

# City of Ashland, Kentucky



## Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2014

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**CITY OF ASHLAND, KENTUCKY**  
FOR THE FISCAL YEAR July 1, 2013 to June 30, 2014

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**COMPREHENSIVE ANNUAL FINANCIAL  
REPORT**



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**PREPARED BY: DEPARTMENT OF FINANCE  
DIRECTOR'S DIVISION**  
Tony D. Grubb, CGFM, Finance Director  
Michelle Veach, Assistant Finance Director  
Gretchen Arrington VanHoose, Accountant II  
Jacob Risner, Accountant I

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## **INTRODUCTORY SECTION**

- Letter of Transmittal
- Certificate of Achievement for Excellence in Financial Reporting
- Organizational Chart
- Listing of Elected and Appointed Officials





Website: [www.ashlandky.gov](http://www.ashlandky.gov)

Department of Finance

Email: [tdgrubb@windstream.net](mailto:tdgrubb@windstream.net)

December 20, 2014

The Mayor and City Commission and  
City Manager of the City of Ashland, Kentucky

To the Mayor, City Commission and City Manager:

The Department of Finance is pleased to present the Comprehensive Annual Financial Report of the City of Ashland, Kentucky for the fiscal year ended June 30, 2014. This report was prepared in accordance with Generally Accepted Accounting Principles (GAAP) and the reporting standards of the Governmental Accounting Standards Board (GASB). The Comprehensive Annual Financial Report (CAFR) includes all funds of the Government. The City management is responsible for the accuracy of the data and for the completeness and fairness of the presentation. To the best of our knowledge and belief, the enclosed data presents the financial position and results of the various activities of the City.

Kelley, Galloway and Company, PSC, has issued an unqualified opinion that the financial statements for the fiscal year ended June 30, 2014 are presented fairly in conformity with GAAP. The independent auditors' report is presented as the first component in the financial section of this report.

Immediately following the independent auditors' report is the section, Management's Discussion and Analysis (MD&A) that provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A is designed to complement this letter of transmittal and should be read in conjunction with it. The City of Ashland's MD&A begins on page 15.

### **Profile of the Government**

Ashland began as the Village of Poage Settlement in the early 18<sup>th</sup> century. In 1854, the name was changed to the Town of Ashland and was incorporated as a city in 1876 with a council of five trustees. Today, Ashland has a mayor, four city commissioners and a city manager. The City Manager, Benjamin Bitter, is the chief administrative officer for the city and reports to the Board of Commissioners. The Mayor is currently Chuck D. Charles and our City Commissioners are Larry Brown, Kevin Gunderson, Marty Gute and Cheryl Spriggs. Department heads report to the City Manager and they include: Richard Martin, Corporation Counsel; Chris Pullem, Director of Economic Development; Tony Grubb, Director of Finance; Marion Russell, Director of Public Works; Mike Miller, Director of Planning & Community Development; Robert Ratliff, Chief of Police; Scott Penick, Fire Chief; Ryan Eastwood, Director of Engineering and Utilities and Sean Murray, Director of Human Resources / Parks / Recreation.

The City of Ashland has 294 authorized full-time positions. Of these positions, our largest department is Engineering & Utilities comprising 24% of the employees. The Engineering & Utilities department consists of seven different divisions ranging from Engineering to Meter Services. The next largest department is our Public Works department at 21% with 63 total employees.

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### **The City of Ashland, Kentucky**

Post Office Box 1839

Ashland, KY 41105-1839

(606) 327-2009 Fax: (606) 327-2010

For Hearing Impaired TDD: (606) 327-2097

The General Government of the City contains seven divisions: Mayor and Commissioners, City Manager, Legal / City Clerk, Economic Development, Human Resources / Safety Risk, Unclassified and Grants / Projects. These divisions provide the administration for the City. The primary function of the Legal / City Clerk Department is to provide legal assistance to all departments within the City, to represent the City in court cases as needed and maintain official records of the City. The Economic Development department can streamline and expedite the business development review process and guide companies through zoning processes, building code regulations, licensing requirement and other development matters. The Human Resources / Safety Risk department maintains all personnel records on current and previous employees. The Safety Risk Manager coordinates and manages city-wide safety, loss control, and insurance programs to promote the maintenance of a safe, accident-free and healthy work environment. The manager conducts and reviews hazard assessments, analyzes injury statistics, develops safety policies and procedures and ensures we remain in compliance with OSHA rules and regulations. The Unclassified division in general government includes insurance, debt service payments, transfers to other funds and miscellaneous appropriations. The Grants and Projects division contain the major grants and construction projects in which the City is currently involved.

The Department of Finance includes the divisions of Director of Finance, Data Processing, Utility Cashier and Assisted Housing. The department is responsible for the custody, investment and disbursement of all funds, debt management, pension fund administration, administration of the occupational license fee, coordination of the annual financial audit, compilation of the budget, and providing various types of financial information to city management and elected officials. The Finance department has committed themselves to doing the job right the first time with knowledgeable, efficient and effective service. The department ensures integrity by directing, coordinating and monitoring all service functions and assures progress by developing new and improved techniques and procedures. Finance bills approximately 14,100 utility customers per month and is accountable for the semi-annual billing of property tax customers. The housing voucher program, also known as Section 8, provides rental assistance to 472 families throughout Boyd County. The goal of the program is to provide low-income families with decent, safe, and sanitary rental housing through rental assistance payments. The voucher program is funded by Housing and Urban Development's public housing funds.

The Department of Public Works is the second largest department in the City. This department performs a wide range of services and includes the divisions of Director of Public Works, Streets, Solid Waste, Fleet Maintenance, Animal Control, Floodwall and Mass Transit. The Street department used 6,700 tons of asphalt to pave and patch the City streets and poured over 11,000 square feet of concrete sidewalks during the fiscal year. Garbage collection is required of all residents within the City and our Solid Waste division collects on a weekly basis. The recycling program was implemented in fiscal year 2009 placing 20 recycling bins in four locations throughout the City. The City recycled 500 tons of waste in fiscal year 2014. The Ashland Bus System (A.B.S.) is the public transportation system of the City and is funded by the Federal Transit Authority (F.T.A.), Kentucky Department of Transportation and the City. The bus system served approximately 151,000 passengers this past year and received \$ 61,760 in passenger fares. The City is also an authorized ticket agent for the Greyhound Bus Lines selling more than \$ 121,700 in tickets and bringing in commission of approximately \$ 18,000.

The Department of Engineering & Utilities, our largest department, is comprised of Director of Engineering / Utilities, Engineering, Municipal Aid Road program, Water Distribution, Water Production, Meter Services, Industrial Pretreatment, Wastewater Collection and Wastewater Treatment. This department also conducts the development, planning and implementation of the combined sewer overflows. The Engineering division is an integral part of the Engineering & Utilities department. This division maintains right-of-way records, keeps City maps current, prepares plans and drawings for projects, assigns addresses within the City, reviews building plans prior to permits being issued, and completes all the surveys for City projects. The City owns and operates its own water distribution system. The water plant averages over 10 million gallons per day with a capacity of 24 million gallons. In addition to the water produced for the Ashland distribution system, some water produced at the plant is sold to neighboring systems. Water Distribution is the largest division in Engineering & Utilities in number of employees. The tasks of the division include the installation and maintenance of water and sanitary sewer mains. Water is distributed using a series of holding tanks and water pump stations. Wastewater is collected using sewer pump stations and forced mains to get it to the treatment plant. Wastewater from outside the City is pumped through the City's collection system to the treatment plant. The treatment plant processes all

wastewater pumped in through the collection system. The treated water is tested and must meet all state and federal standards before being released into the Ohio River. The plant is monitored by government agencies, which regulate its operating permit. In 2014, we treated approximately 1.8 billion gallons of wastewater.

The Department of Planning and Community Development is charged with the functions of land use planning, code enforcement and community development. Tasks include the update and maintenance of the comprehensive plan, review of subdivision plats, site plans, zoning changes, street closings, conditional use permits, and variances. The staff serves the Planning Commission and Board of Zoning Adjustment. The Planning and Code division is responsible for the long-range and short-range land use planning of Ashland. This division also enforces building and property maintenance codes for properties in Ashland. The building codes govern construction practices on all buildings and structures. The property maintenance code governs the appearance and maintenance of existing structures and property. While some may see the duties as a burden or even intrusive, the City codes are for the benefit of all in the community. They promote health and safety and help preserve property values. Code Enforcement issued 323 building and zoning permits in fiscal year 2014, bringing in \$ 75,273 of revenue for the City. This division also administers funding received from the U.S. Department of Housing and Urban Development (HUD) in the form of Community Development Block Grant (CDBG) funds. A portion of the City's annual entitlement funding is devoted to homeowner improvements such as emergency rehabilitation, architectural barriers and acquisition for affordable housing. The code officers assist with the CDBG housing projects - mainly the homeowner rehabilitation program. It provides repairs, energy conservation measures, and other home improvements up to \$ 25,000 per home. Ashland has two target neighborhoods: East Central and Pollard. They were designated based on the median income of the residents according to U.S. Census data.

The Ashland Police Department strives to identify and respond to the needs of the community; take the lead in solving community problems; instill a professional attitude and enhance the overall quality of life through mutual trust, respect, and the fair enforcement of the laws while carefully safeguarding the self-respect of all. The Ashland Police Department was organized in the late 1800's with the first executive officer being a town Marshall who was elected. Today's police department has an authorized strength of 52, with 48 sworn officers. Two civilian employees serve administrative support roles and two parapolice handle tasks not requiring the services of a sworn officer, e.g., parking enforcement, information center, records management, and property control.

The Ashland Fire Department is a full-time professional fire department with 53 full-time employees. The department has two functions: fire suppression and fire prevention. The fire suppression division is responsible for all fire suppression, rescue services and hazardous materials response. The fire prevention division conducts semi-annual life safety inspections of all multi-family and commercial occupancies. The Fire Department was founded in 1856 as a volunteer fire department and became a full-time paid fire department in 1885. The principles the Ashland Fire Department were founded upon, and continues to strive to meet are dedication, determination, courage, excellence, teamwork, pride, leadership, commitment and honor. In fiscal year 2014, the department completed 1,816 fire and EMS runs.

The Parks and Recreation Department provides many opportunities for recreational activities for families. The park system consists of the following parks: Central Park, Southside Park, Riverfront Park, Oliverio Park, Linear Park, Dawson Park and Municipal Pool, Spring Park and Pollard Mills Park. The parks add charm and beauty to our City and offer many various activities including: Winter Wonderland of Lights, Summer Motion, Easter Egg Hunt, summer concerts at the bandstand, Bluegrass Festival, Halloween Trick or Treat/Haunted Trail, Brass Band, picnics and cookouts. The activity rooms in the Round House and Log Cabin host various events from weddings to family reunions, including Santa Claus after the annual Christmas parade. Ice skating is also available from November through mid-March. The City acquired the Ashland Cemetery Company in September 2009 which is included in the Parks and Recreation Department. The cemetery was transferred to the City for \$ 1 and has capital assets and inventory valued over \$ 5 million dollars. Ashland Cemetery Company is a historic treasure in the community. The first burial took place prior to the Civil War and the first rustic memorial still graces the landscape that has become the Ashland Cemetery. The cemetery holds a Revolutionary War Memorial of two members of Ashland's founding fathers: General John Poage and Colonel George Poage. The Ashland

Cemetery is a unique part of our community and was officially established in 1870. Since then, the cemetery has been serving the families of our city.

### **Internal Control**

Management of the City is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the City are protected from loss, theft or misuse. It must also ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurances that these objectives are met. The concept of reasonable assurance recognizes that the costs of a control should ordinarily not exceed the benefits to be derived and the valuation of costs and benefits require estimates and judgments by management.

As a recipient of federal and state monies, the City is also responsible for ensuring that an adequate internal control system is in place and functioning properly to ensure compliance with applicable laws and regulations related to those programs. The internal control system is subject to periodic management evaluation.

As a part of the City's single audit, tests are made to determine the adequacy of the internal control system, including those controls related to federal programs, as well as to determine that the City has complied with applicable laws and regulations. The result of the City's single audit for the fiscal year ended June 30, 2014 identified a deficiency a material weakness in the internal control system. Tire purchases increased significantly over prior year and were no longer included in the inventory stock. Unaccounted for tire purchases were either due to a lack of poor tracking procedures or misappropriation of City property.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. The City had five findings during fiscal year 2014. Three findings were detected within the administration of its Community Development Block Grant Program and its Section 8 Housing Choice Voucher Program. Both programs' issues primarily involved a lack of adequate internal control and supporting documentation to determine compliance and eligibility with their respective grant programs. In particular, the City's CDBG Program failed to file reports in compliance with the Federal Funding Accountability and Transparency Act. CDBG also failed to adhere to the procurement code by not conducting a competitive bidding process in the rehabilitation of houses. Additionally, errors were noted with the City's Section 8 Program including missing and / or incomplete information in tenant files. In response to these findings, the City will provide additional training for its employees, create a tenant file checklist, and establish internal audit procedures to ensure compliance with grant program requirements.

### **Demographics**

Ashland is located on the Ohio River and is part of the metro "triangle" comprised of Ironton, Ohio, Huntington, West Virginia and Ashland, Kentucky. This location makes Ashland a major river port and manufacturing town. Ashland is eastern Kentucky's largest urban area and a center for health care, commerce, banking and recreational activities. The City currently encompasses 17.02 square miles. We continue to expand in the areas of art, entertainment and cultural events while maintaining an aggressive nature to progress and grow. The population of Ashland is 21,684 according to the 2010 census and experienced a decline between 2000 and 2010 that is projected to continue in the future. The rate of decline has slowed significantly as opposed to the rate between 1980 and 1990. The City lost 12.53% of its population between 1980 and 1990, 6.95% between 1990 and 2000 and only 1.35% between 2000 and 2010.

Ashland distinctly experiences all four seasons, with vivid fall foliage and occasional snow in winter. Average highs are around 88°F in July, the warmest month, and average lows are around 19°F in January, the coolest month. Average annual precipitation is 42.8 inches, with the wettest month being July, averaging 4.7 inches.

### **Significant Events**

The *Poage Landing Days*' festival promotes the commercial, cultural, and social welfare of the Ashland area. The festival was voted one of the "Top 25" downtown festivals in Kentucky by the Kentucky Main Street Program. Poage Landing Days' features popular events such as an antique car show, tractor show, motorcycle show and the Poage Landing Days' Beauty Pageant along with various other events to challenge both the athletic and the artistic.

The *Summer Motion* festival features a wide variety of family entertainment such as games, rides, a petting zoo, food court, parade, live headliner concerts and health screenings. The Ashland skies shine bright every 4<sup>th</sup> of July with a spectacular fireworks display.

*Winter Wonderland of Lights* is a six week festival held in Ashland's Central Park and throughout the downtown area. Stroll through our fifty-two acre park ablaze with sixty magical holiday displays containing over 850,000 lights. Take your children or grandchildren on the "Winter Wonderland Express" train and top off your evening with a visit with Santa in Ashland's oldest home which is located in Central Park.

The annual *Repair Affair* is a one day event of home repairs for low income, disabled, and elderly homeowners. This year we completed 48 projects with the help of over 200 volunteers. Home repairs consist of yard work, exterior painting, porch replacements, handicap ramp construction and many other repairs.

The City of Ashland was awarded over \$10 million from the Kentucky Transportation Cabinet for the *Ashland Riverfront Project* regarding Federal Highway Administration SAFETEA-LU funds. The purpose of this project was to create a unique waterfront that will serve as a legacy for current and future generations of residents and visitors to the City. It incorporated existing assets such as the historical Depot building, brick roadways and floodwall murals. The riverfront allows for commercial activity in a park setting with views of the river and is able to accommodate festivals and events, such as Summer Motion. The riverfront project, now called the Port of Ashland, added over \$ 11,550,000 to the City's infrastructure.

The Engineering & Utilities department has begun construction on the *Combined Sewer Overflow (CSO)* initiative. Initial planning and engineering for this \$ 14.6 million project began in September of 2007. This project will improve water quality of the Ohio River by reducing the frequency, duration and volume of CSO discharges from the Ashland combined sewer system. There are CSO projects currently in process: 37<sup>th</sup> Street Pump Station and Force Main Upgrade Project, 29<sup>th</sup> Street Storm Separation and Remediation Project and Greenup Avenue Combined Sewer Remediation. The 37<sup>th</sup> Street project is in the middle of the construction phase while the 29<sup>th</sup> Street project is just in the beginning engineering phase. At the close of the fiscal year, the construction in progress was in excess of \$ 2.9 million.

### **Local Economy**

The City of Ashland is at the epicenter of an unparalleled industrial and technological region. Healthcare is our leading industry and the King's Daughters Medical Center is our # 1 employer. King's Daughters Medical Center (KDMC) is a locally controlled, not-for-profit, 612-bed regional referral center, covering a 150-mile radius that includes southern Ohio, eastern Kentucky and western West Virginia. KDMC offers comprehensive cardiac, medical, surgical, pediatric, rehabilitative, psychiatric, cancer, neurological, pain care, wound care and home care services in one convenient location. Established in 1899, KDMC currently ranks fourth in the state of Kentucky in terms of overall admissions, and, with more than 3,600 team members, is the largest employer between Charleston, West Virginia and Lexington, Kentucky. King's Daughters Medical Center also has one of the busiest emergency departments in the state of Kentucky. KDMC is honored to be named one of the

nation's 100 Top Hospitals by Thomson Reuters®, the leading source of healthcare information products, for five consecutive years. Additionally, KDMC has been named among the "Best Places to Work in Kentucky" by the Kentucky Society for Human Resource Management State Council, in conjunction with the Kentucky Chamber of Commerce. King's Daughters is the only employer in Boyd, Greenup and Carter counties to receive the award.

Education in Ashland is another rung in our local economy. There are eight public schools and two private schools in Ashland. All public schools within city limits are operated by the Ashland Independent School District, our 2<sup>nd</sup> largest employer employing 751 citizens. The two private schools serving the Ashland area are the Holy Family School and Rose Hill Christian School. Holy Family is affiliated with Holy Family Catholic Church and currently offers K-8 education. Rose Hill is affiliated with the Rose Hill Baptist Church and offers K-12. Post-secondary educational opportunities include Ashland Community and Technical College, which has multiple campuses within the city. Morehead State University also has a satellite campus located in Ashland.

Wal-Mart Stores, Inc. dropped to our # 3 employer position this year. Wal-Mart's purpose is to save people money so they can live better. Wal-Mart is the anchor store in the Melody Mountain area retailers. Melody Mountain is annexed land that was developed in 2005. Overlooking the city to the west, it is bounded by 6th Street, US 23, and a CSX spur. Initial plans were to include a Wal-Mart, Home Depot, O'Charley's, Fire Mountain and Outback Steakhouse, although Fire Mountain and Home Depot later dropped out of the project. Chick-Fil-A was then added to the project and Verizon has been included now as well. The \$ 30 million Melody Mountain project was destined to be completed in 2005; however, Phase I opened in early 2006. It was financed partially by \$ 3 million in bonds issued by the city. Phase II construction of the Melody Mountain project began in March 2013 and was completed in the fall of 2014. The second Phase brought the retail stores Kohl's, Great Clips, Dick's Sporting Goods and PetSmart to the City. This phase provided an additional 150,000 square feet of retail space as well as approximately 300 permanent, full-time jobs.

Kentucky Community & Technical College System (KCTCS) remained our # 4 principal employer this year with 426 employees. Created by House Bill 1 in 1997, KCTCS is the newest postsecondary education institution in the Commonwealth. Their 16 colleges and 68 campuses throughout the state are deeply rooted in the history and tradition of Kentucky while providing students with cutting edge education. KCTCS offers certificates (some as short as 6 weeks) and diplomas as well as two-year associate degrees in over 600 credit program offerings. The most popular area of study is the baccalaureate transfer program which allows a student to earn an associate degree at a KCTCS college and transfer to a four-year Kentucky institution.

### **Financial Policies / Planning**

Fund balance replenishment continues to be the most important financial priority for the City. The City has budgeted \$ 500,000 in the General Fund and \$ 750,000 in the Utility Fund in Fiscal Year 2015 to address the fund balance amount. City Elected Officials and City Management have established a goal to have 3 months of operating expenses in fund balance for these 2 major funds. We are committed to continuing this practice until we are able to restore the fund balances to industry recommended levels which will help us maintain the fiscal health of the City. In Fiscal Year 2014, we were able to add \$ 2.0 million to the General Fund fund balance and \$ 2.3 million to the Utility Fund net position. City management continues to monitor the Health Insurance and personnel costs of the city for any potential cost savings. We also are investing approximately \$ 3.5 million into the Utility infrastructure to prevent future issues with the water and sewer system. This became a priority after we had numerous water outages last winter for several days in some of our service areas.

### **Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Ashland, Kentucky for its comprehensive annual financial report for the fiscal year ended June 30, 2013. This was the 7<sup>th</sup> consecutive year that the government has achieved this prestigious award. The award was previously received in 1993, 2007, 2008, 2009, 2010, 2011 and 2012. In order to be awarded a Certificate of Achievement, a government must publish an easily readable

and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Government Finance Officers Association of the United States and Canada (GFOA) has also given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Ashland for its Popular Annual Financial Report for the fiscal year ended June 30, 2013. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

### **Acknowledgements**

The completion and issuance of this report could not have been accomplished without the dedicated efforts of the entire staff of the Department of Finance. Special thanks must be given to Michelle Veach, Gretchen Arrington VanHoose, and Jacob Risner for their dedication in the creation and compilation of this document.

We believe that this report clearly illustrates the strong financial posture of the City of Ashland and we wish to take this opportunity to thank you and the citizens of Ashland for the vital role you have historically played in enabling the City to achieve and maintain this high degree of fiscal responsibility.

Sincerely,



Tony D. Grubb  
Finance Director, CGFM



Government Finance Officers Association

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

Presented to

**City of Ashland  
Kentucky**

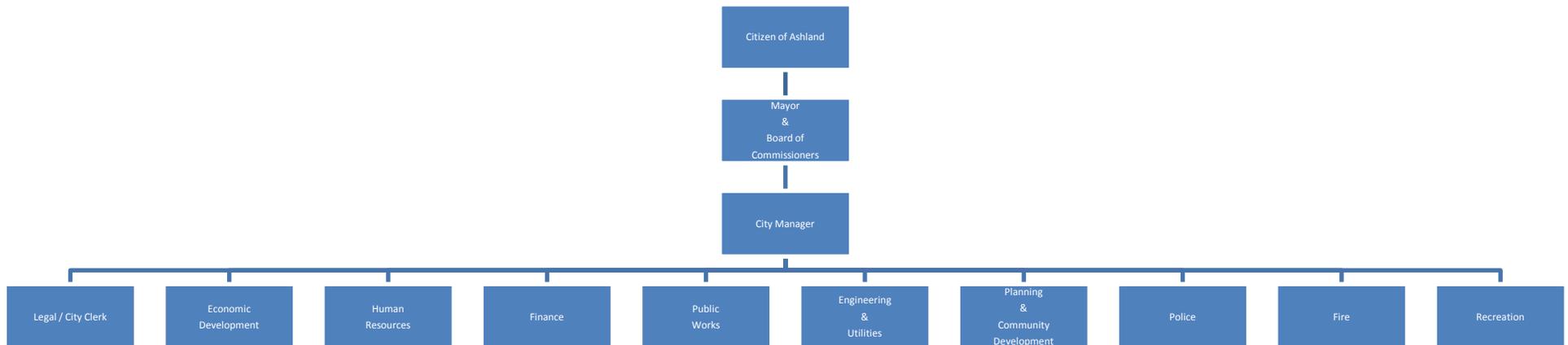
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO



# City of Ashland Departmental Organizational Chart



# **LIST OF ELECTED AND APPOINTED OFFICIALS**

## **MAYOR**

Chuck D. Charles

## **COMMISSIONERS**

Larry Brown

Kevin Gunderson

Marty Gute

Cheryl Spriggs

## **CITY MANAGER**

Benjamin Bitter

## **FINANCE DIRECTOR**

Tony D. Grubb, CGFM

## **CORPORATION COUNSEL**

Richard W. Martin

## FINANCIAL SECTION

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- Management's Discussion and Analysis
- Basic Financial Statements
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## INDEPENDENT AUDITOR'S REPORT

Chuck D. Charles, Mayor  
City Commissioners and City Manager  
City of Ashland  
Ashland, Kentucky

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Ashland, Kentucky (the "City") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Ashland, Kentucky as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for each major fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis information, schedule of employer contributions and investment returns, schedule of funding progress, and schedule of changes in net pension liability on pages 15 through 26 and on pages 68 through 70, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The statements and schedules contained on pages 72 through 78 and the Financial Data Schedule on pages 79 and 80 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* is also presented for purpose of additional analysis and is not a required part of the basic financial statements.

The supplemental statements and schedules contained on pages 72 through 78, the Financial Data Schedule on pages 79 and 80 and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the

basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Kelley Gallowsay Smith, PSC*

December 19, 2014  
Ashland, Kentucky

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The management discussion and analysis (MD&A) gives readers an overview and analysis of the financial position and activities of the City of Ashland (“Government”) for the fiscal year ended June 30, 2014. This information should be read in conjunction with the financial statements immediately following the analysis.

