

**CITY OF
ASHLAND**



COMPREHENSIVE ANNUAL FINANCIAL REPORT
for the year ended June 30, 2013

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



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INTRODUCTORY SECTION





November 20, 2013

RE: City of Ashland Comprehensive Annual Financial Report

To the Citizens of the City of Ashland:

We are pleased to submit the Comprehensive Annual Financial Report of the City of Ashland for the fiscal year ended June 30, 2013, as mandated by state statutes. These statutes require that the City of Ashland issue an annual report on its financial position and activity, and that this report be audited by an independent firm of certified public accountants licensed by the State of Oregon to conduct municipal audits. This report must be published within six months of the end of each fiscal year. Management holds responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the enclosed data is accurate in all material aspects and is reported in a manner designed to fairly present the financial position and the results of operations of the various funds and component unit of the City of Ashland. All disclosures necessary to enable the reader to gain an understanding of the City of Ashland's activities have been included.

Based upon their audit, the independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion and that the City's financial statements for the year ended June 30, 2013, are presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report. It is followed by a Management Discussion and Analysis report on pages 5 through 11. The reader is encouraged to review these pages for a better understanding of the City, its financial condition, and its activities for the year.

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

The Parks and Recreation Commission activities are reported as a 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 and currently has a land area of 6.52 square miles with a population of 20,325. The government has all powers necessary or convenient for the conduct of its municipal affairs, including the power to levy a property tax on both real and personal property located within its boundaries. The City also has the power, by state statute, to extend its corporate limits by annexation, which is done periodically when deemed appropriate by the City Council.

2013 CAFR Introductory section

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

The City Administrator is charged with general oversight of all operational and management functions, with the exception of the Parks Commission. The City Administrator recommends the appointment or dismissal of department heads (Fire Chief, Police Chief, Public Works Director, Community Development Director, Administrative Services/Finance Director, Electric/Information Technology Director). The Mayor, with confirmation of the City Council, appoints the City Administrator, the City Attorney, department heads, and the 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 various ad hoc committees assist the City Council. Over 150 Ashland citizens serve on these boards and commissions and make a valuable contribution to the City of Ashland.

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

According to the State of Oregon Employment Department, Ashland has an employed work force of approximately 8,842 with an average annual pay of \$33,490 and representing over 11.6 percent of Jackson County's labor force. A return of some parts of the economy is appearing with early reports on better ticket sales, local tax revenues and university enrollments. Examples are the Transient Occupancy Tax and Food and Beverage Tax revenues (for all business activities as presented in tables in the *Statistical* section). Transient Occupancy Tax revenue increased 5.1 percent while Food & Beverage tax revenue increased 7.6 percent. It is not uncommon to have local taxes, especially those relating to tourism, to "lead" the tax revenues from other tax revenues relating to construction.

In 2012-13, the City issued building permits totaling just under \$14.5 million in total estimated valuation, a reduction of approximately 70% compared to the previous year. Residential home starts and corresponding valuation nearly doubled from the previous year, while the commercial activity dropped from over \$40 million to just under \$2.7 million in estimated valuation primarily due to the \$32 million dollar Southern Oregon University doms and cafeteria construction project captured in the FY 11-12 data.

The Ashland Chamber of Commerce publication, Living and Doing Business Guide 2013 provides a host of current information relevant to the city's economy. Based on data from the Oregon Economic development Department, the guide reports that Ashland's consumer expenditures were over \$481 million in 2011, with near \$100 million each for housing and transportation. Additionally, the median price of a home was \$298,000, a nearly 5% increase from 2011 and slightly above that of 2003. The guide also noted that over 56 percent of Ashland's residents have a bachelor's or higher degree, contributing to a highly educated workforce and an engaged and knowledgeable citizenry.

Much of this can be attributed to tourism generated by cultural attractions, the largest of which is the Oregon Shakespeare Festival Association (OSFA), a nationally renowned theater company presenting eleven plays over a season from February through October, to an estimated attendance of over 392,000. OSFA employs approximately 435 (85 are actors) and has nearly 500 volunteers. Southern Oregon University reports over 6,500 students, over 750 faculty and administration members and over \$100 million in annual revenue. The Ashland Independent Film

Festival, Ski Ashland, local galleries, museums and many more also play key roles in the economic impacts identified above.

INITIATIVES

During most of FY 2012-2013 the City operated under goals set by Council in February 2010 for the following 12 to 24 months to continue Ashland's history as a community that focuses on sustaining itself and its people. To us, sustainability means using, developing and protecting resources at a rate and in a manner that enables people to meet their current needs and also provides that future generations can meet their own needs. The City of Ashland has a responsibility towards sustainability in five areas:

- Economy
- Environment
- Social Equity
- Municipal Organization
- Infrastructure

In FY 2012-2013 City Council updated their goals as listed below. They are also available in the current budget document or on the city website at:

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



City Council Goals

2013

PUBLIC SAFETY GOAL

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

Objectives:

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

MUNICIPAL INFRASTRUCTURE GOAL

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

Objectives:

- Examine the anticipated impacts of climate change on city infrastructure
- Evaluate all city infrastructure regarding planning, management, and financial resources
- Implement the conservation plan for water and complete the 10-year plan for electric
- Promote conservation as a long-term strategy to protect the environment and public utility needs and implement a conservation program to reduce water and electricity usage by 5 to 10% over the next three years.
- Maintain existing infrastructure to meet regulatory requirements and minimize life-cycle costs
- Deliver timely life-cycle capital improvement projects
- Maintain and improve infrastructure that enhances the economic vitality of the community
- Develop a fee/rate structure that encourages conservation and pays the bills

COMMUNITY QUALITY OF LIFE GOAL

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

Objectives:

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

ORGANIZATION AND GOVERNANCE GOAL

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

Objectives:

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

PARKS AND RECREATION GOAL

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

Objectives:

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

Important steps or accomplishments in these areas during FY 2012-2013 include:

1. Adopted a biennial budget process for coming years to take advantage of better planning opportunities in the "off" year, a more comprehensive planning approach and time savings.
2. Refinanced several debts at a financial savings to the City.
3. Completed construction of Fire Station No. 2, on time and under budget.
4. Retired significant portions of the prior year long-term liabilities and issued refunding bonds to save on interest costs for multiple funds as part of bond issues to finance new projects for the City and Parks.
5. Laid the foundation and garnered approval to become self-insured for employee health benefits in the coming year.
6. Adjusted rates for water and wastewater to comply with financing goals identified by master plan studies adopted in the prior year.
7. Granted over \$125,000 for safety net services and \$678,000 to encourage economic and cultural activities consistent with the city's recently completed Economic and Development strategy.

FINANCIAL INFORMATION

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

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

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

Tests were made of the government's internal control structure and of its compliance with applicable laws and regulations, including those related to federal financial assistance programs. Although this testing was not sufficient to support an opinion on the City's internal control system or its compliance with laws and regulation related to non-major federal financial assistance programs, the audit for the year ended June 30, 2013, 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 2012-2013 budget was prepared on a fund basis with department, program, and line item detail.

Accounting principles generally accepted in the United States of America require that management provide a discussion and analysis to accompany the financial statements. This letter of transmittal compliments management's discussion and analysis, and should be read in conjunction with it. The City's Management's Discussion and Analysis can be found on pages 5-11, immediately following the independent auditors report.

Significant Impacts. The City's investment policy objectives are to preserve capital, maintain liquidity and diversification, and to attain a market rate of return throughout budgetary and economic cycles. Investments are valued at fair value, as required by GASBS 31. Changes in the economy and investment market are prompting a review of the City's policy. As of June 30, 2013, the fair market value of the investment in the Local Government Investment Pool was 100 percent of the pool shares, as reported in Oregon Short Term Fund audited financial statements.

The City provides life and health coverage to its employees and their dependants. The City pays 95 percent of premiums for employees, with management and all five bargaining units paying the remaining five percent. Other optional supplemental insurances are available to employees and are paid entirely by the individuals electing to carry them. The rising cost of employee benefits, especially health care and retirement, prompted the City to change providers in FY 2010-2011, to hold costs flat and provide a tracking system to support cost containment options in the future. During 2012-2013 the City laid the foundation to become "self insured" for employee health benefits beginning July 1, 2013.

An actuarial review of other post employment benefit programs was performed during the year, and the results from the study are incorporated within this report on pages 48 through 52, in the *Notes to Basic Financial Statements* section.

OTHER INFORMATION

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

The education category property taxes were limited to \$15.00 per thousand of real market value (RMV) initially, and have been lowered to \$5.00 per thousand. The local government category is limited to \$10.00 per thousand. The 2012-2013 local net general government tax rate in the City of Ashland, all agencies, was \$7.16, well within the limitation. Voter approved general obligation debt is not subject to the \$10.00 limitation.

In November 1996, the citizens of the State of Oregon approved another property tax limitation, commonly referred to as Measure 47. Prior to enactment, this measure was repealed and replaced by Measure 50, by special election on May 20, 1997. Measure 50 changed the property tax limitation on levies, rates assessment, and equalization, after the 1996-1997 fiscal year. Measure 50 includes a reduction of property tax to previous levels and a limit on the growth in assessed valuation, which will result in a limit on a tax increase in subsequent years. Specifically, Measure 50 rolled the assessed value of each unit of property for the tax year 1997-98 back to its 1995-96 "real market value" less ten percent. The measure limited increases in assessed value in future years to three percent per year. The measure also establishes a new permanent tax rate for each taxing district. Ashland's permanent rate for the operating levies is set at \$4.2865, although the City chose to levy only \$4.1972 of this amount in fiscal year 2012-2013. The measure also provides for voter approved "Local Option Levies" for levies outside the limits. In May 1997, Ashland voters approved the three-year *Ashland Youth Activities Levy* as a Local Option Levy at a rate of \$0.97. The levy was renewed in May 2000 and again in May 2003, at a maximum rate of \$1.38. The 2003 renewal ended in fiscal year 2008. The City of Ashland is still receiving delinquent payments for Ashland Youth Activity Levy from Jackson County.

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

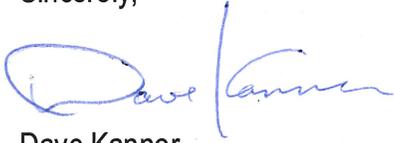
Awards. The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for fiscal year ended June 30, 2012. This was the twentieth year the City had submitted its report for review. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements. This award is valid for a period of one year. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we intend to submit it to the GFOA to determine its eligibility for another certificate.

In addition, the City of Ashland received the GFOA's Award for Distinguished Budget Presentation for its annual 2012-2013 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.

2013 CAFR Introductory section

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

Sincerely,



Dave Kanner
City Administrator

Lee Tuneberg
Administrative Services/Finance Director



Government Finance Officers Association

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

Presented to

**City of Ashland
Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

A handwritten signature in black ink, appearing to read 'Jeffrey R. Egan'. The signature is fluid and cursive.

Executive Director/CEO

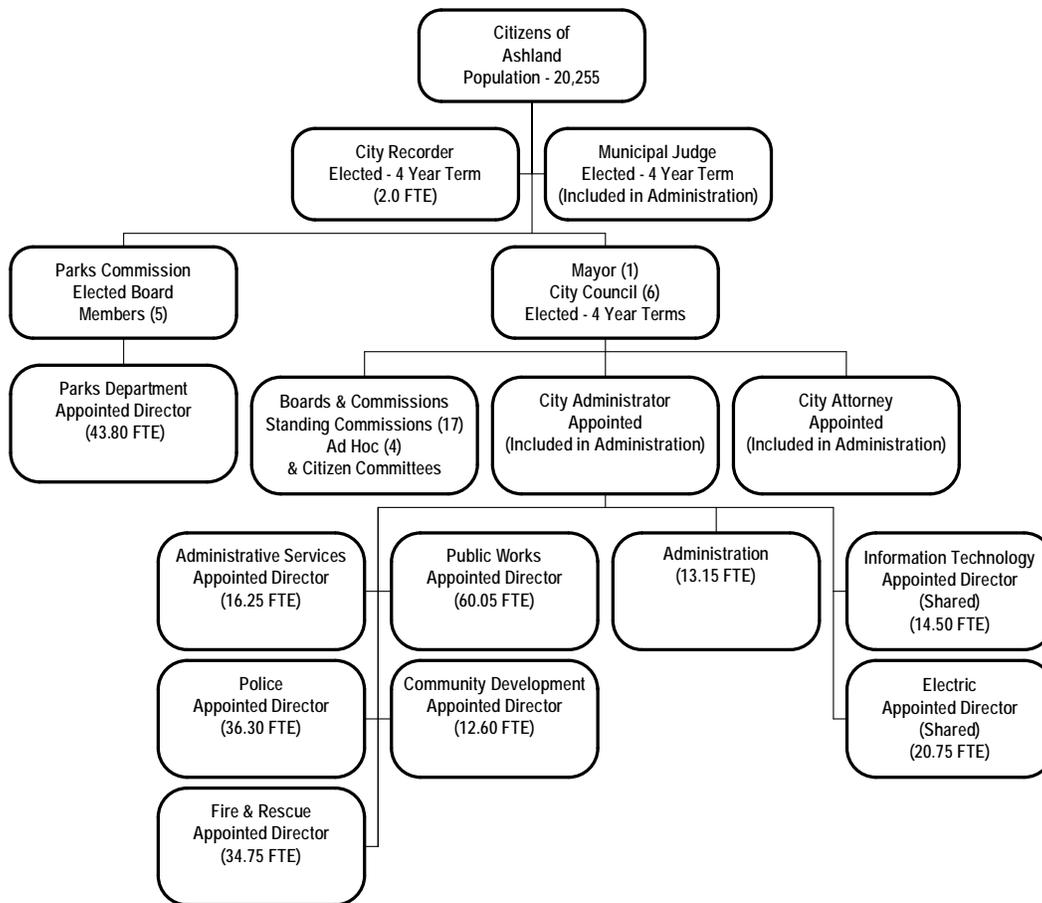
**CITY OF ASHLAND
ELECTED CITY OFFICIALS
as of June 30, 2013**

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

**CITY OF ASHLAND
APPOINTED CITY OFFICIALS
as of June 30, 2013**

<u>Name</u>	<u>Position</u>
Dave Kanner 117 Garfield Street #2 Ashland, OR 97520	City Administrator
Darlow "Lee" Tuneberg 327 Starflower Lane Ashland, OR 97520	Administrative Services/Finance Director/ Acting Assistant City Administrator
David H. Lohman 1327 Reddy Avenue Medford, OR 97504	City Attorney
Mike Faught 3685 Coleman Creek Road Medford, OR 97501	Public Works Director
Mark Holden PO Box 786 Ashland, OR 97520	Information Technology Director/Electric Director
William Molnar 155 Hillcrest Street Ashland, OR 97520	Community Development Director
Terry Holderness 50 Pine Street Ashland, OR 97520	Police Chief
John Karns 440 Wiley Street Ashland, OR 97520	Fire Chief

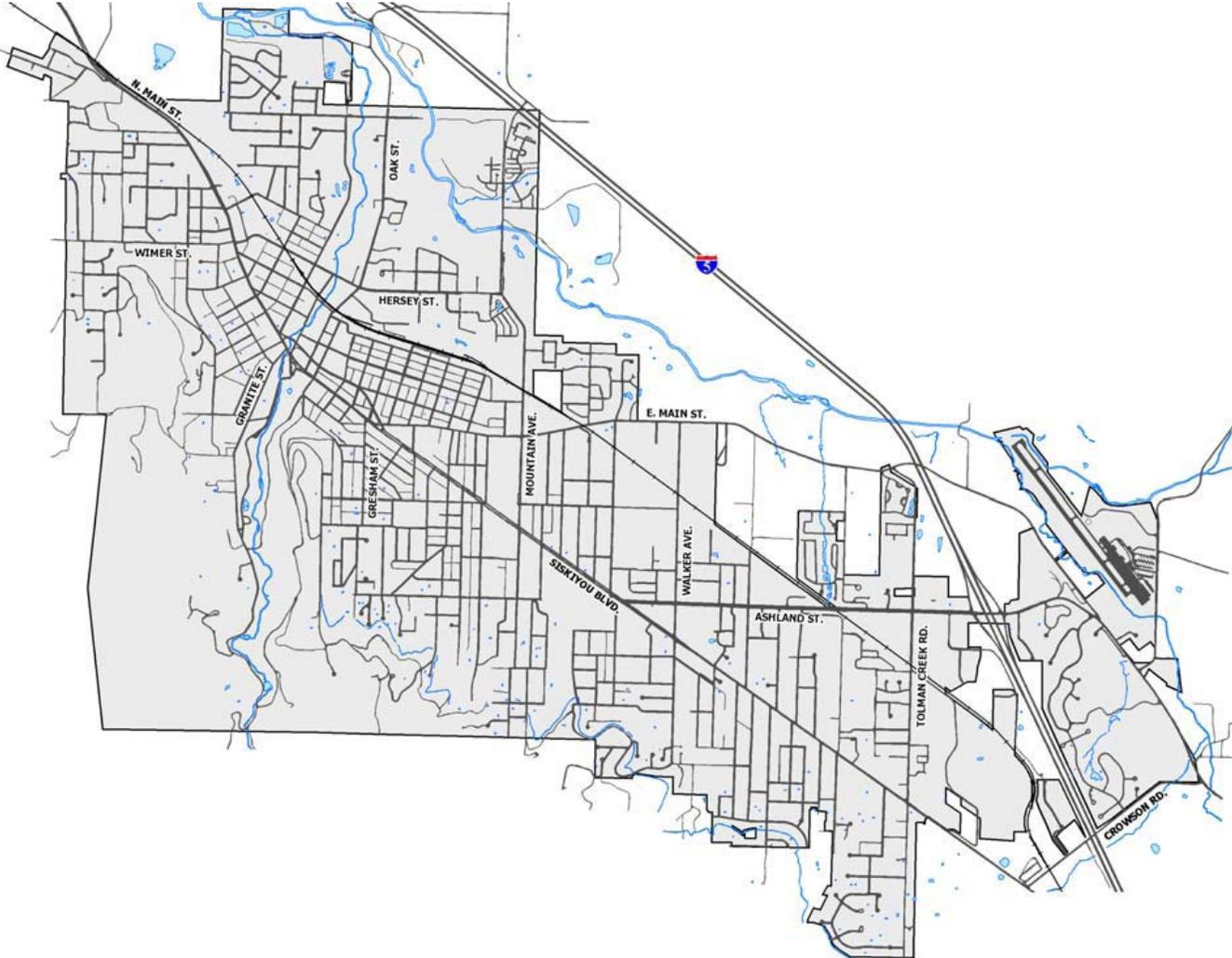
City of Ashland
254.55 FTE
Adopted



CITY OF ASHLAND



Vicinity Map 2013





CITY OF ASHLAND

November 20, 2013

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

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

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

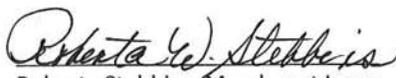
At the conclusion of the annual audit, the Committee meets with the City's auditor to discuss the results of their audit and their evaluation of the City and Parks financial reporting. The Committee also discusses the financial accounting and reporting processes with the City's auditor, including the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

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

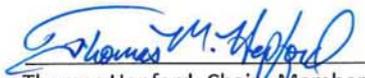
Based upon the above, we accept the 2012-2013 Comprehensive Annual Financial Report (CAFR) and the related audit reports of the independent certified public accountants for the City of Ashland and the Ashland Parks and Recreation Commission and recommend that the respective CAFR and auditor's reports be accepted by the Council and the Commission.

Respectfully submitted,

The Municipal Audit Committee


Roberta Stebbins, Member at Large


Chuck Keil,
Representing Budget Committee


Thomas Hepford, Chair, Member at large


Carol Voisin, Member
City Council Liaison


Barbara Christensen, City Recorder/
Treasurer Ex-Officio Member



FINANCIAL SECTION





PAULY, ROGERS AND CO., P.C.
12700 SW 72nd Ave. ♦ Tigard, OR 97223
(503) 620-2632 ♦ (503) 684-7523 FAX
www.paulyrogersandcocpas.com

November 5, 2013

To the Mayor and City Council
City of Ashland

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Ashland as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Ashland Parks and Recreation District (a component unit) were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Ashland, as of June 30, 2013, and the respective changes in financial position and budgetary comparisons for the general fund and federal grant fund, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The City adopted the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, for the year ended June 30, 2013. Our opinion is not modified with respect to this matter.

2013 CAFR financial section

Other Matters

Required Supplementary Information

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

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary and other information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements

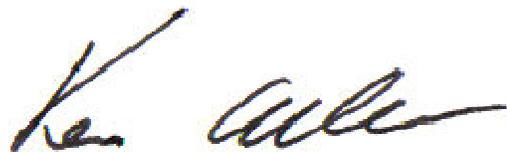
The supplementary information, as listed in the table of contents and the schedule of expenditures of federal expenditures are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such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

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

Reports on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2013 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 5, 2013, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



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

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Ashland management offers this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2013, to readers of the financial statements. Certain information has been provided for the Ashland Parks and 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.

Overview of the Report

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

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

2013 CAFR financial section

Financial Highlights

- Net Position.** The City's total net position is \$110,510,643 at June 30, 2013. This is \$3 million more than the previous year, equivalent to a 2.8% increase. Overall, the City's assets increased by \$6 million and the liabilities increased by \$4 million. The increase in assets is due to new debt capital improvement debt of \$4.765 million and Ashland Resiliency Forest (AFR) for 1 million. The increase in liabilities recognized the new debt and the payment to AFR. More detail can be found later in this document.
- Changes in Net Position.** Overall the City's net position increased by 2.8%. The Business-type activities received \$1.9 million in grants for the AFR which also increased the water program expenses. Program revenue's in governmental activities are back down to normal levels in that fiscal year 2012 had a onetime source for the SOU dorm permits and the financing for fire station #2 of \$3 million dollars.

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2013-2012
	2013	2012	2013	2012	2013	2012	
Current Assets:							
Cash and cash equivalents	\$ 17,586	\$ 18,062	\$ 9,732	\$ 6,156	\$ 27,318	\$ 24,218	12.8%
Receivables, net	3,689	3,462	5,255	2,545	8,944	6,007	48.9%
Inventories - supplies and materials	75	62	881	899	956	961	-0.5%
Deferred charges	-	-	607	726	607	726	-16.4%
Internal balances	(1,123)	(690)	1,123	690	-	-	n/a
Restricted assets:							
Cash and cash equivalents	1,141	976	-	-	1,141	976	16.9%
Total current assets:	21,368	21,872	17,598	11,016	38,966	32,888	18.5%
Non-current Assets:							
Capital assets	101,291	95,602	118,831	117,204	220,122	212,806	3.4%
Less accumulated depreciation	(48,437)	(46,093)	(53,721)	(49,710)	(102,158)	(95,803)	6.6%
Total non-current assets	52,854	49,509	65,110	67,494	117,964	117,003	0.8%
Total assets	74,222	71,381	82,708	78,510	156,930	149,891	4.7%
Current Liabilities:							
Accounts payable and accrued liabilities	5,403	5,194	2,906	1,513	8,309	6,707	23.9%
Deferred revenue	-	-	-	-	-	-	n/a
Total current liabilities	5,403	5,194	2,906	1,513	8,309	6,707	23.9%
Long-term liabilities:							
Claims payable	19,790	18,907	18,321	16,821	38,111	35,728	6.7%
Total liabilities	25,193	24,101	21,227	18,334	46,420	42,435	9.4%
Net Position:							
Invested in capital assets	33,064	30,602	46,789	50,672	79,853	81,274	-1.7%
Restricted	4,544	4,968	4,481	4,496	9,025	9,464	-4.6%
Unrestricted	11,421	11,710	10,211	5,007	21,632	16,717	29.4%
Total net position	\$ 49,029	\$ 47,280	\$ 61,481	\$ 60,175	\$ 110,510	\$ 107,455	2.8%

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2013-2012
	2013	2012	2013	2012	2013	2012	
Program revenues:							
Charges for services	\$ 9,868	\$ 11,464	\$ 24,671	\$ 23,526	\$ 34,539	\$ 34,990	-1.3%
Operating grants and contributions	898	328	2,119	462	3,017	790	281.9%
Capital grants and contributions	-	4,029	-	-	-	4,029	-100.0%
General revenues:							
Property taxes	5,783	5,417	-	-	5,783	5,417	6.8%
Other taxes	6,996	6,758	1,840	1,707	8,836	8,465	4.4%
Interest	179	174	166	155	345	329	4.9%
Other	346	618	786	633	1,132	1,251	-9.5%
Total revenues	24,070	28,788	29,582	26,483	53,652	55,271	-2.9%
Program expenses:							
General government	7,270	6,086	-	-	7,270	6,086	19.5%
Public safety	10,352	13,894	-	-	10,352	13,894	-25.5%
Highways and streets	3,081	3,924	-	-	3,081	3,924	-21.5%
Interest on long-term debt	1,618	966	-	-	1,618	966	67.5%
Water	-	-	7,582	5,256	7,582	5,256	44.3%
Wastewater	-	-	3,846	5,036	3,846	5,036	-23.6%
Electric	-	-	13,614	13,674	13,614	13,674	-0.4%
Telecommunications	-	-	3,234	3,308	3,234	3,308	-2.2%
Total expenses	22,321	24,870	28,276	27,274	50,597	52,144	-3.0%
Increase (decrease) in net position before transfers and disposals	1,749	3,918	1,306	(791)	3,055	3,127	-2.3%
Interfund transfer	-	-	-	-	-	-	
Increase (decrease) in net positions	1,749	3,918	1,306	(791)	3,055	3,127	-2.3%
Net position - June 30, 2012	47,280	43,362	60,175	60,966	107,455	104,328	3.0%
Net position - June 30, 2013	\$ 49,029	\$ 47,280	\$ 61,481	\$ 60,175	\$ 110,510	\$ 107,455	2.8%

Financial Analysis. For the Governmental Activities on a GAAP Basis, the largest changes are due to the Fire Station #2 completion. That capitalization of costs reduced the program expense for Public Safety. (See table B). The Business-type Activities increased due to addition grant funded work for the AFR program. It impacted both Program revenues as well as the Water program. The largest variation is in Program expense – Wastewater. This is due to capitalizing the membranes at the water treatment plant.

- **Governmental Funds.** As of the end of the current year, the City's governmental fund's net position is down 8 percent over last fiscal year. The major contributing factor was the completion of Fire Station #2.
 - The General Fund (pg 61) ended the year with a higher budgetary fund balance than anticipated. This was due to two departments that significantly under spent; Police due to open positions and Fire Department due to lower than anticipated bad debt costs that comes with running the ambulance services. Also note that on a GAAP Basis the Reserve Fund must roll into the General Fund at this point.
 - The Street Fund (pg 62) also has a higher ending fund balance than budgeted. Intergovernmental revenue was less than budgeted due to grant reimbursements being pushed to the following year such as Crowman. Most of the under spending in this fund is from timing of capital projects for projects that were budgeted but were not completed. This fund will struggle as the infrastructure ages and needs to be replaced.
 - The Non-Major funds are staying on target. The most significant activity in these funds was the refinancing of the Ashland Fiber Debt Bonds. The refinancing saved the City \$1.782 million over the next 11 years.

