

Popular Annual Financial Report



For the Fiscal Year Ending June 30, 2017

Mayor
Steve Gilmore

City Manager
Michael Graese

Corporation Counsel
John Vincent

CED Director
Chris Pullem

Chief of Police
Todd Kelley

Commissioners:
Amanda Clark
Marty Gute
Matt Perkins
Marshall Steen

Finance Director
Tony Grubb

Asst. Finance Director
Michelle Veach

City Clerk
Susan Maddix

HR / Parks Director
Sean Murray

Acting PW Director
Randy Carpenter

E&U Director
Ryan Eastwood

Fire Chief
Greg Ray

Message from the Director of Finance

Dear City Residents,

We are pleased to present the City of Ashland's fifth *Popular Annual Financial Report* (PAFR) for the 2017 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, once again, been awarded a Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association (GFOA).

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



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What is the Popular Annual Financial Report?

The PAFR is specifically designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance. Its goal is to supplement—not replace—the 2017 CAFR.

Similarly to the 2017 CAFR, information in the PAFR conforms to Generally Accepted Accounting Principles (GAAP). 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.

About the City of Ashland, Kentucky



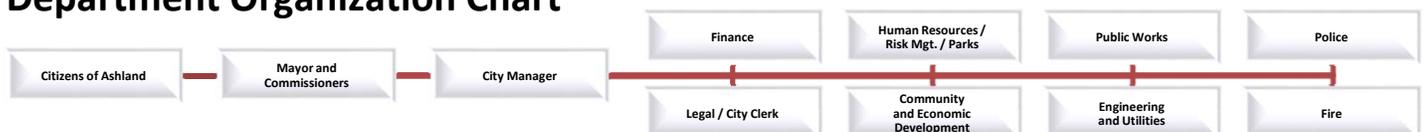
Mayor and Commissioners (left to right):

Commissioner Amanda Clark, Commissioner Marty Gute, Mayor Steve Gilmore, Commissioner Matt Perkins, Commissioner Marshall Steen

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 21,025 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.

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 employee appointment and termination.

Department Organization Chart



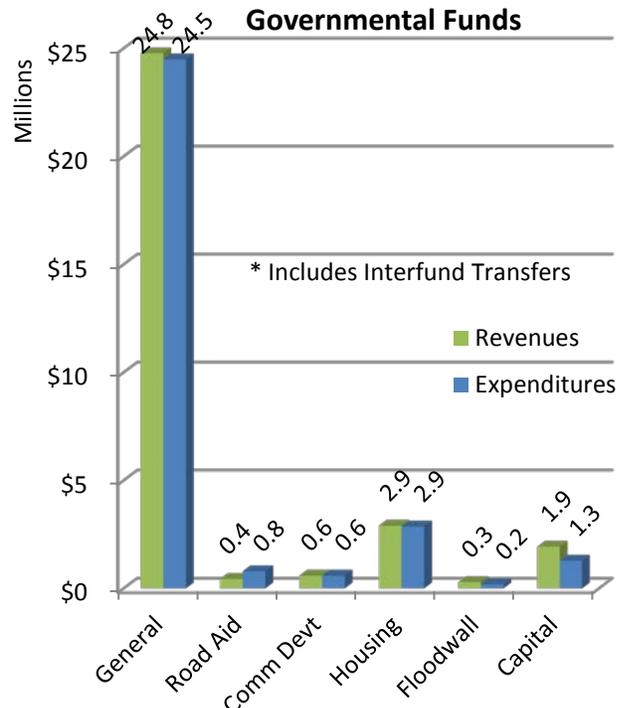
Governmental Funds / General Fund

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.