### **FINANCIAL HIGHLIGHTS**

- ⇒ The assets of the Government exceeded its liabilities at the end of the fiscal year by \$100,373,146 (net position). Governmental activities’ unrestricted net position was \$4,931,810. Business type activities’ unrestricted net position was \$3,415,592.
- ⇒ The Government’s total net position increased by \$536,786. Net position of governmental activities decreased by \$1,332,896, and net position of business-type activities increased by \$1,869,682.
- ⇒ At June 30, 2014, the governmental activities had \$72,213,324 in assets and \$14,949,207 in liabilities. Business type activities had \$63,216,648 in assets and \$20,350,059 in liabilities.

### **OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis serves as an introduction to the City’s basic financial statements, which consist of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements.

### **REPORTING THE GOVERNMENT AS A WHOLE**

This report is published under the standards for government financial reporting as prescribed by the Governmental Accounting Standards Board, Statement Number 34 (GASB 34). The reporting format consists of a series of financial statements that provide an overview of all services provided by or supported by the Government (the Government-wide Statements) and provides more detailed information about major programs of the Government (“the Fund Statements”).

These statements present a financial picture of the Government as a whole through the use of a consolidated statement of all funds and eliminating interfund transfers. The value of capital assets of governmental type operations is presented. The infrastructure assets for governmental type funds, including roads, bridges, sidewalks, etc., are reported and depreciated under these reporting standards. These reporting standards provide improved information to the reader.

Government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All the revenues earned and expenses incurred in the fiscal year are taken into account regardless of when cash is received or paid.

The Statement of Net Position presents information on all the Government’s assets and liabilities as of June 30, 2014. Net position is the difference between assets and liabilities. Over time an increase or decrease in net position is one indicator of whether financial health is improving or deteriorating. Information on other factors such as changes in the revenue structure and the condition of the Government’s assets is also needed to assess the overall financial position of the Government.

The Statement of Activities presents the Government's annual revenues and expenses, as well as any other transactions that increase or reduce net position. Program revenues are offset by program expenses to provide better information as to program costs financed by general government revenues.

The government-wide statements divide the Government's activities into two kinds of activities:

**Governmental activities** - Most of the Government's basic services are reported here, including general government, police, fire, public works and engineering. Property taxes, insurance tax and occupational license fees finance most of these activities.

**Business-type activities** - Activities primarily paid for from charges and fees to cover the cost of services are reported here. This includes water production, sanitary sewer services, Ashland bus system, recreation operating fund and cemetery fund.

## **REPORTING THE CITY'S MOST SIGNIFICANT FUNDS**

Fund financial statements report the Government's operations in more detail than the government-wide statements by providing information about the Government's most significant funds. Some funds are required to be established by local law or by bond covenants. However, many other funds are established to help control and manage money for a particular purpose. These types of funds are presented in the fund financial statements: governmental funds, proprietary funds and fiduciary funds.

**Governmental funds** - Most of the Government's basic services are reported in the governmental funds. These statements provide a short-term view of general government operations and how these services are financed as well as the balances left at year end that are available for future spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash.

**Proprietary funds** - The Government charges fees for business-type services which are intended to cover the cost of providing those services. The governing body decides that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The subcategories of the funds include enterprise funds, which are business-type activities, and internal service funds, which report services provided to internal units of government. The proprietary funds are reported in the same way that all activities are reported in the government-wide statements but the fund statements provide more detail. The City considers the Utility Fund, Ashland Bus System, Recreation Operating Fund and Ashland Cemetery Fund to be its major proprietary funds.

**Internal service funds** - These funds are used to accumulate and allocate costs internally among the various functions or cost centers. The City uses an internal service fund to account for the employee health insurance, dental and life insurance benefits.

**Notes to the financial statements** - The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

**Other information** - In addition to the basic financial statements and accompanying notes, this report also presents certain *Required Supplemental Information* concerning the City's contributions to certain employees' pension plans. Additionally, *Supplemental Information* includes more detail on the City's General Fund, and details of the City's capital assets, and statement of net position and revenue and expenditures for Ashland's Housing Authority.

## **THE GOVERNMENT AS A TRUSTEE**

The Government is trustee, or fiduciary, for two employees' pension plans, the Police and Firefighter's pension fund and the Utility employee pension fund. The fiduciary activities are reported separately. These activities are excluded from the other government-wide and fund statements because the Government cannot use these assets to finance its operations.

## **ANALYSIS OF THE GOVERNMENT AS A WHOLE**

### **NET POSITION**

As of June 30, 2014, the Government as a whole had net position greater than its liabilities by \$100,373,146. Net position of governmental activities was \$57,264,117 and decreased by \$1,332,896 over the prior year. Our receivable from the Utility Fund significantly increased in Fiscal Year 2014. Our net investment in capital assets was \$3,047,930 less than prior year due to depreciation expense and less capital purchases. Although, we experienced a decrease in net position, our unrestricted fund balance increased by \$1,516,149 in comparison to Fiscal Year 2013. This was due to multiple factors. Health insurance expenses decreased due to plan modifications. Capital purchases were curtailed to only essential purchases and some City positions were not filled or not immediately filled. Of ending Governmental Activities Net Position, \$51,833,182, or 91%, is invested in capital assets net of related debt, \$499,125, or 1%, is restricted assets and unrestricted net position is \$4,931,810 or 8%.

The net position of the Government's business-type activities is \$43,109,029 and increased by \$1,869,682 over the prior year. Of this net position, \$34,536,655 is net investment in capital assets, \$5,156,782 is restricted and \$3,415,592 is unrestricted. The largest portion of the City's combined net position (86%) reflects its investment in capital assets (i.e., land, buildings, machinery and equipment) less outstanding related debt used to acquire those assets. The City uses these capital assets to provide services to citizens and as a result, these assets are not available for future spending. The City's capital asset investment is reported net of related debt, but the resources to pay this debt must be provided from other sources, since the capital assets cannot be used to liquidate the liabilities.

An additional portion of the City's net position, \$5,655,907 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$8,347,402 may be used to meet the City's ongoing obligation to citizens and creditors.

At the end of this fiscal year, June 30, 2014, the City has a positive unrestricted net position in its business-type activities. The City raised the utility rates in all rate classes again this fiscal year. This, in conjunction with budgeting a planned surplus has created a positive unrestricted net position in our business-type activities again this fiscal year.

## ANALYSIS OF THE CITY'S NET POSITION

	Governmental Activities 2014	2013	Business- type Activities 2014	2013	Total Primary Government 2014	2013
Current and other assets	11,606,379	9,053,502	12,649,610	11,919,461	24,255,989	20,972,963
Capital assets	60,606,945	62,374,040	50,567,038	50,226,233	111,173,983	112,600,273
<b>Total Assets</b>	<b>72,213,324</b>	<b>71,427,542</b>	<b>63,216,648</b>	<b>62,145,694</b>	<b>135,429,972</b>	<b>133,573,236</b>
Deferred outflows of resources	-	-	242,440	269,378	242,440	269,378
Liabilities	5,906,072	4,891,099	5,217,554	6,576,293	11,123,626	11,467,392
Long-term liabilities	9,043,135	7,939,430	15,132,505	14,599,432	24,175,640	22,538,862
<b>Total Liabilities</b>	<b>14,949,207</b>	<b>12,830,529</b>	<b>20,350,059</b>	<b>21,175,725</b>	<b>35,299,266</b>	<b>34,006,254</b>
<b>Net position</b>						
Net investment in capital assets	51,833,182	54,881,112	34,536,655	35,003,440	86,369,837	89,884,552
Restricted	499,125	300,240	4,930,894	4,964,195	5,430,019	5,264,435
Unrestricted	4,931,810	3,415,661	3,641,480	1,271,712	8,573,290	4,687,373
<b>Total Net Position</b>	<b>57,264,117</b>	<b>58,597,013</b>	<b>43,109,029</b>	<b>41,239,347</b>	<b>100,373,146</b>	<b>99,836,360</b>

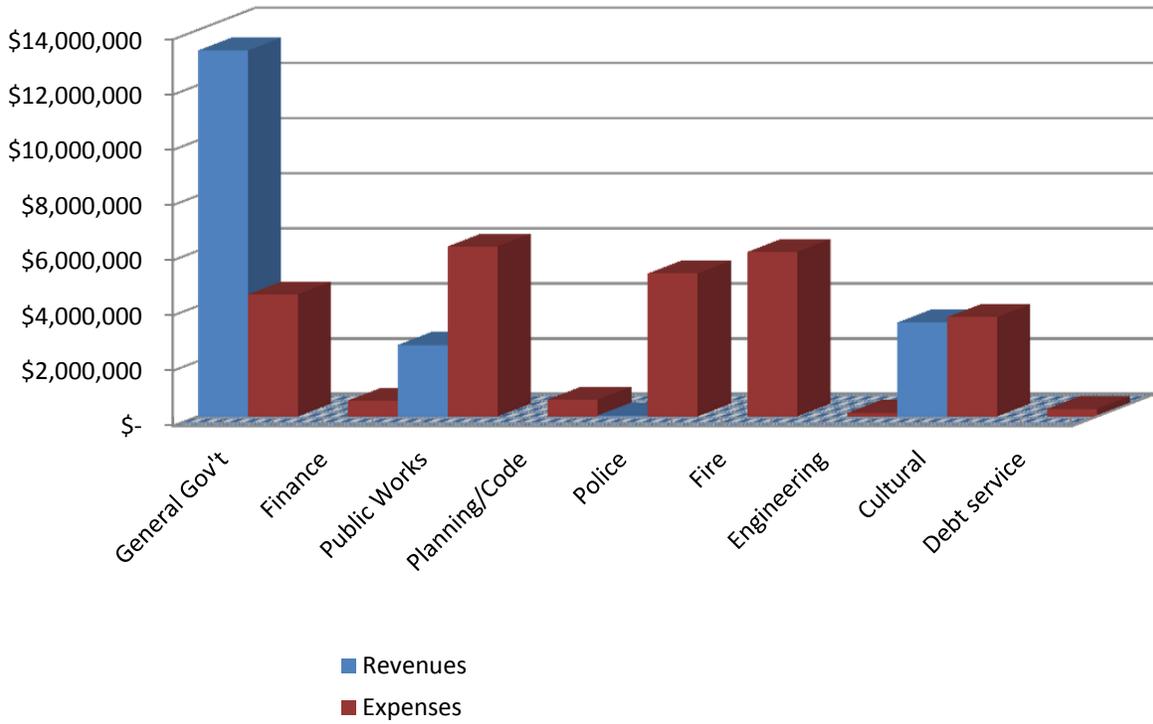
## ANALYSIS OF THE CITY'S OPERATIONS

Revenues	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Taxes	7,615,613	8,479,163			7,615,613	8,479,163
Charges for Services	15,503,018	13,586,654	15,865,195	15,257,231	31,368,213	28,843,885
Operating Grants / Contr.	3,772,396	3,346,747	300,148	526,336	4,072,544	3,873,083
Capital Grants / Contr.	-	3,704	216,430	220,040	216,430	223,744
Other Income	251,149	170,276	733,480	714,211	984,629	884,487
<b>Total Revenue</b>	<b>27,142,176</b>	<b>25,586,544</b>	<b>17,115,253</b>	<b>16,717,818</b>	<b>44,257,429</b>	<b>42,304,362</b>

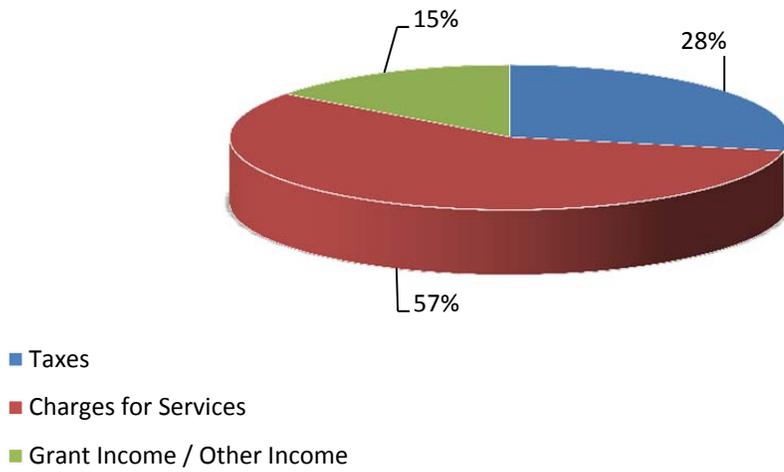
Expenses	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
General Government	4,413,420	2,644,407			4,413,420	2,644,407
Finance	572,332	587,010			572,332	587,010
Public Works	6,159,143	6,188,734			6,159,143	6,188,734
Planning / Code	611,647	605,205			611,647	605,205
Police	5,174,548	5,528,981			5,174,548	5,528,981
Fire	5,959,857	5,822,585			5,959,857	5,822,585
Engineering	125,481	244,377			125,481	244,377
Community / Cultural	3,594,394	2,943,475			3,594,394	2,943,475
Debt Service	273,717	285,947			273,717	285,947
Utility Fund			14,358,868	14,618,138	14,358,868	14,618,138
Ashland Bus System			1,118,102	1,483,318	1,118,102	1,483,318
Recreation Operating Fund			1,092,294	1,078,408	1,092,294	1,078,408
Cemetery			266,840	312,684	266,840	312,684
<b>Total Expense</b>	<b>26,884,539</b>	<b>24,850,721</b>	<b>16,836,104</b>	<b>17,492,548</b>	<b>43,720,643</b>	<b>42,343,269</b>
Changes before transfers	257,637	735,823	279,149	(774,730)	536,786	(38,907)
Transfers	(1,590,533)	(1,523,900)	1,590,533	1,523,900	-	-
Change in Net Position	(1,332,896)	(788,077)	1,869,682	749,170	536,786	(38,907)
Net Position Beginning of Yr	58,597,013	59,385,090	41,239,347	40,490,177	99,836,360	99,875,267
<b>Net Position End of Year</b>	<b>57,264,117</b>	<b>58,597,013</b>	<b>43,109,029</b>	<b>41,239,347</b>	<b>100,373,146</b>	<b>99,836,360</b>

**GOVERNMENTAL ACTIVITIES**

**EXPENSES AND PROGRAM REVENUES-  
GOVERNMENTAL ACTIVITIES**

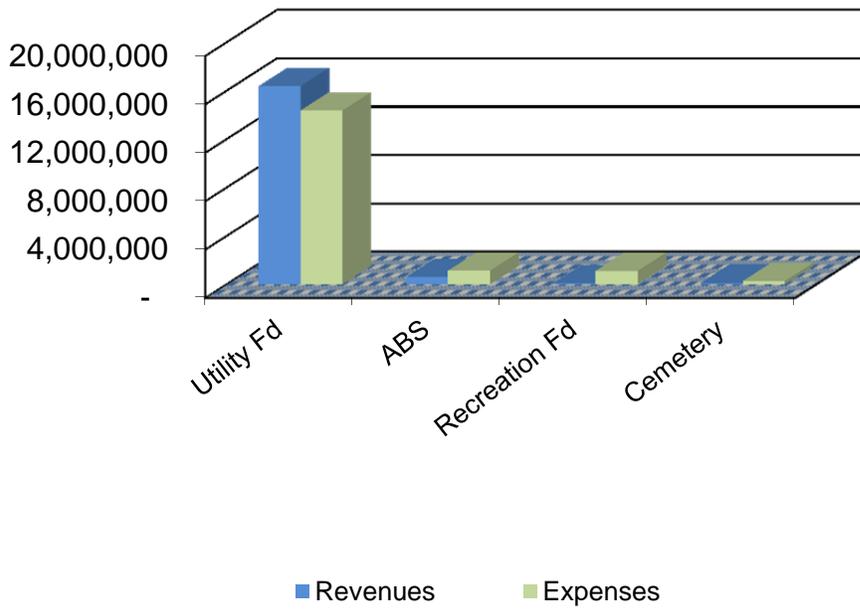


**REVENUE BY SOURCE - GOVERNMENT ACTIVITIES**

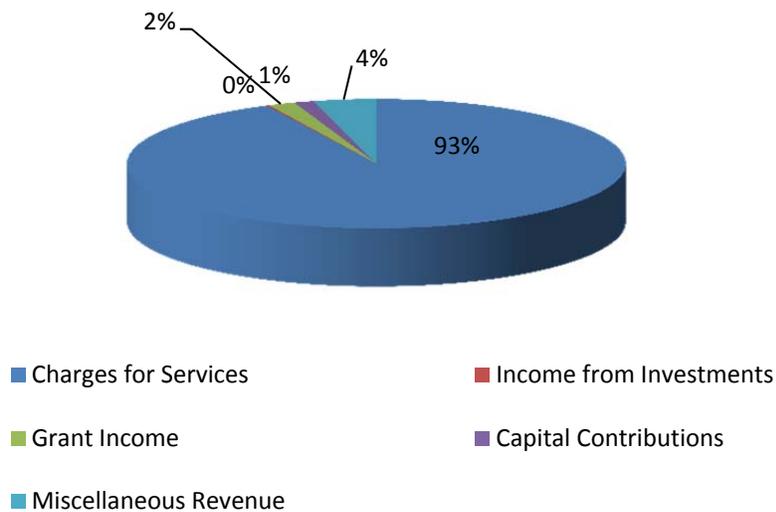


# BUSINESS-TYPE ACTIVITIES

## EXPENSES AND REVENUES - BUSINESS-TYPE ACTIVITIES



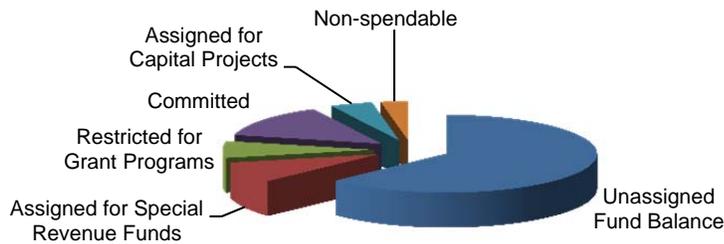
## REVENUE BY SOURCE - BUSINESS -TYPE ACTIVITIES



## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

- A. The focus of the City's governmental funds is to provide information on near-term inflows or outflows and balances of spendable resources which are useful in determining the City's financing requirements. Unassigned fund balance serves as a useful measure of the City's net resources available for spending at the end of the fiscal year. At the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$4,307,346. Of this total, \$2,711,361, or 63%, is unassigned fund balance. The remainder of fund balance is assigned / non-spendable / committed to indicate it is not available for new spending. Fiscal Year 2014 reports assigned for special revenue funds at \$372,491, restricted for grant programs at \$302,900, committed at \$600,000, non-spendable at \$124,369 and assigned for capital projects at \$196,225. The increase in the governmental funds assigned for capital projects is due to the construction in progress of the Fire training facility. The City also has \$ 600,000 of committed fund balance for the developer payment of the Melody Mountain Phase II completion.

### Ending Fund Balances Governmental Activities



## **MAJOR GOVERNMENTAL FUNDS**

For the year ending June 30, 2014, the major governmental funds reported as follows:

The General Fund had revenues of \$24,693,816 and expenditures of \$22,638,859. The total fund balance was \$3,663,366.

The Municipal Aid Road Fund had revenues of \$528,640 and expenditures of \$482,707. The total fund balance was \$307,054.

The Floodwall Operating Fund had revenues of \$275,860 and expenditures of \$275,860. The total fund balance was \$0.

The Community Development Fund had revenues of \$1,002,463 and expenditures of \$1,002,463. The total fund balance was \$65,437.

The Housing Assistance Fund had revenues of \$2,397,329 and expenditures of \$2,580,760. The total fund balance was \$75,264.

The Capital Purchase Improvement Fund had other financing sources of \$382,337 and expenditures of \$203,080. The total fund balance was \$196,225.

## **PROPRIETARY FUNDS**

The City's proprietary funds, or business-type activities, had total assets of \$66,126,850, total deferred outflows of resources of \$242,440 and total liabilities of \$23,260,261, leaving net position of \$43,109,029. Of the total proprietary funds' net position, the Utility Fund had \$1,666,039 in unrestricted net position, the Ashland Bus Fund had \$(262,446) in unrestricted net position, the Recreation Fund had \$(251,478) in unrestricted net position and the Ashland Cemetery Fund had \$2,263,477 in unrestricted net position. All proprietary funds are considered major funds. Total increase in unrestricted net position for the four proprietary funds was \$2,143,880.

## **BUDGETARY HIGHLIGHTS**

The budget was amended during the year to reflect the following:

- ⇒ \$191,181 increase in net expenditures of the General Fund. This increase includes \$11,954 for arrest fees collected and a Homeland Security grant used to purchase general supplies and small tools for Police. \$152,259 was added for a 3% raise and a Kentucky Retirement payment for employee back pay. \$26,968 in capital purchases completes the increase to the General Fund budget this fiscal year.
- ⇒ \$167,155 increase in net expenditures of the Utility Fund. This increase includes an office shredder for \$8,585 and \$63,570 to replace a transformer damaged by a storm. Also included in this amendment was \$95,000 to provide residents bottled water during the water crisis that occurred in January 2014.

Significant budget versus actual variances include the following:

- ⇒ The General Fund is the primary operating governmental fund of the City. General Fund actual revenues were \$22,983,816 versus budgeted revenues of \$23,160,909. This is due to the occupational license fee revenue being less than projected due to business closings and layoffs in the City. Also included is the reclassification of grant revenue for the Fire training facility to deferred revenues as this is a construction in progress. Projected tax revenues were \$7,245,307 and actual revenues were

\$7,385,704 for a variance of \$140,397. Franchise revenue had a positive budget variance of \$178,945 due to the increased consumption caused by inclement weather.

⇒ General Fund had a positive variance this fiscal year. The only department with a negative variance was the Planning and Code Enforcement division. The variance was a personnel overage of \$34,419. The positive variance can be attributed to the health insurance expenses decrease due to plan modifications established last fiscal year with results being seen this fiscal year.

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

The City's investment in capital assets for governmental and business-type activities as of June 30, 2014 is \$111,173,983 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads and construction in progress. See Note (6) for additional discussion of the City's capital assets.

Major construction projects through June 30, 2014 include:

Project	Approved Contract	Paid / Accrued to Date	Outstanding Commitment
CSO - 29th Street Storm Water	\$ 179,780	\$ 67,862	\$ 111,918
CSO - 37th Street Pump Station	3,158,657	2,652,758	505,899
Fire Training facility	182,997		182,997
	<u>\$ 3,521,434</u>	<u>\$ 2,720,620</u>	<u>\$ 800,814</u>

### **CITY OF ASHLAND - CAPITAL ASSETS (NET OF DEPRECIATION)**

Asset	Governmental Activities	Business-type Activities	Total 2014
Land	\$ 3,883,268	\$ 383,101	\$ 4,266,369
Buildings and improvements	12,045,757	4,555,147	16,600,904
Automotive equipment	3,783,989	1,971,879	5,755,868
Operating equipment	4,112,220	3,461,173	7,573,393
Office equipment	733,209	472,116	1,205,325
Capital improvements	573,166	418,280	991,446
Right-of-way	15,038,909		15,038,909
Infrastructure	75,644,130		75,644,130
Utility plant		87,348,181	87,348,181
Construction (CIP)	23,775	3,494,282	3,518,057
Total	<u>\$115,838,423</u>	<u>\$102,104,159</u>	<u>\$217,942,582</u>

## DEBT

At the end of fiscal year 2014, the City had governmental activities debt of \$9,557,990 compared to \$8,359,837 at June 30, 2013, which represents an increase of \$1,198,153. Business-type activities had debt of \$16,222,823 compared to \$15,442,171 at June 30, 2013, which represents an increase of \$780,652. See Note (8) for additional discussion of the City's long term debt. The following chart summarizes governmental and business-type activities debt.

<u>Governmental Activities Debt</u>	<u>Amount</u>
General obligation bond series 2005	\$ 2,570,000
Capital leases - equipment	12,677
Capital leases - police station	4,247,336
Capital lease - refinancing	242,500
Capital lease - Melody Mtn II	1,701,250
Compensated absences obligation	<u>784,227</u>
Total	<u>\$ 9,557,990</u>

<u>Business-Type Activities Debt</u>	<u>Amount</u>
Revenue & Improvement Bonds 13	\$ 4,463,299
Kentucky Infrastructure authority loan	10,134,425
Capital lease - equipment	4,682
Capital lease - radio meters	<u>1,620,417</u>
Total	<u>\$ 16,222,823</u>

## DESCRIPTION OF MUNICIPAL DEBT

- ⇒ General Obligation Bonds 2005 Melody Mountain \$2,570,000.
- ⇒ General Obligation Bonds 2013 Melody Mountain Phase II \$1,701,250.
- ⇒ Capital Lease - phone system \$12,677.
- ⇒ Capital Lease - Police station \$4,247,336.
- ⇒ Capital Lease - debt consolidation \$242,500.
- ⇒ Employee compensated absences payable after 60 days at \$784,227
- ⇒ Utility Revenue bond issue 2013 for phase II upgrade of the water plant \$4,463,299.
- ⇒ K.I.A. Loans used to upgrade the utility system and correct CSO \$10,134,425.
- ⇒ KLC lease payable for the purchase of radio read meters \$1,620,417.
- ⇒ Capital Lease - phone system \$4,682.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Unemployment rate for the City of Ashland as of June 2014 is 6.2%. This rate is lower than the State of Kentucky rate at 7.4% and the national rate of 6.3%.

