

ASHLAND PARKS AND RECREATION COMMISSION

(A Component Unit of the City of Ashland, Oregon)

JACKSON COUNTY, OREGON

FOR THE YEAR ENDED JUNE 30, 2006

COMPREHENSIVE ANNUAL FINANCIAL REPORT

PREPARED BY:

CITY OF ASHLAND ADMINISTRATIVE SERVICES AND FINANCE DEPARTMENT
LEE TUNEBERG, ADMINISTRATIVE SERVICES AND FINANCE DIRECTOR

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ASHLAND PARKS AND RECREATION COMMISSION
JACKSON COUNTY, OREGON

INTRODUCTORY SECTION

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JACKSON COUNTY, OREGON
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ASHLAND PARKS AND RECREATION COMMISSION

340 SO. PIONEER STREET • ASHLAND, OREGON 97520

COMMISSIONERS:

Diane Amarotico
JoAnne Eggers
Michael Gardiner
Jim Lewis
Rich Rosenthal



Don Robertson
Director

TEL.: (541) 488-5340
FAX: (541) 488-5314

September 22, 2006

To the Chair and Commissioners
of the Ashland Parks and
Recreation Commission:

State law requires that all general-purpose governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Ashland Parks and Recreation Commission for the fiscal year ended June 30, 2006.

This report consists of the commission's representations concerning the finances of the Ashland Parks and Recreation Commission. Consequently, the commission assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, the commission has established a comprehensive internal control framework that is designed to both protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for preparation of the Ashland Parks and Recreation Commission's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Ashland Parks and Recreation Commission's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements issued will be free from material misstatement. As a commission, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The licensed certified public accounting firm of Pauly, Rogers and Co., P.C. has audited the Ashland Parks and Recreation Commission's financial statements. The goal of the independent audit was to provide reasonable assurance that the Ashland Parks and Recreation Commission's financial statements for the fiscal year ended June 30, 2006, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by the commission; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion the Ashland Parks and Recreation Commission's financial statements for the fiscal year ended June 30, 2006, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require that the commission provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Ashland Parks and Recreation Commission's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

Turn of the century residents in Ashland voted to establish the Ashland Parks and Recreation Commission (a component unit of the City of Ashland, Oregon), to provide a full range of parks and recreation services to the community. The Ashland Parks and Recreation Commission derives its authority from the City of Ashland's Charter, Articles XIX and XXII. The five-member Commission, elected by and directly responsible to Ashland's citizens, is responsible for the financing and administration of Ashland's parks and recreation system. The parks and recreation system includes approximately 180 acres of developed parkland and approximately 465 acres of undeveloped parkland, including a network of over 29 miles of maintained trails. Recreational facilities include a municipal golf course, 4 community centers, tennis courts, a swimming pool, and a seasonal ice rink.

The City Charter provides for a continuing millage levy dedicated to the care, maintenance, and development of Ashland's park system. Historically, the amount raised by the continuing millage levy changed as property tax values changed, but the millage rate remained constant. In 1997 a statewide ballot measure eliminated all existing special millage and serial levies incorporating these levies into the overall rate which could be levied citywide. Although the statewide ballot measure restructured the manner of accounting for property tax monies, it is anticipated that the Commission will continue to receive the same percentage of citywide tax dollars as in previous years for parks and recreation purposes. Ashland voters first approved the Youth Activities Serial Levy in 1994 to provide for extra-curricular recreational activities for students of the Ashland School District and to enhance other community recreational opportunities. The levy was renewed by the voters in 1997 and 2000, each for three years. In 2003, Ashland voters renewed the levy for a five-year period. Fiscal year 2005-2006 represents the third year of the third renewal.

Recent Court Cases. Two recent court cases have brought into focus the potential impact legislative or judicial changes may have on the Ashland Parks Commission. An Oregon Court of Appeals decision in the case of *Clarke v. Oregon Health Sciences University* has raised questions about the tort cap limits that are part of the Oregon Tort Claims Act and liability coverage in Oregon. This case may change the protection that Oregon public entities have relied on in ORS 30.270 and may allow public entity staff members to be sued individually. Also, an Oregon Supreme Court opinion in the *Urhausen v. City of Eugene* regarding the constitutionality of special tax levies allowed under ORS 310.155(3) may have an impact on the similar Youth Activity Levy approved by Ashland citizens in 2003. The immediate impact of either decision on the Ashland Parks Commission is not well known at the time of this report and will be evaluated during the next year.

The Ashland Parks and Recreation Commission operates under a commission-director form of government. The Commission is responsible, among other things, for adopting the annual budget, appointing the Parks Director, and setting Park policy. The Parks Director is responsible for carrying out the directives and policies of the Commission and overseeing the day-to-day operation of the Parks and Recreation Department.

The Ashland Parks and Recreation Commission maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council of the City of Ashland. The annual budget serves as the foundation for the Ashland Parks and Recreation Commission's financial planning and control. The Park Director develops a proposed budget each year to present to the Commission. The Commission is required to hold public meetings on the proposed budget and to adopt a final budget no later than June 30, the close of the Ashland Parks and Recreation

Commission's fiscal year. Activities of the three funds under the jurisdiction of the Commission are included in the annual appropriated budget. The level of budgetary controls (that is, the level at which expenditures cannot legally exceed the appropriated amounts) is established by function and activity within an individual fund. Appropriations are limited to a single fiscal year; therefore, all spending authority of the Commission lapses at fiscal year end. Budget-to-actual comparisons are provided in this report for each of the three funds as part of the basic financial statements.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Ashland Parks and Recreation Commission operates.

Local economy. The Ashland area's major economic sectors: retail, service, education and tourism, support the relatively strong and stable local economy. A steadily rising population, enduring housing market and Ashland's growing retirement community can also be attributed somewhat to the availability of attractive, well-run and maintained parks and recreation programs and facilities.

Long-term financial planning. In 1990, Ashland's residents confirmed their commitment to parks and open space by passing a charter amendment that established an Open Space Plan and map. Over the past 10 years, working jointly with the Ashland City Council, the Commission has added approximately 400 acres of park and open space land to the city's inventory. Development plans for two new significant neighborhood parks are underway. Other projects pending include improving water quality at the upper duck pond, review of facilities use policies and fees, reorganization of Nature Center staff, and development of a business and marketing plan for Oak Knoll Golf Course.

Cash Management. As a component unit of the City of Ashland, the Ashland Parks and Recreation Commission invests its funds through the City's Administrative Services & Finance Department in accordance with City policies.

Risk Management. As a component unit of the City of Ashland, the Ashland Parks and Recreation Commission is incorporated into the City's risk management program and follows all City guidelines and procedures.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Ashland Parks and Recreation Commission for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2005. This was the seventeenth consecutive year that the commission has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the commission published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. I believe our current CAFR continues to meet the Certificate of Achievement Program's requirements and it is being submitted to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Ashland Parks and Recreation Department. I express my appreciation to all members of the Department who assisted and contributed to its preparation. I also thank the Commissioners for their interest and support in planning and conducting the financial operations of the Department in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Don Robertson", with a long horizontal flourish extending to the right.

Donald E. Robertson, Director
Ashland Parks and Recreation Department

**ASHLAND PARKS AND RECREATION COMMISSION
(A Component Unit of the City of Ashland, Oregon)**

ELECTED OFFICIALS

June 30, 2006

Rich Rosenthal
1228 Rose Lane
Ashland, OR 97520

Commissioner Chair

Mike Gardiner
349 Orange Avenue
Ashland, OR 97520

Commissioner Chair

Diane Amarotico
265 Alta Avenue
Ashland, OR 97520

Commissioner

JoAnne Eggers
221 Granite Street
Ashland, OR 97520

Commissioner

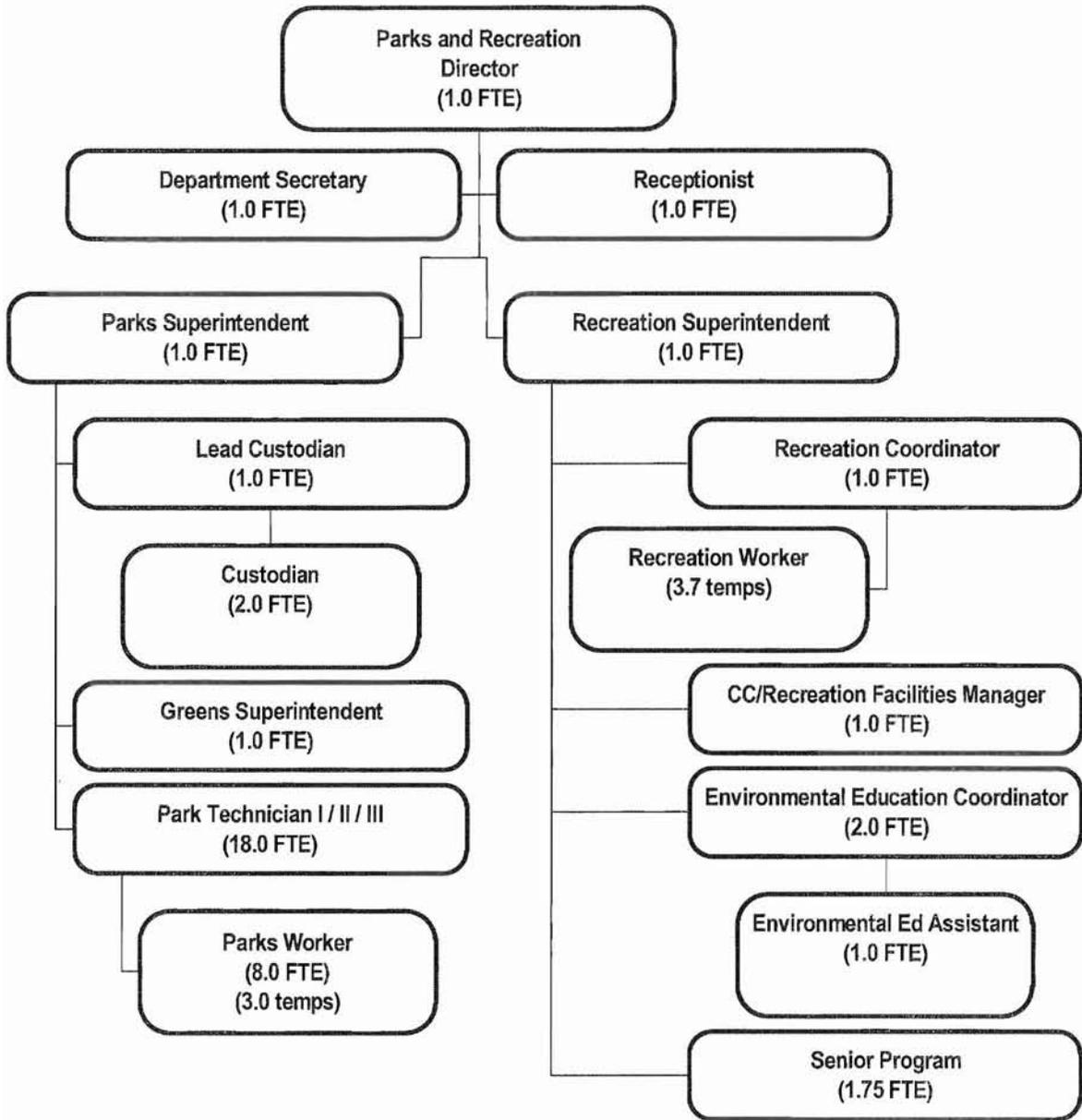
Jim Lewis
640 A Street
Ashland, OR 97520