2013 CAFR financial section

- The Reserve Fund was established by Resolution #2010-18. This fund must be rolled into the General Fund on a GAAP Bases until a stabilization policy is adopted by Council. This year's ending fund balance only increased by the interest earned. No other revenue was budgeted or received.
- **Business-type Funds.** The City has four enterprise funds; Water Fund, Wastewater Fund, Electric Fund and Telecommunications Fund.
 - The Water Fund (pg 74) received intergovernmental revenue as a grant for the Ashland Fire Resiliency logging project in the Mt. Ashland watershed. Most of the logging happened this year, increasing the cost in Forest land management. This fund also received bond proceeds for new construction as well as refinancing the 2003 Revenue bonds. The Ending fund balance is increasing as anticipated by the need to collect revenues for future construction project per the Water master plan.
 - The Wastewater Fund (pg 75) spent more revenue than received. This was expected as the upkeep on the plant continues. This fund did receive bond proceeds for new construction as well a loan from the State for replacing more membranes.
 - Shown on page 76, the Electric Fund did not receive as much revenue as anticipated due to the delayed implementation of rates. This fund also didn't spend as much on purchased power as estimated making the expenses less than budgeted. This fund has been able to work on small capital projects without incurring long term debt. However, due to aging infrastrure this may not continue to be the case.
 - The Telecommunications Fund (pg 77) did end the year with revenues in excess of expenditures. This fund did reduce costs throughout the year to balance with revenue short falls.
- **Internal Service Funds.** The City has three internal service funds: Central Service, Insurance Services and Equipment Funds.
 - The Central Service Fund tries to keep expenditures down. The largest saving this year was in IT, holding off on hiring unfilled position. This fund also loaned money to the debt service fund to pay off the Hargadine debt that was at 6% interest. .
 - The Insurance Service Fund ended the year with a positive net change. However, this fund will continue to struggle with Post employment benefits.
 - The Equipment Fund continues to stay on track based on future equipment needs.

Budgetary Highlights. The City's final budget differs from the original budget in that it contains one supplemental appropriation approved during the fiscal year. Below were authorized changes by fund:

- General Fund – Police Department: Recognizes forfeiture monies received and to be used for the Police station remodel. \$227,163
- General Fund – Police Department: Recognizes federal grant money to be paid to Ashland to participate in the Southern Oregon High Tech Task Force. \$46,800
- Airport Fund – Public Works, Materials & Services: Recognizes a loan from the Equipment Fund to provide appropriations to trim trees around the runway as required by the Federal Aviation Administration. \$19,000
- Debt Service Fund – Recognizes a prepayment from Oregon Shakespeare Festival to pay off the state loan to construct the parking structure. \$280,397
- Debt Service Fund – Recognizes an interfund loan from the Central Service Fund, ending fund balance, to pay off the city's portion of the state loan used to construct the Hargadine parking structure. \$364,795
- Central Service Fund – Ending Fund Balance: Provides appropriations through a loan to accomplish the payoff for the Hargadine parking structure \$364,795

2013 CAFR financial section

- Equipment Fund – Public Works, Purchasing: Recognizes grant monies for firefighter equipment that are budgeted and replaced in this fund. The match will come from money paid into the sinking fund by the Fire Department. \$113,616
- Equipment Fund – Interfund Loan: Provides appropriations through a loan to fund tree trimming at the airport. \$19,000

There were four transfer requests to cover unanticipated spending as well as a transfer to the reserve fund. The City of Ashland is in compliance with Oregon Budget law, by staying within the revised appropriations.

Capital Assets and Debt Administration

- **Capital Assets.** As of June 30, 2013, the City had \$118 million in capital assets. Accumulated Depreciation increased \$6.4 million or 6.6%. This offset additions to yield a \$60 thousand increase in Net Capital assets. The most significant addition to fixed assets was the Fire Station #2 of \$2.88 million.

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2013-2012
	2013	2012	2013	2012	2013	2012	
Land	\$ 12,466	\$ 12,262	\$ 1,881	\$ 1,881	\$ 14,347	\$ 14,143	1.4%
Buildings and improvements	22,390	19,563	22,089	22,089	44,479	41,652	6.8%
Equipment	13,169	12,891	1,060	894	14,229	13,785	3.2%
Infrastructure	49,725	48,194	89,768	88,886	139,493	137,080	1.8%
Construction in progress	3,541	2,692	4,033	3,453	7,574	6,145	
Totals at historical cost	101,291	95,602	118,831	117,203	220,122	212,805	3.4%
Total accumulated depreciation	48,437	46,093	53,721	49,710	102,158	95,803	6.6%
Net capital assets	\$ 52,854	\$ 49,509	\$ 65,110	\$ 67,493	\$ 117,964	\$ 117,002	0.8%

- **Debt Administration.** At end of year, the City has \$38.1million in debt outstanding. The City did incur new debts of \$4.5 million for new construction projects within the Street Fund, The Capital improvement fund, the water fund and the Wastewater fund. Also, two refinancing happened in this fiscal year. One was the refinancing of the Ashland Fiber Network debt of \$13.5 million; this resulted in \$1.782 million in savings for the City. The other refinancing was within the Water Fund. This saved the City \$151 thousand. The City did payoff the the debt of Hargadine Parking structure. All other changes to debt were payments reducing the principal outstanding.

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2013-2012
	2013	2012	2013	2012	2013	2012	
Bonds payable	\$ 19,140	\$ 17,550	\$ 17,490	\$ 14,034	\$ 36,630	\$ 31,584	15.98%
Notes payable	650	1,357	830	2,787	1,480	4,144	-64.29%
Total bonds and notes	\$ 19,790	\$ 18,907	\$ 18,320	\$ 16,821	\$ 38,110	\$ 35,728	6.67%

Economic Factors and Next Year's Budget and Rates

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

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

- **Property Taxes** - This budget includes no change in the levy of the city's permanent tax rate. The maximum the city is permitted to levy is roughly \$4.29 per \$1,000 of assessed valuation. This budget charges about \$4.20 per \$1,000, with that entire levy going to the General Fund. The city can assess up to \$.21 per \$1,000 for a voter-approved serial levy that supports Ashland Library operations, however this budget assesses only \$.19 per thousand, as was the case in FY 2013. These operating property taxes, excluding prior year tax collections, are projected to increase by 4% in each year of the biennium, thus generating \$19,677,362.
- **Enterprise Fund revenues** – This budget assumes a 5.3% rate increase for the Electric Utility effective October 1, 2013, This budget is balanced with a 10% increase in both water and wastewater rates. These rate increases have been anticipated to cover the cost of the significant capital improvements called for in the master plans for the enterprises, as well as basic operations and maintenance. The combined impact on a residential customer in 2014-15 is estimated at less than \$6.00 per month depending on water use. This budget also includes cost of service studies in the Water and Street Funds (\$50,000 and \$30,000, respectively) in order to meet the Council objectives to "Evaluate all city infrastructure regarding planning, management, and financial resources" and to "Develop a fee/rate structure that encourages conservation and pays the bills."
- **Other Utilities.** This budget includes increases of 3% in the Transportation Utility Fee and 3% in the Storm Water Utility Fee for fall 2013. The Storm Water Division needs this adjustment to cover operational costs. The estimated impact on the average residential customer of these combined increases is \$0.36 per month. Both divisions have significant unfunded capital projects in the future that could warrant a larger increase.

Financial Contact:

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

BASIC FINANCIAL STATEMENTS



CITY OF ASHLAND, OREGON
STATEMENT OF NET POSITION
June 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Parks and Recreation
Assets:				
Cash and cash equivalents	\$ 17,585,953	\$ 9,732,516	\$ 27,318,469	\$ 2,416,468
Receivables (net of allowance for uncollectibles)	3,688,713	5,255,513	8,944,226	90,512
Inventories	74,943	880,651	955,594	
Deferred charges	-	607,054	607,054	-
Internal balances	(1,122,695)	1,122,695	-	-
Restricted assets:				
Cash and cash equivalents	1,140,881	-	1,140,881	-
Capital assets:				
Land	12,466,348	1,880,637	14,346,985	-
Buildings	22,389,683	22,089,254	44,478,937	13,186,360
Machinery and equipment	13,169,274	1,059,798	14,229,072	1,494,872
Infrastructure	49,724,924	89,768,372	139,493,296	1,796,601
Construction in progress	3,541,161	4,033,297	7,574,458	9,583
Accumulated depreciation	(48,437,198)	(53,721,485)	(102,158,683)	(6,960,199)
Total assets	\$ 74,221,987	\$ 82,708,302	\$ 156,930,289	\$ 12,034,197
Liabilities:				
Accounts payable and other current liabilities	\$ 5,149,680	\$ 2,798,666	\$ 7,948,346	\$ 335,915
Accrued interest payable	130,897	107,357	238,254	-
Non-current liabilities:				
Due within one year	1,452,982	1,843,020	3,296,002	69,083
Due in more than one year	18,459,241	16,477,803	34,937,044	207,247
Total liabilities	25,192,800	21,226,846	46,419,646	612,245
Net Position:				
Invested in capital assets, net of related debt	32,941,969	46,789,050	79,731,019	9,527,217
Restricted for:				
Asset forfeiture	14,579	-	14,579	-
TOT tourism	-	-	-	-
System development	2,835,567	3,606,339	6,441,906	-
CDBG restriction	33,801	-	33,801	-
Perpetual care: non-expendable	874,045	-	874,045	-
Debt service	785,823	875,490	1,661,313	-
Unrestricted	11,543,403	10,210,577	21,753,980	1,894,735
Total Net Position	\$ 49,029,187	\$ 61,481,456	\$ 110,510,643	\$ 11,421,952

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, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General government	\$ 7,269,820	\$ 6,054,232	\$ 199,701	
Public safety	10,352,003	1,722,410	77,257	
Highways and streets	3,080,513	2,090,907	620,913	
Interest on long-term debt	1,618,065		-	
Total governmental activities	<u>22,320,401</u>	<u>9,867,549</u>	<u>897,871</u>	<u>-</u>
Business-type Activities:				
Water	7,581,708	5,813,756	1,969,979	-
Wastewater	3,846,640	4,023,474	-	-
Electric	13,613,715	12,938,039	148,642	-
Telecommunications	3,233,961	1,896,106	-	-
Total business-type activities	<u>28,276,024</u>	<u>24,671,375</u>	<u>2,118,621</u>	<u>-</u>
Total primary government	<u>\$ 50,596,425</u>	<u>\$ 34,538,924</u>	<u>\$ 3,016,492</u>	<u>\$ -</u>
Component Unit:				
Ashland Parks and Recreation	\$ 6,095,042	\$ 932,235	\$ -	\$ -

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

**CITY OF ASHLAND, OREGON
STATEMENT OF ACTIVITIES
for the year ended June 30, 2013**

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Ashland Parks and Recreation
\$ (1,015,887)	\$ -	\$ (1,015,887)	\$ -
(8,552,336)	-	(8,552,336)	-
(368,693)	-	(368,693)	-
(1,618,065)	-	(1,618,065)	-
(11,554,981)	-	(11,554,981)	-
-	202,027	202,027	-
-	176,834	176,834	-
-	(527,034)	(527,034)	-
-	(1,337,855)	(1,337,855)	-
-	(1,486,028)	(1,486,028)	-
(11,554,981)	(1,486,028)	(13,041,009)	-
-	-	-	(5,162,807)
5,783,168	-	5,783,168	4,082,108
4,306,761	-	4,306,761	-
2,688,525	1,839,711	4,528,236	-
179,794	166,290	346,084	16,133
346,043	785,997	1,132,040	67,690
13,304,291	2,791,998	16,096,289	4,165,931
1,749,310	1,305,970	3,055,280	(996,876)
47,279,877	60,175,486	107,455,363	12,562,201
-	-	-	(143,373)
\$ 49,029,187	\$ 61,481,456	\$ 110,510,643	\$ 11,421,952

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

2013 CAFR basic financial statements

**CITY OF ASHLAND, OREGON
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013**

	General	Street	Other Governmental Funds	Total Governmental Funds
ASSETS				
Assets:				
Cash and cash equivalents	\$ 4,206,256	\$ 4,312,486	\$ 3,254,077	\$ 11,772,819
Receivables (net of allowance for uncollectibles)	2,177,886	1,002,646	406,767	3,587,299
Due from other funds	-	-	-	-
Cash - restricted	-	-	1,140,881	1,140,881
Total assets	\$ 6,384,142	\$ 5,315,132	\$ 4,801,725	\$ 16,500,999
LIABILITIES AND EQUITY				
Liabilities:				
Accounts payable	\$ 998,933	\$ 130,804	\$ 322,074	\$ 1,451,811
Deferred revenue	979,948	767,206	209,783	1,956,937
Due to other agencies	-	-	-	-
Interfund Loans Payable	-	-	384,795	384,795
Liabilities payable from restricted assets	-	-	-	-
Total liabilities	1,978,881	898,010	916,652	3,793,543
Fund Balances:				
Restricted for:				
Asset forfeiture	14,579	-	-	14,579
TOT tourism	-	-	-	-
System development charges	-	2,376,109	459,458	2,835,567
CDBG restriction	-	-	33,801	33,801
Perpetual care	-	-	874,045	874,045
Committed for:				
General fund	527,470	-	-	527,470
Special revenue funds	-	2,041,013	97,697	2,138,710
Capital projects funds	-	-	1,634,249	1,634,249
Debt commitment	-	-	785,823	785,823
Unassigned	3,863,212	-	-	3,863,212
Total fund balances	4,405,261	4,417,122	3,885,073	12,707,456
Total liabilities and fund balances	\$ 6,384,142	\$ 5,315,132	\$ 4,801,725	\$ 16,500,999

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

**CITY OF ASHLAND, OREGON
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
June 30, 2013**

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

Fund Balances	\$	12,707,456
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The cost of capital assets (land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress) is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the City as a whole.

Net capital assets		51,011,688
--------------------	--	------------

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

Long-term liabilities		(19,790,253)
Accrued interest on liabilities		(130,897)

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

OPEB implicit liability		(624,534)
Accrued vacation and sick leave		(577,379)

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

Deferred revenue		1,956,937
------------------	--	-----------

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

Internal Service Fund net position		4,476,169
Total net position	\$	49,029,187

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, 2013

	General Fund	Street Fund	Other Governmental Funds	Total Primary Government
Revenues:				
Taxes	\$ 12,278,716	\$ 55,504	\$ 1,327,766	\$ 13,661,986
Fees, licenses and permits	583,679	-	-	583,679
Intergovernmental	571,513	1,729,083	199,701	2,500,297
Charges for services	1,896,946	1,920,687	2,324,644	6,142,277
System development charges	-	129,172	48,059	177,231
Assessments	-	41,048	-	41,048
Fines and forfeitures	196,535	-	-	196,535
Interest on investments	27,715	16,283	28,314	72,312
Miscellaneous	75,991	160,740	322,464	559,195
Total revenues	15,631,095	4,052,517	4,250,948	23,934,560
Expenditures:				
General government	3,621,898	-	1,198,842	4,820,740
Public safety	11,868,980	-	-	11,868,980
Highways and streets	-	2,529,333	-	2,529,333
Debt service	-	-	2,754,188	2,754,188
Capital outlay	249,011	1,338,957	3,396,063	4,984,031
Total expenditures	15,739,889	3,868,290	7,349,093	26,957,272
Excess (Deficiency) of revenues over (under) expenditures	(108,794)	184,227	(3,098,145)	(3,022,712)
Bond proceeds	-	1,189,603	12,181,005	13,370,608
Refunding of bond proceeds	-	-	(10,760,000)	(10,760,000)
Premium/Discount	-	-	(843,149)	(843,149)
Transfer in	4,826	-	36,635	41,461
Transfers out	(500)	-	(40,961)	(41,461)
Interfund loan	-	-	208,000	208,000
Total other financing sources (uses)	4,326	1,189,603	781,530	1,975,459
Net change in fund balance	(104,468)	1,373,830	(2,316,615)	(1,047,253)
Fund balance, July 1, 2012	4,509,729	3,043,292	6,201,688	13,754,709
	-	-	-	-
Fund balance, June 30, 2013	\$ 4,405,261	\$ 4,417,122	\$ 3,885,073	\$ 12,707,456

**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, 2013**

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	\$	(1,047,253)
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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		5,564,644
Depreciation expense		(2,038,487)

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

Compensated absences		17,805
OPEB implicit liability		(92,786)
Accrued interest		251,998
General obligation bonds and notes payable		(883,334)

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

Property taxes		343,751
Special assessments		(38,271)
Other		(402,617)

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

Internal Service Fund change in net position		73,860
Change in net position	\$	1,749,310

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

2013 CAFR basic financial statements

**CITY OF ASHLAND, OREGON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2013**

	Water Fund	Wastewater Fund	Electric Fund	Tele- communications Fund	Total	Governmental Activities Internal Service Funds
ASSETS						
Current assets:						
Cash and investments	\$ 5,699,908	\$ 1,984,279	\$ 1,730,237	\$ 318,092	\$ 9,732,516	\$ 5,813,134
Interest and accounts receivable, net	1,513,379	2,381,538	880,839	316,395	5,092,151	40,371
Notes and contracts receivable		-	163,362	-	163,362	61,043
Interfund receivable	-	-	-	-	-	534,795
Inventories	294,073	18,018	567,560	1,000	880,651	74,943
Deferred charges	98,444	-	-	-	98,444	-
Total current assets	7,605,804	4,383,835	3,341,998	635,487	15,967,124	6,524,286
Non-current:						
Capital assets:						
Accumulated depreciation	36,435,280	52,240,325	20,800,542	9,355,211	118,831,358	10,227,747
Capital assets, net	(17,254,657)	(15,207,181)	(12,405,424)	(8,854,223)	(53,721,485)	(8,385,245)
Total non-current assets	19,180,623	37,033,144	8,395,118	1,009,598	65,618,483	1,842,502
Total assets	\$ 26,786,427	\$ 41,416,979	\$ 11,737,116	\$ 1,645,085	\$ 81,585,607	\$ 8,366,788
LIABILITIES AND Net Position						
Current liabilities:						
Accounts payable	\$ 1,036,288	\$ 73,255	\$ 570,915	\$ 35,842	\$ 1,716,300	\$ 490,613
Accrued salaries, vacation and payroll taxes	221,847	134,981	252,028	81,325	690,181	621,734
Accrued interest payable	32,723	74,534	100	-	107,357	-
Interfund payable	150,000	-	-	-	150,000	-
Other liabilities	1,136	-	241,048	-	242,184	1,655,577
Notes/bonds payable, current portion	584,414	1,236,892	21,714	-	1,843,020	-
Total current liabilities	2,026,408	1,519,662	1,085,805	117,167	4,749,042	2,767,924
Long-term liabilities:						
Notes payable						-
Revenue bonds payable, net	4,695,862	-	173,715	-	4,869,577	-
General obligation bonds payable, net	-	11,608,226	-	-	11,608,226	-
Total long-term liabilities	4,695,862	11,608,226	173,715	-	16,477,803	-
Total liabilities	6,722,270	13,127,888	1,259,520	117,167	21,226,845	2,767,924
Net Position:						
Net Position (deficit):						
Invested in capital assets, net of related debt						
net of related debt	13,900,347	24,188,026	8,199,689	500,988	46,789,050	1,842,502
Restricted for system development	1,912,358	1,693,981	-	-	3,606,339	-
Restricted for debt service	-	875,490	-	-	875,490	-
Unrestricted	4,251,452	1,531,594	2,277,907	1,026,930	9,087,883	3,756,362
Total Net Position	20,064,157	28,289,091	10,477,596	1,527,918	60,358,762	5,598,864
Total liabilities and Net Position	\$ 26,786,427	\$ 41,416,979	\$ 11,737,116	\$ 1,645,085	\$ 81,585,607	\$ 8,366,788
Total Net Position					\$ 60,358,762	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					1,122,694	
Net Position of business-type activities					<u>\$ 61,481,456</u>	

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

CITY OF ASHLAND, OREGON
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
for the year ended June 30, 2013

	Water Fund	Wastewater Fund	Electric Fund	Tele- communications Fund	Total	Governmental Activities Internal Service Funds
Operating revenues:						
Charges for services	\$ 5,813,756	\$ 4,023,474	\$ 12,938,039	\$ 1,896,106	\$ 24,671,375	\$ 8,489,285
Miscellaneous	477,199	5,094	201,030	13,092	696,415	169,718
Total operating revenues	6,290,955	4,028,568	13,139,069	1,909,198	25,367,790	8,659,003
Operating expenses:						
Cost of sales and services	6,104,095	1,095,144	11,795,537	1,921,282	20,916,058	8,212,145
Depreciation and amortization	1,023,183	1,369,371	441,105	1,303,622	4,137,281	518,065
Total operating expenses	7,127,278	2,464,515	12,236,642	3,224,904	25,053,339	8,730,210
Operating income (loss)	(836,323)	1,564,053	902,427	(1,315,706)	314,451	(71,207)
Non-operating income (expenses):						
Taxes	38	1,839,673	-	-	1,839,711	187,721
Intergovernmental	1,969,979	-	148,642	-	2,118,621	-
Interest income	19,542	14,328	10,536	1,733	46,139	39,912
Interfund loan	-	-	-	-	-	-
Tax equivalents	(356,283)	(316,299)	(1,310,939)	-	(1,983,521)	-
Interest expense	(67,235)	(1,042,193)	(2,568)	-	(1,111,996)	-
Total non-operating income (expenses)	1,566,041	495,509	(1,154,329)	1,733	908,954	227,633
	729,718	2,059,562	(251,902)	(1,313,973)	1,223,405	156,426
Total Net Position - beginning	19,334,439	26,229,529	10,729,498	2,841,891	59,135,357	5,442,438
Total Net Position - ending	\$ 20,064,157	\$ 28,289,091	\$ 10,477,596	\$ 1,527,918	\$ 60,358,762	\$ 5,598,864
Change in Net Position					\$ 1,223,405	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					82,565	
Change in Net Position of business-type activities - Statement of Activities					<u>\$ 1,305,970</u>	

2013 CAFR notes to basic financial statements

**CITY OF ASHLAND, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
for the year ended June 30, 2013**

	Business-type Activities - Enterprise Funds				Total	Governmental Activities Internal Service Funds
	Water Fund	Wastewater Fund	Electric Fund	Tele- communications Fund		
Cash flows from operating activities:						
Receipts from customers and users	\$ 5,319,858	\$ 2,318,262	\$ 13,233,642	\$ 1,784,945	\$ 22,656,707	\$ 8,621,005
Payments to suppliers	(3,703,323)	(177,486)	(9,190,397)	(1,320,915)	(14,392,121)	(3,231,640)
Payments to employees	(1,433,757)	(947,827)	(2,163,667)	(572,844)	(5,118,095)	(4,943,126)
Net cash from operating activities	<u>182,778</u>	<u>1,192,949</u>	<u>1,879,578</u>	<u>(108,814)</u>	<u>3,146,491</u>	<u>446,239</u>
Cash flows from noncapital financing activities:						
Taxes collected	38	1,839,673	-	-	1,839,711	-
Net cash from noncapital financing activities	<u>38</u>	<u>1,839,673</u>	<u>-</u>	<u>-</u>	<u>1,839,711</u>	<u>-</u>
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	30,646	(1,351,180)	(307,683)	-	(1,628,217)	(124,862)
Proceeds from issuance of debt	-	-	-	-	-	-
Proceeds from intergovernmental income	-	-	-	-	-	-
Principal paid on bonds, contracts and notes	1,762,467	(591,086)	(21,714)	-	1,149,667	-
Interest paid on debt	(67,235)	(1,042,193)	(2,568)	-	(1,111,996)	-
Tax equivalents	(356,283)	(316,299)	(1,310,939)	-	(1,983,521)	-
Net cash from capital and related financing activities	<u>1,369,595</u>	<u>(3,300,758)</u>	<u>(1,642,904)</u>	<u>-</u>	<u>(3,574,067)</u>	<u>(124,862)</u>
Interest from investments and other income	1,989,521	14,328	159,178	1,733	2,164,760	616,633
Net increase (decrease) in cash and investments	<u>3,541,932</u>	<u>(253,808)</u>	<u>395,852</u>	<u>(107,081)</u>	<u>3,576,895</u>	<u>938,010</u>
Cash and investments, beginning of year	<u>2,157,976</u>	<u>2,238,087</u>	<u>1,334,385</u>	<u>425,173</u>	<u>6,155,621</u>	<u>4,875,124</u>
Cash and investments, end of year	<u>\$ 5,699,908</u>	<u>\$ 1,984,279</u>	<u>\$ 1,730,237</u>	<u>\$ 318,092</u>	<u>\$ 9,732,516</u>	<u>\$ 5,813,134</u>
Reconciliation of operating income to net cash provided by operating activities:						
Operating income (loss)	\$ (836,323)	\$ 1,564,053	\$ 902,427	\$ (1,315,706)	\$ 314,451	\$ (71,207)
Depreciation and amortization	1,023,182	1,369,371	441,105	1,303,622	4,137,280	518,065
Change in assets and liabilities:						
(Increase) decrease in:						
Receivables	(971,097)	(1,710,306)	94,573	(124,253)	(2,711,083)	(426,998)
Inventories	(24,467)	(5,225)	49,414	-	19,722	(13,338)
Deferred charges	8,950	-	-	-	8,950	-
Increase (decrease) in:						
Accounts payable and accrued liabilities	852,272	(15,704)	403,389	24,592	1,264,549	257,490
Other liabilities	130,261	(9,240)	(11,330)	2,931	112,622	182,227
Net cash from operating activities	<u>\$ 182,778</u>	<u>\$ 1,192,949</u>	<u>\$ 1,879,578</u>	<u>\$ (108,814)</u>	<u>\$ 3,146,491</u>	<u>\$ 446,239</u>

NOTES TO BASIC
FINANCIAL STATEMENTS

CITY OF ASHLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

The presentation of financial information required by GASBS 34 for *Basic Financial Statements* and *Supplementary Information* are described below and in the Management's Discussion and Analysis located earlier in this document. The government-wide financial statements (i.e. the *Statement of Net Position* and the *Statement of Changes in Net Position*) report information on the activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

CITY OF ASHLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

**CITY OF ASHLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary funds:

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

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

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

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

Additionally, the City reports the following fund types:

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

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

CITY OF ASHLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

D. Assets, Liabilities and Net Position or Equity

1. Cash and Investments

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

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

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

**CITY OF ASHLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Receivables and Payables

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

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

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

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

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

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

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

CITY OF ASHLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Capital Assets

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

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

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

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

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

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

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

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

**CITY OF ASHLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. Compensated Absences

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

7. Long-Term Obligations

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

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

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

8. Reservations of Fund Equity

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

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

CITY OF ASHLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Reservations of Fund Equity (continued)

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

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

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

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

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

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

9. Deferred Outflows/Inflow of Resources

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

**CITY OF ASHLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Deferred Outflows/Inflow of Resources (continued)

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

Unexpected additional resources may be added to the budget through the use of a supplemental budget. The supplemental budget process requires hearings before the public, publications in newspapers, and approval by the City Council. Original and supplemental budgets may be modified only by the City Council through the use of appropriation transfers between the levels of control. In addition, Oregon Local Budget Law provides certain specific exceptions to the supplemental budget process to increase appropriations. Such transfers and increases require approval by the City Council by adoption of a resolution. Budget appropriation amounts shown in the financial statements include the original and revised budget appropriations as approved by the City Council. Appropriations are limited to a single fiscal year; therefore, all spending authority of the City lapses at year end. During 2012-2013, the City made four appropriation transfers, as well as one supplemental budget adjustment, adopted by Resolutions.

