

City of Ashland

Popular Annual Financial Report

Fiscal Year Ending June 30, 2013



Message from the Director of Finance

Dear City Residents,

We are pleased to present the City of Ashland's first *Popular Annual Financial Report (PAFR)* for the 2013 fiscal year.

This report is intended to present a condensed overview of the city's financial position, financial practices, and the details outlining how city revenues were generated and spent. Financial information in this report is derived from the independently audited financial statements that are a part of the City of Ashland's Comprehensive Annual Financial Report (CAFR). We are proud to report that the city has been awarded a Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association for the past six years.

The Department of Finance has created this report to increase our government transparency to our citizens. As you review this *Popular Annual Financial Report*, please feel free to share any questions, concerns, or recommendations you may have with us.

Respectfully,

Tony D. Grubb, CGFM

Director of Finance

About the City of Ashland

Ashland 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 sq. miles. We continue to expand in the areas of art, entertainment, and cultural events while maintaining an aggressive nature for progression and growth. The approximate population of Ashland during 2013 was 21,506 citizens.

Ashland is the epicenter of an unparalleled industrial and technological region. Health care is our leading industry with King's Daughter's Medical Center as our largest employer. The city is also a major manufacturing town with AK Steel producing various steel products for automobiles, appliances, construction, and manufacturing. Located along the Ohio River, this manufacturer covers almost 700 acres and includes both dock and rail facilities.

The city operates under the city manager form of government. The City Manager, who is appointed by the Board of Commissioners, is responsible for enforcing city ordinances as well as carrying out day-to-day operations. The Board is voted into office by non-partisan elections and consists of a mayor, who is elected for a term of four years, and four commissioners, who serve two years each. The Board is responsible for passing ordinances, adopting the budget, appointing committees, and the hiring and termination of city employees.

Table of Contents

Message from Finance Director	P.1
Governmental Funds Financials	P.2
General Fund Financials	P.3
Enterprise Funds Financials	P.4
Facts and Statistics	P.5

Popular Annual Financial Report

The Popular Annual Financial Report (PAFR) is intended to brief the residents of the City of Ashland on the current financial standing of their city government.

The information in this report was derived from the 2013 Comprehensive Annual Financial Report (CAFR). The CAFR conforms to Generally Accepted Accounting Principles (GAAP) and includes audited financial statements. However, this report only includes information for governmental funds and enterprise funds. Internal service funds and fiduciary funds are not included. For more detailed information and copies of the CAFR and PAFR, visit the city's website at www.ashlandky.org or contact the Finance Department at (606) 327-2009.

Governmental Funds' Financial Activities

The city's governmental funds include the General Fund, four special revenue funds, and a capital project fund. The General Fund is the general operating fund of the city and is used to account for all financial resources that aren't required to be accounted for in another fund. Special revenue funds, which include the Municipal Aid Road Fund, the Community Development Fund, the Housing Assistance Fund, and the Floodwall Fund, are used to account for the proceeds of specific revenue sources, such as taxes or grants, and are legally restricted to expenditures for specified purposes. The capital project fund is used to account for financial resources to be used in acquiring, constructing, and maintaining capital facilities and assets. The graph below summarizes revenues and expenditures for all governmental funds.