Commissioner

Appointed Official

Don Robertson
458 Williamson Way
Ashland, OR 97520

Parks Director



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Ashland Parks
and Recreation Commission
Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

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



President

Executive Director



PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

-
- 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
 - (503) 620-2632 • FAX (503) 684-7523

September 22, 2006

To the Chair and Commissioners of the
Ashland Parks and Recreation Commission
City of Ashland, Oregon

INDEPENDENT AUDITORS' REPORT

We have audited the basic financial statements of the Ashland Parks and Recreation Commission (a component unit of the City of Ashland, Oregon) as of and for the year ended June 30, 2006 as listed in the table of contents. The basic financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion the basic financial statements referred to above present fairly, in all material respects, the financial position of the Parks and Recreation Commission at June 30, 2006 and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

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

Pauly, Rogers and Co., P.C.

PAULY, ROGERS AND CO., P.C.

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ASHLAND PARKS AND RECREATION COMMISSION
JACKSON COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

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Management's Discussion and Analysis

As management of the Ashland Parks and Recreation Commission, we offer readers of the Ashland Parks and Recreation Commission's financial statements this narrative overview and analysis of the financial activities of the Ashland Parks and Recreation Commission for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-v of this report.

Financial Highlights

- The assets of the Ashland Parks and Recreation Commission exceeded its liabilities at the close of the most recent fiscal year by \$11,432,981 (net assets).
- The Park and Recreation Commission's total net assets have decreased by \$ 327,475.
- As of the close of the current fiscal year, the Ashland Parks and Recreation Commission's governmental funds reported combined ending fund balances of \$1,708,067, a decrease of \$ 224,720 from the prior fiscal year.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to the Ashland Parks and Recreation Commission's basic financial statements. The Ashland Parks and Recreation Commission's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Ashland Parks and Recreation Commission's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Ashland Parks and Recreation Commission's assets and liabilities, with the difference between the two reported as *net assets*.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year.

Both of the government-wide financial statements distinguish functions of the Ashland Parks and Recreation Commission that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Ashland Parks and Recreation Commission include general park operations, recreation, and golf course operation.

The government-wide financial statements can be found on pages 6-7 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements.

The Ashland Parks and Recreation Commission maintains three individual governmental funds.

The Ashland Parks and Recreation Commission adopts an annual appropriated budget for its general fund. A budgetary statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 6-11 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12-20 of this report.

Government-wide Financial Analysis

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Ashland Parks and Recreation Commission, assets exceed liabilities by \$11,432,981 at the close of the most recent fiscal year.

By far the largest portion of the Ashland Parks and Recreation Commission's assets (82.7%) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding.

Ashland Parks and Recreation Commission Net Assets

	June 30, 2006	June 30, 2005	Change
Current and other assets	\$ 2,363,788	\$ 2,514,319	-6%
Capital Assets	9,456,082	9,571,154	-1%
Total assets	<u>11,819,870</u>	<u>12,085,473</u>	-2%
Long-term liabilities outstanding		512	-100%
Other liabilities	386,889	324,505	19%
Total liabilities	<u>386,889</u>	<u>325,017</u>	19%
Net assets:			
Invested in capital assets, net of related debt	9,456,082	9,570,642	-1%
Unrestricted	1,976,899	2,189,814	-10%
Total net assets	<u>\$ 11,432,981</u>	<u>\$ 11,760,456</u>	-3%

Ashland Parks and Recreation Commission's Net Assets

At the end of the current fiscal year, the Ashland Parks and Recreation Commission is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its three separate governmental funds.

Governmental activities.

Net Assets have decreased from the prior fiscal year due to less cash on hand and a slightly larger payables balance due at the end of the year. Capital asset net value also contributed to the reduction between years caused by aging of depreciable assets. Park's did pay off the last of the assessment debt outstanding during the year and that had a positive effect on total net assets at year end.

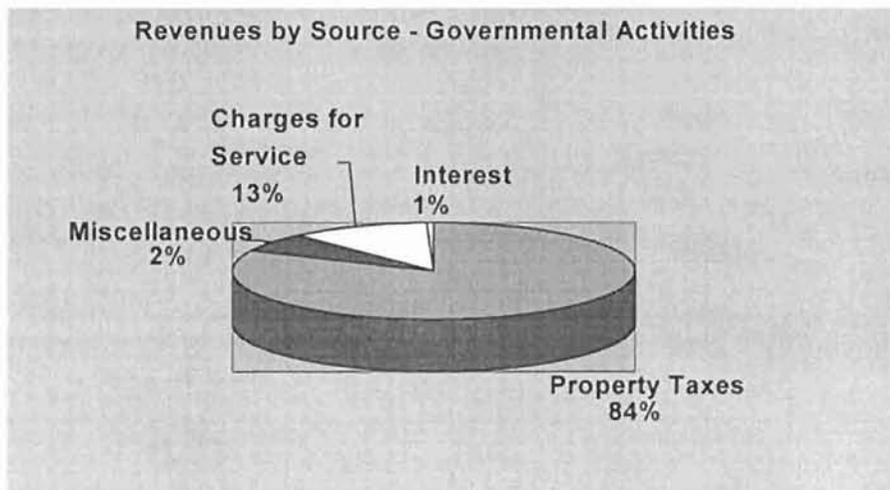
Change in Net Assets

	June 30, 2006	June 30, 2005	Change
Revenues:			
Program revenues:			
Charges for services	\$ 957,870	\$ 967,613	-1%
Operating grants and contributions	33,536	29,559	13%
General revenues:			
Property taxes	5,734,513	5,285,297	8%
Interest	73,410	54,424	35%
Other	-	118,364	-100%
Total revenues	6,799,329	6,455,257	5%
Expenses:			
Parks	3,484,095	3,685,972	-5%
Recreation	3,240,475	2,491,094	30%
Golf course	390,461	375,323	4%
Debt service	11,773	1,212	871%
Total expenses	7,126,804	6,553,601	9%
Increase (decrease) in net assets	(327,475)	(98,344)	233%
Net assets - Beginning	11,760,456	11,858,800	-1%
Net assets - Ending	\$ 11,432,981	\$ 11,760,456	-3%

Ashland Parks and Recreation Commission's Changes in Net Assets

Significant factors leading to the decrease in net assets:

- Less revenue was captured in the way of Charges for services indicating changes in level of activity paid for by citizens.
- Property tax revenues increased by \$449,216 (8 percent) during the year. This change is due to an increasing property tax base in the area and a slightly higher tax collection rate than the prior year. It helped to offset the reduction in net Assets.
- Other general revenues decreased by \$118,364 primarily due to varying levels of grounds maintenance services provided for the Ashland School District during the fiscal year and other revenues being better allocated to other categories.
- Total operational expenses increased 9%, primarily due to more recreational programs provided and rising personnel costs including retirement and health care. This was also the first year of including the Senior Program (\$105,354 in actual expense) within the Recreation division budget.
- Depreciation is included in Expenses and totals \$399,133 for the year.



Financial Analysis of the Government's Funds

As noted earlier, the Ashland Parks and Recreation Commission uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. As of the end of the current fiscal year, the Ashland Parks and Recreation Commission's governmental funds reported combined ending fund balances of \$1,708,067, a decrease of \$224,720 (-11.6%) in comparison with the prior year. This is a net amount of a minus \$282,916 partially offset by a Prior Period Adjustment of \$58,196 removing accrued compensated absences that have not matured. Despite a growth in property tax revenue, program revenues including charges for service did not keep pace with operational costs such as personnel, benefits and fuel and depreciation.

The general fund is the chief operating fund of the Ashland Parks and Recreation Commission. As of the end of the current fiscal year, the general fund's unreserved fund balance was \$1,507,367, a decrease of \$114,312 or -7% from the prior year. The general fund's balance represents 88% of the combined governmental funds balance.

The capital projects' fund has a total fund balance of \$165,326, all of which is reserved for future capital projects.

General Fund Budgetary Highlights

There were no changes to the General Fund Budget during the fiscal year. Generally, expenditure levels were slightly lower than expected, with the exception of the Golf Division whose expenditures were at 96% of the budgeted amount. Personal Services expenditures were lower due to smaller than expected increases in medical benefits costs.

Capital Asset and Debt Administration

Capital assets. The Ashland Parks and Recreation Commission's investment in capital assets for its governmental and business type activities as of June 30, 2006, amount to \$9,456,082 (net of accumulated depreciation).

A major portion of the Ashland Parks and Recreation Commission's investment in capital assets include leasehold improvements of \$5,191,951 related to a long-term lease with the Oregon Shakespeare Festival Association.

Significant capital assets activity includes construction of a new restroom facility (\$44,293), construction of two new playground structures (\$78,339), and vehicle and equipment purchases (\$117,326).

Long-term debt. At the end of the current fiscal year, the Ashland Parks and Recreation Commission had no long-term debt outstanding.

