages 5 through 17. The reader is encouraged to review these pages for a better understanding of the City, its financial condition and activities for the year.

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 21,485. 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). Transient Occupancy Tax revenue increased 8.6% even though the rate was increased 28% in October 2008. Staff originally projected a 12% to 14% revenue increase from the mid-year change. Food & Beverage tax revenue decreased for a second year with 1.6% down in 2008 and a 4.6% decrease in 2009.

In 2008-2009 the City issued \$6.9 million dollars in building permits, which is a decrease of both commercial and residential permits issued.

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 2008 to meet the needs of citizens and community and worked toward a broader base of input from the Community in 2009. The goals reflect the City's commitment of ensuring that its citizens are able to live and work in an enviable environment.

## **2009 CAFR Introductory section**

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

Tests were made of the government's internal control structure and of its compliance with applicable laws and regulations, including those related to federal financial assistance programs. Although this testing was not sufficient to support an opinion on the City's internal control system or its compliance with laws and regulation related to non-major federal financial assistance programs, the audit for the year ended June 30, 2009, 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 2008-2009 budget was prepared on a fund basis with department, program and line item detail.

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

**Significant Impacts.** The City's investment policy objectives are to preserve capital, maintain liquidity and diversification, and to attain a market rate of return throughout budgetary and economic cycles. Investments are valued at fair value as required by GASBS 31. Changes in the economy and investment market are prompting a review of the City's policy. As of June 30, 2009 the fair value of the investment in the Local Government Investment Pool was 99.11% of the pool shares as reported in Oregon Short Term Fund audited financial statements. This resulted in recognizing a loss of \$102,571 due to a reduced value of the shares owned by the City at that time.

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. The rising cost of employee benefits, especially health care and retirement, has promoted the City to contract with a consultant to review its compensation and classification system. The study included input from many of the represented and management employees for comparison to competitive employers in Oregon and northern California. The results of the review will provide meaningful information to manage costs in the coming years.

An actuarial review of other post employment benefit programs was performed during the year and the results from the study are incorporated within this report on pages 58 through 61 in the Notes to Basic Financial Statements section.

**OTHER INFORMATION**

**Tax Limitation.** Article IX of the Oregon Constitution contains various limitations of property taxes levied by local jurisdictions. The Constitution calls for taxes imposed upon property to be segregated into two categories: one to fund the public school system and community 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 2008-2009 local government tax rate in the City of Ashland was \$4.42, 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 \$4.0790 of this amount in 2008-2009. 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 fiscal year 2008.

**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.

**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, 2008. This was the seventeenth 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 2008-2009 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, 2008

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.



A handwritten signature in black ink, appearing to read "M. L. R. T."

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

**CITY OF ASHLAND  
ELECTED CITY OFFICIALS  
June 30, 2009**

<u>Name</u>	<u>Position</u>
John Stromberg 252 Ridge Road Ashland, OR 97520	Mayor
Pam B. Turner P.O. Box 1299 Ashland, OR 97520	Municipal Judge
Barbara Christensen 759 Willow Street Ashland, OR 97520	Recorder/Treasurer
David Chapman 390 Orchard Street Ashland, OR 97520	Council Member
Kate Jackson 359 Kearney Street Ashland, OR 97520	Council Member
Greg Lemhouse 2850 Wedgewood Ashland, OR 97520	Council Member
Eric Navickas 363 Iowa Ashland, OR 97520	Council Member
Russ Silbiger 562 Ray Lane Ashland, OR 97520	Council Member
Carol Voisin 908 Fox Street Ashland, OR 97520	Council Member

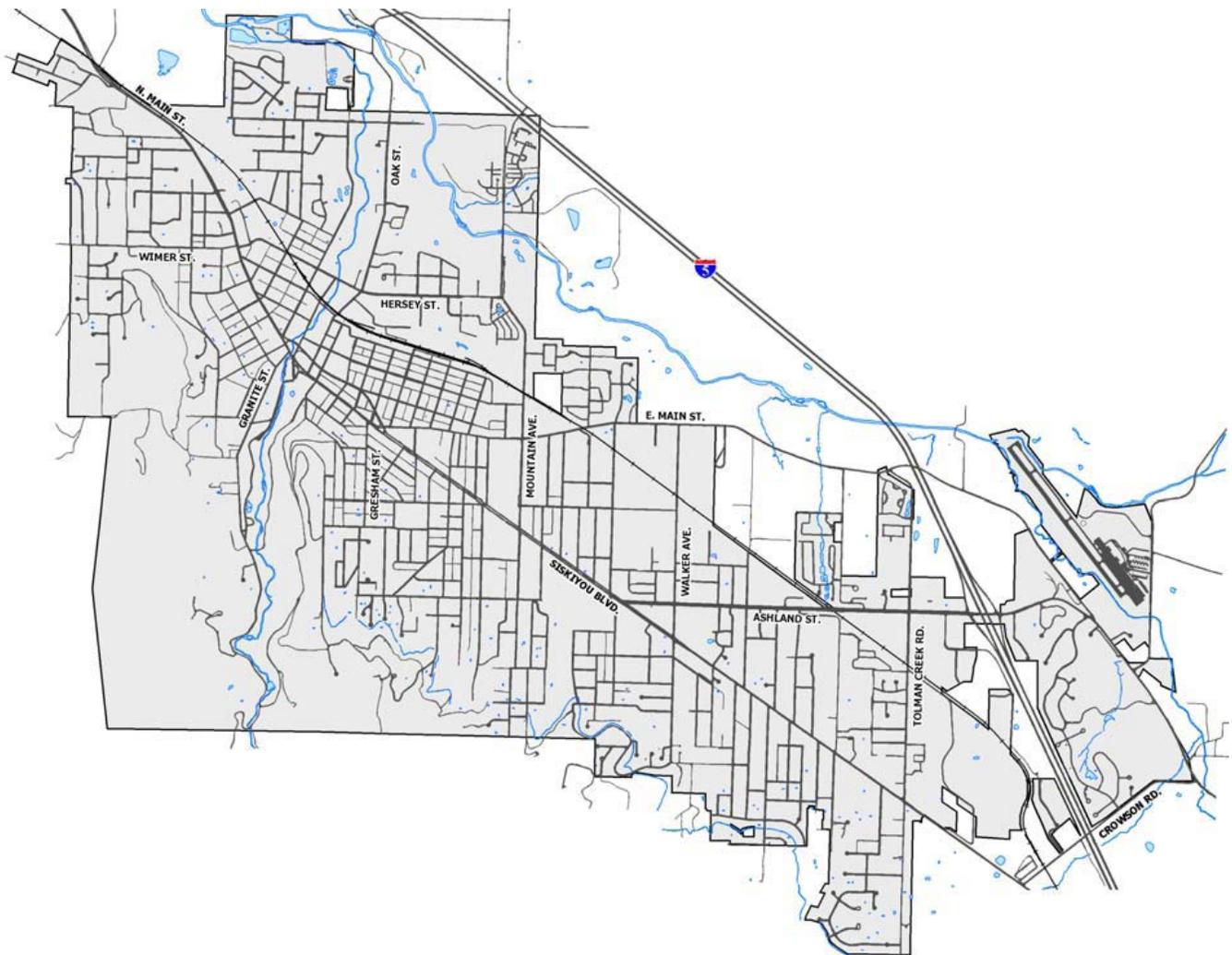
**CITY OF ASHLAND  
APPOINTED CITY OFFICIALS  
June 30, 2009**

<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
Michael Ainsworth 920 Beswick Way Ashland, OR 97520	Interim Information Technology Director
Mike Faught 4015 Payne Rd. Medford, OR 97504	Public Works Director
Terry Holderness 50 Pine Street Ashland, OR 97520	Police Chief
John Karns 440 Wiley Street Ashland, OR 97520	Fire 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

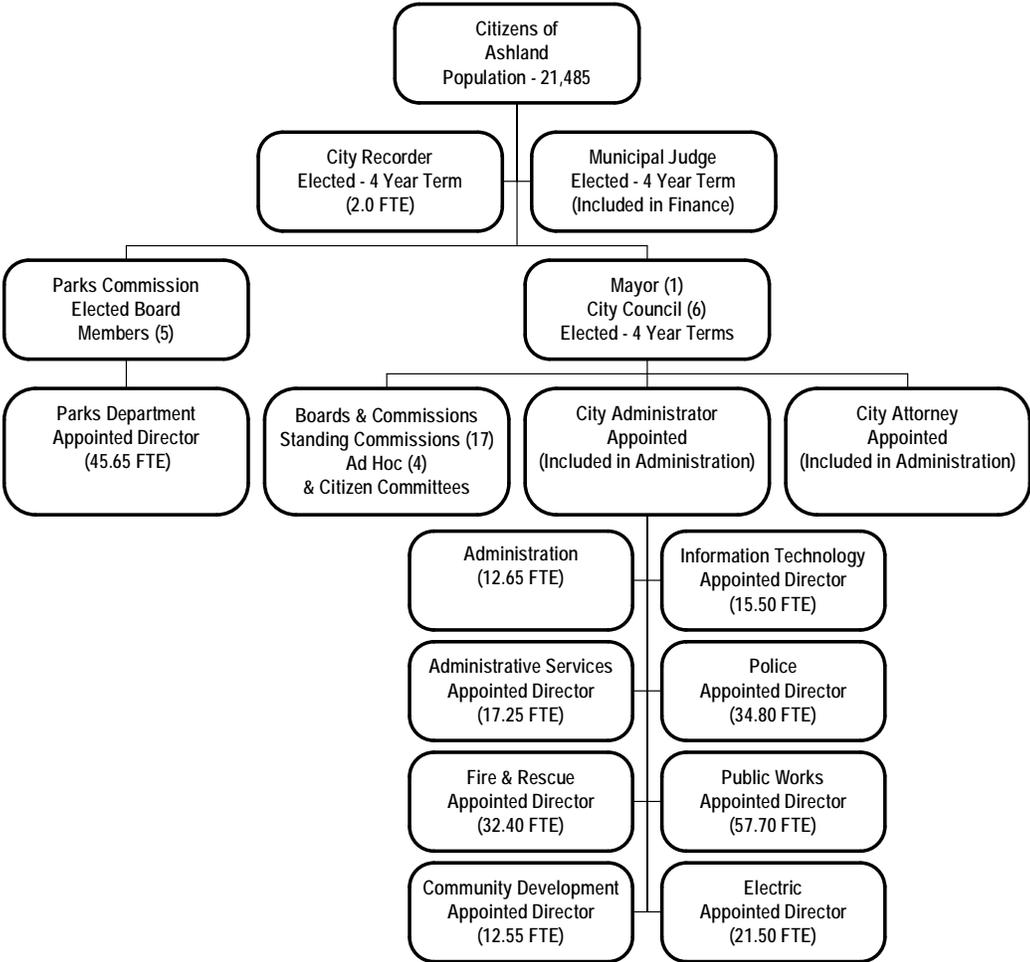
# CITY OF ASHLAND



## Vicinity Map 2009



**City of Ashland  
252.00 FTE  
Adopted**





# CITY OF ASHLAND

November 6, 2009

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

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

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

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

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

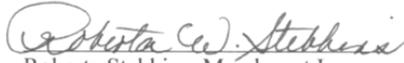
Based upon the above, we accept the 2008-2009 Comprehensive Annual Financial Report (CAFR) and the related audit reports of the independent certified public accountants for the City of Ashland and the Ashland Parks and Recreation Commission and recommend the respective CAFR and auditor's reports be accepted by the Council and the Commission.

Respectfully submitted,

The Audit Committee

  
Guy Nutter, Member at Large, Chair

  
Dee Anne Everson, Member  
Representing Budget Committee

  
Roberta Stebbins, Member at Large

  
Barbara Christensen, City Recorder/  
Treasurer Ex-Officio Member

  
Russ Silbiger, Council Liaison

Administrative Services Department  
D.L. Tuneberg, Director  
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## **FINANCIAL SECTION**

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

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

October 28, 2009

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, 2009, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting. Accordingly, we express no such opinion. 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, 2009 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 accounting principles generally accepted in the United States of America. 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.

## **2009 CAFR financial section**

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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ashland's basic financial statements. The introductory section, supplementary information and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information (including the following other financial schedules on pages 69 thru 96), 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, 2009. 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 of net assets of the City of Ashland (total assets less total liabilities) at the fiscal year end of June 30, 2009 is \$101,365,604.
- The City’s total net assets increased this year by \$1,551.
- The City’s governmental funds reported combined ending fund balances totaling \$7,972,752, an increase of \$431,647 or 5.7% for the year. Proprietary funds combined ending fund balances decreased by \$1,482,974 or 2.3% to \$62,018,301. Internal service funds reported a combined \$1,377,332 decrease in ending fund balance.
- The unreserved fund balance for the General Fund was \$2,044,482 or 14.6% of total General Fund expenditures.

Figure 1 City of Ashland  
Sources of Revenue for Fiscal Year 2009

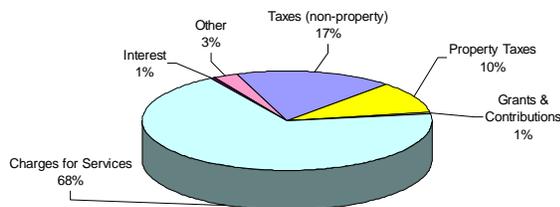
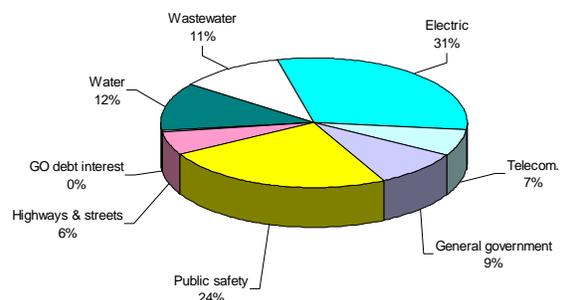


Figure 2 City of Ashland  
Program Expenses for Fiscal Year 2009



## Overview of the Financial Statements

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

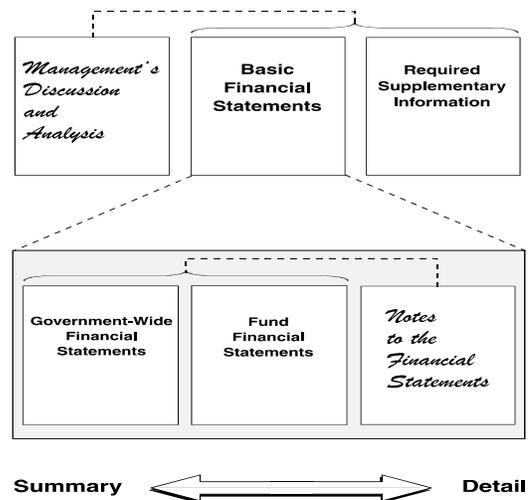
Figure 3 shows how the required parts of this annual report are arranged and related to one another. The basic financial statements include two kinds of statements that present different views of the City:

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

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

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

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



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

Type of Statements	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 \$101,365,604 at June 30, 2009. (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 2009-2008
	2009	2008	2009	2008	2009	2008	
<b>Current Assets:</b>							
Cash and cash equivalents	\$ 9,453	\$ 9,845	\$ 6,993	\$ 6,438	\$ 16,446	\$ 16,283	1.0%
Receivables, net	2,669	2,444	2,228	2,190	4,897	4,634	5.7%
Inventories - supplies and materials	36	60	810	881	846	941	-10.1%
Deferred charges			1,098	1,216	1,098	1,216	-9.7%
Internal balances	(641)	(1,305)	641	1,305	-	-	n/a
<b>Restricted assets:</b>							
Cash and cash equivalents	1,067	1,241			1,067	1,241	-14.0%
Total current assets:	<u>12,584</u>	<u>12,285</u>	<u>11,770</u>	<u>12,030</u>	<u>24,354</u>	<u>24,315</u>	0.2%
<b>Noncurrent assets:</b>							
Capital assets	89,014	86,696	114,051	113,104	203,065	199,800	1.6%
Less accumulated depreciation	(39,728)	(38,631)	(38,585)	(35,041)	(78,313)	(73,672)	6.3%
Total noncurrent assets	<u>49,286</u>	<u>48,065</u>	<u>75,466</u>	<u>78,063</u>	<u>124,752</u>	<u>126,128</u>	-1.1%
Total Assets	<u>61,870</u>	<u>60,350</u>	<u>87,236</u>	<u>90,093</u>	<u>149,106</u>	<u>150,443</u>	-0.9%
<b>Current liabilities:</b>							
Accounts payable and accrued liabilities	3,584	3,225	1,598	1,716	5,182	4,941	4.9%
Deferred revenue	-	-			-	-	n/a
Total current liabilities	<u>3,584</u>	<u>3,225</u>	<u>1,598</u>	<u>1,716</u>	<u>5,182</u>	<u>4,941</u>	4.9%
<b>Long-term liabilities:</b>							
Claims payable	<u>19,500</u>	<u>20,487</u>	<u>23,059</u>	<u>23,651</u>	<u>42,559</u>	<u>44,138</u>	-3.6%
Total Liabilities	<u>23,084</u>	<u>23,712</u>	<u>24,657</u>	<u>25,367</u>	<u>47,741</u>	<u>49,079</u>	-2.7%
<b>Net Assets:</b>							
Invested in capital assets	29,787	27,578	52,406	54,412	82,193	81,990	0.2%
Restricted	4,366	4,402	4,676	5,590	9,042	9,992	-9.5%
Unrestricted	4,634	4,658	5,497	4,724	10,131	9,382	8.0%
Total Net Assets	<u>\$ 38,787</u>	<u>\$ 36,638</u>	<u>\$ 62,579</u>	<u>\$ 64,726</u>	<u>\$ 101,366</u>	<u>\$ 101,364</u>	0.0%

At June 30, 2009, approximately 68% (\$6.2 million) of the City's restricted net assets represent proceeds from systems development charges as compared to \$6.0 million or 60% the prior year. These proceeds, when spent, are restricted for capital assets or related debt. The \$10.1 million of unrestricted net asset at June 30, 2009, is 8.0% larger 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 for FY 2009 were \$42.4 million or \$2.0 million (4.6%) less than the prior year. This change reflects many variations in revenue streams but mainly decreases in charges for services, user taxes, grants and miscellaneous sources consistent with changes in operations and the ongoing down turn in the economy. Notable changes in revenue were:

- A decrease in Charges for service of \$1.2 million (3.8%) primarily due to continued reductions in charges for development services like permits and inspections and reduced volumetric water and electric sales.
- Decreases in capital grants & contributions of \$174,000 (97.8%) as compared to the prior year due to less qualifying capital expenditures included in the budget.
- An increase in property taxes of \$221,000 (5.3%) due to a higher tax rate levied to fund General Fund services and for other programs like support to the library.

## 2009 CAFR financial section

- \$669,000 (74%) less in Interest earnings and \$249,000 less in Unrestricted state subventions like Cigarette taxes, 911 Dispatch and other revenue sharing.

Of the total \$42.4 million, 68% or \$29.0 million is from Charges for services and \$1.64 million or 3.9% is from grants, interest earnings and other non-tax sources. Only 27.8% or \$11.8 million comes from the various sources of taxes, consistent with the prior year. (See Table B below and the Statement of Activities on pages 20 and 21.) Tax revenues represented 26.6% 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 2009-2008
	2009	2008	2009	2008	2009	2008	
Program revenues:							
Charges for services	\$ 8,505	\$ 9,334	\$ 20,497	\$ 20,825	\$ 29,002	\$ 30,159	-3.8%
Operating grants & contributions	118	100	103	116	221	216	2.3%
Capital grants & contributions	4	178	-	-	4	178	-97.8%
General revenues:							
Property taxes	4,391	4,170	-	-	4,391	4,170	5.3%
Other taxes	5,903	6,092	1,495	1,568	7,398	7,660	-3.4%
Interest	127	445	108	459	235	904	-74.0%
Other	219	779	963	389	1,182	1,168	1.2%
Total revenues	19,267	21,098	23,166	23,357	42,433	44,455	-4.5%
Program expenses:							
General government	3,857	4,876			3,857	4,876	-20.9%
Public safety	10,313	11,556			10,313	11,556	-10.8%
Highways and streets	2,506	4,000			2,506	4,000	-37.4%
Interest on long-term debt	442	1,178			442	1,178	-62.5%
Water			4,970	4,959	4,970	4,959	0.2%
Wastewater			4,675	5,262	4,675	5,262	-11.2%
Electric			12,823	13,876	12,823	13,876	-7.6%
Telecommunications			2,845	2,757	2,845	2,757	3.2%
Total expenses	17,118	21,610	25,313	26,854	42,431	48,464	-12.4%
Increase (Decrease) in net assets before transfers and disposals	2,149	(512)	(2,147)	(3,497)	2	(4,009)	-100.0%
Interfund transfer	-	-	-	-	-	-	
Increase (Decrease) in net assets	2,149	(512)	(2,147)	(3,497)	2	(4,009)	-100.0%
Net Assets - 6/30/2008	36,638	37,150	64,726	68,223	101,364	105,373	-3.8%
Recognition of prior infrastructure							
Net Assets - 6/30/2009	<u>\$ 38,787</u>	<u>\$ 36,638</u>	<u>\$ 62,579</u>	<u>\$ 64,726</u>	<u>\$ 101,366</u>	<u>\$ 101,364</u>	0.0%

The total cost of all programs and services was \$42.4 million which is 12.4% less than 2008's \$48.5 million. Governmental Activities decreased \$4.5 million (as compared to 2008's \$3.5 million increase) and Business-type Activities decreased \$1.5 million. The current year included significant increases in operational (fuel, chemicals, staffing, debt service) but decreases in program and project costs to compensate for revenue shortfalls. Governmental expenses were also reduced by the value of capitalized infrastructure like the Clay Street property that was purchased mid-year.

Business-Type Activities were more consistent between years. Electric's significant program reduction was due to short-term decreases in wholesale and transmission costs.

Interest on long-term debt is \$736,000 less than 2008 due to recognizing the impact of refinancing the airport hangars (\$290,000) and internal loan proceeds of \$625,000 for a combined off-setting impact to the expense of \$1.1 million.

As mentioned above, the overall change in Net Assets during the year is an increase of \$1,551. In the prior year (2008) the City experienced a \$4 million decrease in net assets and a \$888,000 increase in 2007. The changes over the three years demonstrate how changes between years can vary but over time they can offset each other.

The small increase for 2008-2009 represents a consistent effort to match and stabilize expenses with changes in revenues. The City received 4.5% less in revenues but reduced expenses 12.4% to offset the impact, resulting in the small increase in net assets. Rate and fee increases were implemented during the year but their impact was diminished by reduced activities in corresponding programs.

### **Governmental Activities**

- The cost of all governmental activities in FY 2008-2009 was \$17.1 million or 20.8% (\$4.5 million) less than the prior year. FY 2008-2009 included \$1.0 million less in General government services, \$1.2 million less in Public Safety and \$1.5 million less in Highway and street maintenance and repair than in FY 2007-2008. These reductions are due to scaled back programs to balance the budget and capitalized costs from projects offsetting current year expenditures similar to the large reductions between years experienced in FY 2006-2007.
- Interest on long-term debt reported was also \$0.7 million less than the prior year. The reduction is due to refinancing the airport hangar loan and internal borrowing that off set over \$1.1 million of interest payments.
- The amount that citizens paid for these activities through property taxes was \$4,391,088 or approximately \$221,000 more than the prior year representing a 5.3% increase, primarily due to additional services and related tax rate increases approved during the budget process.
- Those who directly benefited from the offered programs paid \$829,000 (8.9%) less than the prior year's \$9.3 million which equates to 51.0% of the cost (excluding interest on long term debt) for FY 2008-2009 as compared to 45% in the prior year. The 51.0% level is similar to that of FY 2006-2007.
- Grants and contributions revenues decreased from \$278,000 to \$122,000 between the two years in keeping with fewer qualifying programs for grant funding in FY 2008-2009. The availability of grant and contributions (and related costs) can change significantly each year and this is the second straight year of large reductions indicating fewer federal and state dollars available to the City.

## 2009 CAFR financial section

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Approximately half of the net \$221,000 increase in property tax revenue came from growth and the remainder from higher rates.

Other tax revenues decreased \$390,000 including less in franchise revenues from utilities, state subventions (such as 911 excise tax) and other user taxes such as food and beverage tax proceeds. These helped to offset the \$131,000 or 8.7% increase in Transient Occupancy Tax revenue due to a rate increase from 7% to 9% mid-year.

Net Assets for Governmental Activities (Table B) increased \$2,149,000 or 5.9% to \$38.8 million due to greater reductions in operational costs as compared to reductions in revenue.

Reducing reserves had been a goal of the City and prior budgets reflected such activity. Management's focus for FY 2008-2009 and beyond was and is to balance annual and short-term revenues and expenses, maintaining approved reserve levels to assure long-term financial stability. The ongoing problem in national and local economies elevates the importance of this goal. Financial information presented above for FY 2008-2009 demonstrates managerial efforts to balance budgets and adjust services to meet needs and cost limitations.

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 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 \$1,253,000 which is consistent with the \$1,139,000 more in revenues than expenses in the prior year. Public Safety (Police and Fire services in the General Fund) reduced \$1.2 million in both costs and Net Costs between years which shows cost containment but continued reliance on taxes and other non-operational revenue. Highways and Streets also maintained a "positive" net costs amount of \$591,000 that required funding through General Revenues like taxes and fund balance in FY 2008-2009 as in the prior year but were 73.1% less than in FY 2007-2008. Increased amounts of infrastructure improvement costs to capitalize and reduced operational costs to meet budget account for the rest of the reduction.