Financial Highlights

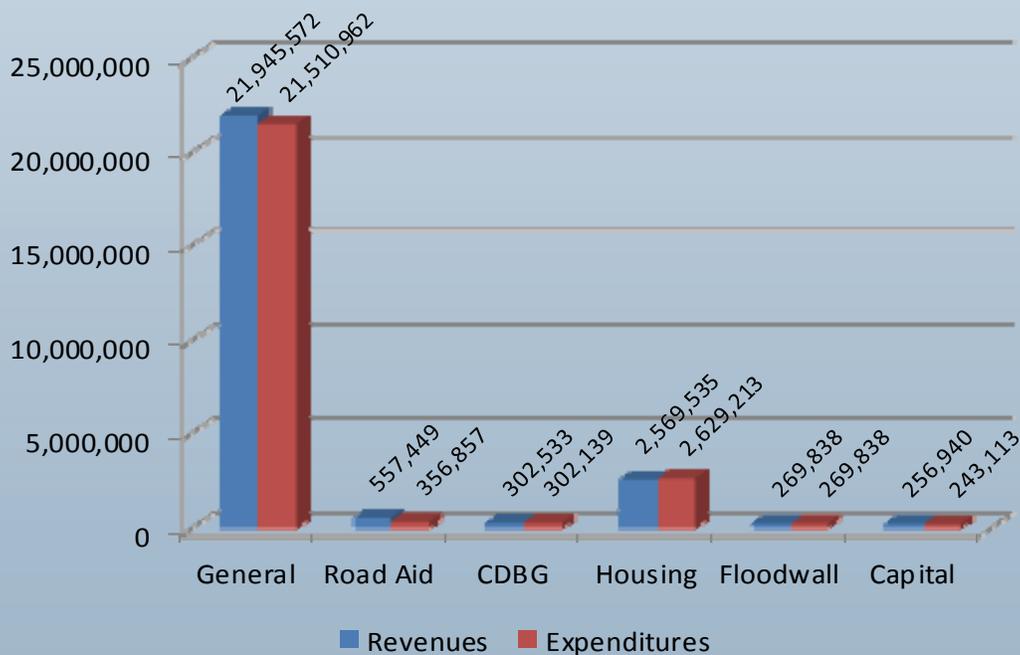
The assets of the governmental funds exceeded liabilities at the close of the fiscal year by \$2.2 million (fund balance). The governmental funds' total fund balance increased by \$0.6 million in Fiscal Year 2013.

Governmental Revenues

Governmental revenues totaled \$25.9 million for fiscal year 2013. The General Fund accounts for 84.6% of this total at \$21.9 million. The largest special revenue fund is the Housing Assistance Fund, which accounts for all funds associated with the Department of Housing and Urban Development's (HUD) voucher program. This program provides assistance to low-income families in the private rental market. Housing Assistance Fund revenues totaled just under \$2.6 million.

Governmental Expenditures

Expenditures of the city's governmental funds totaled \$25.3 million for fiscal year 2013. Once again, the General Fund accounts for the majority of these expenditures at \$21.5 million (85.0%), and the Housing Assistance Fund totaled just over \$2.6 million.



General Fund Financial Information

The General Fund is the chief operating fund of the city and is comprised of three fund balances:

Non-spendable — Funds that cannot be spent due to their form (e.g. inventories) = \$217,894

Restricted for Grant Programs — Funds that are mandated for a specific purpose by external parties = \$41,545

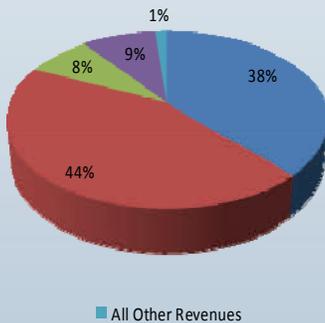
Unassigned — Excess funds not classified in other categories / spendable resources = \$1,348,970

The total fund balance of the General Fund reached \$1,608,409, or 7.48% of total General Fund expenditures.

Total fund balance increased by \$434,610, or 37.03% over the previous year.

General Fund Revenues

The General Fund's largest source of revenue is derived from Occupational License Fees (income taxes) at \$7.8 million, or 35.6% of total revenue. Property taxes provide the second largest source at \$4.5 million, and insurance premium tax is the third largest source at \$3.7 million. For more detailed information, please see the graph and tables below.



Taxes	
Property Tax	\$4,457,953
Insurance Premium Tax	\$3,738,271
Bank Franchise Tax	\$96,508
Total Taxes	\$8,292,732

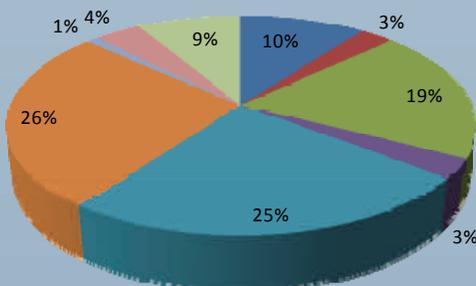
Licenses and Permits	
Occupational License Fee	\$7,812,466
Business License / Net Profit	\$1,213,204
Other Licenses and Permits	\$671,053
Total Licenses and Permits	\$9,696,723

