

City of Ashland

Popular Annual Financial Report

Fiscal Year Ending June 30, 2014



Message from the Director of Finance

Dear City Residents,

We are pleased to present the City of Ashland's second *Popular Annual Financial Report* (PAFR) for the 2014 fiscal year.

This report is intended to present a condensed overview of the city's financial position, financial practices, and the details outlining how revenues were generated and spent. Financial information in this report is derived from the independently audited financial statements that are 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.

The Department of Finance has created this report to increase our government's 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" that includes Ironton, Ohio and Huntington, West Virginia. The city currently encompasses 17.02 square miles with a population of approximately 21,407 citizens. Ashland is eastern Kentucky's largest urban area as well as a center for health care, commerce, banking, and recreational activities. We continue to expand in the areas of art, entertainment, and cultural events while maintaining an aggressive nature for progression and growth.

Ashland is the epicenter of an unparalleled industrial and technological region. Health care is our leading industry with King's Daughters 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, who is appointed by the Board of Commissioners. 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. It is responsible for passing ordinances, adopting the budget, appointing committees, and the hiring and termination of employees.

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Popular Annual Financial Report

The 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 2014 CAFR, which conforms to Generally Accepted Accounting Principles, and includes audited financial statements. However, this report only presents information for governmental funds and enterprise funds. Internal service funds and fiduciary funds are not included. For more detailed information and copies of the PAFR and CAFR, visit the city's website at www.ashlandky.gov, or contact the Finance Department at (606) 327-2009.

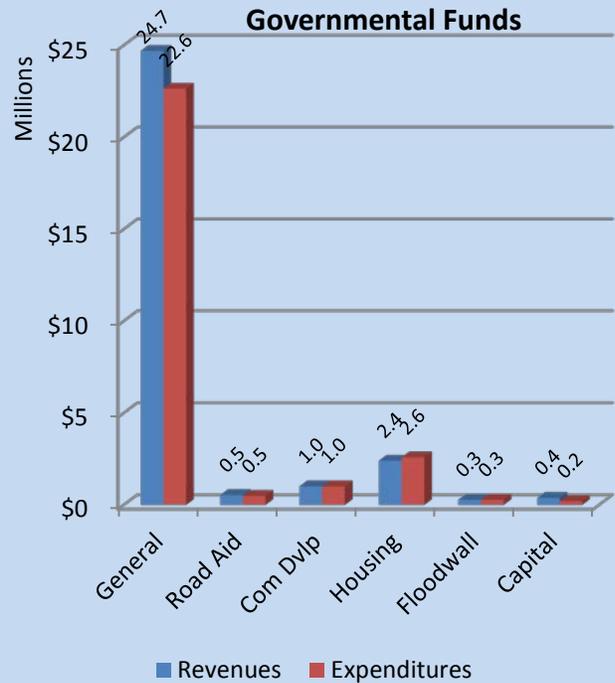
Governmental Funds / General Fund

The city's governmental funds include a general fund, four special revenue funds, and a capital projects fund. The **General Fund** is the primary governmental fund and is used to account for all financial resources that are not 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 Operating 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. A **capital projects fund** is used to account for the acquisition, construction, and maintenance of capital facilities and assets.

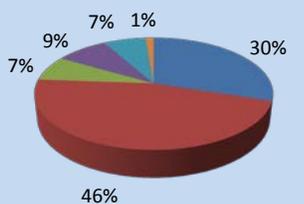
Governmental revenues totaled \$29.3 million, while expenditures totaled \$27.2 million. Of these totals, the General Fund accounts for 84.3% of revenues at \$24.7 million and 83.1% of expenditures at \$22.6 million.

As of June 30, 2014, the General Fund's balance was \$3,663,366, which is an increase of \$2,054,957, or 127.8%, over the previous year. Fund balance is comprised of the following four categories:

- Nonspendable** - funds that cannot be spent due to their form (e.g. inventories) = \$124,369;
- Restricted** - funds that are mandated for a specific purpose by external parties = \$227,636;
- Committed** - funds that are mandated for a specific purpose by the government itself = \$600,000;
- Unassigned** - excess funds that are not classified in other categories / spendable resources = \$2,711,361.



General Fund Revenues



- Issuance of Debt: \$1.7 million
- All Other Revenues: \$0.3 million

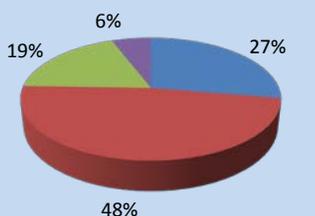
Taxes	
Property Tax	3,272,897
Insurance Premium Tax	4,012,879
Bank Franchise Tax	99,929
Total Taxes	\$7,385,705

Licenses and Permits	
Occupational License Fee	9,328,812
Business License / Net Profit	1,369,252
Other Licenses and Permits	723,232
Total Licenses and Permits	\$11,421,296

Fees / Fines / Reimbursements	
Franchise Fees	1,473,145
Other Fees / Fines / Reimbs	318,363
Total Fees / Fines / Reimbs	\$1,791,508

Charges for Services	
Garbage Collection	2,010,627
Other Services	59,941
Total Charges for Services	\$2,070,568