Changes between years are common and most often are due to timing of capital projects, receipt of related financing proceeds, grants or 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
	2009	2008		2009	2008	
General Government	\$ 3,857	\$ 4,876	-20.9%	\$ (1,253)	\$ (1,139)	-10.0%
Public Safety	10,313	11,556	-10.8%	8,711	9,933	-12.3%
Highways and Streets	2,506	4,000	-37.4%	591	2,025	-70.8%

**Business-type Activities**

Program revenues of the City's Business-type Activities totaled \$20,500,000 or 81.0% of related expenses for FY 2008-2009 as compared to \$20,941,000 or 77.5% of the prior year. Revenues were fairly consistent but lower between years with conservation and milder weather directly reducing electric and water sales, and indirectly reducing sewer charges. Telecommunications revenue increased 5.6% due to stabilized service contracts and some growth in the customer base through new services like AFN Anywhere, a wireless access program.

All enterprises adjusted operations in response to the economic downturn with Water and Telecommunications costs keeping fairly consistent between years. Wastewater and Electric decreased costs 11% and 8%, respectively. These reductions represent cost containment to balance the budget (deferred sewer maintenance activities) and temporary external costs to the City such as wholesale power. Thus, all four utilities presented in Table D recorded Program revenues less than expenses resulting in net costs in FY 2008-2009 and the need for other revenue streams to help pay for operations.

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

	Total Cost of Services			Net Cost of Services		
	2009	2008	% Change	2009	2008	% Change
Water	\$ 4,970	\$ 4,959	0.2%	\$ 721	\$ 790	-8.7%
Wastewater	4,675	5,262	-11.2%	1,866	2,527	-26.2%
Electric	12,823	13,876	-7.6%	1,087	1,549	-29.8%
Telecommunications	2,845	2,756	3.2%	1,039	1,047	-0.8%

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

Total ending fund balance for city funds decreased 0.3% or \$66,251 to \$18,361,164 during FY 2008-2009. With the Parks and Recreation Commission (component unit of the city) fund balances, the total is \$19,935,263 at June 30, 2009, and represents 7% less than originally budgeted, primarily due to less in borrowed funds held for capital projects in progress. Actual exceeded budget by 4% at the end of FY 2007-2008. 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 City used a more conservative approach for budgeting in FY 2008-2009, eliminating many projects and potential financing from the budget, resulting in an ending fund balance close to but less than what was budgeted.

Other considerations are:

- Utility rates were raised but sales lagged and operational costs for staff, fuel, materials and purchased services increased.

## **2009 CAFR financial section**

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- A flattened economy not providing revenues beyond what was anticipated.
- Departments were more fully staffed (few vacant positions) enabling programs and projects to be done, both contributing to expending the amounts budgeted.
- Expenditures for capital projects consistent with what was budgeted.

Revenues from governmental fund types totaled \$20.4 million, which is \$504,000 less than the preceding year while expenditures were \$608,000 more for the same activities. General Fund's ending balance is \$2.2 million, about the same as the prior year with a \$100,000 disconnect between revenues and expenditures. FY 2008-2009 was another year with some revenue flat or reduced and departments offsetting that impact with reduced spending. This resulted in only 10% of Contingency to be used.

Other significant changes in governmental fund types were increases in Property and other taxes to fund desired services like fiscal and economic studies, higher Charges for services due to rate increases and added Fines and Forfeitures from concerted enforcement efforts.

All other categories including Fees, licenses and permits; Intergovernmental; Systems development charges; Assessments and Miscellaneous revenue in FY 2008-2009 decreased an average 33% due to less activity in those areas. Much of this relates to the depressed economy including less in housing starts and reduced interest earnings. All programs reduced expenditures to adjust for the overall reductions.

Capital intensive funds (all enterprise funds) still relied on ending fund balances to pay for projects and operations but to a lesser degree due to rate increases and reductions in operating costs by departments. This helps to explain larger Charges for Services amounts and reductions in operating costs to balance the budget. Such adjustments were still not enough and the Wastewater Fund is an example where 2.8% more in revenue and 16.9% less in operating expenses contributed to reducing the overall shortfall between total revenues and total expenditures of \$354,201 as compared to the prior year disconnect of \$1.1 million. The financing proceeds reduced the reduction to ending fund balance to \$54,201. The \$134,150 less in Interest earnings and the \$71,704 decrease in Food & Beverage Tax proceeds offset the positive adjustments in charges and expenses.

Most funds anticipating bonds or loans for capital improvements delayed all but essential projects for approved funding. In FY 2008-2009 the Water and Wastewater funds were reimbursed \$700,000 and \$300,000, respectively, through Full Faith & Credit bonds for capital costs paid from reserves in prior years. Those amounts contributed to better than projected ending fund balances.

The Electric Fund decreased operational costs and wholesale power purchased to match reduced sales due to temperate weather. This resulted in a \$172,799 (11.7%) contribution to the ending fund balance. The Telecommunications Fund balance increased \$60,226 (6.9%) to \$929,945 providing the potential for larger contributions toward related debt service. 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 \$54,335 and increased the total appropriation \$226,565 through supplemental budgets to recognize and use forfeited assets and miscellaneous revenue. Actual expenditures were 13.2% or \$2.1 million below final budget amounts (excluding Contingency), consistent with the FY 2007-2008. 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.

Administration spent 67.0% of its \$670,246 final budget. The \$221,047 carry forward represents the economic program getting a late start and the actual library funding needed being less than what was budgeted. The Police Department spent 92.3% of its final budget leaving \$444,410 for carry forward primarily due to less staff and related impact on programs. Fire and Rescue under spent its final budget by \$183,776 (a savings of 3.6%) 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.

All revenue categories were less than the amounts budgeted, primarily due to the economic downturn or reduced activities like less sales in building permit and fee services, internal and external utilities resulting in smaller franchise payments. Excluding the \$1,000,000 from sale of land, the other major reductions were Taxes (\$341,113 or 3% below budget) and Fees, Licenses and Permits (\$363,549 or 32% below budget) for the reasons stated above.

The net effect of the above changes was expenses exceeding revenues by \$125,508 when a shortfall of \$615,714 was budgeted for a positive variance of \$489,483. This amount approximates the original \$482,000 Contingency budgeted.

With transfers between funds added, the fund balance decreased \$111,210 (5%) which is a positive \$445,004 variance from the total reduction budgeted of \$556,214. This positive variance can be attributed to operational budget reductions implemented during the year.

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2009-2008
	2009	2008	2009	2008	2009	2008	
Land	\$ 12,401	\$ 9,829	\$ 1,881	\$ 1,881	\$ 14,282	\$ 11,710	22.0%
Buildings and improvements	19,563	19,563	22,089	21,782	41,652	41,345	0.7%
Equipment	13,131	14,380	824	824	13,955	15,204	-8.2%
Infrastructure	43,580	42,250	84,636	84,636	128,216	126,886	1.0%
Construction in progress	340	674	4,621	3,982	4,961	4,656	
Totals at historical cost	<u>89,015</u>	<u>86,696</u>	<u>114,051</u>	<u>113,105</u>	<u>203,066</u>	<u>199,801</u>	1.6%
Total accumulated depreciation	<u>39,728</u>	<u>38,631</u>	<u>38,585</u>	<u>35,042</u>	<u>78,313</u>	<u>73,673</u>	6.3%
Net capital assets	<u>\$ 49,287</u>	<u>\$ 48,065</u>	<u>\$ 75,466</u>	<u>\$ 78,063</u>	<u>\$ 124,753</u>	<u>\$ 126,128</u>	-1.1%

**CAPITAL ASSETS AND DEBT ADMINISTRATION**  
**Capital Assets**

At the end of FY 2008-2009, the City recorded a net investment of \$124.8 million (\$82,482,603 net of related debt) in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table E).

This is a decrease of \$1.4 million in Net Capital Assets after an increase in depreciation of \$4.6 million as shown in the Notes on page 46 and 47.

The City's fiscal year 2010 capital budget estimates spending \$5.6 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 \$1,000,000 in Full Faith & Credit backed General Obligation bonds in FY 2008-2009 to reimburse the Water Fund \$700,000 and the Wastewater Fund \$300,000 for capital projects funded out of reserves. Rate revenues from the respective systems are pledged to pay the annual debt service. The City also refinanced the Airport T-hangar loan with a longer-term loan of \$290,000. This loan is also backed by the City's Full Faith & Credit but annual debt service is paid by hangar lease revenue.

**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".

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."

At year-end the City had \$38.6 million in bonds and notes outstanding as shown in Table F. This is \$1.2 million or 3.1% 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 2009-2008
	2009	2008	2009	2008	2009	2008	
	Bonds payable	\$ 17,465	\$ 18,160	\$ 1,505	\$ 680	\$ 18,970	
Notes payable	2,035	2,327	17,627	18,687	19,662	21,014	-6.4%
Total bonds & notes	<u>\$ 19,500</u>	<u>\$ 20,487</u>	<u>\$ 19,132</u>	<u>\$ 19,367</u>	<u>\$ 38,632</u>	<u>\$ 39,854</u>	-3.1%

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

- Growth in assessed value used for the 2010 budget preparation was projected at 3% per the Measure 50 limitation with little or no new construction.
- Other tax and permit revenue including franchises, Transient Occupancy Tax, Food & Beverage Tax and development services (new building construction revenue) were projected to remain flat or decrease.
- Fee (Charges for services) revenue was projected to increase only by the amount that corresponding rates were adjusted to cover operational costs. General Fund budgeted spending for 2010 is \$1,750,000 below 2009's budget of \$16.6 million but \$500,000 more than the \$14.4 spent for the year ended June 30, 2009. This budget included \$400,000 in contingency and anticipates \$14.3 million in revenue.

These indicators were taken into account when adopting the General Fund budget for 2010. The amounts available for appropriation in the General Fund budget was estimated to be \$14.3 million in resources and a working capital carry over of \$1.9 million. The actual carry forward for the General Fund budget is \$2.2 million.

General Fund Tax revenues are projected to increase \$700,000 (6.5% over actual for 2009) to \$11.5 million. Property taxes are expected to be small portion of the total even though the rate levied for operational needs in the General Fund were increased 6%.

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

The largest increments in budgeted expenditures for 2010 are increased benefit and retirement costs for staffing, internal charges and fuel-related and operating costs. The citizen-approved financing for library operations via a local option levy for 2010 is approximately \$350,000 per year. Economic and fiscal stability programs have also been added, representing approximately \$300,000 per year.

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

## **BASIC FINANCIAL STATEMENTS**

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**CITY OF ASHLAND, OREGON**  
**STATEMENT OF NET ASSETS**  
**June 30, 2009**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Parks and Recreation
<b>ASSETS</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 9,453,086	\$ 6,993,295	\$ 16,446,381	\$ 1,824,579
Receivables (net of allowance for uncollectibles)	2,668,694	2,227,713	4,896,407	375,386
Inventories	36,193	810,073	846,266	
Deferred charges		1,098,448	1,098,448	
Internal Balances	(640,731)	640,731	-	
Restricted assets:				
Cash and cash equivalents	1,066,850	-	1,066,850	
Capital Assets:				
Land	12,400,610	1,880,637	14,281,247	
Buildings	19,563,238	22,089,254	41,652,492	12,888,969
Machinery and equipment	13,130,505	823,580	13,954,085	1,305,303
Infrastructure	43,579,697	84,636,277	128,215,974	1,327,472
Construction in progress	340,422	4,620,579	4,961,001	162,014
Accumulated Depreciation	(39,728,339)	(38,584,771)	(78,313,110)	(5,883,878)
<b>Total assets</b>	<b>\$ 61,870,225</b>	<b>\$ 87,235,816</b>	<b>\$ 149,106,041</b>	<b>\$ 11,999,845</b>
<b>Liabilities:</b>				
Accounts payable and other current liabilities	\$ 3,153,914	\$ 1,467,227	\$ 4,621,141	\$ 290,053
Accrued interest payable	430,105	130,104	560,209	
Noncurrent liabilities:				
Due within one year	1,183,044	1,669,770	2,852,814	27,898
Due in more than one year	18,316,590	21,389,683	39,706,273	83,694
Total liabilities	23,083,653	24,656,784	47,740,437	401,645
<b>Net Assets</b>				
Invested in capital assets, net of related debt	29,786,499	52,406,103	82,192,602	9,799,880
Restricted for:				
System development	2,363,441	3,800,824	6,164,265	
Debt service	1,072,785	875,490	1,948,275	
Asset Forfeiture	140,974		140,974	
Perpetual care: Nonexpendable	788,753		788,753	
Unrestricted	4,634,120	5,496,615	10,130,735	1,798,320
<b>Total net assets</b>	<b>\$ 38,786,572</b>	<b>\$ 62,579,032</b>	<b>\$ 101,365,604</b>	<b>\$ 11,598,200</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, 2009**

Functions\Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 3,856,719	\$ 5,102,533	\$ 3,641	\$ 3,991
Public Safety	10,312,721	1,487,673	114,188	
Highways and Streets	2,505,897	1,914,830		
Interest on long-term debt	442,168			
<b>Total governmental activities</b>	<b>17,117,505</b>	<b>8,505,036</b>	<b>117,829</b>	<b>3,991</b>
Business-type Activities:				
Water	4,969,862	4,192,766	55,628	
Wastewater	4,675,433	2,809,844		
Electric	12,823,006	11,688,967	47,121	
Telecommunications	2,845,198	1,805,746		
<b>Total business-type activities</b>	<b>25,313,499</b>	<b>20,497,323</b>	<b>102,749</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 42,431,004</b>	<b>\$ 29,002,359</b>	<b>\$ 220,578</b>	<b>\$ 3,991</b>
<b>Component Unit:</b>				
Ashland Parks and Recreation	\$ 5,459,540	\$ 1,019,780	\$ -	\$ -

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

Net assets - beginning  
Net assets - ending

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

Net (Expense) Revenue and  
Changes in Net Assets

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Ashland Parks and Recreation
\$ 1,253,446		\$ 1,253,446	\$ -
(8,710,860)		(8,710,860)	-
(591,067)		(591,067)	-
(442,168)		(442,168)	-
<u>(8,490,649)</u>	<u>-</u>	<u>(8,490,649)</u>	<u>-</u>
	(721,468)	(721,468)	-
	(1,865,589)	(1,865,589)	-
	(1,086,918)	(1,086,918)	-
	<u>(1,039,452)</u>	<u>(1,039,452)</u>	<u>-</u>
<u>-</u>	<u>(4,713,427)</u>	<u>(4,713,427)</u>	<u>-</u>
<u>(8,490,649)</u>	<u>(4,713,427)</u>	<u>(13,204,076)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,439,760)</u>
4,391,088		4,391,088	3,970,602
3,888,747		3,888,747	
2,013,026	1,495,488	3,508,514	
127,224	108,066	235,290	22,455
218,999	962,989	1,181,988	256,122
<u>10,639,084</u>	<u>2,566,543</u>	<u>13,205,627</u>	<u>4,249,179</u>
2,148,435	(2,146,884)	1,551	(190,581)
<u>36,638,137</u>	<u>64,725,916</u>	<u>101,364,053</u>	<u>11,788,781</u>
<u>\$ 38,786,572</u>	<u>\$ 62,579,032</u>	<u>\$ 101,365,604</u>	<u>\$ 11,598,200</u>

**CITY OF ASHLAND, OREGON  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2009**

<b>ASSETS</b>	<u>General</u>	<u>Street</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 2,218,946	\$ 2,412,432	\$ 2,325,806	\$ 6,957,184
Receivables (net of allowance for uncollectibles)	1,456,502	273,384	903,699	2,633,585
Due from other funds			-	-
Cash - restricted			1,066,850	1,066,850
<b>Total assets</b>	<b>\$ 3,675,448</b>	<b>\$ 2,685,816</b>	<b>\$ 4,296,355</b>	<b>\$ 10,657,619</b>
<b>LIABILITIES, AND EQUITY</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 683,381	\$ 160,224	\$ 235,744	\$ 1,079,349
Deferred revenue	530,535	123,334	595,573	1,249,442
Due to other agencies			-	-
Due to other funds			80,000	80,000
Liabilities payable from restricted assets	276,076			276,076
Total liabilities	1,489,992	283,558	911,317	2,684,867
<b>Fund Balances:</b>				
Reserved for:				
Reserved for system development charges		2,085,259	348,746	2,434,005
Reserved for debt service			1,072,785	1,072,785
Reserved for asset forfeiture	140,974			140,974
Reserved for perpetual care			788,752	788,752
Unreserved, reported in:				
General Fund	2,044,482			2,044,482
Special revenue funds		316,999	19,979	336,978
Capital projects funds			1,154,776	1,154,776
Total fund balances	2,185,456	2,402,258	3,385,038	7,972,752
<b>Total liabilities and fund balances</b>	<b>\$ 3,675,448</b>	<b>\$ 2,685,816</b>	<b>\$ 4,296,355</b>	<b>\$ 10,657,619</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, 2009**

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

Fund Balances	\$	7,972,752
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The cost of capital assets (land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress) is reported as an expenditure in governmental funds. The statement of net assets includes those capital assets among the assets of the City as a whole.

Net Capital Assets		46,133,595
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Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets.

Long-term Liabilities		(19,499,634)
Accrued Interest on Liabilities		(430,105)

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

OPEB Implicit Liability		(152,377)
Accrued Vacation and Sick Leave		(543,821)

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

Deferred Revenue		1,249,439
------------------	--	-----------

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		4,056,723
Total Net Assets	\$	38,786,572

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, 2009**

	<b>General Fund</b>	<b>Street Fund</b>	<b>Other Governmental Funds</b>	<b>Total Primary Government</b>
<b>Revenues:</b>				
Taxes	\$ 10,828,312	\$ 198,994	\$ 763,466	\$ 11,790,772
Fees, Licenses and Permits	768,451			768,451
Intergovernmental	637,156	838,483	154,416	1,630,055
Charges for Services	1,379,494	1,816,600	2,445,575	5,641,669
System Development Charges		72,643	18,375	91,018
Assessments		25,587		25,587
Fines and Forfeitures	156,092			156,092
Interest on Investments	30,277	28,782	38,320	97,379
Miscellaneous	109,343	8,919	46,733	164,995
<b>Total Revenues</b>	<b>13,909,125</b>	<b>2,990,008</b>	<b>3,466,885</b>	<b>20,366,018</b>
<b>Expenditures:</b>				
General Government	3,333,279		1,692,833	5,026,112
Public Safety	10,701,354			10,701,354
Highways and Streets		2,758,220		2,758,220
Debt Service			2,363,685	2,363,685
<b>Total Expenditures</b>	<b>14,034,633</b>	<b>2,758,220</b>	<b>4,056,518</b>	<b>20,849,371</b>
Excess(Deficiency) of Revenues over Expenditures	(125,508)	231,788	(589,633)	(483,353)
Transfer in	14,798		313,375	328,173
Transfers out	(500)		(327,673)	(328,173)
Loan Proceeds			915,000	915,000
<b>Total other financing sources (uses)</b>	<b>14,298</b>	<b>-</b>	<b>900,702</b>	<b>915,000</b>
Net Change in Fund Balance	(111,210)	231,788	311,069	431,647
<b>Fund Balance, July 1, 2008</b>	<b>2,296,666</b>	<b>2,170,470</b>	<b>3,073,969</b>	<b>7,541,105</b>
<b>Fund Balance, June 30, 2009</b>	<b>\$ 2,185,456</b>	<b>\$ 2,402,258</b>	<b>\$ 3,385,038</b>	<b>\$ 7,972,752</b>

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

**CITY OF ASHLAND, OREGON**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO STATEMENT OF ACTIVITIES**  
**For the year ended June 30, 2009**

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	\$	431,647
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlay Expenditures Capitalized		3,446,603
Depreciation Expense		(1,848,855)

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		(9,305)
OPEB Implicit Liability		(152,378)
Accrued Interest		18,933
General Obligation Bonds & Notes Payable		987,584

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

Property Taxes		61,290
Special Assessments		(28,564)
Other		(45,101)

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		(713,419)
Change in Net Assets	\$	2,148,435

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

**2009 CAFR basic financial statements**

**CITY OF ASHLAND, OREGON  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
June 30, 2009**

	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	\$ 2,020,442	\$ 3,246,957	\$ 976,370	\$ 749,526	\$ 6,993,295	\$ 2,495,902
Interest and accounts receivable, net	378,668	577,830	753,062	218,152	1,927,712	13,138
Notes and contracts receivable			300,001		300,001	21,970
Interfund receivable	80,000				80,000	
Inventories	217,992	10,629	581,452		810,073	36,193
Deferred charges	142,462		-	7,500	149,962	
Total current assets	<u>2,839,564</u>	<u>3,835,416</u>	<u>2,610,885</u>	<u>975,178</u>	<u>10,261,043</u>	<u>2,567,203</u>
<b>Non Current</b>						
<b>Capital assets:</b>						
Accumulated depreciation	(13,291,574)	(10,586,771)	(10,502,915)	(4,203,511)	(38,584,771)	(7,418,394)
Capital assets, net	<u>21,727,884</u>	<u>39,356,844</u>	<u>9,370,978</u>	<u>5,009,848</u>	<u>75,465,554</u>	<u>3,152,539</u>
<b>Other assets</b>						
Deferred costs (net of amortization)				948,486	948,486	
Total noncurrent assets	<u>21,727,884</u>	<u>39,356,844</u>	<u>9,370,978</u>	<u>5,958,334</u>	<u>76,414,040</u>	<u>3,152,539</u>
Total assets	<u>\$ 24,567,448</u>	<u>\$ 43,192,260</u>	<u>\$ 11,981,863</u>	<u>\$ 6,933,512</u>	<u>\$ 86,675,083</u>	<u>\$ 5,719,742</u>
<b>LIABILITIES AND NET ASSETS</b>						
<b>Current liabilities:</b>						
Accounts Payable	\$ 177,822	\$ 81,654	\$ 402,632	\$ 21,107	\$ 683,215	\$ 311,522
Accrued salaries, vacation and payroll taxes	176,761	101,666	216,455	63,512	558,394	468,818
Accrued interest payable	30,571	99,388	145		130,104	
Interfund payable					-	
Other liabilities	50,833		174,783		225,616	321,950
Notes/bonds payable, current portion	537,412	1,110,644	21,714		1,669,770	
Deferred revenue					-	
Total current liabilities	<u>973,399</u>	<u>1,393,352</u>	<u>815,729</u>	<u>84,619</u>	<u>3,267,099</u>	<u>1,102,290</u>
<b>Long-term liabilities:</b>						
Notes payable						-
Revenue bonds payable, net	3,967,588	16,816,524	260,571		21,044,683	-
General obligation bonds payable, net	345,000				345,000	-
Total long-term liabilities	<u>4,312,588</u>	<u>16,816,524</u>	<u>260,571</u>	<u>-</u>	<u>21,389,683</u>	<u>-</u>
Total liabilities	<u>5,285,987</u>	<u>18,209,876</u>	<u>1,076,300</u>	<u>84,619</u>	<u>24,656,782</u>	<u>1,102,290</u>
<b>Net Assets:</b>						
Net assets (deficit):						
Invested in capital assets, net of related debt	16,877,884	21,429,676	9,088,693	5,009,848	52,406,101	3,152,539
Restricted for system development	1,883,109	1,917,715			3,800,824	
Restricted for debt service		875,490			875,490	
Unrestricted	520,468	759,503	1,816,870	1,839,045	4,935,886	1,464,911
Total net assets	<u>19,281,461</u>	<u>24,982,384</u>	<u>10,905,563</u>	<u>6,848,893</u>	<u>62,018,301</u>	<u>4,617,450</u>
Total liabilities and net assets	<u>\$ 24,567,448</u>	<u>\$ 43,192,260</u>	<u>\$ 11,981,863</u>	<u>\$ 6,933,512</u>	<u>\$ 86,675,083</u>	<u>\$ 5,719,740</u>
Total net assets					\$ 62,018,301	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					560,731	
Net assets of business-type activities					<u>\$ 62,579,032</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, 2009**

	Water Fund	Wastewater Fund	Electric Fund	Telecom- munications Fund	Total	Governmental Activities Internal Service Funds
<b>Operating revenues:</b>						
Charges for services	\$ 4,192,766	\$ 2,809,844	\$ 11,688,967	\$ 1,805,746	\$ 20,497,323	\$ 7,184,404
Miscellaneous	275,654	110	567,806	609	844,179	246,479
<b>Total operating revenues</b>	<u>4,468,420</u>	<u>2,809,954</u>	<u>12,256,773</u>	<u>1,806,355</u>	<u>21,341,502</u>	<u>7,430,883</u>
<b>Operating expenses:</b>						
Cost of sales and services	3,292,976	2,335,837	10,430,069	1,765,397	17,824,279	8,003,947
Depreciation and amortization	929,654	1,138,267	894,024	1,013,340	3,975,285	861,887
<b>Total operating expenses</b>	<u>4,222,630</u>	<u>3,474,104</u>	<u>11,324,093</u>	<u>2,778,737</u>	<u>21,799,564</u>	<u>8,865,834</u>
Operating income (loss)	<u>245,790</u>	<u>(664,150)</u>	<u>932,680</u>	<u>(972,382)</u>	<u>(458,062)</u>	<u>(1,434,951)</u>
<b>Nonoperating income (expenses):</b>						
Taxes	324	1,495,164			1,495,488	16,460
Intergovernmental	55,628		47,121		102,749	
Interest income	19,232	44,062	9,054	7,945	80,293	41,158
Tax equivalents	(407,437)	(255,982)	(1,205,809)		(1,869,228)	
Interest expense	(113,667)	(716,790)	(3,757)	-	(834,214)	
<b>Total nonoperating income (expenses)</b>	<u>(445,920)</u>	<u>566,454</u>	<u>(1,153,391)</u>	<u>7,945</u>	<u>(1,024,912)</u>	<u>57,618</u>
	(200,130)	(97,696)	(220,711)	(964,437)	(1,482,974)	(1,377,333)
<b>Total net assets - beginning</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>
<b>Total net assets - ending</b>	<u>\$ 19,281,461</u>	<u>\$ 24,982,384</u>	<u>\$ 10,905,563</u>	<u>\$ 6,848,893</u>	<u>\$ 62,018,301</u>	<u>\$ 4,617,450</u>
Change in net assets	-				\$ (1,482,974)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(663,910)	
Change in net assets of business-type activities - Statement of Activities					<u>\$ (2,146,884)</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, 2009**