The following table summarizes the 2015 fiscal year budgeted expenses.

- ⇒ General Fund - \$22,923,295
- ⇒ Municipal Aid Program - \$538,410
- ⇒ Community Development Block Grant Fund - \$1,226,197
- ⇒ Section 8 Voucher - \$2,557,489
- ⇒ Floodwall Operating Fund - \$194,111
- ⇒ Utility Fund - \$18,491,235
- ⇒ Ashland Bus System - \$1,137,325
- ⇒ Recreation Operating Fund - \$1,073,788
- ⇒ Ashland Cemetery Fund - \$206,498
- ⇒ Capital Purchase Improvement Fund - \$443,442

Fiscal year 2015 contains one significant budget item. The Utility Fund will continue work on the second phase of construction pertaining to the Combined Sewer Overflow decree from the EPA.

### **REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of financial data for the City of Ashland. Requests for additional information should be addressed to:

Tony D. Grubb, CGFM  
Director of Finance  
City of Ashland  
P.O. Box 1839  
Ashland, KY 41105-1839  
Email: Tdgrubb@Windstream.net

**CITY OF ASHLAND**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2014**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,882,430	\$ 1,653,052	\$ 3,535,482
Accounts receivable	106,368	2,519,596	2,625,964
Allowance for uncollectible accounts	-	(145,764)	(145,764)
Taxes receivable	2,957,888	-	2,957,888
Allowance for uncollectible taxes	(544,198)	-	(544,198)
Grants receivable	134,870	491,578	626,448
Internal balances, net	2,910,202	(2,910,202)	-
Receivable from fiduciary fund	95,471	-	95,471
Program receivables	29,015	-	29,015
Allowance for uncollectible accounts	(29,015)	-	(29,015)
Other receivables	494,980	-	494,980
Allowance for uncollectible accounts	(63,818)	-	(63,818)
Prepaid expenses	51,300	68,400	119,700
Inventories	73,069	3,647,665	3,720,734
Investments	1,600,001	-	1,600,001
Restricted assets -			
Cash and cash equivalents	-	1,243,635	1,243,635
Certificates of deposit	-	2,942,300	2,942,300
Mutual funds	-	373,070	373,070
Note receivable	150,000	-	150,000
Net pension asset	1,757,816	2,766,280	4,524,096
Nondepreciable capital assets	18,960,073	3,877,382	22,837,455
Depreciable capital assets	96,878,350	98,226,777	195,105,127
Accumulated depreciation	(55,231,478)	(51,537,121)	(106,768,599)
	<u>72,213,324</u>	<u>63,216,648</u>	<u>135,429,972</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred savings from refunding bonds	-	242,440	242,440
	<u>-</u>	<u>242,440</u>	<u>242,440</u>
<b>LIABILITIES</b>			
Cash overdraft	539,529	-	539,529
Accounts payable	2,365,736	550,193	2,915,929
Due to Board of Education	83,289	-	83,289
Payable to fiduciary fund	-	1,680,018	1,680,018
Other accrued expenses and liabilities	2,248,389	315,868	2,564,257
Deposits	-	1,271,847	1,271,847
Matured revenue bonds and notes	-	50,000	50,000
Accrued compensated absences, current	154,274	259,310	413,584
Current portion of long-term debt	514,855	1,090,318	1,605,173
Accrued compensated absences, non-current	784,227	-	784,227
Capital lease obligations, non-current	5,798,908	1,525,417	7,324,325
Revenue and Improvement bonds, net of discount of \$26,701	-	4,058,299	4,058,299
Kentucky Infrastructure Authority loans, non-current	-	9,548,789	9,548,789
General obligation bonds, non-current	2,460,000	-	2,460,000
	<u>14,949,207</u>	<u>20,350,059</u>	<u>35,299,266</u>
<b>NET POSITION</b>			
Net investment in capital assets	51,833,182	34,536,655	86,369,837
Restricted			
Capital projects	196,225	-	196,225
Debt service	-	821,475	821,475
Grant programs	302,900	-	302,900
Sewer improvements	-	4,109,419	4,109,419
Other	-	225,888	225,888
Unrestricted	<u>4,931,810</u>	<u>3,415,592</u>	<u>8,347,402</u>
	<u>\$ 57,264,117</u>	<u>\$ 43,109,029</u>	<u>\$ 100,373,146</u>

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF ASHLAND  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
General government	\$ 4,413,420	\$ 13,212,804	\$ 40,774	\$ -	\$ 8,840,158	\$ -	\$ 8,840,158
Finance	572,332	-	-	-	(572,332)	-	(572,332)
Public works	6,159,143	2,070,567	517,386	-	(3,571,190)	-	(3,571,190)
Planning and code enforcement	611,647	-	-	-	(611,647)	-	(611,647)
Police	5,174,548	-	34,331	-	(5,140,217)	-	(5,140,217)
Fire	5,959,857	-	-	-	(5,959,857)	-	(5,959,857)
Engineering	125,481	-	-	-	(125,481)	-	(125,481)
Community and cultural	3,594,394	219,647	3,179,905	-	(194,842)	-	(194,842)
Debt service - interest	273,717	-	-	-	(273,717)	-	(273,717)
Total governmental activities	<u>26,884,539</u>	<u>15,503,018</u>	<u>3,772,396</u>	<u>-</u>	<u>(7,609,125)</u>	<u>-</u>	<u>(7,609,125)</u>
<b>Business-Type Activities</b>							
Utilities	14,358,868	15,647,750	-	-	-	1,288,882	1,288,882
Recreation	1,092,294	57,341	-	-	-	(1,034,953)	(1,034,953)
Cemetery	266,840	98,344	-	-	-	(168,496)	(168,496)
Bus	1,118,102	61,760	300,148	216,430	-	(539,764)	(539,764)
Total business-type activities	<u>16,836,104</u>	<u>15,865,195</u>	<u>300,148</u>	<u>216,430</u>	<u>-</u>	<u>(454,331)</u>	<u>(454,331)</u>
Total primary government	<u>\$ 43,720,643</u>	<u>\$ 31,368,213</u>	<u>\$ 4,072,544</u>	<u>\$ 216,430</u>	<u>\$ (7,609,125)</u>	<u>\$ (454,331)</u>	<u>\$ (8,063,456)</u>
<b>General Revenues:</b>							
Property and other local taxes					\$ 7,615,613	\$ -	\$ 7,615,613
Interest income					3,197	32,735	35,932
Other revenues					247,952	700,745	948,697
Total general revenues					7,866,762	733,480	8,600,242
Transfers					(1,590,533)	1,590,533	-
Total general revenues and transfers					6,276,229	2,324,013	8,600,242
Change in net position					(1,332,896)	1,869,682	536,786
Net position, June 30, 2013 (as restated)					58,597,013	41,239,347	99,836,360
Net position, June 30, 2014					<u>\$ 57,264,117</u>	<u>\$ 43,109,029</u>	<u>\$ 100,373,146</u>

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF ASHLAND  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014**

	Special Revenue Funds						Total Governmental Funds
	General	Municipal Aid Road	Floodwall Operating	Community Development	Housing Assistance	Capital Projects	
<b>Assets</b>							
Cash	\$ 989,503	\$ 226,586	\$ 5,072	\$ 18,590	\$ 131,169	\$ -	\$ 1,370,920
Taxes receivable	2,773,897	-	183,991	-	-	-	2,957,888
Allowance for uncollectible taxes	(514,953)	-	(29,245)	-	-	-	(544,198)
Grants receivable	10,630	44,926	-	79,314	-	-	134,870
Due from other funds	3,238,072	37,823	-	-	-	340,332	3,616,227
Program receivables	29,015	-	-	-	-	-	29,015
Allowance for uncollectible accounts	(29,015)	-	-	-	-	-	(29,015)
Other receivables	424,494	-	275	-	70,211	-	494,980
Allowance for uncollectible accounts	-	-	-	-	(63,818)	-	(63,818)
Investments	1,600,001	-	-	-	-	-	1,600,001
Prepaid items	51,300	-	-	-	-	-	51,300
Inventories - supplies	73,069	-	-	-	-	-	73,069
<b>Total assets</b>	<b>\$ 8,646,013</b>	<b>\$ 309,335</b>	<b>\$ 160,093</b>	<b>\$ 97,904</b>	<b>\$ 137,562</b>	<b>\$ 340,332</b>	<b>\$ 9,691,239</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Cash overdraft	\$ 539,529	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 539,529
Accounts payable	1,549,981	2,281	1,501	11,747	-	144,107	1,709,617
Due to other funds	1,841,241	-	155,554	18,150	58,695	-	2,073,640
Due to Board of Education	83,289	-	-	-	-	-	83,289
Accrued compensated absences	150,459	-	1,406	1,606	803	-	154,274
Accrued expenses	601,142	-	1,632	964	2,800	-	606,538
Unearned revenue	217,006	-	-	-	-	-	217,006
<b>Total liabilities</b>	<b>4,982,647</b>	<b>2,281</b>	<b>160,093</b>	<b>32,467</b>	<b>62,298</b>	<b>144,107</b>	<b>5,383,893</b>
<b>Fund Balances:</b>							
Non-spendable	124,369	-	-	-	-	-	124,369
Restricted for grant programs	227,636	-	-	-	75,264	-	302,900
Committed	600,000	-	-	-	-	-	600,000
Assigned for capital projects	-	-	-	-	-	196,225	196,225
Assigned for special revenue funds	-	307,054	-	65,437	-	-	372,491
Unassigned	2,711,361	-	-	-	-	-	2,711,361
<b>Total fund balances</b>	<b>3,663,366</b>	<b>307,054</b>	<b>-</b>	<b>65,437</b>	<b>75,264</b>	<b>196,225</b>	<b>4,307,346</b>
<b>Total liabilities and fund balances</b>	<b>\$ 8,646,013</b>	<b>\$ 309,335</b>	<b>\$ 160,093</b>	<b>\$ 97,904</b>	<b>\$ 137,562</b>	<b>\$ 340,332</b>	<b>\$ 9,691,239</b>

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF ASHLAND**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2014**

Total fund balance - total governmental funds	\$	4,307,346
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets of \$115,838,423 net of accumulated depreciation of \$55,231,478 used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		60,606,945
Net pension asset of \$1,757,816 reported in the statement of net position is not a financial resource and therefore is not reported in the governmental funds.		1,757,816
Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the governmental funds		
Note receivable		150,000
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
Bonds payable	(2,570,000)	
Accrued compensated absences	(784,227)	
Capital lease obligations	(6,203,763)	(9,557,990)
Net position, end of year - Governmental Activities	\$	57,264,117

The accompanying notes to financial statements  
are an integral part of this statement.

**CITY OF ASHLAND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	Special Revenue Funds						Total Governmental Funds
	General	Municipal Aid Road	Floodwall Operating	Community Development	Housing Assistance	Capital Projects	
<b>Revenues</b>							
Property and other local taxes	\$ 7,385,704	\$ -	\$ 229,909	\$ -	\$ -	\$ -	\$ 7,615,613
Licenses and permits	11,421,296	-	-	-	-	-	11,421,296
Charges for services	2,070,567	-	-	-	-	-	2,070,567
Fees, fines and reimbursements	1,791,508	-	-	-	-	-	1,791,508
Grant income	75,105	517,386	-	1,002,463	2,177,442	-	3,772,396
Administration fee income	-	-	-	-	219,647	-	219,647
Interest income	2,900	38	19	-	240	-	3,197
Other income	236,736	11,216	-	-	-	-	247,952
<b>Total revenues</b>	<b>22,983,816</b>	<b>528,640</b>	<b>229,928</b>	<b>1,002,463</b>	<b>2,397,329</b>	<b>-</b>	<b>27,142,176</b>
<b>Expenditures</b>							
General government	3,538,971	-	-	-	-	245	3,539,216
Finance	574,984	-	-	-	-	-	574,984
Public works	4,226,366	482,707	275,860	-	-	-	4,984,933
Planning and code enforcement	606,052	-	-	-	-	-	606,052
Police	4,995,959	-	-	-	-	-	4,995,959
Fire	5,842,158	-	-	-	-	-	5,842,158
Engineering	132,685	-	-	-	-	-	132,685
Community and cultural	-	-	-	1,002,463	2,580,760	-	3,583,223
Capital outlay	-	-	-	-	-	202,835	202,835
Debt service:							
Principal retirement	429,165	-	-	-	-	-	429,165
Interest charges	273,717	-	-	-	-	-	273,717
<b>Total expenditures</b>	<b>20,620,057</b>	<b>482,707</b>	<b>275,860</b>	<b>1,002,463</b>	<b>2,580,760</b>	<b>203,080</b>	<b>25,164,927</b>
Excess of Revenues Over (Under) Expenditures	2,363,759	45,933	(45,932)	-	(183,431)	(203,080)	1,977,249
<b>Other Financing Sources (Uses)</b>							
Issuance of debt	1,710,000	-	-	-	-	-	1,710,000
Transfers in	-	-	45,932	-	-	382,337	428,269
Transfers out	(2,018,802)	-	-	-	-	-	(2,018,802)
<b>Total other financing sources (uses)</b>	<b>(308,802)</b>	<b>-</b>	<b>45,932</b>	<b>-</b>	<b>-</b>	<b>382,337</b>	<b>119,467</b>
Net change in fund balances	2,054,957	45,933	-	-	(183,431)	179,257	2,096,716
Fund balances beginning of year	1,608,409	261,121	-	65,437	258,695	16,968	2,210,630
Fund balances end of year	\$ 3,663,366	\$ 307,054	\$ -	\$ 65,437	\$ 75,264	\$ 196,225	\$ 4,307,346

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF ASHLAND  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014**

Net change in fund balances - total governmental funds		\$ 2,096,716
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay	821,532	
Depreciation expense	<u>(2,574,512)</u>	(1,752,980)
<p>Generally, expenditures recognized in the fund financial statements are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred for the following:</p>		
Long-term portion of accrued sick leave		82,682
Bond and capital lease proceeds are recognized as revenues in the fund financial statements, but are increases in liabilities in the statement of net position.		(1,710,000)
Bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statements, but are reductions of liabilities in the statement of net position.		429,165
Losses on disposal of capital assets are not recognized in the fund financial statements. However, in the statement of activities, these losses are recognized		(14,115)
Expenditures relating to the net pension asset in the statement of activities are not provided by current financial resources and therefore are not reported in the fund financial statements.		<u>(464,364)</u>
Change in net position of governmental activities		<u>\$ (1,332,896)</u>

The accompanying notes to financial statements  
are an integral part of this statement.

**CITY OF ASHLAND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Revisions	Revised Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>					
Property and other local taxes	\$ 7,066,080	\$ 179,227	\$ 7,245,307	\$ 7,385,704	\$ 140,397
Licenses and permits	11,892,095	-	11,892,095	11,421,296	(470,799)
Charges for services	1,981,785	-	1,981,785	2,070,567	88,782
Fees, fines and reimbursements	1,597,960	-	1,597,960	1,791,508	193,548
Interest income	2,845	-	2,845	2,900	55
Grant income	20,495	239,128	259,623	75,105	(184,518)
Other income	157,920	23,374	181,294	236,736	55,442
<b>Total revenues</b>	<b>22,719,180</b>	<b>441,729</b>	<b>23,160,909</b>	<b>22,983,816</b>	<b>(177,093)</b>
<b>Expenditures</b>					
General government	3,611,947	60,899	3,672,846	3,538,971	133,875
Finance	599,496	2,919	602,415	574,984	27,431
Public works	4,268,678	14,129	4,282,807	4,226,366	56,441
Planning and code enforcement	561,859	2,569	564,428	606,052	(41,624)
Police	5,105,784	72,839	5,178,623	4,995,959	182,664
Fire	5,604,581	30,984	5,635,565	5,842,158	(206,593)
Engineering	183,694	-	183,694	132,685	51,009
Debt service:					
Principal retirement	478,000	(48,000)	430,000	429,165	835
Interest and fiscal charges	477,014	-	477,014	273,717	203,297
<b>Total expenditures</b>	<b>20,891,053</b>	<b>136,339</b>	<b>21,027,392</b>	<b>20,620,057</b>	<b>407,335</b>
Excess of Revenues Over (Under) Expenditures	1,828,127	305,390	2,133,517	2,363,759	230,242
<b>Other Financing Sources (Uses)</b>					
Proceeds from issuance of debt	-	-	-	1,710,000	1,710,000
Transfers out	(1,828,127)	(305,390)	(2,133,517)	(2,018,802)	114,715
<b>Total other financing sources (uses)</b>	<b>(1,828,127)</b>	<b>(305,390)</b>	<b>(2,133,517)</b>	<b>(308,802)</b>	<b>1,824,715</b>
Net change in fund balance	-	-	-	2,054,957	2,054,957
Fund balance beginning of year	1,608,409	-	1,608,409	1,608,409	-
Fund balance end of year	<u>\$ 1,608,409</u>	<u>\$ -</u>	<u>\$ 1,608,409</u>	<u>\$ 3,663,366</u>	<u>\$ 2,054,957</u>

The accompanying notes to financial statements  
are an integral part of this statement.

**CITY OF ASHLAND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**MUNICIPAL AID ROAD FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Revisions	Revised Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>					
Property and other local taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Charges for services	-	-	-	-	-
Fees, fines and reimbursements	-	-	-	-	-
Grant income	520,000	-	520,000	517,386	(2,614)
Administration fee income	-	-	-	-	-
Interest income	10	-	10	38	28
Other income	1,200	-	1,200	11,216	10,016
<b>Total revenues</b>	<b>521,210</b>	<b>-</b>	<b>521,210</b>	<b>528,640</b>	<b>7,430</b>
<b>Expenditures</b>					
General government	-	-	-	-	-
Finance	-	-	-	-	-
Public works	521,210	-	521,210	482,707	38,503
Planning and code enforcement	-	-	-	-	-
Police	-	-	-	-	-
Fire	-	-	-	-	-
Engineering	-	-	-	-	-
Community and cultural	-	-	-	-	-
Other	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>521,210</b>	<b>-</b>	<b>521,210</b>	<b>482,707</b>	<b>38,503</b>
Excess of Revenues Over (Under) Expenditures	-	-	-	45,933	45,933
<b>Other Financing Sources (Uses)</b>					
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	-	-	-	45,933	45,933
Fund balance beginning of year	261,121	-	261,121	261,121	-
Fund balance end of year	<u>\$ 261,121</u>	<u>\$ -</u>	<u>\$ 261,121</u>	<u>\$ 307,054</u>	<u>\$ 45,933</u>

The accompanying notes to financial statements  
are an integral part of this statement.

**CITY OF ASHLAND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**COMMUNITY DEVELOPMENT FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Revisions	Revised Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>					
Property and other local taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Charges for services	-	-	-	-	-
Fees, fines and reimbursements	-	-	-	-	-
Grant income	1,000,251	-	1,000,251	1,002,463	2,212
Administration fee income	-	-	-	-	-
Interest income	-	-	-	-	-
Other income	-	-	-	-	-
<b>Total revenues</b>	<b>1,000,251</b>	<b>-</b>	<b>1,000,251</b>	<b>1,002,463</b>	<b>2,212</b>
<b>Expenditures</b>					
General government	-	-	-	-	-
Finance	-	-	-	-	-
Public works	-	-	-	-	-
Planning and code enforcement	-	-	-	-	-
Police	-	-	-	-	-
Fire	-	-	-	-	-
Engineering	-	-	-	-	-
Community and cultural	1,000,251	-	1,000,251	1,002,463	(2,212)
Other	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>1,000,251</b>	<b>-</b>	<b>1,000,251</b>	<b>1,002,463</b>	<b>(2,212)</b>
Excess of Revenues Over (Under) Expenditures	-	-	-	-	-
<b>Other Financing Sources (Uses)</b>					
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	-	-	-	-	-
Fund balance beginning of year	65,437	-	65,437	65,437	-
Fund balance end of year	<u>\$ 65,437</u>	<u>\$ -</u>	<u>\$ 65,437</u>	<u>\$ 65,437</u>	<u>\$ -</u>

The accompanying notes to financial statements  
are an integral part of this statement.

**CITY OF ASHLAND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**HOUSING ASSISTANCE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Revisions	Revised Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>					
Property and other local taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Charges for services	-	-	-	-	-
Fees, fines and reimbursements	-	-	-	-	-
Grant income	2,229,906	-	2,229,906	2,177,442	(52,464)
Administration fee income	213,910	-	213,910	219,647	5,737
Interest income	590	-	590	240	(350)
Other income	-	-	-	-	-
<b>Total revenues</b>	<b>2,444,406</b>	<b>-</b>	<b>2,444,406</b>	<b>2,397,329</b>	<b>(47,077)</b>
<b>Expenditures</b>					
General government	-	-	-	-	-
Finance	-	-	-	-	-
Public works	-	-	-	-	-
Planning and code enforcement	-	-	-	-	-
Police	-	-	-	-	-
Fire	-	-	-	-	-
Engineering	-	-	-	-	-
Community and cultural	2,444,406	-	2,444,406	2,580,760	(136,354)
Other	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>2,444,406</b>	<b>-</b>	<b>2,444,406</b>	<b>2,580,760</b>	<b>(136,354)</b>
Excess of Revenues Over (Under) Expenditures	-	-	-	(183,431)	(183,431)
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	-	-	-	(183,431)	(183,431)
Fund balance beginning of year	258,695	-	258,695	258,695	-
Fund balance end of year	<u>\$ 258,695</u>	<u>\$ -</u>	<u>\$ 258,695</u>	<u>\$ 75,264</u>	<u>\$ (183,431)</u>

The accompanying notes to financial statements  
are an integral part of this statement.

**CITY OF ASHLAND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FLOODWALL OPERATING FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Revisions	Revised Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>					
Property and other local taxes	\$ 175,188	\$ -	\$ 175,188	\$ 229,909	\$ 54,721
Licenses and permits	-	-	-	-	-
Charges for services	-	-	-	-	-
Fees, fines and reimbursements	-	-	-	-	-
Grant income	-	-	-	-	-
Administration fee income	-	-	-	-	-
Interest income	25	-	25	19	(6)
Other income	-	-	-	-	-
<b>Total revenues</b>	<b>175,213</b>	<b>-</b>	<b>175,213</b>	<b>229,928</b>	<b>54,715</b>
<b>Expenditures</b>					
General government	-	-	-	-	-
Finance	-	-	-	-	-
Public works	267,217	-	267,217	275,860	(8,643)
Planning and code enforcement	-	-	-	-	-
Police	-	-	-	-	-
Fire	-	-	-	-	-
Engineering	-	-	-	-	-
Community and cultural	-	-	-	-	-
Other	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>267,217</b>	<b>-</b>	<b>267,217</b>	<b>275,860</b>	<b>(8,643)</b>
Excess of Revenues Over (Under) Expenditures	(92,004)	-	(92,004)	(45,932)	46,072
<b>Other Financing Sources (Uses)</b>					
Transfers in	135,766	-	135,766	45,932	(89,834)
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>135,766</b>	<b>-</b>	<b>135,766</b>	<b>45,932</b>	<b>(89,834)</b>
Net change in fund balance	43,762	-	43,762	-	(43,762)
Fund balance beginning of year	-	-	-	-	-
Fund balance end of year	<u>\$ 43,762</u>	<u>\$ -</u>	<u>\$ 43,762</u>	<u>\$ -</u>	<u>\$ (43,762)</u>

The accompanying notes to financial statements  
are an integral part of this statement.

