

City of Ashland Kentucky



Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2011

CITY OF ASHLAND, KENTUCKY
FOR THE FISCAL YEAR July 1, 2010 to June 30, 2011

**COMPREHENSIVE ANNUAL FINANCIAL
REPORT**



PREPARED BY: DEPARTMENT OF FINANCE
DIRECTOR'S DIVISION
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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



December 20, 2011

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, 2011. 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, have issued an unqualified opinion that the financial statements for the fiscal year ended June 30, 2011 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 13.

Profile of the Government

Ashland began as the village of Poage Settlement in the early 18th 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, Stephen W. Corbitt is the chief administrative officer for the city and reports to the Board of Commissioners. The Mayor is currently Tom Kelley and our City Commissioners are Larry Brown, Tom Cantrell, Kevin Gunderson and Marty Gute. Department heads report to the City Manager. Department heads include: Richard Martin, Corporation Counsel; Chris Pullem, Director of Economic Development; Deborah Musser, Director of Human Resources / City Clerk; 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 Parks / Recreation.

The City of Ashland has 321 authorized full-time positions. Of these positions, our largest department is Engineering & Utilities comprising 25% 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 20% with 63 total employees.

The City of Ashland, Kentucky

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The General Government of the City contains seven divisions: Mayor and Commissioners, City Manager, Legal, Economic Development, Human Resources / Safety Risk Manager, Unclassified and Grants / Projects. These divisions provide the administration for the City. The primary function of the Legal Department is to provide legal assistance to all departments within the City and to represent the City in court cases as needed. The Human Resources / City Clerk department maintains all personnel records on current and previous employees and 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. 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 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, Assisted Housing and Mass Transit. 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 14,300 utility customers a month and is accountable for the semi-annual billing of property tax customers. 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 164,000 passengers this past year and received \$ 66,026 in passenger fares. The City became an authorized ticket agent for the Greyhound Bus Lines selling more than \$ 95,000 in tickets and bringing in commission of approximately \$ 19,000. The housing voucher program, also known as Section 8, provides rental assistance to approximately 515 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 2nd largest department in the City. This department performs a wide range of services including the divisions of Director of Public Works, Streets, Solid Waste, Fleet Maintenance, Animal Control, Municipal Aid Road program, and Floodwall. The Street department used 8,700 tons of asphalt to pave and patch the City streets and poured over 51,600 square feet of concrete sidewalks during the fiscal year. This division acquired two new dump trucks this 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 4 locations throughout the City. The City recycled 461 tons of waste in fiscal year 2011.

The Department of Engineering & Utilities, our largest department, is comprised of Director of Engineering / Utilities, Engineering, 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, assigning 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 11 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 2011, we treated approximately 2.2 billion gallons of wastewater. The Water Distribution division purchased a new backhoe loader this fiscal year. The Wastewater Treatment division purchased a new dump truck with trailer and excavator this fiscal year.

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 property 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 327 building and zoning permits in fiscal year 2011 bringing in \$ 79,000 of revenue for the City. 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. There are two target neighborhoods: East Central and Pollard. They were designated based on the median income of the residents according to U.S. Census data. Other resources include the HOME funds received from the Kentucky Housing Corporation. These HOME funds are used for new construction and homeowner rehabilitation that work in coordination with the acquisition and the closing cost assistance projects from CDBG. The Kentucky Housing Corporation also awarded the City with the Emergency Shelter Grant, which actively supports CARES, Pathways, Safe Harbor, Salvation Army and Shelter of Hope. These five organizations provide services that include: crisis assistance, a mental health center, domestic violence shelter, and emergency shelter housing and food.

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 54, with 49 sworn officers. There are two civilian employees serving administrative support roles and three parapolice assigned to 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 56 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 2011, the

department completed 2,760 fire and EMS runs. A new Sutphen fire apparatus was purchased this fiscal year with an enclosed 4 man cab. The new apparatus is capable of carrying of 1,000 gallons of water and pumping 1,500 gallons a minute.