Requests for Information

This financial report is designed to provide a general overview of the Ashland Parks and Recreation Commission's finances for all those with an interest in the government's finances. Copies of this report may be obtained at:

340 South Pioneer Street
Ashland, OR 97520

ASHLAND PARKS AND RECREATION COMMISSION
JACKSON COUNTY, OREGON

STATEMENT OF NET ASSETS
At June 30, 2006

ASSETS

Cash and cash equivalents	\$ 1,874,507
Receivables:	
Interest	4,234
Accounts	76,656
Taxes	408,391
Capital assets, net of Accumulated Depreciation	<u>9,456,082</u>
 Total Assets	 <u>11,819,870</u>

LIABILITIES:

Accounts payable	197,466
Payroll Liabilities	97,444
Non-Current Liabilities:	
Due Within 1 Year:	
Vacation Payable	22,995
Due In More than 1 Year:	
Vacation Payable	<u>68,984</u>
 Total Liabilities	 <u>386,889</u>

NET ASSETS:

Invested in capital assets, net of related debt	9,456,082
Unrestricted	<u>1,976,899</u>
 Total Net Assets	 <u>\$ 11,432,981</u>

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

**ASHLAND PARKS AND RECREATION COMMISSION
JACKSON COUNTY, OREGON**

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2006**

FUNCTIONS	EXPENSES	FUNCTION REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Parks	\$ 3,484,095	\$ 439,716	33,536	\$ (3,010,843)
Recreation	3,240,475	199,099	-	(3,041,376)
Golf Course	390,461	319,055	-	(71,406)
Interest on Long-Term Debt	11,773	-	-	(11,773)
Total Governmental Activities	\$ 7,126,804	\$ 957,870	\$ 33,536	(6,135,398)
General Revenues				
Property Taxes				5,734,513
Interest and Investment Earnings				73,410
Miscellaneous				-
Total General Revenues				5,807,923
Changes in Net Assets				(327,475)
Net Assets - Beginning				11,760,456
Net Assets - Ending				\$ 11,432,981

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

**ASHLAND PARKS AND RECREATION COMMISSION
JACKSON COUNTY, OREGON**

**BALANCE SHEET
GOVERNMENTAL FUNDS
At June 30, 2006**

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS AND OTHER DEBITS:				
Assets:				
Cash and Investments	\$ 1,670,199	\$ 3,774	\$ 200,534	\$ 1,874,507
Receivables:				
Interest	3,768	-	466	4,234
Accounts	76,656	-	-	76,656
Taxes	250,003	158,388	-	408,391
	<u>250,003</u>	<u>158,388</u>	<u>-</u>	<u>408,391</u>
Total Assets	<u>\$ 2,000,626</u>	<u>\$ 162,162</u>	<u>\$ 201,000</u>	<u>\$ 2,363,788</u>
LIABILITIES, FUND EQUITY				
Liabilities:				
Accounts Payable	\$ 142,804	\$ 1,635	\$ 35,674	\$ 180,113
Payroll Liabilities	97,444	-	-	97,444
Vacation Payable	-	-	-	-
Deferred Revenue	253,011	125,153	-	378,164
	<u>253,011</u>	<u>125,153</u>	<u>-</u>	<u>378,164</u>
Total Liabilities	<u>493,259</u>	<u>126,788</u>	<u>35,674</u>	<u>655,721</u>
Fund Equity:				
Fund Balance:				
Unreserved and Undesignated	1,507,367	35,374	165,326	1,708,067
	<u>1,507,367</u>	<u>35,374</u>	<u>165,326</u>	<u>1,708,067</u>
Total Fund Equity	<u>1,507,367</u>	<u>35,374</u>	<u>165,326</u>	<u>1,708,067</u>
Total Liabilities and Fund Equity	<u>\$ 2,000,626</u>	<u>\$ 162,162</u>	<u>\$ 201,000</u>	<u>\$ 2,363,788</u>

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

ASHLAND PARKS AND RECREATION COMMISSION
JACKSON COUNTY, OREGON

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
June 30, 2006

Total Fund Balances - Governmental Funds \$ 1,708,067

The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in governmental funds. The statement of Net Assets includes those capital assets among the assets of the Commission as a whole.

Net Capital Assets 9,456,082

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

Long term Liabilities
Assessments Payable -

Accrued Vacation Payable not accounted for in governmental funds (68,984)

Deferred revenue related to property taxes 360,811

Net Assets \$ 11,455,976

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

ASHLAND PARKS AND RECREATION COMMISSION
JACKSON COUNTY, OREGON

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**
For the year ended June 30, 2006

	GOVERNMENTAL FUND TYPES			TOTAL GOVERNMENTAL FUNDS
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	
REVENUES:				
Property Taxes:				
Current	\$ 3,075,651	\$ 2,038,344	\$ -	\$ 5,113,995
Prior Years	334,033	235,424	-	569,457
Intergovernmental Revenues	33,536	-	95,000	128,536
Charges for Services	814,550	-	-	814,550
Interest Revenue	61,999	-	11,411	73,410
Miscellaneous Revenue	48,320	-	-	48,320
Total Revenues	4,368,089	2,273,768	106,411	6,748,268
EXPENDITURES:				
Current:				
Parks	3,202,140	-	-	3,202,140
Recreation	853,068	2,342,127	-	3,195,195
Golf Course	348,104	-	-	348,104
Capital Outlay	-	-	273,460	273,460
Debt Service	12,285	-	-	12,285
Total Expenditures	4,415,597	2,342,127	273,460	7,031,184
Excess of Revenues Over, (Under)				
Expenditures	(47,508)	(68,359)	(167,049)	(282,916)
Other Financing Sources, (Uses)				
Transfers In	-	-	125,000	125,000
Transfers Out	(125,000)	-	-	(125,000)
Total Other Financing Sources, (Uses)	(125,000)	-	125,000	-
Net Changes in Fund Balance	(172,508)	(68,359)	(42,049)	(282,916)
Fund Balance - Beginning of Year,	1,621,679	103,733	207,375	1,932,787
Prior Period Adjustment	58,196	-	-	(58,196)
Fund Balance - End of Year	\$ 1,507,367	\$ 35,374	\$ 165,326	\$ 1,708,067

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

ASHLAND PARKS AND RECREATION COMMISSION
JACKSON COUNTY, OREGON

Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2006

Total Net Changes in Fund Balances - Governmental Funds \$ (282,916)

Repayment of bond principal, capital leases and post retirement obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Additions to bond principal, capital leases and post retirement obligations is an expense for the Statement of Net Assets but not the governmental funds. 512

Capital asset additions are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions exceeds depreciation.

Capital Asset Additions	\$ 284,061	
Depreciation Expense	<u>(399,133)</u>	(115,072)

Change in compensated Absences is an expense on the Statement of Activities but it is not an expenditure to the governmental fund, unless matured. 18,940

Property tax revenue in the Statement of Activities differs from the amount reported in the governmental funds. In the governmental funds, which are on the modified accrual basis, the Commission recognizes a deferred revenue for all property taxes levied but not received, however in the Statement of Activities, there is no deferred revenue and the full property tax receivable is accrued. 51,061

Change in Net Assets of Governmental Activities \$ (327,475)

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

ASHLAND PARKS AND RECREATION COMMISSION
JACKSON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Ashland Parks and Recreation Commission have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Park and Recreation Commission's accounting policies are described below.

A. THE FINANCIAL REPORTING ENTITY

The Ashland Parks and Recreation Commission (the Commission) was created by vote of qualified electors of the City of Ashland, Oregon, at a special election on December 15, 1908. The Commission presently operates under the Charter of the City of Ashland. Currently, the Commission has control of over 637 acres of park-designated lands, which includes 19 parks ranging in size from .33 to 270 acres. Included within the parks is a network of over 29 miles of developed and maintained trails. The Commission also maintains and operates several athletic fields on property owned by Jackson County School District No. 5 and Southern Oregon University (SOU), under contractual agreements with District No. 5 and the State of Oregon. Five commissioners elected to serve four-year terms govern the Commission. The commissioners serve without pay. The Charter also provides for an appointed director.

The basic financial statements include all financial activities, organizations, and functions for which the Commission is considered to be financially accountable. Financial accountability exists if the Commission appoints a voting majority of the component unit's board, and either a) the ability to impose will by the primary government (Commission), or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the Commission. The Commission has no component units, but is a component unit of the City of Ashland, Oregon, and, as such, is included in the basic financial statements of the City of Ashland as a discretely presented component unit. Although the members of the Commission's governing Board are elected by the voters, 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.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

The Statement of Net Assets and Statements of Activities display information about the reporting government as a whole.

The Statement of Net Assets and the Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

ASHLAND PARKS AND RECREATION COMMISSION
JACKSON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program Revenues included in the Statement of Activities derive directly from the program itself or from parties outside the Commission's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Commission's general revenues.

The Commission reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Interest of general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as inter-fund activity and balances in the funds were eliminated or reclassified. Inter-fund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities.

FUND FINANCIAL STATEMENTS

The accounts of the Commission are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained in consistency with legal and managerial requirements.

GOVERNMENTAL FUND TYPES

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government 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 payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be measurable to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Commission reports the following major funds:

GENERAL FUND

This fund (also referred to as the Parks and Recreation Fund) accounts for all financial resources and expenditures of the Commission, except those required to be accounted for in another fund. The principal revenue sources are property taxes, charges for services, donations, and interest earnings. Major expenditures are for personal services, operating supplies, maintenance, and supporting services related to the administrative functions of the Commission. The General Fund is now also used to account for financial resources used for the operation and maintenance of the Oak Knoll Golf Course, which was previously reported as an enterprise fund.

ASHLAND PARKS AND RECREATION COMMISSION
JACKSON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SPECIAL REVENUE FUND

The Ashland Youth Activities Serial Levy Fund is used to account for proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The revenue sources are serial levy revenues. Expenditures are related to specific youth programs provided by local schools and the Parks and Recreation Commission.

CAPITAL PROJECTS FUND

The Parks Capital Improvement Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities. Principal resources and revenues are interfund transfers, charges for services, and interest earnings.

C. BUDGET

As a component unit of the City of Ashland, the budget of the Commission is included in the budget of the City. A budget is prepared and legally adopted for each governmental fund type on the modified accrual basis of accounting in the main program categories required by the Oregon Local Budget Law. The budgets for all budgeted funds are adopted on a basis consistent with generally accepted accounting principles.

The City begins its budget process early in each fiscal year with the establishment of the budget committee. Recommendations are developed through late winter with the budget committee approving the budget in early spring. Public notices of the budget hearing are published generally in early spring with a public hearing being held approximately three weeks later. The Council may amend the budget prior to adoption, however, budgeted expenditures for each fund may not be increased by more than ten percent. The budget is then adopted. Appropriations are made and the tax levy declared no later than June 30th.

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, operating transfers, and contingency for those funds with only one department or function at the levels of control established by the resolution.

Expenditures cannot legally exceed the above appropriation levels except in the case of grants that could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year end. Management may amend line items in the budget without Council approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Council approves them due to a need that exists which was not determined at the time the budget was adopted. Budget amounts shown in the Basic Financial Statements reflect the original budget and one appropriation transfer.

Expenditures of the various funds were within authorized appropriations.