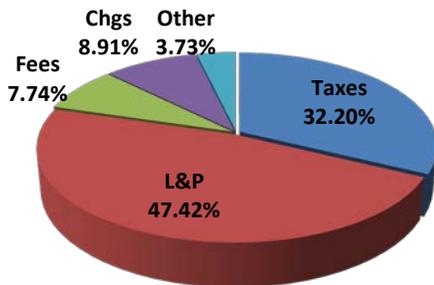
Governmental revenues totaled \$30.9 million, while expenditures totaled \$30.3 million (including other financing sources and uses). Of these totals, the General Fund accounts for 80.26% of revenues at \$24.8 million and 80.85% of expenditures at \$24.5 million.

As of June 30, 2017, the General Fund's balance was \$5,840,668, which is an increase of \$283,034, or 5.09%, 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) = \$887,542;
- Restricted**—funds that are mandated for a specific purpose by external parties = \$226,131;
- Committed**—funds that are mandated for a specific purpose by the government itself = \$0;
- Unassigned**—excess funds that are not classified in other categories; spendable resources = \$4,726,995.



General Fund Revenues



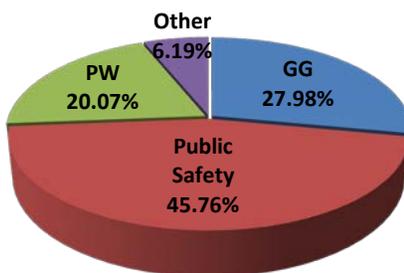
Taxes	
Property Tax	3,778,132
Insurance Premium Tax	4,105,227
Bank Franchise Tax	91,695
Total Taxes	\$7,975,054

Licenses and Permits	
Occupational License Fee	9,448,628
Business License / Net Profit	1,651,521
Other Licenses and Permits	645,376
Total Licenses and Permits	\$11,745,525

Fees / Fines / Reimbursements	
Franchise Fees	1,586,354
Other Fees / Fines / Reimbs	331,607
Total Fees / Fines / Reimbs	\$1,917,961

Charges for Services	
Garbage Collection	2,119,266
Other Services	86,855
Total Charges for Services	\$2,206,121

General Fund Expenditures



General Government	
Salaries and Benefits	1,118,481
Services and Supplies	1,090,890
Debt Service Payments	627,906
Prop / Equip / Gen Liab Ins	255,037
Grants and Projects	9,347
Contributions and Dues	281,499
Transfers to Other Funds	3,468,414
Total General Government	\$6,851,574

Public Safety	
Salaries and Benefits	10,397,192
Services and Supplies	808,136
Total Public Safety	\$11,205,328

Public Works	
Salaries and Benefits	3,040,492
Services and Supplies	1,873,297
Total Public Works	\$4,913,789

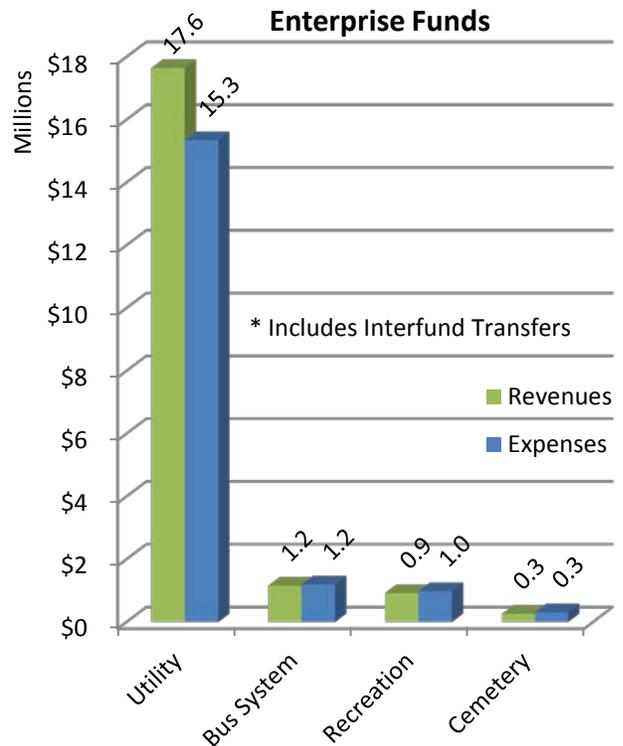
Enterprise Funds / Utility Fund

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.