B. Excess of Expenditures over Appropriations

Expenditures of the various funds were within authorized appropriations for the year ended June 30, 2013.

CITY OF ASHLAND
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

	Total Primary Government	Component Unit Parks and Recreation	Total
Petty cash	\$ 4,990	\$ 850	\$ 5,840
Deposits with financial institutions	300,307		300,307
Investments	28,154,053	2,415,618	30,569,671
	<u>\$ 28,459,350</u>	<u>\$ 2,416,468</u>	<u>\$ 30,875,818</u>
Governmental - unrestricted	\$ 27,318,469		
Governmental - restricted:			
Debt service	1,140,881		
	<u>\$ 28,459,350</u>		

1. Deposits

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

2. Credit Risk Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2013, the bank balance of deposits were \$ 694,072, of those deposits, \$251,000 was covered by federal depository insurance, and the remaining is collateralized by the Oregon Public Funds Collateralization Program.

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

CITY OF ASHLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (continued)

3. Investments

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

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

As of June 30, 2013, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in months)		
		Less than 3	3-17	18-59
State Treasurer's investment pool	30,569,671	30,569,671		
	\$ 30,569,671	\$ 30,569,671	\$ -	\$ -

Investments are valued at fair value as required by GASBS 31. As of June 30, 2013, the fair value of the position in the Local Government Investment Pool (LGIP) is 100.65 percent of the value of the pool shares, as reported in the Oregon Short Term Fund audited financial statements.

Interest Rate Risk

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

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

The City limits investment maturities as follows:

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

CITY OF ASHLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (continued)

3. Investments (continued)

Credit Risk

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

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

Concentration of Credit Risk

To avoid incurring unreasonable risks inherent to over-investing in specific instruments or in individual financial institutions, the City's investment policy sets maximum limits on the percentage of the portfolio that can be invested in any one type of security. At June 30, 2013, the City was in compliance with all percentage restrictions.

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

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

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

CITY OF ASHLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Receivables

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

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

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

	<u>Unavailable</u>
Delinquent property taxes receivable:	
General fund	\$ 731,553
Debt service fund	53,824
Misc. receivables	453,403
Hotel receivables	541,487
Business licenses	250
Rehabilitation loans	79,391
Ambulance billing	323,177
Utility receivables	363,449
Food and beverage receivables	111,056
Notes receivable	390,000
SDC receivable	162,503
Special assessments not yet due:	
Unbonded-street fund	377,206
	<u>\$ 3,587,299</u>

**CITY OF ASHLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets

Capital asset activity for the year ended June 30, 2013, was as follows:

	<u>Balance June 30, 2012</u>	<u>Additions and Reclasses</u>	<u>Retirements and Reclasses</u>	<u>Balance June 30, 2013</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 12,261,807	\$ 204,541	\$ -	\$ 12,466,348
Construction in progress	2,692,359	5,394,411	4,545,610	3,541,160
Total capital assets, not being depreciated	14,954,166	5,598,952	4,545,610	16,007,508
Buildings	19,563,238	2,861,445	35,000	22,389,683
Improvements other than buildings	48,193,897	1,539,234	8,207	49,724,924
Machinery and equipment	12,890,582	563,955	285,263	13,169,274
Total capital assets, being depreciated	80,647,717	2,103,189	328,470	85,283,881
Less accumulated depreciation for:				
Buildings	(6,364,554)	(459,556)	(29,336)	(6,794,774)
Improvements other than buildings	(28,836,646)	(610,457)	(283,621)	(29,163,482)
Machinery and equipment	(10,891,974)	(1,595,174)	(8,207)	(12,478,941)
Total accumulated depreciation	(46,093,174)	(2,665,187)	(321,164)	(48,437,197)
Total capital assets being depreciated, net	34,554,543	(561,998)	7,306	36,846,684
Governmental activities capital assets, net	\$ 49,508,709	\$ 5,036,954	\$ 4,552,916	\$ 52,854,192

CITY OF ASHLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (continued)

	Balance June 30, 2012	Additions and Reclasses	Retirements and Reclasses	Balance June 30, 2013
Business-type activities:				
Capital assets, not being depreciated	-	-	-	-
Land	\$ 1,880,637	\$ -	\$ -	\$ 1,880,637
Construction in progress	3,453,267	1,686,549	1,106,520	4,033,296
Total capital assets, not being depreciated	5,333,904	1,686,549	1,106,520	5,913,933
Buildings	22,089,254	-	-	22,089,254
Machinery and equipment	894,352	181,300	15,853	1,059,799
Improvements other than buildings	88,885,630	882,743		89,768,373
Total capital assets, being depreciated	111,869,236	1,064,043	15,853	112,917,426
Less accumulated depreciation:				
Buildings	(5,014,135)	(545,034)	-	(5,559,169)
Machinery and equipment	(629,875)	(78,955)	15,853	(692,977)
Improvements other than buildings	(44,066,016)	(3,403,324)		(47,469,340)
Total accumulated depreciation	(49,710,026)	(4,027,313)	15,853	(53,721,486)
Total capital assets being depreciated, net	62,159,210	(2,963,270)	-	59,195,940
Business-type activities capital assets, net	\$ 67,493,114	\$ (1,276,721)	\$ 1,106,520	\$ 65,109,873

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

General government	\$ 1,052,234
Public safety	82,590
Highways and streets	1,530,363
Total	\$ 2,665,187

Construction Commitments

The government has active construction projects as of June 30, 2013. 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 \$9,127,500 at June 30, 2013.

**CITY OF ASHLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Interfund Receivable, Payable and Transfers

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

The composition of interfund balances as of June 30, 2013, is as follows:

Fund	Transfers In	Transfers Out
General fund	\$ 4,826	\$ 500
Street fund	-	-
Non-major governmental	36,635	40,961
Total	\$ 41,461	\$ 41,461

The first interfund loan is for the purchase of land on lower Clay paid from Parks share of the Food and Beverage Tax. The second interfund loan is from the Water Fund to cover operation cash shortfall. The third is for the payoff of the Hargadine Debt.

Fund	Interfund Receivable and Payable In	Interfund Receivable and Payable Out
Non-major governmental		\$ 384,795
Water Fund		150,000
Central Services	364,795	
Equipment Fund	170,000	
Total	\$ 534,795	\$ 534,795

E. Long-term Debt

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

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

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

CITY OF ASHLAND
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term Debt (continued)

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

Promissory notes outstanding at year end are as follows:

Purpose	Interest Rates	Amount
Government activities	3.77%	\$ 390,000
Government activities	5.75%	193,233
Government activities	8.00%	67,020
		<u>\$ 650,253</u>

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

Promissory note debt service requirement to maturity is as follows:

Year ending June 30,	Governmental Activities	
	Principal	Interest
2014	94,839	46,969
2015	59,309	39,577
2016	63,836	20,292
2017	66,885	17,242
2018	70,087	14,040
2019-2023	251,361	32,692
2024-2008	43,935	1,656
	<u>\$ 650,253</u>	<u>\$ 172,468</u>

CITY OF ASHLAND
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term Debt (continued)

2. General Obligation Bonds

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

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

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

Purpose	Interest Rates	Amount
Government activities	2.0-4.00%	\$ 2,690,000
Government activities	3.7-6.02%	1,505,000
Government activities	3.5-5.0%	1,595,000
Government activities	2-2.8%	11,675,000
Government activities	2-2.5%	1,675,000
Business-type activities	2 - 4%	12,020,000
Business-type activities	4.95%	800,394
Business-type activities	2.00%	1,580,000
Business-type activities	2-2.5%	3,090,000
		<u>\$ 36,630,394</u>

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

CITY OF ASHLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term Debt (continued)

2. General Obligation Bonds (continued)

Future maturities of bond principal and interest at June 30, 2013, are as follows:

Year Ending June 30,	2004 Full Faith and Credit		2005 GO Bonds		2009 GO Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	730,000	61,258	200,000	77,750	56,305	38,931
2015	775,000	20,906	205,000	69,750	59,127	36,110
2016			215,000	59,500	62,090	33,147
2017			225,000	48,750	65,202	30,035
2018			240,000	37,500	68,469	26,768
2019-2023			510,000	38,500	397,386	55,463
2024-2028					91,815	3,423
2029-2033						
	<u>\$ 1,505,000</u>	<u>\$ 82,164</u>	<u>\$ 1,595,000</u>	<u>\$ 331,750</u>	<u>\$ 800,394</u>	<u>\$ 223,877</u>

Year Ending June 30,	2010 GO Bonds		2011 GO Bonds Fire Station #2		2013 AFN Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	1,185,000	444,300	115,000	85,488	175,000	232,079
2015	1,215,000	408,750	120,000	83,188	295,000	253,360
2016	1,250,000	372,300	120,000	80,788	1,010,000	240,310
2017	1,280,000	334,800	125,000	78,388	1,035,000	219,860
2018	1,325,000	283,600	125,000	74,638	1,060,000	198,910
2019-2023	5,765,000	586,200	695,000	313,938	5,645,000	657,119
2024-2028			800,000	200,263	2,455,000	68,171
2029-2033			590,000	47,800		
	<u>\$ 12,020,000</u>	<u>\$ 2,429,950</u>	<u>\$ 2,690,000</u>	<u>\$ 964,491</u>	<u>\$ 11,675,000</u>	<u>\$ 1,869,809</u>

Year Ending June 30,	2013 Water Debt GO Bonds		2013 GO Bonds New Construction		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	20,000	33,507	275,000	103,730	2,756,305	1,077,043
2015	160,000	29,600	280,000	91,525	3,109,127	993,189
2016	165,000	26,350	285,000	85,875	3,107,090	898,270
2017	165,000	23,050	290,000	80,125	3,185,202	815,008
2018	170,000	19,700	295,000	74,275	3,283,469	715,391
2019-2023	900,000	45,400	1,585,000	278,875	15,497,386	1,975,495
2024-2028			1,755,000	105,938	5,101,815	377,795
2029-2033					590,000	47,800
	<u>\$ 1,580,000</u>	<u>\$ 177,607</u>	<u>\$ 4,765,000</u>	<u>\$ 820,343</u>	<u>\$ 36,630,394</u>	<u>\$ 6,899,991</u>

**CITY OF ASHLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Debt (continued)

3. Revenue Bonds

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

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

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Water	2.0-4.0%	\$ 635,000
Electric	3.8-6.01%	195,429
		<u>\$ 830,429</u>

Revenue bond debt service requirements to maturity are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
<u>June 30,</u>		
2014	406,714	16,073
2015	271,714	5,911
2016	21,714	1,764
2017	21,714	1,492
2018	21,714	1,221
2019-2023	86,859	2,172
	<u>\$ 830,429</u>	<u>\$ 28,633</u>

4. Advance and Current Re-fundings

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

CITY OF ASHLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term Debt (continued)

4. Advance and Current Re-fundings (continued)

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

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

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

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

CITY OF ASHLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term Debt (continued)

4. Advance and Current Re-fundings (continued)

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

- The new debt of \$6,345,000 is Full Faith and Credit Bonds with an interest rate of 2.00 percent to 2.50 percent over the fifteen year life. The purpose for these bonds are for projects in the Street, Water and Waste-water funds and a small portion for the component unit projects.
- The City also refunded a portion of the 2003 Water Revenue Bonds in the amount of \$1,580,000, for ten years at 2.00 percent interest. The remaining debt of \$635,000 at 3.10 percent to 3.125 percent will be paid off in the fiscal year 2015. The refunding resulted in \$162,000 gross savings, equivalent to \$151,000 in net present value. The refunding reduces annual debt service by an average of \$15,000 in the water fund.
- The remainder of the new issue was a partial refund of Ashland Fiber Network (AFN) 2004 Full Faith and Credit Bonds. The new issue is \$11,675,000 over the next twelve years at 2.00 percent to 2.80 percent. The remaining debt of \$1,505,000 at 5.328 percent to 5.395 percent will be paid off in the fiscal year 2015. The refunding results in \$2.01 million in gross savings, equivalent to \$1.78 million in net present value.

Moody's Investors Services assigned an "A1" rating to both the Tax-Exempt Bonds and the Taxable Bonds. The following table on page 48 shows the activities for both Governmental and Business type as it relates to long term liabilities.

CITY OF ASHLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term Debt (continued)

5. Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2013, was as follows:

	Beginning Balance	Additions and Adjustments	Reductions	Ending Balance	Due within One Year
Governmental Activities:					
Bonds payable:					
General obligation	\$ 17,550,000	\$ 13,350,000	\$ 11,760,000	\$ 19,140,000	\$ 1,320,000
Total bonds payable	17,550,000	13,350,000	11,760,000	19,140,000	1,320,000
Notes and contracts	1,356,918	26,079	732,744	650,252	132,983
Claims and judgements	196,302		74,331	121,971	
Government Activities:					
Long-term liabilities	\$ 19,103,220	\$ 13,376,079	\$ 12,567,075	\$ 19,912,223	\$ 1,452,983
Business-type Activities:					
Bonds Payable:					
General obligation	\$ 14,034,014	\$ 4,670,000	\$ 1,213,619	\$ 17,490,395	\$ 1,436,306
Revenue	2,787,143	-	1,956,714	830,429	406,714
Total bonds payable	16,821,157	4,670,000	3,170,333	18,320,824	1,843,020
Notes and contracts		-		-	-
Business-type Activities:					
Long-term liabilities	\$ 16,821,157	\$ 4,670,000	\$ 3,170,333	\$ 18,320,824	\$ 1,843,020

Internal service funds predominantly serve governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$216,589 of the *Internal Service Fund* was compensated absences.

F. Restricted Cash Assets

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

	General Government
Restricted Cash:	
Debt service for GO Debt	\$ 1,140,881
	<u>\$ 1,140,881</u>

CITY OF ASHLAND
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Compensated Absences

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due within a Year
Governmental Activities:	\$ 595,183	\$ 577,379	\$ 595,183	\$ 577,379	\$ 144,345
Business-type Activities:	419,848	455,278	419,848	455,278	113,820
Total compensated absences payable	\$ 1,015,031	\$ 1,032,657	\$ 1,015,031	\$ 1,032,657	\$ 258,164

IV.
 OTHER INFORMATION

A. Risk Management

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

The government purchases re-insurance above defined loss levels in each program. Premiums are paid into the *Insurance Services* internal service fund by all other funds, component units, and potential component units, and are available to pay claims, claim reserves, and administrative costs of the programs. These interfund and agency premiums are used to offset the amount of claims expenditures reported. As of June 30, 2013, such premiums did not exceed paid claims and reserves.

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

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

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

CITY OF ASHLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

IV. OTHER INFORMATION (CONTINUED)

A. Risk Management (continued)

Settlements have not exceeded coverage's in each of the last three fiscal years. Workers' compensation claims are carried and reviewed from the date of self-insurance, July 1, 1989. An excess insurance policy covers individual claims in excess of \$300,000. Changes in the balances of claims liability during the past two years are as follows:

	<u>Year ended June 30, 2013</u>	<u>Year ended June 30, 2012</u>
Unpaid claims, beginning of fiscal year	\$ 196,302	\$ 95,705
Incurred claims (including IBNRs)	(74,331)	100,597
Unpaid claims, end of fiscal year	<u>\$ 121,971</u>	<u>\$ 196,302</u>

B. Contingent Liabilities

In August 2011 Ashland City Council approved Ashland Community Hospital (ACH) seeking an affiliation with a larger hospital group to address financial impacts relating to operations of a small, stand-alone hospital in a difficult economy. On April 9, 2012, a formal report was made to the Council on the decision by ACH to enter into a 90-day period of exclusive negotiations with Dignity Health. At the time of this report negotiations are still in process. City of Ashland retains ownership of the hospital property consistent with prior years and Council must approve of the terms of any merger.

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

CITY OF ASHLAND
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

IV. OTHER INFORMATION (CONTINUED)

B. Contingent Liabilities (continued)

Year Ending June 30,	Principal	Interest
2014	346,723	328,362
2015	361,425	313,660
2016	7,364,972	175,932
	\$ 8,073,120	\$ 817,954

C. Other Post Employment Benefits

Post Employment Stipend

Plan Description - In addition to providing pension benefits, the City provides certain benefits for 19 retired City employees from the management, unrepresented group who completed a minimum of 15 years employment with the City. The City pays a monthly stipend from the retiree's 60th birthday or date of retirement, whichever is later, until the retiree's death. These benefit obligations are required by labor bargaining agreements and the exempt employee ordinance. The cost of retiree benefits is recognized as an expense in the *Insurance Services Fund* (an internal service fund) when eligible employees retire. The amount advance funded at retirement is based solely on the City's estimate. On July 16, 2008 a Resolution was passed which states that any employee hired on or after July 1, 2008, or hired into management on or after July 1, 2008 will not be eligible to receive retiree benefits under this provision.

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

Annual Benefit Cost and Net Benefit Obligation - The City's annual Other Post Employment Benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer and an amount actuarially determined in accordance and within the parameters of

GASBS 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the OPEB obligation at the end of the year. The remaining amortization period is thirteen years.

Actuarial Methods and Assumptions - The ARC for the current year was determined as part of the August 1, 2012, actuarial valuation, using the present value of projected benefits discounted at the valuation interest rate (4.50 percent). The assumed health costs will increase 7.25 percent in the first year (August 1, 2013, premiums compared with August 1, 2012, premiums), In future years, the medical and vision cost trend varies from 5.75% to 6.75% depending upon the timing of the excise tax scheduled to affect health care benefits beginning in 2018. The demographic assumptions, such as mortality rates, disability incidence rates, retirement rates and withdrawal rates, are the same as those used by Oregon PERS for cities.

CITY OF ASHLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

IV. OTHER INFORMATION (CONTINUED)

C. Other Post Employment Benefits (continued)

Post Employment Stipend (continued)

Funding Status and Funding Progress – As of August 1, 2012, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$3,908,819, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,908,819.

	<u>August 1, 2014</u>	<u>August 1, 2012</u>	<u>August 1, 2010</u>
Present value of benefits	\$ 5,035,267	\$ 4,037,958	\$ 3,940,139
Actuarial accrued liability	3,908,819	2,874,868	2,704,203
Assets	-	-	-
Unfunded actuarial accrued liability	<u>\$ 3,908,819</u>	<u>\$ 2,874,868</u>	<u>\$ 2,704,203</u>

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2013	\$ 387,045	15.24%	\$ 1,383,606
6/30/2012	314,263	18.65%	1,055,551
6/30/2011	327,244	14.66%	799,902

	<u>Year ended June 30, 2013</u>	<u>Year ended June 30, 2012</u>
Annual required contribution (medical)	\$ 438,650	\$ 351,444
Interest on net OPEB obligation (BOY)	36,944	31,996
Adjustment to ARC for net OPEB obligation	-	-
Annual OPEB costs	475,594	383,440
Expected contributions	(88,549)	(69,177)
Increase (decrease) in net OPEB obligation	328,055	255,649
Net OPEB obligation - beginning of fiscal year	<u>\$ 1,055,551</u>	<u>\$ 799,902</u>
Net OPEB obligation - end of fiscal year	<u>\$ 1,383,606</u>	<u>\$ 1,055,551</u>

CITY OF ASHLAND
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

IV. OTHER INFORMATION (CONTINUED)

C. Other Post Employment Benefits (continued)

Post Employment Health Insurance Subsidy

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

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

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

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

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

Actuarial Methods and Assumptions - The ARC for the current year was determined as part of the August 1, 2012, actuarial valuation, using the present value of projected benefits discounted at the valuation interest rate (4.50 percent). The assumed health costs will increase 7.25 percent in the first year (August 1, 2013, premiums compared with August 1, 2012, premiums). In future years, the medical and vision cost trend varies from 5.75% to 6.75% depending upon the timing of the excise tax scheduled to affect health care benefits beginning in 2018. The demographic assumptions, such as mortality rates, disability incidence rates, retirement rates and withdrawal rates, are the same as those used by Oregon PERS for cities.

	August 1, 2014	August 1, 2012	August 1, 2010
Present value of benefits	\$ 4,673,112	\$ 5,352,428	\$ 4,865,844
Actuarial accrued liability	2,764,065	3,101,626	2,802,196
Assets	-	-	-
Unfunded actuarial accrued liability	\$ 2,764,065	\$ 3,101,626	\$ 2,802,196

CITY OF ASHLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

IV. OTHER INFORMATION (CONTINUED)

	Year ended June 30, 2013	Year ended June 30, 2012
Annual required contribution (medical)	\$ 179,810	\$ 169,792
Amortization of UAAL	214,472	204,809
Annual required contribution	394,282	374,601
Interest on prior year	\$ 43,346	\$ 35,446
Adjustment to ARC	73,644	60,221
Implicit benefit payments	173,353	152,318
Increase (decrease) in net OPEB obligation	190,631	197,508
Net OPEB obligation - beginning of fiscal year	\$ 1,083,648	\$ 886,140
Net OPEB obligation - end of fiscal year	\$ 1,274,279	\$ 1,083,648

Fiscal Year Ending	Annual OPEB Cost	Percentage of annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2013	\$ 363,984	48%	\$ 1,274,279
6/30/2012	349,826	44%	1,083,648
6/30/2011	437,726	33%	886,140

D. Employee Retirement System and Pension Plan

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

Funding policy. Plan members are required to contribute six percent of their annual covered salary. ORS 238.225 requires the City to contribute at an actuarially determined rate(s). In 2003, the Oregon Legislature revised OPERF operations and how benefits for existing and new employees are calculated and funded. Accordingly, employers may now have two rates to use in calculating the amount owed to fund the liabilities of employees benefits in OPERF. The new plan, established in 2003, is called the Oregon Public Service Retirement Plan (OPSRP) and the current rates are: PERS-General Service 13.07 percent, PERS-Police and Fire 20.96 percent, OPSRP-General Service 11.60 percent, and OPSRP-Police and Fire 14.31 percent, respectively, of annual covered payroll. The City has "picked up" employee contributions at a rate of six percent, as allowed under Oregon law. The contribution requirement of plan members and their employers are established under ORS Chapter 238, and may be amended by an act of the Oregon legislature. The City elected to join the Local Government Rate Pool in 2000 and the State and Local Rate Pool in 2002, to minimize annual variances in employer rates.

**CITY OF ASHLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

IV. OTHER INFORMATION (CONTINUED)

For 2012-2013, the City's annual pension cost of \$2,759,047 was equal to the City's required and actual contributions. This consisted of \$801,249 "picked up" and paid by the City on behalf of employees and \$1,957,798 paid by the City. The required contribution was determined as part of the December 31, 2011, actuarial valuation, using the entry age actuarial cost method. The *Unfunded Actuarial Liability*, if any, is amortized as a level percentage of covered payroll over a twenty year period on an open basis. The actuarial assumptions include (a) eight percent investment rate of return (net of administrative expenses), (b) projected salary increases of 4.25 percent per year (attributable to general wage adjustments, with additional increases for promotion and longevity that vary by age and services), and (c) two percent per year cost-of-living adjustments. The underlying rate of inflation is 3.5 percent per year.