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 room in the Round House and Log Cabin hosts various events from weddings to family reunions, including Santa after the annual Christmas parade. Ice skating is also available from November through mid-March. The City of Ashland acquired the Ashland Cemetery Company in September 2009 and is included in the Parks and Recreation Department. The cemetery transferred to the City for \$ 1 and has a fixed asset and inventory value of 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 our founding fathers in Ashland: 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, 2011 provided no instances of material weaknesses in the internal control system.

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 three federal compliance findings this fiscal year. One finding was an issue with our Community Development Block Grant dealing with property acquisitions. The Section 8 Housing Choice Voucher program had findings of missing information in tenant files and a utility allowance discrepancy. We have created a tenant file checklist and implemented a bi-annual review of utility rate data.

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 sq. 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, 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 4th 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 47 projects with the help of over 265 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 has been completed and 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 \$ 7.2 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, the Sixth Street Pump Station and Force Main Extension Project, Roberts Drive Pump Station and Force Main Upgrade Project and 37th Street Pump Station and Force Main Upgrade Project. The Roberts Drive and Sixth Street project is in the construction

phase while the 37th Street project is still in the engineering process. At the close of the fiscal year, the construction in progress was in excess of \$ 3.6 million. The Division of Water gave the City entitlement to receive priority funding from the Clean Water State Revolving Fund. We are currently receiving monthly reimbursements from the Kentucky Infrastructure Authority towards our loan.

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, 465-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 4,200 team members, is the largest employer between Charleston, W.Va. and Lexington, Ky. King's Daughters 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.

Our 2nd largest employer is Graycor Industrial Contractors. Graycor Industrial is a heavy industrial construction leader throughout North America in metals, power and process. These contractors encompass new generation power projects to rebuilding blast furnaces, including piping, concrete, carpentry, equipment installation, refractory, boiler work, steel erection, demolition and specialty blasting. They tackle tough jobs of all sizes.

Wal-Mart Stores, Inc. fell to our #3 employer 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 later added to the project and a Five Guys 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.

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 4th largest employer employing 716 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.

Financial Policies / Planning

The City faces the most difficult budget in years with the loss of revenues due to the closing of the AK Coke Plant, one of the City's largest employers and top ten utility customers. In addition to the reduced revenues, we also face increases in health insurance and Kentucky Retirement Program contributions. To offset the revenue loss, the City has added a water and sewer rate increase above the annual CPI. Fiscal Year 2012 also has plans to reduce the work force by 18 positions for a cost savings of \$ 1,075,000. These positions are vacant or have a pending employee retirement so layoffs are not necessary.

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, 2010. This was the 4th consecutive year that the government has achieved this prestigious award. The award was previously received in 1993, 2007, 2008 and 2009. 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.