**CITY OF ASHLAND  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2014**

	Business-Type Activities				Total	Governmental Activity - Internal Service Fund
	Utility Fund	Ashland Bus Fund	Recreation Fund	Cemetery Fund		
<b>ASSETS</b>						
Unrestricted Assets:						
Cash and cash equivalents	\$ 1,603,313	\$ 7,530	\$ 35,527	\$ 6,682	\$ 1,653,052	\$ 511,510
Accounts receivable	2,514,324	-	72	5,200	2,519,596	106,368
Allowance for doubtful accounts	(145,764)	-	-	-	(145,764)	-
Due from other funds	-	-	-	-	-	1,463,086
Grants receivable - capital	-	191,430	-	-	191,430	-
Grants receivable - operating	-	300,148	-	-	300,148	-
Prepaid expenses	68,400	-	-	-	68,400	-
Inventories -						
Repair parts and supplies	1,127,199	20,230	9,206	-	1,156,635	-
Lots and vaults	-	-	-	2,491,030	2,491,030	-
<b>Total unrestricted assets</b>	<b>5,167,472</b>	<b>519,338</b>	<b>44,805</b>	<b>2,502,912</b>	<b>8,234,527</b>	<b>2,080,964</b>
Restricted Assets:						
Cash and cash equivalents	1,207,747	-	-	35,888	1,243,635	-
Investments -						
Certificates of deposit	2,752,300	-	190,000	-	2,942,300	-
Mutual funds	373,070	-	-	-	373,070	-
<b>Total restricted assets</b>	<b>4,333,117</b>	<b>-</b>	<b>190,000</b>	<b>35,888</b>	<b>4,559,005</b>	<b>-</b>
<b>Total current assets</b>	<b>9,500,589</b>	<b>519,338</b>	<b>234,805</b>	<b>2,538,800</b>	<b>12,793,532</b>	<b>2,080,964</b>
Capital Assets:						
Land and easements	358,925	-	5,723	18,453	383,101	-
Utility plant	87,348,181	-	-	-	87,348,181	-
Buildings and improvements	662,733	1,498,076	100,529	2,293,809	4,555,147	-
Operating equipment	4,020,849	969,406	794,927	66,150	5,851,332	-
Office and computer equipment	426,982	39,815	5,319	-	472,116	-
Construction in progress	3,494,282	-	-	-	3,494,282	-
	96,311,952	2,507,297	906,498	2,378,412	102,104,159	-
Less: Accumulated depreciation	(49,442,445)	(1,288,742)	(560,746)	(245,188)	(51,537,121)	-
<b>Total capital assets - net</b>	<b>46,869,507</b>	<b>1,218,555</b>	<b>345,752</b>	<b>2,133,224</b>	<b>50,567,038</b>	<b>-</b>
Other Assets:						
Net pension asset	2,766,280	-	-	-	2,766,280	-
<b>Total other assets</b>	<b>2,766,280</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,766,280</b>	<b>-</b>
<b>Total noncurrent assets</b>	<b>49,635,787</b>	<b>1,218,555</b>	<b>345,752</b>	<b>2,133,224</b>	<b>53,333,318</b>	<b>-</b>
<b>Total assets</b>	<b>\$ 59,136,376</b>	<b>\$ 1,737,893</b>	<b>\$ 580,557</b>	<b>\$ 4,672,024</b>	<b>\$ 66,126,850</b>	<b>\$ 2,080,964</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred savings from refunding bonds	242,440	-	-	-	242,440	-
<b>Total deferred outflows of resources</b>	<b>\$ 242,440</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 242,440</b>	<b>\$ -</b>

	Business-Type Activities				Total	Governmental Activity - Internal Service Fund
	Utility Fund	Ashland Bus Fund	Recreation Fund	Cemetery Fund		
<b>LIABILITIES</b>						
Current liabilities (payable from current assets):						
Accounts payable	\$ 517,423	\$ 14,247	\$ 16,875	\$ 1,648	\$ 550,193	\$ 656,119
Due to other funds	3,416,244	734,692	243,942	195,341	4,590,219	-
Accrued compensated absences	214,225	18,396	23,295	3,395	259,311	-
Other accrued liabilities	250,197	14,449	12,171	39,051	315,868	1,424,845
Customer deposits	130,770	-	-	-	130,770	-
Total current liabilities (payable from current assets)	4,528,859	781,784	296,283	239,435	5,846,361	2,080,964
Current liabilities (payable from restricted assets):						
Matured revenue bonds and notes	50,000	-	-	-	50,000	-
Customer deposits	1,141,077	-	-	-	1,141,077	-
Current portion of capital lease obligations	97,968	852	861	-	99,681	-
Current portion of Revenue and Improvement bonds	405,000	-	-	-	405,000	-
Current portion of Kentucky Infrastructure Authority loan	585,637	-	-	-	585,637	-
Total current liabilities (payable from restricted assets)	2,279,682	852	861	-	2,281,395	-
Total current liabilities	6,808,541	782,636	297,144	239,435	8,127,756	2,080,964
Long-term liabilities:						
Capital lease obligations	1,525,417	-	-	-	1,525,417	-
Revenue and Improvement bonds, net of discount of \$26,701	4,058,299	-	-	-	4,058,299	-
Kentucky Infrastructure Authority loan	9,548,789	-	-	-	9,548,789	-
Total long-term liabilities	15,132,505	-	-	-	15,132,505	-
Total liabilities	21,941,046	782,636	297,144	239,435	23,260,261	2,080,964
<b>NET POSITION</b>						
Net investment in capital assets	30,840,837	1,217,703	344,891	2,133,224	34,536,655	-
Restricted for debt service	821,475	-	-	-	821,475	-
Restricted for sewer improvements	4,109,419	-	-	-	4,109,419	-
Other	-	-	190,000	35,888	225,888	-
Unrestricted	1,666,039	(262,446)	(251,478)	2,263,477	3,415,592	-
Total net position	\$ 37,437,770	\$ 955,257	\$ 283,413	\$ 4,432,589	\$ 43,109,029	\$ -

The accompanying notes to financial statements  
are an integral part of this statement.

**CITY OF ASHLAND  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	Business-Type Activities				Total	Governmental Activity - Internal Service Fund
	Utility Fund	Ashland Bus Fund	Recreation Fund	Cemetery Fund		
<b>OPERATING REVENUES</b>						
Residential and commercial meter sales	\$ 4,019,368	\$ -	\$ -	\$ -	\$ 4,019,368	\$ -
Sewer service	6,492,365	-	-	-	6,492,365	-
Industrial meter sales	3,604,824	-	-	-	3,604,824	-
Other municipalities	1,335,200	-	-	-	1,335,200	-
Industrial pretreatment	81,348	-	-	-	81,348	-
Water and sewer taps	114,645	-	-	-	114,645	-
Concession sales	-	-	29,763	-	29,763	-
Lot and vault sales	-	-	-	40,420	40,420	-
Opening and closing fees	-	-	-	57,924	57,924	-
Passenger fares	-	61,760	-	-	61,760	-
Admission fees	-	-	27,578	-	27,578	-
Premium charges	-	-	-	-	-	5,780,422
Miscellaneous	681,627	-	9,075	10,043	700,745	-
<b>Total operating revenues</b>	<b>16,329,377</b>	<b>61,760</b>	<b>66,416</b>	<b>108,387</b>	<b>16,565,940</b>	<b>5,780,422</b>
<b>OPERATING EXPENSES</b>						
Administration - Director	168,535	-	-	-	168,535	-
Administration - Cashier	770,037	-	-	-	770,037	-
Water - Production	2,276,190	-	-	-	2,276,190	-
Water - Distribution	3,760,830	-	-	-	3,760,830	-
Sewer - Pretreatment	1,441,185	-	-	-	1,441,185	-
Sewer - Collection	1,392,861	-	-	-	1,392,861	-
Depreciation	2,058,738	136,064	33,223	52,038	2,280,063	-
Insurance	208,395	40,657	20,605	6,172	275,829	-
Other operating expenses	1,880,579	386,526	483,872	66,941	2,817,918	6,421
Salaries	-	402,575	380,531	80,283	863,389	-
Utilities	-	25,587	108,530	12,812	146,929	-
Operating supplies	-	126,693	65,533	48,594	240,820	-
Premiums and claims	-	-	-	-	-	5,774,142
<b>Total operating expenses</b>	<b>13,957,350</b>	<b>1,118,102</b>	<b>1,092,294</b>	<b>266,840</b>	<b>16,434,586</b>	<b>5,780,563</b>
<b>OPERATING INCOME (LOSS)</b>	<b>2,372,027</b>	<b>(1,056,342)</b>	<b>(1,025,878)</b>	<b>(158,453)</b>	<b>131,354</b>	<b>(141)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Interest income	32,329	46	299	61	32,735	141
Grant income	-	300,148	-	-	300,148	-
Interest on revenue bonds and notes	(401,518)	-	-	-	(401,518)	-
<b>Total non-operating revenues (expenses)</b>	<b>(369,189)</b>	<b>300,194</b>	<b>299</b>	<b>61</b>	<b>(68,635)</b>	<b>141</b>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	<b>2,002,838</b>	<b>(756,148)</b>	<b>(1,025,579)</b>	<b>(158,392)</b>	<b>62,719</b>	<b>-</b>
<b>TRANSFERS</b>						
From General Fund	-	403,653	1,025,579	161,301	1,590,533	-
<b>Total transfers in</b>	<b>-</b>	<b>403,653</b>	<b>1,025,579</b>	<b>161,301</b>	<b>1,590,533</b>	<b>-</b>
<b>CAPITAL CONTRIBUTIONS</b>						
Federal/state grants	-	216,430	-	-	216,430	-
<b>Total capital contributions</b>	<b>-</b>	<b>216,430</b>	<b>-</b>	<b>-</b>	<b>216,430</b>	<b>-</b>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>2,002,838</b>	<b>(136,065)</b>	<b>-</b>	<b>2,909</b>	<b>1,869,682</b>	<b>-</b>
<b>NET POSITION, JUNE 30, 2013</b>	<b>35,434,932</b>	<b>1,091,322</b>	<b>283,413</b>	<b>4,429,680</b>	<b>41,239,347</b>	<b>-</b>
<b>NET POSITION, JUNE 30, 2014</b>	<b>\$ 37,437,770</b>	<b>\$ 955,257</b>	<b>\$ 283,413</b>	<b>\$ 4,432,589</b>	<b>\$ 43,109,029</b>	<b>\$ -</b>

The accompanying notes to financial statements  
are an integral part of this statement.

**CITY OF ASHLAND  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	Business-Type Activities				Total	Governmental Activity - Internal Service Fund
	Utility Fund	Ashland Bus Fund	Recreation Fund	Cemetery Fund		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from customers	\$ 15,525,288	\$ 61,760	\$ 57,269	\$ 97,175	\$ 15,741,492	\$ -
Cash payments to suppliers for goods and services	(8,357,716)	37,179	(483,846)	(148,322)	(8,952,705)	(6,421)
Cash payments to employees	(3,920,315)	(417,894)	(407,395)	(77,373)	(4,822,977)	-
Other operating revenues	681,627	-	9,075	10,043	700,745	-
Payments for internal services	(1,309,809)	(151,188)	(181,050)	(55,046)	(1,697,093)	-
Cash received for internal services	-	-	-	-	-	6,103,456
Payments for premiums and claims	-	-	-	-	-	(5,603,758)
Net cash provided by (used for) operating activities	<u>2,619,075</u>	<u>(470,143)</u>	<u>(1,005,947)</u>	<u>(173,523)</u>	<u>969,462</u>	<u>493,277</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Grant income	-	19,853	-	-	19,853	-
Transfers from other funds	-	403,653	1,025,579	161,301	1,590,533	-
Net cash provided by noncapital financing activities	<u>-</u>	<u>423,506</u>	<u>1,025,579</u>	<u>161,301</u>	<u>1,610,386</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Proceeds from issuance of debt	1,710,000	-	-	-	1,710,000	-
Acquisition and construction of capital assets	(2,620,868)	-	-	-	(2,620,868)	-
Principal paid on bonds, notes, and lease obligations	(929,726)	(1,288)	(1,301)	-	(932,315)	-
Interest paid on bonds, notes, and lease obligations	(401,518)	-	-	-	(401,518)	-
Capital grants received	-	48,603	-	-	48,603	-
Net cash provided by (used for) capital and related financing activities	<u>(2,242,112)</u>	<u>47,315</u>	<u>(1,301)</u>	<u>-</u>	<u>(2,196,098)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Purchases of investment securities	(384,932)	-	-	-	(384,932)	-
Investment income	32,329	46	299	61	32,735	141
Net cash provided by (used for) investing activities	<u>(352,603)</u>	<u>46</u>	<u>299</u>	<u>61</u>	<u>(352,197)</u>	<u>141</u>
Net increase (decrease) in cash and cash equivalents	24,360	724	18,630	(12,161)	31,553	493,418
Cash and cash equivalents, June 30, 2013	<u>2,786,700</u>	<u>6,806</u>	<u>16,897</u>	<u>54,731</u>	<u>2,865,134</u>	<u>18,092</u>
Cash and cash equivalents, June 30, 2014	<u>\$ 2,811,060</u>	<u>\$ 7,530</u>	<u>\$ 35,527</u>	<u>\$ 42,570</u>	<u>\$ 2,896,687</u>	<u>\$ 511,510</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ 2,372,027	\$ (1,056,342)	\$ (1,025,878)	\$ (158,453)	\$ 131,354	\$ (141)
Adjustments:						
Depreciation	2,058,738	136,064	33,223	52,038	2,280,063	-
Amortization	29,905	-	-	-	29,905	-
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	(170,433)	-	(72)	(1,169)	(171,674)	(66,342)
(Increase) decrease in inventories	(689,309)	9,595	3,519	39,300	(636,895)	-
(Increase) decrease in due from other funds	-	-	-	-	-	389,376
(Increase) decrease in prepaid expenses	(68,400)	-	-	-	(68,400)	-
(Increase) decrease in pension asset	(359,474)	-	-	-	(359,474)	-
Increase (decrease) in accounts payable	(458,438)	46	(11,005)	(1,163)	(470,560)	200,261
Increase (decrease) in due to other funds	(132,457)	455,813	21,130	(106,986)	237,500	-
Increase (decrease) in compensated absences	(6,086)	(13,039)	(28,194)	(1,091)	(48,410)	-
Increase (decrease) in other accrued liabilities	(4,969)	(2,280)	1,330	4,001	(1,918)	(29,877)
Increase (decrease) in customer deposits	47,971	-	-	-	47,971	-
Net cash provided by (used for) operating activities	<u>\$ 2,619,075</u>	<u>\$ (470,143)</u>	<u>\$ (1,005,947)</u>	<u>\$ (173,523)</u>	<u>\$ 969,462</u>	<u>\$ 493,277</u>

The accompanying notes to financial statements  
are an integral part of this statement.

**CITY OF ASHLAND  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2014**

	Pension Trust Funds
<b>ASSETS</b>	
Cash and cash equivalents	\$ 8,528
Accrued interest receivable	1,130
Due from other funds	1,680,018
Investments, at fair value	
Certificates of deposit	1,500,000
Total assets	3,189,676
<b>LIABILITIES</b>	
Due to other funds	95,471
Total liabilities	95,471
<b>NET POSITION - RESTRICTED FOR PENSION BENEFITS</b>	<b>\$ 3,094,205</b>

The accompanying notes to financial statements  
are an integral part of this statement.

**CITY OF ASHLAND  
STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Pension Trust Funds</u>
<b>ADDITIONS:</b>	
<b>CONTRIBUTIONS</b>	
Employer	\$ 967,189
Total contributions	<u>967,189</u>
<b>INVESTMENT INCOME</b>	
Net depreciation in fair value of investments	(9,362)
Interest income	<u>11,098</u>
Total investment income	<u>1,736</u>
Total additions	<u>968,925</u>
<b>DEDUCTIONS:</b>	
Benefits	1,314,430
Administrative expenses	<u>9,555</u>
Total deductions	<u>1,323,985</u>
<b>NET DECREASE</b>	(355,060)
<b>NET POSITION - RESTRICTED FOR PENSION BENEFITS:</b>	
Beginning of year	<u>3,449,265</u>
End of year	<u><u>\$ 3,094,205</u></u>

The accompanying notes to financial statements  
are an integral part of this statement.

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**CITY OF ASHLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**(1) REPORTING ENTITY**

The City of Ashland (the "City") is a political subdivision of the Commonwealth of Kentucky. It is governed and operated under the City Manager/Commission form of government and provides such services as public safety, transportation, recreation, streets, water, sewer, and refuse removal. The City evaluates separately administered organizations in order to determine if they are controlled by, or dependent upon the City. GASB Codification Section 2100 establishes criteria for determining which, if any, component units should be considered part of the City for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability, which includes:

1. Appointing a voting majority of an organization's governing body, and:
  - a. The ability of the government to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government.
2. Organizations for which the government does not appoint a voting majority but are fiscally dependent on the government.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature and significance of the relationship.

Based on the previous criteria, the City has determined that as of June 30, 2014 there are no organizations meeting the criteria.

**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The basic financial statements of the City include both government-wide statements and fund financial statements.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The City considers all governmental and proprietary funds to be major funds, due to their belief that all of these funds present financial information which is important to the financial statement users. Thus, individual governmental funds and individual proprietary funds are reported as separate columns in the fund financial statements.

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. 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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, grants, 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major Governmental Funds:

**General Fund** - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds** - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

- **Municipal Aid Road Fund** - The Municipal Aid Road Fund is used to account for state grants restricted for road improvements.
- **Floodwall Operating Fund** - The Floodwall Operating Fund is used to account for taxes levied on real estate located within the floodwall. Resources may only be used for the repair and maintenance of City's floodwall.
- **Community Development Fund** - The Community Development Fund is used to account for entitlements to the City under the provisions of Title 1 of the Housing and Development Act of 1974. Resources may only be used for activities which are directed toward developing urban communities and economic opportunities for individuals of low and moderate income.
- **Housing Assistance Fund** - The Housing Assistance Fund is used to account for grant revenue provided to the City by the U.S. Department of Housing and Urban Development Section 8 rent subsidy program. Resources are used for the payment of rent subsidies to landlords on behalf of qualified tenants.

**Capital Projects Fund** - The Capital Projects Fund is used to account for financial resources to be used in acquiring, constructing and maintaining major capital facilities and assets.

The City reports the following major Proprietary Funds:

**Utility Fund** - The Utility Fund is used to account for water and wastewater (sewer) services for the City and surrounding communities.

**Ashland Bus Fund** - This fund is used to account for the City's mass transportation system which is partially subsidized by the Federal government (Department of Transportation).

**Recreation Fund** - The Recreation Fund is used to account for the City's swimming pool operations and other vending (concession) activities.

**Cemetery Fund** - The Cemetery Fund is used to account for the operation and maintenance of the Ashland Cemetery.

Additionally, the City reports the following fund types:

**Internal Service Fund** - This fund is used to account for the financing of health insurance premiums and claims payments for all eligible City employees and retirees on a premium cost only reimbursement basis.

Fiduciary Funds - These funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. The Police and Firefighters Pension Fund and the Utility Pension Fund are the City's two Fiduciary Funds.

Pension trust funds recognize employer and participant contributions in the period in which contributions are due and the City has made a formal commitment to provide the contributions. Retirement benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the City's Enterprise Funds, are charges to customers for sales and services. The City also recognizes as operating revenue tap fees intended to recover the costs of connecting new customers to the utility system. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Revenues - Exchange and Non-exchange Transactions - Revenues resulting from exchange transactions, in which each party receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenues from non-exchange transactions must also be available before they can be recognized.

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

### **C. Budget and Budgetary Accounting**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to May 1, the City Manager obtains estimates from the department heads in order to prepare the proposed budget.
2. Prior to June 30, the City Manager submits to the City Commission a proposed budget for the fiscal year commencing the following July 1. The proposed budget includes proposed operating and capital expenditures and the means of financing them.
3. Public hearings are conducted at commission meetings in order to review the proposed budget and to obtain comments from taxpayers and other interested parties.
4. Prior to the first day beginning the fiscal year, the budget is legally adopted through the passage of an ordinance for the General Fund, all Special Revenue Funds, Capital Projects Funds and all Enterprise Funds, and a separate budgetary report is prepared for utilization by the City, and for informational purposes for the general public.

5. The City Manager is authorized to transfer budgeted amounts within departments of any fund; however, any revisions that alter the total expenditures of any department or fund must be approved by the City Commission. Therefore, the level of control on budgetary items is maintained at the department level.
6. Budgets for the General, Special Revenue and Capital Projects Funds are adopted on the modified accrual basis. Budgets for all Enterprise Funds are adopted on the accrual basis. Both methods are consistent with Generally Accepted Accounting Principles (GAAP). Budgeted amounts are as originally adopted, or as amended periodically by the City Commission. Departmental revisions were not material in relation to the original appropriations which were amended. All appropriations lapse at the end of the fiscal year, even if encumbered.

**D. Deposits and Investments**

Investments, other than Pension Trust Fund investments, are stated at amortized cost which approximates fair value. Kentucky Revised Statute 66.480 permits the City to invest in U.S. Treasury obligations, U.S. Agency obligations, certain Federal instruments, repurchase agreements, commercial banks' certificates of deposit, savings and loan deposits, certain mutual funds, Commonwealth of Kentucky investment pool and the Kentucky League of Cities investment pool.

Short term investments are carried at cost which approximates fair value. Investments traded on a national exchange are valued at the last reported sales price at current exchange rates. Trust fund investments are carried at market value. Unrealized gains or losses are reflected in the Statement of Changes In Fiduciary Net Position.

**E. Inventories**

Inventories are valued at cost (first-in, first-out method). Inventory in the General and Enterprise-Utility Fund consists of expendable supplies held for consumption. Enterprise-Recreation Fund inventories consist of merchandise held for sale and consumable supplies. Enterprise-Cemetery Fund inventories consist of plots and mausoleum vaults. Costs are recorded as expenditures at the time individual inventory items are purchased.

**F. Capital Assets and Depreciation**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of five thousand dollars. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not.

All reported capital assets are depreciated with the exception of land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets:

<u>Description</u>	<u>Estimated Lives</u>
Utility plants in service	5-50 years
Buildings and improvements	5-20 years
Operating equipment	3-10 years
Automotive equipment	3-7 years
Office furniture and equipment	3-20 years
Bus system equipment	5-10 years
Recreation equipment	5-25 years
Infrastructure	20-30 years

The City is required by GASB 34 to retroactively report all major general infrastructure assets for fiscal years beginning after June 15, 2006. The City elected to adopt the requirements of GASB 34 concerning infrastructure assets in the 2006 fiscal year. General infrastructure assets acquired prior to March 10, 2006 are reported at historical estimated cost or deflated replacement cost. Infrastructure assets acquired after March 10, 2006 are reported at cost.

#### **G. Encumbrances**

Encumbrance accounting is used by the City whereby purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances outstanding at year-end are reported as reservations of fund balances in the General, Special Revenue, Enterprise and Capital Projects Funds, since the encumbrances do not constitute expenditures or liabilities, even though the City intends to honor those commitments. At June 30, 2014, there were no significant encumbrances.

#### **H. Interfund Transactions**

During the course of normal operations, the City has numerous transactions between funds including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers.

#### **I. Interfund Receivables and Payables**

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

#### **J. Compensated Absences**

The City's accrued liabilities for future compensated absences are recorded to the extent the future leaves (1) relate to rights attributable to employee services already rendered, (2) relate to rights that vest or accumulate, (3) where payment is probable, and (4) where amounts can be reasonably estimated. Amounts that normally would be paid with expendable available financial resources are recorded in the Governmental Fund Financial Statements. Amounts paid or payable within 60 days are deemed to be payable from expendable available financial resources. Liabilities for compensated absences are recorded in full in the Government-wide and Proprietary Fund financial statements.

#### **K. Fund Balances**

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance-amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance-amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance-amounts constrained to specific purposes by the City Commissioners, using its decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the City takes the action to remove or change the constraint;
- Assigned fund balance-amounts the City intends to use for a specific purpose (such as encumbrances); intent can be expressed by the City Commissioners or by an official or body to which the City delegates the authority;
- Unassigned fund balance-amounts that are available for any purpose; unassigned amounts are reported only in the General Fund.

When committed, assigned and unassigned resources are available for use, it is the City's policy to use committed and assigned resources first, then unassigned resources as they are needed.

## **L. Net Position**

Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of governments.

## **M. Self-Insurance**

The City is self-insured for health and accident claims for employees and eligible retirees as more fully described in Notes 12 and 13.

## **N. Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Proprietary and Internal Service Funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

## **O. Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the recorded amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenditures during the reporting period. Material estimates that are particularly susceptible to significant changes relate to the determination of the allowance for uncollectible accounts and the useful lives used to depreciate capital assets. Actual results could differ from estimated amounts.

## **P. Bond Issuance Costs**

Debt issuance costs are expensed in the period they are incurred.

## **Q. Reclassifications**

Certain reclassifications have been made to June 30, 2013 information to conform with the 2014 presentation.

## **R. Recent Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) has recently issued GASB No. 65, *Items Previously Reported as Assets and Liabilities* which clarifies the use of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. This statement requires certain items which were previously reported as assets and liabilities to be reported as deferred outflows of resources, deferred inflows of resources and as revenues or expenses. As a result of implementing this statement, certain items were reclassified to deferred outflows of resources on the Statement of Net Position.

The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25* in August 2012. The standard addresses new accounting and financial reporting standards for the activities of certain pension plans that are administered through trusts. In particular, Statement No. 67 establishes (1) certain standards of financial reporting for defined benefit pension plans, including specifying the approach of contributing entities to measure pension liabilities for benefits provided through the pension plan, and (2) note disclosure requirements for certain defined contribution pension plans administered through trusts. For the year ended June 30, 2014, the City implemented GASB No. 67, which required additional disclosures and Required Supplementary Information concerning the City's pensions funds.

The Governmental Accounting Standards Board (GASB) has issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* in

August 2012. This standard addresses new accounting and financial reporting standards for the activities of certain pension plans that are administered through trusts. In particular, Statement No. 68 establishes:

- Standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures;
- For defined benefit pensions, the methods and assumptions that should be used for employee benefits when projecting those benefits, discounting the projections, and attributing the discounted projections to certain periods;
- Note disclosures and supplementary information based on (1) the number of employers with employees covered by the plan, and (2) whether pension obligations and plan assets are shared; and
- Details of recognition and disclosure requirements for employers (1) with liabilities to defined benefit pension plans, and (2) whose employees are provided with defined contribution pensions.

The requirements of GASB No. 68 are effective for fiscal year 2015 and thereafter. The City has not completed the process of the evaluation of GASB No. 68.

### (3) DEPOSITS AND INVESTMENTS

#### Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City requires deposits to be 100% secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance (FDIC). The City does not have a formal policy regarding custodial credit risk.

At June 30, 2014, the carrying amounts of the City's deposits were \$8,685,366 and the bank balances were \$9,743,309. The total of the bank balances were insured or collateralized with securities held by the City's agents in the City's name, or by letters of credit.