	Business-type Activities - Enterprise Funds				Total	Governmental Activities Internal Service Funds
	Water Fund	Wastewater Fund	Electric Fund	Telecom- munications Fund		
<b>Cash flows from operating activities:</b>						
Receipts from customers and users	\$ 4,426,342	\$ 2,781,923	\$ 12,254,249	\$ 1,841,514	\$ 21,304,028	\$ 7,427,094
Payments to suppliers	(1,894,885)	(1,415,675)	(8,758,884)	(1,209,452)	(13,278,896)	(5,031,163)
Payments to employees	(1,463,642)	(869,678)	(2,010,553)	(563,227)	(4,907,100)	(4,488,571)
Net cash from operating activities	<u>1,067,815</u>	<u>496,570</u>	<u>1,484,812</u>	<u>68,835</u>	<u>3,118,032</u>	<u>(2,092,640)</u>
<b>Cash flows from noncapital financing activities:</b>						
Proceeds from (payment of) interfund and other loans					-	
Transfers	-	-	-	-	-	
Taxes collected	324	1,495,164	-	-	1,495,488	
Net cash from noncapital financing activities	<u>324</u>	<u>1,495,164</u>	<u>-</u>	<u>-</u>	<u>1,495,488</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>						
Acquisition and construction of capital assets	(481,469)	(355,062)	(109,387)		(945,918)	1,128,413
Proceeds from issuance of debt					-	
Proceeds from intergovernmental income					-	
Principal paid on bonds, contracts and notes	190,000	(760,081)	(21,715)		(591,796)	
Interest paid on debt	(113,667)	(716,790)	(3,757)		(834,214)	
Tax Equivalents	(407,437)	(255,982)	(1,205,809)		(1,869,228)	
Net cash from capital and related financing activities	<u>(812,573)</u>	<u>(2,087,915)</u>	<u>(1,340,668)</u>	<u>-</u>	<u>(4,241,156)</u>	<u>1,128,413</u>
Interest from investments and Other income	74,856	44,060	56,180	7,946	183,042	57,618
<b>Net increase (decrease) in cash and investments</b>	<u>330,422</u>	<u>(52,121)</u>	<u>200,324</u>	<u>76,781</u>	<u>555,406</u>	<u>(906,609)</u>
<b>Cash and investments, beginning 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>
<b>Cash and investments, end of year</b>	<u>\$ 2,020,442</u>	<u>\$ 3,246,957</u>	<u>\$ 976,370</u>	<u>\$ 749,526</u>	<u>\$ 6,993,295</u>	<u>\$ 2,495,902</u>
Reconciliation of operating income to net cash provided by operating activities:						
Operating income (loss)	\$ 245,790	\$ (664,150)	\$ 932,680	\$ (972,382)	\$ (458,062)	\$ (1,434,951)
Depreciation and amortization	914,903	1,138,267	586,958	903,371	3,543,499	(751,738)
Change in assets and liabilities:						
(Increase) decrease in:						
Receivables	(42,078)	(28,031)	(2,524)	35,159	(37,474)	(3,788)
Inventories	(13,311)	1,252	83,516	-	71,457	23,791
Deferred charges	14,751			102,469	117,220	
Increase (decrease) in:						
Accounts payable and accrued liabilities	(79,950)	17,820	(157,980)	(9,013)	(229,123)	171,404
Other liabilities	27,710	31,412	42,162	9,231	110,515	(97,359)
Net cash from operating activities	<u>\$ 1,067,815</u>	<u>\$ 496,570</u>	<u>\$ 1,484,812</u>	<u>\$ 68,835</u>	<u>\$ 3,118,032</u>	<u>\$ (2,092,641)</u>

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

**NOTES TO BASIC  
FINANCIAL STATEMENTS**

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**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

**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, 2009**

**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 activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

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

**CITY OF ASHLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**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 judgments, are recorded only when the payment is due.

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

The City reports the following major governmental funds:

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, 2009**

**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, 2009**

**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, 2009**

**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, 2009**

**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, 2009**

**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 longterm 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, 2009**

**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. 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, 2009**

**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 2008-2009, 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, 2009.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

	Total Primary Government	Component Unit <u>Parks and Recreation</u>	<u>Total</u>
Petty Cash	\$ 2,860	\$ 350	\$ 3,210
Deposits with financial institutions	5,618,223		5,618,223
Investments	<u>10,825,298</u>	<u>1,824,229</u>	<u>12,649,527</u>
	<u>\$ 16,446,381</u>	<u>\$ 1,824,579</u>	<u>\$ 18,270,960</u>
 Governmental - unrestricted	 \$ 15,379,531		
Governmental - restricted:			
Debt Service	1,066,850		
Fiduciary	<u>                    </u>		
	<u>\$ 16,446,381</u>		

The total bank balance per the bank statements is \$1,686,823.

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

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

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

**1. Deposits**

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

**2. Credit Risk Deposits**

In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2009, \$1,000,000 of the government's bank balance of \$3,190,143 was exposed to custodial credit risk because it was uninsured.

The remainder is collateralized per the Oregon Public Funds Collateralization Program (PFCP). Oregon Revised Statutes and City policy require depository institutions to maintain on deposit, with the collateral pool manager, securities having a value not less than 10% of their quarter-end public fund deposits if they are adequately capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer.

**3. Investments**

Policies officially adopted by the City's Board allows the entity to invest in: U.S. Treasury Obligations (Bills, notes and bonds), U.S. Government Agency Securities and Instrumentalities of Government Sponsored Corporations, 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.

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

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

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

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, 2009, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in months)</u>		
		<u>Less than 3</u>	<u>3-17</u>	<u>18-59</u>
State Treasurer's investment pool	12,649,527	12,649,527		
Total	<u>\$12,649,527</u>	<u>\$12,649,527</u>	<u>\$ -</u>	<u>\$ -</u>

Investments are valued at fair value as required by GASB 31. As of June 30, 2009 the fair value of the position in the LGIP is 99.11% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements.

For the Year ended June 30, 2009 a loss of \$102,571 is reported due to the declining value of the position in the State Treasurer's Local Government Investment Pool and the value of the pool shares.

**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.

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

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

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

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.

**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, 2009 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.

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

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

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

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. Bankers' Acceptances (BA's)	100%
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:

	<u>Unavailable</u>
Delinquent Property Taxes Receivable:	
General Fund	\$ 288,112
Debt Service Fund	28,091
Hotel Receivable	475,782
Rehabilitation Loans	82,817
Misc Receivable	486,233
Ambulance billing	200,441
Utility Receivable	290,363
Food and Beverage Receivable	88,190
Notes Receivable	400,637
SDC Receivable	169,587
Special Assessments not yet due:	
Unbounded-Street Fund	123,333
	<u>\$2,633,586</u>

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

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

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2009 was as follows:

	Balance June 30, 2008	Additions & Reclasses	Retirements & Reclasses	Balance June 30, 2009
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 9,829,360	\$ 2,670,000	\$ 98,750	\$ 12,400,610
Construction in progress	673,643	996,813	1,330,034	340,422
Total capital assets, not being depreciated	10,503,003	3,666,813	1,428,784	12,741,032
Buildings	19,563,238	-	-	19,563,238
Improvements other than buildings	42,249,665	1,330,032	-	43,579,697
Machinery and equipment	14,380,378	364,202	1,614,075	13,130,505
Total capital assets, being depreciated	76,193,281	1,694,234	1,614,075	76,273,440
Less accumulated depreciation for:				
Buildings	(4,621,100)	(439,984)	-	(5,061,084)
Improvements other than buildings	(23,363,165)	(1,300,047)	-	(24,663,212)
Machinery and equipment	(10,646,959)	(971,160)	(1,614,075)	(10,004,044)
Total accumulated depreciation	(38,631,224)	(2,711,190)	(1,614,075)	(39,728,339)
Total capital assets being depreciated, net	37,562,057	(1,016,955)	0	36,545,101
Governmental activities capital assets, net	<u>\$ 48,065,060</u>	<u>\$ 2,649,858</u>	<u>\$ 1,428,784</u>	<u>\$ 49,286,133</u>

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)****C. Capital Assets (continued)**

	<u>Balance June 30, 2008</u>	<u>Additions &amp; Reclasses</u>	<u>Retirements &amp; Reclasses</u>	<u>Balance June 30, 2009</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 1,880,637			\$ 1,880,637
Construction in progress	<u>3,981,724</u>	<u>945,920</u>	<u>307,065</u>	<u>4,620,579</u>
Total capital assets, not being depreciated	5,862,361	945,920	307,065	6,501,216
Buildings	21,782,187	307,067		22,089,254
Machinery and equipment	823,580			823,580
Improvements other than buildings	<u>84,636,277</u>			<u>84,636,277</u>
Total capital assets, being depreciated	107,242,044	307,067	-	107,549,111
Less accumulated depreciation:				
Buildings	(2,959,075)	(494,320)		(3,453,395)
Machinery and equipment	(620,975)	(51,980)		(672,955)
Improvements other than buildings	<u>(31,461,222)</u>	<u>(2,997,203)</u>		<u>(34,458,425)</u>
Total accumulated depreciation	(35,041,272)	(3,543,503)	-	(38,584,775)
Total capital assets being depreciated, net	<u>72,200,774</u>	<u>(3,236,436)</u>	<u>-</u>	<u>68,964,338</u>
Business-type activities capital assets, net	<u>\$ 78,063,135</u>	<u>\$ (2,290,516)</u>	<u>\$ 307,065</u>	<u>\$ 75,465,554</u>

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

Governmental activities:	
General government	\$ 887,981
Public Safety	241,721
Highways and Streets	<u>2,413,802</u>
	<u>\$ 3,543,504</u>

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

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

**C. Capital Assets (continued)**

**Construction Commitments**

The government has active construction projects as of June 30, 2009. 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 \$1,673,738 at June 30, 2009.

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

The composition of interfund balances as of June 30, 2009, is as follows:

Fund	Transfers In	Transfers Out
General Fund	\$ 14,798	\$ 500
Nonmajor Governmental	313,375	327,673
Total	\$ 328,173	\$ 328,173

Receivable Fund	Payable Fund	Amount
Water	Nonmajor Governmental	\$ 80,000
		\$ 80,000

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, 2009**

**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%	\$ 334,393
Government activities	8.00%	150,537
Government activities	4.40%	656,509
Government activities	5.00%	755,812
Government activities	4.68%	137,383
Business-type activities	3.75% to 4.2%	17,627,168
		<u>\$ 19,661,802</u>

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

**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
2010	\$ 318,039	\$ 102,241	\$ 1,096,753	\$ 680,704	\$ 1,414,792	\$ 782,945
2011	320,753	86,863	1,134,694	637,185	1,455,447	724,048
2012	261,732	72,688	1,173,947	592,162	1,435,679	664,850
2013	256,891	61,088	1,214,560	545,578	1,471,451	606,666
2014	93,356	48,934	1,256,576	497,385	1,349,932	546,319
2015-2019	356,979	178,859	6,965,801	1,703,609	7,322,780	1,882,468
2020-2024	244,810	93,286	4,784,837	327,809	5,029,647	421,095
2025-2029	182,075	20,697			182,075	20,697
	<u>\$ 2,034,634</u>	<u>\$ 664,655</u>	<u>\$ 17,627,168</u>	<u>\$ 4,984,432</u>	<u>\$ 19,661,802</u>	<u>\$ 5,649,087</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%	\$ 14,855,000
Government activities	3.5-5.0%	2,460,000
Government activities	5.0-5.875%	150,000
Business-type activities	4.95%	1,000,000
Business-type activities-refunding	3.75-4.65%	505,000
		<u>\$ 18,970,000</u>

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

**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, 2009, are as follows:

Year Ending June 30,	1997 Flood and Refunding GO Bonds		2004 Full Faith and Credit		2000 GO Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 160,000	\$ 19,558	\$ 605,000	\$ 826,378	\$ 150,000	
2011	170,000	12,048	630,000	798,744		
2012	175,000	4,069	660,000	767,666		
2013			695,000	733,631		
2014			730,000	696,576		
2015-2019			4,340,000	2,807,957		
2020-2024			5,810,000	1,332,761		
2025-2029			1,385,000	41,702		
	<u>\$ 505,000</u>	<u>\$ 35,674</u>	<u>\$ 14,855,000</u>	<u>\$ 8,005,416</u>	<u>\$ 150,000</u>	<u>\$ -</u>

Year Ending June 30,	2005 GO Bonds		2009 GO Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 110,000	\$ 109,225	\$ 46,303	\$ 48,934	\$ 1,071,303	\$ 1,004,095
2011	275,000	105,375	48,623	46,614	1,123,623	962,780
2012	290,000	95,750	51,060	44,177	1,176,060	911,662
2013	190,000	84,875	53,619	41,618	938,619	860,124
2014	200,000	77,750	56,306	38,931	986,306	813,257
2015-2019	1,135,000	241,000	326,790	149,396	5,801,790	3,198,353
2020-2024	260,000	13,000	417,299	58,886	6,487,299	1,404,647
2025-2029					1,385,000	41,702
	<u>\$ 2,460,000</u>	<u>\$ 726,975</u>	<u>\$ 1,000,000</u>	<u>\$ 428,556</u>	<u>\$ 18,970,000</u>	<u>\$ 9,196,620</u>

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

**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%	\$ 3,645,000
Electric	3.8-6.01%	282,286
		\$ 3,927,286

Revenue bond debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest
2010	366,714	115,599
2011	381,714	106,065
2012	391,714	95,294
2013	396,714	83,847
2014	406,714	71,935
2015-2019	1,163,571	226,951
2020-2024	820,143	61,319
	\$ 3,927,286	\$ 761,010

**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, 2009**

**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, 2009**

**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, 2009, was as follows:

	Beginning Balance	Additions and Adjustments	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General obligation	\$ 18,160,000	\$ -	\$ 695,000	\$ 17,465,000	\$ 865,000
Total bonds payable	18,160,000	-	695,000	17,465,000	865,000
Notes and Contracts	2,327,217	290,000	582,584	2,034,633	318,044
Claims and judgements	103,590	189,159	243,788	48,961	
Government Activities					
Long-term liabilities	<u>\$ 20,590,807</u>	<u>\$ 479,159</u>	<u>\$ 1,521,372</u>	<u>\$ 19,548,594</u>	<u>\$ 1,183,044</u>
Business-type Activities:					
Bonds Payable:					
General obligation	\$ 680,000	\$ 1,000,000	\$ 175,000	\$ 1,505,000	\$ 206,303
Revenue	4,284,000	-	356,715	3,927,285	366,714
Total bonds payable	4,964,000	1,000,000	531,715	5,432,285	573,017
Notes and Contracts	18,687,249	-	1,060,081	17,627,168	1,096,753
Business-type Activities					
Long-term liabilities	<u>\$ 23,651,249</u>	<u>\$ 1,000,000</u>	<u>\$ 1,591,796</u>	<u>\$ 23,059,453</u>	<u>\$ 1,669,770</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 \$179,444 of internal service fund compensated absences.

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

**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:

	General Government	Business-type Activities
Unused System Development Charges:		
Street Fund	\$ 2,085,259	\$ -
Capital Improvements Fund	348,746	
Water Fund		1,883,109
Wastewater Fund		1,917,715
	<u>\$ 2,434,005</u>	<u>\$ 3,800,824</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:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within a Year
Governmental Activities:	\$ 534,516	\$ 543,821	\$ 534,516	\$ 543,821	\$ 135,955
Business-Type Activities:	407,816	432,011	407,816	432,011	108,003
Total Compensated Absences Payable	<u>\$ 942,332</u>	<u>\$ 975,832</u>	<u>\$ 942,332</u>	<u>\$ 975,832</u>	<u>\$ 243,958</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, 2009**

**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, 2009, 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 June 30, 2009	Year ended June 30, 2008
Unpaid claims, beginning of fiscal year	\$ 103,590	\$ 53,360
Incurred claims (including IBNRs)	189,159	227,310
Claim Payments	<u>(243,788)</u>	<u>(177,080)</u>
Unpaid claims, end of fiscal year	<u>\$ 48,961</u>	<u>\$ 103,590</u>

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

**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, 2009, and requires Ski Ashland to maintain sufficient liquid assets to cover that cost. This amount is adjusted each January by the CPI U per the agreement.

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, 2009**

**IV. OTHER INFORMATION (CONTINUED)**

**C. Other Post Employment Benefits**

**Post Employment Stipend**

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

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

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

Actuarial Methods and Assumptions – The annual required contribution (ARC) for the current year was determined as part of the August 1, 2008 actuarial valuation using the present value of projected benefits discounted at the valuation interest rate (4.50%). The assumed health costs will increase 8.0% in the first year (August 1, 2009 premiums compared with August 1, 2008 premiums), and 5.0% over 30 years. The demographic assumptions, such as mortality rates, disability incidence rates, retirement rates and withdrawal rates, are the same as those used by Oregon PERS for Cities.

Funding Status and Funding Progress – As of August 1, 2008, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$1,882,214, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,882,214.

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

**IV. OTHER INFORMATION (CONTINUED)**

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

**Post Employment Stipend (continued)**

	Year ended June 30, 2009
Annual Required Contribution (Medical)	\$ 279,935
Interest on Net OPEB Benefit Obligation Per Year (BOY)	-
Adjustment to ARC for Net OPEB Obligation	-
Annual OPEB Costs	279,935
Expected Contributions	(6,547)
Increase (Decrease) in net OPEB obligation	273,388
Net OPEB Obligation - Beginning of fiscal year	\$ -
Net OPEB Obligation - end of fiscal year	\$ 273,388

Fiscal Year Ending	Annual OPEB Cost	Percentage of annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	\$ 279,935	2.34%	\$ 273,388

**Post Employment Health Insurance Subsidy**

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

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

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

**IV. OTHER INFORMATION (CONTINUED)**

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

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

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

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

Actuarial Methods and Assumptions – The annual required contribution (ARC) for the current year was determined as part of the August 1, 2008 actuarial valuation using the present value of projected benefits discounted at the valuation interest rate (4.50%). The assumed health costs will increase 8.0% in the first year (August 1, 2009 premiums compared with August 1, 2008 premiums), 7.0% in the second year, 6.5% in the third year, 6% for the 4<sup>th</sup> through 14<sup>th</sup> year, 5.5% for the 15<sup>th</sup> through 29<sup>th</sup> year and 5.0% thereafter. The demographic assumptions, such as mortality rates, disability incidence rates, retirement rates and withdrawal rates, are the same as those used by Oregon PERS for Cities.

Funding Status and Funding Progress – As of August 1, 2008, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$2,923,625, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,923,625.

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

**IV. OTHER INFORMATION (CONTINUED)**

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

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

	Year ended June 30, 2009
Annual Required Contribution (Medical)	\$ 221,993
Amortization of UAAL	259,303
Annual Required Contribution	481,296
Implicit Benefit Payments	171,325
Increase (Decrease) in net OPEB obligation	309,971
Net OPEB Obligation - Beginning of fiscal year	\$ -
Net OPEB Obligation - end of fiscal year	\$ 309,971

Fiscal Year Ending	Annual OPEB Cost	Percentage of annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	\$ 481,296	36%	\$ 309,971

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

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

**CITY OF ASHLAND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

**IV. OTHER INFORMATION (CONTINUED)**

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

**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 2008-2009, the City’s annual pension cost of \$2,535,529 was equal to the City’s required and actual contributions. This consisted of \$460,224 picked up and paid by the City on behalf of employees, and \$1,775,305 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, 2009**

**IV. OTHER INFORMATION (CONTINUED)**

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

Three-Year Trend Information for PERS:

GASB Statement No. 27 Required Disclosures			
Three Year Tend Information			
(C of A) City of Ashland			
Fiscal Year Ending	Annual Pension Cost (C of A)	Percentage of C of A Contributed	Net Pension Obligation
6/30/2009	\$ 2,535,529	100%	-
6/30/2008	2,456,749	100%	-
6/30/2007	2,524,947	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, 2009:

Startup Costs	\$ 1,861,076
Less accumulated amortization	<u>912,590</u>
	<u><u>\$ 948,486</u></u>



**REQUIRED SUPPLEMENTARY INFORMATION**

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## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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



**CITY OF ASHLAND, OREGON  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
For the year ended June 30, 2009**

	Actual	Budget Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
Taxes	\$ 10,828,312	\$ 11,169,425	\$ 11,169,425	\$ (341,113)
Fees, licenses and permits	768,451	1,132,000	1,132,000	(363,549)
Intergovernmental	637,156	623,725	655,240	(18,084)
Charges for Services	1,379,494	1,545,300	1,545,300	(165,806)
Fines and Forfeitures	156,092	160,000	160,000	(3,908)
Interest on Investments	30,277	100,000	100,000	(69,723)
Miscellaneous	109,343	1,071,730	1,266,780	(1,157,437)
<b>Total Revenues</b>	<b>13,909,125</b>	<b>15,802,180</b>	<b>16,028,745</b>	<b>(2,119,620)</b>
<b>Expenditures:</b>				
General Government:				
Administration	449,199	668,746	670,246	221,047
Administrative Services:				
Band	55,657	60,619	60,619	4,962
Social Services	108,741	124,570	124,570	15,829
Economic Development	550,610	508,333	551,333	
Public Works:				
Cemetery	285,235	331,630	339,630	54,395
Community Development:				
Planning	1,200,347	2,325,414	2,325,414	1,125,067
Building	676,509	786,690	786,690	110,181
Miscellaneous	6,981	9,000	9,000	2,019
Total general government	3,333,279	4,815,002	4,867,502	1,533,500
Public Safety:				
Police	5,345,705	5,595,065	5,790,115	444,410
Municipal Court	422,428	442,180	442,180	19,752
Fire and Rescue	4,933,221	5,083,647	5,116,997	183,776
Total public safety	10,701,354	11,120,892	11,349,292	647,938
Contingency		482,000	427,665	427,665
<b>Total Expenditures</b>	<b>14,034,633</b>	<b>16,417,894</b>	<b>16,644,459</b>	<b>2,609,103</b>
Excess(Deficiency) of Revenues over Expenditures	(125,508)	(615,714)	(615,714)	489,483
<b>Other financing sources (uses):</b>				
Transfer In (Cemetery Fund)	14,798	60,000	60,000	(45,202)
Transfers out	(500)	(500)	(500)	
<b>Total other financing sources (uses)</b>	<b>14,298</b>	<b>59,500</b>	<b>59,500</b>	<b>(45,202)</b>
Net Change in Fund Balance	(111,210)	(556,214)	(556,214)	445,004
<b>Fund Balance, July 1, 2008</b>	<b>2,296,666</b>	<b>1,746,683</b>	<b>1,746,683</b>	<b>549,983</b>
<b>Fund Balance, June 30, 2009</b>	<b>\$ 2,185,456</b>	<b>\$ 1,190,469</b>	<b>\$ 1,190,469</b>	<b>\$ 994,987</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, 2009**

	Actual	Budget Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
Taxes	\$ 198,994	\$ 210,000	\$ 210,000	\$ (11,006)
Intergovernmental	838,483	2,374,250	2,382,501	(1,544,018)
Charges for Services	1,816,600	1,780,000	1,780,000	36,600
System Development Charges	72,643	200,000	200,000	(127,357)
Assessments	25,587	100,000	100,000	(74,413)
Interest on Investments	28,782	75,000	75,000	(46,218)
Miscellaneous	8,919	10,000	10,000	(1,081)
<b>Total Revenues</b>	<b>2,990,008</b>	<b>4,749,250</b>	<b>4,757,501</b>	<b>(1,767,493)</b>
<b>Expenditures:</b>				
Highways and streets:				
Operations and Maintenance	2,022,614	3,925,177	3,933,428	1,910,814
Storm Water	573,248	972,521	972,521	399,273
Transportation SDC's	90,995	381,310	381,310	290,315
Storm Water SDC's	35,510	308,000	308,000	272,490
Local Improvement Districts	35,853	813,588	813,588	777,735
New Debt		400,000	400,000	400,000
Total highways and streets	2,758,220	6,800,596	6,808,847	4,050,627
Contingency		93,000	93,000	93,000
<b>Total Expenditures</b>	<b>2,758,220</b>	<b>6,893,596</b>	<b>6,901,847</b>	<b>4,143,627</b>
Excess(Deficiency) of Revenues over Expenditures	231,788	(2,144,346)	(2,144,346)	2,376,134
<b>Other financing sources (uses):</b>				
Bond Proceeds		4,263,400	4,263,400	(4,263,400)
Transfer Out		(200,000)	(200,000)	200,000
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>4,063,400</b>	<b>4,063,400</b>	<b>(4,063,400)</b>
Net Change in Fund Balance	231,788	1,919,054	1,919,054	(1,687,266)
Fund Balance, July 1, 2008	2,170,470	1,715,119	1,715,119	455,351
<b>Fund Balance, June 30, 2009</b>	<b>\$ 2,402,258</b>	<b>\$ 3,634,173</b>	<b>\$ 3,634,173</b>	<b>\$ (1,231,915)</b>

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

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**CITY OF ASHLAND, OREGON  
COMBINING BALANCE SHEET  
ALL NON-MAJOR FUNDS  
June 30, 2009**