Fees / Fines / Reimbursements	
Franchise Fees	\$1,359,656
Other Fees / Fines / Reimb	\$342,151
Total Fees / Fines / Reimb	\$1,701,807

Charges for Services	
Garbage	\$1,910,841
Other Services	\$43,338
Total Charges for Services	\$1,954,179

General Fund Expenditures

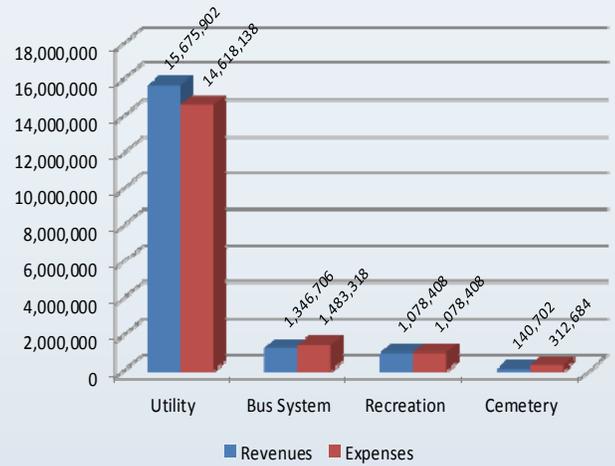
Police and Fire were the largest expenditures for the General Fund at \$5.4 million (25.1%) and \$5.7 million (26.5%), respectively. Public Works, which provides services such as street maintenance, solid waste disposal, and animal control, accounts for the third largest expenditure at \$4.2 million. The fourth largest expenditure is derived from General Government at \$2.2 million, which is responsible for the overall administration of the city. For more detailed information, please see the graph and table below.



General Government	\$2,236,675
Finance	\$588,758
Public Works	\$4,167,130
Planning and Code Enforcement	\$598,623
Police	\$5,350,620
Fire	\$5,683,338
Engineering	\$201,685
Debt Service Payments	\$844,910
Transfers to Other Funds	\$1,839,223
Total General Fund	\$21,510,962

Enterprise Funds' Financial Activities

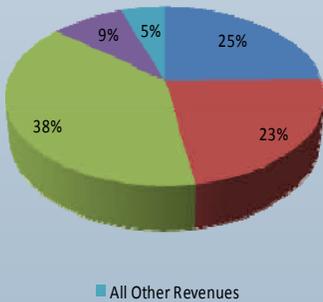
An enterprise fund is used to account for business-like activities in which fees are charged to cover the costs of providing service. The city's enterprise funds include the Utility Fund, the Bus System Fund, the Recreation Operating Fund, and the Cemetery Fund. The Utility Fund accounts for water and wastewater services for the city and its surrounding communities. The Bus System Fund accounts for the city's mass transportation system, which is partially subsidized by the federal government's Department of Transportation. The Recreation Operating Fund accounts for the operations at central park, the swimming pool, the sports park, and misc. other parks, including vending and concession activities. The Cemetery Fund accounts for the operation and maintenance of the cemetery. Enterprise Fund revenues totaled \$18.2 million, while expenses totaled \$17.5 million. The graph to the right summarizes revenues and expenses for all enterprise funds.



Utility Fund Financial Information

The Utility Fund is the largest enterprise fund of the city. Its largest sources of revenue are sewer service charges at \$6.0 million, residential and commercial meter sales at \$3.9 million, and industrial meter sales at 3.5 million. Its largest expense is attributed to administration at \$6.3 million, which includes costs associated with the Utility Director, Utility Cashier, Meter Services, and other unclassified utility costs. These unclassified costs include administrative overhead (payroll) at \$1.0 million, services and supplies at \$1.1 million, and depreciation at \$2.0 million. Depreciation is defined as a reduction in the value of an asset with the passage of time, due in particular to wear and tear. Its second largest expense is derived from the production and distribution of water at \$5.2 million. For more detailed information, please see the graphs and tables below.