#### Investments

At June 30, 2014, the City had the following investments and maturities:

Investment Type -	Investment Maturities (in years)				
	Fair Value	Less than 1	1 - 5	6 - 10	More than 10
<b>General Fund</b>					
Money Market					
Mutual Fund	\$ 1,600,001	\$ 1,600,001	\$ -	\$ -	\$ -
<b>Utility Fund</b>					
Money Market					
Mutual Fund	373,070	373,070	-	-	-
Certificates of Deposit	2,752,300	2,752,300	-	-	-
<b>Recreation Fund</b>					
Certificates of Deposit	190,000	190,000	-	-	-
<b>Fiduciary Funds</b>					
Certificates of Deposit	1,500,000	1,500,000	-	-	-

Interest Rate Risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The City may invest their monies in interest-bearing bonds of any county, urban-county government or city of the first, second or third class in the State of Kentucky, or in any securities in which trustees are permitted to invest trust funds under the laws of the State of Kentucky, including participation in a local government pension investment fund created pursuant to KRS 95.895. The money market mutual fund invests only in U.S. Treasury Obligations, which include securities issued or guaranteed by the U.S. Treasury where the payment of principal and interest is backed by the full faith and credit of the U.S. government.

#### **(4) PROPERTY TAX REVENUES**

Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the City.

Real property, tangible and public utility property taxes are levied prior to June 30 of each year based upon the assessed value as of January 1. Per KRS 91.487, the lien date for assessed taxes is January 1 of each fiscal year. The City imposes penalties of 10% and interest of ½ % per month on taxes not paid within thirty days of mailing tax bills.

Real property and tangible property taxes are due and payable by June 30 of each year. Public utility taxes are due and payable within thirty days from the date the bills are mailed.

Assessed values are established by State Law at 100% of fair value.

Real property and tangible property taxes are recognized as revenue on the modified accrual basis. Public utility taxes and tangible property taxes were not accrued at June 30, since assessed amounts are not available until the subsequent fiscal year.

Motor vehicle property taxes are assessed as of January 1 of each year and are collected by the County Clerk and remitted to the City. These taxes are not accrued, as amounts are payable upon the birth dates of the owners of the vehicles.

The 2014 assessed value for real property and tangible property was \$838,362,243 and \$102,946,806, respectively. The tax rate adopted was \$.2891 per \$100 valuation.

#### **(5) GRANTS RECEIVABLE**

Grants receivable from other governmental units as of June 30, 2014, are as follows:

General Fund -	
Kentucky Transportation Cabinet	<u>\$ 10,630</u>
Special Revenue Funds -	
Municipal Aid Road Fund	44,926
Community Development Fund, program allocation	<u>79,314</u>
	<u>124,240</u>
Enterprise Funds -	
Ashland Bus System - FTA operations	300,148
Ashland Bus System - FTA capital	<u>191,430</u>
	<u>491,578</u>
	<u>\$ 626,448</u>

#### **(6) CAPITAL ASSETS**

A summary of changes in the City's capital assets is as follows:

	June 30, 2013	Increases	Decreases	June 30, 2014
<b><u>Governmental Activities</u></b>				
<b>Capital Assets, Not Depreciated:</b>				
Land	\$ 18,936,298	\$ -	\$ -	\$ 18,936,298
Construction in progress	118,766	13,775	(108,766)	23,775
<b>Capital Assets, Depreciated:</b>				
Buildings	8,872,607	-	-	8,872,607
Building improvements	3,006,086	152,944	-	3,159,030
Automotive equipment	3,835,059	10,516	(61,586)	3,783,989
Office furniture and equipment	713,479	19,730	-	733,209
Operating equipment	3,935,990	176,230	-	4,112,220
Capital improvements	573,166	-	-	573,166
Infrastructure	<u>75,087,026</u>	<u>557,103</u>	<u>-</u>	<u>75,644,129</u>
Totals	<u>115,078,477</u>	<u>930,298</u>	<u>(170,352)</u>	<u>115,838,423</u>
Accumulated Depreciation:				
Buildings	1,705,864	178,467	-	1,884,331
Building improvements	1,796,734	83,950	-	1,880,684
Automotive equipment	2,897,477	172,373	(47,471)	3,022,379
Office furniture and equipment	619,215	25,475	-	644,690
Operating equipment	2,545,143	203,245	-	2,748,388
Capital improvements	168,655	27,132	-	195,787
Infrastructure	<u>42,971,349</u>	<u>1,883,870</u>	<u>-</u>	<u>44,855,219</u>
Totals	<u>52,704,437</u>	<u>2,574,512</u>	<u>(47,471)</u>	<u>55,231,478</u>
<b>Governmental Activities</b>				
<b>Capital Assets, Net</b>	<u>\$ 62,374,040</u>	<u>\$ (1,644,214)</u>	<u>\$ (122,881)</u>	<u>\$ 60,606,945</u>
<b><u>Business-type Activities</u></b>				
<b>Capital Assets, Not Depreciated:</b>				
Land	\$ 383,101	\$ -	\$ -	\$ 383,101
Construction in progress	8,341,947	1,996,224	(6,843,889)	3,494,281
<b>Capital Assets, Depreciated:</b>				
Buildings	3,846,513	-	-	3,846,513
Building improvements	708,634	-	-	708,634
Utility and sewage plants	79,946,023	7,402,158	-	87,348,181
Automotive equipment	1,942,224	29,654	-	1,971,878
Office furniture and equipment	463,532	8,585	-	472,117
Operating equipment	3,120,399	28,137	-	3,148,536
Capital improvement	418,280	-	-	418,280
Recreation equipment	<u>312,638</u>	<u>-</u>	<u>-</u>	<u>312,638</u>
Totals	<u>99,483,291</u>	<u>9,464,758</u>	<u>(6,843,890)</u>	<u>102,104,159</u>
Accumulated Depreciation:				
Buildings	841,921	89,647	-	931,568
Building improvements	390,843	29,103	-	419,946
Utility and sewage plants	43,833,026	1,857,960	-	45,690,986
Automotive equipment	1,394,665	125,983	-	1,520,648
Office furniture and equipment	416,919	17,741	-	434,660
Operating equipment	1,984,369	131,274	-	2,115,643
Capital improvements	122,213	25,239	-	147,452
Recreation equipment	<u>273,102</u>	<u>3,116</u>	<u>-</u>	<u>276,218</u>
Totals	<u>49,257,058</u>	<u>2,280,063</u>	<u>-</u>	<u>51,537,121</u>
<b>Business-type Activities</b>				
<b>Capital Assets, Net</b>	<u>\$ 50,226,233</u>	<u>\$ 7,184,695</u>	<u>\$ (6,843,890)</u>	<u>\$ 50,567,038</u>

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

Governmental activities:		
General government	\$	482,040
Finance		367
Public services		1,646,502
Planning and code enforcement		7,487
Police		221,530
Fire		148,277
Engineering		55,847
Community and cultural		12,462
	\$	<u>2,574,512</u>
Business-type activities:		
Utilities	\$	2,058,738
Recreation		33,223
Bus		136,064
Cemetery		52,038
	\$	<u>2,280,063</u>

**(7) RETIREMENT PLANS**

**Single Employer Plans**

**Plan Descriptions, Contribution Information and Funding Policies**

The City of Ashland contributes to two single-employer, public employee retirement plans. Assets are held separately and may be used only for the payment of benefits to the members of the respective plans, as follows:

**Utility Pension Fund (UPF):**

The City of Ashland Utilities Employee's Pension Plan provides retirement benefits to City utility department employees in classified positions under civil service. The plan is closed to new participants and at June 30, 2014, there were no active employees participating in UPF. Unless otherwise indicated, UPF information in this Note is provided as of the latest actuarial valuation, June 30, 2013 with an update to roll forward information to June 30, 2014.

**Police and Firefighters Pension Fund (PFPF):**

The City of Ashland Police and Firefighters Pension Plan provides retirement benefits to retirees and beneficiaries of policemen and firefighters hired prior to August 1, 1988.

The plan was frozen effective August 1, 1988. Policemen and firefighters hired after that date are required to participate in CERS. The plan is closed to new participants and at June 30, 2014, there were no active employees participating in PFPF. Unless otherwise indicated, PFPF information in this note is provided as of the latest actuarial valuation, June 30, 2014.

A separate audited financial statement is not available for the UPF and PFPF. The following is the statement of net position and the statement of changes in net position for the UPF and PFPF:

	<u>PENSION TRUST FUNDS</u>		
	<u>Utility Pension Fund</u>	<u>Policemen &amp; Firefighters Pension Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,449	\$ 7,079	\$ 8,528
Accrued interest receivable	565	565	1,130
Due from other funds	1,680,018	-	1,680,018
Investments, at fair value - Certificates of deposit	<u>750,000</u>	<u>750,000</u>	<u>1,500,000</u>
Total assets	<u>2,432,032</u>	<u>757,644</u>	<u>3,189,676</u>

<b>LIABILITIES</b>			
Due to other funds	<u>69,228</u>	<u>26,243</u>	<u>95,471</u>
Total liabilities	<u>69,228</u>	<u>26,243</u>	<u>95,471</u>
<b>NET POSITION - RESTRICTED FOR PENSION BENEFITS</b>			
	<u>\$ 2,362,804</u>	<u>\$ 731,401</u>	<u>\$ 3,094,205</u>
<b>ADDITIONS</b>			
Contributions -			
Employer	\$ 650,912	\$ 316,277	\$ 967,189
Plan members	<u>-</u>	<u>-</u>	<u>-</u>
Total contributions	<u>650,912</u>	<u>316,277</u>	<u>967,189</u>
Investment income -			
Net (depreciation) appreciation in fair value of investments	(4,681)	(4,681)	(9,362)
Interest income	<u>5,560</u>	<u>5,538</u>	<u>11,098</u>
Total investment income	<u>879</u>	<u>857</u>	<u>1,736</u>
Total additions	<u>651,791</u>	<u>317,134</u>	<u>968,925</u>
<b>DEDUCTIONS</b>			
Benefits	731,999	582,431	1,314,430
Administrative expenses	<u>6,360</u>	<u>3,195</u>	<u>9,555</u>
Total deductions	<u>738,359</u>	<u>585,626</u>	<u>1,323,985</u>
NET DECREASE	(86,568)	(268,492)	(355,060)
<b>NET POSITION - RESTRICTED FOR PENSION BENEFITS:</b>			
Beginning of year	<u>2,449,372</u>	<u>999,893</u>	<u>3,449,265</u>
End of year	<u>\$ 2,362,804</u>	<u>\$ 731,401</u>	<u>\$ 3,094,205</u>

Actuarial valuations are performed bi-annually. For additional information relating to basis of accounting and reported investment values, see Notes 1 and 2. These plans are defined benefit plans. The following is a summary of funding policies, contribution methods, and benefit provisions:

	<u>Utility Pension Fund</u>	<u>Police and Firefighters Pension Fund</u>
	City Ordinance and KRS	City Ordinance and KRS
Governing Authority		
Determination of contribution requirements	Actuarially	Actuarially
Contribution rates as a percentage of covered payroll:		
Employer	N/A	N/A
Plan Members	N/A	N/A
Funding of administrative costs	Investment Earnings	Investment Earnings
Period required to vest	20	10
Post retirement benefit increases	As approved by City Commission	As approved by City Commission
Eligibility for distribution	Age 50, with 20 years	N/A
Provisions for:		
Disability benefits	Yes	Yes
Death benefits	Yes	Yes

Membership of the plans are as follows:

Retirees and beneficiaries currently receiving benefits	28	30	<u>Totals</u> 58
Active plan participants:			
Vested	-	-	-
Non-Vested	-	-	-
	<u>28</u>	<u>30</u>	<u>58</u>

Actuarial assumptions and other information used to determine the annual required contributions (ARC) are as follows:

	Utility Employees Pension Plan	Policemen And Firefighters Pension Plan
Valuation date	06-30-13, updated through 06-30-14	06-30-14
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level % of payroll Closed	Level % of payroll Closed
Amortization	20 years	10 years
Actuarial asset valuation method	Fair market value, quoted market prices	Fair market value, quoted market prices
Actuarial assumptions		
Investments		
Rate of return	5.00 %	5.00 %
Allocation	Allowed by KRS	Allowed by KRS
Projected salary increases	None	None
Post retirement benefit increases	0.00 %	0.00 %
Inflation rate	5.00 %	5.00 %
Discount rate	5.00 %	5.00 %
Mortality	RP-2000 Mortality Table	RP-2000 Mortality Table

The following represents the components of the net pension liability:

Date	Fiduciary Net Position (a)	Total Pension Liability (TPL) Entry Age (b)	Net Pension Liability (NPL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	NPL As A Percentage Of Covered Payroll (b-a)/c
<b>Utility Employees Pension Plan</b>						
06/30/14	\$ 2,362,804	\$ 7,823,259	\$ 5,460,455	30.2%	\$ ** N/A	** N/A
<b>Policemen and Firefighters Pension Plan</b>						
06/30/14	731,401	4,338,361	3,606,960	16.9%	** N/A	** N/A

\*\*No active employees or covered payroll.

### Discount Rate

The following represents the effect on the net pension liability using a discount rate that is one percentage point higher and a discount rate that is one percentage point lower:

	Utility Employees Pension Plan	Policemen And Firefighters Pension Plan
Total pension liability at assumed discount rate of 5.00%	\$7,823,259	\$4,338,361
Pension liability at a discount rate:		
1% higher (6.00%)	\$7,254,505	\$4,080,326
1% lower (4.00%)	\$8,478,448	\$4,631,171

### Reserves

There are no assets legally reserved for purposes other than the payment of plan member benefits for either plan. Each plan held two certificates of deposit at local financial institutions whose market value exceeds five percent of net assets available for benefits. There are no long-term contracts for contributions.

### Annual Pension Cost, Net Pension Obligation, and Reserves

Current annual pension cost for the UPF and PFPF retirement plans are shown in the trend information below, as well as the percentage contributed and the net pension obligation, if any, for each plan. The City follows GASB Statement No. 27, "Accounting for Pensions by State and Local Governmental Employees" in accounting for pension costs and other required disclosure information.

The City's annual pension cost and net pension obligation for the current year were as follows:

	Utility Pension Fund	Police and Firefighters Pension Fund
Employer contributions made for fiscal year	\$ 650,912	\$ 316,277
Employer required annual contribution	383,103	425,142
Interest on net pension asset	(128,819)	(101,395)
Adjustment to annual contribution requirement	37,154	456,894
Annual pension cost	<u>291,438</u>	<u>780,641</u>
Increase (decrease) in net pension asset	359,474	(464,364)
Net pension asset, June 30, 2013	2,406,806	2,222,180
Net pension asset, June 30, 2014	<u>\$ 2,766,280</u>	<u>\$ 1,757,816</u>

### Trend Information

Utility Pension Fund				Police and Firefighters Pension Fund			
Year	Annual Pension Cost	Percent Contributed	Net Pension Obligation (NPO)	Year	Annual Pension Cost	Percent Contributed	Net Pension Obligation (NPO)
2012	\$ 379,908	149%	(2,471,883)	2012	\$ 338,324	109%	(2,266,048)
2013	632,606	90%	(2,406,806)	2013	411,033	89%	(2,222,180)
2014	291,438	223%	(2,766,280)	2014	780,641	41%	(1,757,816)

### Cost - Sharing, Multiple Employer Plan

#### Plan Description, Contribution Information and Funding Policies

The City contributes to the County Employee's Retirement System ("CERS"), a cost-sharing, multiple-employer defined benefit pension plan administered by the Kentucky General Assembly. It covers substantially all regular full-time members employed in hazardous and non-hazardous duty positions of each county and school board, and any additional eligible local agencies electing to participate in the CERS. CERS provides for retirement, disability, and death benefits to plan members. Cost of living adjustments are provided at the discretion of the State legislature.

The CERS issues a publicly available financial report included in the Kentucky Retirement System's Annual Report that includes financial statements and the required supplementary information for CERS. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601, or by calling (502) 564-4646 or from the KRS website at <https://kyret.ky.gov>.

Plan members in non-hazardous positions are required to contribute 5% of their annual creditable compensation, and the City is required to contribute 18.89% of the employee's total compensation. Plan members in hazardous positions are required to contribute 8% of their annual creditable compensation, and the City is required to contribute 35.70% of the employees' compensation. Additionally, plan members hired on or after September 1, 2008 contribute an additional 1% non-refundable health insurance contribution. The contribution requirements of CERS members and the City are established and may be amended by the CERS Board of Trustees. The City's contributions to CERS for the years ending June 30, 2014, 2013, and 2012 were \$3,437,963, \$3,727,668, and \$3,544,530, respectively, equal to the required contributions for the year.

**(8) DEBT**

The following is a summary of changes in long-term debt (including current portions) of the City for the year ended June 30, 2014:

	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014
<b><u>Governmental Activities</u></b>				
General Obligation Bond Series 2005	\$ 2,675,000	\$ -	\$ 105,000	\$ 2,570,000
Capital lease - Equipment	31,832	-	19,155	12,677
Capital lease - Police Station	4,393,596	-	146,260	4,247,336
Capital lease – Refinancing	392,500	-	150,000	242,500
Capital lease – Melody Mtn. Phase II	-	1,710,000	8,750	1,701,250
Compensated absences obligation	<u>866,909</u>	<u>35,109</u>	<u>117,791</u>	<u>784,227</u>
Total Governmental Activities	<u>\$ 8,359,837</u>	<u>\$ 1,745,109</u>	<u>\$ 546,956</u>	<u>\$ 9,557,990</u>
<b><u>Business-type Activities</u></b>				
Revenue & Improvement Bond Series 2013	\$ 4,890,000	\$ -	\$ 400,000	\$ 4,490,000
Capital lease - Equipment	11,756	-	7,074	4,682
Capital lease - Radio Meters	-	1,710,000	89,583	1,620,417
Kentucky Infrastructure Authority Loan	1,246,854	-	111,257	1,135,597
Kentucky Infrastructure Authority Loan	2,678,234	-	188,473	2,489,761
Kentucky Infrastructure Authority Loan	6,644,995	-	135,928	6,509,067

Discount on bonds	(29,668)	-	(2,967)	(26,701)
Total Business-type Activities	<u>\$ 15,442,171</u>	<u>\$ 1,710,000</u>	<u>\$ 929,348</u>	<u>\$ 16,222,823</u>

At June 30, 2014, the City was required to have \$521,475 for the Revenue and Improvement Bonds of 2013, in sinking fund reserve accounts. Additionally, under the KIA loan agreements, the City was required to have \$319,000 set aside for the costs of extensions, improvements, renewals and replacements to the sewer system. As of June 30, 2014, the City had reserve funds of \$995,453.

**Governmental Activities**

**Capital Lease**

On August 25, 2010, the City entered into an agreement with the Kentucky League of Cities Funding Trust Program to consolidate capital leases for equipment and the central fire station. Proceeds of the fixed rate (2.00%) lease agreement totaled \$1,675,000.

Future minimum annual lease payments under this agreement are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest and fees</u>	<u>Total</u>
2015	\$ 152,083	\$ 6,294	\$ 158,377
2016	90,417	2,523	92,940
	<u>\$ 242,500</u>	<u>\$ 8,817</u>	<u>\$ 251,317</u>

**Capital Lease - Police Station**

On December 23, 2008, the City entered into an agreement with the Kentucky League of Cities Funding Trust Program to finance the construction of a police station. Proceeds of the fixed rate (3.035%) lease agreement totaled \$5,000,000.

Future minimum annual lease payments under this agreement are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest and fees</u>	<u>Total</u>
2015	\$ 151,760	\$ 160,283	\$ 312,043
2016	157,404	154,476	311,880
2017	163,320	148,392	311,712
2018	169,439	142,099	311,538
2019	175,804	135,553	311,357
2020-2024	982,772	571,053	1,553,825
2025-2029	1,181,189	366,980	1,548,169
2030-2034	1,265,648	121,929	1,387,577
	<u>\$ 4,247,336</u>	<u>\$ 1,800,765</u>	<u>\$ 6,048,101</u>

**Capital Leases - Equipment**

The City entered into a capital lease agreement with a financing company to purchase a phone system. The interest rate on the lease is approximately 16%.

Capital assets include the following under capital leases:

Operating equipment	\$ 78,291
Less: accumulated depreciation	(31,316)
	<u>\$ 46,975</u>

Future minimum annual lease payments under the agreements are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 12,677	\$ 691	\$ 13,368

### Capital Lease - Melody Mountain Phase II

On May 2, 2014, the City entered into an agreement with the Kentucky Bond Corporation to finance the development of the Melody Mountain Project Phase II. Proceeds of the variable rate (2.0% to 3.5%) lease agreement totaled \$1,710,000. At June 30, 2014, the City has \$600,000 of the proceeds recorded as committed fund balance in the general fund.

Future minimum annual lease payments under this agreement are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest and fees</u>	<u>Total</u>
2015	\$ 88,334	\$ 56,860	\$ 145,194
2016	65,000	52,872	117,872
2017	65,000	51,409	116,409
2018	67,084	49,947	117,031
2019	70,000	48,438	118,438
2020-2024	374,168	212,437	586,605
2025-2029	441,249	147,682	588,931
2030-2034	504,165	63,352	567,517
2035	26,250	1,247	27,497
	<u>\$ 1,701,250</u>	<u>\$ 684,244</u>	<u>\$ 2,385,494</u>

### General Obligation Bond Series 2005

On October 1, 2005, the City issued \$3,315,000 in general obligation bonds with interest rates ranging from 3.0% to 4.5%, to finance additional infrastructure improvements.

The annual requirements to amortize the indebtedness at June 30, 2014, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 110,000	\$ 106,288	\$ 216,288
2016	110,000	101,888	211,888
2017	115,000	97,388	212,388
2018	120,000	92,688	212,688
2019	125,000	87,788	212,788
2020-2024	730,000	354,364	1,084,364
2025-2029	860,000	186,747	1,046,747
2030-2031	400,000	18,226	418,226
	<u>\$ 2,570,000</u>	<u>\$ 1,045,377</u>	<u>\$ 3,615,377</u>

### Compensated Absences Obligation

Compensated absences of Governmental Fund Types payable within 60 days from the balance sheet date are deemed to be payable from expendable available financial resources. Compensated absences earned by employees which are payable after 60 days are reflected as general long-term obligations of the City.

The estimated liabilities for accrued compensated absences as of June 30, 2014, are as follows:

	<u>Accrued Long-Term Obligation</u>	<u>Current Obligation</u>	<u>Total Compensated Absences</u>
General Fund	\$ 764,833	\$ 150,459	\$ 915,292
Community Development Fund	8,166	1,606	9,772
Housing Assistance Fund	4,081	803	4,884
Floodwall Fund	7,147	1,406	8,553
Ashland Bus System	-	18,396	18,396
Recreation Fund	-	23,295	23,295
Cemetery Fund	-	3,395	3,395
Utility Fund	-	214,225	214,225
	<u>\$ 784,227</u>	<u>\$ 413,585</u>	<u>\$ 1,197,812</u>

Refer to Note 2 for additional information regarding compensated absences.

## Conduit Debt Obligations

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying loan agreements. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the state, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2014, there was one series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of approximately \$125 million.

### Business-Type Activities

#### Kentucky Infrastructure Authority Loan

On May 1, 2010, the City entered into an Assistance Agreement with the Kentucky Infrastructure Authority (“KIA”) to finance capacity upgrades at the Roberts Drive Pump Station and the Sixth Street Pump Station as part of the CSO abatement projects in the Long-Term Control Plan (See Note 11). The loan bears interest at a rate of 2.0% with a maturity date of December 1, 2034. A loan serving fee of 0.001% of the annual outstanding loan balance shall be payable to KIA as a part of each interest payment. In accordance with the Agreement, the City received the proceeds from the loan as eligible expenses were incurred.

The annual requirements to amortize the loan as of June 30, 2014 are as follows:

Year ending June 30,	Principal	Interest	Fees	Total
2015	\$ 275,946	\$ 128,808	\$ 12,881	\$ 417,635
2016	281,493	123,262	12,326	417,081
2017	287,151	117,604	11,760	416,515
2018	292,922	111,832	11,183	415,937
2019	298,810	105,945	10,594	415,349
2020-2024	1,586,592	437,180	43,718	2,067,490
2025-2029	1,752,585	271,188	27,119	2,050,892
2030-2034	1,733,568	87,828	8,783	1,830,179
	<u>\$ 6,509,067</u>	<u>\$ 1,383,647</u>	<u>\$ 138,364</u>	<u>\$ 8,031,078</u>

#### Kentucky Infrastructure Authority Loan

On October 1, 2001, the City entered into an Assistance Agreement with the Kentucky Infrastructure Authority (“KIA”) for a water system renovation project. The loan bears interest at a rate of 3.8% with a maturity date of December 1, 2023. A loan serving fee of 0.025% of the annual outstanding loan balance shall be payable to KIA as a part of each interest payment. In accordance with the Agreement, the City received the proceeds from the loan as eligible expenses were incurred.