	Governmental Fund Types			Permanent	Total Other	
	CDBG Fund	Airport Fund	Capital Improvements Fund	Debt Service Fund		Fund Type Cemetery Trust Fund
<b>ASSETS</b>						
Cash and cash equivalents	\$ 45,535	\$ 93,154	\$ 1,401,078		\$ 786,039	\$ 2,325,806
Receivables (net of allowance for uncollectibles)	150,293	11,731	379,541	359,421	2,713	903,699
Cash - restricted				1,066,850		1,066,850
<b>Total assets</b>	<u>\$ 195,828</u>	<u>\$ 104,885</u>	<u>\$ 1,780,619</u>	<u>\$ 1,426,271</u>	<u>\$ 788,752</u>	<u>\$ 4,296,355</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Accounts payable	\$ 126,210	\$ 4,906	\$ 104,628			\$ 235,744
Deferred revenue			242,087	353,486		595,573
Due to other Funds	-					-
Liabilities payable from restricted assets						-
<b>Total liabilities</b>	<u>126,210</u>	<u>4,906</u>	<u>346,715</u>	<u>353,486</u>	<u>-</u>	<u>831,317</u>
<b>Fund Balances:</b>						
Reserved for:						
Reserved for systems development charges			348,746			348,746
Reserved for debt service				1,072,785		1,072,785
Reserved for perpetual care					788,752	788,752
Unreserved:						
Special revenue funds		99,979				99,979
Capital projects funds	69,618		1,085,158			1,154,776
<b>Total equity and other credits</b>	<u>69,618</u>	<u>99,979</u>	<u>1,433,904</u>	<u>1,072,785</u>	<u>788,752</u>	<u>3,465,038</u>
<b>Total liabilities and fund balances</b>	<u>\$ 195,828</u>	<u>\$ 104,885</u>	<u>\$ 1,780,619</u>	<u>\$ 1,426,271</u>	<u>\$ 788,752</u>	<u>\$ 4,296,355</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, 2009**

	Governmental Fund Types			Debt Service Fund	Permanent Fund Type	Total Other Governmental (Compilation Only)
	CDBG Fund	Airport Fund	Capital Improvements Fund		Cemetery Nonexpendable Trust Fund	
<b>Revenues:</b>						
Taxes	\$ -	\$ -	\$ 373,791	\$ 389,675	\$ -	\$ 763,466
Intergovernmental	150,425	3,991				154,416
Charges for Services		104,907	1,189,129	1,130,511	21,028	2,445,575
System Development Charges			18,375			18,375
Interest on Investments		1,005	14,151	13,089	10,075	38,320
Miscellaneous			17,600	29,133		46,733
<b>Total Revenues</b>	<u>150,425</u>	<u>109,903</u>	<u>1,613,046</u>	<u>1,562,408</u>	<u>31,103</u>	<u>3,466,885</u>
<b>Expenditures:</b>						
General Government	125,512	72,138	1,495,183			1,692,833
Debt Service		314,678		2,049,007		2,363,685
<b>Total Expenditures</b>	<u>125,512</u>	<u>386,816</u>	<u>1,495,183</u>	<u>2,049,007</u>	<u>-</u>	<u>4,056,518</u>
Excess (Deficiency) of Revenues over Expenditures	24,913	(276,912)	117,863	(486,599)	31,103	(589,633)
<b>Other financing sources (uses):</b>						
Interfund Loan						-
Transfer in				312,875	500	313,375
Transfers out			(312,875)		(14,798)	(327,673)
Loan Proceeds		290,000	625,000			915,000
	-	290,000	312,125	312,875	(14,298)	900,702
Net Change in Fund Balance	24,913	13,088	429,988	(173,724)	16,805	311,069
<b>Fund Balance, July 1, 2008</b>	44,705	86,891	1,003,916	1,246,509	771,948	3,153,969
<b>Fund Balance, June 30, 2009</b>	<u>\$ 69,618</u>	<u>\$ 99,979</u>	<u>\$ 1,433,904</u>	<u>\$ 1,072,785</u>	<u>\$ 788,752</u>	<u>\$ 3,465,038</u>
				Reconciliation to Net Assets		
				Interfund Loans		\$ (80,000)
						<u>\$ 3,385,038</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, 2009**

	Actual	Budget Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
Intergovernmental	\$ 150,425	\$ 439,886	\$ 439,886	\$ (289,461)
Interest on Investments				
Miscellaneous				
<b>Total Revenues</b>	<u>150,425</u>	<u>439,886</u>	<u>439,886</u>	<u>(289,461)</u>
<b>Expenditures:</b>				
General government:				
Personal Services	20,168	23,617	23,617	3,449
Material and Services	105,344	414,470	414,470	309,126
Total general government	<u>125,512</u>	<u>438,087</u>	<u>438,087</u>	<u>312,575</u>
Contingency				
<b>Total Expenditures</b>	<u>125,512</u>	<u>438,087</u>	<u>438,087</u>	<u>312,575</u>
Excess (Deficiency) of Revenues over Expenditures	<u>24,913</u>	<u>1,799</u>	<u>1,799</u>	<u>23,114</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	24,913	1,799	1,799	23,114
<b>Fund Balance, July 1, 2008</b>	<u>44,705</u>	<u>10,000</u>	<u>10,000</u>	<u>34,705</u>
<b>Fund Balance, June 30, 2009</b>	<u>\$ 69,618</u>	<u>\$ 11,799</u>	<u>\$ 11,799</u>	<u>\$ 57,819</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, 2009**

	Actual	Budget Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
Intergovernmental	\$ 3,991	\$ 19,000	\$ 19,000	\$ (15,009)
Charges for services	104,907	110,000	110,000	(5,093)
Interest on investments	1,005	1,500	1,500	(495)
Miscellaneous		2,000	2,000	(2,000)
<b>Total Revenues</b>	<b>109,903</b>	<b>132,500</b>	<b>132,500</b>	<b>(22,597)</b>
<b>Expenditures:</b>				
General government:				
Materials and services	63,645	76,560	76,560	12,915
Capital Outlay	8,493	25,000	25,000	16,507
Total general government	72,138	101,560	101,560	29,422
Debt Service	314,678	314,780	314,780	102
Contingency		5,000	5,000	5,000
<b>Total Expenditures</b>	<b>386,816</b>	<b>421,340</b>	<b>421,340</b>	<b>34,524</b>
Excess(Deficiency) of Revenues over Expenditures	(276,913)	(288,840)	(288,840)	11,927
<b>Other financing sources (uses):</b>				
Loan Proceeds	290,000	315,000	315,000	(25,000)
<b>Total other financing sources</b>	<b>290,000</b>	<b>315,000</b>	<b>315,000</b>	<b>(25,000)</b>
Net Change in Fund Balance	13,087	26,160	26,160	(13,073)
<b>Fund Balance, July 1, 2008</b>	<b>86,891</b>	<b>5,567</b>	<b>5,567</b>	<b>81,324</b>
<b>Fund Balance, June 30, 2009</b>	<b>\$ 99,978</b>	<b>\$ 31,727</b>	<b>\$ 31,727</b>	<b>\$ 68,251</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, 2009**

	Actual	Budget Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
Taxes	\$ 389,675	\$ 389,300	\$ 389,300	\$ 375
Charges for services	1,130,511	1,181,000	1,181,000	(50,489)
Special assessments				
Interest on investments	13,089	35,000	35,000	(21,911)
Miscellaneous	29,133	29,300	29,300	(167)
<b>Total Revenues</b>	<b>1,562,408</b>	<b>1,634,600</b>	<b>1,634,600</b>	<b>(72,192)</b>
<b>Expenditures:</b>				
<b>Debt Service:</b>				
Bancroft		200,000	200,000	200,000
General Obligation	1,668,351	1,671,740	1,671,740	3,389
Notes and Contracts	380,656	380,663	380,663	7
<b>Total Expenditures</b>	<b>2,049,007</b>	<b>2,252,403</b>	<b>2,252,403</b>	<b>203,396</b>
Excess(Deficiency) of Revenues over Expenditures	(486,599)	(617,803)	(617,803)	131,204
<b>Other financing sources (uses):</b>				
Transfers in	312,875	513,246	513,246	200,371
<b>Total other financing sources</b>	<b>312,875</b>	<b>513,246</b>	<b>513,246</b>	<b>200,371</b>
Net Change in Fund Balance	(173,724)	(104,557)	(104,557)	(69,167)
<b>Fund Balance, July 1, 2008</b>	<b>1,246,509</b>	<b>1,271,315</b>	<b>1,271,315</b>	<b>(24,806)</b>
<b>Fund Balance, June 30, 2009</b>	<b>\$ 1,072,785</b>	<b>\$ 1,166,758</b>	<b>\$ 1,166,758</b>	<b>\$ (93,973)</b>

**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, 2009**

	Actual	Budget Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
Taxes	\$ 373,791	\$ 418,600	\$ 418,600	\$ (44,809)
Intergovernmental	-	-	50,000	(50,000)
Charges for services	1,189,129	1,180,000	1,180,000	9,129
System Deveopment	18,375	65,000	65,000	(46,625)
Interest on investments	14,151	40,000	40,000	(25,849)
Miscellaneous	17,600	10,000	10,000	7,600
<b>Total Revenues</b>	<b>1,613,046</b>	<b>1,713,600</b>	<b>1,763,600</b>	<b>(150,554)</b>
<b>Expenditures:</b>				
General government:				
Personal Services	180,524	178,566	188,566	8,042
Material and Services	368,634	389,325	389,325	20,691
Capital Outlay	946,025	300,000	1,020,000	73,975
Total cost of Service	1,495,183	867,891	1,597,891	102,708
Contingency		50,000	40,000	
<b>Total Expenditures</b>	<b>1,495,183</b>	<b>917,891</b>	<b>1,637,891</b>	<b>102,708</b>
Excess(Deficiency) of Revenues over Expenditures	117,863	795,709	125,709	(47,846)
<b>Other financing sources (uses):</b>				
Transfers in				-
Transfers out	(312,875)	(313,246)	(313,246)	(371)
Loan Proceeds	625,000	-	670,000	45,000
<b>Total other financing sources</b>	<b>312,125</b>	<b>(313,246)</b>	<b>356,754</b>	<b>44,629</b>
Net Change in Fund Balance	429,988	482,463	482,463	(52,475)
<b>Fund Balance, July 1, 2008</b>	<b>1,003,916</b>	<b>1,271,243</b>	<b>1,271,243</b>	<b>(267,327)</b>
<b>Fund Balance, June 30, 2009</b>	<b>\$ 1,433,904</b>	<b>\$ 1,753,706</b>	<b>\$ 1,753,706</b>	<b>\$ (319,802)</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, 2009**

	Actual	Budget Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
Charges for services	\$ 21,028	\$ 20,000	\$ 20,000	\$ 1,028
Interest on investments	10,075	60,000	60,000	(49,925)
Miscellaneous				
<b>Total Revenues</b>	<u>31,103</u>	<u>80,000</u>	<u>80,000</u>	<u>(48,897)</u>
<b>Other financing sources (uses):</b>				
Transfers in	500	500	500	
Transfers out	(14,798)	(60,000)	(60,000)	45,202
<b>Total other financing sources (uses)</b>	<u>(14,298)</u>	<u>(59,500)</u>	<u>(59,500)</u>	<u>45,202</u>
Net Change in Fund Balance	16,805	20,500	20,500	(3,695)
<b>Fund Balance, July 1, 2008</b>	<u>771,948</u>	<u>770,418</u>	<u>770,418</u>	<u>1,530</u>
<b>Fund Balance, June 30, 2009</b>	<u>\$ 788,753</u>	<u>\$ 790,918</u>	<u>\$ 790,918</u>	<u>\$ (2,165)</u>

**CITY OF ASHLAND, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN NET ASSETS - BUDGET AND ACTUAL**  
**WATER FUND**  
**For the year ended June 30, 2009**

	Actual	Budget Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
Taxes	\$ 329	\$ -	\$ -	\$ 329
Intergovernmental	55,628	50,000	210,419	(154,791)
Charges for Services	4,067,377	4,300,000	4,300,000	(232,623)
System Developments Charges	125,389	450,000	450,000	(324,611)
Interest on Investments	19,232	70,000	70,000	(50,768)
Miscellaneous	275,654	75,000	75,000	200,654
<b>Total Revenues</b>	<b>4,543,609</b>	<b>4,945,000</b>	<b>5,105,419</b>	<b>(561,810)</b>
<b>Expenditures:</b>				
<b>Cost of Services:</b>				
Forest Land Management	128,971	190,435	190,435	61,464
Public Works Water Supply	290,562	658,569	818,988	528,426
Public Works Water Treatment	1,037,469	1,077,444	1,157,444	119,975
Public Works Water Distribution	2,430,808	4,036,032	4,036,032	1,605,224
Public Works Reimbursement SDC's	58,109	237,750	237,750	179,641
Public Works Improvements SDC's	39,741	611,100	611,100	571,359
Public Works Debt SDC's	122,918	122,928	122,928	10
<b>Electric:</b>				
Water Conservation	167,742	188,645	188,645	20,903
	4,276,320	7,122,903	7,363,322	3,087,002
Debt Service	508,940	779,019	779,019	270,079
Contingency		133,000	53,000	53,000
<b>Total Expenditures</b>	<b>4,785,260</b>	<b>8,034,922</b>	<b>8,195,341</b>	<b>3,410,081</b>
Excess(Deficiency) of Revenues over Expenditures	(241,650)	(3,089,922)	(3,089,922)	2,848,271
<b>Other financing sources (uses):</b>				
Transfer In				
Loan Proceeds	700,000	1,750,000	1,750,000	(1,050,000)
<b>Total other financing sources (uses)</b>	<b>700,000</b>	<b>1,750,000</b>	<b>1,750,000</b>	<b>(1,050,000)</b>
Net Change in Fund Balance	458,350	(1,339,922)	(1,339,922)	1,798,272
<b>Fund Balance, July 1, 2008</b>	<b>1,865,418</b>	<b>4,381,265</b>	<b>4,381,265</b>	<b>(2,515,847)</b>
<b>Fund Balance, June 30, 2009</b>	<b>\$ 2,323,768</b>	<b>\$ 3,041,343</b>	<b>\$ 3,041,343</b>	<b>\$ (717,575)</b>
<b>Reconciliation to Net Assets:</b>				
Capital Assets, Net	\$ 21,727,885			
Accrued Interest	(30,571)			
Compensated Absences	(84,079)			
OPEB Implicit Rate Liability	(28,004)			
Deferred Charges	142,462			
Interfund loan	80,000			
GO Bonds Payable	(1,205,000)			
Revenue Bonds Payable	(3,645,000)			
	<b>\$ 19,281,461</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, 2009**

	Actual	Budget Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
Taxes	\$ 1,495,164	\$ 1,691,000	\$ 1,691,000	\$ (195,836)
Charges for Services	2,734,001	2,715,000	2,715,000	19,001
System Developments Charges	75,843	215,000	215,000	(139,157)
Interest on Investments	44,062	100,000	100,000	(55,938)
Miscellaneous	110	5,000	5,000	(4,890)
<b>Total Revenues</b>	<b>4,349,180</b>	<b>4,726,000</b>	<b>4,726,000</b>	<b>(376,820)</b>
<b>Expenditures:</b>				
Cost of Services:				
Public Works Wastewater Collection	1,423,572	2,149,780	2,149,780	726,208
Public Works Wastewater Treatment	1,478,453	2,830,024	2,830,024	1,351,571
Public Works Reimbursement SDC's	14,120	127,890	127,890	113,770
Public Works Improvements SDC's	4,387	133,110	133,110	128,723
Total cost of service	2,920,532	5,240,804	5,240,804	2,320,272
Debt Service	1,782,849	1,782,949	1,782,949	100
Contingency		135,000	135,000	135,000
<b>Total Expenditures</b>	<b>4,703,381</b>	<b>7,158,753</b>	<b>7,158,753</b>	<b>2,455,372</b>
Excess(Deficiency) of Revenues over Expenditures	(354,201)	(2,432,753)	(2,432,753)	2,078,552
<b>Other financing sources (uses):</b>				
Loan Proceeds	300,000	3,000,000	3,000,000	2,700,000
<b>Total other financing sources (uses)</b>	<b>300,000</b>	<b>3,000,000</b>	<b>3,000,000</b>	<b>-</b>
Net Change in Fund Balance	(54,201)	567,247	567,247	(621,448)
<b>Fund Balance, July 1, 2008</b>	<b>3,764,972</b>	<b>3,502,341</b>	<b>3,502,341</b>	<b>262,631</b>
<b>Fund Balance, June 30, 2009</b>	<b>\$ 3,710,771</b>	<b>\$ 4,069,588</b>	<b>\$ 4,069,588</b>	<b>\$ (358,817)</b>
Reconciliation to Net Assets:				
Capital Assets, Net	\$ 39,356,844			
Rounding	2			
Accrued Interest	(99,388)			
Compensated Absences	(42,348)			
OPEB Implicit Rate Liability	(16,329)			
GO Bonds Payable	(300,000)			
Notes Payable	(17,627,168)			
	<b>\$ 24,982,384</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, 2009**

	Actual	Budget Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
Intergovernmental	\$ 47,121	\$ 50,000	\$ 110,000	\$ (62,879)
Charges for Services	11,688,967	12,695,800	12,695,800	(1,006,833)
Interest on Investments	9,052	70,900	70,900	(61,848)
Miscellaneous	478,387	101,000	101,000	377,387
<b>Total Revenues</b>	<b>12,223,527</b>	<b>12,917,700</b>	<b>12,977,700</b>	<b>(754,173)</b>
<b>Expenditures:</b>				
Cost of Services:				
Electric supply	5,217,239	5,860,204	5,860,204	642,965
Electric distribution	5,354,987	5,574,770	5,574,770	219,783
Electric transmission	861,105	903,600	903,600	42,495
Conservation	592,071	527,550	597,550	5,479
Total cost of service	12,025,402	12,866,124	12,936,124	910,722
Debt Service	25,326	25,600	25,600	
Contingency		397,000	387,000	387,000
<b>Total Expenditures</b>	<b>12,050,728</b>	<b>13,288,724</b>	<b>13,348,724</b>	<b>1,297,722</b>
Excess (Deficiency) of Revenues over Expenditures	172,799	(371,024)	(371,024)	543,549
<b>Other financing sources (uses):</b>				
Other financing sources	-	311,000	311,000	(311,000)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>311,000</b>	<b>311,000</b>	<b>(311,000)</b>
Net Change in Fund Balance	172,799	(60,024)	(60,024)	232,549
<b>Fund Balance, July 1, 2008</b>	<b>1,469,744</b>	<b>2,127,569</b>	<b>2,127,569</b>	<b>(657,825)</b>
<b>Fund Balance, June 30, 2009</b>	<b>\$ 1,642,543</b>	<b>\$ 2,067,545</b>	<b>\$ 2,067,545</b>	<b>\$ (425,276)</b>
<b>Reconciliation to Net Assets:</b>				
Capital Assets, Net	\$ 9,370,978			
Rounding	(2)			
Compensated Absences	(96,437)			
OPEB Implicit Rate Liability	(29,088)			
Deferred Revenue	300,000			
Accrued Interest	(145)			
Revenue Bonds Payable	(282,286)			
	<b>\$ 10,905,563</b>			

**CITY OF ASHLAND, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN NET ASSETS - BUDGET AND ACTUAL**  
**TELECOMMUNICATIONS FUND**  
**For the year ended June 30, 2009**

	Actual	Budget Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for Services	1,805,746	1,708,389	1,708,389	97,357
Interest on Investments	7,945	30,000	30,000	(22,055)
Miscellaneous	609			609
<b>Total Revenues</b>	<u>1,814,300</u>	<u>1,738,389</u>	<u>1,738,389</u>	<u>75,911</u>
<b>Expenditures:</b>				
Cost of Services:				
IT - Internet	1,070,042	1,245,498	1,245,498	175,456
IT - High Speed Data	328,032	439,922	439,922	111,890
IT - Other	356,000	356,000	356,000	
Total cost of service	<u>1,754,074</u>	<u>2,041,420</u>	<u>2,041,420</u>	<u>287,346</u>
Contingency		100,000	100,000	100,000
<b>Total Expenditures</b>	<u>1,754,074</u>	<u>2,141,420</u>	<u>2,141,420</u>	<u>387,346</u>
Excess(Deficiency) of Revenues over Expenditures	<u>60,226</u>	<u>(403,031)</u>	<u>(403,031)</u>	<u>463,257</u>
Net Change in Fund Balance	60,226	(403,031)	(403,031)	463,257
<b>Fund Balance, July 1, 2008</b>	<u>869,719</u>	<u>799,529</u>	<u>799,529</u>	<u>70,190</u>
<b>Fund Balance, June 30, 2009</b>	<u>\$ 929,945</u>	<u>\$ 396,498</u>	<u>\$ 396,498</u>	<u>\$ 533,447</u>
Capital Assets, Net	\$ 5,958,334			
Compensated Absences	(29,703)			
OPEB Implicit Rate Liability	(9,682)			
Rounding	(1)			
	<u>\$ 6,848,893</u>			

**CITY OF ASHLAND, OREGON  
CONSOLIDATING BALANCE SHEET  
INTERNAL SERVICE FUNDS  
June 30, 2009**

	<u>Central Services Fund</u>	<u>Insurance Services Fund</u>	<u>Equipment Fund</u>	<u>Totals</u>
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and investments	\$ 553,627	\$ 1,065,473	\$ 876,802	\$ 2,495,902
Interest and accounts receivable, net	4,869	8,228	41	13,138
Notes receivable		21,970		21,970
Inventories	2,585		33,608	36,193
Total current assets	<u>561,081</u>	<u>1,095,671</u>	<u>910,451</u>	<u>2,567,203</u>
<b>Fixed assets</b>	446,058	-	10,124,875	10,570,933
Accumulated depreciation	<u>(254,783)</u>	<u>-</u>	<u>(7,163,611)</u>	<u>(7,418,394)</u>
Capital assets, net	<u>191,275</u>	<u>-</u>	<u>2,961,264</u>	<u>3,152,539</u>
<b>Total assets</b>	<u>\$ 752,356</u>	<u>\$ 1,095,671</u>	<u>\$ 3,871,715</u>	<u>\$ 5,719,742</u>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 203,495	\$ 56,467	\$ 51,560	\$ 311,522
Accrued salaries, vacation and payroll taxes	432,010	3,719	33,089	468,818
Other liabilities				-
Accrued claims and adjustments		321,950		321,950
Total current liabilities	<u>635,505</u>	<u>382,136</u>	<u>84,649</u>	<u>1,102,290</u>
<b>Net assets:</b>				
Invested in capital assets, net of related debt	191,275	-	2,961,264	3,152,539
Unreserved	<u>(74,424)</u>	<u>713,534</u>	<u>825,802</u>	<u>1,464,912</u>
Total fund equity:	<u>116,851</u>	<u>713,534</u>	<u>3,787,066</u>	<u>4,617,451</u>
<b>Total liabilities and net assets</b>	<u>\$ 752,356</u>	<u>\$ 1,095,670</u>	<u>\$ 3,871,715</u>	<u>\$ 5,719,741</u>

**CITY OF ASHLAND, OREGON  
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
INTERNAL SERVICE FUNDS  
For the year ended June 30, 2009**

	<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	\$ 5,330,896	\$ 639,189	\$ 1,214,319	\$ 7,184,404
Miscellaneous	98,938	107,543	39,998	246,479
<b>Total Revenues</b>	<b>5,429,834</b>	<b>746,732</b>	<b>1,254,317</b>	<b>7,430,883</b>
<b>Operating expenses:</b>				
Cost of Service	5,591,780	981,477	1,430,689	8,003,946
Depreciation	11,394		850,493	861,887
<b>Total operating expenses</b>	<b>5,603,174</b>	<b>981,477</b>	<b>2,281,182</b>	<b>8,865,833</b>
Operating income (loss)	(173,340)	(234,745)	(1,026,865)	(1,434,950)
<b>Nonoperating income (expense):</b>				
Taxes	16,460			16,460
Interest income	9,315	15,240	16,603	41,158
Gain (loss) on disposal of assets				
<b>Total nonoperating income (expense)</b>	<b>25,775</b>	<b>15,240</b>	<b>16,603</b>	<b>57,618</b>
Change in Net Assets	(147,565)	(219,505)	(1,010,262)	(1,377,332)
<b>Net Assets, July 1, 2008</b>	<b>264,416</b>	<b>933,039</b>	<b>4,797,328</b>	<b>5,994,783</b>
<b>Net Assets, July 1, 2009</b>	<b>\$ 116,851</b>	<b>\$ 713,534</b>	<b>\$ 3,787,066</b>	<b>\$ 4,617,451</b>

**CITY OF ASHLAND, OREGON**  
**COMBINING INTERNAL SERVICE FUND STATEMENT OF CASH FLOWS**  
**For the year ended June 30, 2009**

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Central Services</u>	<u>Insurance Services</u>	<u>Equipment Fund</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>				
Receipts from customers and users	\$ 5,425,072	\$ 747,458	\$ 1,254,564	\$ 7,427,094
Payments to suppliers	(1,154,636)	(1,160,917)	(2,715,610)	(5,031,163)
Payments to employees	(4,220,745)	-	(267,826)	(4,488,571)
Net cash from operating activities	<u>49,691</u>	<u>(413,459)</u>	<u>(1,728,872)</u>	<u>(2,092,640)</u>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition and construction of capital assets	(151,438)	-	1,279,851	1,128,413
Net cash from capital and related financing activities	<u>(151,438)</u>	<u>-</u>	<u>1,279,851</u>	<u>1,128,413</u>
<b>Cash flows from investing activities:</b>				
Interest from investments and Other income	25,775	15,240	16,603	57,618
<b>Net increase (decrease) in cash and investments</b>	<u>(75,972)</u>	<u>(398,219)</u>	<u>(432,418)</u>	<u>(906,609)</u>
<b>Cash and investments, beginning of year</b>	<u>629,599</u>	<u>1,463,692</u>	<u>1,309,220</u>	<u>3,402,511</u>
<b>Cash and investments, end of year</b>	<u>\$ 553,627</u>	<u>\$ 1,065,473</u>	<u>\$ 876,802</u>	<u>\$ 2,495,902</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ (173,342)	\$ (234,745)	\$ (1,026,864)	\$ (1,434,951)
Depreciation and amortization	11,394		(763,132)	(751,738)
Change in assets and liabilities:				
(Increase) decrease in:				
Receivables	(4,762)	727	247	(3,788)
Inventories	(869)		24,660	23,791
Increase (decrease) in:				
Accounts payable and accrued liabilities	103,836	43,066	24,502	171,404
Other liabilities	113,432	(222,507)	11,716	(97,359)
Net cash from operating activities	<u>\$ 49,689</u>	<u>\$ (413,459)</u>	<u>\$ (1,728,871)</u>	<u>\$ (2,092,641)</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, 2009**