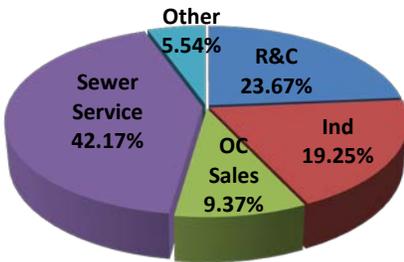
Enterprise fund revenues totaled \$20 million, while expenses totaled \$17.8 million (including other financing sources and uses). Of these totals, the Utility Fund accounts for 88% of total revenues at \$17.6 million and 85.96% of expenses at \$15.3 million.

As of June 30, 2017, the Utility Fund's net position was \$29,344,019, which is an increase of \$2,302,974, or 8.52%, over the previous year. Net position is comprised of the following four categories:

- Net investment in capital assets** = \$32,875,508;
- Restricted for debt service** = \$1,182,163;
- Restricted for sewer improvements** = \$6,329,291;
- Unrestricted** = (\$11,042,943).



Utility Fund Revenues



Residential and Commercial Meter Sales

City	2,016,381
Noncity	2,161,022
Total Meter Sales	\$4,177,403

Industrial Meter Sales

City	1,239,225
Noncity	2,157,561
Total Meter Sales	\$3,396,786

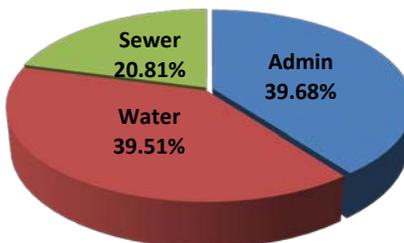
Sales to Other Cities

Russell / Big Sandy	247,514
Cannonsburg	1,214,954
Flatwoods	191,349
Total Sales to Other Cities	\$1,653,817

Sewer Service

City	2,729,528
Noncity	2,708,447
CSO Surcharge	2,004,650
Total Sewer Service	\$7,442,625

Utility Fund Expenses



Administration

Salaries and Benefits	2,458,040
Services and Supplies	592,739
Debt Service Payments	323,957
CSO Debt Service	128,886
Prop / Equip / Gen Liab Ins	166,484
Bad Debts	104,487
Depreciation / Amortization	2,315,002
Total Administration	\$6,089,595

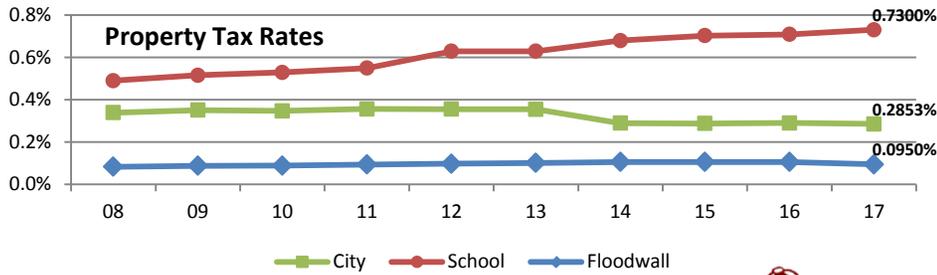
Water

Salaries and Benefits	3,069,008
Services and Supplies	2,993,484
Total Water	\$6,062,492

Sewer

Salaries and Benefits	1,845,732
Services and Supplies	1,347,792
Total Sewer	\$3,193,524

Facts and Statistics



PUBLIC SAFETY

Police Service Calls: 29,543
 Citations Issued: 4,049
 Crimes Reported: 1,675
 Cases Closed: 598

Fire Service Calls: 1,500
 Fires Extinguished: 240
 Fire Alarms Investigated: 111