The annual requirements to amortize the loan as of June 30, 2014 are as follows:

Year ending June 30,	Principal	Interest	Fees	Total
2015	\$ 115,522	\$ 42,066	\$ 2,767	\$ 160,355
2016	119,956	37,634	2,476	160,066
2017	124,558	33,032	2,173	159,763
2018	129,336	28,254	1,859	159,449
2019	134,297	23,293	1,532	159,122
2020-2023	511,928	39,639	2,608	554,175
	<u>\$ 1,135,597</u>	<u>\$ 203,918</u>	<u>\$ 13,415</u>	<u>\$ 1,352,930</u>

### Kentucky Infrastructure Authority Loan

On November 1, 2004, the City entered into an Assistance Agreement with the Kentucky Infrastructure Authority (“KIA”) for a water system renovation project. The loan bears interest at a rate of 3.0%. A loan serving fee of 0.025% of the annual outstanding loan balance shall be payable to KIA as a part of each interest payment. In accordance with the Agreement, the City received the proceeds from the loan as eligible expenses were incurred.

The annual requirements to amortize the indebtedness at June 30, 2014, are as follows:

Year ending June 30,	Principal	Interest	Fees	Total
2015	\$ 194,169	\$ 73,247	\$ 6,104	\$ 273,520
2016	200,038	67,379	5,615	273,032
2017	206,084	61,332	5,111	272,527
2018	212,313	55,104	4,592	272,009
2019	218,730	48,686	4,057	271,473
2020-2024	1,196,908	140,177	11,682	1,348,767
2025	261,519	5,899	492	267,910
	<u>\$ 2,489,761</u>	<u>\$ 451,824</u>	<u>\$ 37,653</u>	<u>\$ 2,979,238</u>

### Capital Leases - Equipment

The City entered into a capital lease agreement with a financing company to purchase a phone system. The interest rate on the lease is 16%.

Capital assets include the following under the capital lease:

Operating equipment	\$ 28,915
Less: accumulated depreciation	(11,566)
	<u>\$ 17,349</u>

Future minimum annual lease payments under the remaining agreement is as follows:

Year ending June 30,	Principal	Interest	Total
2015	\$ 4,682	\$ 255	\$ 4,937

### Capital Lease – Radio Meters

On July 30, 2013, the City entered into an agreement with the Kentucky Bond Corporation to finance the acquisition and installation of radio read meters. Proceeds of the variable rate (4.125% to 4.625%) lease agreement totaled \$1,710,000.

Future minimum annual lease payments under this agreement are as follows:

Year Ending June 30,	Principal	Interest and fees	Total
2015	\$ 95,000	\$ 59,228	\$ 154,228
2016	95,000	57,091	152,091
2017	97,084	54,557	151,641
2018	102,084	51,402	153,486
2019	105,000	48,084	153,084
2020-2024	573,332	186,324	759,656
2025-2029	552,917	64,396	617,313
	<u>\$ 1,620,417</u>	<u>\$ 521,082</u>	<u>\$ 2,141,499</u>

### Revenue Refunding and Improvement Bonds Series 2013

On April 1, 2013, the City issued \$4,890,000 in refunding bonds with an average rate of 5.3% to advance refund \$1,930,000 of the series of 1999 bonds with an average rate of 6.8%. The proceeds of the refunding bonds were used to purchase U.S. government securities, which were deposited in an irrevocable trust with an escrow agent to provide for all future payments on the refunded bonds. Thus, the

refunded bonds in the amount of \$4,410,000 are considered to be defeased and the liability for those bonds has been removed from the general long-term debt account group.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$269,378. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations through the year 2024 using the straight-line method. Additionally, the City reduced its total debt service payments over the following 25 years by \$416,000 and obtained an economic gain (difference between the present values of the debt service payments of the old and new bonds) of \$354,000.

The 2013 Series bonds were sold at a discount of \$29,668, which is being amortized over the life of the bonds.

The annual requirements to amortize the indebtedness at June 30, 2014, are as follows:

Year ending June 30,	Principal	Interest	Total
2015	\$ 405,000	\$ 71,243	\$ 476,243
2016	410,000	68,205	478,205
2017	420,000	65,130	485,130
2018	430,000	61,980	491,980
2019	435,000	58,755	493,755
2020-2024	2,390,000	156,795	2,546,795
	<u>\$ 4,490,000</u>	<u>\$ 482,108</u>	<u>\$ 4,972,108</u>

**(9) INTERFUND TRANSACTIONS**

**Interfund Receivable and Payables**

The composition of interfund balances as of June 30, 2014 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Ashland Bus System	\$ 734,692
General Fund	Utility Fund	1,736,226
General Fund	Recreation Fund	243,942
General Fund	Floodwall Operating Fund	155,554
General Fund	Utility Pension Fund	69,228
General Fund	Cemetery Fund	195,341
General Fund	Community Development	18,150
General Fund	Housing Assistance	58,695
General Fund	Police and Fire Fighters Pension	26,243
Municipal Aid Fund	General Fund	37,823
Capital Project	General Fund	340,332
Internal Service Fund	General Fund	1,463,086
Utility Pension Fund	Utility Fund	1,680,018
Total		<u>\$ 6,759,330</u>

**Interfund Transfers**

The following transfers were made during the year:

<u>Type</u>	<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Operating	General	Ashland Bus System	Matching	\$ 403,653
Operating	General	Recreation	Operations	1,025,579
Operating	General	Capital Projects	Capital Purchases	382,337
Operating	General	Floodwall	Operations	45,932
Operating	General	Cemetery	Operations	161,301

**(10) LEGAL CONTINGENCIES**

The City is a defendant in various legal actions arising from normal business operations. The City's legal counsel believes these actions are without merit, adequately covered by insurance, or that the ultimate liability, if any, will not materially affect the City's financial position or results of operations.

**(11) COMMITMENTS AND CONTINGENCIES**

**Ashland Bus System**

The City is committed to provide financial assistance to the Ashland Bus System (ABS). During the year ended June 30, 2014, the City paid \$403,653 to the ABS under this agreement. Remaining operating costs are to be funded through grants from the U.S. Department of Transportation (DOT). The City has estimated it is due \$300,148 from DOT for the current year's operating grant. It is management's opinion that all operating grants due from DOT will be received in full. City management does not expect its cost of operating the ABS to decrease in the near future.

**Combined Sewer Overflow Improvements**

In 2007, the City entered into an agreement with the Kentucky Energy and Environment Cabinet to comply with federal Clean Water Act standards that are applicable to the City's sewer system. The City's system is considered a combined sewer system due to the sewers collecting rainwater, runoff, domestic sewage and industrial wastewater. During heavy rains or melting snow, the system can create Combined Sewer Overflow (CSO), when waste and storm water overflow from the sewer system into local bodies of water and the Ohio River. Under the agreement, the City is required to create a Long Term Control Plan to reduce the number of overflows and complete improvements to the sewer system by December 26, 2017. The improvements are expected to cost approximately \$60 million. At June 30, 2014, the City has incurred costs of approximately \$13,000,000 in relation to the required sewer improvements.

On February 18, 2010, the Board of Commissioners approved an additional surcharge for sewer customers of the City to pay for the improvements. Beginning April 1, 2010, sewer customers are charged a \$2.50 fee per 1,000 gallons of water used. The charge will increase to \$3.50 per 1,000 gallons in 2015 and end in 2035. All monies collected for this surcharge are placed in a separate account and only used for CSO improvements as outlined in the City's Long Term Control Plan. At June 30, 2014, the City has \$2,754,133 restricted for the sewer improvements.

**Construction Projects**

The City is obligated on commitments for various contracts in progress at June 30, 2014. A summary of these commitments is as follows:

<u>Fund</u>	<u>Project Description</u>	<u>Total Approved Contract</u>	<u>Paid or Accrued to Date</u>	<u>Out- standing Commitment</u>
Utility Fund	CSO-29 <sup>th</sup> St. Storm Water	\$ 179,780	\$ 67,862	\$ 111,918
Utility Fund	CSO-37 <sup>th</sup> St. Pump Station	3,158,657	2,652,758	505,899
General Fund	Fire Training Facility	182,997	-	182,997
		<u>\$ 3,521,434</u>	<u>\$ 2,720,620</u>	<u>\$ 800,814</u>

**(12) RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has established an employee's health insurance fund (an internal service fund) to account for and finance its uninsured risk of loss. Under this program, the employees health insurance fund provides coverage up to a maximum of \$100,000 per covered full-time employee and his or her dependents and eligible retirees. The City purchases commercial insurance for the health and accident claims in excess of coverage provided by the fund and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

All full-time employees are eligible to participate in the City's Health Benefit Plan. The claims liability of \$455,858 reported in the Internal Service Fund at June 30, 2014, is based on the requirements of

Governmental Accounting Standards Board Statement No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated.

Changes in the funds claims liability amount in fiscal years 2013 and 2014 were:

	Beginning of Fiscal Year Liability	Current Year Claims	Claim Payments	Balance At Fiscal Year End
2013	\$ 621,809	\$ 5,534,500	\$ 5,700,451	\$ 455,858
2014	455,858	5,215,487	5,015,226	656,119

Effective July 1, 2006, the City established a Health Reimbursement Arrangement (HRA) on behalf of employees enrolled in the Health Benefit Plan. Employees are eligible to participate in the HRA on the thirty-first day of employment. Participants enrolled in the Health Benefit Plan with single coverage are credited with \$900 per year into their HRA account, while participants enrolled in the Health Benefit Plan with family coverage are credited with \$1,800 per year. Participants in the HRA can use their account balances to reimburse the Health Benefit Plan deductibles and co-insurance expenses. Amounts charged to Internal Service Fund operating expenses under the provisions of the HRA for the year ended June 30, 2014 totaled \$362,100.

**(13) OTHER POST EMPLOYMENT BENEFITS**

In addition to UPF and PFPF pension benefits described in Note 7, the City provides pursuant to City ordinance, post-retirement health care benefits to all employees who retire from the City and are receiving benefits from a retirement plan which the City sponsors. The City has determined the post-employment health care benefits provided to retirees are immaterial. Therefore, the City has elected not to adopt the provisions of Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*.

Currently four retirees and eligible survivors meet the eligibility requirements. The City pays claims up to \$100,000 per individual. Funding is provided by billings to retirees. Expenditures for post-retirement health care benefits are recognized as retirees report claims. Management has no knowledge of unreported claims incurred for which a liability has not been recognized. During the year, expenditures of \$100,567 were recognized for post-retirement health care.

In addition to the CERS pension benefits described in Note 7, recipients of CERS retirement benefits may elect to participate in a voluntary hospital/medical group insurance plan for themselves and their dependents. The cost of participation for their dependents is borne by the retiree. The retirement system will pay a portion of the cost of participation for the retiree based on years of service as follows: Less than 4 years - 0%, 4-9 years - 25%, 10-14 years - 50%, 15-19 years - 75% and 20 or more years - 100%.

If a hazardous member is disabled in the line of duty, the retirement system will pay 100% of the insurance cost of the member, spouse and eligible dependents. If a hazardous member dies in the line of duty, the retirement system will pay 100% of the insurance cost of the beneficiary and eligible dependents as long as they remain eligible for a monthly benefit payment.

As of June 30, 2013, the date of the latest actuarial valuation, the plan had 91,700 active plan participants.

Contribution requirements for medical benefits are a portion of the actuarially determined rates of covered payroll for non-hazardous and hazardous employees, respectively, as disclosed in Note 7.

The unfunded medical benefit obligation of the CERS, based upon the entry age normal cost method, as of June 30, 2013 was as follows:

Total medical benefit obligation	<u>000's omitted</u> \$ 3,881,227
Net position available for benefits at actuarial value	2,521,019
Unfunded medical benefit obligation	<u>\$ 1,360,208</u>

**(14) NOTE RECEIVABLE**

On September 23, 2008, the City entered into an agreement with Harbor Hill, LLLP to loan \$150,000 from its Community Development Block Grant Funds for the rehabilitation of a building to increase the number of affordable rental housing units available for the benefit of low and very low income persons. The note bears no interest and is due and payable on September 30, 2038.

**REQUIRED SUPPLEMENTAL INFORMATION**

**CITY OF ASHLAND  
DEFINED BENEFIT PENSION TRUSTS  
SCHEDULE OF EMPLOYER CONTRIBUTIONS AND INVESTMENT RETURNS  
JUNE 30, 2014**

UTILITY EMPLOYEES  
PENSION PLAN

POLICE AND  
FIREFIGHTERS  
PENSION PLAN

	UTILITY EMPLOYEES PENSION PLAN			Percentage of Covered Payroll			Annual* M-W Rate of Return, net	POLICE AND FIREFIGHTERS PENSION PLAN			Percentage of Covered Payroll			Annual* M-W Rate of Return, net
	Amount Contributed	ARC	Contribution Deficiency (Excess)	Covered Payroll	ARC	Amount Contributed		Amount Contributed	ARC	Contribution Deficiency (Excess)	Covered Payroll	Payroll ARC	Amount Contributed	
2005	\$ 369,028	\$ 329,604	\$ (39,424)	\$ 72,829	453%	507%	*N/A	\$ 288,463	\$ 282,302	\$ (6,161)	**N/A	**N/A	**N/A	*N/A
2006	410,483	316,858	(93,625)	75,902	417%	541%	*N/A	288,463	282,302	(6,161)	**N/A	**N/A	**N/A	*N/A
2007	410,483	316,858	(93,625)	40,408	784%	1016%	*N/A	288,463	293,551	5,088	**N/A	**N/A	**N/A	*N/A
2008	504,621	325,015	(179,606)	40,458	803%	1247%	*N/A	355,128	293,551	(61,577)	**N/A	**N/A	**N/A	*N/A
2009	684,266	325,025	(359,241)	43,264	751%	1582%	*N/A	481,553	267,003	(214,550)	**N/A	**N/A	**N/A	*N/A
2010	608,977	309,647	(299,330)	44,414	697%	1371%	*N/A	448,250	267,003	(181,247)	**N/A	**N/A	**N/A	*N/A
2011	570,018	309,647	(260,371)	44,541	695%	1280%	*N/A	367,165	270,665	(96,500)	**N/A	**N/A	**N/A	*N/A
2012	567,529	316,165	(251,364)	**N/A	**N/A	**N/A	*N/A	367,165	270,665	(96,500)	**N/A	**N/A	**N/A	*N/A
2013	567,529	567,529	-	**N/A	**N/A	**N/A	*N/A	367,165	342,502	(24,663)	**N/A	**N/A	**N/A	*N/A
2014	650,912	383,103	(267,809)	**N/A	**N/A	**N/A	0.17%	316,277	425,142	108,865	**N/A	**N/A	**N/A	0.18%

\* The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. Information is only shown for years available.

\*\* No active employees or covered payroll.

**CITY OF ASHLAND  
DEFINED BENEFIT PENSION TRUSTS  
SCHEDULE OF FUNDING PROGRESS  
JUNE 30, 2014**

UTILITY EMPLOYEES PENSION PLAN

Actuarial Valuation Date	Fiduciary Net Position (a)	Total Pension Liability (TPL) Entry Age (b)	Net Pension Liability (NPL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	NPL As A Percentage Of Covered Payroll ((b-a)/c)
06/30/05	* \$ 3,094,984	\$ 8,027,969	\$ 4,932,985	38.6%	\$ 72,829	6773.4%
06/30/06	2,945,343	8,017,824	5,072,481	36.7%	75,902	6682.9%
06/30/07	* 2,832,267	7,978,693	5,146,426	35.5%	40,408	12736.2%
06/30/08	2,812,041	8,062,839	5,250,798	34.9%	40,458	12978.4%
06/30/09	* 2,882,283	7,776,949	4,894,666	37.1%	43,264	11313.5%
06/30/10	2,867,735	7,863,170	4,995,435	36.5%	44,414	11247.4%
06/30/11	* 2,761,148	7,744,771	4,983,623	35.7%	44,541	11188.8%
06/30/12	2,618,017	7,696,263	5,078,246	34.0%	**N/A	**N/A
06/30/13	* 2,449,372	7,462,369	5,012,997	32.8%	**N/A	**N/A
06/30/14	2,362,804	7,823,259	5,460,455	30.2%	**N/A	**N/A

POLICEMEN AND FIREFIGHTERS PENSION PLAN

06/30/05	\$ 2,762,856	\$ 6,409,841	\$ 3,646,985	43.1%	**N/A	**N/A
06/30/06	* 2,412,459	6,253,647	3,841,188	38.6%	**N/A	**N/A
06/30/07	2,133,702	6,104,576	3,970,874	35.0%	**N/A	**N/A
06/30/08	* 2,005,460	5,499,260	3,493,800	36.5%	**N/A	**N/A
06/30/09	1,914,668	5,302,131	3,387,463	36.1%	**N/A	**N/A
06/30/10	* 1,775,017	5,316,734	3,541,717	33.4%	**N/A	**N/A
06/30/11	1,492,443	5,201,210	3,708,767	28.7%	**N/A	**N/A
06/30/12	* 1,246,072	4,693,041	3,446,969	26.6%	**N/A	**N/A
06/30/13	999,893	4,299,041	3,299,148	23.3%	**N/A	**N/A
06/30/14	* 731,401	4,338,361	3,606,960	16.9%	**N/A	**N/A

\*Biannual actuarial valuation performed.

\*\*No active employees or covered payroll.

**CITY OF ASHLAND  
DEFINED BENEFIT PENSION TRUSTS  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2014**

	UTILITY EMPLOYEES PENSION PLAN	POLICE AND FIREFIGHTERS PENSION PLAN
<b>TOTAL PENSION LIABILITY</b>		
Service cost	\$ -	\$ -
Interest on total pension liability	353,293	199,178
Effect of changes in benefit terms	848,025	436,571
Difference in expected and actual experience	(108,429)	(28,280)
Effect of changes in assumptions	-	14,282
Benefit payments	(731,999)	(582,431)
Net change in total pension liability	360,890	39,320
Total pension liability, beginning of year	7,462,369	4,299,041
Total pension liability, end of year (a)	7,823,259	4,338,361
<b>FIDUCIARY NET POSITION</b>		
Employer contributions	\$ 650,912	\$ 316,277
Member contributions	-	-
Investment income, net of investment expenses	879	857
Benefit payments and refund of contributions	(731,999)	(582,431)
Administrative expenses	(6,360)	(3,195)
Net change in plan fiduciary net position	(86,568)	(268,492)
Fiduciary net position, beginning of year	2,449,372	999,893
Fiduciary net position, end of year (b)	2,362,804	731,401
<b>Net pension liability, ending = (a)-(b)</b>	<b>\$ 5,460,455</b>	<b>\$ 3,606,960</b>

## **SUPPLEMENTAL INFORMATION**

**CITY OF ASHLAND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Revisions	Revised Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>					
Property and other local taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Charges for services	-	-	-	-	-
Fees, fines and reimbursements	-	-	-	-	-
Grant income	-	-	-	-	-
Administration fee income	-	-	-	-	-
Interest income	-	-	-	-	-
Other income	-	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenditures</b>					
General government	1,225	-	1,225	245	980
Finance	-	-	-	-	-
Public works	-	-	-	-	-
Planning and code enforcement	-	-	-	-	-
Police	-	-	-	-	-
Fire	-	-	-	-	-
Engineering	-	-	-	-	-
Community and cultural	-	-	-	-	-
Other	-	-	-	-	-
Capital outlay	160,000	226,968	386,968	202,835	184,133
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>161,225</b>	<b>226,968</b>	<b>388,193</b>	<b>203,080</b>	<b>185,113</b>
Excess of Revenues Over (Under) Expenditures	<u>(161,225)</u>	<u>(226,968)</u>	<u>(388,193)</u>	<u>(203,080)</u>	<u>185,113</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	<u>161,225</u>	<u>226,968</u>	<u>388,193</u>	<u>382,337</u>	<u>(5,856)</u>
<b>Total other financing sources (uses)</b>	<b>161,225</b>	<b>226,968</b>	<b>388,193</b>	<b>382,337</b>	<b>(5,856)</b>
Net change in fund balance	-	-	-	179,257	179,257
Fund balance beginning of year	<u>16,968</u>	<u>-</u>	<u>16,968</u>	<u>16,968</u>	<u>16,968</u>
Fund balance end of year	<u><u>\$ 16,968</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 16,968</u></u>	<u><u>\$ 196,225</u></u>	<u><u>\$ 196,225</u></u>

**CITY OF ASHLAND**

**GENERAL FUND**

**BALANCE SHEET**

**JUNE 30, 2014**

**ASSETS**

Cash	\$	989,503
Taxes receivable		2,773,897
Allowance for uncollectible taxes		(514,953)
Grants receivable		10,630
Due from other funds		3,238,072
Other receivables		453,509
Allowance for uncollectible accounts		(29,015)
Investments		1,600,001
Inventories - supplies		73,069
Prepaid items		51,300
		<hr/>
Total assets	\$	8,646,013
		<hr/> <hr/>

**LIABILITIES AND FUND BALANCE**

Liabilities:

Cash overdraft	\$	539,529
Accounts payable		1,549,981
Due to other funds		1,841,241
Due to Board of Education		83,289
Accrued compensated absences		150,459
Accrued expenses		601,142
Unearned revenue		217,006
		<hr/>
Total liabilities		4,982,647
		<hr/>

Fund Balance:

Restricted for grant programs		227,636
Committed		600,000
Non-spendable		124,369
Unassigned		2,711,361
		<hr/>
Total fund balance		3,663,366
		<hr/>

Total liabilities and fund balance	\$	8,646,013
		<hr/> <hr/>

**CITY OF ASHLAND**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>			
Taxes -			
General property taxes	\$ 2,517,275	\$ 2,359,129	\$ (158,146)
Penalties and interest	33,500	29,943	(3,557)
Bank franchise taxes	96,500	99,929	3,429
Other franchise taxes	176,840	200,075	23,235
Delinquent taxes	160,960	175,235	14,275
Vehicle property taxes	501,965	508,515	6,550
Insurance premiums taxes	3,758,267	4,012,878	254,611
Total taxes	<u>7,245,307</u>	<u>7,385,704</u>	<u>140,397</u>
Licenses and permits -			
Occupational license fees	9,790,430	9,328,812	(461,618)
Business privilege licenses	1,352,180	1,369,252	17,072
Alcoholic beverage licenses	682,285	647,388	(34,897)
Construction permit fees	66,500	75,274	8,774
Other licenses and permits	700	570	(130)
Total licenses and permits	<u>11,892,095</u>	<u>11,421,296</u>	<u>(470,799)</u>
Charge for services -			
Garbage collection fee	1,937,850	2,010,627	72,777
Greyhound ticket sales	23,935	18,088	(5,847)
Rental revenue	20,000	41,852	21,852
Total charges for services	<u>1,981,785</u>	<u>2,070,567</u>	<u>88,782</u>
Fees, fines and reimbursements -			
Parking meter fees and fines	22,500	20,195	(2,305)
Taxes collection fees	112,750	119,286	6,536
State rebate - District Court	35,335	32,040	(3,295)
Street lighting franchise	866,000	950,424	84,424
Telecommunication franchise	252,000	262,111	10,111
Other	309,375	407,452	98,077
Total fees, fines and reimbursements	<u>1,597,960</u>	<u>1,791,508</u>	<u>193,548</u>
Other revenues -			
Police grants	33,729	37,931	4,202
Homeless shelter grant	-	27,473	27,473
Miscellaneous grants	225,894	9,700	(216,194)
Coal severance - LGEA	27,990	23,047	(4,943)
Interest earned	2,845	2,900	55
Other	153,304	213,690	60,386
Total other revenues	<u>443,762</u>	<u>314,741</u>	<u>(129,021)</u>
Total revenues	<u>23,160,909</u>	<u>22,983,816</u>	<u>(177,093)</u>

**CITY OF ASHLAND**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES:</b>			
General Government -			
Mayor and Commissioners	128,637	121,997	6,640
City Manager	153,479	157,220	(3,741)
Legal	172,866	159,784	13,082
Economic Development	136,241	125,955	10,286
City Clerk/ABC Administrator	218,931	177,084	41,847
Grants and projects	372,899	370,976	1,923
Unclassified	2,489,793	2,425,955	63,838
	<u>3,672,846</u>	<u>3,538,971</u>	<u>133,875</u>
Department of Finance -			
Director of Finance	569,138	542,854	26,284
Data Processing	33,277	32,130	1,147
	<u>602,415</u>	<u>574,984</u>	<u>27,431</u>
Department of Public Works -			
Director of Public Works	225,620	226,911	(1,291)
Street maintenance	2,204,280	2,193,046	11,234
Sanitation services	1,435,319	1,364,310	71,009
Central garage	343,331	370,705	(27,374)
Animal control	74,257	71,394	2,863
	<u>4,282,807</u>	<u>4,226,366</u>	<u>56,441</u>
Department of Planning and Code Enforcement			
	<u>564,428</u>	<u>606,052</u>	<u>(41,624)</u>
Department of Police -			
Technical services	1,488,652	1,446,349	42,303
Field operations	3,689,971	3,549,610	140,361
	<u>5,178,623</u>	<u>4,995,959</u>	<u>182,664</u>