	Actual	Budget Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
Taxes	\$ 16,460	\$ 20,000	\$ 20,000	\$ (3,540)
Intergovernmental Revenues	2,895		2,895	
Charges for Services	5,330,896	5,681,000	5,681,000	(350,104)
Interest on Investments	9,315	25,000	25,000	(15,685)
Miscellaneous	96,043	100,000	100,000	(3,957)
<b>Total Revenues</b>	<b>5,455,609</b>	<b>5,826,000</b>	<b>5,828,895</b>	<b>(373,286)</b>
<b>Expenditures:</b>				
Cost of Services:				
Administration Department	1,255,895	1,448,833	1,451,728	195,833
Administrative Services Department	1,609,000	1,732,830	1,732,830	123,830
IT - Computer Services Division	1,164,488	1,196,824	1,196,824	32,336
City Recorder Division	272,350	303,337	303,337	30,987
Public Works - Administration and Engineering	1,360,799	1,467,692	1,467,692	106,893
Contingency		150,000	150,000	150,000
<b>Total Expenditures</b>	<b>5,662,532</b>	<b>6,299,516</b>	<b>6,302,411</b>	<b>639,879</b>
Net Change in Fund Balance	(206,923)	(473,516)	(473,516)	266,593
<b>Fund Balance, July 1, 2008</b>	<b>368,086</b>	<b>580,130</b>	<b>580,130</b>	<b>(212,044)</b>
<b>Fund Balance, June 30, 2009</b>	<b>\$ 161,163</b>	<b>\$ 106,614</b>	<b>\$ 106,614</b>	<b>\$ 54,549</b>
Reconciliation to Net Assets				
Accrued Compensated Absences	\$ (166,154)			
OPEB Implicit Rate Liability	(69,433)			
Capital Assets, Net	191,275			
	<b>\$ 116,851</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, 2009**

	Actual	Budget Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
Charges for Services	\$ 639,189	\$ 630,000	\$ 630,000	\$ 9,189
Interest on Investments	15,240	60,000	60,000	(44,760)
Miscellaneous	107,543	5,000	5,000	102,543
<b>Total Revenues</b>	<b>761,972</b>	<b>695,000</b>	<b>695,000</b>	<b>66,972</b>
<b>Expenditures:</b>				
Cost of Services:				
Personal Services	80,885	84,524	84,524	3,639
Materials and Services	1,123,715	680,803	1,230,803	107,088
Total cost of Services	1,204,600	765,327	1,315,327	110,727
Contingency		125,000	25,000	25,000
<b>Total Expenditures</b>	<b>1,204,600</b>	<b>890,327</b>	<b>1,340,327</b>	<b>135,727</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	(442,628)	(195,327)	(645,327)	202,699
<b>Fund Balance, July 1, 2008</b>	<b>1,138,699</b>	<b>1,173,130</b>	<b>1,173,130</b>	<b>(34,431)</b>
<b>Fund Balance, June 30, 2009</b>	<b>\$ 696,071</b>	<b>\$ 977,803</b>	<b>\$ 527,803</b>	<b>\$ 168,268</b>
Reconciliation to Net Assets				
Accrued claims and judgments	\$ 17,463			
	<b>\$ 713,534</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, 2009**

	Actual	Budget Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ 91,000	\$ 91,000	\$ (91,000)
Charges for Services	1,214,319	1,383,000	1,383,000	(168,681)
Interest on Investments	16,603	60,000	60,000	(43,397)
Miscellaneous	39,998	50,000	50,000	(10,002)
<b>Total Revenues</b>	<b>1,270,920</b>	<b>1,584,000</b>	<b>1,584,000</b>	<b>(313,080)</b>
<b>Expenditures:</b>				
Cost of Services:				
Personal Services	279,542	283,682	283,682	4,140
Materials and Services	435,487	562,122	562,122	126,635
Total cost of service	715,029	845,804	845,804	130,775
Capital Outlay	416,413	772,000	772,000	355,587
Contingency		48,000	48,000	48,000
<b>Total Expenditures</b>	<b>1,131,442</b>	<b>1,665,804</b>	<b>1,665,804</b>	<b>534,362</b>
Excess(Deficiency) of Revenues over Expenditures	139,478	(81,804)	(81,804)	(221,282)
<b>Other financing sources (uses):</b>				
Interfund Loan	(625,000)		(670,000)	(45,000)
<b>Total other financing sources (uses)</b>	<b>(625,000)</b>	<b>-</b>	<b>(670,000)</b>	<b>(45,000)</b>
Net Change in Fund Balance	(485,522)	(81,804)	(751,804)	221,282
<b>Fund Balance, July 1, 2008</b>	<b>1,329,672</b>	<b>1,334,702</b>	<b>1,334,702</b>	<b>(5,030)</b>
<b>Fund Balance, June 30, 2009</b>	<b>\$ 844,150</b>	<b>\$ 1,252,898</b>	<b>\$ 582,898</b>	<b>\$ 216,252</b>
Reconciliation to Net Assets				
Accrued Compensated Absences	\$ (13,290)			
OPEB Implicit Rate Liability	(5,058)			
Capital Assets, Net	2,961,264			
	<b>\$ 3,787,066</b>			

**CITY OF ASHLAND, OREGON**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**BY SOURCE**  
**June 30, 2009**

**Governmental funds capital assets:**

Land	\$ 12,301,840
Buildings and improvements	19,244,728
Improvements other than buildings	43,135,292
Machinery and equipment	3,590,240
Construction in progress	171,439

**Total capital assets** \$ 78,443,539

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

General and Capital Projects Funds	\$ 47,722,959
Special Revenue Funds	9,003,352
Component Unit	7,152,481
Leased to Other Agencies	14,564,747

**Total investments in governmental funds capital assets** \$ 78,443,539

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, 2009**

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	1,609,780		14,564,747
Other - Unclassified	2,752,795	2,035,844	790,298	183,248		5,762,185
<b>Total General government</b>	<b>4,451,230</b>	<b>12,922,691</b>	<b>4,797,676</b>	<b>2,295,627</b>	<b>-</b>	<b>24,467,224</b>
<b>Public Safety:</b>						
Police	80,000	614,700		472,497		1,167,197
Fire	998,400	3,268,416	300,000	335,282		4,902,098
<b>Total Public Safety</b>	<b>1,078,400</b>	<b>3,883,116</b>	<b>300,000</b>	<b>807,779</b>	<b>-</b>	<b>6,069,295</b>
<b>Highway and Streets:</b>						
Public Thoroughfares	452,235	630,075	36,309,905	256,828	171,439	37,820,482
<b>Total Highways and Streets</b>	<b>452,235</b>	<b>630,075</b>	<b>36,309,905</b>	<b>256,828</b>	<b>171,439</b>	<b>37,820,482</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</b>						
Capital Assets	<u>\$ 12,301,840</u>	<u>\$ 19,244,728</u>	<u>\$ 43,135,292</u>	<u>\$ 3,590,240</u>	<u>\$ 171,439</u>	<u>\$ 78,443,539</u>

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, 2009**

	Original Issue	Bond Principal Transactions	
		Outstanding June 30, 2008	Issued
<b><u>General Obligation Bonds</u></b>			
Water Bonds, issued December 1, 1977, interest at 5.00% to 7.00%	\$ 560,000	\$ 25,000	\$ -
Flood and Refunding Bonds, issued December 1, 1997, interest at 3.65% to 6.00%	2,800,000	655,000	-
Flood and Fire Station Bonds, issued June 1, 2000 interest variable	3,310,000	295,000	-
Ashland Fiber Network Bonds, issued August 11, 2004, interest at 3.70% to 6.02%	15,500,000	15,305,000	-
Refunding Bonds, issued December 1, 2005 interest variable	2,560,000	2,560,000	-
Water and Wastewater, Series 2009, issued May 15, 2009, interest at 4.95%	1,000,000	-	1,000,000
<b><u>Revenue Bonds</u></b>			
Water, Series 2003, issued June 1, 2003, interest at 2.00% to 4.00%	5,625,000	3,980,000	-
Electric, Series 2008, issued June 20, 2008, interest at 2.00% to 4.00%	304,000	304,000	-
	<u>\$31,659,000</u>	<u>\$ 23,124,000</u>	<u>\$ 1,000,000</u>

**CITY OF ASHLAND, OREGON**  
**SCHEDULE OF BOND PRINCIPAL AND BOND INTEREST TRANSACTIONS**  
**For the year ended June 30, 2009 (continued)**

Bond Principal Transactions			Interest Transactions			
Matured	Paid	Outstanding June 30, 2009	Outstanding June 30, 2008	Matured	Paid	Outstanding June 30, 2009
\$ 25,000	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -
150,000	150,000	505,000	-	26,458	26,458	-
145,000	145,000	150,000	-	15,710	15,710	-
450,000	450,000	14,855,000	-	848,303	848,303	-
100,000	100,000	2,460,000	-	112,725	112,725	-
-	-	1,000,000	-	-	-	-
335,000	335,000	3,645,000	-	120,288	120,288	-
<u>21,714</u>	<u>21,714</u>	<u>282,286</u>	<u>-</u>	<u>3,612</u>	<u>3,612</u>	<u>-</u>
<u><u>\$1,226,714</u></u>	<u><u>\$1,226,714</u></u>	<u><u>\$ 22,897,286</u></u>	<u><u>\$ -</u></u>	<u><u>\$1,127,094</u></u>	<u><u>\$1,127,094</u></u>	<u><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, 2009**

	Taxes Uncollected July 1, 2008	Add Levy Extended by Assessor	Add (Deduct) Discounts Interest Cancellations Adjustments	Deduct Interest and Tax Collections	Taxes Uncollected June 30, 2009
	\$ -	\$ 8,599,271	\$ 240,577	\$ 7,981,337	\$ 377,357
2007-08	415,714		(5,325)	232,471	188,568
2006-07	124,964	-	1,475	52,540	70,949
2005-06	54,343	-	333	34,032	19,978
2004-05	15,556	-	342	9,034	6,180
Prior years	25,934	-	1,252	3,369	21,313
	<u>\$ 636,511</u>	<u>\$ 8,599,271</u>	<u>\$ 238,654</u>	<u>\$ 8,312,820</u>	<u>\$ 684,345</u>

Taxes receivable and tax collections classified by fund:	Collections to June 30, 2009	Taxes Uncollected June 30, 2009
<b>Primary government:</b>		
General Fund	\$ 3,940,124	\$ 228,112
Debt Service Fund	389,675	28,091
Enterprise Fund: Water Fund	324	
<b>Component unit:</b>		
Parks and Recreation:		
Parks and Recreation Fund	3,907,559	293,728
Ashland Youth Activities Serial Levy Fund	75,138	74,414
	<u>\$ 8,312,820</u>	<u>\$ 624,345</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, 2009**

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	\$ 3,940,124	\$ 6,888,189	\$ 10,828,313
Special Revenue Funds:			
Street Fund	-	198,994	198,994
Debt Service Funds:			
Debt Service Fund	389,675	-	389,675
Capital Projects Fund:			
Capital Improvement Fund	-	373,791	373,791
Enterprise Funds:			
Water Fund	324	-	324
Wastewater Fund	-	1,495,164	1,495,164
<b>Component unit:</b>			
Parks and Recreation:			
Parks and Recreation Fund	3,907,559	-	3,907,559
Special Revenue Fund:			
Ashland Youth Activities Serial Levy Fund	75,138	-	75,138
	<u>\$ 8,312,820</u>	<u>\$ 8,956,138</u>	<u>\$ 17,268,958</u>

**CITY OF ASHLAND, OREGON  
 SCHEDULE OF RECEIPTS, DISBURSEMENTS AND BALANCES  
 ELECTED OFFICIALS  
 For the year ended June 30, 2009**

	Cash Balance July 1, 2008	Receipts	Turnovers to			Cash Balance June 30, 2009
			Treasurer	State	Other	
City Recorder/Treasurer	\$ 19,250,870	\$ 149,674,991	\$ -	\$ -	\$ 149,536,561	\$ 19,389,300
Judge	-	526,178	486,719	35,015	4,444	-
	<u>\$ 19,250,870</u>	<u>\$ 150,201,169</u>	<u>\$ 486,719</u>	<u>\$ 35,015</u>	<u>\$ 149,541,005</u>	<u>\$ 19,389,300</u>

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

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

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

<b>Financial Trends</b>	<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.	101-114
<b>Revenue Capacity</b>	
These tables contain information that may assist the reader is assessing the viability of the City's revenue sources.	115-124
<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.	125-132
<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.	133-134
<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.	135-142

**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>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 9,453,086	\$ 9,845,351	\$ 10,922,900	\$ 9,274,073
Receivables (net of allowance for uncollectibles)	2,668,694	2,444,054	2,530,776	2,353,604
Inventories	36,193	59,984	36,173	31,621
Internal Balances	(640,731)	(1,304,641)	(1,587,111)	(1,319,579)
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	1,066,850	1,240,543	542,190	451,672
Capital Assets:				
Land	12,400,610	9,829,360	9,829,360	8,559,612
Buildings and Improvements	19,563,238	19,563,238	19,563,238	19,563,238
Machinery and equipment	13,130,505	14,380,378	13,183,769	12,405,182
Infrastructure	43,579,697	42,249,665	42,121,600	41,047,189
Construction in progress	340,422	673,643	143,017	798,324
Accumulated Depreciation	<u>(39,728,339)</u>	<u>(38,631,224)</u>	<u>(35,789,232)</u>	<u>(33,506,950)</u>
<b>Total assets</b>	<u><u>\$ 61,870,225</u></u>	<u><u>\$ 60,350,351</u></u>	<u><u>\$ 61,496,680</u></u>	<u><u>\$ 59,657,986</u></u>
<b>Liabilities:</b>				
Accounts payable and other current liabilities	\$ 3,153,914	\$ 2,672,369	\$ 2,683,604	\$ 2,590,134
Unearned revenue	430,105	449,038	396,208	12,700
Noncurrent liabilities:				
Due within one year	1,183,044	1,327,360	925,973	590,000
Due in more than one year	<u>18,316,590</u>	<u>19,263,447</u>	<u>20,341,095</u>	<u>5,731,134</u>
Total liabilities	<u>23,083,653</u>	<u>23,712,214</u>	<u>24,346,880</u>	<u>8,923,968</u>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	29,786,499	27,577,843	27,969,339	42,669,821
Restricted for:				
System development	2,363,441	2,146,609	1,930,458	1,663,317
Debt service	1,072,785	1,246,509	479,262	459,095
Asset Forfeiture	140,974	236,514	329,180	-
Perpetual care: Nonexpendable	788,753	771,948	749,918	719,429
Unrestricted	<u>4,634,120</u>	<u>4,658,714</u>	<u>5,691,643</u>	<u>5,222,356</u>
<b>Total net assets</b>	<u><u>\$ 38,786,572</u></u>	<u><u>\$ 36,638,137</u></u>	<u><u>\$ 37,149,800</u></u>	<u><u>\$ 50,734,018</u></u>

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

<u>2005</u>	<u>2004</u>
\$ 9,123,663	\$ 6,312,364
2,354,558	2,430,662
42,894	16,602
(1,378,719)	1,222,273
428,719	413,078
8,287,911	8,261,273
30,138,810	29,933,056
11,771,045	9,345,294
15,986,209	15,720,372
9,744,570	9,789,517
(31,952,088)	(28,220,545)
<u>\$ 54,547,572</u>	<u>\$ 55,223,946</u>
\$ 2,652,837	\$ 2,734,135
26,392	94,404
908,822	783,485
<u>5,815,074</u>	<u>6,357,569</u>
<u>9,403,125</u>	<u>9,969,593</u>
37,631,383	37,948,847
1,537,765	1,197,249
423,842	433,278
-	-
702,629	684,476
<u>4,848,828</u>	<u>4,990,503</u>
<u>\$ 45,144,447</u>	<u>\$ 45,254,353</u>

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

<b>ASSETS</b>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 6,993,295	\$ 6,437,889	\$ 9,836,733	\$ 12,951,933
Receivables (net of allowance for uncollectibles)	2,227,713	2,190,239	2,105,403	2,203,826
Inventories	810,073	881,530	806,047	799,588
Deferred charges	1,098,448	1,215,668	1,340,389	1,721,312
Internal Balances	640,731	1,304,641	1,587,111	1,319,579
Restricted assets:				
Capital Assets:				
Land	1,880,637	1,880,638	1,880,638	1,945,107
Buildings and Improvements	22,089,254	21,782,187	21,782,187	21,782,188
Machinery and equipment	823,580	823,581	673,607	636,103
Infrastructure	84,636,277	84,636,278	81,141,248	80,305,280
Construction in progress	4,620,579	3,981,724	5,156,412	2,998,341
Accumulated Depreciation	(38,584,771)	(35,041,272)	(31,502,402)	(28,803,335)
<b>Total assets</b>	<u>\$ 87,235,816</u>	<u>\$ 90,093,103</u>	<u>\$ 94,807,373</u>	<u>\$ 97,859,922</u>
<b>Liabilities:</b>				
Accounts payable and other current liabilities	\$ 1,467,227	\$ 1,571,810	\$ 1,554,049	\$ 1,678,775
Accrued interest payable	130,104	144,127	153,639	587,720
Unearned revenue				
Noncurrent liabilities:				
Due within one year	1,669,770	1,595,081	1,379,209	1,475,373
Due in more than one year	21,389,683	22,056,168	23,497,674	40,366,883
<b>Total liabilities</b>	<u>24,656,784</u>	<u>25,367,186</u>	<u>26,584,571</u>	<u>44,108,751</u>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	52,406,103	54,411,887	54,264,807	42,661,428
Restricted for:				
System development	3,800,824	3,838,867	4,315,088	4,251,713
Debt service	875,490	1,751,369		1,913,648
Unrestricted	5,496,615	4,723,794	9,642,907	4,924,382
<b>Total net assets</b>	<u>\$ 62,579,032</u>	<u>\$ 64,725,917</u>	<u>\$ 68,222,802</u>	<u>\$ 53,751,171</u>

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

2005	2004
\$ 15,066,503 2,057,466 851,200 1,819,860 1,378,719  1,945,107 23,113,448 675,297 79,057,892 4,472,229 <u>(26,616,727)</u>	\$ 9,286,593 1,883,966 821,407 1,921,810 (1,222,273)  1,971,745 23,157,904 2,833,165 79,121,637 4,563,158 <u>(25,236,582)</u>
<u>\$ 103,820,994</u>	<u>\$ 99,102,530</u>
\$ 2,343,307 819,171  1,437,257 <u>42,177,256</u>	\$ 1,960,591 307,538 4,000  2,388,750 <u>34,841,659</u>
<u>46,776,991</u>	<u>39,502,538</u>
39,032,733  4,636,560 1,913,648 <u>11,461,062</u>	44,754,393  4,020,207 1,281,341 <u>9,544,051</u>
<u>\$ 57,044,003</u>	<u>\$ 59,599,992</u>

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

	2009	2008	2007	2006
<b>Program Revenues:</b>				
General Government				
Charges for Services	\$ 5,084,158	\$ 5,786,031	\$ 5,058,193	\$ 4,110,436
Operating Grants and Contributions	3,641	2,122	35,144	141,500
Capital Grants and Contributions	3,991	178,186	17,377	299,171
Capital System Development Charges	18,375	48,308	67,014	105,193
Public Safety				
Charges for Services	1,487,673	1,524,229	1,600,538	1,556,909
Operating Grants and Contributions	114,188	98,302	182,281	
Capital Grants and Contributions			312,000	
Highways and Streets				
Charges for Services	1,842,187	1,807,939	1,662,360	1,659,421
Operating Grants and Contributions				
Capital Grants and Contributions			366,549	202,982
Capital System Development Charges	72,643	167,486	269,338	388,654
	<u>8,626,856</u>	<u>9,612,603</u>	<u>9,570,794</u>	<u>8,464,266</u>
<b>Program Expenses:</b>				
General Government	3,856,719	4,876,071	4,287,280	2,818,129
Public Safety	10,312,721	11,555,693	10,082,938	7,903,054
Highways and Streets	2,505,897	4,000,048	2,583,641	2,419,380
Interest on long-term debt	442,168	1,178,388	1,139,346	637,146
	<u>17,117,505</u>	<u>21,610,200</u>	<u>18,093,205</u>	<u>13,777,709</u>
<b>Net (Expense) Revenue:</b>				
General Government	1,253,446	1,138,576	890,448	1,838,171
Public Safety	(8,710,860)	(9,933,162)	(7,988,119)	(6,346,145)
Highways and Streets	(591,067)	(2,024,623)	(285,394)	(168,323)
Interest on long-term debt	(442,168)	(1,178,388)	(1,139,346)	(637,146)
	<u>(8,490,649)</u>	<u>(11,997,597)</u>	<u>(8,522,411)</u>	<u>(5,313,443)</u>
<b>General Revenues:</b>				
Property Taxes	4,391,088	4,170,062	3,557,262	2,970,566
Utility Users Tax	3,888,747	3,945,382	2,345,323	2,323,390
Users Taxes	2,013,026	1,899,320	1,952,810	1,784,302
State Subventions - unrestricted	-	247,357	1,486,776	1,817,175
Unrestricted Interest Earnings	127,224	444,557	406,964	256,648
Capital Assets Transfers			(15,896,208)	1,425,346
Miscellaneous	218,999	779,133	1,085,266	617,542
Gain (loss) on Disposal of Assets				
<b>Transfers:</b>				
Total General Revenues and Transfers	<u>10,639,084</u>	<u>11,485,811</u>	<u>(5,061,807)</u>	<u>11,194,969</u>
Change in Net Assets	2,148,435	(511,786)	(13,584,218)	5,881,526
Net Assets - Beginning	36,638,137	37,149,923	50,734,018	45,144,447
Recognition of Prior Infrastructure	-	-	-	-
Net Assets - Ending	<u>\$ 38,786,572</u>	<u>\$ 36,638,137</u>	<u>\$ 37,149,800</u>	<u>\$ 51,025,973</u>

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

<u>2005</u>	<u>2004</u>
\$ 4,453,046	\$ 4,269,353
358,309	811,075
948,845	3,859
154,200	107,687
1,769,625	1,693,838
71,245	101,877
53,443	79,460
1,593,663	1,491,256
1,243	
463,695	1,075,598
509,175	376,951
<u>10,376,489</u>	<u>10,010,954</u>
5,202,781	2,982,532
9,235,540	8,454,075
4,221,022	4,637,272
311,527	370,491
<u>18,970,870</u>	<u>16,444,370</u>
557,419	2,101,755
(7,341,227)	(6,578,900)
(2,162,421)	(1,693,467)
(311,527)	(370,491)
<u>(9,257,756)</u>	<u>(6,541,103)</u>
2,658,995	2,626,369
2,277,178	2,102,550
1,753,477	1,808,047
1,360,724	1,277,933
146,041	62,543
288,060	590,682
	(868,437)
<u>8,484,475</u>	<u>7,599,687</u>
(773,281)	1,058,584
45,254,353	43,131,304
-	956,778
<u>\$ 44,481,072</u>	<u>\$ 45,146,666</u>

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

	2009	2008	2007	2006
<b>Program Revenues:</b>				
Water				
Charges for Services	\$ 4,067,377	\$ 3,780,193	\$ 3,829,222	\$ 4,092,206
Capital Grants and Contributions	55,628	48,096	135,828	43,622
Capital System Development Charges	125,389	340,835	367,839	439,306
Wastewater				
Charges for Services	2,734,001	2,607,275	2,432,868	2,428,775
Capital System Development Charges	75,843	127,224	208,554	410,910
Electric				
Charges for Services	11,688,967	12,260,230	12,163,467	12,095,363
Operating Grants and Contributions	47,121	67,620	32,233	36,043
Telecommunications				
Charges for Services	1,805,746	1,709,706	2,029,467	2,738,635
	<u>20,600,072</u>	<u>20,941,179</u>	<u>21,199,478</u>	<u>22,284,860</u>
<b>Program Expenses:</b>				
Water	4,969,862	4,959,525	4,955,737	4,974,536
Wastewater	4,675,433	5,261,713	4,895,541	4,397,923
Electric	12,823,006	13,876,456	12,904,663	12,831,758
Telecommunications	2,845,198	2,756,528	2,682,968	4,182,956
	<u>25,313,499</u>	<u>26,854,222</u>	<u>25,438,909</u>	<u>26,387,173</u>
<b>Net (Expense) Revenue</b>				
Water	(721,468)	(790,401)	(622,848)	(399,402)
Wastewater	(1,865,589)	(2,527,214)	(2,254,119)	(1,558,238)
Electric	(1,086,918)	(1,548,606)	(708,963)	(700,352)
Telecommunications	(1,039,452)	(1,046,823)	(653,501)	(1,444,321)
	<u>(4,713,427)</u>	<u>(5,913,044)</u>	<u>(4,239,431)</u>	<u>(4,102,313)</u>
<b>General Revenues:</b>				
Property Taxes			322	86,335
Users Taxes	1,495,488	1,568,385	1,619,849	1,573,251
Unrestricted Interest Earnings	108,066	459,073	1,194,688	518,138
Capital Assets Transfers			15,896,208	(1,425,346)
Miscellaneous	962,989	388,701		57,103
Gain (loss) on Disposal of Assets				
<b>Transfers:</b>				
Total General Revenues and Transfers	<u>2,566,543</u>	<u>2,416,159</u>	<u>18,711,067</u>	<u>809,481</u>
Change in Net Assets	(2,146,884)	(3,496,885)	14,471,636	(3,292,832)
Net Assets - Beginning	<u>64,725,916</u>	<u>68,222,802</u>	<u>53,751,166</u>	<u>57,044,003</u>
Net Assets - Ending	<u>\$ 62,579,032</u>	<u>\$ 64,725,917</u>	<u>\$ 68,222,802</u>	<u>\$ 53,751,171</u>