ASHLAND PARKS AND RECREATION COMMISSION
JACKSON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. PROPERTY TAXES RECEIVABLE

In the Government-Wide Financial Statements uncollected property taxes are recorded on the Statement of Net Assets. In the Fund Financial Statements property taxes that are collected within 60 days after year-end are considered measurable and available and, therefore, are recognized as revenue. The remaining balance is recorded as deferred revenue because it is not deemed available to finance operation of the current period. An allowance for doubtful accounts is not deemed necessary, as uncollectible taxes become a lien on the property. Property taxes are levied on all taxable property as of July 1, the beginning of the fiscal year, and become a lien on that date. Property taxes are payable on November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

E. CAPITAL ASSETS

Capital assets are recorded at the original or estimated cost. Donated capital assets are recorded at their estimated fair market value on the date donated. The Commission defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life in excess of three years. Interest incurred during construction, maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	33 to 50 years
Public domain infrastructure	15 to 25 years
Vehicles, Furniture, and Equipment	5 to 15 years

F. RETIREMENT PLAN

Commission employees are participants in Public Employees Retirement System (PERS). Contributions to PERS are made on a current basis as required by the plan and are charged to expenditures as funded.

G. VESTED COMPENSATED ABSENCES

It is the Commission's policy to permit employees to accumulate earned unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the Commission does not have a policy to pay any amounts when employees separate from service with the Commission. All unused vacation pay is accrued when earned in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignation and retirements.

H. ESTIMATES

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

ASHLAND PARKS AND RECREATION COMMISSION
JACKSON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. LONG TERM DEBT

In the government-wide financial statements long-term debt is reported as a liability in the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements bond premiums and discounts, as well as bond issuance costs, are recognized when incurred and not deferred. The face amount of the debt issued, premiums received on debt issuances, and discounts are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. NET ASSETS

Net assets comprise the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. Net assets are classified in the following three categories.

Invested in capital assets, net of related debt – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – consists of external constraints placed on net asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets – consists of all other net assets that are not included in the other categories previously mentioned.

2. CASH AND INVESTMENTS

State statutes govern the Commission's cash management policies. Statutes authorize the Commission to invest in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool.

The City of Ashland maintains a cash and investment pool that is used by all funds, including Commission funds. The Commission's cash and investments at June 30, 2006, consisted of the following:

	<u>2006</u>
Petty Cash	\$ -
City Investment Pool	<u>1,874,507</u>
Total	<u>\$ 1,874,507</u>

INVESTMENTS

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

ASHLAND PARKS AND RECREATION COMMISSION
JACKSON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

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

As of June 30, 2006, the Commission had the following investments and maturities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in months)</u>		
		<u>Less than 3</u>	<u>3-17</u>	<u>18-59</u>
State Treasurer's investment pool	1,874,506	1,874,506	-	-
Total	\$ 1,874,506	1,874,506	-	-

Investments are valued at fair value as required by GASB 31. There is no material difference between fair value of the City's position in the State Treasurer's Local Governmental Investment Pool and the value of the pool shares at June 30, 2006.

Interest Rate Risk

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

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

The City limits investment maturities as follows:

Under 30 days	10% minimum
Under 90 days	25% minimum
Under 270 days	50% minimum
Under 1 year	75% minimum
Under 18 months	80% minimum
Under 3 years	100% minimum

Credit Risk

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

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

Concentration of Credit Risk

To avoid incurring unreasonable risks inherent to over-investing in specific instruments or in individual financial institutions, the City's investment policy sets maximum limits on the percentage of the portfolio that can be invested in any one type of security. At June 30, 2006 the City was in compliance with all percentage restrictions.

Oregon Revised Statutes require no more than 25 percent of the moneys of local government to be invested in bankers' acceptances of any qualified financial institution. Amounts in the State Treasurer's Local Government Investment Pool are not required by law to be collateralized.

ASHLAND PARKS AND RECREATION COMMISSION
JACKSON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

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

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

3. CAPITAL ASSETS

The changes in capital assets for the 2005-2006 fiscal year are as follows:

	Balance July 1, 2005	Additions & Reclassifications	Deletions	Balance June 30, 2006
Governmental Activities:				
Buildings	\$ 11,905,582	\$ 35,000	\$ -	\$ 11,940,582
Machinery and Equipment	715,871	26,728	5,442	737,157
Infrastructure	536,322	-	-	536,322
Vehicles	318,287	52,333	-	370,620
Furniture and Fixtures	448,906	170,000	-	618,906
Total Capital Assets Being Depreciated	<u>13,924,968</u>	<u>284,061</u>	<u>5,442</u>	<u>14,203,587</u>
Less Accumulated Depreciation for:				
Buildings	3,286,199	274,398	-	3,560,597
Machinery and Equipment	322,196	46,312	5,442	363,066
Infrastructure	294,561	22,251	-	316,812
Vehicles	242,532	30,820	-	273,352
Furniture and Fixtures	208,326	25,352	-	233,678
Total Accumulated Depreciation	<u>4,353,814</u>	<u>399,133</u>	<u>5,442</u>	<u>4,747,505</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 9,571,154</u>	<u>\$ (115,072)</u>	<u>\$ -</u>	<u>\$ 9,456,082</u>

Depreciation expense for the year was charged to the following functions:

Parks	\$ 317,366
Recreation	42,247
Golf	39,520
Total	<u>\$ 399,133</u>

ASHLAND PARKS AND RECREATION COMMISSION
JACKSON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

4. PENSION PLAN

Plan Description and Provisions:

As part of the City of Ashland, the Commission's Cost-Sharing Multiple-Employer Defined Benefit Pension Plan, The State of Oregon Public Employees Retirement System (PERS) provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is an agent multiple-employer pension plan, administered by the Oregon Public Employees Retirement System. The Public Employees Retirement Board administers PERS under ORS Chapter 237. The Board has the authority to establish and amend the benefit provisions of the plans that participate in the PERS to the respective employer entities. The Oregon Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700.

Description of Funding Policy:

Plan members are required to contribute 6% of their annual covered salary. The Commission is required to contribute at an actuarially determined rate. In 2003, the Oregon Legislature revised PERS operations, including how benefits for existing and new employees are calculated and funded. The current rates are 15.25% and 8.04% for existing and new employees respectively of covered annual payroll. The Commission has "picked up" employee contributions at a rate of 6%, as allowed under ORS 237.075. The contribution requirement of plan members and their employers are established and may be amended by the PERS Retirement Board.

The Commission's Three Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2004	170,041	100%	-
6/30/2005	154,070	100%	-
6/30/2006	192,630	100%	-

5. RISK MANAGEMENT

As a component unit of the City of Ashland, the Ashland Parks and Recreation Commission is included in the City's risk management program. The City directly manages the Commission's participation. The City is exposed to various risks of loss related to general liability and workers' compensation. The City purchases liability insurance from the City County Insurance Services. The City is self-insured for the first annual cumulative deductible of \$50,000 for its general liability insurance policy. Workers' compensation is self-insured for \$300,000 per occurrence for claims incurred. Excess coverage above these retention limits is purchased from commercial insurers on a stop-loss basis. Settled claims have not exceeded the coverage levels as stated for each of the past three fiscal years. The Commission and all participating City funds pay contributions based on prior experience, exposure, insurance premiums, and administrative costs.

ASHLAND PARKS AND RECREATION COMMISSION
JACKSON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. PROPERTY TAX LIMITATIONS

The State of Oregon imposes a constitutional limit on property taxes for schools and nonschool government operations. School operations include community colleges, local school districts, and education service districts. The limitation provides that property taxes for nonschool operations are limited to \$10.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt.

The State further reduced property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit in 1997. This reduction is accomplished by rolling property values back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The State Constitution sets restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State to minimize the impact to school districts from the impact of the tax cuts.

7. TRANSFERS

The following transfer occurred during fiscal year 2005-2006:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 125,000
Capital Projects Fund	125,000	-
Total	<u>\$ 125,000</u>	<u>\$ 125,000</u>

The transfer was made to fund capital purchases.

8. PRIOR PERIOD ADJUSTMENT

A prior period adjustment, for \$58,196, was made to the general fund to remove accrued compensated absences that have not matured.

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ASHLAND PARKS AND RECREATION COMMISSION
JACKSON COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

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ASHLAND PARKS AND RECREATION COMMISSION
JACKSON COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the year ended June 30, 2006

<u>GENERAL FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET (UNFAVORABLE)</u>
REVENUES:				
Property Taxes:				
Current	\$ 3,369,600	\$ 3,369,600	\$ 3,075,651	\$ (293,949)
Prior Years	132,900	132,900	334,033	201,133
Intergovernmental Revenues	55,000	55,000	33,536	(21,464)
Charges For Services	804,000	804,000	814,550	10,550
Interest	30,000	30,000	61,999	31,999
Miscellaneous	30,000	30,000	48,320	18,320
Total Revenues	<u>4,421,500</u>	<u>4,421,500</u>	<u>4,368,089</u>	<u>(53,411)</u>
EXPENDITURES:				
Parks:				
Personal Services	2,025,000	2,025,000	1,955,912	69,088
Materials and Services	1,296,000	1,296,000	1,196,484	99,516
Capital Outlay	325,600	325,600	49,744	275,856
Total Parks	<u>3,646,600</u>	<u>3,646,600</u>	(1) <u>3,202,140</u>	<u>444,460</u>
Recreation:				
Personal Services	602,000	602,000	565,748	36,252
Materials and Services	260,400	260,400	287,320	(26,920)
Total Recreation	<u>862,400</u>	<u>862,400</u>	(1) <u>853,068</u>	<u>9,332</u>
Golf Course:				
Personal Services	185,000	185,000	161,893	23,107
Materials and Services	195,000	195,000	185,171	9,829
Capital Outlay	8,000	8,000	1,040	6,960
Total Golf Course	<u>388,000</u>	<u>388,000</u>	(1) <u>348,104</u>	<u>39,896</u>
Debt Service	<u>14,000</u>	<u>14,000</u>	(1) <u>12,285</u>	<u>1,715</u>
Operating Contingency	<u>35,000</u>	<u>35,000</u>	(1) <u>-</u>	<u>35,000</u>
Total Expenditures	<u>4,946,000</u>	<u>4,946,000</u>	<u>4,415,597</u>	<u>530,403</u>
Excess of Revenues Over, (Under) Expenditures	(524,500)	(524,500)	(47,508)	476,992
Other Financing Sources, (Uses)				
Transfers In	-	-	-	-
Transfers Out	(125,000)	(125,000)	(1) (125,000)	-
Total Other Financing Sources, (Uses)	<u>(125,000)</u>	<u>(125,000)</u>	<u>(125,000)</u>	<u>-</u>
Net Change in Fund Balance	(649,500)	(649,500)	(172,508)	476,992
Beginning Fund Balance	1,643,167	1,643,167	1,621,679	(21,488)
Prior Period Adjustment	-	-	58,196	58,196
Ending Fund Balance	<u>\$ 993,667</u>	<u>\$ 993,667</u>	<u>\$ 1,507,367</u>	<u>\$ 513,700</u>