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

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, 2010

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



Linda C. Davison

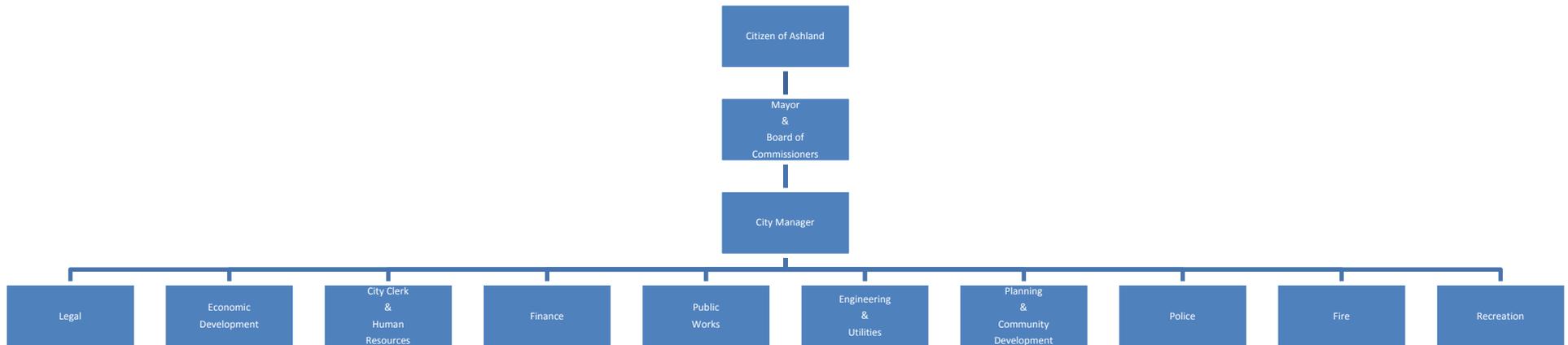
President

Jeffrey R. Enow

Executive Director



City of Ashland Departmental Organizational Chart



LIST OF ELECTED AND APPOINTED OFFICIALS

MAYOR

Thomas E. Kelley

COMMISSIONERS

Larry Brown

Tom Cantrell

Kevin Gunderson

Marty Gute

CITY MANAGER

Stephen W. Corbitt

FINANCE DIRECTOR

Tony D. Grubb, CGFM

CORPORATION COUNSEL

Richard W. Martin

FINANCIAL SECTION

- Independent Auditor's Report
- Management's Discussion and Analysis
- Basic Financial Statements
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 - ⇒ Capital Assets Used in the Operations of Governmental Funds
 - ⇒ City of Ashland Housing Authority (HUD Schedules)
 - ⇒ Schedule of Expenditures of Federal Awards



Kelley,
Galloway &
Company, PSC

CERTIFIED PUBLIC ACCOUNTANTS

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Member of the Center for Public Company Audit Firms, the Private Companies Practice Section of the American Institute of Certified Public Accountants and PKF North American Network

INDEPENDENT AUDITOR'S REPORT

Thomas E. Kelley, Mayor
City Commissioners and City Manager
City of Ashland
Ashland, Kentucky

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Ashland, Kentucky as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the City of Ashland's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, and each major fund of the City of Ashland, Kentucky, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund and Special Revenue Funds for the year then ended, in conformity with accounting principles generally accepted the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2011 on our consideration of the City of Ashland's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis information and schedule of employer contributions on pages 13 through 22 and page 59 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 the appropriate operational, economic, and 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 in 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 any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ashland's financial statements as a whole. The supplemental statements and schedules contained on pages 61 through 65 and the HUD schedules on pages 66 and 67, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards contained on pages 68 and 69 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The supplemental statements and schedules 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Kelly, Ballouay & Company, PLLC

November 3, 2011

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, 2011. 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 \$102,035,390 (net assets). Governmental activities’ unrestricted net assets were \$4,019,779. Business type activities’ unrestricted net assets were \$1,507,342.
- ⇒ The Government’s total net assets increased by \$286,316. Net assets of governmental activities decreased by \$(674,186), and net assets of business-type activities increased by \$960,502.
- ⇒ At June 30, 2011, the governmental activities had \$78,015,526 in assets and \$16,008,140 in liabilities. Business type activities had \$58,692,375 in assets and \$18,664,371 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 fixed 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 Assets 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 Assets presents information on all the Government’s assets and liabilities as of June 30, 2011. The net assets are the differences between assets and liabilities. Over time an increase or decrease in net assets 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 assets. 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 assets 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 ASSETS

As of June 30, 2011, the Government as a whole had net assets greater than its liabilities by \$102,035,390. Net assets of governmental activities were \$62,007,386 and decreased by \$(674,186) over the prior year. This decrease was due to the completion of the Riverfront Project, capital lease payoffs and the court decision in favor of the Labor Cabinet regarding firefighter overtime. Of ending Governmental Activities Net Assets, \$57,272,690, or 92%, is

invested in capital assets net of related debt, \$714,917, or 1%, is restricted assets and unrestricted net assets are \$4,019,779 or 7%.

The net assets of the Government's business-type activities are \$40,028,004 and increased by \$960,502 over the prior year. Of these net assets, \$35,983,988 is invested in capital assets net of related debt, \$2,536,674 is restricted and \$1,507,342 is unrestricted. The largest portion of the City's combined net assets (90%) 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 City net assets, \$3,251,591 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$5,527,121 may be used to meet the City's ongoing obligation to citizens and creditors.