**CITY OF ASHLAND**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (CONCLUDED)**

**FOR THE YEAR ENDED JUNE 30, 2014**

	Budget	Actual	Variance
Department of Fire	5,635,565	5,842,158	(206,593)
Department of Engineering	183,694	132,685	51,009
Debt Service	907,014	702,882	204,132
Total expenditures	21,027,392	20,620,057	407,335
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,133,517</b>	<b>2,363,759</b>	<b>230,242</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Proceeds from issuance of debt	-	1,710,000	1,710,000
Transfer to Capital Projects Fund	(388,193)	(382,337)	5,856
Transfer to Recreation Fund	(1,018,938)	(1,025,579)	(6,641)
Transfer to Ashland Bus Fund	(512,299)	(403,653)	108,646
Transfer to Floodwall Fund	(92,004)	(45,932)	46,072
Transfer to Ashland Cemetery Fund	(122,083)	(161,301)	(39,218)
Total other financing sources (uses)	(2,133,517)	(308,802)	1,824,715
<b>NET CHANGE IN FUND BALANCE</b>	-	2,054,957	2,054,957
FUND BALANCE, June 30, 2013	1,608,409	1,608,409	-
FUND BALANCE, June 30, 2014	\$ 1,608,409	\$ 3,663,366	\$ 2,054,957

CITY OF ASHLAND

SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATION  
OF GOVERNMENTAL FUNDS BY FUNCTION AND ACTIVITY

JUNE 30, 2014

	Land & Buildings	Building Improvements	Automotive Equipment	Operating Equipment	Office Furniture & Equip	Capital Improvements	Infrastructure	CIP	Total
Dept of General Gov't	\$ 2,822,024	\$ 1,934,919	\$ 151,501	\$ 144,317	\$ 317,786	\$ 39,275	\$ 11,591,668	\$ -	\$ 17,001,490
Dept of Finance	-	-	-	64,920	22,706	-	-	-	87,626
Dept of Public Works	15,978,343	682,840	648,697	2,939,367	6,299	470,084	62,603,072	-	83,328,702
Dept of Planning & Community Development	-	13,033	87,637	6,799	-	-	-	-	107,469
Department of Police	4,949,556	246,711	654,427	582,372	190,538	19,350	-	-	6,642,954
Department of Fire	3,655,959	160,369	2,115,396	241,853	53,246	-	-	3,775	6,230,598
Department of Engineering	-	-	71,500	-	86,230	44,457	1,257,664	20,000	1,479,851
Floodwall Operations	15,121	5,150	42,241	132,592	-	-	-	-	195,104
Community Development	237,869	103,058	-	-	18,623	-	191,725	-	551,275
Housing Assistance Programs	150,033	12,950	12,590	-	37,781	-	-	-	213,354
	<u>\$ 27,808,905</u>	<u>\$ 3,159,030</u>	<u>\$ 3,783,989</u>	<u>\$ 4,112,220</u>	<u>\$ 733,209</u>	<u>\$ 573,166</u>	<u>\$ 75,644,129</u>	<u>\$ 23,775</u>	<u>\$ 115,838,423</u>

**CITY OF ASHLAND**

**SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATION OF  
GOVERNMENTAL FUNDS BY SOURCE**

**JUNE 30, 2014**

Land and buildings	\$ 27,808,905
Building improvements	3,159,030
Automotive equipment	3,783,989
Operating equipment	4,112,220
Office furniture and equipment	733,209
Capital improvements	573,166
Infrastructure	75,644,129
Construction in progress	<u>23,775</u>
Total	<u>\$ 115,838,423</u>
Investment in capital assets by source	
General Fund	\$ 90,383,805
Special Revenue Funds	5,189,288
Capital Projects Fund	<u>20,265,330</u>
Total	<u>\$ 115,838,423</u>

**CITY OF ASHLAND HOUSING AUTHORITY**

**STATEMENT OF NET POSITION**

**JUNE 30, 2014**

	<u>Rental Vouchers</u>
<b>ASSETS</b>	
Cash - restricted	\$ 50,306
Cash - unrestricted	80,864
Accounts receivable	2,281
Accounts receivable - HUD	4,112
Building and equipment, net	<u>93,263</u>
Total assets	<u>\$ 230,826</u>
<b>LIABILITIES AND NET POSITION</b>	
<b>LIABILITIES:</b>	
Accounts payable	\$ -
Accounts payable - other governmental	58,695
Accrued expenses	2,801
Accrued compensated absences - current	803
Accrued compensated absences - noncurrent	<u>4,081</u>
Total liabilities	<u>66,380</u>
<b>NET POSITION:</b>	
Invested in capital assets	93,263
Unrestricted	20,877
Restricted	<u>50,306</u>
	<u>164,446</u>
Total liabilities and net position	<u>\$ 230,826</u>

**CITY OF ASHLAND HOUSING AUTHORITY**  
**STATEMENT OF REVENUES AND EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Rental Vouchers</u>
<b>REVENUES</b>	
Housing assistance payments	\$ 2,177,442
Administrative fee revenue	219,647
Interest income	<u>240</u>
Total revenues	<u>2,397,329</u>
<b>EXPENSES</b>	
Administrative salaries	114,685
Audit	8,116
Employee benefit contributions	20,277
Other administrative	8,658
Utilities	1,580
Maintenance	10,757
Property insurance	356
General liability insurance	1,515
Workers compensation	582
Other insurance	33,998
Other general	2,953
Compensated absences	98
Housing assistance payments	2,377,283
Depreciation	<u>3,874</u>
Total expenses	<u>2,584,732</u>
<b>EXCESS OF EXPENSES OVER REVENUES</b>	<u>\$ (187,403)</u>

**CITY OF ASHLAND**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED JUNE 30, 2014**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of HUD</u>			
Direct Programs -			
CDBG Entitlement	14.218	B12MC2-10003	\$ 1,002,463 *
Housing Choice Voucher Program	14.871	KY142VO	2,580,760 *
Pass through Kentucky Housing Corporation - Kentucky Emergency Shelter Grants Program	14.231	ES011-0001-11	<u>31,073</u>
Total U.S. Department of HUD			<u>3,614,296</u>
<u>U.S. Department of Transportation</u>			
Direct Programs -			
Federal Transit Cluster			
FTA - Operating Assistance Grant	20.507	KY-90-X240	300,148 *
FTA - Capital Assistance Grant	20.507	KY-90-X240	<u>191,430 *</u>
			491,578
Passed through Kentucky Transportation Cabinet - Department of State Police Highway Safety Program	20.600	AL-13-01	8,895
Department of State Police Highway Safety Program	20.600	AL-14-02	<u>2,807</u>
			<u>11,702</u>
Total U.S. Department of Transportation			<u>503,280</u>
<u>U.S. Department of Justice</u>			
Direct Programs -			
Edward Byrne Memorial Justice Assistance Grant	16.738	2009-DJ-BX-1231	<u>22,629</u>
Total U.S. Department of Justice			<u>22,629</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 4,140,205</u>

\* Denotes major program.

**CITY OF ASHLAND**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONCLUDED)**

**FOR THE YEAR ENDED JUNE 30, 2014**

**Notes to Schedule of Expenditures of Federal Awards**

**NOTE A - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Ashland's programs of the federal government for the year ended June 30, 2014. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Government, and Non-Profit Organizations. Because the schedule presents only a selected portion of operations of the City, it is not intended to, and does not present the financial position, changes in net position or cash flows of the City.

**NOTE B - SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State and Local Governments, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity indentifying numbers are presented where available.

**NOTE C - SUBRECIPIENTS**

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows:

<b>CFDA Number</b>	<b>Program Name</b>	<b>Amount Provided to Subrecipients</b>
14.218	CDBG Entitlement	\$54,441

# STATISTICAL SECTION

## ➤ Financial Trends

- The information presented in this section is intended to assist users in understanding and assessing how a government's financial position has changed over time.

## ➤ Revenue Capacity

- This section is intended to assist users in understanding and assessing the factors affecting a government's ability to generate its own-source revenue.

## ➤ Debt Capacity

- The information presented in this section is intended to assist users in understanding and assessing a government's debt burden and its ability to issue additional debt.

## ➤ Economic and Demographic Information

- This section is intended (1) to assist users in understanding the socioeconomic environment within which a government operates and (2) to provide information that facilitates comparisons of financial statement information over time and among governments.

## ➤ Operating Information

- This section is intended to provide contextual information about a government's operations and resources to assist readers in using financial statement information to understand and assess a government's economic condition.



**CITY OF ASHLAND**  
**Net Position by Component**  
**(Unaudited)**

Last Ten Fiscal Years (accrual basis of accounting)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008*</u>	<u>2007*</u>	<u>2006*</u>	<u>2005*</u>
<b>Governmental activities</b>										
Net Investment in Capital Assets	51,833,182	54,881,112	56,286,542	57,272,690	56,102,556	44,135,871	46,766,694	49,741,383	50,818,069	52,297,266
Restricted	499,125	300,240	537,747	714,917	1,279,940	6,444,960	4,398,775	4,115,665	3,933,528	-
Unrestricted	4,931,810	3,415,661	2,560,801	4,019,779	5,299,076	7,007,286	7,129,760	2,323,346	1,372,104	3,701,885
<b>Total governmental activities net position</b>	<u>57,264,117</u>	<u>58,597,013</u>	<u>59,385,090</u>	<u>62,007,386</u>	<u>62,681,572</u>	<u>57,588,117</u>	<u>58,295,229</u>	<u>56,180,394</u>	<u>56,123,701</u>	<u>55,999,151</u>
<b>Business-type activities</b>										
Net Investment in Capital Assets	34,536,655	35,003,440	35,212,492	35,983,988	36,235,091	33,535,573	34,348,519	34,704,680	35,946,204	36,045,539
Restricted	5,156,782	4,964,195	3,967,088	2,536,674	1,155,361	662,246	662,246	662,246	662,246	731,162
Unrestricted	3,415,592	1,271,712	1,310,597	1,507,342	1,677,050	125,265	(74,930)	(226,819)	(595,508)	964,985
<b>Total business-type activities net position</b>	<u>43,109,029</u>	<u>41,239,347</u>	<u>40,490,177</u>	<u>40,028,004</u>	<u>39,067,502</u>	<u>34,323,084</u>	<u>34,935,835</u>	<u>35,140,107</u>	<u>36,012,942</u>	<u>37,741,686</u>
<b>Primary government</b>										
Net Investment in Capital Assets	86,369,837	89,884,552	91,499,034	93,256,678	92,337,647	77,671,444	81,115,213	84,446,063	86,764,273	88,342,805
Restricted	5,655,907	5,264,435	4,504,835	3,251,591	2,435,301	7,107,206	5,061,021	4,777,911	4,595,774	731,162
Unrestricted	8,347,402	4,687,373	3,871,398	5,527,121	6,976,126	7,132,551	7,054,830	2,096,527	776,596	4,666,870
<b>Total primary government net position</b>	<u>100,373,146</u>	<u>99,836,360</u>	<u>99,875,267</u>	<u>102,035,390</u>	<u>101,749,074</u>	<u>91,911,201</u>	<u>93,231,064</u>	<u>91,320,501</u>	<u>92,136,643</u>	<u>93,740,837</u>

\*Restated for prior period adjustments.

- (1) The additional increase in net position for governmental activities in 2005 was due to the adoption of GASB 34's provision for general infrastructure assets.
- (2) The riverfront construction project had amounts not capitalized due to the uncertainty of the project continuing in fiscal year 2008. The 2009 construction in process related to the project included these amounts.

**CITY OF ASHLAND**  
**Change in Net Position**  
**(Unaudited)**

Last Ten Fiscal Years (accrual basis of accounting)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008*</u>	<u>2007*</u>	<u>2006*</u>	<u>2005*</u>
<b>Expenses</b>										
Governmental activities:										
General government	4,413,420	2,644,407	3,108,207	2,288,370	3,151,310	6,668,670	2,442,331	3,113,316	2,737,485	2,042,116
Finance	572,332	587,010	624,375	616,850	597,665	572,342	568,660	531,656	497,390	473,809
Public works	6,159,143	6,188,734	6,460,927	6,472,277	5,254,674	5,252,264	6,381,288	6,104,848	7,000,885	5,212,400
Planning and code enforcement	611,647	605,205	616,724	586,302	528,934	438,336	438,445	635,512	537,919	295,742
Police	5,174,548	5,528,981	5,501,952	5,435,091	4,819,508	4,272,709	4,150,927	4,518,328	3,973,678	3,907,563
Fire	5,959,857	5,822,585	7,234,173	5,797,256	5,549,443	4,803,590	5,059,304	4,927,766	4,461,805	4,374,029
Engineering	125,481	244,377	210,484	627,371	729,305	140,193	152,156	152,325	123,426	121,776
Community and cultural	3,594,394	2,943,475	3,333,805	3,501,176	3,472,659	3,036,757	2,495,250	2,802,714	2,708,838	3,294,299
Premiums and claims	-	-	-	-	-	-	-	(169,904)	312,624	272,249
Capital outlay	-	-	-	-	-	-	-	280,505	967,171	366,714
Debt service - interest	273,717	285,947	291,216	339,571	360,075	269,507	259,095	220,224	195,881	302,695
Loss on sale of assets	-	-	-	-	-	-	108,539	-	32,244	918
Other	-	-	-	-	-	-	-	15,938	51,780	1,290
Total governmental activities expenses	<u>26,884,539</u>	<u>24,850,721</u>	<u>27,381,863</u>	<u>25,664,264</u>	<u>24,463,573</u>	<u>25,454,368</u>	<u>22,055,995</u>	<u>23,133,228</u>	<u>23,601,126</u>	<u>20,665,600</u>
Business-type activities:										
Utilities	14,358,868	14,618,138	14,187,824	13,882,611	13,320,805	12,562,956	12,042,313	11,820,723	11,784,287	11,682,659
Recreation	1,092,294	1,078,408	1,023,425	1,131,949	960,621	1,002,994	931,995	844,372	168,977	186,755
Bus	1,118,102	1,483,318	1,585,686	1,344,854	1,387,173	1,084,078	993,610	887,907	843,006	777,293
Cemetery	266,840	312,684	372,091	378,031	294,083	-	-	-	-	-
Total business-type activities expenses	<u>16,836,104</u>	<u>17,492,548</u>	<u>17,169,026</u>	<u>16,737,445</u>	<u>15,962,682</u>	<u>14,650,028</u>	<u>13,967,918</u>	<u>13,553,002</u>	<u>12,796,270</u>	<u>12,646,707</u>
Total primary government expenses	<u><u>43,720,643</u></u>	<u><u>42,343,269</u></u>	<u><u>44,550,889</u></u>	<u><u>42,401,709</u></u>	<u><u>40,426,255</u></u>	<u><u>40,104,396</u></u>	<u><u>36,023,913</u></u>	<u><u>36,686,230</u></u>	<u><u>36,397,396</u></u>	<u><u>33,312,307</u></u>

\*Restated for prior period adjustments.

**CITY OF ASHLAND**  
**Change in Net Position**  
**(Unaudited)**

Last Ten Fiscal Years (accrual basis of accounting)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008*</u>	<u>2007*</u>	<u>2006*</u>	<u>2005*</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	13,212,804	11,398,530	11,308,826	10,863,132	10,785,309	10,385,365	9,826,921	-	-	-
Public works	2,070,567	1,954,179	1,857,995	1,787,289	1,684,139	1,594,264	1,542,664	1,471,184	1,374,612	1,254,323
Community and cultural	219,647	233,945	251,707	313,203	331,281	250,818	291,464	274,606	285,219	282,876
Operating grants and contributions:										
General government	40,774	49,088	386,749	362,042	526,760	-	-	-	-	-
Public works	517,386	554,022	517,971	476,559	421,945	1,769,058	1,143,679	853,098	589,552	374,400
Police	34,331	110,181	86,506	79,804	49,518	9,114	77,485	36,407	255,885	369,855
Fire	-	-	-	-	-	-	-	292,157	-	-
Community and cultural	3,179,905	2,637,160	3,112,639	3,165,698	2,950,588	3,079,848	3,708,417	3,610,811	4,003,847	3,528,953
Capital grants and contributions:										
General government	-	-	3,704	749,903	6,246,734	-	-	-	-	-
Capital outlay	-	-	986,676	-	-	-	-	-	-	-
<b>Total governmental program revenues</b>	<u>19,275,414</u>	<u>16,937,105</u>	<u>18,512,773</u>	<u>17,797,630</u>	<u>22,996,274</u>	<u>17,088,467</u>	<u>16,590,630</u>	<u>6,538,263</u>	<u>6,509,115</u>	<u>5,810,407</u>
Business-type activities:										
Charges for services:										
Utilities	15,647,750	14,976,626	14,282,119	14,408,152	12,250,268	11,204,613	10,638,285	10,335,931	9,435,963	8,621,158
Recreation	57,341	71,160	66,639	72,130	54,682	68,302	74,494	73,036	48,540	56,916
Bus	61,760	78,595	72,483	66,026	58,475	62,048	60,670	52,660	55,009	51,887
Cemetery	98,344	130,850	163,753	133,733	118,483	-	-	-	-	-
Operating grants and contributions:										
Bus	300,148	526,336	489,967	386,357	511,674	238,528	362,017	302,670	283,354	248,164
Capital grants and contributions:										
Utilities	-	-	-	128,503	-	-	200,000	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-
Bus	216,430	220,040	117,922	318,016	513,930	425,071	334,369	312,565	236,985	287,388
Cemetery	-	-	-	-	5,171,752	-	-	-	-	-
<b>Total business-type activities program revenues</b>	<u>16,381,773</u>	<u>16,003,607</u>	<u>15,192,883</u>	<u>15,512,917</u>	<u>18,679,264</u>	<u>11,998,562</u>	<u>11,669,835</u>	<u>11,076,862</u>	<u>10,059,851</u>	<u>9,265,513</u>
<b>Total primary government program revenues</b>	<u>35,657,187</u>	<u>32,940,712</u>	<u>33,705,656</u>	<u>33,310,547</u>	<u>41,675,538</u>	<u>29,087,029</u>	<u>28,260,465</u>	<u>17,615,125</u>	<u>16,568,966</u>	<u>15,075,920</u>
<b>Net (Expense) Revenue</b>										

**CITY OF ASHLAND**  
**Change in Net Position**  
**(Unaudited)**

Last Ten Fiscal Years (accrual basis of accounting)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008*</u>	<u>2007*</u>	<u>2006*</u>	<u>2005*</u>
Governmental activities	(7,609,125)	(7,913,616)	(8,869,090)	(7,866,634)	(1,467,299)	(8,365,901)	(5,465,365)	(16,594,965)	(17,092,011)	(14,855,193)
Business-type activities	(454,331)	(1,488,941)	(1,976,143)	(1,224,528)	2,716,582	(2,651,466)	(2,298,083)	(2,476,140)	(2,736,419)	(3,381,194)
Total primary government net expense	<u>(8,063,456)</u>	<u>(9,402,557)</u>	<u>(10,845,233)</u>	<u>(9,091,162)</u>	<u>1,249,283</u>	<u>(11,017,367)</u>	<u>(7,763,448)</u>	<u>(19,071,105)</u>	<u>(19,828,430)</u>	<u>(18,236,387)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property and other local taxes	7,615,613	8,479,163	7,650,814	8,150,028	7,477,238	8,006,100	8,127,228	8,109,826	8,040,454	7,873,372
Licenses and permits	-	-	-	-	-	-	-	8,408,948	7,965,545	7,098,740
Fees, fines and reimbursements	-	-	-	-	-	-	-	853,106	1,222,715	565,835
Interest income	3,197	3,066	4,054	4,469	22,438	71,307	176,492	192,741	114,543	52,248
Gain on sale of assets	-	-	-	-	-	-	-	69,613	-	-
Other revenues	247,952	167,210	307,812	526,103	500,265	630,846	535,806	78,586	299,987	140,626
Transfers	<u>(1,590,533)</u>	<u>(1,523,900)</u>	<u>(1,715,886)</u>	<u>(1,488,152)</u>	<u>(1,439,187)</u>	<u>(1,049,464)</u>	<u>(1,259,326)</u>	<u>(1,061,162)</u>	<u>(426,683)</u>	<u>(400,083)</u>
Total governmental activities general revenues and other changes in net position	<u>6,276,229</u>	<u>7,125,539</u>	<u>6,246,794</u>	<u>7,192,448</u>	<u>6,560,754</u>	<u>7,658,789</u>	<u>7,580,200</u>	<u>16,651,658</u>	<u>17,216,561</u>	<u>15,330,738</u>
Business-type activities:										
Interest income	32,735	30,260	34,987	46,715	63,915	77,135	116,337	130,735	113,258	74,147
Other revenues	700,745	683,951	687,443	650,163	524,734	912,116	718,148	411,408	467,734	357,104
Transfers	<u>1,590,533</u>	<u>1,523,900</u>	<u>1,715,886</u>	<u>1,488,152</u>	<u>1,439,187</u>	<u>1,049,464</u>	<u>1,259,326</u>	<u>1,061,162</u>	<u>426,683</u>	<u>400,083</u>
Total business-type activities general revenues and other changes in net position	<u>2,324,013</u>	<u>2,238,111</u>	<u>2,438,316</u>	<u>2,185,030</u>	<u>2,027,836</u>	<u>2,038,715</u>	<u>2,093,811</u>	<u>1,603,305</u>	<u>1,007,675</u>	<u>831,334</u>
Total primary government general revenues and other changes in net position	<u>8,600,242</u>	<u>9,363,650</u>	<u>8,685,110</u>	<u>9,377,478</u>	<u>8,588,590</u>	<u>9,697,504</u>	<u>9,674,011</u>	<u>18,254,963</u>	<u>18,224,236</u>	<u>16,162,072</u>
<b>Changes in Net Position</b>										
Governmental activities	(1,332,896)	(788,077)	(2,622,296)	(674,186)	5,093,455	(707,112)	2,114,835	56,693	124,550	475,545
Business-type activities	1,869,682	749,170	462,173	960,502	4,744,418	(612,751)	(204,272)	(872,835)	(1,728,744)	(2,549,860)
Total primary government, change in net position	<u>536,786</u>	<u>(38,907)</u>	<u>(2,160,123)</u>	<u>286,316</u>	<u>9,837,873</u>	<u>(1,319,863)</u>	<u>1,910,563</u>	<u>(816,142)</u>	<u>(1,604,194)</u>	<u>(2,074,315)</u>

**CITY OF ASHLAND**  
**Fund Balances, Governmental Funds**  
**(Unaudited)**

Last Ten Fiscal Years (accrual basis of accounting)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007*</u>	<u>2006*</u>	<u>2005</u>
General Fund										
Assigned / Restricted	952,005	259,439	297,741	657,707	1,165,434	7,017,313	4,046,016	3,920,907	3,784,386	70,232
Unassigned	2,711,361	1,348,970	876,058	2,289,059	4,051,892	4,419,119	5,498,555	4,807,346	3,926,837	1,467,341
Total general fund	<u>3,663,366</u>	<u>1,608,409</u>	<u>1,173,799</u>	<u>2,946,766</u>	<u>5,217,326</u>	<u>11,436,432</u>	<u>9,544,571</u>	<u>8,728,253</u>	<u>7,711,223</u>	<u>1,537,573</u>
All other governmental funds										
Assigned / Restricted	643,980	602,221	447,086	363,212	284,090	460,290	444,999	366,757	219,747	1,586,210
Unassigned, reported in:										
Special revenue funds	-	-	-	-	134,641	247,258	238,374	192,533	217,817	223,996
Capital projects funds	-	-	-	-	-	-	(4,200)	(4,200)	50,000	120,000
	<u>643,980</u>	<u>602,221</u>	<u>447,086</u>	<u>363,212</u>	<u>418,731</u>	<u>707,548</u>	<u>679,173</u>	<u>555,090</u>	<u>487,564</u>	<u>1,930,206</u>

\*Restated for prior period adjustments.