(1) Appropriation level

**ASHLAND PARKS AND RECREATION COMMISSION
JACKSON COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the year ended June 30, 2006**

<u>YOUTH ACTIVITIES LEVY</u>				VARIANCE TO FINAL BUDGET FAVORABLE (UNFAVORABLE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Property Taxes:				
Current	\$ 2,222,400	\$ 2,222,400	\$ 2,038,344	\$ (184,056)
Prior Years	75,900	75,900	235,424	159,524
Total Revenues	<u>2,298,300</u>	<u>2,298,300</u>	<u>2,273,768</u>	<u>(24,532)</u>
EXPENDITURES:				
Recreation:				
Personal Services	93,000	93,000 (1)	93,000	-
Materials and Services	2,293,000	2,293,000 (1)	2,249,127	43,873
Total Expenditures	<u>2,386,000</u>	<u>2,386,000</u>	<u>2,342,127</u>	<u>43,873</u>
Net Change in Fund Balance	(87,700)	(87,700)	(68,359)	19,341
Fund Balance - Beginning of Year	<u>213,006</u>	<u>213,006</u>	<u>103,733</u>	<u>(109,273)</u>
Fund Balance - End of Year	<u>\$ 125,306</u>	<u>\$ 125,306</u>	<u>\$ 35,374</u>	<u>\$ (89,932)</u>

(1) Appropriation level

ASHLAND PARKS AND RECREATION COMMISSION
JACKSON COUNTY, OREGON

SUPPLEMENTARY INFORMATION

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ASHLAND PARKS AND RECREATION COMMISSION
JACKSON COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the year ended June 30, 2006

CAPITAL IMPROVEMENTS FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE TO FINAL BUDGET FAVORABLE (UNFAVORABLE)
REVENUES:				
Intergovernmental	\$ 95,000	\$ 95,000	\$ 95,000	\$ -
Interest	7,000	7,000	11,411	4,411
Total Revenues	<u>102,000</u>	<u>102,000</u>	<u>106,411</u>	<u>4,411</u>
EXPENDITURES:				
Capital Outlay	321,500	321,500 (1)	273,460	48,040
Total Expenditures	<u>321,500</u>	<u>321,500</u>	<u>273,460</u>	<u>48,040</u>
Excess of Revenues Over, (Under) Expenditures	(219,500)	(219,500)	(167,049)	52,451
Other Financing Sources, (Uses)				
Transfers In	125,000	125,000	125,000	-
Net Change in Fund Balance	(94,500)	(94,500)	(42,049)	52,451
Fund Balance - Beginning of Year	<u>207,069</u>	<u>207,069</u>	<u>207,375</u>	<u>306</u>
Fund Balance - End of Year	<u>\$ 112,569</u>	<u>\$ 112,569</u>	<u>\$ 165,326</u>	<u>\$ 52,757</u>

(1) Appropriation level

ASHLAND PARKS AND RECREATION COMMISSION
JACKSON COUNTY, OREGON

SCHEDULE OF CAPITAL ASSETS - BY SOURCES
For the year ended June 30, 2006

Capital Assets:	
Buildings and improvements	\$ 11,940,582
Machinery and equipment	737,157
Infrastructure	536,322
Vehicles	370,620
Furniture and fixtures	618,906
	<hr/>
Total capital assets	\$ 14,203,587
	<hr/> <hr/>
Sources of Investment in Capital Assets:	
General Fund	\$ 6,663,050
Shakespeare Festival	7,540,537
	<hr/>
Total sources of investment in capital assets	\$ 14,203,587
	<hr/> <hr/>

ASHLAND PARKS AND RECREATION COMMISSION
JACKSON COUNTY, OREGON

SCHEDULE OF CHANGES IN CAPITAL ASSETS - BY SOURCES
For the year ended June 30, 2006

	<u>Total</u>	<u>Buildings and Improvements</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Vehicles</u>	<u>Furniture and Fixtures</u>
Capital Assets, July 1, 2005	\$ 13,924,968	\$ 11,905,582	\$ 715,871	\$ 536,322	\$ 318,287	\$ 448,906
Additions:						
General Fund	284,061	35,000	26,728	-	52,333	170,000
Shakespeare Festival	-	-	-	-	-	-
	<u>284,061</u>	<u>35,000</u>	<u>26,728</u>	<u>-</u>	<u>52,333</u>	<u>170,000</u>
Deletions:						
General Fund	5,442	-	5,442	-	-	-
Shakespeare Festival	-	-	-	-	-	-
	<u>5,442</u>	<u>-</u>	<u>5,442</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital Assets, June 30, 2006	<u>\$ 14,203,587</u>	<u>\$ 11,940,582</u>	<u>\$ 737,157</u>	<u>\$ 536,322</u>	<u>\$ 370,620</u>	<u>\$ 618,906</u>

ASHLAND PARKS AND RECREATION COMMISSION
JACKSON COUNTY, OREGON

SCHEDULE OF CAPITAL ASSETS - BY FUNCTION AND ACTIVITY
For the year ended June 30, 2006

<u>Function and Activity</u>	<u>Total</u>	<u>Buildings and Improvements</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Vehicles</u>	<u>Furniture and Fixtures</u>
Parks and Recreation	<u>\$ 14,203,587</u>	<u>\$ 11,940,582</u>	<u>\$ 737,157</u>	<u>\$ 536,322</u>	<u>\$ 370,620</u>	<u>\$ 618,906</u>

ASHLAND PARKS AND RECREATION COMMISSION
JACKSON COUNTY, OREGON

SCHEDULE OF CHANGES IN CAPITAL ASSETS - BY FUNCTION AND ACTIVITY
For the year ended June 30, 2006

<u>Function and Activity</u>	<u>Capital Assets July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Capital Assets June 30, 2005</u>
Parks and Recreation	<u>\$ 13,924,968</u>	<u>\$ 284,061</u>	<u>\$ 5,442</u>	<u>\$ 14,203,587</u>

**CITY OF ASHLAND AND
ASHLAND PARKS AND RECREATION COMMISSION
JACKSON COUNTY, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES OF TAXES UNCOLLECTED
FOR THE CITY AND COMPONENT UNIT
For the year ended June 30, 2006**

	Taxes Uncollected July 1, 2005	Add Levy Extended by Assessor	Add (Deduct) Discounts Interest Cancellations Adjustments	Deduct Interest and Tax Collections	Taxes Uncollected June 30, 2006
2005-06	\$ -	\$ 8,803,680	\$ 70,521	\$ 8,374,338	\$ 358,821
2004-05	302,253		85,439	101,954	114,860
2003-04	118,176	-	(139,702)	177,342	80,536
2002-03	68,109	-	55	24,693	43,361
2001-02	28,406	-	(34,688)	40,072	23,022
2000-01	8,914	-	(25,248)	25,260	8,902
1999-00	3,763	-	(3,078)	1,539	5,302
Prior years	5,863	-	(3,295)	1,666	7,492
	<u>\$ 535,484</u>	<u>\$ 8,803,680</u>	<u>(49,996)</u>	<u>8,746,864</u>	<u>642,296</u>

Collections to June 30, 2006	Taxes Uncollected June 30, 2006
---------------------------------	---------------------------------------

Taxes receivable and tax collections classified by fund:

Primary government:

General Fund	\$ 2,673,519	\$ 184,006
Debt Service Funds:		
Debt Service Fund	303,558	33,702
Enterprise Funds:		
Water Fund	86,335	16,197

Component unit:

Parks and Recreation:		
Parks and Recreation Fund	3,409,684	250,003
Ashland Youth Activities Serial Levy Fund	2,273,768	158,388
	<u>\$ 8,746,864</u>	<u>\$ 642,296</u>

ASHLAND PARKS AND RECREATION COMMISSION
JACKSON COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES OF TAXES UNCOLLECTED
FOR THE CITY AND COMPONENT UNIT
For the year ended June 30, 2006

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

	Collections	Other Taxes	Tax Revenues GAAP Basis
Primary government:			
General Fund	\$ 2,673,519	\$ 5,843,509	\$ 8,517,028
Special Revenue Funds:			
Street Fund	-	264,072	264,072
Debt Service Funds:			
Debt Service Fund	303,558	-	303,558
Capital Projects Fund:			
Capital Improvement Fund	-	370,141	370,141
Enterprise Funds:			
Water Fund	86,335	-	86,335
Wastewater Fund	-	1,480,566	1,480,566
Component unit:			
Parks and Recreation:			
Parks and Recreation Fund	3,409,684	-	3,409,684
Special Revenue Fund:			
Ashland Youth Activities Serial Levy Fund	2,273,768	-	2,273,768
	\$ 8,746,864	\$ 7,958,288	\$ 16,705,152

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ASHLAND PARKS AND RECREATION COMMISSION
JACKSON COUNTY, OREGON

STATISTICAL SECTION

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Ashland Parks and Recreation Commission
STATISTICAL SECTION
(Unaudited)

This part of the Ashland Parks and Recreation Commission 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	<u>Page</u>
These tables contain trend information that may assist the reader in assessing the Commission's current financial performance by placing it in historical perspective.	31 -38
Revenue Capacity	
These tables contain information that may assist the reader is assessing the viability of the revenue sources.	39-43
Debt Capacity	
These tables present information that may assist the reader in analyzing the affordability of the Commission's current levels of outstanding debt and the Commission's ability to issue additional debt in the future.	44
Economic & Demographic Information	
These tables offer economic and demographic indicators that are commonly used for financial analysis and that can help the reader understand the Commission's present and ongoing financial status.	45-46
Operating Information	
These tables contain service and infrastructure indicators that can help the reader understand how the information in the Commission's financial statements relates to the services the Commission provides and the activities it performs.	47-52

Source:

Unless otherwise noted, the information in these tables is derived from the annual financial reports for the Ashland Parks Commission and the annual financial reports for the City of Ashland.