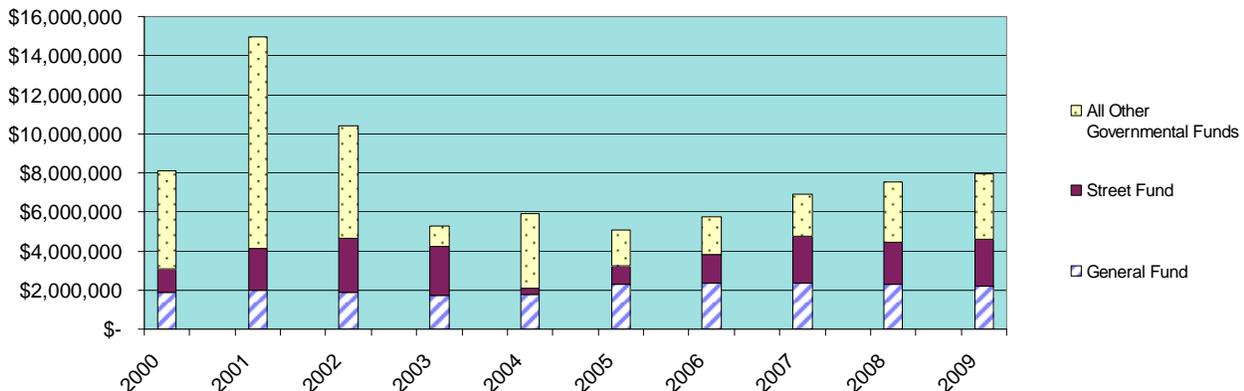
**CITY OF ASHLAND, OREGON  
CHANGES IN NET ASSETS  
Business - type Activities  
For the Fiscal Year Ended June 30, (continued)**

<u>2005</u>	<u>2004</u>
\$ 3,557,350	\$ 3,678,974
81,504	129,721
662,911	574,540
2,458,233	2,368,237
513,489	432,273
12,283,303	11,962,925
42,656	7,165
<u>2,642,055</u>	<u>2,403,436</u>
<u>22,241,501</u>	<u>21,557,271</u>
5,910,251	4,177,640
4,524,112	4,615,409
12,445,069	11,638,094
<u>4,238,644</u>	<u>3,706,854</u>
<u>27,118,076</u>	<u>24,137,997</u>
(1,608,486)	205,595
(1,552,390)	(1,814,899)
(119,110)	331,996
<u>(1,596,589)</u>	<u>(1,303,418)</u>
<u>(4,876,575)</u>	<u>(2,580,726)</u>
74,551	179,302
1,454,132	1,346,863
352,983	166,529
438,920	847,330
	(986,004)
<u>2,320,586</u>	<u>1,554,020</u>
(2,555,989)	(1,026,706)
<u>59,599,992</u>	<u>60,626,698</u>
<u>\$ 57,044,003</u>	<u>\$ 59,599,992</u>

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>General Fund</b>				
Reserved for:				
Reserved for asset forfeiture	\$ 140,974	\$ 236,514	\$ 329,180	\$ -
Unreserved, reported in:				
General Fund	2,044,482	2,060,152	2,038,534	2,326,936
<b>Total General Fund</b>	<u>2,185,456</u>	<u>2,296,666</u>	<u>2,367,714</u>	<u>2,326,936</u>
<b>Street Fund</b>				
Reserved for:				
Reserved for system development charges	2,085,259	2,049,977	1,761,561	1,597,642
Unreserved, reported in:				
Special revenue Funds	316,999	120,493	615,659	(133,598)
<b>Total Street Fund</b>	<u>2,402,258</u>	<u>2,170,470</u>	<u>2,377,220</u>	<u>1,464,044</u>
<b>All Other Governmental Funds</b>				
Reserved for:				
Reserved for system development charges	348,746	96,632	168,896	65,675
Reserved for debt service	1,072,785	1,246,509	559,263	459,095
Reserved for perpetual care	788,752	771,948	749,918	719,429
Unreserved, reported in:				
General Fund				
Special revenue Funds	19,979	6,891	(24,661)	130,126
Capital projects funds	1,154,776	951,989	714,329	586,843
<b>Total All Other Governmental Funds</b>	<u>3,385,038</u>	<u>3,073,969</u>	<u>2,167,745</u>	<u>1,961,168</u>
<b>Total Governmental Funds</b>	<u>\$ 7,972,752</u>	<u>\$ 7,541,105</u>	<u>\$ 6,912,679</u>	<u>\$ 5,752,148</u>

Fund Balance Comparison  
Governmental Funds  
Last Ten Years



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

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,308,388	1,755,143	1,715,220	1,865,212	1,962,295	1,888,103
<u>2,308,388</u>	<u>1,755,143</u>	<u>1,715,220</u>	<u>1,865,212</u>	<u>1,962,295</u>	<u>1,888,103</u>
1,472,090	1,197,249	1,594,538	1,348,177	1,079,784	654,291
(556,062)	(881,403)	934,212	1,436,880	1,080,273	521,787
<u>916,028</u>	<u>315,846</u>	<u>2,528,750</u>	<u>2,785,057</u>	<u>2,160,057</u>	<u>1,176,078</u>
65,675	1,197,249		1,348,177	1,182,176	1,037,219
423,842	433,278	282,293	136,978	103,883	225,841
702,629	684,476	679,646			
	1,755,143				
2,942	(663,026)	(298)	1,423,536	954,654	547,823
635,387	429,873	67,583	2,833,606	8,599,456	3,217,748
<u>1,830,475</u>	<u>3,836,993</u>	<u>1,029,224</u>	<u>5,742,297</u>	<u>10,840,169</u>	<u>5,028,631</u>
<u>\$ 5,054,891</u>	<u>\$ 5,907,982</u>	<u>\$ 5,273,194</u>	<u>\$ 10,392,566</u>	<u>\$ 14,962,521</u>	<u>\$ 8,092,812</u>

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Revenues:</b>				
Taxes	\$ 11,790,772	\$ 11,204,876	\$ 10,620,715	\$ 9,454,799
Fees, licenses and permits	768,451	886,644	847,665	1,106,317
Intergovernmental	1,630,055	1,848,914	2,606,832	2,168,873
Special assessments	25,587	67,195	108,864	360,860
Charges for services	5,732,687	5,594,106	4,564,898	3,817,938
Fines and forfeitures	156,092	150,346	169,558	137,460
Interest on investments	97,379	330,413	310,478	197,960
Miscellaneous	164,995	787,159	719,478	554,076
<b>Total revenues</b>	<u>20,366,018</u>	<u>20,869,653</u>	<u>19,948,488</u>	<u>17,798,283</u>
<b>Expenditures:</b>				
General government	3,982,889	4,114,305	3,423,269	3,081,984
Public safety	10,701,354	10,578,525	10,227,177	9,152,421
Highways and streets	2,298,680	2,341,178	2,245,609	2,191,178
Capital Outlay	1,502,763	1,355,293	1,359,308	1,889,998
Debt service	2,363,685	1,852,049	1,622,412	820,218
Principal	1,277,584	725,753	533,630	523,769
Interest	1,086,101	1,126,296	1,088,782	296,449
Ratio of Debt service to noncapital expenditures	13.92%	10.87%	10.21%	5.69%
<b>Total expenditures</b>	<u>20,849,371</u>	<u>20,241,350</u>	<u>18,877,775</u>	<u>17,135,799</u>
Excess (deficiency) of revenues over expenditures	<u>(483,353)</u>	<u>628,303</u>	<u>1,070,713</u>	<u>662,484</u>
<b>Other financing sources (uses):</b>				
Proceeds from debt issuance	915,000			2,761,180
Interfund Loans			89,818	
Transfers in	328,173	336,253	936,934	347,780
Transfers out	<u>(328,173)</u>	<u>(336,253)</u>	<u>(936,934)</u>	<u>(347,780)</u>
<b>Total other financing sources (uses)</b>	<u>915,000</u>	<u>-</u>	<u>89,818</u>	<u>2,761,180</u>
Net Change in Fund Balance	<u>\$ 431,647</u>	<u>\$ 628,303</u>	<u>\$ 1,160,531</u>	<u>\$ 3,423,664</u>

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

	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
\$	9,057,868	\$ 8,714,013	\$ 7,906,257	\$ 7,558,510	\$ 6,934,972	\$ 6,262,184
	1,489,379	1,156,285	1,472,877	1,256,617	865,019	780,708
	3,252,504	3,349,802	4,190,546	2,183,896	6,704,367	1,658,050
	222,408	170,860	214,606	193,999	164,263	259,002
	4,165,663	3,717,342	3,665,166	3,613,534	3,336,396	3,095,292
	133,170	120,749	107,607	188,006	121,919	163,949
	112,531	51,967	115,947	310,385	808,711	175,560
	62,546	563,988	191,096	439,863	155,895	106,732
	<u>18,496,069</u>	<u>17,845,006</u>	<u>17,864,102</u>	<u>15,744,810</u>	<u>19,091,542</u>	<u>12,501,477</u>
	3,317,996	3,610,326	2,769,315	2,620,298	2,462,368	2,214,215
	8,630,755	8,468,294	7,914,876	7,513,892	6,823,528	6,374,244
	2,079,150	1,923,050	2,036,222	2,852,552	1,924,020	1,413,591
	2,403,697	4,736,857	8,793,175	7,896,316	1,261,320	1,110,158
	846,573	917,680	779,527	716,069	802,089	611,393
	497,493	537,325	440,445	442,513	485,064	419,282
	349,079	380,354	339,083	273,557	317,025	192,111
	6.03%	6.55%	6.13%	5.51%	7.16%	6.11%
	<u>17,278,171</u>	<u>19,656,207</u>	<u>22,293,115</u>	<u>21,599,127</u>	<u>13,273,325</u>	<u>11,723,601</u>
	<u>1,217,898</u>	<u>(1,811,201)</u>	<u>(4,429,013)</u>	<u>(5,854,317)</u>	<u>5,818,217</u>	<u>777,876</u>
			1,621,875	900,000	25,012	3,140,000
		375,000	600,000			
	154,360	318,393	361,108	725,771	341,480	392,929
	<u>(154,360)</u>	<u>(318,393)</u>	<u>(561,108)</u>	<u>(966,408)</u>	<u>(298,980)</u>	<u>(367,500)</u>
	<u>-</u>	<u>375,000</u>	<u>2,021,875</u>	<u>659,363</u>	<u>67,512</u>	<u>3,165,429</u>
\$	<u>1,217,898</u>	<u>(1,436,201)</u>	<u>(2,407,138)</u>	<u>(5,194,954)</u>	<u>5,885,729</u>	<u>3,943,305</u>

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

<b>Fund Balances</b>	<b>2009 Adopted</b>	<b>2008 Adopted</b>	<b>2007 Adopted</b>	<b>2006 Adopted</b>
<b>City Component</b>				
General Fund	\$ 1,190,469	\$ 1,127,520	\$ 1,047,023	\$ 1,051,983
Community Development Block Grant Fund	11,799	-	-	-
Street Fund	3,634,173	1,223,241	6,308,766	733,073
Airport Fund	31,727	2,942	12,382	37,660
Capital Improvements Fund	1,753,706	807,222	1,680,528	3,609,193
Debt Service Fund	1,166,758	601,085	148,902	569,205
Water Fund	3,041,343	2,804,328	5,401,307	2,158,888
Wastewater Fund	4,069,588	5,539,312	3,035,439	3,899,968
Electric Fund	2,067,545	1,677,245	1,185,892	1,405,027
Telecommunications Fund	396,498	362,716	217,611	70,187
Central Services Fund	106,614	82,987	92,793	10,000
Insurance Services Fund	977,803	908,275	492,028	417,936
Equipment Fund	1,252,898	508,357	618,799	856,499
Cemetery Trust Fund	790,918	774,453	735,212	699,876
<b>Total City Component</b>	<b>20,491,839</b>	<b>16,419,683</b>	<b>20,976,682</b>	<b>15,519,495</b>
<b>Parks Component</b>				
Parks and Recreation Fund	1,190,614	877,245	667,250	993,667
Youth Activities Levy Fund	-	216,893	-	125,306
Parks Capital Improvements Fund	107,590	26,926	44,866	112,569
<b>Total Parks Component</b>	<b>1,298,204</b>	<b>1,121,064</b>	<b>712,116</b>	<b>1,231,542</b>
<b>Total Budget</b>	<b>\$ 21,790,043</b>	<b>\$ 17,540,747</b>	<b>\$ 21,688,798</b>	<b>\$ 16,751,037</b>

<b>For the Fiscal Year Ended June 30, Fund Balances</b>	<b>2009 Actual</b>	<b>2008 Actual</b>	<b>2007 Actual</b>	<b>2006 Actual</b>
<b>City Component</b>				
General Fund	\$ 2,185,456	\$ 2,296,666	\$ 2,367,714	\$ 2,326,936
Community Development Block Grant Fund	69,618	44,705	12,033	4,599
Street Fund	2,402,258	2,170,470	2,377,220	1,464,044
Airport Fund	99,978	86,891	55,339	54,874
Capital Improvements Fund	1,433,904	1,003,916	656,315	803,171
Debt Service Fund	1,072,785	1,246,509	559,263	459,095
Water Fund	2,323,768	1,865,418	3,241,590	6,179,246
Wastewater Fund	3,710,771	3,764,972	4,862,001	5,301,598
Electric Fund	1,642,543	1,469,744	2,178,995	2,116,269
Telecommunications Fund	929,945	869,719	963,896	518,687
Central Services Fund	161,163	368,086	726,743	439,010
Insurance Services Fund	696,071	1,138,699	974,450	1,060,790
Equipment Fund	844,150	1,329,672	1,750,852	1,510,170
Cemetery Trust Fund	788,753	771,948	749,918	719,429
<b>Total City Component</b>	<b>18,361,163</b>	<b>18,427,415</b>	<b>21,476,329</b>	<b>22,957,918</b>
<b>Parks Component</b>				
Parks and Recreation Fund	1,379,752	1,201,443	1,180,912	1,507,367
Youth Activities Levy Fund	27,356	160,591	72,671	35,374
Parks Capital Improvements Fund	166,991	263,343	195,390	165,326
<b>Total Parks Component</b>	<b>1,574,099</b>	<b>1,625,377</b>	<b>1,448,973</b>	<b>1,708,067</b>
<b>Total Budget</b>	<b>\$ 19,935,262</b>	<b>\$ 20,052,792</b>	<b>\$ 22,925,302</b>	<b>\$ 24,665,985</b>

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

	<b>2005 Adopted</b>	<b>2004 Adopted</b>	<b>2003 Adopted</b>	<b>2002 Adopted</b>	<b>2001 Adopted</b>	<b>2000 Adopted</b>
\$	936,568	\$ 1,315,669	\$ 1,238,814	\$ 1,079,348	\$ 1,152,000	\$ 679,000
	-	-	-	-	-	-
	1,976,046	1,065,590	1,764,790	1,377,392	804,322	378,000
	42,315	4,000	6,140	8,000	23,000	22,000
	389,839	429,000	1,150,300	1,782,000	3,611,000	2,588,000
	695,484	264,900	540,000	238,000	293,000	427,000
	3,524,870	2,784,125	4,478,680	1,448,010	3,032,000	1,804,000
	4,463,795	1,726,251	754,800	2,004,896	3,036,000	2,380,000
	1,812,094	763,763	443,533	989,946	108,000	1,580,000
	954,723	269,910	97,036	38,130	-	-
	113,758	145,824	142,675	119,283	-	-
	471,538	156,500	91,500	110,500	230,000	242,000
	965,561	908,740	452,640	121,778	72,000	786,000
	681,408	684,500	653,000	89,000	685,000	680,000
	<b>17,027,999</b>	<b>10,518,772</b>	<b>11,813,908</b>	<b>9,406,283</b>	<b>13,046,322</b>	<b>11,566,000</b>
	965,822	815,000	782,294	805,300	735,715	577,000
	2,166	2,000	9,000	9,000	-	-
	169,965	234,000	185,000	148,000	-	195,000
	<b>1,137,953</b>	<b>1,051,000</b>	<b>976,294</b>	<b>962,300</b>	<b>735,715</b>	<b>772,000</b>
<b>\$</b>	<b>18,165,952</b>	<b>\$ 11,569,772</b>	<b>\$ 12,790,202</b>	<b>\$ 10,368,583</b>	<b>\$ 13,782,037</b>	<b>\$ 12,338,000</b>

	<b>2005 Actual</b>	<b>2004 Actual</b>	<b>2003 Actual</b>	<b>2002 Actual</b>	<b>2001 Actual</b>	<b>2000 Actual</b>
\$	2,093,388	\$ 1,755,145	\$ 1,715,220	\$ 1,865,212	\$ 1,962,295	\$ 1,888,103
	(8,492)	33,018	(32,433)	(35,904)	(142,463)	3,744
	1,186,028	315,846	2,528,750	2,785,057	2,160,057	1,176,078
	122,942	218,377	32,135	22,560	16,844	22,292
	924,554	396,855	67,583	2,833,606	8,701,848	3,600,676
	423,842	433,278	282,293	136,978	103,883	225,841
	6,458,230	5,002,748	4,662,028	1,985,298	3,905,152	4,708,031
	5,664,182	1,541,125	2,356,054	9,190,945	9,198,221	10,454,701
	2,527,430	1,539,766	1,497,827	1,069,861	1,249,047	1,560,301
	898,750	62,635	388,018	1,982,175	119,745	1,902,118
	185,137	569,013	947,953	823,405	436,624	96,609
	1,036,331	934,499	145,978	204,263	299,415	502,000
	1,489,055	1,224,311	1,121,598	783,340	526,894	253,019
	702,629	684,476	679,646	72,823	669,517	663,140
	<b>23,704,006</b>	<b>14,711,092</b>	<b>16,392,650</b>	<b>23,719,619</b>	<b>29,207,079</b>	<b>27,056,653</b>
	1,621,679	1,558,332	1,403,171	1,168,934	1,023,774	1,196,511
	103,733	122,588	36,403	36,341	125,706	125,191
	207,375	300,331	367,733	280,337	151,955	295,000
	<b>1,932,787</b>	<b>1,981,251</b>	<b>1,807,307</b>	<b>1,485,612</b>	<b>1,301,435</b>	<b>1,616,702</b>
<b>\$</b>	<b>25,636,793</b>	<b>\$ 16,692,343</b>	<b>\$ 18,199,957</b>	<b>\$ 25,205,231</b>	<b>\$ 30,508,514</b>	<b>\$ 28,673,355</b>

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

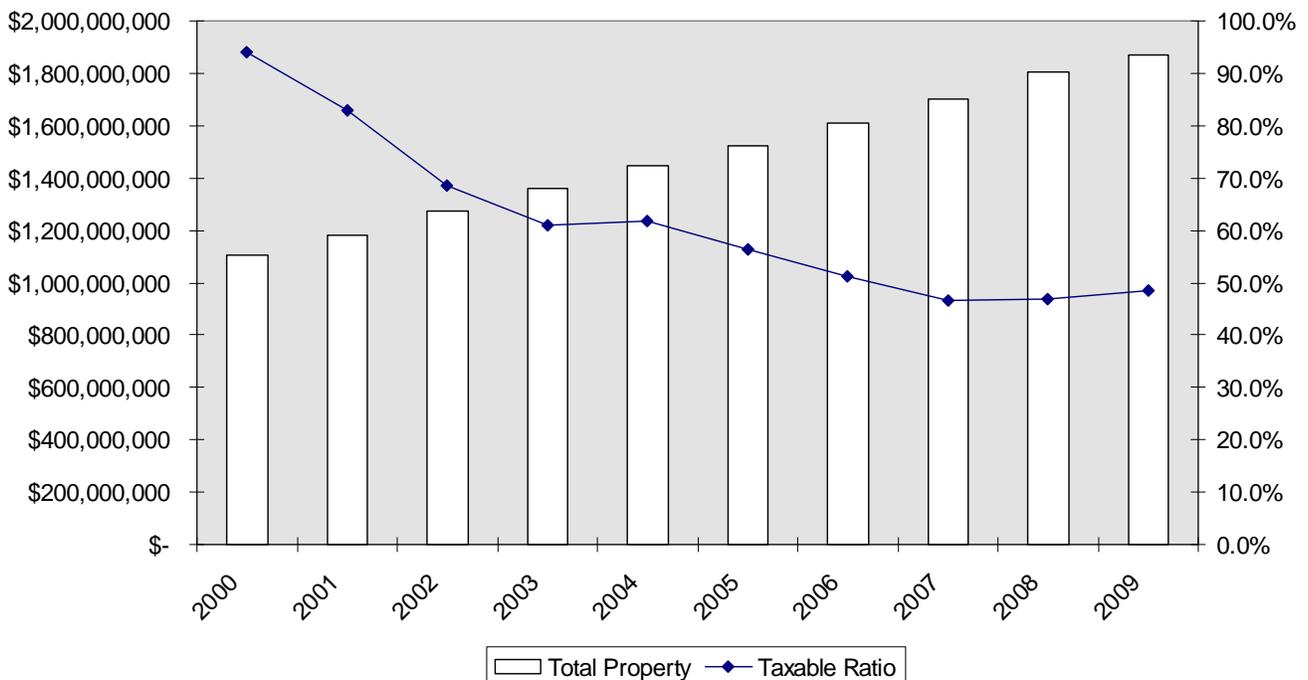
Fiscal Year Ended June 30,	Real Property	Mobile Home	Personal <sup>1</sup>	Utilities	Total	Property Tax Rate	Taxable ratio (True Cash Value to Assessed)
2009	\$ 1,871,896,544	\$ 5,744,350	\$ 44,282,840	\$ 21,243,990	\$ 1,943,167,724	\$ 5.71	48.4%
2008	1,802,639,910	5,762,080	44,536,050	22,372,000	1,875,310,040	5.73	46.9%
2007	1,700,020,579	5,498,040	40,468,280	20,509,400	1,766,496,299	5.56	46.6%
2006	1,610,148,502	5,301,570	38,820,610	20,344,260	1,674,614,942	5.25	51.3%
2005	1,524,210,039	5,108,410	38,419,400	27,532,841	1,595,270,690	5.26	56.4%
2004	1,446,150,336	5,400,552	37,453,000	22,831,681	1,511,835,569	5.34	61.7%
2003	1,360,297,002	5,147,040	34,209,260	24,241,450	1,423,894,752	5.36	61.1%
2002	1,272,205,820	4,983,960	32,044,090	23,806,860	1,333,040,730	5.38	68.6%
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%

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**



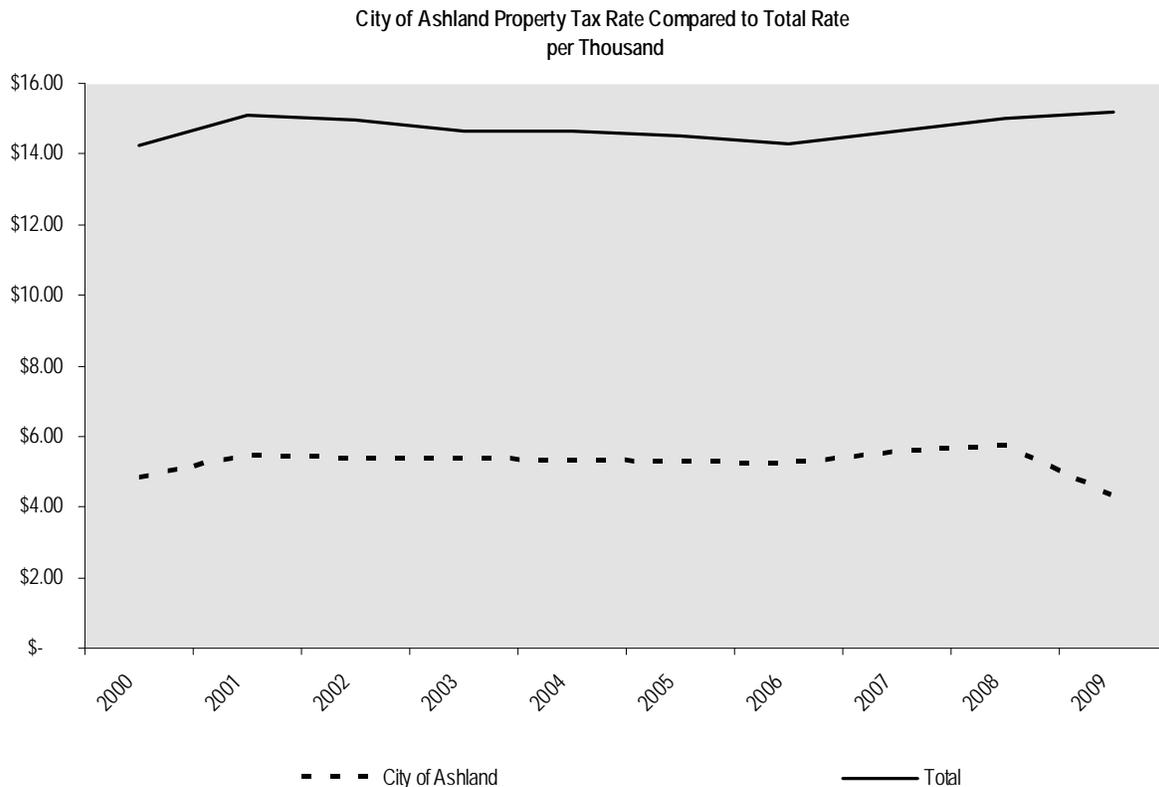
**CITY OF ASHLAND, OREGON  
PROPERTY TAX RATES- DIRECT AND OVERLAPPING GOVERNMENTS  
(Per \$1,000 of Assessed Valuation)  
for the last ten fiscal years - Unaudited**