Three Year Trend Information for PERS:

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

Fiscal Year Ending	Annual Pension Cost (C of A)	Percentage of C of A Contributed	Net Pension Obligation
6/30/2013	\$ 2,759,047	100%	-
6/30/2012	2,669,770	100%	-
6/30/2011	2,135,344	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 at June 30, 2013, is as follows:

Startup costs	\$ 1,861,076
Less accumulated amortization	1,352,466
	\$ 508,610

CITY OF ASHLAND
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

IV. OTHER INFORMATION (CONTINUED)

F. Fund Balance Constraints

The specific purposes for each of the categories of the fund balance as of June 30, 2013, are as follows:

Fund Balances:	General Fund	Street Fund	Non Major Funds	Total
Restricted for:				
Asset forfeiture	14,579	-	-	14,579
TOT tourism	-	-	-	-
CDBG restriction	-	-	33,801	33,801
SDC - Transportation	-	2,376,109	-	2,376,109
SDC - Parks	-	-	459,458	459,458
Perpetual care	-	-	874,045	874,045
Debt commitment	-	-	785,823	785,823
Committed for:				
Parking surcharge	273,965	-	-	273,965
Public art	82,849	-	-	82,849
Affordable housing	148,426	-	-	148,426
Grubbs Case	22,230	-	-	22,230
Street activities	-	2,041,013	-	2,041,013
Airport activities	-	-	97,697	97,697
Food and beverage tax	-	-	365,466	365,466
CIP - Facilities	-	-	1,268,783	1,268,783
	-	-	-	-
Assigned for:				
N/A				
Unassigned:	3,863,212	-	-	3,863,212
Total fund balances:	<u>\$ 4,405,261</u>	<u>\$ 4,417,122</u>	<u>\$ 3,885,073</u>	<u>\$ 12,707,456</u>

G. Service Concession Agreement

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

REQUIRED SUPPLEMENTARY INFORMATION



NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

required supplementary information

**CITY OF ASHLAND, OREGON
SCHEDULE OF FUNDING PROGRESS
for the year ended June 30, 2013**

Post Employment Benefits

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
Health Care	08/01/2008	\$ -	\$ 2,923,625	\$ 2,923,625	0%	\$ 12,757,206	23%
	08/01/2010	\$ -	\$ 2,802,196	\$ 2,802,196	0%	\$ 12,889,661	22%
	08/01/2012	\$ -	\$ 2,764,065	\$ 2,764,065	0%	\$ 13,988,043	20%
OPEB	6/30/2009	\$ -	\$ 1,882,214	\$ 1,882,214	0%	\$ 12,757,206	15%
	6/30/2011	\$ -	\$ 2,704,203	\$ 2,704,203	0%	\$ 12,889,661	21%
	6/30/2013	\$ -	\$ 3,716,191	\$ 3,716,191	0%	\$ 13,988,043	27%

CITY OF ASHLAND, OREGON
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 GENERAL FUND
 for the year ended June 30, 2013

	Actual	Budget Amounts		Variance with Final Budget
		Original	Final	Positive (Negative)
Revenues:				
Taxes	\$ 12,278,716	\$ 12,232,260	\$ 12,232,260	\$ 46,456
Fees, licenses and permits	583,679	508,000	508,000	75,679
Intergovernmental	571,513	656,140	930,103	(358,590)
Charges for services	1,896,946	1,737,775	1,737,775	159,171
Fines and forfeitures	196,535	155,000	155,000	41,535
Interest on investments	22,045	20,000	20,000	2,045
Miscellaneous	75,991	62,600	62,600	13,391
Total revenues	15,625,425	15,371,775	15,645,738	(20,313)
Expenditures:				
General Government:				
Administration	683,385	647,192	749,978	66,593
Administrative Services:				
Band	55,594	58,500	58,500	2,906
Social services	123,394	125,125	125,125	1,731
Economic development	623,419	678,360	690,770	67,351
Public Works:				
Cemetery	282,274	341,793	341,793	59,519
Community Development:				
Planning	1,160,288	1,259,536	1,259,536	99,248
Building	649,768	662,743	662,743	12,975
Miscellaneous	43,776	47,000	47,000	3,224
Total general government	3,621,898	3,820,249	3,935,445	313,547
Public Safety:				
Police	5,876,126	5,794,103	6,068,066	191,940
Municipal court	437,057	424,827	449,827	12,770
Fire and rescue	5,804,808	5,942,575	6,042,575	237,767
Total public safety	12,117,991	12,161,505	12,560,468	442,477
Contingency		470,000	229,804	229,804
Total expenditures	15,739,889	16,451,754	16,725,717	985,828
Excess (deficiency) of revenues over (under) expenditures	(114,464)	(1,079,979)	(1,079,979)	965,515
Other financing sources (uses):				
Transfers in	4,826	20,000	20,000	15,174
Transfers out	(500)	(500)	(500)	-
Total other financing sources (uses)	4,326	19,500	19,500	15,174
Net change in fund balance	(110,138)	(1,060,479)	(1,060,479)	950,341
Fund balance, July 1, 2012	3,495,819	2,624,349	2,624,349	871,470
Fund balance, June 30, 2013	\$ 3,385,681	\$ 1,563,870	\$ 1,563,870	\$ 1,821,811
Reconciliation to GAAP fund balance :				
Reserve fund balance:	1,019,580			
	<u>\$ 4,405,261</u>			

**CITY OF ASHLAND, OREGON
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STREET FUND
for the year ended June 30, 2013**

	Actual	Budget Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
Revenues:				
Taxes	\$ 55,504	\$ 50,000	\$ 50,000	\$ 5,504
Intergovernmental	1,729,083	3,312,707	3,312,707	(1,583,624)
Charges for services	1,920,687	1,999,000	1,999,000	(78,313)
System development charges (SDC)	129,172	65,000	65,000	64,172
Assessments	41,048	10,000	10,000	31,048
Interest on investments	16,283	12,000	12,000	4,283
Miscellaneous	160,740	55,000	55,000	105,740
Total revenues	4,052,517	5,503,707	5,503,707	(1,451,190)
Expenditures:				
Highways and streets:				
Operations and maintenance	2,951,935	5,943,110	5,943,110	2,991,175
Storm water	672,923	808,260	808,260	135,337
Transportation SDCs	83,061	275,911	275,911	192,850
Storm water SDCs	160,372	198,750	198,750	38,378
Local improvement districts	-	-	-	-
New debt	-	50,000	-	-
Total highways and streets	3,868,291	7,276,031	7,226,031	3,357,740
Contingency		100,000	100,000	100,000
Total expenditures	3,868,291	7,376,031	7,326,031	3,457,740
Excess (deficiency) of revenues over (under) expenditures	184,226	(1,872,324)	(1,822,324)	2,006,550
Other financing sources (uses):				
Bond proceeds	1,189,603	1,210,223	1,210,223	(20,620)
Transfers out				-
Total other financing sources (uses)	1,189,603	1,210,223	1,210,223	(20,620)
Net change in fund balance	1,373,829	(662,101)	(612,101)	2,035,930
Fund balance, July 1, 2012	3,043,292	2,332,094	2,332,094	711,198
Fund balance, June 30, 2013	\$ 4,417,121	\$ 1,669,993	\$ 1,719,993	\$ 2,747,128

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

CITY OF ASHLAND, OREGON
COMBINING BALANCE SHEET
ALL NON-MAJOR FUNDS
June 30, 2013

	Governmental Fund Types				Permanent Fund Type	Total Other Governmental (Compilation Only)
	CDBG Fund	Airport Fund	Capital Improvements Fund	Debt Service Fund	Cemetery Trust Fund	
ASSETS						
Cash and cash equivalents	\$ 3,430	\$ 113,143	\$ 2,263,864	\$ -	\$ 873,640	\$ 3,254,077
Receivables (net of allowance for uncollectibles)	58,039	8,949	282,357	57,017	405	406,767
Cash - restricted	-	-	-	1,140,881	-	1,140,881
Total assets	\$ 61,469	\$ 122,092	\$ 2,546,221	\$ 1,197,898	\$ 874,045	\$ 4,801,725
LIABILITIES AND FUND BALANCES						
Accounts payable	\$ 27,668	\$ 5,395	\$ 289,011	\$ -	\$ -	\$ 322,074
Deferred revenue	-	-	162,503	47,280	-	209,783
Interfund Loan Payable	-	19,000	1,000	364,795	-	384,795
Due to other funds	-	-	-	-	-	-
Liabilities payable from restricted assets	-	-	-	-	-	-
Total liabilities	27,668	24,395	452,514	412,075	-	916,652
Fund Balances:						
Restricted for:						
CDBG restriction	33,801	-	-	-	-	33,801
Systems development charges	-	-	459,458	-	-	459,458
Perpeture care	-	-	-	-	874,045	874,045
Committed for:						
Special revenue funds	-	97,697	-	-	-	97,697
Debt service	-	-	-	785,823	-	785,823
Parks Improvements	-	-	844,784	-	-	844,784
Capital projects funds	-	-	789,465	-	-	789,465
Total equity and other credits	33,801	97,697	2,093,707	785,823	874,045	3,885,073
Total liabilities and fund balances	\$ 61,469	\$ 122,092	\$ 2,546,221	\$ 1,197,898	\$ 874,045	\$ 4,801,725

**CITY OF ASHLAND, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL NON-MAJOR FUNDS
for the year ended June 30, 2013**

	Governmental Fund Types				Permanent Fund Type Cemetery Nonexpendable Trust Fund	Total Other Governmental (Compilation Only)
	CDBG Fund	Airport Fund	Capital Improvements Fund	Debt Service Fund		
Revenues:						
Taxes	\$ -	\$ -	\$ 459,918	\$ 867,848	\$ -	\$ 1,327,766
Intergovernmental	101,915	-	97,786	-	-	199,701
Charges for services	-	124,492	959,379	1,228,472	12,301	2,324,644
System development charges	-	-	48,059	-	-	48,059
Interest on investments	-	570	18,181	4,737	4,826	28,314
Miscellaneous	-	-	12,682	309,782	-	322,464
Total revenues	101,915	125,062	1,596,005	2,410,839	17,127	4,250,948
Expenditures:						
General government	101,912	72,540	4,420,453	-	-	4,594,905
Debt service	-	38,536	-	2,715,652	-	2,754,188
Total expenditures	101,912	111,076	4,420,453	2,715,652	-	7,349,093
Excess (deficiency) of revenues over (under) expenditures	3	13,986	(2,824,448)	(304,813)	17,127	(3,098,145)
Other financing sources (uses):						
Bond proceeds			506,005	11,675,000		12,181,005
Refunding of bond proceeds				(10,760,000)		(10,760,000)
Premium/Discount				(843,149)		(843,149)
Transfers in	-	-	-	36,135	500	36,635
Transfers out	-	-	(36,135)	-	(4,826)	(40,961)
Interfund loan	-	-	208,000	-	-	208,000
Total other financing sources (uses)	-	-	677,870	107,986	(4,326)	781,530
Net change in fund balance	3	13,986	(2,146,578)	(196,827)	12,801	(2,316,615)
Fund balance, July 1, 2012	33,798	83,711	4,240,285	982,650	861,244	6,201,688
Fund balance, June 30, 2013	\$ 33,801	\$ 97,697	\$ 2,093,707	\$ 785,823	\$ 874,044	\$ 3,885,073

**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, 2013**

	Actual	Budget Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
Revenues:				
Intergovernmental	\$ 101,915	\$ 171,511	\$ 171,511	\$ (69,596)
Total revenues	<u>101,915</u>	<u>171,511</u>	<u>171,511</u>	<u>(69,596)</u>
Expenditures:				
General government:				
Personal services	32,446	32,500	32,500	54
Material and services	69,466	173,435	173,435	103,969
Total general government	<u>101,912</u>	<u>205,935</u>	<u>205,935</u>	<u>104,023</u>
Contingency				
Total expenditures	<u>101,912</u>	<u>205,935</u>	<u>205,935</u>	<u>104,023</u>
Net change in fund balance	3	(34,424)	(34,424)	34,427
Fund balance, July 1, 2012	33,798	-	-	33,798
Fund balance, June 30, 2013	<u>\$ 33,801</u>	<u>\$ (34,424)</u>	<u>\$ (34,424)</u>	<u>\$ 68,225</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, 2013

	Actual	Budget Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
Revenues:				
Charges for services	\$ 124,492	\$ 130,000	\$ 130,000	\$ (5,508)
Interest on investments	570	300	300	270
Total revenues	125,062	130,300	130,300	(5,238)
Expenditures:				
General government:				
Materials and services	72,540	64,950	83,950	11,410
Total general government	72,540	64,950	83,950	11,410
Debt service	38,536	38,536	38,536	-
Contingency	-	5,000	5,000	5,000
Total expenditures	111,076	108,486	127,486	16,410
Other financing sources (uses):				
Interfund loan	19,000		19,000	-
Total other financing sources (uses)				
Net change in fund balance	32,986	21,814	21,814	11,172
Fund balance, July 1, 2012	83,711	77,462	77,462	6,249
Fund balance, June 30, 2013	\$ 116,697	\$ 99,276	\$ 99,276	\$ 17,421
Reconciliation to GAAP:				
Interfund Loan	(19,000)			
Total	\$ 97,697			

**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, 2013**

	Actual	Budget Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
Revenues:				
Taxes	\$ 459,918	\$ 443,000	\$ 443,000	\$ 16,918
Intergovernmental	97,786	490,000	490,000	(392,214)
Charges for services	959,379	980,000	980,000	(20,621)
System development charges	48,059	22,000	22,000	26,059
Interest on investments	18,181	12,000	12,000	6,181
Miscellaneous	12,682	1,000	1,000	11,682
Total revenues	1,596,005	1,948,000	1,948,000	(351,995)
Expenditures:				
General government:				
Public works - facilities	589,924	655,480	655,480	65,556
Admin services - parks open space	236,466	1,892,000	1,892,000	1,655,534
Capital outlay	3,386,063	4,425,750	4,503,750	1,117,687
Total cost of service	4,212,453	6,973,230	7,051,230	2,838,777
Contingency	-	100,000	22,000	-
Total expenditures	4,212,453	7,073,230	7,073,230	2,838,777
Excess (Deficiency) of revenues over (under) expenditures	(2,616,448)	(5,125,230)	(5,125,230)	2,486,782
Other financing sources (uses):				
Bond proceeds	506,005	1,892,000	1,892,000	1,385,995
Transfers out	(36,135)	(36,135)	(36,135)	-
Interfund loan	(208,000)	(208,000)	(208,000)	-
Total other financing sources (uses):	261,870	1,647,865	1,647,865	1,385,995
Net change in fund balance	(2,354,578)	(3,477,365)	(3,477,365)	1,122,787
Fund balance, July 1, 2012	4,449,285	4,023,003	4,023,003	426,282
Fund balance, June 30, 2013	\$ 2,094,707	\$ 545,638	\$ 545,638	\$ 1,549,069
Reconciliation to GAAP:				
Interfund Loan	(1,000)			
Total	\$ 2,093,707			

**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, 2013**

	Actual	Budget Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
Revenues:				
Taxes	\$ 867,848	\$ 852,163	\$ 852,163	\$ 15,685
Charges for services	1,228,472	1,228,389	1,228,389	83
Interest on investments	4,737	2,100	2,100	2,637
Miscellaneous	309,782	29,302	309,699	83
Total revenues	2,410,839	2,111,954	2,392,351	18,488
Expenditures:				
Materials and services	55,676	-	60,000	4,324
Debt service:				-
Bancroft	-	200,000	200,000	200,000
General obligation	1,906,690	1,906,294	1,846,294	(60,396)
Notes and contracts	753,286	103,755	748,947	(4,339)
Total expenditures	2,715,652	2,210,049	2,855,241 (1)	139,589
Excess (deficiency) of revenues over (under) expenditures	(304,813)	(98,095)	(462,890)	158,077
Other financing sources (uses):				
Bond proceeds	11,675,000	-	-	11,675,000
Refunding of bond proceeds	(10,760,000)			(10,760,000)
Premium/Discount	(843,149)			(843,149)
Interfund Loan	364,795	-	364,795	-
Transfers in	36,135	36,135	36,135	-
Total other financing sources (uses):	472,781	36,135	400,930	71,851
Net change in fund balance	167,968	(61,960)	(61,960)	229,928
Fund balance, July 1, 2012	982,650	1,011,586	1,011,586	(28,936)
Fund balance, June 30, 2013	\$ 1,150,618	\$ 949,626	\$ 949,626	\$ 200,992
(1) Appropriation level				
Reconciliation to GAAP:				
Interfund Loan	(364,795)			
Total	\$ 785,823			

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, 2013

	Actual	Budget Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
Revenues:				
Charges for services	\$ 12,301	\$ 25,000	\$ 25,000	\$ (12,699)
Interest on investments	4,826	20,000	20,000	(15,174)
Total revenues	17,127	45,000	45,000	(27,873)
Other financing sources (uses):				
Transfers in	500	500	500	-
Transfers out	(4,826)	(20,000)	(20,000)	15,174
Total other financing sources (uses):	(4,326)	(19,500)	(19,500)	15,174
Net change in fund balance	12,801	25,500	25,500	(12,699)
Fund balance, July 1, 2012	861,244	867,103	867,103	(5,859)
Fund balance, June 30, 2013	\$ 874,045	\$ 892,603	\$ 892,603	\$ (18,558)

CITY OF ASHLAND, OREGON
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 RESERVE FUND
 for the year ended June 30, 2013

	Actual	Budget Amounts		Variance with Final Budget
		Original	Final	Positive (Negative)
Revenues:				
Charges for Services	\$ -	\$ -	\$ -	\$ -
Interest on investments	5,670	6,000	6,000	(330)
Total revenues	5,670	6,000	6,000	(330)
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	5,670	6,000	6,000	(330)
Other financing sources (uses):				
Transfer in			-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	5,670	6,000	6,000	(330)
Fund balance, July 1, 2012	1,013,910	1,012,502	1,012,502	1,408
Fund balance, June 30, 2013	\$ 1,019,580	\$ 1,018,502	\$ 1,018,502	\$ 1,078
Reconciliation to GAAP fund balance				
Reserve fund	\$ (1,019,580)			
	\$ -			

CITY OF ASHLAND, OREGON
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN NET POSITION - BUDGET AND ACTUAL
 WATER FUND
 for the year ended June 30, 2013

	Actual	Budget Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
Revenues:				
Taxes	\$ 38	\$ 50	\$ 50	\$ (12)
Intergovernmental	1,969,979	3,600,000	3,600,000	(1,630,021)
Charges for services	5,547,560	5,169,000	5,169,000	378,560
System developments charges	266,196	150,000	150,000	116,196
Interest on investments	19,542	10,000	10,000	9,542
Miscellaneous	477,199	25,000	25,000	452,199
Total revenues	8,280,514	8,954,050	8,954,050	(673,536)
Expenditures:				
Cost of services:				
Forest land management	2,460,085	3,737,989	3,737,989	1,277,904
Public works water supply	270,552	413,355	413,355	142,803
Public works water treatment	1,097,658	1,345,025	1,345,025	247,367
Public works water distribution	2,404,199	2,631,189	2,631,189	226,990
Public works reimbursement SDCs	-	-	-	-
Public works improvements SDCs	32,137	330,250	330,250	298,113
Public works debt SDCs	115,648	123,193	123,193	7,545
Electric: Water conservation	140,014	195,070	195,070	55,056
	6,520,293	8,776,071	8,776,071	2,255,778
Debt service	379,343	399,943	399,943	20,600
Contingency	-	200,000	200,000	200,000
Total expenditures	6,899,636	9,376,014	9,376,014	2,476,378
Excess (Deficiency) of revenues over (under) expenditures	1,380,878	(421,964)	(421,964)	1,802,842
Other financing sources (uses):				
Loan proceeds	2,547,791	1,117,050	1,117,050	(1,430,741)
Interfund loan	(200,000)	(200,000)	(200,000)	-
Total other financing sources (uses)	2,347,791	917,050	917,050	(1,430,741)
Net change in fund balance	3,728,669	495,086	495,086	3,233,583
Fund balance, July 1, 2012	2,708,907	1,887,958	1,887,958	820,949
Fund balance, June 30, 2013	\$ 6,437,576	\$ 2,383,044	\$ 2,383,044	\$ 4,054,532
Reconciliation to Net Position:				
Deferred charges	\$ 98,444			
Capital assets, net	19,180,622			
Compensated absences	(79,076)			
OPEB implicit rate liability	(110,410)			
Accrued interest	(32,723)			
GO bonds payable	(4,645,276)			
Revenue bonds payable	(635,000)			
Interfund Loan	(150,000)			
Rounding				
	\$ 20,064,157			

CITY OF ASHLAND, OREGON
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN NET POSITION - BUDGET AND ACTUAL
 WASTEWATER FUND
 for the year ended June 30, 2013

	Actual	Budget Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
Revenues:				
Taxes	\$ 1,839,673	\$ 1,735,000	\$ 1,735,000	\$ 104,673
Charges for services	3,928,342	3,947,000	3,947,000	(18,658)
System developments charges	95,132	66,000	66,000	29,132
Interest on investments	14,328	20,000	20,000	(5,672)
Miscellaneous	5,094	3,000	3,000	2,094
Total revenues	5,882,569	5,771,000	5,771,000	111,569
Expenditures:				
Cost of services:				
Public works wastewater collection	2,041,610	2,630,514	2,630,514	588,904
Public works wastewater treatment	2,827,871	3,363,515	3,363,515	535,644
Public works reimbursement SDC's	-	7,500	7,500	7,500
Public works improvements SDC's	115,454	380,506	380,506	265,052
Total cost of service	4,984,935	6,382,035	6,382,035	1,397,100
Debt service	1,639,100	1,667,772	1,667,772	28,672
Contingency		160,000	160,000	160,000
Total expenditures	6,624,035	8,209,807	8,209,807	1,585,772
Excess (deficiency) of revenues over (under) expenditures	(741,466)	(2,438,807)	(2,438,807)	1,697,341
Other financing sources (uses):				
Loan proceeds	2,237,431	2,309,657	2,309,657	72,226
Total other financing sources (uses)	2,237,431	2,309,657	2,309,657	72,226
Net change in fund balance	1,495,965	(129,150)	(129,150)	1,625,115
Fund balance, July 1, 2012	2,794,809	2,365,009	2,365,009	429,800
Fund balance, June 30, 2013	\$ 4,290,774	\$ 2,235,859	\$ 2,235,859	\$ 2,054,915
Reconciliation to Net Position:				
Capital assets, net	\$ 37,033,143			
Compensated absences	(46,419)			
OPEB implicit rate liability	(68,755)			
Accrued interest	(74,534)			
GO bonds payable	(12,845,118)			
Rounding				
	\$ 28,289,091			

supplementary information

**CITY OF ASHLAND, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL
ELECTRIC FUND
for the year ended June 30, 2013**

	Actual	Budget Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Revenues:				
Intergovernmental	\$ 148,642	\$ 200,000	\$ 200,000	\$ (51,358)
Charges for services	12,938,039	13,319,040	13,319,040	381,001
Interest on investments	10,536	15,000	15,000	4,464
Miscellaneous	244,442	180,000	180,000	(64,442)
Total revenues	13,341,659	13,714,040	13,714,040	269,665
Expenditures:				
Cost of Services:				
Electric supply	6,091,977	7,736,300	7,736,300	1,644,323
Electric distribution	5,980,019	6,402,580	6,402,580	422,561
Electric transmission	866,385	971,773	971,773	105,388
Conservation	469,545	547,380	587,380	117,835
Total cost of service	13,407,926	15,658,033	15,698,033	2,290,107
Debt service	24,293	24,294	24,294	1
Contingency	-	425,000	385,000	385,000
Total expenditures	13,432,219	16,107,327	16,107,327	901,264
Other financing sources (uses):				
Loan proceeds	-	1,400,000	1,400,000	1,400,000
Total other financing sources (uses)	-	1,400,000	1,400,000	1,400,000
Net change in fund balance	(90,560)	(993,287)	(993,287)	814,305
Fund balance, July 1, 2012	2,418,100	2,070,401	2,070,401	274,954
Fund balance, June 30, 2013	\$ 2,327,540	\$ 1,077,114	\$ 1,077,114	\$ 1,089,259
Reconciliation to Net Position:				
Capital assets, net	\$ 8,395,119			
Compensated absences	(85,364)			
OPEB implicit rate liability	(123,626)			
Accrued interest	(100)			
Revenue bonds payable	(195,429)			
Deferred revenue	159,456			
Rounding				
	\$ 10,477,596			

CITY OF ASHLAND, OREGON
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN NET POSITION - BUDGET AND ACTUAL
 TELECOMMUNICATIONS FUND
 for the year ended June 30, 2013

	Actual	Budget Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
Revenues:				
Charges for services	\$ 1,896,106	\$ 1,832,582	\$ 1,832,582	\$ 63,524
Interest on investments	1,733	2,500	2,500	(767)
Miscellaneous	13,092	5,000	5,000	8,092
Total revenues	1,910,931	1,840,082	1,840,082	70,849
Expenditures:				
Cost of services:				
IT - Internet	1,910,250	2,025,862	2,025,862	115,612
Total cost of service	1,910,250	2,025,862	2,025,862	115,612
Contingency		100,000	100,000	100,000
Total expenditures	1,910,250	2,125,862	2,125,862	215,612
Excess (deficiency) of revenues over (under) expenditures	681	(285,780)	(285,780)	286,461
Net change in fund balance	681	(285,780)	(285,780)	286,461
Fund balance, July 1, 2012	586,943	439,778	439,778	147,165
Fund balance, June 30, 2013	\$ 587,624	\$ 153,998	\$ 153,998	\$ 433,626
Reconciliation to Net Position:				
Capital assets, net	\$ 1,009,598			
Compensated absences	(27,829)			
OPEB implicit rate liability	(41,474)			
Rounding	(1)			
	<u>\$ 1,527,918</u>			

CITY OF ASHLAND, OREGON
 CONSOLIDATING BALANCE SHEET
 INTERNAL SERVICE FUNDS
 June 30, 2013

	Central Services Fund	Insurance Services Fund	Equipment Fund	Totals
ASSETS				
Current assets:				
Cash and investments	\$ 1,089,105	\$ 1,147,517	\$ 3,576,512	\$ 5,813,134
Interest and accounts receivable, net	13,715	-	26,656	40,371
Notes receivable	-	61,043		61,043
Interfund Loan	364,795		170,000	534,795
Inventories	32,462	2,351	40,130	74,943
Total current assets	<u>1,500,077</u>	<u>1,210,911</u>	<u>3,813,298</u>	<u>6,524,286</u>
Capital assets	586,115	-	9,641,632	10,227,747
Accumulated depreciation	(320,150)	-	(8,065,095)	(8,385,245)
Capital assets, net	<u>265,965</u>	<u>-</u>	<u>1,576,537</u>	<u>1,842,502</u>
Total assets	<u>\$ 1,766,042</u>	<u>\$ 1,210,911</u>	<u>\$ 5,389,835</u>	<u>\$ 8,366,788</u>
LIABILITIES AND FUND EQUITY				
Current liabilities:				
Accounts payable	\$ 192,053	\$ 20,919	\$ 277,641	\$ 490,613
Accrued salaries, vacation and payroll taxes	574,939	1,722	45,073	621,734
Other liabilities	-	-	-	-
Accrued claims and adjustments	-	1,655,577	-	1,655,577
Total current liabilities	<u>766,992</u>	<u>1,678,218</u>	<u>322,714</u>	<u>2,767,924</u>
Net Position:				
Invested in capital assets, net of related debt	265,965	-	1,576,537	1,842,502
Unreserved	733,085	(467,307)	3,490,584	3,756,362
Total fund equity:	<u>999,050</u>	<u>(467,307)</u>	<u>5,067,121</u>	<u>5,598,864</u>
Total liabilities and Net Position	<u>\$ 1,766,042</u>	<u>\$ 1,210,911</u>	<u>\$ 5,389,835</u>	<u>\$ 8,366,788</u>

**CITY OF ASHLAND, OREGON
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
for the year ended June 30, 2013**

	Central Service Fund	Insurance Services Fund	Equipment Fund	Totals
Operating revenues:				
Service charges and fees	\$ 5,912,628	\$ 742,548	\$ 1,834,109	\$ 8,489,285
Miscellaneous	107,103	35,759	26,856	169,718
Total revenues	<u>6,019,731</u>	<u>778,307</u>	<u>1,860,965</u>	<u>8,659,003</u>
Operating expenses:				
Cost of service	5,794,544	1,099,841	1,317,760	8,212,145
Depreciation	(23,193)	-	541,258	518,065
Total operating expenses	<u>5,771,351</u>	<u>1,099,841</u>	<u>1,859,018</u>	<u>8,730,210</u>
Operating income (loss)	<u>248,380</u>	<u>(321,534)</u>	<u>1,947</u>	<u>(71,207)</u>
Nonoperating income (expense):				
Taxes	62,793	-	124,928	187,721
Interest income	11,121	5,116	23,675	39,912
Interfund loan	-	-	-	-
Total nonoperating income (expense)	<u>73,914</u>	<u>5,116</u>	<u>148,603</u>	<u>227,633</u>
Change in Net Position	322,294	(316,418)	150,550	156,426
Net Position, July 1, 2012	<u>676,756</u>	<u>(150,889)</u>	<u>4,916,571</u>	<u>5,442,438</u>
Net Position, July 1, 2013	<u>\$ 999,050</u>	<u>\$ (467,307)</u>	<u>\$ 5,067,121</u>	<u>\$ 5,598,864</u>

supplementary information

**CITY OF ASHLAND, OREGON
COMBINING INTERNAL SERVICE FUND
STATEMENT OF CASH FLOWS
for the year ended June 30, 2013**

	Central Services	Insurance Services	Equipment Fund	Total
Cash flows from operating activities:				
Receipts from customers and users	\$ 5,651,758	\$ 745,717	\$ 2,223,530	\$ 8,621,005
Payments to suppliers	(1,310,426)	(639,414)	(1,281,800)	(3,231,640)
Payments to employees	(4,450,406)	(77,722)	(414,998)	(4,943,126)
Net cash from operating activities	(109,074)	28,581	526,732	446,239
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(129,888)	-	5,026	(124,862)
Net cash from capital and related financing activities	(129,888)	-	5,026	(124,862)
Cash flows from investing activities:				
Interest from investments and other income	73,914	5,116	537,603	616,633
Net increase (decrease) in cash and investments	(165,048)	33,697	1,069,361	938,010
Cash and investments, beginning of year	1,254,153	1,113,820	2,507,151	4,875,124
Cash and investments, end of year	<u>\$ 1,089,105</u>	<u>\$ 1,147,517</u>	<u>\$ 3,576,512</u>	<u>\$ 5,813,134</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ 248,380	\$ (321,534)	\$ 1,947	\$ (71,207)
Depreciation and amortization	(23,193)	-	541,258	518,065
Change in assets and liabilities:				
(Increase) decrease in:				
Receivables	(367,973)	(32,590)	(26,435)	(426,998)
Inventories	(3,396)	(2,351)	(7,591)	(13,338)
Increase (decrease) in:				
Accounts payable and accrued liabilities	41,812	(17,269)	232,947	257,490
Other liabilities	(4,704)	402,325	(215,394)	182,227
Net cash from operating activities	<u>\$ (109,074)</u>	<u>\$ 28,581</u>	<u>\$ 526,732</u>	<u>\$ 446,239</u>