At the end of this fiscal year, June 30, 2011, the City has positive unrestricted net assets in its business-type activities. The City raised the utility rates in all rate classes again this fiscal year. This brought the business-type activities to a positive unrestricted net asset position.

ANALYSIS OF THE CITY'S NET ASSETS

	Governmental Activities		Business- type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Current and other assets	12,053,194	12,390,284	9,122,030	7,308,522	21,175,224	19,698,806
Capital assets	65,962,332	65,297,273	49,570,345	47,388,244	115,532,677	112,685,517
Total Assets	<u>78,015,526</u>	<u>77,687,557</u>	<u>58,692,375</u>	<u>54,696,766</u>	<u>136,707,901</u>	<u>132,384,323</u>
Liabilities	6,993,754	5,129,332	6,048,181	5,323,969	13,041,935	10,453,301
Long-term liabilities	9,014,386	9,876,653	12,616,190	10,305,295	21,630,576	20,181,948
Total Liabilities	<u>16,008,140</u>	<u>15,005,985</u>	<u>18,664,371</u>	<u>15,629,264</u>	<u>34,672,511</u>	<u>30,635,249</u>
Net assets						
Invested in capital assets net of related debt	57,272,690	56,102,556	35,983,988	36,235,091	93,256,678	92,337,647
Restricted	714,917	1,279,940	2,536,674	1,155,361	3,251,591	2,435,301
Unrestricted	4,019,779	5,299,076	1,507,342	1,677,050	5,527,121	6,976,126
Total Net Assets	<u>62,007,386</u>	<u>62,681,572</u>	<u>40,028,004</u>	<u>39,067,502</u>	<u>102,035,390</u>	<u>101,749,074</u>