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
2009	\$ 4.29	\$ 0.04	\$ 2.27	\$ 0.17	\$ 6.77	\$ 0.34	\$ 7.47	\$ 0.61	\$ 8.42	\$15.18
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

<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



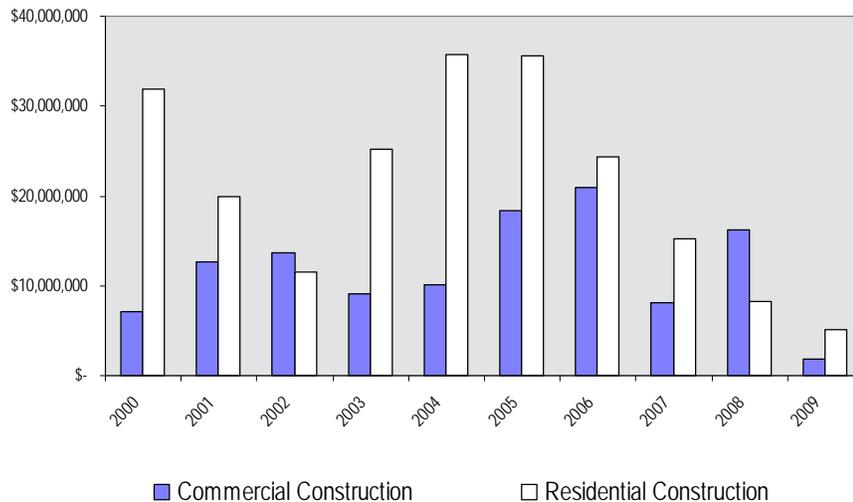
**CITY OF ASHLAND, OREGON  
PROPERTY VALUE AND NEW CONSTRUCTION HISTORY  
for the last ten fiscal years - Unaudited**

Fiscal Year Ended June 30,	Property Value <sup>1</sup>	Commercial Construction		Residential Construction	
		Number of Units	Value	Number of Units	Value
2009	\$ 1,943,167,724	15	\$ 1,812,635	21	\$ 5,108,099
2008	1,875,310,040	23	16,269,379	82	8,258,031
2007	1,766,496,299	26	8,086,124	98	15,270,781
2006	1,674,614,942	19	20,988,810	160	24,336,944
2005	1,595,270,690	42	18,426,846	188	35,576,749
2004	1,511,835,569	30	10,137,442	154	35,764,484
2003	1,423,894,752	17	9,077,761	152	25,170,310
2002	1,333,040,730	17	13,702,661	106	11,464,493
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

<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**

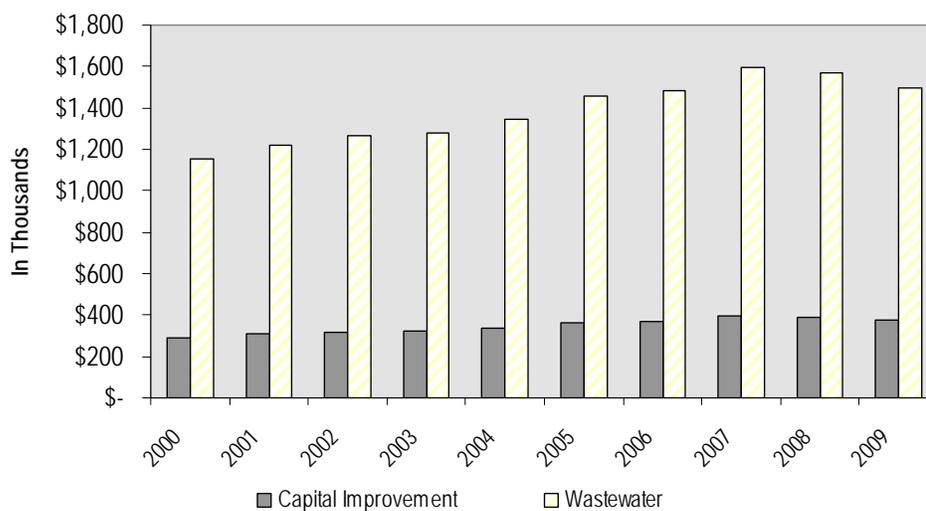
Fiscal Year Ended June 30,	Capital Improvement <sup>3</sup>	Wastewater <sup>2</sup>	Total <sup>1</sup>	Cumulative
2009	\$ 374	\$ 1,495	\$ 1,869	\$ 24,423
2008	392	1,567	1,959	22,554
2007	395	1,594	1,989	20,595
2006	370	1,481	1,851	18,606
2005	364	1,454	1,818	16,755
2004	337	1,347	1,684	14,937
2003	320	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

<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**



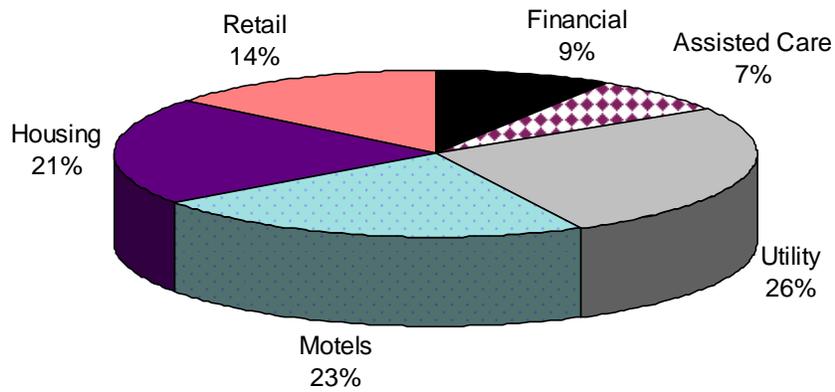
**CITY OF ASHLAND, OREGON  
PRINCIPAL PROPERTY TAXPAYERS  
Current Year and Ten Years Ago**

<u>Taxpayers</u>	<u>Type of Business</u>	<u>2009 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Windmill Inns of America, Inc.	Motels	\$ 10,533,210	0.54%
Qwest Corporation	Utility	9,867,700	0.51%
Ronald L. Deluca	Housing	9,253,040	0.48%
Avista Corp.	Utility	7,779,000	0.40%
Pacific Financial , Inc.	Financial	5,865,120	0.30%
Michael D. & Beverly Rydbom	Retail	4,870,350	0.40%
Skylark Assisted Living	Assisted Care	4,787,200	0.25%
Bard's Inn Limited	Motels	4,582,790	0.25%
North Mountain Land Company	Housing	4,577,330	0.24%
Summit Investment	Retail	4,539,860	0.24%
All other		<u>1,876,512,124</u>	<u>96.57%</u>
Total		<u>\$ 1,943,167,724</u>	<u>100.00%</u>

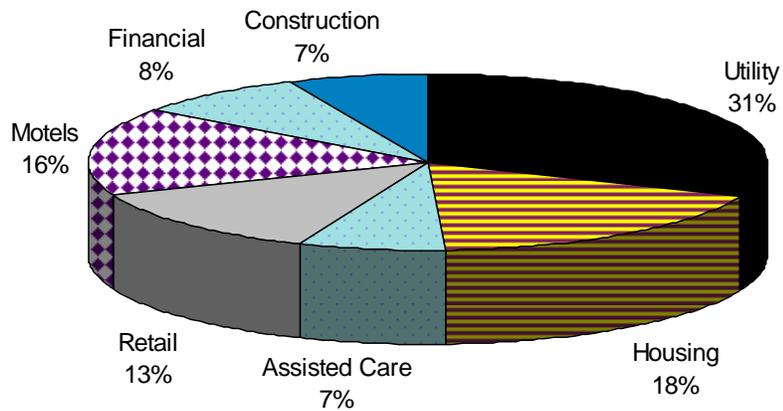
<u>Taxpayers</u>	<u>Type of Business</u>	<u>2000 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
US West Communications Inc.	Utility	\$ 10,890,520	0.94%
AHI Inc.	Motels	9,012,350	0.78%
Ronald L. Deluca	Housing	6,823,560	0.59%
Avista Corp. DBA Washington Water Power Co.	Utility	6,417,840	0.55%
Rydbom, Michael and Beverly	Retail	3,563,500	0.31%
Pacific Financial , Inc.	Financial	4,588,250	0.40%
Skylark Assisted Living	Assisted Care	3,790,510	0.33%
Warren Family Partnership	Construction	3,617,940	0.31%
Summit Investment	Retail	3,419,310	0.30%
Haines, Lloyd	Housing	2,985,620	0.26%
All other		<u>1,102,627,110</u>	<u>95.24%</u>
Total		<u>\$ 1,157,736,510</u>	<u>100.00%</u>

Source: Jackson County Assessor

2009 Principal Property Tax Payers



2000 Principal Property Tax Payers



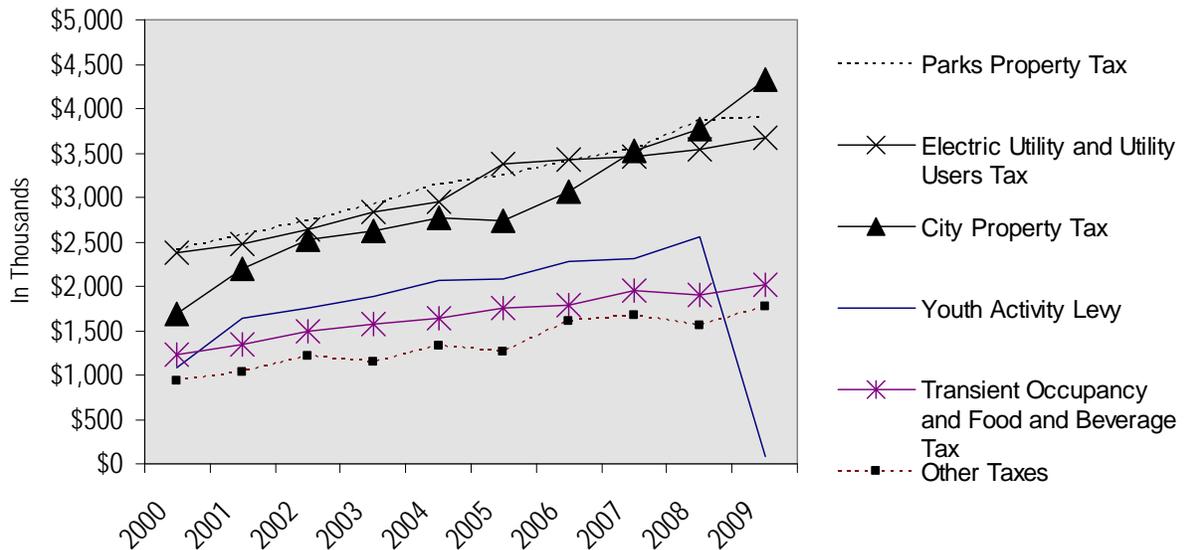
**CITY OF ASHLAND, OREGON  
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE  
(Amounts Expressed in Thousands)  
for the last ten fiscal years - Unaudited**

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
2009	\$ 8,313	\$ 1,207	\$ 2,468	\$ 1,567	\$ 1,639	\$ 374	\$ 201	\$ 15,769
2008	10,573	1,170	2,375	1,362	1,508	392	201	17,581
2007	9,378	1,119	2,345	1,544	1,559	395	129	16,469
2006	8,801	1,111	2,323	1,399	1,414	370	205	15,623
2005	8,061	1,106	2,277	1,101	1,390	364	155	14,454
2004	7,970	842	2,103	1,178	1,309	337	155	13,894
2003	7,426	914	1,929	997	1,255	320	153	12,994
2002	7,010	870	1,770	1,060	1,168	317	157	12,352
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

<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**

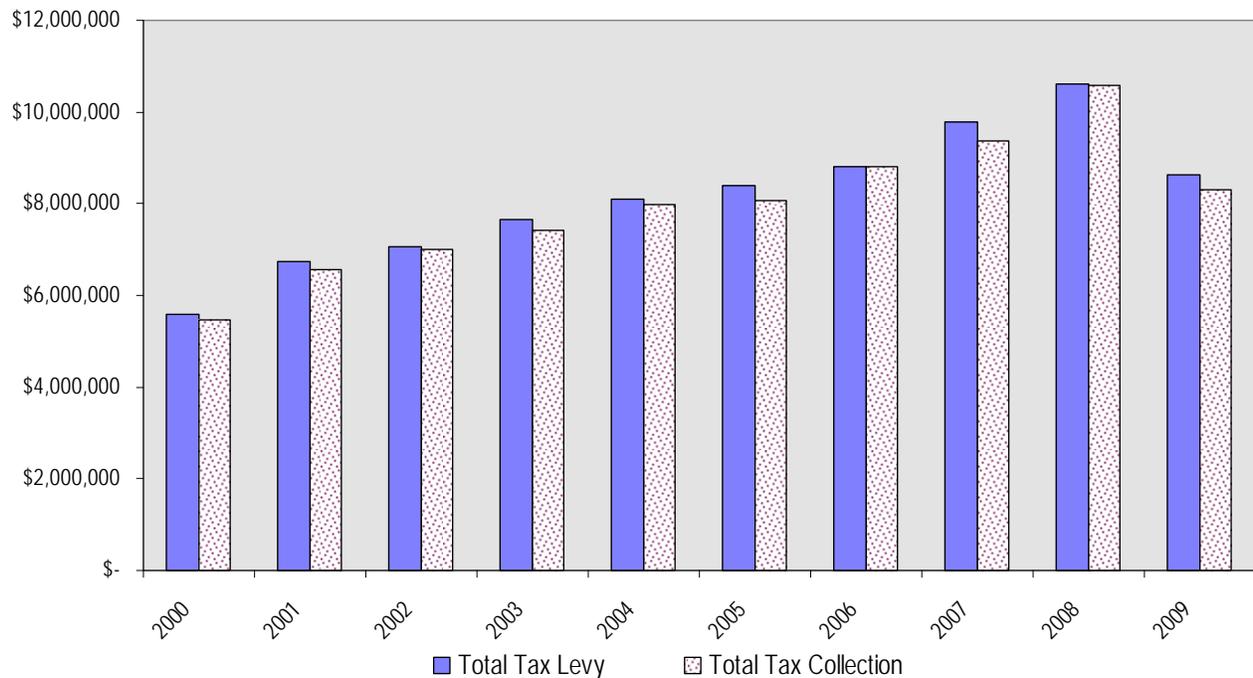
Fiscal Year Ended June 30,	Total Tax Levy <sup>1</sup>	Current Tax Collections <sup>3</sup>	Percent of Levy Collected	Delinquent Tax Collections <sup>2,3</sup>	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
2009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

<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

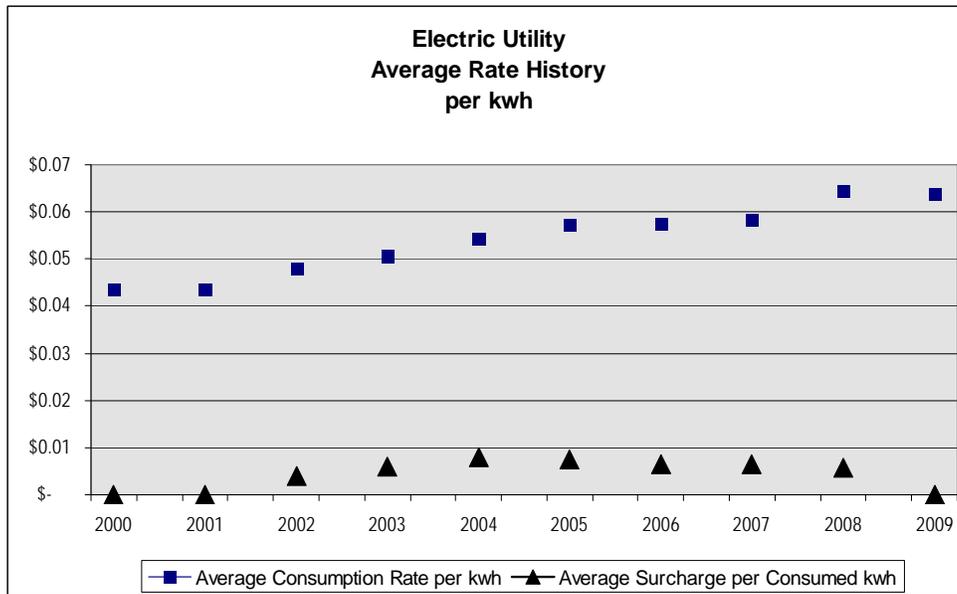
<sup>3</sup> Includes adjustments, rounding and discounts

**Property Tax Levies and Collections**



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

	2009	2008	2007	2006	2005
<b>Electric:</b>					
Commercial	56,893,914	59,730,031	59,796,009	58,939,938	58,199,994
Governmental	18,283,476	18,328,996	16,771,812	17,684,660	17,522,640
Municipal	6,288,095	6,231,719	5,911,482	5,798,328	6,015,412
Residential	91,638,620	95,853,685	91,324,747	90,977,982	89,045,820
<b>Electric Usage Total</b>	<b>173,104,105</b>	<b>180,144,431</b>	<b>173,804,050</b>	<b>173,400,908</b>	<b>170,783,866</b>
<b>Total Electric Revenue</b>	<b>\$ 11,028,224</b>	<b>\$ 11,638,234</b>	<b>\$ 10,118,284</b>	<b>\$ 9,978,512</b>	<b>\$ 9,779,099</b>
<b>Average Consumption Rate per kwh</b>	<b>\$ 0.064</b>	<b>\$ 0.065</b>	<b>\$ 0.058</b>	<b>\$ 0.058</b>	<b>\$ 0.057</b>
<b>BPA Surcharge Revenue</b>	<b>NA</b>	<b>\$ 1,016,152</b>	<b>\$ 1,123,490</b>	<b>\$ 1,133,645</b>	<b>\$ 1,266,655</b>
<b>Average Surcharge per Consumed kwh</b>	<b>NA</b>	<b>\$ 0.006</b>	<b>\$ 0.006</b>	<b>\$ 0.007</b>	<b>\$ 0.007</b>



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

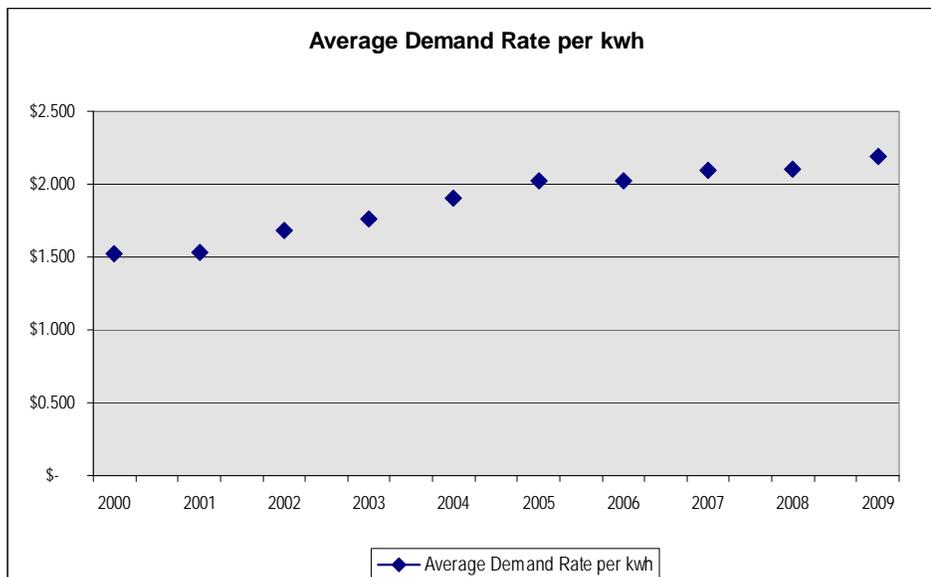
	2009	2008	2007	2006	2005
<b>Demand:</b>					
Commercial	147,155	159,430	164,228	160,133	156,388
Governmental/Municipal	70,242	65,931	69,856	68,828	67,529
<b>Demand Usage Total</b>	<b>217,397</b>	<b>225,361</b>	<b>234,084</b>	<b>228,961</b>	<b>223,917</b>
<b>Total Demand Revenue</b>	<b>\$ 476,024</b>	<b>\$ 473,565</b>	<b>\$ 490,039</b>	<b>\$ 463,244</b>	<b>\$ 453,221</b>
<b>Average Demand Rate per kwh</b>	<b>\$ 2.190</b>	<b>\$ 2.101</b>	<b>\$ 2.093</b>	<b>\$ 2.023</b>	<b>\$ 2.024</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**

2004	2003	2002	2001	2000
57,257,258	56,017,453	53,220,997	52,714,544	51,407,937
16,826,746	16,009,661	16,620,796	20,273,391	17,388,770
6,181,644	5,785,074	4,957,496	2,807,439	3,957,069
86,225,218	85,158,420	82,490,010	86,856,040	83,216,352
<b>166,490,866</b>	<b>162,970,608</b>	<b>157,289,299</b>	<b>162,651,414</b>	<b>155,970,128</b>
<b>\$ 9,022,608</b>	<b>\$ 8,236,862</b>	<b>\$ 7,570,069</b>	<b>\$ 7,074,783</b>	<b>\$ 6,794,532</b>
<b>\$ 0.054</b>	<b>\$ 0.051</b>	<b>\$ 0.048</b>	<b>\$ 0.043</b>	<b>\$ 0.044</b>
<b>\$ 1,329,577</b>	<b>\$ 994,166</b>	<b>\$ 610,887</b>	<b>NA</b>	<b>NA</b>
<b>\$ 0.008</b>	<b>\$ 0.006</b>	<b>\$ 0.004</b>	<b>NA</b>	<b>NA</b>



2004	2003	2002	2001	2000
156,476	155,538	146,098	148,608	147,439
65,457	62,436	61,760	63,126	58,607
<b>221,933</b>	<b>217,974</b>	<b>207,858</b>	<b>211,734</b>	<b>206,046</b>
<b>\$ 422,209</b>	<b>\$ 384,340</b>	<b>\$ 349,766</b>	<b>\$ 325,045</b>	<b>\$ 314,276</b>
<b>\$ 1.902</b>	<b>\$ 1.763</b>	<b>\$ 1.683</b>	<b>\$ 1.535</b>	<b>\$ 1.525</b>

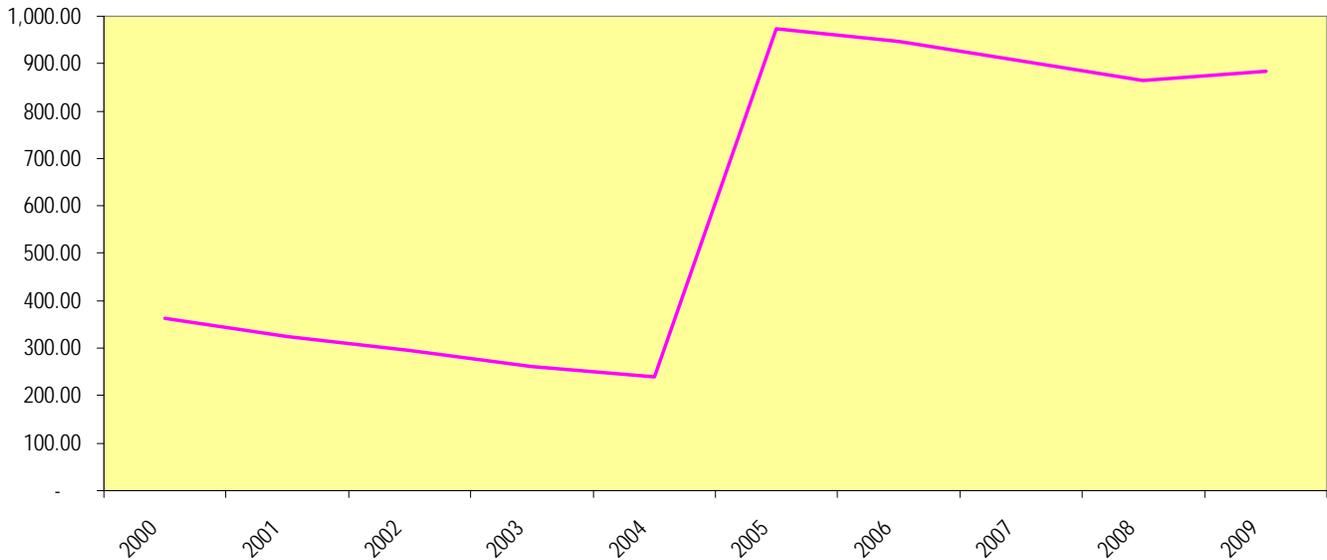
**CITY OF ASHLAND, OREGON  
RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND  
NET GENERAL OBLIGATION BONDED DEBT PER CAPITA  
for the last ten fiscal years - Unaudited**

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
2009	21,485	-1.44%	\$1,943,167,724	\$42,560,804	\$1,072,785	\$ 875,490	\$23,059,454	\$18,970,000	0.98%	882.94
2008	21,800	1.73%	1,875,310,040	44,138,466	1,246,509	1,751,369	23,651,249	18,840,000	1.00%	864.22
2007	21,430	2.63%	1,766,496,299	46,090,591	479,262	-	24,876,883	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