CITY OF ASHLAND, OREGON
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN NET POSITION - BUDGET AND ACTUAL
 CENTRAL SERVICES FUND
 for the year ended June 30, 2013

	Actual	Budget Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
Revenues:				
Taxes	\$ 62,793	\$ 59,000	\$ 59,000	\$ 3,793
Intergovernmental revenues	-	2,820	2,820	2,820
Charges for services	5,912,628	5,911,200	5,911,200	1,428
Interest on investments	11,121	5,000	5,000	6,121
Miscellaneous	107,103	110,000	110,000	(2,897)
Total revenues	6,093,645	6,088,020	6,088,020	11,265
Expenditures:				
Cost of services:				
Administration department	1,288,745	1,505,343	1,505,343	216,598
IT - Computer Services division	896,008	1,158,973	1,158,973	262,965
Administrative Services department	1,874,269	1,902,779	1,908,779	34,510
City Recorder department	360,310	324,681	369,681	9,371
Public Works department	1,440,649	1,614,715	1,614,715	174,066
Contingency	-	150,000	99,000	99,000
Total expenditures	5,859,981	6,656,491	6,656,491	796,510
Other financing sources (uses):				
Interfund loan	(364,795)		(364,795)	-
Total other financing sources (uses)	(364,795)	-	(364,795)	-
Net change in fund balance	(131,131)	(568,471)	(933,266)	807,775
Fund Balance, July 1, 2012	984,411	600,979	965,774	18,637
Fund Balance, June 30, 2013	\$ 853,280	\$ 32,508	\$ 32,508	\$ 826,412
Reconciliation to Net Position:				
Accrued compensated absences	\$ (200,406)			
OPEB implicit rate liability	(284,583)			
Interfund loan	364,795			
Rounding	(1)			
Capital assets, net	265,965			
	<u>\$ 999,050</u>			

CITY OF ASHLAND, OREGON
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN NET POSITION - BUDGET AND ACTUAL
 INSURANCE SERVICES FUND
 for the year ended June 30, 2013

	Actual	Budget Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
Revenues:				
Charges for services	\$ 742,548	\$ 734,705	\$ 734,705	\$ 7,843
Interest on investments	5,116	5,000	5,000	116
Miscellaneous	35,759	30,000	30,000	5,759
Total revenues	783,423	769,705	769,705	13,718
Expenditures:				
Cost of services:				
Personal services	77,722	83,130	83,130	5,408
Materials and services	618,396	676,500	676,500	58,104
Total cost of services	696,118	759,630	759,630	63,512
Contingency		150,000	150,000	150,000
Total expenditures	696,118	909,630	909,630	213,512
Net change in fund balance	87,305	(139,925)	(139,925)	227,230
Fund balance, July 1, 2012	761,552	617,493	617,493	144,059
Fund balance, June 30, 2013	\$ 848,857	\$ 477,568	\$ 477,568	\$ 371,289
Reconciliation to net position:				
Accrued claims and judgments	\$ (1,316,164)			
	\$ (467,307)			

CITY OF ASHLAND, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL
EQUIPMENT FUND
for the year ended June 30, 2013

	Actual	Budget Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
Revenues:				
Intergovernmental	\$ 124,928	\$ -	\$ 113,616	\$ 11,312
Charges for services	1,834,109	1,773,563	1,773,563	60,546
Interest on investments	23,675	25,000	25,000	(1,325)
Miscellaneous	26,856	55,000	55,000	(28,144)
Total revenues	2,009,568	1,853,563	1,967,179	42,389
Expenditures:				
Cost of services:				
Public works maintenance	1,001,756	983,965	1,013,965	12,209
Total cost of service	1,001,756	983,965	1,013,965	12,209
Capital outlay	519,054	1,047,000	1,160,616	641,562
Contingency		50,000	20,000	20,000
Total expenditures	1,520,810	2,080,965	2,194,581	673,771
Excess (deficiency) of revenues over (under) expenditures	488,758	(227,402)	(227,402)	(716,160)
Other financing sources (uses):				
Interfund loan	408,000	408,000	408,000	
Interfund loan	(19,000)		(19,000)	-
Total other financing sources (uses)	389,000	408,000	389,000	-
Net change in fund balance	877,758	180,598	161,598	716,160
Fund balance, July 1, 2012	2,479,905	2,372,415	2,391,415	88,490
Fund balance, June 30, 2013	\$ 3,357,663	\$ 2,553,013	\$ 2,553,013	\$ 804,650
Reconciliation to Net Position:				
Capital assets, net	\$ 1,576,537			
OPEB implicit rate liability	(20,896)			
Interfund Loan	170,000			
Accrued compensated absences	(16,183)			
	\$ 5,067,121			

**CITY OF ASHLAND, OREGON
CAPITAL ASSETS USED
IN THE OPERATION OF GOVERNMENTAL FUNDS
BY SOURCE
June 30, 2013**

Governmental funds capital assets:		
Land	\$	12,367,578
Buildings and improvements		22,071,173
Improvements other than buildings		49,280,519
Machinery and equipment		3,803,212
Construction in progress		3,541,161
		<hr/>
Total capital assets	\$	91,063,643
		<hr/> <hr/>
Investments in governmental funds capital assets by source:		
General and capital projects funds	\$	53,761,546
Special revenue funds		15,183,964
Component unit		7,553,386
Leased to other agencies		14,564,747
		<hr/>
Total investments in governmental funds capital assets	\$	91,063,643
		<hr/> <hr/>

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

CITY OF ASHLAND, OREGON
SCHEDULE OF ASSETS USED
IN THE OPERATION OF GOVERNMENTAL FUNDS
BY FUNCTION AND ACTIVITY
June 30, 2013

Function and Activity	Land	Buildings	Improvements other than Buildings	Machinery and Equipment	Construction in Progress	Total
General government:						
Community development	\$ 985,235	\$ 1,120,947	\$ -	\$ 378,138	\$ -	\$ 2,484,320
Public buildings	460,200	1,021,882	419,559	145,916	15,416	2,062,973
Leased to other agencies	253,000	8,744,018	3,957,949	1,609,780	-	14,564,747
Other - unclassified	2,660,200	2,035,844	790,298	256,116	787,404	6,529,862
Total general government	4,358,635	12,922,691	5,167,806	2,389,950	802,820	25,641,902
Public safety:						
Police	80,000	614,700	-	484,266	1,494,591	2,673,557
Fire	998,400	6,094,861	300,000	343,777	-	7,737,038
Total public safety	1,078,400	6,709,561	300,000	828,043	1,494,591	10,410,595
Highway and streets:						
Public thoroughfares	589,276	630,075	39,934,782	286,508	1,243,750	42,684,391
Total highways and streets	589,276	630,075	39,934,782	286,508	1,243,750	42,684,391
Airports	176,566	1,029,780	3,567,023	-	-	4,773,369
Culture and recreation	6,164,701	779,066	310,908	298,711	-	7,553,386
Total governmental funds capital assets	\$ 12,367,578	\$ 22,071,173	\$ 49,280,519	\$ 3,803,212	\$ 3,541,161	\$ 91,063,643

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*.

supplementary information

**CITY OF ASHLAND, OREGON
SCHEDULE OF BOND PRINCIPAL
AND BOND INTEREST TRANSACTIONS
for the year ended June 30, 2013**

	Original Issue	Bond Principal Transactions	
		Outstanding June 30, 2012	Issued
<u>General Obligation Bonds</u>			
Ashland Fiber Network Bonds, issued August 11, 2004 interest at 3.70% to 6.02%	15,500,000	12,960,000	-
Re-funding Bonds, issued December 1, 2005 interest variable	2,560,000	1,785,000	-
Water and Wastewater, Series 2009, issued May 15, 2009 interest at 4.95%	1,000,000	854,014	-
Wastewater, issued October 13, 2010 interest at 2.00% to 4.00%	15,440,000	13,180,000	-
Fire Station #2, issued November 1, 2011 interest at 2.00% to 4.00%	2,960,000	2,805,000	-
Ashland Fiber Network Bonds, (Refinanced 2004) issued March 7, 2013 interest at 2.00% to 2.80%			11,675,000
Water debt (Refinanced 2003), issued March 7, 2013 interest at 2.00%			1,580,000
New Construction for Street, CIP, Water and Wastewater, issued March 7, 2013 interest at 2.00% to 2.50%			4,796,500
<u>Revenue Bonds</u>			
Water, Series 2003, issued June 1, 2003 interest at 2.00% to 4.00%	5,625,000	2,570,000	-
Electric, Series 2008, issued June 20, 2008 interest at 3.8% to 6.01%	304,000	217,143	-
	<u>\$ 43,389,000</u>	<u>\$ 34,371,157</u>	<u>\$ 18,051,500</u>

CITY OF ASHLAND, OREGON
 SCHEDULE OF BOND PRINCIPAL
 AND BOND INTEREST TRANSACTIONS
 for the year ended June 30, 2013 (continued)

Bond Principal Transactions			Interest Transactions			
Matured	Paid	Outstanding June 30, 2013	Outstanding June 30, 2012	Matured	Paid	Outstanding June 30, 2013
695,000	11,455,000	1,505,000	-	733,631	733,631	-
290,000	290,000	1,595,000	-	84,875	84,875	-
53,619	53,619	800,395	-	41,618	41,618	-
1,160,000	1,160,000	12,020,000	-	479,100	479,100	-
115,000	115,000	2,690,000	-	87,788	87,788	-
-	-	11,675,000	-	-	-	-
-	-	1,580,000	-	-	-	-
-	-	4,765,000	-	-	-	-
375,000	1,935,000	635,000	-	81,269	81,269	-
21,714	21,714	195,429	-	2,579	2,579	-
<u>\$ 2,710,333</u>	<u>\$ 15,030,333</u>	<u>\$ 37,460,824</u>	<u>\$ -</u>	<u>\$ 1,510,860</u>	<u>\$ 1,510,860</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, 2013

	Taxes Uncollected July 1, 2012	Add Levy Extended by Assessor	Add (Deduct) Discounts Interest Cancellations Adjustments	Deduct Interest and Tax Collections	Taxes Uncollected June 30, 2013
2011-12	\$ -	\$ 10,119,531	\$ 255,417	\$ 9,466,658	\$ 397,456
2010-11	389,907		(5,559)	195,167	200,299
2009-10	180,644	-	(14,270)	95,294	99,620
2008-09	104,782	-	(17,412)	79,146	43,048
2007-08	38,859	-	(6,871)	30,517	15,213
Prior years	40,906	-	4,268	6,897	29,741
	<u>\$ 755,098</u>	<u>\$ 10,119,531</u>	<u>\$ 215,573</u>	<u>\$ 9,873,679</u>	<u>\$ 785,377</u>

	Collections to June 30, 2013	Taxes Uncollected June 30, 2013
Taxes receivable and tax collections classified by fund:		
Primary government:		
General Fund	\$ 4,571,570	\$ 731,553
Debt Service Fund	867,848	53,824
Enterprise Funds:		
Water Fund	38	
Component unit:		
Parks and Recreation:		
Parks and Recreation Fund	4,434,223	
	<u>\$ 9,873,679</u>	<u>\$ 785,377</u>

Note: The City of Ashland has retained the rights to taxes and receivables for FY 2013-2014 and the foreseeable future thus no receivable is recorded for Ashland Park Commission

**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, 2013**

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

	Collections	Other Taxes	Tax Revenues GAAP Basis
Primary government:			
General Fund	\$ 4,571,570	\$ 7,713,145	\$ 12,284,715
Special Revenue Funds:			
Street Fund	-	55,504	55,504
Debt Service Funds:			
Debt Service Fund	867,848	-	867,848
Capital Projects Fund:			
Capital Improvement Fund	-	459,918	459,918
Enterprise Funds:			
Water Fund	38	-	38
Wastewater Fund	-	1,839,673	1,839,673
Component unit:			
Parks and Recreation:			
Parks and Recreation Fund	4,434,223	-	4,434,223
	\$ 9,873,679	\$ 10,068,240	\$ 19,941,919

CITY OF ASHLAND, OREGON
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND BALANCES
ELECTED OFFICIALS
for the year ended June 30, 2013

	Cash Balance July 1, 2012	Receipts	Turnovers to			Cash Balance June 30, 2013
			Treasurer	State	Other	
City Recorder/Treasurer	\$ 28,023,844	\$ 155,394,359	\$ -	\$ -	\$ 152,542,385	\$ 30,875,818
Judge	-	614,743	525,578	89,165		-
	<u>\$ 28,023,844</u>	<u>\$ 156,009,102</u>	<u>\$ 525,578</u>	<u>\$ 89,165</u>	<u>\$ 152,542,385</u>	<u>\$ 30,875,818</u>

STATISTICAL SECTION
Total Reporting Entity
(Unaudited)



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

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

Financial Trends	Page
These tables contain trend information that may assist the reader in assessing the City's current financial performance by placing it in historical perspective.	90-103
Revenue Capacity	
These tables contain information that may assist the reader is assessing the viability of the City's revenue sources.	104-115
Debt Capacity	
These tables present information that may assist the reader in analyzing the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	116-125
Economic and Demographic Information	
These tables offer economic and demographic indicators that are commonly used for financial analysis that can help the reader understand the City's present and ongoing financial status.	126-127
Operating Information	
These tables contain service and infrastructure indicators that can help the reader understand how the information in the City's financial statements relates to the services the City provides and the activities it performs.	128-135

Source:

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

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

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

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

2009	2008	2007	2006	2005	2004
\$ 9,453,086	\$ 9,845,351	\$ 10,922,900	\$ 9,274,073	\$ 9,123,663	\$ 6,312,364
2,668,694	2,444,054	2,530,776	2,353,604	2,354,558	2,430,662
36,193	59,984	36,173	31,621	42,894	16,602
(640,731)	(1,304,641)	(1,587,111)	(1,319,579)	(1,378,719)	1,222,273
1,066,850	1,240,543	542,190	451,672	428,719	413,078
12,400,610	9,829,360	9,829,360	8,559,612	8,287,911	8,261,273
19,563,238	19,563,238	19,563,238	19,563,238	30,138,810	29,933,056
13,130,505	14,380,378	13,183,769	12,405,182	11,771,045	9,345,294
43,579,697	42,249,665	42,121,600	41,047,189	15,986,209	15,720,372
340,422	673,643	143,017	798,324	9,744,570	9,789,517
(39,728,339)	(38,631,224)	(35,789,232)	(33,506,950)	(31,952,088)	(28,220,545)
<u>\$ 61,870,225</u>	<u>\$ 60,350,351</u>	<u>\$ 61,496,680</u>	<u>\$ 59,657,986</u>	<u>\$ 54,547,572</u>	<u>\$ 55,223,946</u>
\$ 3,153,914	\$ 2,672,369	\$ 2,683,604	\$ 2,590,134	\$ 2,652,837	\$ 2,734,135
430,105	449,038	396,208	12,700	26,392	94,404
1,183,044	1,327,360	925,973	590,000	908,822	783,485
18,316,590	19,263,447	20,341,095	5,731,134	5,815,074	6,357,569
<u>23,083,653</u>	<u>23,712,214</u>	<u>24,346,880</u>	<u>8,923,968</u>	<u>9,403,125</u>	<u>9,969,593</u>
29,786,499	27,577,843	27,969,339	42,669,821	37,631,383	37,948,847
140,974	236,514	329,180	-	-	-
-	-	-	-	-	-
2,363,441	2,146,609	1,930,458	1,663,317	1,537,765	1,197,249
1,072,785	1,246,509	479,262	459,095	423,842	433,278
-	-	-	-	-	-
788,753	771,948	749,918	719,429	702,629	684,476
4,634,120	4,658,714	5,691,643	5,222,356	4,848,828	4,990,503
<u>\$ 38,786,572</u>	<u>\$ 36,638,137</u>	<u>\$ 37,149,800</u>	<u>\$ 50,734,018</u>	<u>\$ 45,144,447</u>	<u>\$ 45,254,353</u>

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

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

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

2009	2008	2007	2006	2005	2004
\$ 6,993,295	\$ 6,437,889	\$ 9,836,733	\$ 12,951,933	\$ 15,066,503	\$ 9,286,593
2,227,713	2,190,239	2,105,403	2,203,826	2,057,466	1,883,966
810,073	881,530	806,047	799,588	851,200	821,407
1,098,448	1,215,668	1,340,389	1,721,312	1,819,860	1,921,810
640,731	1,304,641	1,587,111	1,319,579	1,378,719	(1,222,273)
1,880,637	1,880,638	1,880,638	1,945,107	1,945,107	1,971,745
22,089,254	21,782,187	21,782,187	21,782,188	23,113,448	23,157,904
823,580	823,581	673,607	636,103	675,297	2,833,165
84,636,277	84,636,278	81,141,248	80,305,280	79,057,892	79,121,637
4,620,579	3,981,724	5,156,412	2,998,341	4,472,229	4,563,158
(38,584,771)	(35,041,272)	(31,502,402)	(28,803,335)	(26,616,727)	(25,236,582)
<u>\$ 87,235,816</u>	<u>\$ 90,093,103</u>	<u>\$ 94,807,373</u>	<u>\$ 97,859,922</u>	<u>\$ 103,820,994</u>	<u>\$ 99,102,530</u>
\$ 1,467,227	\$ 1,571,810	\$ 1,554,049	\$ 1,678,775	\$ 2,343,307	\$ 1,960,591
130,104	144,127	153,639	587,720	819,171	307,538
-	-	-	-	-	4,000
1,669,770	1,595,081	1,379,209	1,475,373	1,437,257	2,388,750
<u>21,389,683</u>	<u>22,056,168</u>	<u>23,497,674</u>	<u>40,366,883</u>	<u>42,177,256</u>	<u>34,841,659</u>
<u>24,656,784</u>	<u>25,367,186</u>	<u>26,584,571</u>	<u>44,108,751</u>	<u>46,776,991</u>	<u>39,502,538</u>
52,406,103	54,411,887	54,264,807	42,661,428	39,032,733	44,754,393
3,800,824	3,838,867	4,315,088	4,251,713	4,636,560	4,020,207
875,490	1,751,369	-	1,913,648	1,913,648	1,281,341
<u>5,496,615</u>	<u>4,723,794</u>	<u>9,642,907</u>	<u>4,924,382</u>	<u>11,461,062</u>	<u>9,544,051</u>
<u>\$ 62,579,032</u>	<u>\$ 64,725,917</u>	<u>\$ 68,222,802</u>	<u>\$ 53,751,171</u>	<u>\$ 57,044,003</u>	<u>\$ 59,599,992</u>

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

	2013	2012	2011	2010
Program Revenues:				
General government:				
Charges for services	\$ 6,054,232	\$ 6,915,050	\$ 6,946,410	\$ 6,336,870
Operating grants and contributions	199,701	290,097	19,793	18,890
Capital grants and contributions		99,591	1,428,253	196,058
Capital system development charges			22,701	16,377
Public safety:		-	-	-
Charges for services	1,722,410	1,525,601	1,551,370	1,551,370
Operating grants and contributions	77,257	37,537	189,248	95,570
Capital grants and contributions		3,060,434	-	-
Highways and streets:				
Charges for services	2,090,907	3,024,262	2,006,385	2,027,116
Operating grants and contributions	620,913	-	-	-
Capital grants and contributions		868,543	-	-
Capital system development charges		-	-	76,101
	<u>10,765,420</u>	<u>15,821,115</u>	<u>12,164,160</u>	<u>10,318,352</u>
Program Expenses:				
General government	7,269,820	6,086,034	5,963,977	4,813,802
Public safety	10,352,003	13,893,641	10,457,134	11,410,483
Highways and streets	3,080,513	3,923,526	3,650,817	2,893,462
Interest on long-term debt	1,618,065	966,063	976,011	1,033,451
	<u>22,320,401</u>	<u>24,869,264</u>	<u>21,047,939</u>	<u>20,151,198</u>
Net (Expense) Revenue:				
General government	(1,015,887)	1,218,704	2,453,180	1,721,639
Public safety	(8,552,336)	(9,270,609)	(8,716,516)	(9,763,543)
Highways and streets	(368,693)	(30,721)	(1,644,432)	(942,447)
Interest on long-term debt	(1,618,065)	(966,063)	(976,011)	(1,033,451)
	<u>(11,554,981)</u>	<u>(9,048,689)</u>	<u>(8,883,779)</u>	<u>(10,017,802)</u>
General Revenues:				
Property taxes	5,783,168	5,416,909	5,093,848	4,821,809
Utility users tax	4,306,761	4,209,696	4,170,896	3,989,351
Users taxes	2,688,525	2,547,854	2,315,909	2,276,353
State subventions - unrestricted	-	-	-	-
Unrestricted interest earnings	179,794	173,648	117,112	134,142
Capital assets transfers	-	-	-	-
Miscellaneous	346,043	618,616	263,461	293,971
Gain (loss) on disposal of assets	-	-	-	-
Transfers:				
Total general revenues and transfers	<u>13,304,291</u>	<u>12,966,723</u>	<u>11,961,226</u>	<u>11,515,626</u>
Change in net position	1,749,310	3,918,034	3,077,447	1,497,824
Net position - beginning	47,279,877	4,575,271	1,497,824	-
Recognition of prior infrastructure	-	-	-	-
Net position - ending	<u>\$ 49,029,187</u>	<u>\$ 8,493,305</u>	<u>\$ 4,575,271</u>	<u>\$ 1,497,824</u>

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

	2009	2008	2007	2006	2005	2004
\$	5,084,158	\$ 5,786,031	\$ 5,058,193	\$ 4,110,436	\$ 4,453,046	\$ 4,269,353
	3,641	2,122	35,144	141,500	358,309	811,075
	3,991	178,186	17,377	299,171	948,845	3,859
	18,375	48,308	67,014	105,193	154,200	107,687
	-	-	-	-	-	-
	1,487,673	1,524,229	1,600,538	1,556,909	1,769,625	1,693,838
	114,188	98,302	182,281	-	71,245	101,877
	-	-	312,000	-	53,443	79,460
	1,842,187	1,807,939	1,662,360	1,659,421	1,593,663	1,491,256
	-	-	-	-	1,243	-
	-	-	366,549	202,982	463,695	1,075,598
	72,643	167,486	269,338	388,654	509,175	376,951
	<u>8,626,856</u>	<u>9,612,603</u>	<u>9,570,794</u>	<u>8,464,266</u>	<u>10,376,489</u>	<u>10,010,954</u>
	3,856,719	4,876,071	4,287,280	2,818,129	5,202,781	2,982,532
	10,312,721	11,555,693	10,082,938	7,903,054	9,235,540	8,454,075
	2,505,897	4,000,048	2,583,641	2,419,380	4,221,022	4,637,272
	442,168	1,178,388	1,139,346	637,146	311,527	370,491
	<u>17,117,505</u>	<u>21,610,200</u>	<u>18,093,205</u>	<u>13,777,709</u>	<u>18,970,870</u>	<u>16,444,370</u>
	1,253,446	1,138,576	890,448	1,838,171	557,419	2,101,755
	(8,710,860)	(9,933,162)	(7,988,119)	(6,346,145)	(7,341,227)	(6,578,900)
	(591,067)	(2,024,623)	(285,394)	(168,323)	(2,162,421)	(1,693,467)
	(442,168)	(1,178,388)	(1,139,346)	(637,146)	(311,527)	(370,491)
	<u>(8,490,649)</u>	<u>(11,997,597)</u>	<u>(8,522,411)</u>	<u>(5,313,443)</u>	<u>(9,257,756)</u>	<u>(6,541,103)</u>
	4,391,088	4,170,062	3,557,262	2,970,566	2,658,995	2,626,369
	3,888,747	3,945,382	2,345,323	2,323,390	2,277,178	2,102,550
	2,013,026	1,899,320	1,952,810	1,784,302	1,753,477	1,808,047
	-	247,357	1,486,776	1,817,175	1,360,724	1,277,933
	127,224	444,557	406,964	256,648	146,041	62,543
	-	-	(15,896,208)	1,425,346	-	-
	218,999	779,133	1,085,266	617,542	288,060	590,682
	-	-	-	-	-	(868,437)
	<u>10,639,084</u>	<u>11,485,811</u>	<u>(5,061,807)</u>	<u>11,194,969</u>	<u>8,484,475</u>	<u>7,599,687</u>
	2,148,435	(511,786)	(13,584,218)	5,881,526	(773,281)	1,058,584
	-	37,149,923	50,734,018	45,144,447	45,254,353	43,131,304
	-	-	-	-	-	956,778
\$	<u>2,148,435</u>	<u>\$ 36,638,137</u>	<u>\$ 37,149,800</u>	<u>\$ 51,025,973</u>	<u>\$ 44,481,072</u>	<u>\$ 45,146,666</u>

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

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

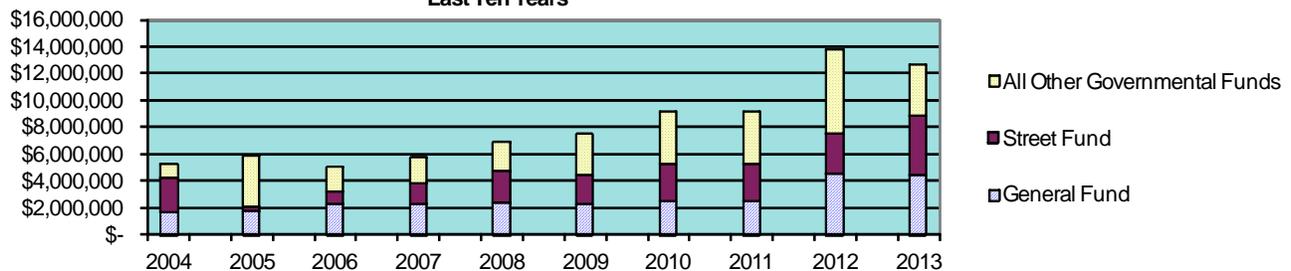
CITY OF ASHLAND, OREGON
 CHANGES IN NET POSITION
 Business - type Activities (continued)
 for the Fiscal Year Ended June 30,