**CITY OF ASHLAND**  
**Changes in Fund Balances, Governmental Funds**  
**(Unaudited)**

Last Ten Fiscal Years (accrual basis of accounting)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007*</u>	<u>2006*</u>	<u>2005</u>
<b>Revenues</b>										
Property and other local taxes	7,615,613	8,479,163	7,650,814	8,150,028	7,776,235	7,707,103	8,127,228	8,109,826	8,040,454	7,873,372
Licenses and permits	11,421,296	9,696,723	9,688,773	9,977,092	10,007,066	9,430,244	8,836,831	8,408,948	7,965,545	7,098,740
Charges for services	2,070,567	1,954,179	1,857,995	1,787,289	1,684,139	1,594,264	1,542,664	1,471,184	1,374,612	1,254,323
Fees, fines and reimbursements	1,791,508	1,701,807	1,620,053	886,040	778,243	955,121	990,090	853,106	1,222,715	565,835
Grant income	3,772,396	3,350,451	5,094,245	4,834,006	10,195,545	4,858,020	4,834,482	4,605,436	4,849,284	3,822,131
Administration fee income	219,647	233,945	251,707	313,203	331,281	250,818	291,464	274,606	285,219	282,876
Program income	-	-	-	-	-	-	95,100	95,535	-	59,968
Interest income	3,197	3,066	4,054	4,469	22,438	71,307	176,144	192,123	113,751	49,614
Other income	247,952	167,210	307,812	376,103	500,265	630,846	535,806	282,908	319,657	532,712
Total revenues	<u>27,142,176</u>	<u>25,586,544</u>	<u>26,475,453</u>	<u>26,328,230</u>	<u>31,295,212</u>	<u>25,497,723</u>	<u>25,429,809</u>	<u>24,293,672</u>	<u>24,171,237</u>	<u>21,539,571</u>
<b>Expenditures</b>										
General government	3,539,216	2,237,904	2,767,313	4,074,854	11,108,133	7,770,993	3,658,157	3,015,441	2,691,637	1,996,403
Finance	574,984	588,758	624,750	624,865	602,790	574,583	566,952	535,622	494,912	471,319
Public works	4,984,933	4,793,825	5,168,264	5,281,430	4,522,214	4,539,582	4,216,986	4,185,765	5,004,446	4,969,584
Planning and code enforcement	606,052	598,623	609,254	577,943	520,260	428,075	477,918	636,790	537,419	295,480
Police	4,995,959	5,350,620	5,362,642	5,188,702	4,734,396	4,168,260	4,444,074	4,207,464	3,829,661	3,789,096
Fire	5,842,158	5,683,338	5,839,753	5,951,147	5,226,734	4,678,186	4,941,826	4,557,245	4,295,511	4,192,082
Engineering	132,685	201,685	432,705	592,275	727,338	139,846	147,027	139,343	118,652	116,137
Community and cultural	3,583,223	2,931,352	3,399,198	3,501,433	3,459,377	3,084,399	2,716,501	2,786,908	2,685,786	3,271,356
Capital outlay	202,835	241,884	1,315,814	528,862	4,732,709	1,400,662	1,925,217	1,360,323	1,726,029	1,499,170
Debt service:										
Principal retirement	429,165	558,963	637,751	2,180,075	559,893	810,460	395,000	485,000	385,000	2,642,834
Interest charges	273,717	285,947	291,216	339,571	360,075	269,507	151,018	220,224	195,881	302,695
Other				-	-	-	-	15,938	9,563	1,290
Total expenditures	<u>25,164,927</u>	<u>23,472,899</u>	<u>26,448,660</u>	<u>28,841,157</u>	<u>36,553,919</u>	<u>27,864,553</u>	<u>23,640,676</u>	<u>22,146,063</u>	<u>21,974,497</u>	<u>23,547,446</u>
Excess (deficiency) of revenues over expenditures	1,977,249	2,113,645	26,793	(2,512,927)	(5,258,707)	(2,366,830)	1,789,133	2,147,609	2,196,740	(2,007,875)

**CITY OF ASHLAND**  
**Changes in Fund Balances, Governmental Funds**  
**(Unaudited)**

Last Ten Fiscal Years (accrual basis of accounting)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007*</u>	<u>2006*</u>	<u>2005</u>
<b>Other financing sources (uses)</b>										
Transfers in	428,269	315,323	310,469	595,760	5,078,915	1,763,591	730,841	448,209	2,545,061	1,066,325
Transfers out	(2,018,802)	(1,839,223)	(2,026,355)	(2,083,912)	(6,518,102)	(2,813,055)	(1,990,167)	(1,509,371)	(3,283,576)	(1,730,600)
Local contributions	-	-	-	-	-	-	-	-	-	-
Issuance of Debt	1,710,000	-	-	1,675,000	189,971	5,336,530	410,594	-	-	-
Bond proceeds	-	-	-	-	-	-	-	-	3,272,783	-
Total other financing sources (uses)	<u>119,467</u>	<u>(1,523,900)</u>	<u>(1,715,886)</u>	<u>186,848</u>	<u>(1,249,216)</u>	<u>4,287,066</u>	<u>(848,732)</u>	<u>(1,061,162)</u>	<u>2,534,268</u>	<u>(664,275)</u>
Net change in fund balances	<u><u>2,096,716</u></u>	<u><u>589,745</u></u>	<u><u>(1,689,093)</u></u>	<u><u>(2,326,079)</u></u>	<u><u>(6,507,923)</u></u>	<u><u>1,920,236</u></u>	<u><u>940,401</u></u>	<u><u>1,086,447</u></u>	<u><u>4,731,008</u></u>	<u><u>(2,672,150)</u></u>
Debt Service as a percentage of noncapital expenditures	2.89%	3.71%	3.67%	9.75%	4.05%	4.58%	2.54%	3.39%	2.87%	13.36%

\*Restated for prior period adjustments.

**CITY OF ASHLAND**  
**Assessed, Actual and Taxable Property Value**  
**(Unaudited)**

Last Ten Fiscal Years

Fiscal Year	Assessed Value			Estimated Actual Value	Total Direct Tax Rate	Percentage Taxable	
	Real Estate	Personal Property	Total			Real Estate	Personal Property
2005	686,274,035	99,911,068	786,185,103	686,274,035	0.3245	87.29%	12.71%
2006	727,781,091	92,203,624	819,984,715	727,781,091	0.3295	88.76%	11.24%
2007	755,592,391	93,740,910	849,333,301	755,592,391	0.3372	88.96%	11.04%
2008	793,565,014	105,075,190	898,640,204	793,565,014	0.3389	88.31%	11.69%
2009	800,261,684	102,452,548	902,714,232	800,261,684	0.3513	88.65%	11.35%
2010	807,905,514	102,979,300	910,884,814	807,905,514	0.3474	88.69%	11.31%
2011	815,809,764	97,283,558	913,093,322	815,809,764	0.3560	89.35%	10.65%
2012	824,453,614	98,253,559	922,707,173	824,453,614	0.3553	89.35%	10.65%
2013	826,561,756	102,946,806	929,508,562	826,561,756	0.3550	88.92%	11.08%
2014	838,362,243	110,948,997	949,311,240	838,362,243	0.2891	88.31%	11.69%

\*Data supplied to City of Ashland by Boyd County Property Valuation Administration.

**CITY OF ASHLAND**  
**Property Tax Levies and Collections**  
**(Unaudited)**

Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	2,396,559	2,256,893	94.17%	129,446	2,386,339	99.57%
2005	2,551,182	2,331,402	91.39%	206,376	2,537,778	99.47%
2006	2,701,860	2,521,704	93.33%	163,199	2,684,903	99.37%
2007	2,863,952	2,640,508	92.20%	205,662	2,846,170	99.38%
2008	3,045,731	2,846,057	93.44%	171,714	3,017,771	99.08%
2009	3,171,235	2,928,798	92.36%	197,635	3,126,433	98.59%
2010	3,171,878	2,941,046	92.72%	177,056	3,118,102	98.30%
2011	3,250,611	3,144,088	96.72%	43,336	3,187,424	98.06%
2012	3,278,384	3,170,115	96.70%	6,544	3,176,659	96.90%
2013	3,306,870	3,085,671	93.31%	-	3,085,671	93.31%

\*Data supplied by City of Ashland Finance Department.

**CITY OF ASHLAND**  
**Principal Property Tax Payers**  
**(Unaudited)**

2013				
Taxpayer	Assessment	Rank	Taxes Paid	Percentage of Total Taxes Paid
ATC Glimcher LLC	28,425,000	1	100,909	3.13%
Melody Mountain Associates LTD	14,500,000	2	51,475	1.59%
Fred Burns	13,468,000	3	47,811	1.48%
Progress Metal Reclamation	12,468,438	4	44,263	1.37%
JC Penney	10,612,727	5	37,675	1.17%
AK Steel Corporation	10,354,400	6	36,758	1.14%
Gateway Van Buren Inc.	9,600,000	7	34,080	1.06%
Wal-Mart Super Center	8,695,413	8	30,869	0.96%
GCG Ashland LLC	5,965,500	9	21,178	0.66%
BC Holdings LLC	4,404,000	10	15,634	0.48%
	<u>118,493,478</u>		<u>420,652</u>	<u>13.04%</u>

2004				
Taxpayer	Assessment	Rank	Taxes Paid	Percentage of Total Taxes Paid
Glimcher Ashland Venture LLC	33,000,000	1	104,808	4.38%
AK Steel Corporation	13,241,425	2	41,722	1.75%
Bradley Operating Limited PTR	7,102,300	3	22,557	0.94%
Wal-Mart Stores East LP	6,726,086	4	21,362	0.89%
Heritage Green LLC	3,891,500	5	12,359	0.52%
Ashland Radiation Oncology PS	3,700,257	6	11,752	0.49%
Progress Metal Reclamation	3,676,354	7	11,676	0.49%
VFS Lease Residual Holding	3,035,767	8	9,642	0.40%
Creek Bridge Limited	2,915,000	9	9,258	0.39%
Boyd County Health Care Facility	2,818,000	10	8,950	0.37%
	<u>80,106,689</u>		<u>254,086</u>	<u>10.62%</u>

\*Data supplied by City of Ashland Finance Department.

**CITY OF ASHLAND**  
**Principal Occupational License Fee Tax Payers**  
**(Unaudited)**

2013				
Taxpayer	Taxable Wages	Rank	Taxes Paid	Percentage of Total Taxable Wages
Kings Daughters' Medical Center	139,203,541	1	2,347,283	28.79%
Kings Daughters' Medical Specialties	36,839,441	2	629,298	7.72%
Ashland Inc. Board of Education	18,120,219	3	306,545	3.76%
City of Ashland	13,457,010	4	227,228	2.79%
AK Steel Corporation (KIRA Credit)	12,466,621	5	42,746	0.52%
Kentucky Heart & Vascular Physicians, Inc.	11,729,791	6	197,875	2.43%
Wal-Mart Stores East, LP	9,078,992	7	155,586	1.91%
Kentucky Community & Tech. College	8,251,623	8	140,886	1.73%
Pathways, Inc.	6,745,773	9	114,934	1.41%
Commonwealth of Kentucky	6,244,860	10	109,075	1.34%
	<u>262,137,871</u>		<u>4,271,456</u>	<u>52.40%</u>

2004				
Taxpayer	Taxable Wages	Rank	Taxes Paid	Percentage of Total Taxable Wages
Kings Daughters' Medical Center	82,811,954	1	1,138,664	20.90%
Ashland Inc. Board of Education	13,944,186	2	191,731	3.52%
AK Steel Corporation	24,738,361	3	189,153	3.47%
City of Ashland	9,856,630	4	135,232	2.48%
Wal-Mart Associates, Inc.	6,206,069	5	85,343	1.57%
Kentucky Community & Tech. College	5,747,675	6	79,031	1.45%
Mansback Metal Co.	5,698,361	7	78,181	1.44%
Cumberland Cardiology, PSC	5,509,874	8	75,763	1.39%
Classic Bank	5,441,685	9	74,823	1.37%
Pathways, Inc.	5,121,929	10	70,427	1.29%
	<u>165,076,724</u>		<u>2,118,348</u>	<u>38.88%</u>

\*Data supplied by City of Ashland Finance Department.

\*\*Total taxes paid in 2013 was \$8,154,506 .

\*\*\*Total taxes paid in 2004 was \$5,446,909.

**CITY OF ASHLAND**  
**Principal Water and Sewer Customers**  
**(Unaudited)**

Customer	2013 Water Revenue	
	Average Monthly Amount	Average Monthly Usage
	Cannonsburg Water	\$ 85,614
A K Steel West Works	79,518	17,724,000
Flatwoods Water	26,029	10,265,000
Ashland Oil Refinery	32,253	7,128,000
Federal Corrections	27,264	6,300,000
Kings Daughters' Medical Center	47,759	5,038,000
Air Products	13,649	3,147,000
City of Ashland - Catlettsburg Sewer	8,173	2,037,000
Cintas	16,725	1,466,000
Ashland Municipal Housing	5,543	589,000
	\$ 342,527	87,668,000

Customer	Sewer Revenue	
	Average Monthly Amount	Average Monthly Usage
	Sanitation District # 4	\$ 136,614
Kings Daughters' Medical Center	47,759	3,346,000
Cintas	16,725	1,433,000
River Cities Disposal LLC	15,160	726,000
Mansbach Metal Company	6,619	631,000
Ashland Oil	5,860	624,000
Providence Hill	5,986	605,000
Ashland Municipal Housing	5,543	589,000
Woodland Oaks	4,028	401,000
Texas Roadhouse	4,156	409,000
	\$ 248,450	43,766,000

\*Data obtained from City of Ashland Utility Billing records.

**CITY OF ASHLAND**  
**Interest Earned - All Funds**  
**(Unaudited)**

Last Ten Fiscal Years

Fiscal Year	Governmental Funds			Proprietary Funds		Fiduciary Funds	Total All Funds
	General Fund	Special Revenue Funds	Capital Project Funds	Enterprise Funds	Internal Service Fund	Pension Trust Funds	
2005	36,324	13,180	110	74,147	2,634	254,240	380,635
2006	111,630	2,119	2	113,258	792	189,265	417,066
2007	188,307	3,615	1	130,735	618	219,081	542,357
2008	173,834	2,310	-	116,337	348	165,481	458,310
2009	69,814	1,493	-	77,135	835	155,512	304,789
2010	21,933	505	-	63,915	1,493	95,928	183,774
2011	4,181	4,469	-	46,715	249	43,201	98,815
2012	3,355	699	-	34,987	192	32,367	71,600
2013	2,464	602	-	30,260	167	13,954	47,447
2014	2,900	297	-	32,735	141	11,098	47,171

**CITY OF ASHLAND**  
**Governmental and Business Activities Debt Percentage**  
**(Unaudited)**

Fiscal Year	Governmental Debt	Business Debt	Total	Percentage of Governmental Debt to Total Debt	Percentage of Business Debt to Total Debt	Personal Income (Thousands)	Percentage of Personal Income
2005	2,748,513	14,450,728	17,199,241	15.98%	84.02%	1,393,450	1.23%
2006	5,612,784	13,849,880	19,462,664	28.84%	71.16%	1,499,775	1.30%
2007	5,172,725	13,231,385	18,404,110	28.11%	71.89%	1,532,115	1.20%
2008	5,038,569	12,050,267	17,088,836	29.48%	70.52%	1,602,614	1.07%
2009	9,564,639	11,501,283	21,065,922	45.40%	54.60%	1,582,010	1.33%
2010	9,194,717	11,068,153	20,262,870	45.38%	54.62%	1,622,048	1.25%
2011	9,652,131	13,536,357	23,188,488	41.62%	58.38%	1,628,399	1.42%
2012	8,990,276	15,942,953	24,933,229	36.06%	63.94%	1,670,054	1.49%
2013	8,359,837	15,172,793	23,532,630	35.52%	64.48%	*	*
2014	9,557,990	16,222,823	25,780,813	37.07%	62.93%	*	*

\*Information not available.

\*\*Property taxes are not restricted revenues.

\*\*\*Fiscal Year 2014 legal debt margin is 10% of assessed property value or \$ 93,968,823.

**CITY OF ASHLAND**  
**Governmental Activities Debt Percentage**  
**(Unaudited)**

<u>Fiscal Year</u>	<u>Floating Indebtness</u>	<u>General Obligation Bonds</u>	<u>Capital Leases</u>	<u>Total</u>	<u>Population</u>	<u>General Bonded Debt to Estimated Actual Property Value</u>	<u>General Bonded Debt per Capita</u>	<u>Total Debt per Capita</u>	<u>Personal Income (Thousands)</u>	<u>Percentage of Personal Income</u>
2005	-	1,220,000	1,528,513	2,748,513	21,798	0.18%	56	126	1,393,450	0.20%
2006	-	4,250,000	1,362,784	5,612,784	21,775	0.58%	195	258	1,499,775	0.37%
2007	-	3,870,000	1,302,725	5,172,725	21,752	0.51%	178	238	1,532,115	0.34%
2008	-	3,475,000	1,563,569	5,038,569	21,729	0.44%	160	232	1,602,614	0.31%
2009	-	3,055,000	6,509,639	9,564,639	21,706	0.38%	141	441	1,582,010	0.60%
2010	-	2,965,000	6,229,717	9,194,717	21,684	0.37%	137	424	1,622,048	0.57%
2011	-	2,870,000	5,819,642	8,689,642	21,661	0.35%	132	401	1,628,399	0.53%
2012	-	2,775,000	5,276,891	8,051,891	21,639	0.34%	128	372	1,670,054	0.48%
2013	-	2,675,000	5,684,837	8,359,837	21,506	0.32%	124	389	*	*
2014	-	2,570,000	6,987,990	9,557,990	21,407	0.31%	120	446	*	*

\*Information not available.

\*\*Property taxes are not restricted revenues.

\*\*\*The City of Ashland does not have any overlapping debt.

\*\*\*\*Fiscal Year 2014 legal debt margin is 10% of assessed property value or \$ 93,968,823.

\*\*\*\*\*Property value data supplied to City of Ashland by Boyd County Property Valuation Administration.

**CITY OF ASHLAND**  
**Business Activities Debt Percentage**  
**(Unaudited)**

Fiscal Year	Utility Bonds	Capital Lease	Note Payable	Utility Pension Liability	KIA Loans	Total	Population	Total Debt per Capita	Personal Income (Thousands)	Percentage of Personal Income
2005	7,910,000	-	-	539,717	6,001,011	14,450,728	21,798	663	1,393,450	1.04%
2006	7,540,000	-	-	539,717	5,770,163	13,849,880	21,775	636	1,499,775	0.92%
2007	7,160,000	-	-	539,717	5,531,668	13,231,385	21,752	608	1,532,115	0.86%
2008	6,765,000	-	-	-	5,285,267	12,050,267	21,729	555	1,602,614	0.75%
2009	6,365,000	105,585	-	-	5,030,698	11,501,283	21,706	530	1,582,010	0.73%
2010	5,950,000	154,134	196,335	-	4,767,684	11,068,153	21,684	510	1,622,048	0.68%
2011	5,515,000	22,912	184,264	-	7,814,181	13,536,357	21,661	625	1,628,399	0.83%
2012	5,065,000	17,780	-	-	10,860,173	15,942,953	21,639	737	1,670,054	*
2013	4,590,954	11,756	-	-	10,570,083	15,172,793	21,506	706	*	*
2014	4,463,299	1,625,099	-	-	10,134,425	16,222,823	21,407	758	*	*

\*Information not available.

\*\*Fiscal Year 2014 legal debt margin is 10% of assessed property value or \$ 93,968,823.

**CITY OF ASHLAND**

**Demographic and Economic Statistics**

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (Thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2005	21,798	1,393,450	28,206	5.8
2006	21,775	1,499,775	30,414	5.5
2007	21,752	1,532,115	31,170	5.0
2008	21,729	1,602,614	32,544	5.3
2009	21,706	1,582,010	32,049	8.6
2010	21,684	1,622,048	32,680	8.5
2011	21,661	1,628,399	32,974	8.6
2012	21,639	1,670,054	33,969	7.8
2013	21,506	*	*	7.7
2014	21,407	*	*	6.2

\*Personal income data from the U.S. Department of Commerce, Bureau of Economic Analysis is only available for Boyd County.

\*Unemployment rate is from Bureau of Labor Statistics data Ashland-Huntington Metropolitan Statistical Area.

\*Information not available.

**CITY OF ASHLAND**  
**Principal Employers**  
**(Unaudited)**

2013			
Employer	Rank	Number of Employees	Percentage of Total City Employment
Kings Daughters' Medical Center	1	3,582	16.28%
Ashland Independent Board of Education	2	751	3.41%
Wal-Mart Stores East, LP # 1426	3	700	3.18%
Kentucky Community & Technological College	4	426	1.94%
Texas Roadhouse	5	393	1.79%
City of Ashland	6	351	1.60%
JC Penney Co., Inc. 2387-9	7	329	1.50%
Pathways, Inc.	8	280	1.27%
Woodland Oaks, Inc.	9	228	1.04%
Commonwealth of Kentucky	10	195	0.89%
		7,235	32.88%

2004			
Employer	Rank	Number of Employees	Percentage of Total City Employment
Kings Daughters' Medical Center	1	2,773	12.00%
Ashland Board of Education	2	765	3.31%
AK Steel Corporation	3	533	2.31%
Wal-Mart Associates, Inc.	4	497	2.15%
Texas Roadhouse	5	443	1.92%
City of Ashland	6	373	1.61%
Kentucky Community & Technological College	7	349	1.51%
Pathways, Inc.	8	273	1.18%
Bob Evans Farms, Inc. # 156	9	236	1.02%
Woodland Oaks, Inc.	10	235	1.02%
		6,477	28.04%

\*Data received from City of Ashland Occupational License Fee Division.

\*\*Total number of City employees in 2013 was 22,001. Total number of City employees in 2004 was 23,101.

**CITY OF ASHLAND**  
**Full-Time Employees by Function**  
**(Unaudited)**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Full-Time Employees</b>										
General government	24	24	27	26	24	11	10	12	11	11
Finance	23	32	34	34	34	30	22	22	23	23
Public works	63	57	63	63	63	63	63	63	75	75
Planning and code enforcement	8	8	8	8	8	8	12	12	14	16
Police	52	52	54	54	55	54	55	56	56	56
Fire	53	54	56	56	56	56	56	56	56	56
Engineering	-	-	-	-	-	-	-	4	4	4
Engineering & Utilities*	71	71	80	80	81	77	75	74	76	76
Bus**	-	-	-	-	-	-	6	6	6	6
Recreation***	-	-	-	-	-	11	11	11	-	-
<b>Total full-time employees</b>	<u>294</u>	<u>298</u>	<u>322</u>	<u>321</u>	<u>321</u>	<u>310</u>	<u>310</u>	<u>316</u>	<u>321</u>	<u>323</u>

\*The department of Utilities and Engineering combined in Fiscal Year 2008.

\*\*The Bus department was combined with Finance in Fiscal Year 2009 and then merged into Public Works in Fiscal Year 2014.

\*\*\*The Recreation department was combined with General Government in Fiscal Year 2010.

\*\*\*\*Data received from City of Ashland Payroll staff.

**CITY OF ASHLAND**  
**Operating Indicators by Function / Program**  
**(Unaudited)**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Citizen's information</b>					
City commission meetings	29	22	22	22	23
CSO presentation meetings	-	-	-	1	2
Neighborhood Watch	12	11	12	12	20
<b>General government</b>					
Job applicants	506	434	299	525	501
Positions filled	19	17	17	21	23
Liability claims investigated	89	111	127	154	120
CPR classes held	-	4	-	3	3
<b>Finance</b>					
Utility bills processed	169,056	169,552	170,535	169,077	171,811
Vendors paid	670	706	704	732	329
Tax bills mailed	20,985	20,741	20,989	20,334	21,207
Active business licenses	2,754	2,537	2,583	2,606	2,682
<b>Public works</b>					
Parking meter repairs	162	227	230	162	264
Stop / traffic signs changed	347	459	660	602	300
Debris hauled to landfill (tons)	10,433	1,014	1,100	1,160	1,091
Road / curb paint (gallons)	1,290	1,300	1,200	950	1,260
<b>Planning and code enforcement</b>					
Building / zonings permits issued	323	283	384	327	394
Code fees / fines	2,821	2,211	1,055	686	87
<b>Police</b>					
Crimes reported	1,681	1,902	1,983	1,962	2,412
Closed cases	592	667	744	743	1,037
Citations issued	5,606	5,550	3,554	2,979	2,717
Calls for service	26,919	27,030	26,265	26,306	26,159
<b>Fire</b>					
Fires extinguished	204	261	302	323	359
Fire alarms investigated	162	189	561	286	514
Smoke detectors installed	139	106	170	508	35
Training hours	11,616	5,000	4,843	11,769	15,629
Calls for service	1,816	2,184	2,922	2,760	1,760
<b>Engineering</b>					
75 / 25 Sidewalk contracts	13	10	2	6	13
Minor / major subdivision reviews	10	17	17	15	40

**CITY OF ASHLAND**  
**Operating Indicators by Function / Program**  
**(Unaudited)**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Engineering &amp; Utilities</b>					
Pipe installed (feet)	9,563	3,942	19,935	1,646	1,468
Catch basins	33	31	22	27	15
<b>Bus</b>					
Paratransit service calls	14,781	16,785	16,830	15,091	13,369
<b>Recreation</b>					
Commission approved events	50	43	44	42	45
Weddings at Central Park	51	45	60	60	55
Ballgames / practices	3,100	3,050	3,152	1,950	1,830
Dawson pool visitors	8,577	11,000	10,974	11,300	8,895
<b>Cemetery</b>					
Burials	73	100	100	95	128
Graves / Crypts / Niches sold	33	45	52	53	33

\*This statistical information was compiled beginning in Fiscal Year 2010.

\*\*Data received from City of Ashland departments.

**CITY OF ASHLAND**  
**Capital Assets Statistics by Function / Program**  
**(Unaudited)**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Public works</b>					
Streets (miles)	200	200	200	200	200
Sidewalks (miles)	325	325	325	325	325
Floodwall (miles)	3	3	3	3	3
<b>Police</b>					
Stations	1	1	1	1	1
Vehicles	30	35	38	37	37
<b>Fire</b>					
Stations	3	3	3	3	3
Fire trucks	7	9	9	9	8
Administration vehicles	7	6	6	5	5
Rescue boat	1	1	1	1	1
<b>Engineering &amp; Utilities</b>					
Lift stations	13	12	12	12	12
Booster stations	20	20	20	20	20
Water plant	1	1	1	1	1
Sewer plant	1	1	1	1	1
<b>Bus</b>					
Transportation center	1	1	1	1	1
Bus shelters	13	13	13	9	9
Buses / trolley	10	10	10	10	10
<b>Recreation</b>					
Parks	10	10	10	10	9
Pool	1	1	1	1	1
Sidewalk around park (miles)	1	1	1	1	1
<b>Cemetery</b>					
Acreage	31	31	31	31	31
Mausoleums	3	3	3	3	3

\*This statistical information was compiled beginning in Fiscal Year 2010.

\*\*Data received from City of Ashland departments.