ASHLAND PARKS AND RECREATION COMMISSION
Statement of Net Assets at June 30,

	2006	2005	2004	2003
ASSETS				
Cash and cash equivalents	\$ 1,874,507	\$ 2,066,200	\$ 2,092,630	\$ 2,064,911
Receivables:				
Interest	4,234	4,234	972	3,314
Accounts	76,656	94,281	123,807	7,500
Taxes	408,391	349,604	425,926	464,084
Capital assets, net of Accumulated Depreciation	<u>9,456,082</u>	<u>9,571,154</u>	<u>9,589,054</u>	<u>9,198,423</u>
Total Assets	<u>11,819,870</u>	<u>12,085,473</u>	<u>12,232,389</u>	<u>11,738,232</u>
LIABILITIES:				
Accounts payable	197,466	157,102	222,640	225,020
Payroll Liabilities	97,444	85,583	68,370	62,899
Vacation Payable	-	81,820	64,574	69,993
Noncurrent liabilities				
Due within one year	22,995	512	15,192	16,736
Due in more than one year	<u>68,984</u>	<u>-</u>	<u>2,813</u>	<u>20,150</u>
Total Liabilities	<u>386,889</u>	<u>325,017</u>	<u>373,589</u>	<u>394,798</u>
NET ASSETS:				
Invested in capital assets, net of related debt	9,456,082	9,570,642	9,571,049	9,173,800
Unrestricted	<u>1,976,899</u>	<u>2,189,814</u>	<u>2,287,751</u>	<u>2,169,634</u>
Total Net Assets	<u>\$ 11,432,981</u>	<u>\$ 11,760,456</u>	<u>\$ 11,858,800</u>	<u>\$ 11,343,434</u>

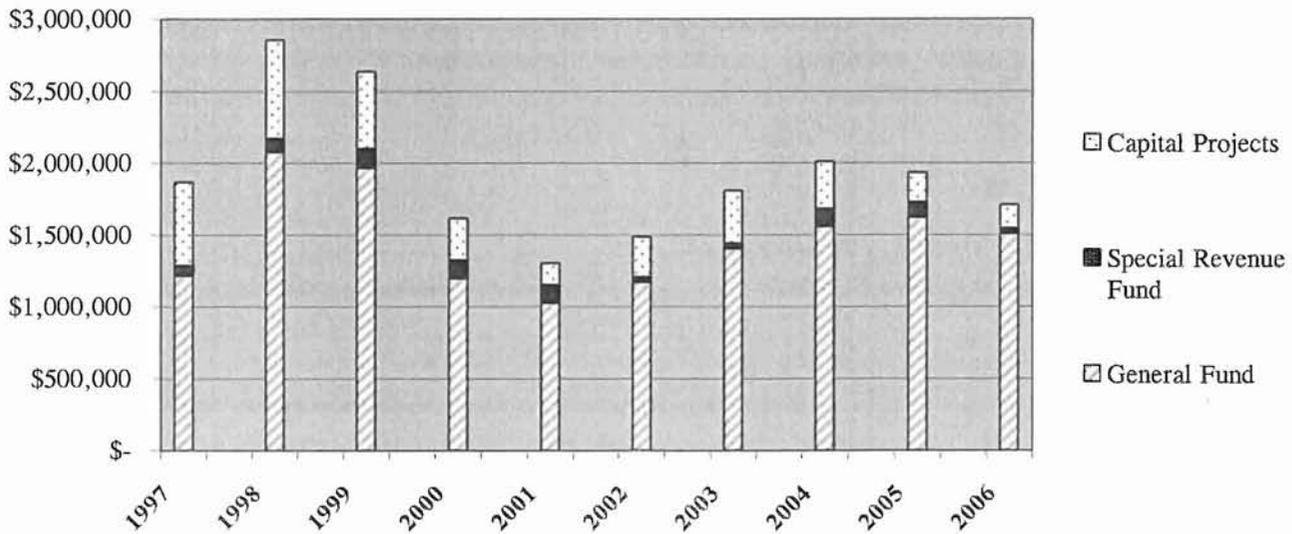
ASHLAND PARKS AND RECREATION COMMISSION
Change in Net Assets at June 30,

	2006	2005	2004	2003
Revenues:				
Program revenues:				
Charges for services	\$ 957,870	\$ 967,613	\$ 812,020	\$ 666,782
Operating grants and contributions	33,536	29,559	17,382	31,203
General revenues:				
Property taxes	5,734,513	5,285,297	5,135,720	4,817,730
Interest	73,410	54,424	29,383	35,640
Other	-	118,364	144,331	355,563
Total revenues	<u>6,799,329</u>	<u>6,455,257</u>	<u>6,138,836</u>	<u>5,906,918</u>
Expenses:				
Parks	3,484,095	3,685,972	3,287,600	3,104,796
Recreation	3,240,475	2,491,094	2,228,909	2,159,601
Golf course	390,461	375,323	375,640	332,042
Debt service	11,773	1,212	21,738	5,223
Total expenses	<u>7,126,804</u>	<u>6,553,601</u>	<u>5,913,887</u>	<u>5,601,662</u>
Increase (Decrease) in net assets	(327,475)	(98,344)	224,949	305,256
Net assets - Beginning	11,760,456	11,858,800	11,343,434	11,038,178
Prior Infrastructure	-	-	290,417	-
Net assets - Ending	<u>\$ 11,432,981</u>	<u>\$ 11,760,456</u>	<u>\$ 11,858,800</u>	<u>\$ 11,343,434</u>

ASHLAND PARKS AND RECREATION COMMISSION
Fund Balances
Last Ten Years for June 30,

	2006	2005	2004	2003
General Fund				
Unreserved, reported in:				
General Fund	1,507,367	\$ 1,621,679	\$ 1,558,332	\$ 1,403,171
Total General Fund	<u>1,507,367</u>	<u>1,621,679</u>	<u>1,558,332</u>	<u>1,403,171</u>
Special Revenue Fund				
Unreserved, reported in:				
Special revenue Funds	35,374	103,733	122,588	36,403
Total Special Revenue	<u>35,374</u>	<u>103,733</u>	<u>122,588</u>	<u>36,403</u>
Capital Projects				
Unreserved, reported in:				
Capital projects funds	165,326	207,375	330,331	367,733
Total Capital Projects	<u>165,326</u>	<u>207,375</u>	<u>330,331</u>	<u>367,733</u>
Total Governmental Funds	<u>\$ 1,708,067</u>	<u>\$ 1,932,787</u>	<u>\$ 2,011,251</u>	<u>\$ 1,807,307</u>

Fund Balance Comparison
Governmental Funds
Last Ten Years



<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$ 1,168,934	\$ 1,023,774	\$ 1,196,510	\$ 1,966,643	\$ 2,077,455	\$ 1,216,128
<u>1,168,934</u>	<u>1,023,774</u>	<u>1,196,510</u>	<u>1,966,643</u>	<u>2,077,455</u>	<u>1,216,128</u>
36,341	125,706	125,192	133,769	92,498	67,907
<u>36,341</u>	<u>125,706</u>	<u>125,192</u>	<u>133,769</u>	<u>92,498</u>	<u>67,907</u>
280,337	151,955	295,000	536,494	684,105	582,540
<u>280,337</u>	<u>151,955</u>	<u>295,000</u>	<u>536,494</u>	<u>684,105</u>	<u>582,540</u>
<u>\$ 1,485,612</u>	<u>\$ 1,301,435</u>	<u>\$ 1,616,702</u>	<u>\$ 2,636,906</u>	<u>\$ 2,854,058</u>	<u>\$ 1,866,575</u>

ASHLAND PARKS AND RECREATION COMMISSION
Statement of Revenues, expenditures and
Changes in Fund Balance- Governmental Funds
last ten years
For the year ended June 30,

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
REVENUES:				
Property Taxes:				
Current	\$ 5,113,995	\$ 5,122,235	4,978,807	4,590,566
Prior Years	569,457	198,111	228,760	209,657
Intergovernmental Revenues	128,536	94,310	101,297	123,203
Charges for Services	814,550	875,613	859,876	666,782
Interest Revenue	73,410	54,424	29,380	35,640
Miscellaneous Revenue	48,320	70,581	32,360	355,563
Total Revenues	<u>6,748,268</u>	<u>6,415,274</u>	<u>6,230,480</u>	<u>5,981,411</u>
EXPENDITURES:				
Current:				
Parks	3,202,140	3,408,058	3,022,863	3,023,828
Recreation	3,195,195	2,454,099	2,180,325	2,112,565
Golf Course	348,104	340,716	327,763	304,165
Capital Outlay	273,460	242,130	503,847	197,977
Debt Service	12,285	18,735	21,738	21,181
Total Expenditures	<u>7,031,184</u>	<u>6,463,738</u>	<u>6,056,536</u>	<u>5,659,716</u>
Excess of Revenues Over, (Under) Expenditures	<u>(282,916)</u>	<u>(48,464)</u>	<u>173,944</u>	<u>321,695</u>
Other Financing Sources, (Uses)				
Transfers In	125,000	50,000	70,000	70,000
Transfers Out	<u>(125,000)</u>	<u>(50,000)</u>	<u>(70,000)</u>	<u>(70,000)</u>
Total Other Financing Sources, (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balance	<u>(282,916)</u>	<u>(48,464)</u>	<u>173,944</u>	<u>321,695</u>
Fund Balance - Beginning of Year,	<u>1,932,787</u>	<u>1,981,251</u>	<u>1,807,307</u>	<u>1,485,612</u>
Prior Period Adjustment	<u>(58,196)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 1,708,067</u>	<u>\$ 1,932,787</u>	<u>\$ 1,981,251</u>	<u>\$ 1,807,307</u>

2002	2001	2000	1999	1998	1997
4,271,758	4,032,637	3,310,250	3,296,260	3,248,186	2,582,335
215,820	180,670	186,640	193,434	187,764	143,148
249,397	1,272,956	138,703	131,845	79,693	54,170
566,803	819,931	739,611	490,797	508,951	459,830
46,733	104,651	165,769	131,351	198,905	109,344
58,946	217,412	44,067	57,907	113,613	151,915
5,409,457	6,628,257	4,585,040	4,301,594	4,337,112	3,500,742
2,656,383	2,464,847	2,332,452	1,986,650	1,607,851	1,453,526
2,081,010	1,883,865	1,332,092	1,350,231	1,004,647	997,546
325,230	295,977	322,677	261,818	294,283	251,078
91,106	2,290,338	1,804,355	1,355,041	439,756	518,182
21,550	8,497	12,132	17,929	3,092	3,278
5,175,279	6,943,524	5,803,708	4,971,669	3,349,629	3,223,610
234,178	(315,267)	(1,218,668)	(670,075)	987,483	277,132
70,000	65,000	333,464	20,000	130,000	211,000
(120,000)	(65,000)	(135,000)	(20,000)	(130,000)	(130,000)
(50,000)	-	198,464	-	-	81,000
184,178	(315,267)	(1,020,204)	(670,075)	987,483	358,132
1,301,434	1,616,702	2,636,906	2,854,058	1,866,575	1,508,443
-	-	-	-	-	-
\$ 1,485,612	\$ 1,301,435	\$ 1,616,702	\$ 2,636,906	\$ 2,854,058	\$ 1,866,575