2009	2008	2007	2006	2005	2004
\$ 4,067,377	\$ 3,780,193	\$ 3,829,222	\$ 4,092,206	\$ 3,557,350	\$ 3,678,974
55,628	48,096	135,828	43,622	81,504	129,721
125,389	340,835	367,839	439,306	662,911	574,540
2,734,001	2,607,275	2,432,868	2,428,775	2,458,233	2,368,237
75,843	127,224	208,554	410,910	513,489	432,273
11,688,967	12,260,230	12,163,467	12,095,363	12,283,303	11,962,925
47,121	67,620	32,233	36,043	42,656	7,165
1,805,746	1,709,706	2,029,467	2,738,635	2,642,055	2,403,436
<u>20,600,072</u>	<u>20,941,179</u>	<u>21,199,478</u>	<u>22,284,860</u>	<u>22,241,501</u>	<u>21,557,271</u>
4,969,862	4,959,525	4,955,737	4,974,536	5,910,251	4,177,640
4,675,433	5,261,713	4,895,541	4,397,923	4,524,112	4,615,409
12,823,006	13,876,456	12,904,663	12,831,758	12,445,069	11,638,094
2,845,198	2,756,528	2,682,968	4,182,956	4,238,644	3,706,854
<u>25,313,499</u>	<u>26,854,222</u>	<u>25,438,909</u>	<u>26,387,173</u>	<u>27,118,076</u>	<u>24,137,997</u>
(721,468)	(790,401)	(622,848)	(399,402)	(1,608,486)	205,595
(1,865,589)	(2,527,214)	(2,254,119)	(1,558,238)	(1,552,390)	(1,814,899)
(1,086,918)	(1,548,606)	(708,963)	(700,352)	(119,110)	331,996
(1,039,452)	(1,046,823)	(653,501)	(1,444,321)	(1,596,589)	(1,303,418)
<u>(4,713,427)</u>	<u>(5,913,044)</u>	<u>(4,239,431)</u>	<u>(4,102,313)</u>	<u>(4,876,575)</u>	<u>(2,580,726)</u>
-	-	322	86,335	74,551	179,302
1,495,488	1,568,385	1,619,849	1,573,251	1,454,132	1,346,863
108,066	459,073	1,194,688	518,138	352,983	166,529
-	-	15,896,208	(1,425,346)	-	-
962,989	388,701	-	57,103	438,920	847,330
-	-	-	-	-	(986,004)
-	-	-	-	-	-
<u>2,566,543</u>	<u>2,416,159</u>	<u>18,711,067</u>	<u>809,481</u>	<u>2,320,586</u>	<u>1,554,020</u>
(2,146,884)	(3,496,885)	14,471,636	(3,292,832)	(2,555,989)	(1,026,706)
64,725,918	68,222,803	53,751,167	57,043,999	59,599,988	60,626,698
<u>\$ 62,579,034</u>	<u>\$ 64,725,918</u>	<u>\$ 68,222,803</u>	<u>\$ 53,751,167</u>	<u>\$ 57,043,999</u>	<u>\$ 59,599,988</u>

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

General Fund	2013	2012	2011	2010
Reserved for:				
Reserved for asset forfeiture	\$ 14,579	\$ 224,361	\$ 187,864	\$ 129,510
Reserved for TOT tourism		102,786	100,563	-
Committed for:				
Parking surcharge	273,965	247,725	232,497	-
Public art	82,849	73,011	28,113	-
Affordable housing	148,426	148,426	23,367	-
Grubbs case	22,230	21,230		
Unassigned, reported in:				
General fund	3,863,212	3,692,190	2,875,653	2,345,060
Total general fund	4,405,261	4,509,729	3,448,057	2,474,570
Street Fund				
Reserved for:				
Reserved for system development charges	2,376,109	2,352,315	1,980,292	2,115,971
Unassigned, reported in:				
Special revenue funds	2,041,013	690,977	256,008	704,546
Total street fund	4,417,122	3,043,292	2,236,300	2,820,517
All Other Governmental Funds				
Reserved for:				
Reserved for system development charges	459,458	411,399	364,909	353,696
Reserved for CDGB funding	33,801	33,798	34,424	-
Reserved for perpetual care	874,045	861,244	831,603	807,796
Committed for:				
Committed for airport activities	97,697	83,711	60,083	-
Committed for food and beverage	365,466	365,466	526,148	-
Committed for facilities	1,268,783	3,463,420	1,241,604	-
Committed for debt service	785,823	982,650	809,249	762,199
Unreserved, reported in:				
General fund		-	-	-
Special revenue funds		-	-	32,160
Capital projects funds		-	-	1,969,977
Total all other governmental funds	3,885,073	6,201,688	3,868,020	3,925,828
Total governmental funds	\$ 12,707,456	\$ 13,754,709	\$ 9,552,377	\$ 9,220,915

Fund Balance Comparison
Governmental Funds
Last Ten Years



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

2009	2008	2007	2006	2005	2004
\$ 140,974	\$ 236,514	\$ 329,180	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,044,482	2,060,152	2,038,534	2,326,936	2,308,388	1,755,143
<u>2,185,456</u>	<u>2,296,666</u>	<u>2,367,714</u>	<u>2,326,936</u>	<u>2,308,388</u>	<u>1,755,143</u>
2,085,259	2,049,977	1,761,561	1,597,642	1,472,090	1,197,249
316,999	120,493	615,659	(133,598)	(556,062)	(881,403)
<u>2,402,258</u>	<u>2,170,470</u>	<u>2,377,220</u>	<u>1,464,044</u>	<u>916,028</u>	<u>315,846</u>
348,746	96,632	168,896	65,675	65,675	1,197,249
-	-	-	-	-	-
788,752	771,948	749,918	719,429	702,629	684,476
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,072,785	1,246,509	559,263	459,095	423,842	433,278
-	-	-	-	-	1,755,143
19,979	6,891	(24,661)	130,126	2,942	(663,026)
1,154,776	951,989	714,329	586,843	635,387	429,873
<u>3,385,038</u>	<u>3,073,969</u>	<u>2,167,745</u>	<u>1,961,168</u>	<u>1,830,475</u>	<u>3,836,993</u>
<u>\$ 7,972,752</u>	<u>\$ 7,541,105</u>	<u>\$ 6,912,679</u>	<u>\$ 5,752,148</u>	<u>\$ 5,054,891</u>	<u>\$ 5,907,982</u>

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

Revenues:	2013	2012	2011	2010
Taxes	\$ 13,661,986	\$ 13,270,221	\$ 12,978,142	\$ 12,636,896
Fees, licenses and permits	583,679	1,340,102	482,275	474,379
Intergovernmental	2,500,297	2,878,726	3,642,108	2,103,165
Special assessments	41,048	43,542	17,867	3,292
Charges for services	6,319,508	6,520,263	6,315,976	5,799,929
Fines and forfeitures	196,535	168,305	183,239	183,266
Interest on investments	72,312	87,553	62,062	102,302
Miscellaneous	559,195	262,858	272,814	190,732
Total revenues	23,934,560	24,571,570	23,954,483	21,493,961
Expenditures:				
General government	4,820,740	4,631,724	4,300,262	4,278,859
Public safety	11,868,980	11,411,045	10,914,166	10,896,098
Highways and streets	2,529,333	2,422,483	3,778,610	2,361,523
Capital outlay	4,984,031	2,374,574	1,859,097	479,600
Debt service	2,754,188	2,172,846	2,562,886	2,229,718
Principal	1,732,744	1,196,086	1,563,425	1,183,203
Interest	1,021,444	976,760	999,461	1,046,515
Ratio of debt service to noncapital expenditures	14.33%	11.77%	13.49%	12.71%
Total expenditures	26,957,272	23,012,672	23,415,021	20,245,798
Excess (deficiency) of revenues over expenditures	(3,022,712)	1,558,898	539,462	1,248,163
Other financing sources (uses):				
Proceeds from debt issuance	1,767,459	-	-	-
Interfund loans	208,000	-	(208,000)	-
Transfers in	41,461	203,105	997,349	469,360
Transfers out	(41,461)	(203,105)	(997,349)	(469,360)
Total other financing sources (uses)	1,975,459	-	(208,000)	-
Net change in fund balance	\$ (1,047,253)	\$ 1,558,898	\$ 331,462	\$ 1,248,163

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

	2009	2008	2007	2006	2005	2004
\$	11,790,772	\$ 11,204,876	\$ 10,620,715	\$ 9,454,799	\$ 9,057,868	\$ 8,714,013
	768,451	886,644	847,665	1,106,317	1,489,379	1,156,285
	1,630,055	1,848,914	2,606,832	2,168,873	3,252,504	3,349,802
	25,587	67,195	108,864	360,860	222,408	170,860
	5,732,687	5,594,106	4,564,898	3,817,938	4,165,663	3,717,342
	156,092	150,346	169,558	137,460	133,170	120,749
	97,379	330,413	310,478	197,960	112,531	51,967
	164,995	787,159	719,478	554,076	62,546	563,988
	<u>20,366,018</u>	<u>20,869,653</u>	<u>19,948,488</u>	<u>17,798,283</u>	<u>18,496,069</u>	<u>17,845,006</u>
	3,982,889	4,114,305	3,423,269	3,081,984	3,317,996	3,610,326
	10,701,354	10,578,525	10,227,177	9,152,421	8,630,755	8,468,294
	2,298,680	2,341,178	2,245,609	2,191,178	2,079,150	1,923,050
	1,502,763	1,355,293	1,359,308	1,889,998	2,403,697	4,736,857
	2,363,685	1,852,049	1,622,412	820,218	846,573	917,680
	1,277,584	725,753	533,630	523,769	497,493	537,325
	1,086,101	1,126,296	1,088,782	296,449	349,079	380,354
	13.92%	10.87%	10.21%	5.69%	6.03%	6.55%
	<u>20,849,371</u>	<u>20,241,350</u>	<u>18,877,775</u>	<u>17,135,799</u>	<u>17,278,171</u>	<u>19,656,207</u>
	<u>(483,353)</u>	<u>628,303</u>	<u>1,070,713</u>	<u>662,484</u>	<u>1,217,898</u>	<u>(1,811,201)</u>
	915,000	-	-	2,761,180	-	-
	-	-	89,818	-	-	375,000
	328,173	336,253	936,934	347,780	154,360	318,393
	<u>(328,173)</u>	<u>(336,253)</u>	<u>(936,934)</u>	<u>(347,780)</u>	<u>(154,360)</u>	<u>(318,393)</u>
	<u>915,000</u>	<u>-</u>	<u>89,818</u>	<u>2,761,180</u>	<u>-</u>	<u>375,000</u>
\$	<u>431,647</u>	<u>\$ 628,303</u>	<u>\$ 1,160,531</u>	<u>\$ 3,423,664</u>	<u>\$ 1,217,898</u>	<u>\$ (1,436,201)</u>

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

For the Fiscal Year Ended June 30,	2013	2012	2011	2010
Fund Balances	Adopted	Adopted	Adopted	Adopted
City Component				
General Fund	\$ 1,563,870	\$ 1,729,188	\$ 1,484,490	\$ 1,332,508
Community Development Block Grant Fund	(34,424)	-	-	-
Reserve Fund	1,018,502	869,172	151,500	215,000
Street Fund	1,669,993	2,205,420	2,199,998	1,447,363
Airport Fund	99,276	44,387	10,804	9,024
Capital Improvements Fund	545,638	1,828,450	1,493,676	2,137,061
Debt Service Fund	949,626	1,020,546	790,646	1,149,113
Water Fund	2,383,044	1,121,531	4,302,000	836,814
Wastewater Fund	2,235,859	233,204	2,328,958	3,020,769
Electric Fund	1,077,114	1,091,591	1,387,036	649,494
Telecommunications Fund	153,998	339,464	281,732	325,135
Central Services Fund	32,508	10,026	70,593	12,531
Insurance Services Fund	477,568	646,302	394,466	543,266
Equipment Fund	2,553,013	1,124,500	88,202	1,322,161
Cemetery Trust Fund	892,603	852,797	826,753	812,948
Total city component	15,618,188	13,116,578	15,810,854	13,813,187
Parks Component				
Parks and Recreation Fund	1,290,439	1,703,840	1,409,225	1,450,910
Youth Activities Levy Fund	-	-	-	10,591
Parks Capital Improvements Fund	242,067	193,504	195,991	287,239
Total parks component	1,532,506	1,897,344	1,605,216	1,748,740
Total budget	\$ 17,150,694	\$ 15,013,922	\$ 17,416,070	\$ 15,561,927

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

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

	2009 Adopted	2008 Adopted	2007 Adopted	2006 Adopted	2005 Adopted	2004 Adopted
\$	1,190,469	\$ 1,127,520	\$ 1,047,023	\$ 1,051,983	\$ 936,568	\$ 1,315,669
	11,799	-	-	-	-	-
	-	-	-	-	-	-
	3,634,173	1,223,241	6,308,766	733,073	1,976,046	1,065,590
	31,727	2,942	12,382	37,660	42,315	4,000
	1,753,706	807,222	1,680,528	3,609,193	389,839	429,000
	1,166,758	601,085	148,902	569,205	695,484	264,900
	3,041,343	2,804,328	5,401,307	2,158,888	3,524,870	2,784,125
	4,069,588	5,539,312	3,035,439	3,899,968	4,463,795	1,726,251
	2,067,545	1,677,245	1,185,892	1,405,027	1,812,094	763,763
	396,498	362,716	217,611	70,187	954,723	269,910
	106,614	82,987	92,793	10,000	113,758	145,824
	977,803	908,275	492,028	417,936	471,538	156,500
	1,252,898	508,357	618,799	856,499	965,561	908,740
	790,918	774,453	735,212	699,876	681,408	684,500
	20,491,839	16,419,683	20,976,682	15,519,495	17,027,999	10,518,772
	1,190,614	877,245	667,250	993,667	965,822	815,000
	-	216,893	-	125,306	2,166	2,000
	107,590	26,926	44,866	112,569	169,965	234,000
	1,298,204	1,121,064	712,116	1,231,542	1,137,953	1,051,000
\$	21,790,043	\$ 17,540,747	\$ 21,688,798	\$ 16,751,037	\$ 18,165,952	\$ 11,569,772

	2009 Actual	2008 Actual	2007 Actual	2006 Actual	2005 Actual	2004 Actual
\$	2,185,456	\$ 2,296,666	\$ 2,367,714	\$ 2,326,936	\$ 2,093,388	\$ 1,755,145
	69,618	44,705	12,033	4,599	(8,492)	33,018
	-	-	-	-	-	-
	2,402,258	2,170,470	2,377,220	1,464,044	1,186,028	315,846
	99,978	86,891	55,339	54,874	122,942	218,377
	1,433,904	1,003,916	656,315	803,171	924,554	396,855
	1,072,785	1,246,509	559,263	459,095	423,842	433,278
	2,323,768	1,865,418	3,241,590	6,179,246	6,458,230	5,002,748
	3,710,771	3,764,972	4,862,001	5,301,598	5,664,182	1,541,125
	1,642,543	1,469,744	2,178,995	2,116,269	2,527,430	1,539,766
	929,945	869,719	963,896	518,687	898,750	62,635
	161,163	368,086	726,743	439,010	185,137	569,013
	696,071	1,138,699	974,450	1,060,790	1,036,331	934,499
	844,150	1,329,672	1,750,852	1,510,170	1,489,055	1,224,311
	788,753	771,948	749,918	719,429	702,629	684,476
	18,361,163	18,427,415	21,476,329	22,957,918	23,704,006	14,711,092
	1,379,752	1,201,443	1,180,912	1,507,367	1,621,679	1,558,332
	27,356	160,591	72,671	35,374	103,733	122,588
	166,991	263,343	195,390	165,326	207,375	300,331
	1,574,099	1,625,377	1,448,973	1,708,067	1,932,787	1,981,251
\$	19,935,262	\$ 20,052,792	\$ 22,925,302	\$ 24,665,985	\$ 25,636,793	\$ 16,692,343

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

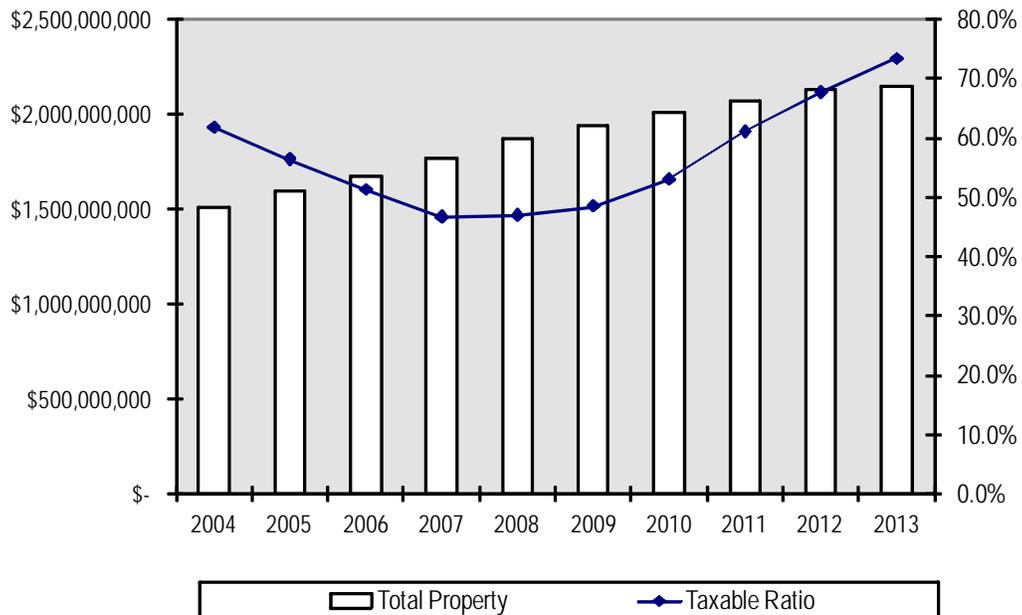
Fiscal Year Ended June 30,	Real Property	Mobile Home	Personal (1)	Utilities	Total	Property Tax Rate	Taxable ratio (True Cash Value to Assessed)
2013	\$ 2,079,286,927	\$ 6,060,300	\$ 36,739,550	\$ 26,166,700	2,148,253,477	\$ 4.63	73.3%
2012	2,055,111,118	6,318,010	40,939,090	26,290,929	2,128,659,147	4.71	67.7%
2011	2,000,563,826	5,956,110	41,057,580	24,422,710	2,072,000,226	4.60	61.0%
2010	1,937,303,620	5,881,825	40,133,110	24,860,300	2,008,178,855	2.10	53.0%
2009	1,871,896,544	5,744,350	44,282,840	21,243,990	1,943,167,724	4.42	48.4%
2008	1,802,639,910	5,762,080	44,536,050	22,372,000	1,875,310,040	5.73	46.9%
2007	1,700,020,579	5,498,040	40,468,280	20,509,400	1,766,496,299	5.56	46.6%
2006	1,610,148,502	5,301,570	38,820,610	20,344,260	1,674,614,942	5.25	51.3%
2005	1,524,210,039	5,108,410	38,419,400	27,532,841	1,595,270,690	5.26	56.4%
2004	1,446,150,336	5,400,552	37,453,000	22,831,681	1,511,835,569	5.34	61.7%

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

(1) Includes non-profit housing

Source: Jackson County Assessor tax roll property values

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



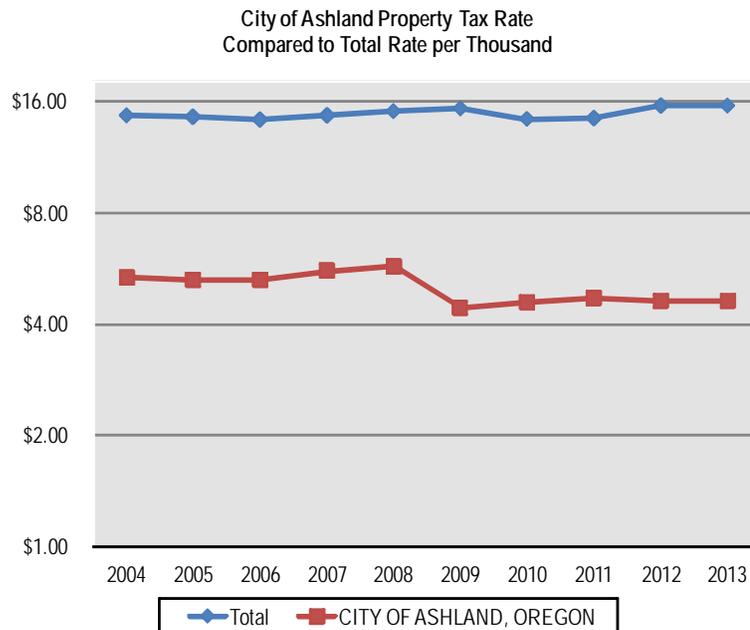
**CITY OF ASHLAND, OREGON
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
(Per \$1,000 of Assessed Valuation)
for the last ten fiscal years - unaudited**

Fiscal Year Ended June 30,	City of Ashland Permanent rate	City of Ashland Local Option Levies	City of Ashland Bonded Debt	City of Ashland Component Unit	City of Ashland Total Tax Rate	Net General Government Tax Rate	Net School Support Tax Rate	Total
2013	\$ 2.10	\$ 0.19	\$ 0.24	\$ 2.09	4.62	7.16	8.38	15.54
2012	2.10	0.19	0.24	2.09	4.63	7.18	8.38	15.56
2011	2.10	0.19	0.32	2.09	4.70	7.25	7.14	14.39
2010	2.10	0.19	0.20	2.09	4.59	7.17	7.14	14.31
2009	1.99	0.13	0.21	2.09	4.42	6.90	8.42	15.31
2008	1.85	0.20	0.20	3.47	5.72	8.12	6.90	15.01
2007	1.88	-	0.21	3.47	5.56	8.30	6.37	14.67
2006	1.62	-	0.16	3.47	5.26	8.01	6.28	14.29
2005	1.47	-	0.31	3.47	5.26	8.22	6.28	14.50
2004	1.47	-	0.40	3.47	5.34	8.34	6.33	14.67

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

(2) Rogue Community College

Source: Jackson County Assessor and Tax Collector

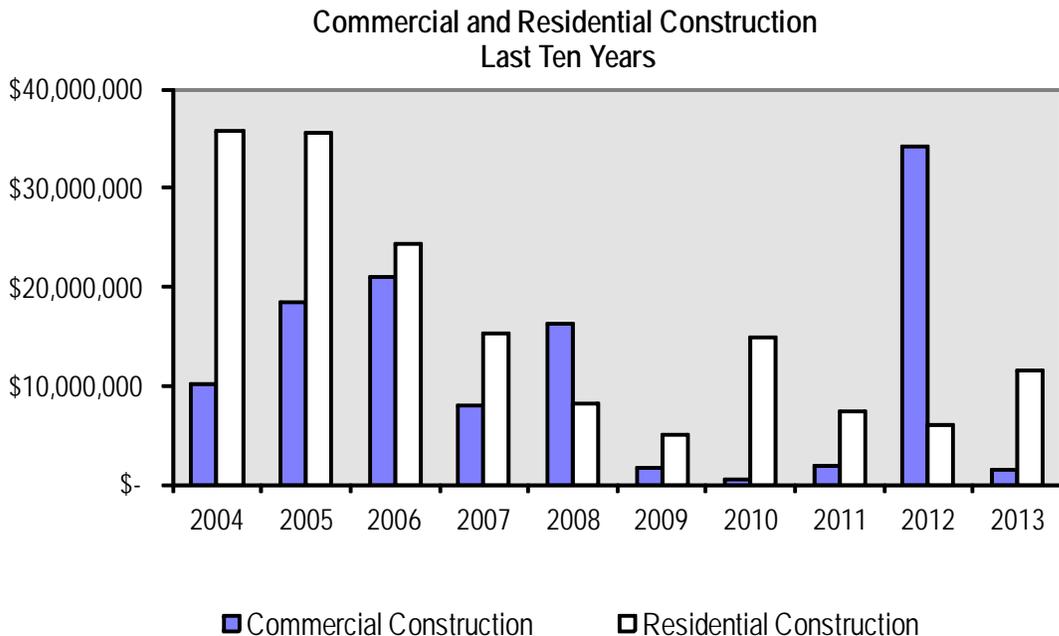


**CITY OF ASHLAND, OREGON
PROPERTY VALUE AND NEW CONSTRUCTION HISTORY
for the last ten fiscal years - unaudited**

Fiscal Year Ended June 30,	Property Value (1)	Commercial Construction		Residential Construction	
		Number of Units	Value	Number of Units	Value
2013	\$ 2,079,286,927	8	\$ 1,632,075	56	\$ 11,568,784
2012	2,128,659,147	10	34,221,808	33	6,123,270
2011	2,072,000,226	11	1,989,421	47	7,531,926
2010	1,937,303,620	4	611,406	89	14,985,434
2009	1,943,167,724	15	1,812,635	21	5,108,099
2008	1,875,310,040	23	16,269,379	82	8,258,031
2007	1,766,496,299	26	8,086,124	98	15,270,781
2006	1,674,614,942	19	20,988,810	160	24,336,944
2005	1,595,270,690	42	18,426,846	188	35,576,749
2004	1,511,835,569	30	10,137,442	154	35,764,484

(1) Property value is assessed valuation

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



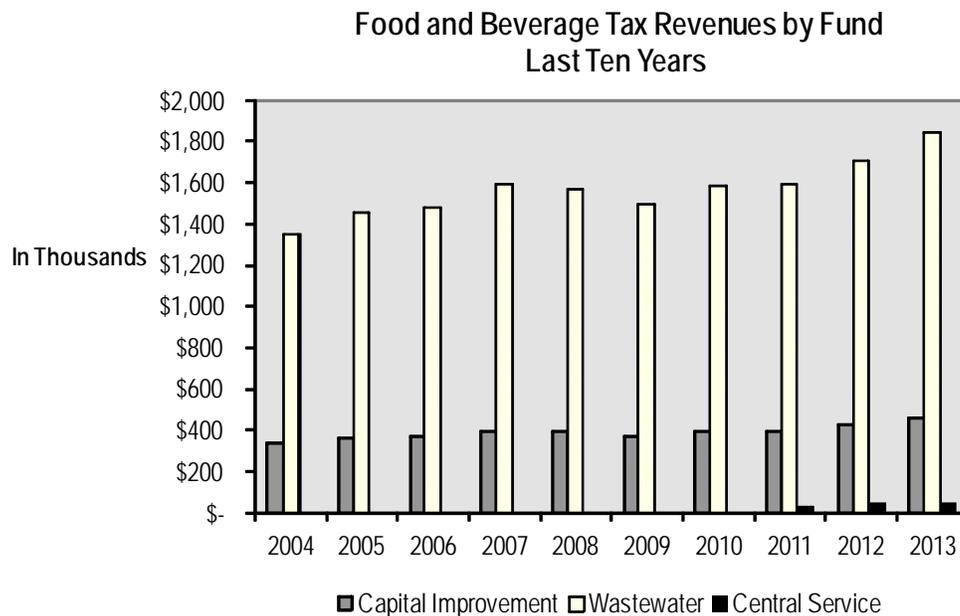
CITY OF ASHLAND, OREGON
FOOD AND BEVERAGE TAX REVENUES BY FUND
 for the last ten fiscal years- unaudited
 (amounts expressed in thousands)