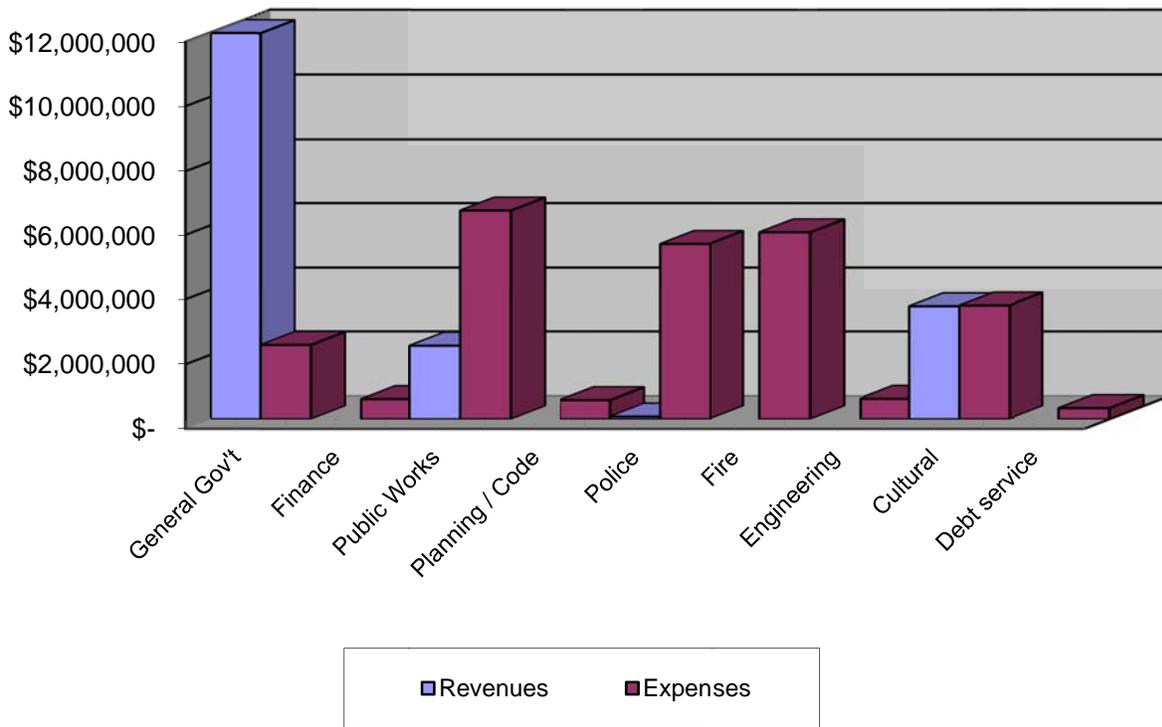
ANALYSIS OF THE CITY'S OPERATIONS

Revenues	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Taxes	8,150,028	7,477,238			8,150,028	7,477,238
Charges for Services	12,963,624	12,800,729	14,680,041	12,481,908	27,643,665	25,282,637
Operating Grants / Contr.	4,084,103	3,948,811	386,357	511,674	4,470,460	4,460,485
Capital Grants / Contr.	749,903	6,246,734	446,519	5,685,682	1,196,422	11,932,416
Other Income	530,572	522,703	696,878	588,649	1,227,450	1,111,352
Total Revenue	26,478,230	30,996,215	16,209,795	19,267,913	42,688,025	50,264,128

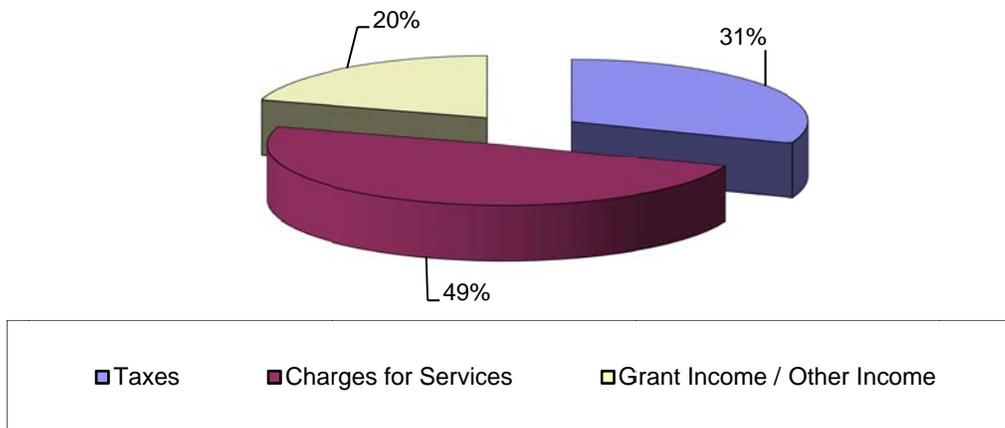
Expenses	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
General Government	2,288,370	3,151,310			2,288,370	3,151,310
Finance	616,850	597,665			616,850	597,665
Public Services	6,472,277	5,254,674			6,472,277	5,254,674
Planning / Code	586,302	528,934			586,302	528,934
Police	5,435,091	4,819,508			5,435,091	4,819,508
Fire	5,797,256	5,549,443			5,797,256	5,549,443
Engineering	627,371	729,305			627,371	729,305
Community / Cultural	3,501,176	3,472,659			3,501,176	3,472,659
Debt Service	339,571	360,075			339,571	360,075
Utility Fund			13,882,611	13,320,805	13,882,611	13,320,805
Ashland Bus System			1,344,854	1,387,173	1,344,854	1,387,173
Recreation Operating Fund			1,131,949	960,621	1,131,949	960,621
Cemetery			378,031	294,083	378,031	294,083
Total Expense	25,664,264	24,463,573	16,737,445	15,962,682	42,401,709	40,426,255
Changes before transfers	813,966	6,532,642	(527,650)	3,305,231	286,316	9,837,873
Transfers	(1,488,152)	(1,439,187)	1,488,152	1,439,187	-	-
Change in Net Assets	(674,186)	5,093,455	960,502	4,744,418	286,316	9,837,873
Net Assets Beginning of Yr	62,681,572	57,588,117	39,067,502	34,323,084	101,749,074	91,911,201
Net Assets End of Year	62,007,386	62,681,572	40,028,004	39,067,502	102,035,390	101,749,074