ASHLAND PARKS AND RECREATION COMMISSION
 Adopted and Actual Fund Balance
 Last Ten Years

Fund Balances	2006 Adopted	2005 Adopted	2004 Adopted	2003 Adopted
Parks Component				
Parks and Recreation Fund	993,667	965,822	815,000	782,294
Youth Activities Levy Fund	125,306	2,166	2,000	9,000
Parks Capital Improvements Fund	112,569	169,965	234,000	185,000
Total Budget	\$ 1,231,542	\$ 1,137,953	\$ 1,051,000	\$ 976,294
For the Fiscal Year Ended June 30, Fund Balances	2006 Actual	2005 Actual	2004 Actual	2003 Actual
City Component				
Parks Component				
Parks and Recreation Fund	1,507,367	1,621,679	1,558,332	1,403,171
Youth Activities Levy Fund	35,374	103,733	122,588	36,403
Parks Capital Improvements Fund	165,326	207,375	300,331	367,733
Total Budget	\$ 1,708,067	\$ 1,932,787	\$ 1,981,251	\$ 1,807,307

2002 Adopted	2001 Adopted	2000 Adopted	1999 Adopted	1998 Adopted	1997 Adopted
805,300	735,715	577,000	180,000	240,000	636,000
9,000	-	-	34,000	52,000	-
148,000	-	195,000	564,000	521,000	286,000
\$ 962,300	\$ 735,715	\$ 772,000	\$ 778,000	\$ 813,000	\$ 922,000

2002 Actual	2001 Actual	2000 Actual	1999 Actual	1998 Actual	1997 Actual
1,168,934	1,023,774	1,196,511	1,966,643	1,003,000	1,306,000
36,341	125,706	125,191	133,769	41,000	43,000
280,337	151,955	295,000	536,494	570,000	550,000
\$ 1,485,612	\$ 1,301,435	\$ 1,616,702	\$ 2,636,906	\$ 1,614,000	\$ 1,899,000

ASHLAND PARKS AND RECREATION COMMISSION
 Assessed and Estimated Actual Value of Taxable Property
 for the last ten fiscal years - Unaudited

Fiscal Year Ended June 30	Real (1)	Mobile Home	Personal	Utilities	Total	Taxable ratio (True Cash Value to Assessed)
1996-97	1,161,561,340	4,203,470	22,063,340	16,872,790	1,204,700,940	100.0%
1997-98	989,442,520	4,186,640	24,490,630	17,563,860	1,035,683,650	83.0%
1998-99	1,039,559,010	4,439,960	25,093,370	19,043,890	1,088,136,230	87.0%
1999-00	1,106,322,240	4,241,270	26,183,680	20,989,320	1,157,736,510	94.0%
2000-01	1,183,527,490	4,760,560	30,004,310	21,823,850	1,240,116,210	83.0%
2001-02	1,272,205,820	4,983,960	32,044,090	23,806,860	1,333,040,730	68.6%
2002-03	1,360,297,002	5,147,040	34,209,260	24,241,450	1,423,894,752	61.1%
2003-04	1,446,150,336	5,400,552	37,453,000	22,831,681	1,511,835,569	61.1%
2004-05	1,524,210,039	5,108,410	38,419,400	27,532,841	1,595,270,690	65.1%
2005-06	1,610,148,502	5,301,570	38,820,610	20,344,260	1,674,614,942	51.3%

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

Source: County Assessor tax roll property values.

ASHLAND PARKS AND RECREATION COMMISSION
Property Tax Rates - Direct and Overlapping Governments
(Per \$1,000 of Assessed Valuation)
for the last ten fiscal years - Unaudited

Fiscal Year	City of Ashland	Jackson County Historical Society (2)	Jackson County Vector Control	Jackson County	Rogue Valley Transit District	Net General Government Tax Rate	Jackson County Education Service District	School District 5	RCC	Ballot Measure 5 School Support Compression (1)	Net School Support Tax Rate	Total
1996-97	3.66	0.23	0.04	1.11	0.18	5.22	0.88	13.93		(7.46)	7.35	12.57
1997-98	5.18		0.04	2.00	0.18	7.40	0.88	13.93		(6.99)	7.82	15.22
1998-99	4.92		0.04	2.01	0.18	7.15	0.35	6.08			6.43	13.58
1999-00	4.81		0.04	2.25	0.18	7.28	1.95	5.03			6.98	14.26
2000-01	5.46		0.04	2.56		8.06	1.84	5.03			6.87	14.93
2001-02	5.38		0.04	2.66		8.08	0.86	5.83			6.69	14.77
2002-03	5.36		0.04	2.70		8.10	0.34	5.53	0.50		6.37	14.47
2003-04	5.34		0.04	2.79	0.17	8.34	0.34	5.49	0.50		6.33	14.67
2004-05	5.26		0.04	2.75	0.17	8.22	0.34	5.44	0.50		6.28	14.50
2005-06	5.25		0.04	2.55	0.17	8.01	0.34	5.31	0.62		6.28	14.28

(1) Oregon Measure 5 limited the effective tax rates of General Government and School Support after December 7, 1990. At the present time, only school support tax rates have been compressed and limited.

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

Source: Jackson County Assessor and Tax Collector

ASHLAND PARKS AND RECREATION COMMISSION
Property Value and New Construction History
for the City of Ashland, Oregon
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
1996-97	1,204,700,940	11	7,531,135	140	25,559,489
1997-98	1,035,683,650	14	18,453,404	154	24,364,300
1998-99	1,088,136,230	17	22,097,963	169	30,183,930
1999-00	1,157,736,510	15	7,081,675	233	31,940,531
2000-01	1,240,116,210	9	12,715,512	150	19,907,603
2001-02	1,333,040,730	17	13,702,661	106	11,464,493
2002-03	1,423,894,752	17	9,077,761	152	25,170,310
2003-04	1,511,835,569	30	10,137,442	154	35,764,484
2004-05	1,595,270,690	42	18,426,846	188	35,576,749
2005-06	1,674,614,942	19	20,988,810	160	24,336,944

(1) Property value is assessed valuation

Sources: State of Oregon Department of Insurance and Finance,
Division of Finance and Corporate Securities

City of Ashland, Department of Community Development

Jackson County Assessor

ASHLAND PARKS AND RECREATION COMMISSION
Principal Property Taxpayers
June 30, 2006 - Unaudited

Taxpayers	Type of Business	2006 Assessed Valuation	Percentage of Total Assessed Valuation
Qwest Corporation	Utility	11,162,700	0.67%
Windmill Inns of America, Inc.	Motels	9,779,610	0.58%
Ronald L. Deluca	Housing	8,673,130	0.52%
AVISTA Corp.	Utility	6,342,700	0.38%
Financial Pacific, Inc.	Housing	5,318,910	0.32%
Michael D. & Beverly Rydbom	Retail	4,457,080	0.27%
Skylark Assisted Living	Housing	4,394,680	0.26%
Bard's Inn Limited	Motels	4,193,980	0.25%
Summit Investment	Retail	4,105,890	0.25%
Windsor Inn	Motels	3,721,830	0.22%
All other		1,612,464,432	96.29%
Total		<u>1,674,614,942</u>	<u>100.00%</u>

Source: Jackson County Assessor

ASHLAND PARKS AND RECREATION COMMISSION
Property Tax Levies and Collections
for the last ten fiscal years - Unaudited

Fiscal Year Ended June 30	Total Tax Levy (1)	Current Tax Collections	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
1996-97	2,852,900	2,581,969	90.5%	143,514	2,725,483	95.5%	285,510	10.0%
1997-98	3,528,652	3,226,602	91.4%	214,193	3,440,795	97.5%	284,841	8.1%
1998-99	3,558,000	3,295,994	92.6%	194,881	3,490,875	98.1%	320,651	9.0%
1999-00	3,558,000	3,310,250	93.0%	186,640	3,496,890	98.3%	348,611	9.8%
2000-01	4,298,000	4,032,637	93.8%	180,670	4,213,307	98.0%	396,121	9.2%
2001-02	4,565,000	4,271,758	93.6%	215,820	4,487,578	98.3%	446,578	9.8%
2002-03	5,018,000	4,590,566	91.5%	209,657	4,800,223	95.7%	464,084	9.2%
2003-04	5,286,831	4,978,807	94.2%	228,760	5,207,567	98.5%	425,925	8.1%
2004-05	5,542,457	5,122,235	92.4%	198,111	5,320,346	96.0%	371,735	6.7%
2005-06	5,825,000	5,113,995	87.8%	569,457	5,683,451	97.6%	408,392	7.0%

(1) Includes operating levy and youth activities serial levy.

(2) Delinquent taxes collected represent accumulated amounts for the specific fiscal year.

(3) Includes adjustments, rounding and discounts.

Sources: Basic financial statements; Ashland Parks and Recreation Commission financial records

ASHLAND PARKS AND RECREATION COMMISSION
 Computation of Direct and Overlapping Bonded Debt - General Obligation Bonds
 June 30, 2006 - Unaudited

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to City</u>	<u>Amount Applicable to City</u>
Direct:			
City of Ashland	\$ 19,770,000 (1)	100.00%	\$ 19,770,000
Overlapping:			
Jackson County	41,370,000	14.75%	6,103,357
School District #5	2,875,000	80.47%	2,313,416
Rogue Community College	<u>44,950,000 (2)</u>	10.81%	<u>4,860,129</u>
	<u>\$ 108,965,000</u>		<u>\$ 33,046,903</u>

(1) Excluding general obligation bonds reported in the Enterprise Funds supported by non-tax revenue sources

(2) Net tax supported debt

Source: City of Ashland Financial Statements and Records
 County Treasurer Statements of Bonded Indebtedness.