Fiscal Year Ended June 30,	Capital Improvement (1)	Wastewater (2)	Central Service	Total (3)	Cumulative
2013	\$ 460	\$ 1,840	\$ 47	\$ 2,347	\$ 31,357
2012	427	1,707	47	2,181	29,010
2011	398	1,593	31	2,022	26,829
2010	396	1,584	-	1,980	24,807
2009	374	1,495	-	1,869	22,827
2008	392	1,567	-	1,959	20,958
2007	395	1,594	-	1,989	18,999
2006	370	1,481	-	1,851	17,010
2005	364	1,454	-	1,818	15,159
2004	337	1,347	-	1,684	13,341

(1) Dedicated to acquisition of open space parkland

(2) Derived from wastewater enterprise operations

(3) Tax enacted July 1, 1993



statistical section

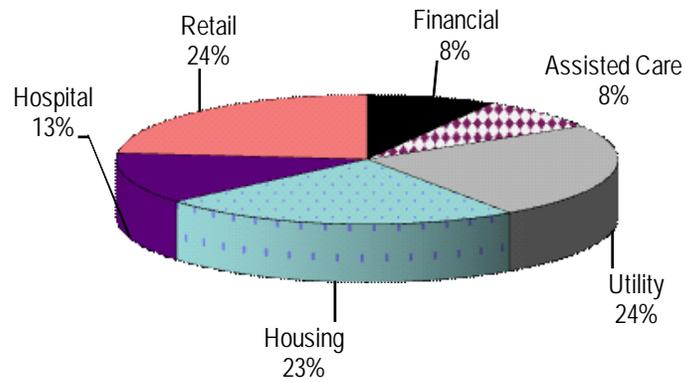
**CITY OF ASHLAND, OREGON
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Ten Years Ago**

Taxpayers	Type of Business	2013	
		Assessed Valuation	Percentage of Total Assessed Valuation
Ronald L. Deluca	Housing	\$ 10,413,750	0.48%
Avista Corp.	Utility	9,330,000	0.43%
Ashland Community Hopsital	Hospital	8,498,470	0.40%
Pacific Financial , Inc.	Financial	6,601,140	0.31%
Charter Communication	Retail	5,525,000	0.26%
Beverly Rydbom	Retail	5,481,580	0.26%
Skylark Assisted Living	Assisted Care	5,388,020	0.25%
Bard's Inn	Motel	5,157,860	0.24%
Plaza Hospitality	Housing	5,047,070	0.23%
Thompson Brent Trustee	Retail	4,954,610	0.23%
All other		2,081,855,977	96.91%
Total		<u>\$ 2,148,253,477</u>	<u>100.00%</u>

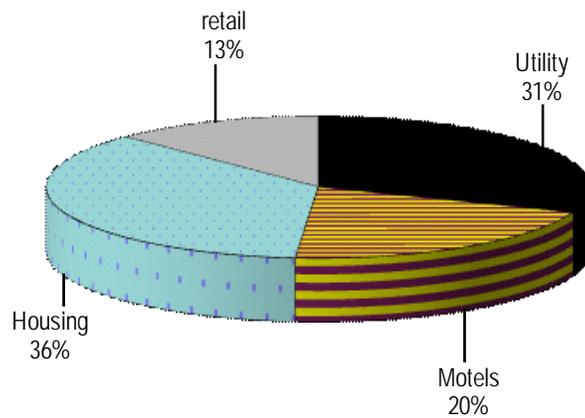
Taxpayers	Type of Business	2004	
		Assessed Valuation	Percentage of Total Assessed Valuation
Owest, Inc	Utility	\$ 13,883,473	0.92%
Windmill Inns of America, Inc.	Motels	9,218,250	0.61%
Ronald L. Deluca	Housing	7,507,180	0.50%
Mountain Meadows	Housing	6,529,580	0.43%
Avista Corp.	Utility	5,916,700	0.39%
Financial Pacific, Inc.	Housing	5,013,610	0.33%
Rydbom, Michael and Beverly	Retail	4,201,260	0.28%
Skylark Assisted Living	Housing	4,142,890	0.27%
Bard's Inn	Motels	3,953,280	0.26%
Summit Investment	Retail	3,837,970	0.25%
All other		\$ 1,447,631,376	95.76%
Total		<u>\$ 1,511,835,569</u>	<u>100.00%</u>

Source: Jackson County Assessor

2013 Principal Property Tax Payers



2004 Principal Property Tax Payers



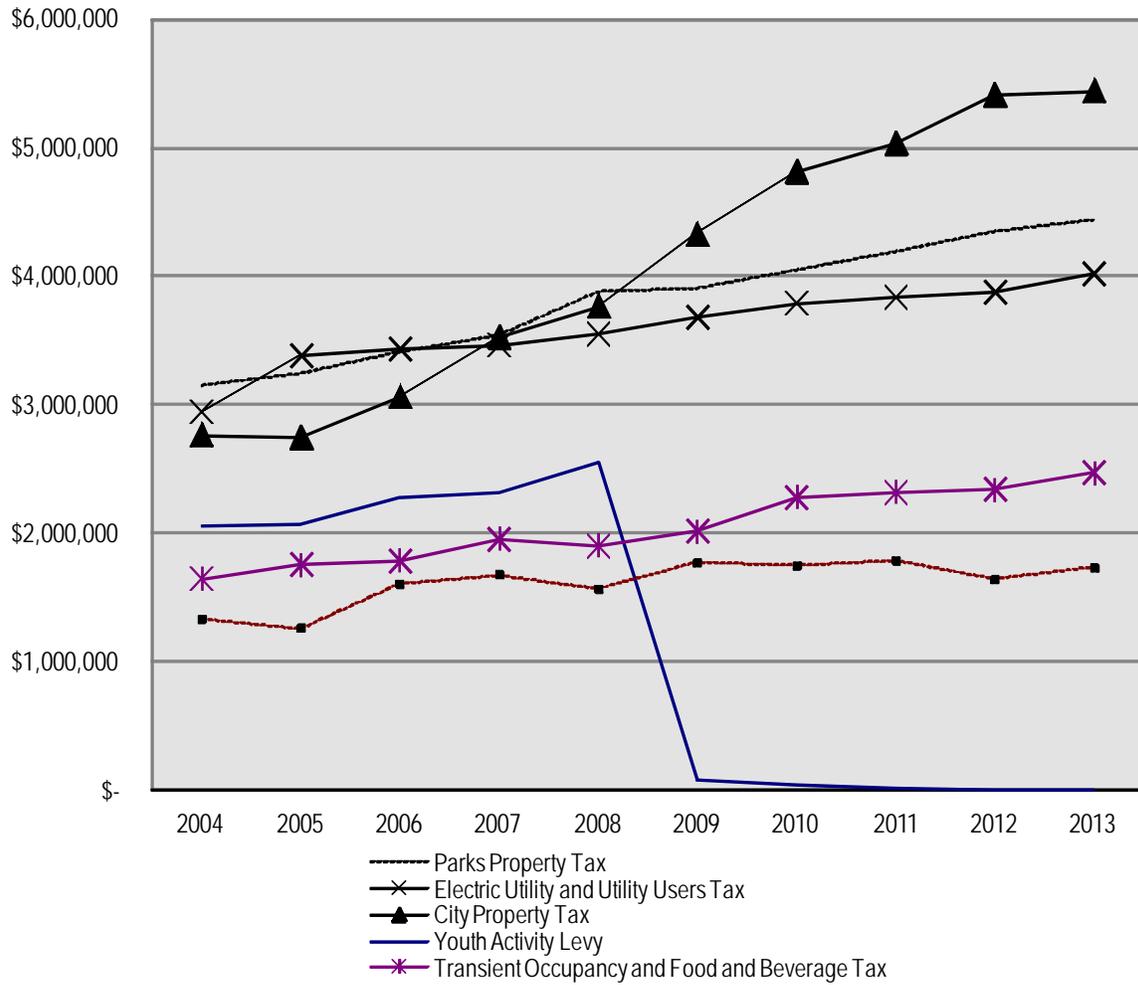
CITY OF ASHLAND, OREGON
GENERAL GOVERNMENTAL TAX REVENUES
BY SOURCE
for the last ten fiscal years - unaudited
(amounts expressed in thousands)

Fiscal Year Ended June 30,	Combined Property Taxes	Electric Utility Franchise (1)	Utility Users Tax (1)	Other Franchise and Privilege Taxes	Transient Occupancy Tax	Food and Beverage Tax (2)	Business License Tax	Total
2013	\$ 9,874	\$ 1,311	\$ 2,704	\$ 1,518	\$ 2,009	\$ 460	\$ 208	\$ 18,084
2012	9,759	1,251	2,627	1,436	1,911	427	202	17,613
2011	9,246	1,228	2,603	1,591	1,918	398	197	17,181
2010	8,896	1,232	2,557	1,552	1,880	396	197	16,710
2009	8,313	1,207	2,468	1,567	1,639	374	201	15,769
2008	10,573	1,170	2,375	1,362	1,508	392	201	17,581
2007	9,378	1,119	2,345	1,544	1,559	395	129	16,469
2006	8,801	1,111	2,323	1,399	1,414	370	205	15,623
2005	8,061	1,106	2,277	1,101	1,390	364	155	14,454
2004	7,970	842	2,103	1,178	1,309	337	155	13,894

(1) Derived from city-owned electric utility operations

(2) Tax enacted July 1, 1993

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE



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

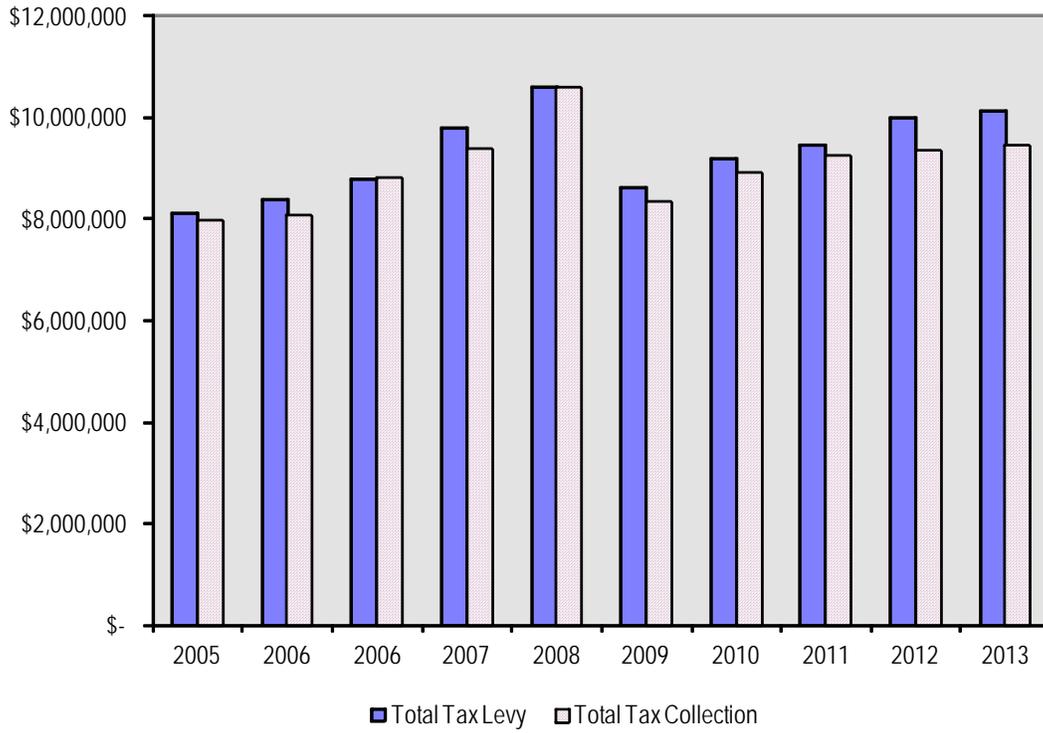
Fiscal Year Ended June 30,	Total Tax Levy (1)	Current Tax Collections (2)	Percent of Levy Collected	Delinquent Tax Collections (2)(3)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
2013	\$ 10,119,532	\$ 9,440,360	93.3%	\$ 394,679	\$ 9,835,039	97.2%	\$ 785,377	7.8%
2012	9,997,229	9,322,678	93.3%	436,198	9,758,876	97.6%	755,098	7.6%
2011	9,470,164	8,885,987	93.8%	359,767	9,245,754	97.6%	773,714	8.2%
2010	9,176,778	8,511,729	92.8%	384,362	8,896,091	96.9%	699,122	7.6%
2009	8,616,000	7,981,337	92.6%	331,445	8,312,782	96.5%	684,345	7.9%
2008	10,609,706	10,273,879	96.8%	298,774	10,572,653	99.7%	636,512	6.0%
2007	9,797,262	9,142,734	93.3%	235,560	9,378,294	95.7%	609,308	6.2%
2006	8,803,680	8,428,550	95.7%	372,526	8,801,076	100.0%	642,298	7.3%
2005	8,399,000	7,753,164	92.3%	307,911	8,061,075	96.0%	535,484	6.4%
2004	8,103,092	7,618,841	94.0%	351,635	7,970,476	98.4%	661,833	8.2%

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

(2) Includes adjustments, rounding and discounts

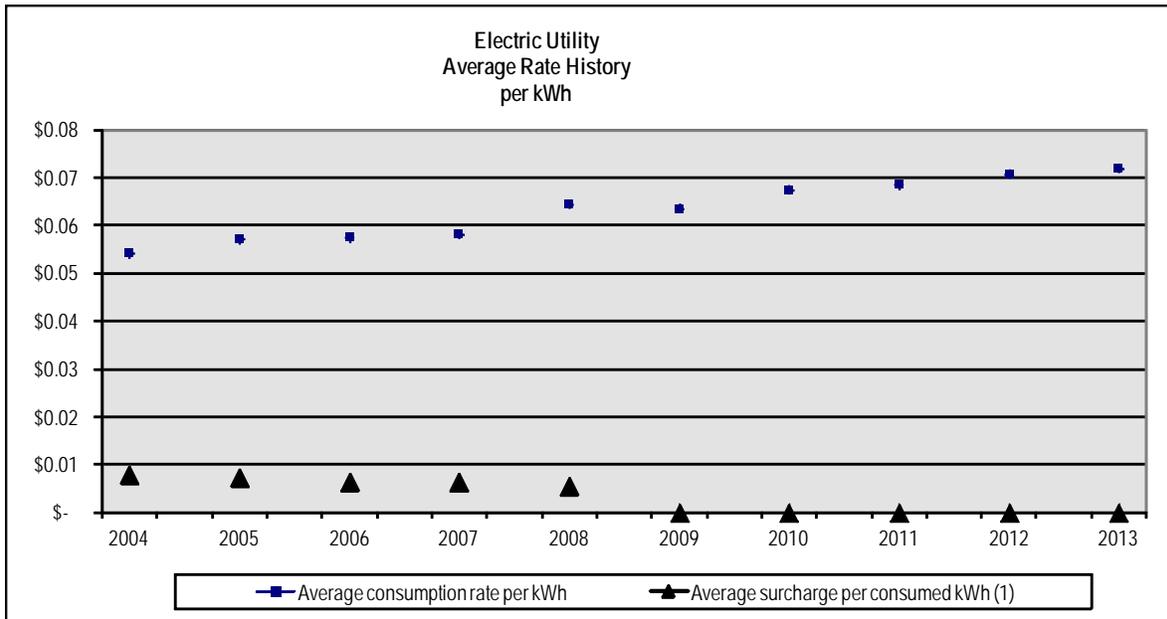
(3) Delinquent taxes collected represent accumulative amounts for the specific fiscal year

PROPERTY TAX LEVIES AND COLLECTIONS



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

	2013	2012	2011	2010
Electric:				
Commercial	58,984,152	55,628,874	55,617,369	56,996,490
Governmental	19,934,831	20,136,246	20,539,286	19,467,344
Municipal	5,978,193	6,164,885	6,107,945	6,407,172
Residential	89,637,162	91,550,691	94,402,343	93,634,626
Electric usage total	174,534,338	173,480,696	176,666,943	176,505,632
Total electric revenue	\$ 12,575,449	\$ 12,305,176	\$ 12,126,401	\$ 11,931,379
Average consumption rate per kWh	\$ 0.072	\$ 0.071	\$ 0.069	\$ 0.068
BPA surcharge revenue	NA	NA	NA	NA
Average surcharge per consumed kWh (1)	NA	NA	NA	NA

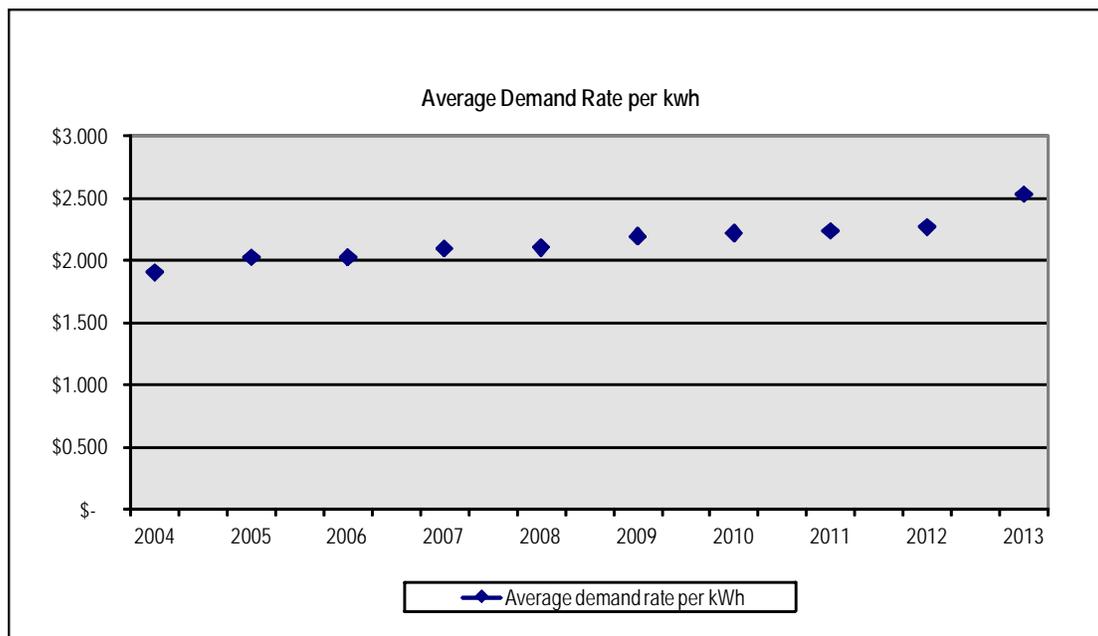


(1) Council implemented the surcharge due to increasing costs and changes in the wholesale power industry in FY 2002

	2013	2012	2011	2010
Demand:				
Commercial	175,675	164,566	162,175	151,072
Governmental/Municipal	67,388	71,111	68,480	63,445
Demand usage total	243,063	235,677	230,655	214,517
Total demand revenue	\$ 614,862	\$ 533,947	\$ 515,481	\$ 475,273
Average demand rate per kWh	\$ 2.530	\$ 2.266	\$ 2.235	\$ 2.216

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

2009	2008	2007	2006	2005	2004
56,893,914	59,730,031	59,796,009	58,939,938	58,199,994	57,257,258
18,283,476	18,328,996	16,771,812	17,684,660	17,522,640	16,826,746
6,288,095	6,231,719	5,911,482	5,798,328	6,015,412	6,181,644
91,638,620	95,853,685	91,324,747	90,977,982	89,045,820	86,225,218
173,104,105	180,144,431	173,804,050	173,400,908	170,783,866	166,490,866
\$ 11,028,224	\$ 11,638,234	\$ 10,118,284	\$ 9,978,512	\$ 9,779,099	\$ 9,022,608
\$ 0.064	\$ 0.065	\$ 0.058	\$ 0.058	\$ 0.057	\$ 0.054
NA	\$ 1,016,152	\$ 1,123,490	\$ 1,133,645	\$ 1,266,655	\$ 1,329,577
NA	\$ 0.006	\$ 0.006	\$ 0.007	\$ 0.007	\$ 0.008



2009	2008	2007	2006	2005	2004
147,155	159,430	164,228	160,133	156,388	156,476
70,242	65,931	69,856	68,828	67,529	65,457
217,397	225,361	234,084	228,961	223,917	221,933
\$ 476,024	\$ 473,565	\$ 490,039	\$ 463,244	\$ 453,221	\$ 422,209
\$ 2.190	\$ 2.101	\$ 2.093	\$ 2.023	\$ 2.024	\$ 1.902

**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 (1)	Percentage Change	Assessed Value (2)	Gross Bonded Debt (3)	Debt Service Fund Monies Available
2013	20,325	-5.29%	\$ 2,186,388,026	\$ 38,111,076	\$ 1,140,881
2012	21,460	6.79%	2,128,659,147	35,728,075	976,265
2011	20,095	-6.56%	2,072,000,226	35,331,935	804,633
2010	21,505	0.09%	2,008,178,855	39,708,269	762,199
2009	21,485	-1.44%	1,943,167,724	42,560,804	1,072,785
2008	21,800	1.73%	1,875,310,040	44,138,466	1,246,509
2007	21,430	2.63%	1,766,496,299	46,090,591	479,262
2006	20,880	1.41%	1,674,614,942	49,105,540	459,095
2005	20,590	0.78%	1,595,270,690	48,595,783	423,842
2004	20,430	1.49%	1,511,835,569	43,746,882	433,278

Source:

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

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

Enterprise Fund Monies Available	Debt Payable for Enterprise Revenues (4)	Net General Obligation Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
\$ 875,490	\$ 18,320,823	\$ 36,630,395	1.68%	\$ 1,802.23
875,490	16,821,156	31,584,013	1.48%	\$ 1,471.76
875,490	18,578,931	31,095,074	1.50%	1,547.40
875,490	21,389,684	17,898,670	0.89%	832.30
875,490	23,059,454	18,970,000	0.98%	882.94
1,751,369	38,652,249	18,840,000	1.00%	864.22
-	40,456,883	19,425,000	1.10%	906.44
1,913,648	41,842,256	19,770,000	1.18%	946.84
1,913,648	43,614,513	20,045,000	1.26%	973.05
1,281,341	36,866,762	4,875,000	0.32%	239.11

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

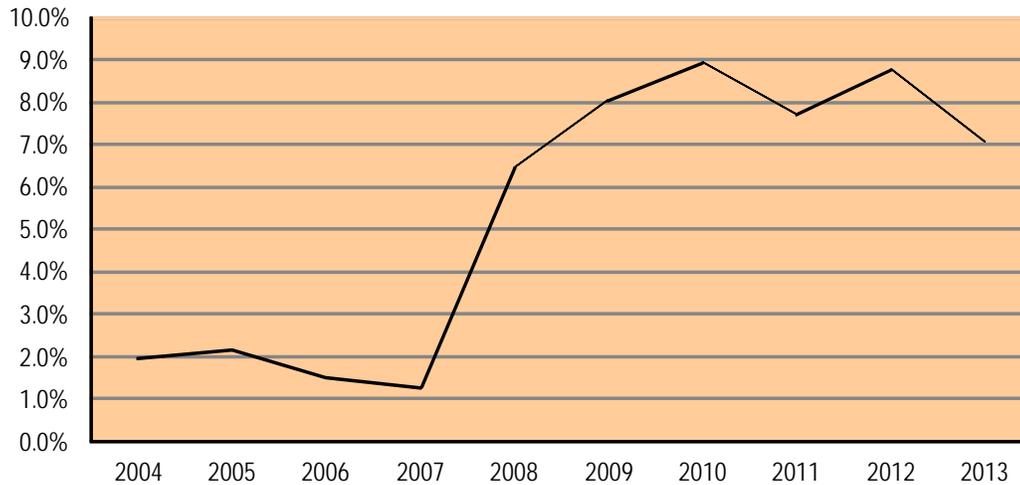


**CITY OF ASHLAND, OREGON
 RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
 GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
 for the last ten fiscal years - unaudited**

Fiscal Year Ended June 30,	Principal	Interest	Total Debt Service (1)	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2013	\$ 1,000,000	\$ 906,689	\$ 1,906,689	\$ 26,957,272	7.1%
2012	1,105,000	916,434	2,021,434	23,012,672	8.8%
2011	905,000	904,149	1,809,149	23,415,021	7.7%
2010	865,000	943,917	1,808,917	20,245,798	8.9%
2009	695,000	976,738	1,671,738	20,849,371	8.0%
2008	415,000	885,470	1,300,470	20,241,350	6.4%
2007	205,000	34,836	239,836	18,877,775	1.3%
2006	195,000	62,360	257,360	17,302,206	1.5%
2005	185,000	187,607	372,607	17,278,171	2.2%
2004	185,000	196,353	381,353	19,656,207	1.9%

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

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



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

Fiscal Year Ended June 30,	Gross Revenues	Operating Expenses	Future Rate Stabilization Offset (3)	Net Revenues Available for Debt Service	Debt Service Requirements (4)			Coverage
					Principal	Interest	Total	
2013	\$ 8,280,514	\$ 6,520,293	\$ -	\$ 1,760,221	\$ 412,533	\$ 82,471	\$ 495,004	3.56
2012	5,745,624	4,540,937	-	1,204,687	580,742	127,436	708,178	1.70
2011	4,806,603	3,597,288	-	1,209,315	394,036	135,574	529,610	2.28
2010	4,455,767	3,439,267	-	1,016,500	345,000	112,206	457,206	2.22
2009	4,552,624	2,819,395	-	1,733,229	335,000	120,288	455,288	3.81
2008	4,274,376	3,499,545	-	774,831	335,000	127,406	462,406	1.68
2007	4,651,122	3,115,885	-	1,535,237	325,000	133,191	458,191	3.34
2006	4,531,503	2,591,347	-	1,940,156	320,000	140,456	460,456	4.21
2005	4,428,981 (1)	1,825,395 (2)	-	2,603,586	320,000	146,856	466,856	5.58
2004	5,015,140 (1)	3,375,551 (2)	-	2,006,445	345,000	127,347	472,347	3.51

(1) Total Operating Revenues, including System Development Charges

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

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

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

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

Governmental Activities			Notes and Contracts		
Fiscal Year Ended June 30,	General Obligation Bonds	Percent of Assessed Value	Promissory Notes	OECD (1) Loans	Per Capita (2)
2013	19,140,000	0.88%	\$ 650,253	\$ -	\$ 973.69
2012	17,550,000	0.82%	681,780	675,138	853.51
2011	15,695,000	0.76%	354,502	703,502	833.69
2010	16,600,000	0.83%	488,197	1,230,388	851.83
2009	17,465,000	0.90%	622,313	1,412,321	907.59
2008	18,160,000	0.97%	740,079	1,587,138	939.78
2007	18,575,000	1.05%	883,775	1,754,932	989.91
2006	18,625,000	1.11%	1,066,510	1,920,792	1,035.07
2005	18,265,000	1.14%	1,200,270	2,079,804	1,046.39
2004	3,235,000	0.21%	8,758,585	2,231,077	696.26