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**

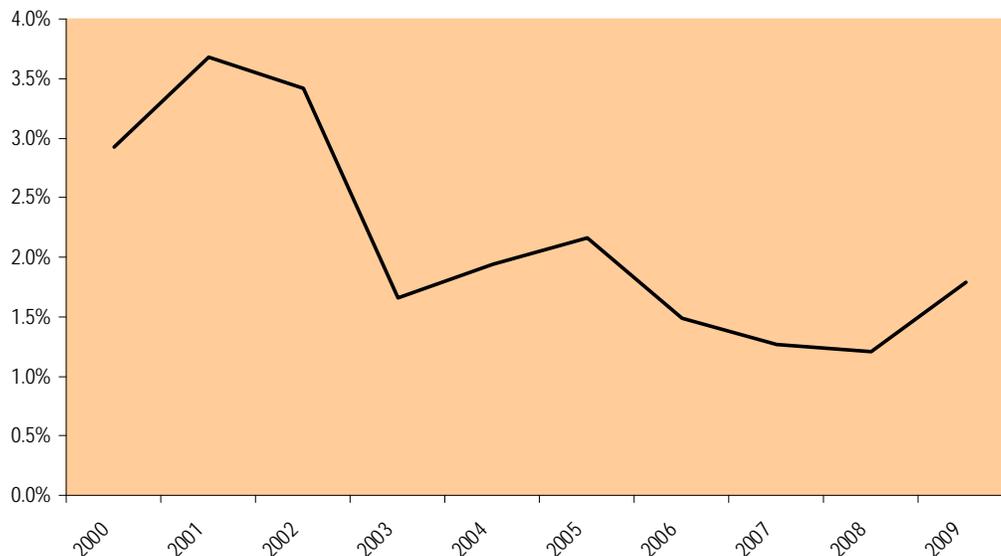


**CITY OF ASHLAND, OREGON  
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR  
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES  
for the last ten fiscal years - Unaudited**

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
2009	\$ 245,000	\$ 128,435	\$ 373,435	\$ 20,849,371	1.8%
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%

<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  
PLEGDED 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	
2009	\$4,552,624	\$2,819,395		\$1,733,229	\$335,000	\$120,288	\$455,288	3.81
2008	4,274,376	3,499,545		774,831	335,000	127,406	462,406	1.68
2007	4,651,122	3,115,885		1,535,237	325,000	133,191	458,191	3.35
2006	4,531,503	2,591,347	(100,000)	2,040,156	320,000	140,456	460,456	4.43
2005	4,428,981 <sup>1</sup>	1,825,395 <sup>2</sup>	(600,000)	3,203,586	320,000	146,856	466,856	6.86
2004	5,015,140 <sup>1</sup>	3,375,551 <sup>2</sup>	(600,000)	2,239,589	345,000	127,347	472,347	4.74
2003	3,478,958	2,340,293	100,000	1,038,665	155,000	171,727	326,727	3.18
2002	3,634,789	2,020,392	600,000	1,014,397	150,000	179,888	329,888	3.07
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

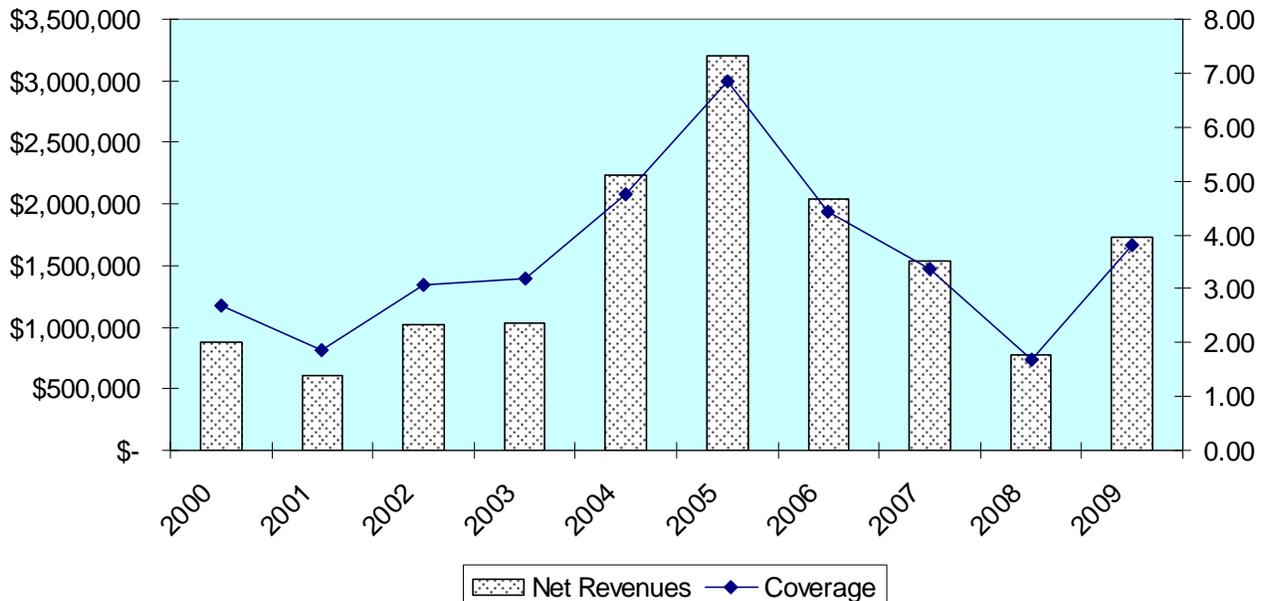
<sup>1</sup> Total Operating Revenues including System Development Charges

<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

**Net Revenue Available for Debt Service compared to Coverage**



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

Fiscal Year Ended June 30,	General Obligation Bonds	Percent of Assessed Value	Notes and Contracts		Per Capita <sup>1</sup>
			Promissory Notes	OECCD Loans	
2009	\$ 17,465,000	0.90%	\$ 622,313	\$ 1,412,321	\$ 907.59
2008	18,160,000	0.97%	740,079	1,587,138	939.78
2007	18,575,000	1.05%	883,775	1,754,932	989.91
2006	18,625,000	1.11%	1,066,510	1,920,792	1,035.07
2005	18,265,000	1.14%	1,200,270	2,079,804	1,046.39
2004	3,235,000	0.21%	8,758,585	2,231,077	696.26
2003	3,420,000	0.24%	1,343,423	2,249,447	348.38

Fiscal Year Ended June 30,	General Obligation Bonds	Percent of Assessed Value	Business - type Activities		Per Capita
			Revenue Bonds and Notes	DEQ Loan	
2009	\$ 1,505,000	0.08%	\$ 3,927,286	\$17,627,168	\$ 1,073.28
2008	680,000	0.04%	4,284,000	18,687,249	1,084.92
2007	850,000	0.05%	4,315,000	19,711,883	1,160.84
2006	1,145,000	0.07%	4,640,000	20,702,256	1,268.55
2005	1,795,000	0.11%	4,960,000	21,659,513	1,380.02
2004	1,650,000	0.11%	5,280,000	22,584,762	1,444.68
2003	1,860,000	0.13%	13,545,000	23,479,073	1,931.65

Fiscal Year Ended June 30,	Total Outstanding Debt	Total Outstanding Debt	
		Personal Income	Debt as a Percentage of Personal Income
2009	\$ 42,559,088	NA	NA
2008	44,138,466	NA	NA
2007	46,090,591	\$ 463,652,000	9.94%
2006	48,099,558	461,001,000	10.43%
2005	49,959,587	411,308,000	12.15%
2004	43,739,424	394,362,000	11.09%
2003	45,896,943	338,294,000	13.57%

<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

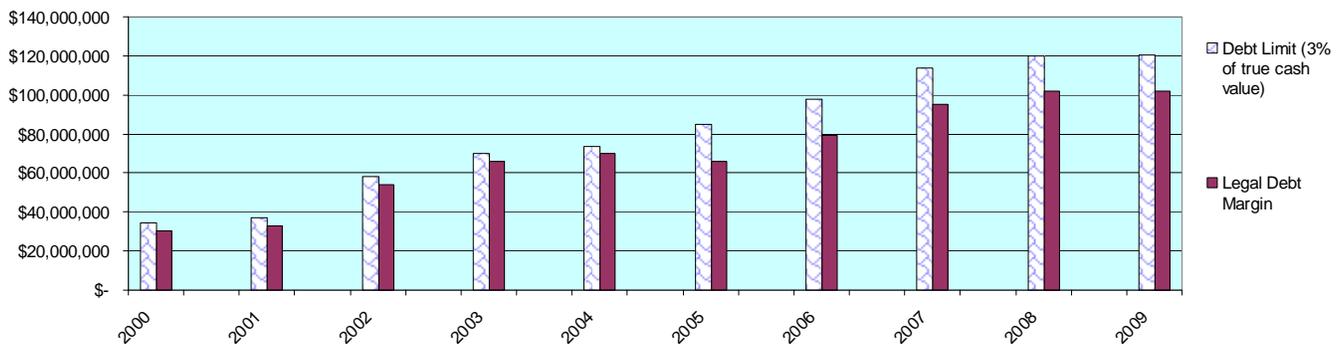
OECCD - Oregon Economic and Community Development Department

DEQ - Oregon Department of Environmental Quality

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>True Cash Value</b>	<u>\$4,011,032,636</u>	<u>\$4,000,418,984</u>	<u>\$3,788,568,503</u>	<u>\$3,266,109,773</u>	<u>\$2,827,489,200</u>
<b>Legal Debt Margin</b>					
Debt Limit (3% of true cash value)	<u>\$ 120,330,979</u>	<u>\$ 120,012,570</u>	<u>\$ 113,657,055</u>	<u>\$ 97,983,293</u>	<u>\$ 84,824,676</u>
<b>Net Bonded Debt:</b>					
Gross bonded debt	18,970,000	18,840,000	19,425,000	19,780,000	20,045,000
Less amounts exempted:					
Water		(25,000)	(50,000)	(60,000)	(85,000)
Special assessment Refunding					
Water Refunding	<u>(505,000)</u>	<u>(655,000)</u>	<u>(800,000)</u>	<u>(940,000)</u>	<u>(1,075,000)</u>
Total debt applicable to margin	<u>18,465,000</u>	<u>18,160,000</u>	<u>18,575,000</u>	<u>18,780,000</u>	<u>18,885,000</u>
<b>LEGAL DEBT MARGIN</b>	<u>\$ 101,865,979</u>	<u>\$ 101,852,570</u>	<u>\$ 95,082,055</u>	<u>\$ 79,203,293</u>	<u>\$ 65,939,676</u>

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



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

<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
<u>\$2,450,551,643</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>\$ 73,516,549</u>	<u>\$ 69,827,464</u>	<u>\$ 58,304,144</u>	<u>\$ 37,203,486</u>	<u>\$ 34,732,095</u>
4,875,000	5,280,000	6,135,000	6,530,000	7,090,000
(100,000)	(125,000)	(145,000)	(165,000)	(185,000)
		(55,000)	(180,000)	(255,000)
	(75,000)	(325,000)	(550,000)	(765,000)
<u>(1,205,000)</u>	<u>(1,325,000)</u>	<u>(1,440,000)</u>	<u>(1,555,000)</u>	<u>(1,670,000)</u>
<u>3,570,000</u>	<u>3,755,000</u>	<u>4,170,000</u>	<u>4,080,000</u>	<u>4,215,000</u>
<u>\$ 69,946,549</u>	<u>\$ 66,072,464</u>	<u>\$ 54,134,144</u>	<u>\$ 33,123,486</u>	<u>\$ 30,517,095</u>

**CITY OF ASHLAND, OREGON**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**June 30, 2009 - Unaudited**

True cash value	\$ 4,011,032,636.00	
3% of the true cash value	<u>0.03</u>	
		\$ 120,330,979
 <b>NET BONDED DEBT:</b>		
Gross bonded debt	18,970,000	
Less amounts exempted:		
Water		
Water Refunding	<u>(505,000)</u>	
Total debt applicable to margin		<u>18,465,000</u>
<b>LEGAL DEBT MARGIN</b>		<u><u>\$ 101,865,979</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.

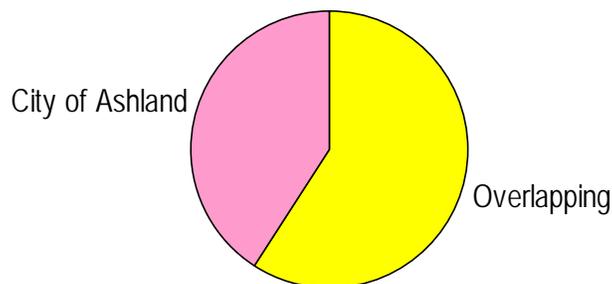
Source: Jackson County Assessor's Office  
Audited Financial Statements  
Oregon Revised Statutes (ORS) 287.004

**CITY OF ASHLAND, OREGON  
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT  
GENERAL OBLIGATION BONDS  
June 30, 2009 - Unaudited**

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to City	Amount Applicable to City
Direct:			
City of Ashland	\$ 18,970,000	100.00%	\$ 18,970,000
Overlapping			
Jackson County	4,215,582	13.70%	577,547
School District #5	33,563,722	79.12%	26,556,422
Rogue Community College	2,269,689	10.12%	229,772
	<u>40,048,993</u>		<u>27,363,741</u>
	<u>\$ 59,018,993</u>		<u>\$ 46,333,741</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**

2009		
Employer	Employees	Percentage of Total City Employment
Southern Oregon University	748	8.31%
Ashland Community Hospital	452	5.02%
Oregon Shakespeare Festival	450	5.00%
Ashland Public Schools	380	4.22%
City of Ashland	260	2.89%
Pathway Enterprises	140	1.56%
Ashland Food Cooperative	150	1.67%
ProTool	80	0.89%
Linda Vista	75	0.83%
 Total	 2,735	 30.39%
 Estimated Total City Employment	 9,000	

2000		
Employer	Employees	Percentage of Total City Employment
Southern Oregon State College	740	12.33%
Oregon Shakespeare Festival	450	7.50%
Public Schools	394	6.57%
Ashland Community Hospital	264	4.40%
City of Ashland	164	2.73%
Pathway Enterprises	150	2.50%
Darex Corporation	135	2.25%
Linda Vista Care	75	1.25%
Albertson's	71	1.18%
 Total	 2,443	 40.72%
 Estimated Total City Employment	 6,000	

Source: Ashland Chamber of Commerce

**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	Total Personal Income <sup>2</sup>	School Enrollment <sup>3</sup>	Unemployment Rate Jackson Co. <sup>4</sup>
2009	21,485	-1.44%	N/A	N/A	3,000	13.6%
2008	21,800	1.73%	N/A	N/A	3,000	6.7%
2007	21,430	2.63%	\$ 21,636	\$ 463,652	3,000	5.6%
2006	20,880	1.41%	22,079	461,001	2,777	5.7%
2005	20,590	0.78%	19,976	411,308	2,920	6.2%
2004	20,430	1.49%	19,303	394,362	3,138	7.3%
2003	20,130	1.82%	16,805	338,294	3,321	6.8%
2002	19,770	0.82%	16,768	331,495	3,393	6.6%
2001	19,610	0.62%	17,147	336,262	3,411	5.9%
2000	19,490	1.40%	N/A	N/A	3,258	5.7%

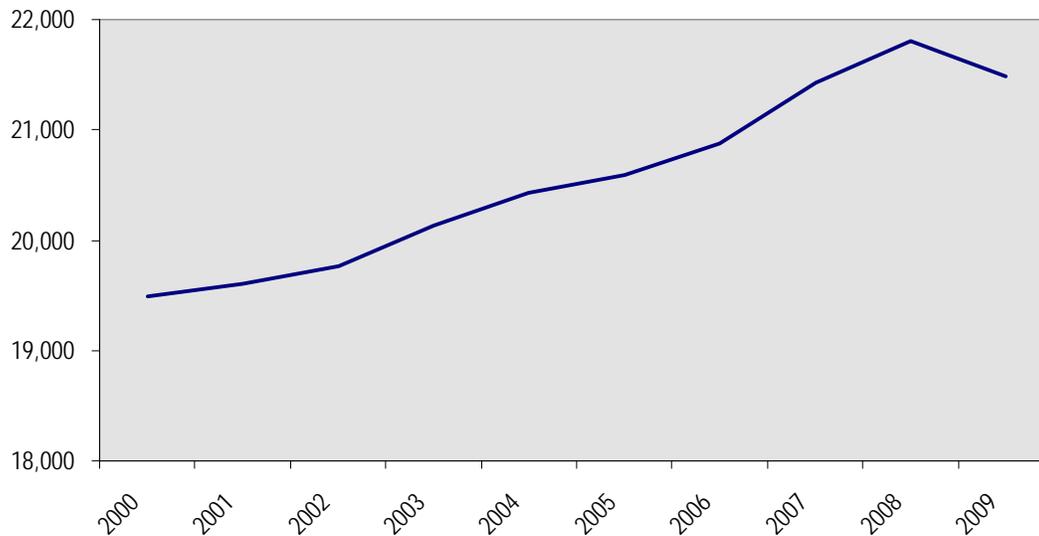
<sup>1</sup> Center for Population and Research and Census,  
and Portland State University

<sup>2</sup> State of Oregon, Department of Revenue, in thousands of dollars

<sup>3</sup> Ashland School District

<sup>4</sup> State of Oregon Employment Department

**Population Growth  
Last Ten Years**



**CITY OF ASHLAND, OREGON  
SCHEDULE OF MAJOR INSURANCE IN FORCE  
June 30, 2009**

Company	Coverage	Policy Period	General Aggregate/Each Occurrence	Premium	
City County Insurance Services	<b>General Liability</b>	07/01/2008-07/01/2009	\$ 15,000,000 / \$ 5,000,000	\$ 149,044	
	Commercial General Liability	07/01/2008-07/01/2009	\$ 15,000,000 / \$ 5,000,000		
	Public Officials Liability	07/01/2008-07/01/2009	\$ 15,000,000 / \$ 5,000,000		
	Employment Practices	07/01/2008-07/01/2009	\$ 15,000,000 / \$ 5,000,000		
	Occurrence	07/01/2008-07/01/2009	\$ 15,000,000 / \$ 5,000,000		
	<b>Automobile Liability</b>				30,022
	Scheduled Autos	07/01/2008-07/01/2009	None / \$ 5,000,000		
	Hired Autos	07/01/2008-07/01/2009	None / \$ 5,000,000		
	Non-Owned Autos	07/01/2008-07/01/2009	None / \$ 5,000,000		
	<b>Auto Physical Damage</b>				9,989
	Scheduled Autos	07/01/2008-07/01/2009	Per Filed Value		
	Hired Autos	07/01/2008-07/01/2009	Per Filed Value		
	Non-Owned Autos	07/01/2008-07/01/2009	Per Filed Value		
	<b>Property</b>				77,615
	Buildings	07/01/2008-07/01/2009	Per Filed Value		
Mobile Equipment	07/01/2008-07/01/2009	Per Filed Value			
<b>Boiler and Machinery</b>	07/01/2008-07/01/2009		Replacement Cost of Machinery & Equipment not covered elsewhere	6,076	
<b>Excess Crime</b>	07/01/2008-07/01/2009		Per Loss/ \$250,000	930	
Northwest Insurance Group, Inc.	<b>Airport Liability</b>	07/01/2008-07/01/2009	\$4,000,000/\$4,000,000	5,189	
The Hartford	<b>Flood</b>	10/23/2008-10/23/2009	\$ 54,200	848	
Safety National Casualty Corp.	<b>Workers' Compensation Self-Insured Bond</b>	07/01/2008-07/01/2009		6,000	
	<b>Excess Workers' Compensation</b>	07/01/2008-07/01/2009	\$ 1,000,000 / \$ 1,000,000	25,960	

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

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

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

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

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

<b>Function/Program</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
<b>Police</b>					
Physical Arrests, Juvenile and Adult	2,098	2,489	2,748	2,607	2,004
Traffic Violations	2,784	2,600	3,036	3,773	4,608
<b>Fire</b>					
Fire Alarm Responses	363	500	457	425	415
Emergency Medical Responses	2,761	3,022	2,955	2,716	2,952
Non-emergency Public Service Responses	46	76	87	109	100
Code Enforcement Plans Review		440	495	535	644
Total Calls for Service	3,170	3,590	3,534	4,000	3,285
Total Ambulance Patient Transports	1,476	1,700	1,616	1,511	1,243
<b>Water</b>					
Service Connections	8,126	8,291	8,281	7,870	7,764
Daily Average Consumption in Millions of Gallons	3.3	3.4	4	4	3
Maximum Daily Capacity of Plant in Million Gallons	8	8	8	8	8
<b>Sewer</b>					
Service Connections	8,008	8,153	8,129	7,722	7,583
Daily Average Treatment in Million Gallons	2.2	2.2	2	2	2
Maximum Daily Capacity in Million Gallons	4	4	4	4	4
<b>Electric</b>					
Service Connections	11,944	11,979	11,780	11,277	11,062
<b>Telecommunications</b>					
Cable TV	-	-	- <sup>3</sup>	3,095	3,170
Cable Modem	4,160	4,153	3,988	3,823	3,686
Potential Station Capacity	80	80	80 <sup>4</sup>	140	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

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

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

<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
2,293	2,412 <sup>2</sup>	300	287	287
4,405	5,858	4,358	3,283	3,283
388	319	272	313	313
2,428	2,294	2,404	1,964	1,964
90	127	78	78	78
721	643	475	NA	NA
3,186	2,922	2,740	2,630	NA
1,274	989	863	793	NA
7,609	7,419	7,214	7,200	6,662
4	3	3	4	3
8	8 <sup>1</sup>	10	10	10
7,455	7,290	7,091	7,046	6,546
2	2	2	2	2
4	4	6	10	6
10,561	10,374	10,490	10,441	10,105
3,100	2,961	2,499	NA	NA
3,435	3,040	2,323	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>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
<b>Police</b>					
Stations	1	1	1	1	1
Contact Station	1	1	NA	NA	NA
Patrol Units (vehicles)	8	8	8	8	8
Sworn Officers	26.5	27	27	27	27
<b>Fire</b>					
Stations	2	2	2	2	2
Fire Fighters	29	31	31	31	31
<b>Streets</b>					
Miles of Paved Streets	92 <sup>2</sup>	100	100	100	100
Miles of Gravel Streets	14 <sup>2</sup>	11	10	14	14
Miles of Storm Sewers	90	89	85	85	84
<b>Water</b>					
Miles of Water Mains	130 <sup>2</sup>	124	124	124	124
Hydrants	1,237 <sup>2</sup>	1,154	1,115	1,142	1,131
Water Treatment Plant	1	1	1	1	1
<b>Sewer</b>					
Miles of Sanitary Sewers	110	110	110	110	108
Treatment Plant	1	1	1	1	1

<sup>1</sup> Identifies implementation of GIS system

<sup>2</sup> Identifies integration of Cartegraph System with GIS that has provided more accurate figures.

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

<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
1	1	1	1	1
NA	NA	NA	NA	NA
8	6	6	6	6
30	29	29	26	26
2	2	2	2	2
31	27	28	24	24
97	97	78	81	78
17	19	20	7	5
76	55	60	55	14
121	115	94	90	55
1,069	1,000	987	972	875
1	1	1	1	1
106	106	86	88	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>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
<b>Electric</b>					
Street Lights	1,811	1,802	1,802	1,771	1,707
Electrical Transformers	1,996	1,982	1,982	1,973	1,943
Poles	3,557	3,453	2,551	2,559	3,501
Substations	3	3	3	3	3
<b>Telecommunications</b>					
Miles of Fiber	25	25	25	29	25
Miles of Coax	118	117	117	110	117
<b>Parks and Recreation</b>					
Community Centers	3	3	3	3	3
Parks	19	19	19	19	19
Park Acreage	640	640	640	640	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	49	49	49	49
<b>Education</b>					
Elementary Schools	3	3	3	3	3
Elementary School Instructors	59	59	59	59	61
Secondary Schools	2	2	2	2	2
Secondary School Instructors	106	106	106	106	106
State Universities	1	1	1	1	1

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

<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
1,804	1,870	1,895	1,895	1,895
1,851	1,815	2,030	1,864	1,864
2,511	2,501	2,501	2,742	2,742
3	3	3	3	3
25	35	30	10	10
117	117	120	120	120
3	3	3	3	3
19	19	19	19	17
637	637	637	637	535
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
1	1	1	1	NA
12	12	12	12	12
29	NA	NA	NA	NA
1	1	1	1	1
49	49	49	49	49
4	5	5	5	5
58	69	93	93	93
2	2	2	2	2
90	102	116	116	116
1	1	1	1	1



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

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



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

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- PHONE (503) 620-2632 • FAX (503) 684-7523

October 28, 2009

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2008-2009 AUDITORS' COMMENTS AND DISCLOSURES

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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, 2009 and have issued our report thereon dated October 28, 2009.

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, 2009, 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.

2008-2009 AUDITORS' COMMENTS AND DISCLOSURES

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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 28, 2009.

These factors were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the 2009 basic financial statements, and this report does not affect our report on the basic financial statements dated October 28, 2009.

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.

2008-2009 and 2009-2010 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

Deposits appeared to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury based upon our testing throughout the year. Deposits in the State Local Government Investment Pool are not required to be collateralized.

***audit comments and disclosures required by state regulations***

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2008-2009 AUDITORS' COMMENTS AND DISCLOSURES

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INVESTMENTS

The City's investments for the year ending June 30, 2009, 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 2008-2009.

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

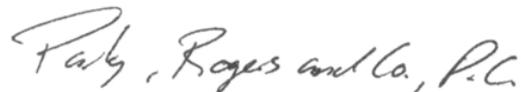
The City's bonded debt outstanding appeared to be within the limitation established by Oregon Law.

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.

SCHEDULE OF ACCOUNTABILITY OF ELECTED OFFICIALS

This schedule has been included in this financial report.



PAULY, ROGERS AND CO., P.C.