Utility Fund Revenues



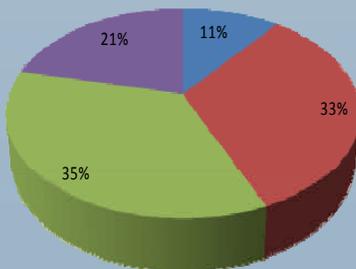
Residential & Commercial Meter Sales	
City	\$1,900,830
Noncity	\$1,993,148
Total Meter Sales	\$3,893,978

Industrial Meter Sales	
City	\$1,313,746
Noncity	\$2,221,550
Total Meter Sales	\$3,535,296

Sewer Service	
City	\$2,554,487
Noncity	\$1,942,708
CSO Surcharge	\$1,535,409
Total Sewer Service	\$6,032,604

Sales to Other Cities	
Russell	\$3,496
Cannonsburg	\$1,057,667
Flatwoods	\$317,632
Total Sales to Other Cities	\$1,378,795

Utility Fund Expenses



Utility Administration	
Director	\$154,422
Cashier	\$793,805
Meter Services	\$612,067
Total Administration	\$1,560,294

Unclassified	
Services and Supplies	\$2,127,252
Depreciation	\$2,021,021
Insurance and Interest	\$641,223
Total Unclassified	\$4,789,496

Department of Water	
Water Production	\$2,195,517
Water Distribution	\$2,955,709
Total Dept. of Water	\$5,151,226

Department of Wastewater	
Wastewater Treatment	\$1,563,329
Wastewater Collection	\$1,553,793
Total Dept. of Wastewater	\$3,117,122

FACTS AND STATISTICS

Top 10 Employers

- | | |
|--|---|
| 1. King's Daughters Medical Center | 6. Texas Roadhouse |
| 2. Wal-Mart | 7. Pathways, Inc. |
| 3. Ashland Independent School District | 8. King's Daughters Medical Specialties |
| 4. KY Community and Technical College | 9. Woodland Oaks, Inc. |
| 5. City of Ashland | 10. AK Steel Corporation |

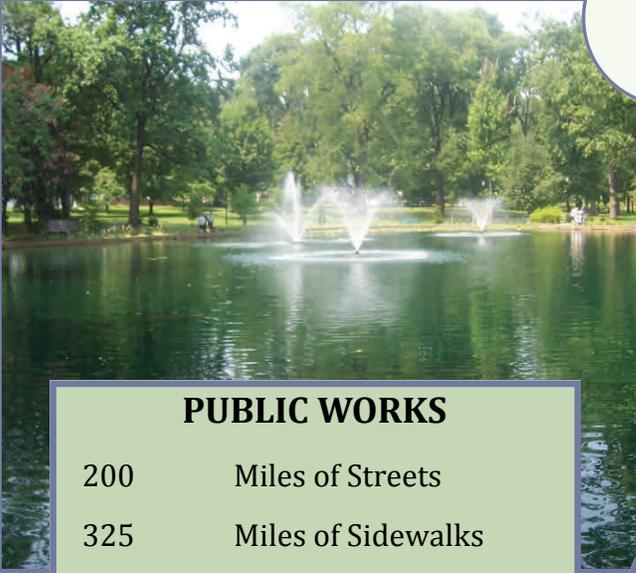
PARKS & RECREATION

Weddings at Central Park
45

Ballgames / Practices
3,050

Dawson Pool Visitors
11,000

2013 POPULATION
21,506



PUBLIC WORKS

200 Miles of Streets
325 Miles of Sidewalks
1,014 Tons of debris hauled to landfill



PUBLIC SAFETY

POLICE

SERVICE CALLS	27,030
CITATIONS ISSUED	5,550
CRIMES REPORTED	1,902

FIRE

SERVICE CALLS	2,184
FIRES EXTINGUISHED	261
STATIONS	3

ENGINEERING & UTILITIES

3,942 Feet of pipe installed
10 Sidewalk contracts
4.3 Miles of City Streets Paved
3.64 Billion gallons of drinking water treated and delivered



PLANNING & CODE ENFORCEMENT

Building / zoning permits issued
283

Code fines issued
2,211



CITY EMPLOYEES
298 (FULL TIME)