Business - Type Activities					
Fiscal Year Ended June 30,	General Obligation Bonds	Percent of Assessed Value	Revenue Bonds and Notes	DEQ (3) Loan	Per Capita (2)
2012	\$ 17,490,395	0.80%	\$ 830,429	\$ -	\$ 901.39
2012	14,034,014	0.66%	2,787,143	-	783.84
2011	15,400,074	0.74%	3,178,857	-	924.55
2010	1,298,697	0.06%	3,560,571	16,530,415	994.64
2009	1,505,000	0.08%	3,927,286	17,627,168	1,073.28
2008	680,000	0.04%	4,284,000	18,687,249	1,084.92
2007	850,000	0.05%	4,315,000	19,711,883	1,160.84
2006	1,145,000	0.07%	4,640,000	20,702,256	1,268.55
2005	1,795,000	0.11%	4,960,000	21,659,513	1,380.02
2004	1,650,000	0.11%	5,280,000	22,584,762	1,444.68

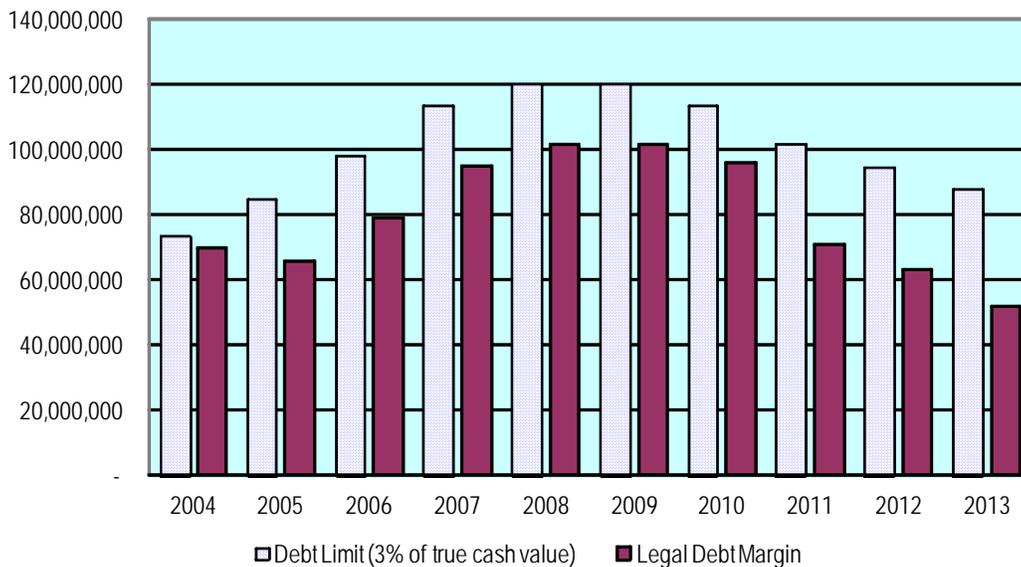
Total Outstanding Debt			
Fiscal Year Ended June 30,	Total Outstanding Debt	Personal Income (4)	Debt as a Percentage of Personal Income
2013	\$ 38,111,077	unavailable	NA
2012	35,728,075	unavailable	NA
2011	35,331,935	unavailable	NA
2010	39,708,269	unavailable	NA
2009	42,559,088	391,431,000	10.87%
2008	44,138,466	430,978,000	10.24%
2007	46,090,591	463,652,000	9.94%
2006	48,099,558	461,001,000	10.43%
2005	49,959,587	411,308,000	12.15%
2004	43,739,424	394,362,000	11.09%

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

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

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

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



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

2009	2008	2007	2006	2005	2004
\$ 4,011,032,636	\$ 4,000,418,984	\$ 3,788,568,503	\$ 3,266,109,773	\$ 2,827,489,200	\$ 2,450,551,643
\$ 120,330,979	\$ 120,012,570	\$ 113,657,055	\$ 97,983,293	\$ 84,824,676	\$ 73,516,549
18,970,000	18,840,000	19,425,000	19,780,000	20,045,000	4,875,000
-	(25,000)	(50,000)	(60,000)	(85,000)	(100,000)
-	-	-	-	-	-
-	-	-	-	-	-
(505,000)	(655,000)	(800,000)	(940,000)	(1,075,000)	(1,205,000)
18,465,000	18,160,000	18,575,000	18,780,000	18,885,000	3,570,000
\$ 101,865,979	\$ 101,852,570	\$ 95,082,055	\$ 79,203,293	\$ 65,939,676	\$ 69,946,549

**CITY OF ASHLAND, OREGON
COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2013 - unaudited**

True cash value	\$	2,931,862,235	
3% of true cash value		<u>0.03</u>	
			\$ 87,955,867
NET BONDED DEBT:			
Gross bonded debt		36,630,395	
Less amounts exempted:			
Water			
Water re-funding		<u>(375,000)</u>	
Total debt applicable to margin			<u>36,255,395</u>
LEGAL DEBT MARGIN			<u><u>\$ 51,700,472</u></u>

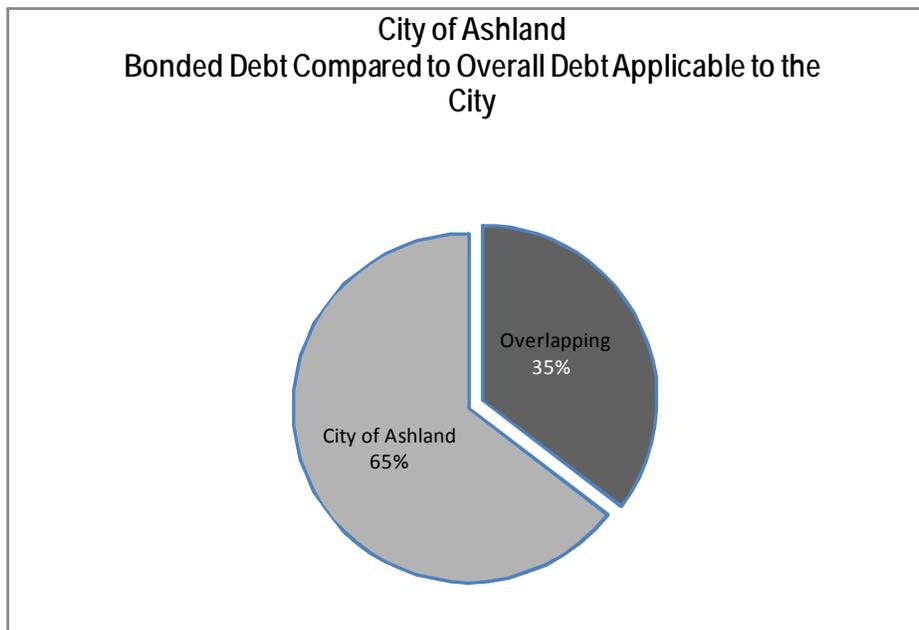
ORS 287.004 provides a debt limit of three percent of the true cash value of all taxable property within the Municipality's boundaries. According to ORS 287.004, the three percent limitation does not apply to bonds issued for water, sanitary or storm sewers, sewage disposal plants, hospitals, power or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

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

**CITY OF ASHLAND, OREGON
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
GENERAL OBLIGATION BONDS
June 30, 2013 - unaudited**

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to City	Amount Applicable to City
Direct:			
City of Ashland	\$ 36,630,395	100.00%	\$ 36,630,395
Overlapping:			
Jackson County	3,871,112	14.54%	562,860
School District No. 5	23,908,743	79.81%	19,081,568
Rogue Community College	<u>2,934,706</u>	14.54%	<u>426,706</u>
	<u>\$ 30,714,561</u>		<u>\$ 20,071,134</u>
	<u><u>\$ 67,344,956</u></u>		<u><u>\$ 56,701,529</u></u>

Source: State of Oregon, Office of Treasurer



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

2013		
Employer (1)	Employees	Percentage of Total City Employment
Southern Oregon University	627	6.97%
Ashland Community Hospital	406	4.51%
Oregon Shakespeare Festival	435	4.83%
Ashland Public Schools	375	4.17%
City of Ashland	251	2.79%
Total	<u>2,094</u>	<u>23.27%</u>
Estimated total city employment	9,000	

2004		
Employer	Employees	Percentage of Total City Employment
Southern Oregon State College	744	12.40%
Ashland Public Schools	438	7.30%
Oregon Shakespeare Festival	356	5.93%
Ashland Community Hospital	290	4.83%
City of Ashland	269	4.48%
Subtotal	<u>2,097</u>	<u>23.30%</u>
Professional Tool Mfg., LLC	100	1.67%
Prestige Care (dba Linda Vista)	75	1.25%
Albertson's	71	1.18%
Windmill Inn of Ashland	60	1.00%
Ashland Springs Hotel	60	1.00%
Total	<u>2,463</u>	<u>41.05%</u>
Estimated total city employment	6,000	

Source: Ashland Chamber of Commerce

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

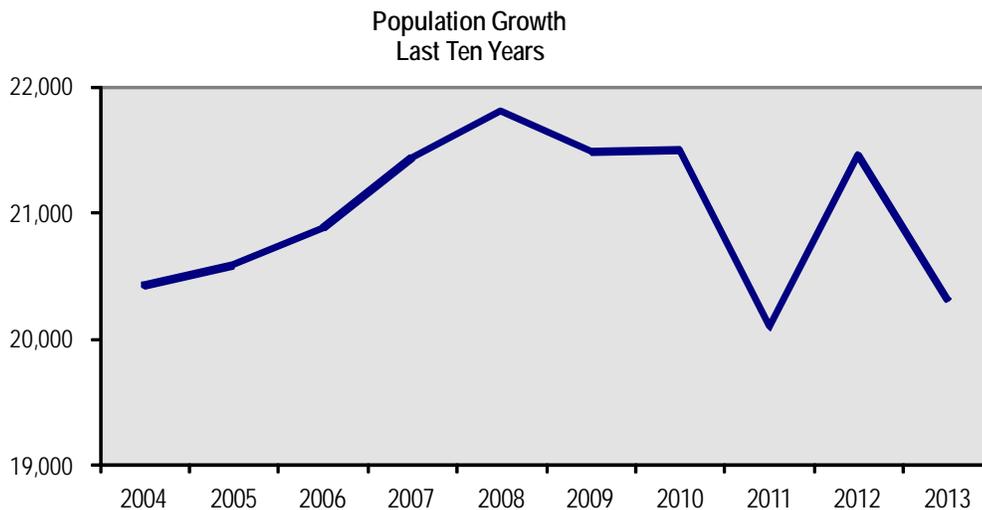
**CITY OF ASHLAND, OREGON
DEMOGRAPHIC STATISTICS
for the last ten fiscal years - unaudited**

Fiscal Year Ended June 30,	Population (1)	Percentage Change	Per Capita Income	Total Personal Income (2)	School Enrollment (3)	Jackson County Unemployment Rate (4)
2013	20,325	-5.29%	-	unavailable	2,700	8.3%
2012	21,460	6.79%	-	unavailable	2,720	8.3%
2011	20,095	-6.56%	-	unavailable	2,737	11.9%
2010	21,505	0.09%	-	unavailable	2,819	12.1%
2009	21,485	-1.44%	18,219	391,431	2,767	13.6%
2008	21,800	1.73%	19,770	430,978	2,846	6.7%
2007	21,430	2.63%	21,636	463,652	2,909	5.6%
2006	20,880	1.41%	22,079	461,001	2,915	5.7%
2005	20,590	0.78%	19,976	411,308	3,044	6.2%
2004	20,430	3.34%	19,303	394,362	3,160	7.3%

Sources:

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

(2) State of Oregon Employment Division, Department of Human Resources



**CITY OF ASHLAND, OREGON
SCHEDULE OF MAJOR INSURANCE IN FORCE
June 30, 2013**

Company	Coverage	Policy Period	Annual Aggregate/Each Occurrence	Premium	
Citycounty Insurance Services	General Liability	07/01/2012-07/01/2013	\$ 15,000,000 / \$ 5,000,000	\$ 112,883	
	Public Officials Liability	07/01/2012-07/01/2013	\$ 15,000,000 / \$ 5,000,000		
	Employment Practices	07/01/2012-07/01/2013	\$ 15,000,000 / \$ 5,000,000		
		Automobile Liability			29,512
	Scheduled Autos	07/01/2012-07/01/2013	None / \$ 5,000,000		
	Hired Autos/Non Owned	07/01/2012-07/01/2013	None / \$ 5,000,000		
	Uninsured Motorist	07/01/2012-07/01/2013	None / \$ 5,000,000		
		Auto Physical Damage			8,544
	Scheduled Autos	07/01/2012-07/01/2013	Per Filed Value		
	Rented or Leased	07/01/2012-07/01/2013	Per Filed Value		
	Newly Acquired Autos	07/01/2012-07/01/2013	Per Filed Value		
		Property			67,666
	Buildings	07/01/2012-07/01/2013	Per Filed Value		
	Mobile Equipment	07/01/2012-07/01/2013	Per Filed Value		
		Boiler and Machinery	07/01/2012-07/01/2013	Replacement Cost of Machinery & Equipment not covered elsewhere	Included above
	Excess Crime	07/01/2012-07/01/2013	Per Loss/ \$250,000	1,166	
ACE Property & Casualty	Airport Liability	07/01/2012-07/01/2013	\$4,000,000/\$4,000,000	2,325	
The Hartford	Flood	10/23/2012-10/23/2013	\$ 56,900	1,073	
Safety National Casualty Corp.	Workers' Compensation Self-Insured Bond	07/01/2012-07/01/2013		6,000	
New York Marine & Gen. Insurance Co.	Excess Workers' Compensation	07/01/2012-07/01/2013	Statutory / \$ 1,000,000	31,005	
National Union Fire Ins. Co of Pittsburgh, PA	Volunteer Accident Ins	07/01/2012-07/01/2013	Per Filed Value	1,788	
ACE American Ins. Co.	Underground Storage Tank Liability	07/01/2012-07/01/2013	\$1,000,000/\$1,000,000	506	

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

Function/Program	2013	2012	2011	2010	2009	2008	2007	2006*	2005	2004**
Administration	4.00	5.00	4.00	4.00	4.00	3.06	3.00	3.00	3.00	3.00
Human Resources	2.00	2.00	2.00	2.00	2.00	3.00	3.00	2.00	2.00	2.00
Legal	3.00	3.00	3.00	3.00	3.00	3.50	3.50	3.50	3.50	3.50
Information Technology	8.80	8.80	8.80	7.95	7.95	7.60	7.60	7.60	6.45	4.95
Finance	16.25	16.25	16.25	17.25	17.25	15.75	15.50	17.50	16.50	15.80
Municipal Court	4.15	3.15	3.65	3.65	3.65	4.15	4.15	4.15	3.75	3.00
City Recorder/Treasurer	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Police	36.30	35.30	34.80	34.80	36.80	39.30	40.30	39.80	39.80	37.30
Fire	34.75	33.75	32.00	32.40	33.40	35.40	35.40	35.00	34.00	32.00
Streets	10.95	9.90	9.90	10.20	10.20	10.20	10.20	10.20	9.70	9.45
Water	14.50	14.50	14.50	16.30	16.30	16.30	16.30	14.80	14.80	13.70
Wastewater	11.30	10.30	10.30	12.80	12.80	11.80	11.80	11.80	11.80	12.55
Public Works Administration	7.00	6.00	7.50	7.00	7.00	8.00	8.00	8.00	8.00	6.75
Engineering	7.00	6.00	5.00	6.00	6.00	6.00	6.00	6.00	6.00	5.75
Facilities Maintenance / Cemetery	4.50	4.50	4.50	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Fleet Maintenance	4.80	4.80	5.00	3.50	3.50	3.50	3.50	3.50	3.50	3.60
Planning	9.00	8.90	8.90	8.70	8.70	10.65	11.75	10.50	8.65	8.45
Building	4.00	3.70	3.60	3.85	3.85	5.75	6.05	6.50	6.55	6.55
Electric	17.25	17.75	17.75	18.50	18.50	18.10	18.10	18.10	17.15	14.40
Telecommunication	5.70	6.70	6.20	7.55	7.55	7.55	7.55	8.05	9.65	8.65
Conservation	3.50	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.80	3.00
Senior Program	*	*	*	*	*	*	*	*	1.75	1.75
Subtotal	210.75	205.30	202.65	208.45	211.45	218.61	220.70	219.00	215.35	202.15
Parks	43.80	43.80	43.45	45.65	48.55	50.55	48.45	48.45	45.90	37.40
Total	254.55	249.10	246.10	254.10	260.00	269.16	269.15	267.45	261.25	239.55

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

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

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

Function/Program	2013	2012	2011	2010
Police				
Physical arrests, juvenile and adult	2,868	2,670	2,343	2,073
Traffic violations	3,061	2,679	2,868	3,160
Fire				
Fire alarm responses	390	379	291	359
Emergency medical responses	2,927	3,105	2,694	2,705
Non-emergency public service responses	97	94	79	75
Code enforcement plans review	380	246	215	293
Total calls for service	3,414	3,577	3,327	3,128
Total ambulance patient transports	1,523	1,635	1,611	1,456
Water				
Service connections	9,038	9,071	8,678	8,433
Daily average consumption in millions of gallons	2.7	2.7	4.6	2.7
Maximum daily capacity of plant in million gallons	8	8	8	8
Sewer				
Service connections	8,181	7,850	8,181	7,995
Daily average treatment in million of gallons	2.2	2.2	2.1	2.2
Maximum daily capacity in millions of gallons	4	3	4	4
Electric				
Service connections	11,914	12,148	11,985	11,275
Telecommunications				
Cable TV	1,840	-	-	-
Cable modem	4,082	40,666	4,454	4,094
Potential station capacity	140	140	140	140

¹ Identifies correction to capacity

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

³ Cable TV outsourced

⁴ Cable TV analog channels

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

2009	2008	2007	2006	2005	2004
2,098	2,489	2,748	2,607	2,004	2,293 ²
2,784	2,600	3,036	3,773	4,608	4,405
363	500	457	425	415	388
2,761	3,022	2,955	2,716	2,952	2,428
46	76	87	109	100	90
262	440	495	535	644	721
3,170	3,590	3,534	4,000	3,285	3,186
1,476	1,700	1,616	1,511	1,243	1,274
8,126	8,291	8,281	7,870	7,764	7,609
3.3	3.4	4	4	3	4
8	8	8	8	8	8 ¹
8,008	8,153	8,129	7,722	7,583	7,455
2.2	2.2	2	2	2	2
4	4	4	4	4	4
11,944	11,979	11,780	11,277	11,062	10,561
-	- ³	-	3,095	3,170	3,100
4,160	4,153	3,988	3,823	3,686	3,435
80	80 ⁴	80	140	161	161

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

Function/Program	2013	2012	2011	2010	2009
Police					
Stations	1	1	1	1	1
Contact station	1	1	1	1	1
Patrol units (vehicles)	8	8	8	8	8
Sworn officers	28	25	25	26.5	26.5
Fire					
Stations	2	2	2	2	2
Fire fighters	27	26	26	26	29
Streets					
Miles of paved streets	92	92	92	92	92 ¹
Miles of gravel streets	9	9	9	14	14 ¹
Miles of storm sewers	93	93	93	93	90
Water					
Miles of water mains	130	130	130	130	130 ¹
Hydrants	1,262	1,248	1,248	1,245	1,237 ¹
Water treatment plant	1	1	1	1	1
Sewer					
Miles of sanitary sewers	110	110	110	110	110
Treatment plant	1	1	1	1	1

¹ Identifies integration of Cartegraph System with GIS that has provided more accurate figures.

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

2008	2007	2006	2005	2004
1	1	1	1	1
1	NA	NA	NA	NA
8	8	8	8	8
27	27	27	27	30
2	2	2	2	2
31	31	31	31	31
100	100	100	100	97
11	10	14	14	17
89	85	85	84	76
124	124	124	124	121
1,154	1,115	1,142	1,131	1,069
1	1	1	1	1
110	110	110	108	106
1	1	1	1	1

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

Function/Program	2013	2012	2011	2010	2009
Electric					
Street lights	1,858	1,827	1,827	1,832	1,811
Electrical transformers	2,025	2,007	2,007	2,002	1,996
Poles	3,600	3,506	3,506	3,560	3,557
Substations	3	3	3	3	3
Telecommunications					
Miles of fiber	25	25	25	25	25
Miles of coax	119	119	119	119	118
Parks and Recreation					
Community centers	3	3	3	3	3
Parks	16	16	16	19	19
Park acreage	642	642	642	642	640
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
Health Care					
Hospital	1	1	1	1	1
Hospital beds	49	49	49	49	49
Education					
Elementary schools	4	4	4	4	4
Elementary school instructors	69	69	69	59	59
Secondary schools	2	2	2	2	2
Secondary school instructors	91	91	91	106	106
State universities	1	1	1	1	1

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

2008	2007	2006	2005	2004
1,802	1,802	1,771	1,707	1,804
1,982	1,982	1,973	1,943	1,851
3,453	2,551	2,559	3,501	2,511
3	3	3	3	3
25	25	29	25	25
117	117	110	117	117
3	3	3	3	3
19	19	19	19	19
640	640	640	637	637
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
12	12	12	12	12
29	29	29	29	29
1	1	1	1	1
49	49	49	49	49
4	4	3	3	4
59	59	59	61	58
2	2	2	2	2
106	106	106	106	90
1	1	1	1	1



AUDIT COMMENTS
AND
DISCLOSURES REQUIRED BY STATE REGULATIONS

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



PAULY, ROGERS AND CO., P.C.
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(503) 620-2632 ♦ (503) 684-7523 FAX
www.paulyrogersandcocpas.com

Independent Auditor's Report Required by Oregon State Regulations

We have audited the basic financial statements of the City of Ashland as of and for the year ended June 30, 2013, and have issued our report thereon dated November 5, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

As part of obtaining reasonable assurance about whether the City of Ashland's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our testing nothing came to our attention that caused us to believe the City of Ashland was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

audit comments and disclosures required by state regulations

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the internal controls over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal controls over financial reporting.

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

A handwritten signature in black ink, appearing to read "Ken Allen". The signature is written in a cursive style with a large initial "K" and a long horizontal stroke at the end.

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



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November 5, 2013

To the Mayor and City Council
City of Ashland

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ashland as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated November 5, 2013.

Internal Control Over Financial Reporting

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

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies.

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

Compliance and Other Matters

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

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

Purpose of this Report

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



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

GOVERNMENT AUDITING STANDARDS
COMPLIANCE REPORTS



government auditing standards compliance reports

**CITY OF ASHLAND
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
For the year ended June 30, 2013**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Federal Grantor's Number	Program or Award Amount	Year to Date Disbursements / Expenditures
Citizens-Community Resilience Innovation Challenge Oregon Military Department Office of Emergency Management Citizen Corps Program 01/01/2011-12/31/2012	97.053	10-101	\$ 18,000.00	\$ 14,702.89
Citizens-Community Resilience Innovation Challenge Oregon Military Department Office of Emergency Management Citizen Corps Program 01/01/2012-12/31/2013	97.053	11-101	\$ 10,000.00	\$ 2,660.19
Citizens-Community Resilience Innovation Challenge Oregon Military Department Office of Emergency Management Citizen Corps Program 01/01/2013-12/31/2014	97.053	12-101	\$ 1,225.00	\$ 728.32
Cooperative Forestry Assistance United States Department of Agriculture Oregon Department of Forestry ODF-Biomass 3/5/2013-03/31/2014	10.664	12-DG-11062764-027	\$ 75,000.00	\$ 13,239.86
Forest Stewardship Program United States Department of Agriculture USFS, Rogue River-Siskiyou National Forest Ashland Forest Resiliency Stewardship Project (AFR) 3/15/2010-09/30/2013	10.678	ORFO-03-31-10-02EH	\$ 3,285,681.00	\$ 1,654,552.21
Cooperative Forestry Assistance United States Department of Agriculture via The Nature Conservancy Promoting Ecosystem Resiliency via Collaboration (PERC) 3/12/2012-12/31/2013	10.664	FIRE_CITYOFASHLAND _11.16.11	\$ 255,345.00	\$ 220,760.81
Assistance to Firefighters Grant United States Department of Homeland Security Federal Emergency Management Agency FY2010 Assistance to Firefighters Grant (Hose Grant) 1/28/2011-1/27/2012	97.044	EMW-2010-FO-05471	\$ 100,446.00	\$ 2,767.50
Assistance to Firefighters Grant United States Department of Homeland Security Federal Emergency Management Agency FY2011 Assistance to Firefighters Grant (SCBA) 2/17/2012-2/16/2013	97.044	EMW-2011-FO-04833	\$ 133,794.00	\$ 117,948.60
Assistance to Firefighters Grant United States Department of Homeland Security Federal Emergency Management Agency FY2012 Assistance to Firefighters Grant (Rope) 12/20/2012-12/19/2013	97.044	EMW-2012-FO-04235	\$ 67,318.00	\$ -
Community Development Block Grant Program United States Department of Housing Unallocated Carryover 07/01/2012-06/30/2013-Grant Award	14.218 14.218	B11MC410008 B12MC410008	\$ 34,704.51 \$ 164,479.00	\$ 27,993.40 \$ 73,918.84
TOTAL CDBG in FY13			\$ 199,183.51	\$ 101,912.24

TOTAL FEDERAL ASSISTANCE	\$ 4,145,992.51	\$ 2,129,272.62
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November 5, 2013

To the Mayor and City Council
City of Ashland

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

Report on Compliance for Each Major Federal Program

We have audited City of Ashland's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2013. The major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, City of Ashland, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

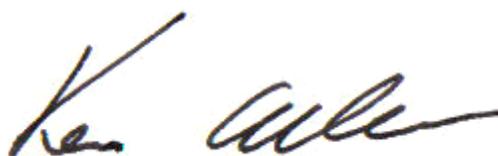
Report on Internal Control Over Compliance

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

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

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

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



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

government auditing standards compliance reports

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes no

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

Noncompliance material to financial statements noted? yes no

Any GAGAS audit findings disclosed that are required to be reported in accordance with section 505(d)(2) of OMB Circular A-133? yes no

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified? yes no

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

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

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

IDENTIFICATION OF MAJOR PROGRAMS

CFDA NUMBER **NAME OF FEDERAL PROGRAM CLUSTER**

10.678 Forest Stewardship Program

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

Auditee qualified as low-risk auditee? Yes

SECTION II – FINANCIAL STATEMENT FINDINGS

2013-FS-1

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

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

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

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

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

Management's Response: The Administrator responsible for the Courts Division has required a monthly report for all manual transactions to be prepared, reviewed by her and the Court Supervisor and signed by both agreeing to its completeness and accuracy. A copy of the signed report will be submitted to Accounting and held for audit review

2013-FS-2

Condition: We noted that the Information Technology (IT) department does not have a cohesive written internal control document that details out their internal controls over their internally developed utility billing (UB) system. We also recommend that that IT department have an external review of the processes and controls from an outside entity.

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

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

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

Recommendations: The IT department should document their internal control procedures over the internal UB system, and consider getting an external review of their processes.

Management's Response: The Information Technology Department, Information Systems Division has prepared a first draft of the policy dealing with the operation and modification of the old Utility Billing (UB) software system. The process will include a procedure, flow chart and document control. The draft has been reviewed by the Director of IT and Electric and is the process of being revised for better definition and detail. The process will be completed by December 6, 2013. The Director and IS manager with both review and approve the final process.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONS COSTS:

None

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Basis of Presentation:

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