PLANNING & CODE ENFORCEMENT

290 Building / Zoning Permits

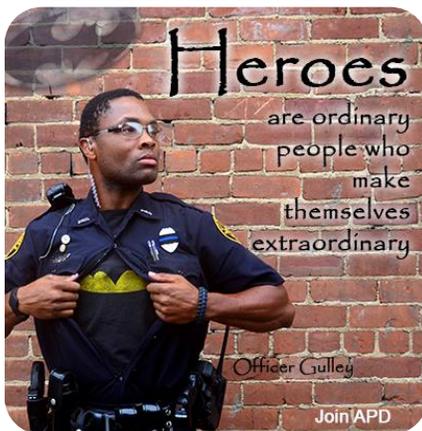
2,232 Code Fines Issued

ENGINEERING & UTILITIES

8,350 Feet of Pipe Installed

3.7 Billion Gallons of Water Produced

1.9 Billion Gallons of Wastewater Treated



PUBLIC WORKS

10,080 Tons of Debris Hauled to Landfill

385 Tons of Waste Recycled

333 Tons of Asphalt for Paving

20,000 Square Feet of Concrete for Sidewalks

144,925 Bus Passengers



2017 Population: 21,025
 City Employees: 300 FT



The Log Cabin at Central Park

PARKS & RECREATION

Weddings at Central Park: 30

Ballgames / Practices: 3,050

Dawson Pool Visitors: 10,590

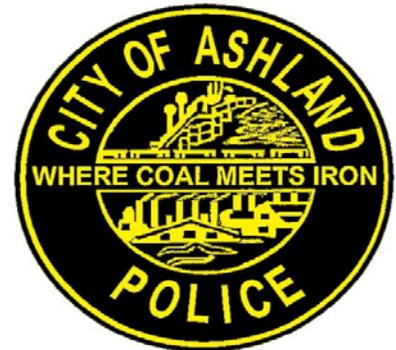
Top 10 Employers, Taxpayers, and Customers

Employers	W2s Issued
King's Daughters Medical Center	3,118
Ashland Independent School District	745
Walmart	634
Texas Roadhouse	417
City of Ashland	361
Kentucky Community and Technical College	335
Pathways, Inc.	288
JCPenney	243
Woodland Oaks, Inc.	236
Mint Julep (Cheddar's Casual Café)	236
Total	6,660



Occupational License Fees	Taxable Wages	Taxes Paid
King's Daughters Medical Center	120,281	2,406
King's Daughters Medical Specialties	38,962	779
Ashland Board of Education	19,083	382
City of Ashland	14,250	285
Walmart	10,267	205
Pathways, Inc.	7,472	149
Kentucky Community and Technical College	6,660	133
Commonwealth of Kentucky	6,428	129
Cintas Corporation	5,095	102
Ashland Radiology Associates, PSC	4,908	98
Total (Rounded to Thousands)	\$233,406	\$4,668

Property Taxpayers	Assessment	Paid
ATC Glimcher, LLC	28,425	82
Melody Mountain Associates, LTD	14,525	42
Fred Burns	13,454	39
Progress Metal Reclamation	12,867	37
Verit Mt Ashland KY, LLC	12,000	35
BDB Midtown, LLC	11,300	33
GCG Ashland, LLC	10,046	29
JCPenney	9,924	29
AK Steel Corporation	9,807	28
Walmart	8,168	24
Total (Rounded to Thousands)	\$130,516	\$378



Water Customers	Avg. Mo. Bill	Avg. Mo. Gal.
Cannonsburg Water	101	35,256
AK Steel West Works	71	13,292
Big Sandy Water District	20	9,306
Ashland Oil Refinery	34	6,531
Federal Corrections	28	5,704
Flatwoods Water	16	5,508
King's Daughters Medical Center	39	5,134
Air Products	21	3,897
City of Ashland	21	2,302
Cintas Corporation	24	1,826
Total (Rounded to Thousands)	\$375	88,756