General Fund Expenditures



- All Other Expenditures: \$1.3 million

General Government	
Salaries and Benefits	1,022,963
Services and Supplies	1,696,133
Debt Service Payments	702,882
Prop / Equip / Gen Liab Ins	176,834
Grants and Projects	377,838
Contributions and Dues	265,203
Transfers to Other Funds	2,018,802
Total General Government	\$6,260,655

Public Safety	
Salaries and Benefits	10,024,673
Services and Supplies	813,443
Total Public Safety	\$10,838,116

Public Works	
Salaries and Benefits	2,885,819
Services and Supplies	1,340,547
Total Public Works	\$4,226,366

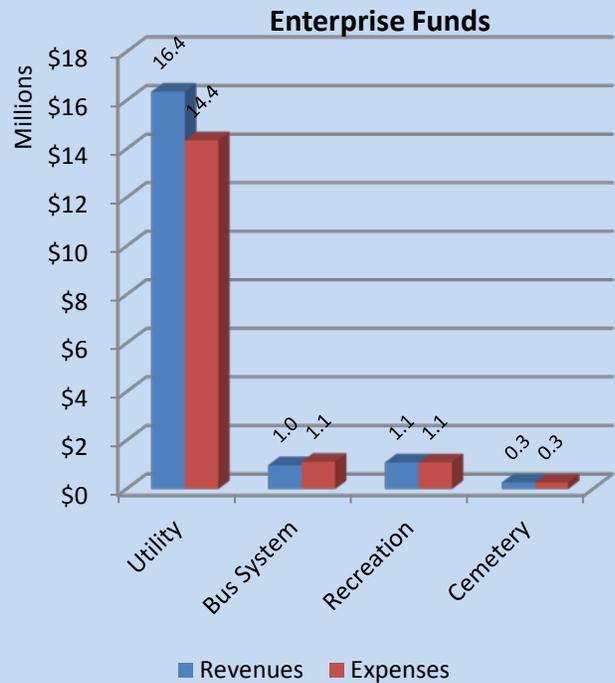
Enterprise Funds / Utility Fund

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** is the largest enterprise fund and accounts for water and wastewater services provided to the city and its surrounding communities.

Enterprise fund revenues totaled \$18.8 million, while expenses totaled \$16.9 million. Of these totals, the Utility Fund accounts for 87.2% of total revenues at \$16.4 million and 85.2% of expenses at \$14.4 million.

As of June 30, 2014, the Utility Fund's net position was \$37,437,770, which is an increase of \$2,002,838, or 5.7%, over the previous year. Net position is comprised of the following four categories:

- Net investment in capital assets** = \$30,840,837;
- Restricted for debt service** = \$821,475;
- Restricted for sewer improvements** = \$4,109,419;
- Unrestricted** = \$1,666,039.



Utility Fund Revenues



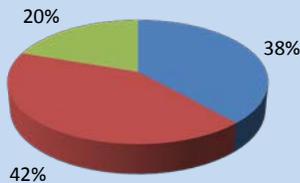
Residential and Commercial Meter Sales	
City	1,948,576
Noncity	2,070,792
Total Meter Sales	\$4,019,368

Industrial Meter Sales	
City	1,253,549
Noncity	2,351,276
Total Meter Sales	\$3,604,825

Sewer Service	
City	2,646,221
Noncity	2,421,681
CSO Surcharge	1,505,811
Total Sewer Service	\$6,573,713

Sales to Other Cities	
Russell	16,727
Cannonsburg	1,091,477
Flatwoods	226,996
Total Sales to Other Cities	\$1,335,200

Utility Fund Expenses



Administration	
Salaries and Benefits	2,181,019
Services and Supplies	531,225
Debt Service Payments	401,519
Prop / Equip / Gen Liab Ins	171,542
Bad Debts	140,793
Depreciation / Amortization	2,061,705
Capital Outlay	0
Total Administration	\$5,487,803

Water	
Salaries and Benefits	2,585,644
Services and Supplies	3,441,343
Capital Outlay	10,033
Total Water	\$6,037,020

Wastewater	
Salaries and Benefits	1,631,579
Services and Supplies	1,202,467
Capital Outlay	0
Total Wastewater	\$2,834,046

Facts and Statistics

Top 10 Employers

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

2014 Population: 21,407
City Employees: 294 FT



PARKS & RECREATION

Weddings at Central Park: 51
Ballgames / Practices: 3,100
Dawson Pool Visitors: 8,577

PUBLIC WORKS

10,433 Tons of Debris
Hauled to Landfill
500 Tons of Waste Recycled
6,700 Tons of Asphalt for Paving
11,000 Square Feet of
Concrete for Sidewalks
151,000 Bus Passengers

PUBLIC SAFETY

Police Service Calls: 26,919
Citations Issued: 5,606
Crimes Reported: 1,681
Cases Closed: 592

Fire Service Calls: 1,816
Fires Extinguished: 204
Smoke Detectors Installed: 139



ENGINEERING & UTILITIES

9,563 Feet of Pipe Installed
3.6 Billion Gallons
of Water Produced
1.8 Billion Gallons of
Wastewater Treated



PLANNING & CODE ENFORCEMENT

323 Building / Zoning Permits
2,821 Code Fines Issued



Art by Janice LeBrun