ASHLAND PARKS AND RECREATION COMMISSION
Principal Employers
Current and Ten Years Ago

2006		
Employer	Employees	Percentage of Total City Employment
Southern Oregon University	850	8.72%
Ashland Community Hospital	410	4.20%
Oregon Shakespeare Festival	398	4.08%
Ashland Public Schools	350	3.59%
City of Ashland*	269	2.76%
Butler Ford	160	1.64%
Pathway Enterprises	140	1.44%
Ashland Food Cooperative	130	1.33%
Professional Tool Mfg. LLC	100	1.03%
Prestige Care (Linda Vista)	75	0.77%
Total	<u>2,882</u>	<u>29.55%</u>
Total City Employment	<u>9,752</u>	

1997		
Employer	Employees	Percentage of Total City Employment
Southern Oregon State College	740	12.33%
Public Schools	382	6.37%
Oregon Shakespeare Festival	430	7.17%
Ashland Community Hospital	264	4.40%
Southern OR Training & Habilitation	246	4.10%
City of Ashland*	197	3.28%
Darex Corporation	135	2.25%
Butler Ford	100	1.67%
Linda Vista Care	85	1.42%
Parson's Pine Products	71	1.18%
Total	<u>2,650</u>	<u>44.17%</u>
Total City Employment	<u>6,000</u>	

Source: Ashland Chamber of Commerce
Oregon Employment Department

* Includes Ashland Parks Commission

ASHLAND PARKS AND RECREATION COMMISSION
 Demographic Statistics for the City of Ashland, Oregon
 for the last ten fiscal years - Unaudited

Fiscal Year Ended June 30	Population (1)	Per Capita Income (2)	School Enrollment (3)	Unemployment Rate Jackson Co. (2)
1996-97	18,360	21,410	3,384	7.3%
1997-98	18,560	21,933	3,358	6.6%
1998-99	19,220	23,214	3,309	6.4%
1999-00	19,490	24,004	3,258	5.7%
2000-01	19,610	24,917	3,411	5.9%
2001-02	19,770	25,772	3,393	6.6%
2002-03	20,130	26,477	3,321	6.8%
2003-04	20,430	28,531	3,138	7.3%
2004-05	20,590	N/A	2,920	6.2%
2005-06	20,880	N/A	2,777	5.7%

Sources:

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

ASHLAND PARKS AND RECREATION COMMISSION
Commission Employee by Function/Program

Function/Program	2006	2005	2004
Parks Division			
Director	1.00	1.00	1.00
Parks Superintendent	1.00	1.00	1.00
Greens Superintendent	1.00	1.00	1.00
Department Secretary	1.00	1.00	1.00
Lead Custodian	1.00	1.00	1.00
Custodian	2.00	1.00	1.00
Park Worker	8.00	9.00	7.00
Park Technician I	5.00	5.00	6.00
Park Technician II	8.00	8.00	8.00
Park Technician III	5.00	5.00	3.00
Temps	6.70	6.70	-
Recreation Division			
Recreation Superintendent	1.00	1.00	-
Recreation Supervisor	-	-	1.00
CC/Recreation Facilities Manager	1.00	1.00	1.00
Recreation Coordinator	1.00	1.00	-
Environmental Education Coordinator	2.00	1.60	1.60
Senior Program Director	0.80	-	-
Senior Center Specialist	0.70	-	-
Senior Center Info/Ref Specialist	0.25	-	-
Receptionist	1.00	1.00	1.00
Environmental Ed Assistant	1.00	1.60	0.80
	48.45	46.90	35.40

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ASHLAND PARKS AND RECREATION COMMISSION
 Operating Indicators and Capital Assets and Infrastructure by Function/Program

Function/Program	Actual 2006	Actual 2005	Actual 2004	Actual 2003
Forestry, Trails, and Natural Resources				
Acres treated/retreated for fuel reduction	45	45	40	33.5
Miles of trail maintained	25	20	10	10
Horticulture				
Trees maintained	5,000	5,000	5,000	5,000
Number of trees planted	50	100	100	100
Number of plants planted	15,000	15,000	15,000	15,000
Acres mowed- athletic area	46	46	44	44
Parks and Recreation Community Facilities				
Community Center Rentals	139	97	135	
Pioneer Hall Rentals	110	113	113	
Hunter Park Rentals	20	17	24	
Lithia Park Reservations	104	101		
The Grove Rentals	20	41		
Aquatic Facilities				
Recreational swimmers		12,150	13,222	11,392
Lesson participants		642	554	740
Accidents per season		-	-	2
Number of seasonal employees		17	17	14
Ice Rink Facilities				
Number of admissions		12,500	12,299	12,389
Accidents per season		-	-	1
Number of seasonal employees		10	8	6
Golf Division				
Total rounds of golf		20,253	18,392	22,757

Actual 2002	Actual 2001	Actual 2000	Actual 1999	Actual 1998	Actual 1997
33.5 10	34 10				
5,000 100 15,000 44	5,000 100 15,000 44	44	44	44	44
19,907 775 1 16	15,992 880 2 20	22,439 1,202 3 23	26,056 1,183 2 23	16,200 1,260	16,350 1,155
15,685 4 6	15,842 4 6	18,078 8 8	15,027 10 12	- - -	- - -
22,375	24,848	27,038	24,562	28,361	

ASHLAND PARKS AND RECREATION COMMISSION
 Miscellaneous Statistics
 June 30, 2006

Dedicated Park Land 640 Acres

Dedicated Park Sites: 19

- Lithia Park
- Greenway Park Property
- Hunter Park
- Garden Way Park
- Clay Street Park
- Sherwood Park
- Triangle Park
- YMCA City Park
- Garfield Park
- Glenwood Park
- Bluebird Park
- Railroad District Park
- Water Street Park
- Siskiyou Mountain Park
- North Mountain Park
- Oak Knoll Golf Course
- Todd - Oredson Woods
- Strawberry/Hald Property
- Vogel Property

Number of Parks and Recreation Facilities

- Community Centers 4
- Swimming Pool 1
- Tennis Courts 12
- Playgrounds 8
- Golf Course 1
- Seasonal Ice Rink 1
- Skateboard Facility 1
- Trails 29 Miles

Number of Parks and Recreation Employees 40

Usage Agreements:

The Ashland Parks and Recreation Commission has joint usage agreements with the Ashland School District for community/school park sites located at all the elementary schools in Ashland.

The Ashland Parks and Recreation Commission has a usage agreement with Southern Oregon University for usage of the North Campus Athletic Fields.

ASHLAND PARKS AND RECREATION COMMISSION
 General Government Expenditures by Function (1)
 for the last ten fiscal years - Unaudited

Fiscal Year Ended June 30	Parks and Recreation	Capital Outlay	Debt Service	Total Expenditures
1996-97	2,702,150	518,182	3,278	3,223,610
1997-98	2,906,781	439,756	3,092	3,349,629
1998-99	3,336,880	1,178,927	2,939	4,518,746
1999-00	3,987,221	1,804,355	12,132	5,803,708
2000-01	4,644,689	2,290,338	8,497	6,943,524
2001-02	5,062,623	91,106	21,550	5,175,279
2002-03	5,440,558	197,977	21,181	5,659,716
2003-04	5,801,792	233,006	21,738	6,056,536
2004-05	6,202,873	242,130	18,735	6,463,738
2005-06	6,870,437	273,460	12,285	7,156,183

(1) Includes General, Special Revenue and Capital Projects Funds

Sources: Basic financial statements; Ashland Parks
 and Recreation Commission financial records

ASHLAND PARKS AND RECREATION COMMISSION
 General Government Revenues By Source (1)
 for the last ten fiscal years - Unaudited

Fiscal Year Ended June 30	Property Taxes	Intergovernmental	Charges for Services	Interest	Miscellaneous	Total Revenues
1996-97	2,725,483	54,170	459,830	109,344	151,915	3,500,742
1997-98	3,435,950	79,693	508,951	198,905	113,613	4,337,112
1998-99	3,489,694	131,845	490,797	131,351	57,907	4,301,594
1999-00	3,496,890	138,703	739,611	165,769	44,067	4,585,040
2000-01	4,213,307	1,272,956	819,931	104,651	217,412	6,628,257
2001-02	4,487,578	249,397	566,803	46,733	58,946	5,409,457
2002-03	4,800,223	123,203	666,782	35,640	355,563	5,981,411
2003-04	5,207,567	101,297	859,876	29,380	32,360	6,230,480
2004-05	5,342,477	94,310	875,613	54,424	27,248	6,394,072
2005-06	5,683,451	128,536	909,550	73,410	48,320	6,843,267

(1) Includes General, Special Revenue and Capital Projects Funds

Source: Basic financial statements; Ashland Parks
 and Recreation Commission financial records

ASHLAND PARKS AND RECREATION COMMISSION
JACKSON COUNTY, OREGON

2005-2006 AUDITORS' COMMENTS AND DISCLOSURES

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PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

-
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September 22, 2006

2005-2006 AUDITORS' COMMENTS AND DISCLOSURES

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

REPORT ON INTERNAL ACCOUNTING CONTROL

We have audited the basic financial statements of Ashland Parks and Recreation Commission, Jackson County, Oregon, as of and for the year ended June 30, 2006, and have issued our report thereon dated September 22, 2006.

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

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

In planning and performing our audit of the basic financial statements of Ashland Parks and Recreation Commission, Jackson County, Oregon, for the year ended June 30, 2006, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants.

INTERNAL CONTROL (CONTINUED)

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

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

ACCOUNTING RECORDS

The Commission's accounting records are adequate for audit.

BUDGET TRANSACTIONS

Expenditures of the various funds were within authorized appropriations.

2005-2006 and 2006-2007 BUDGETS

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

COLLATERAL SECURING BANK DEPOSITS

The Commission's deposits appeared to be adequately covered by federal depository insurance or certificates of participation at all times during 2005-2006, based upon our testing. Deposits in the State Local Government Investment Pool are not required to be collateralized.

INVESTMENTS

The Commission's investments for the year ending June 30, 2006, were reviewed and based upon our testing appeared to comply with the legal requirements pertaining to the investment of public funds contained in ORS 294.035.

PUBLIC CONTRACTS AND PURCHASING

The Commission's procedures for awarding public contracts were reviewed and based upon our testing we found no instances of non-compliance with ORS Chapter 279 during 2005-2006.

INSURANCE AND FIDELITY BONDS

Details concerning insurance and fidelity bond coverage were reviewed during the audit. Fidelity bond coverage provided appears to meet legal requirements set forth in ORS 221.903. We do not have the professional expertise to state whether the insurance coverage is adequate.

DEBT LIMITATION

The Commission's bonded debt outstanding was within the provisions of ORS 552.645.

OUTSTANDING WARRANTS

The Commission did not have any outstanding endorsed warrants at June 30, 2006.

COMMISSION HIGHWAY FUNDS

The Commission did not receive state highway funds during fiscal year 2005-2006.

PROGRAMS FUNDED FROM OUTSIDE SOURCES

We reviewed and tested, to the extent we considered necessary in the circumstances, transactions and reports relative to federal and state programs. Since the Commission did not expend greater than \$500,000 in federal financial assistance for the year ended June 30, 2006, it was not necessary to perform, nor did we perform, tests in accordance with the Federal Single Audit Act, as amended (U.S. Office of Management and Budget Circular A-133)


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