GOVERNMENTAL ACTIVITIES

EXPENSES AND PROGRAM REVENUES-GOVERNMENTAL ACTIVITIES

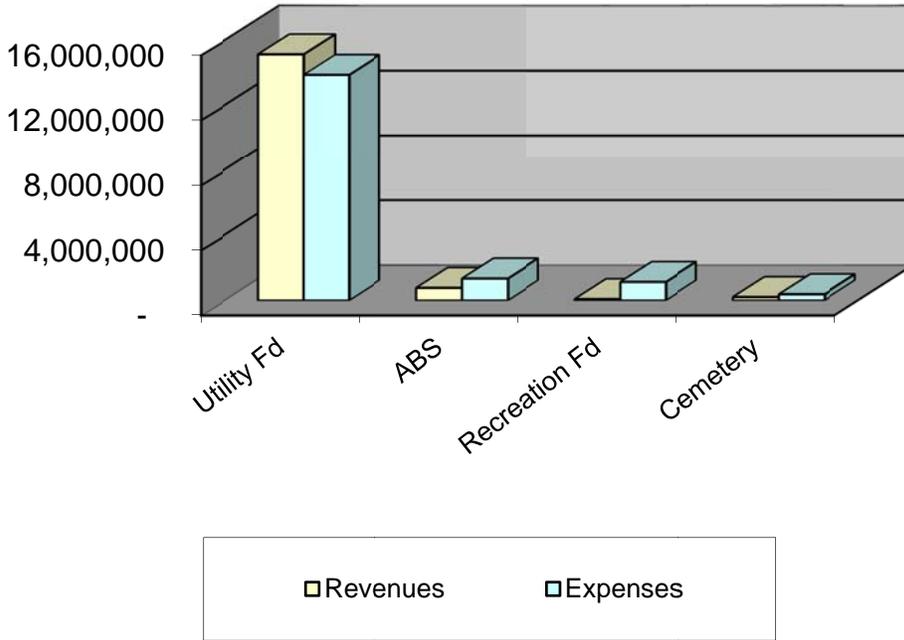


REVENUE BY SOURCE - GOVERNMENT ACTIVITIES

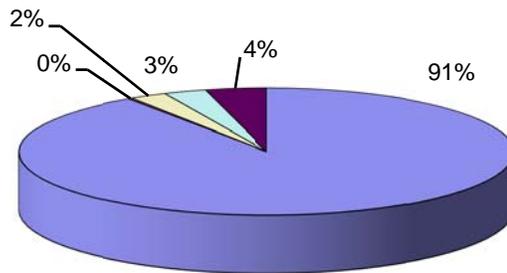


BUSINESS-TYPE ACTIVITIES

EXPENSES AND REVENUES - BUSINESS-TYPE ACTIVITIES



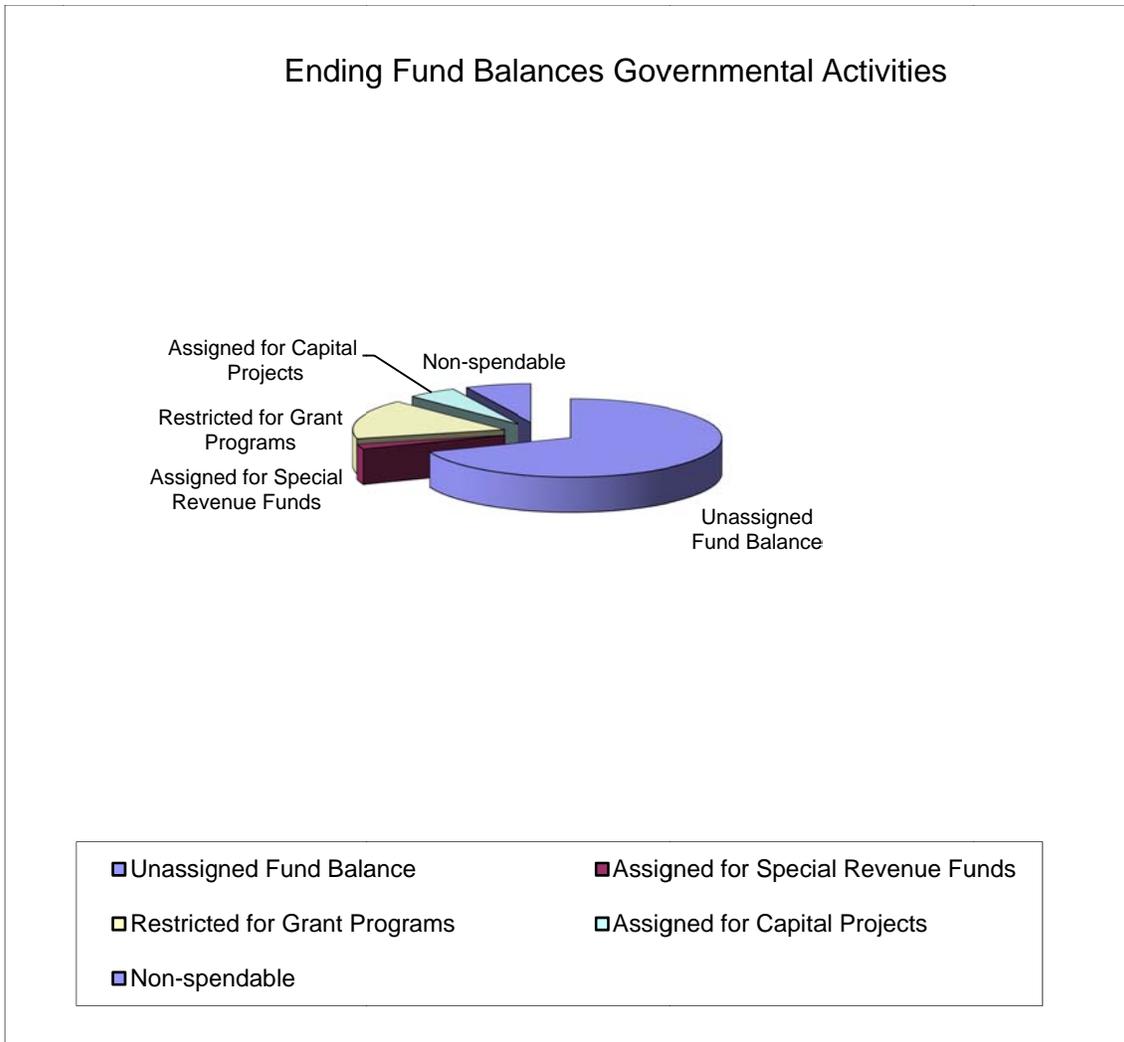
REVENUE BY SOURCE - BUSINESS -TYPE ACTIVITIES



- Charges for Services
- Income from Investments
- Grant Income
- Capital Contributions
- Miscellaneous Revenue

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. Unreserved 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 \$3,309,978. Of this total, \$2,289,059, or 69%, is unreserved fund balance. The remainder of fund balance is reserved to indicate it is not available for new spending because it has already been assigned for special revenue funds at \$69,865, restricted for grant programs at \$542,205, non-spendable at \$236,137 and assigned for capital projects at \$172,712. The significant decrease in the governmental funds restricted for grant programs is the completion of the Riverfront and the Transportation Center that was funded in Fiscal Year 2010.



MAJOR GOVERNMENTAL FUNDS

For the year ending June 30, 2011, the major governmental funds reported as follows:

The General Fund had revenues of \$22,197,090 and expenditures of \$24,058,738. The total fund balance was \$2,946,766.

The Municipal Aid Road Fund had revenues of \$479,626 and expenditures of \$509,607. The total fund balance was \$4,412.

The Floodwall Operating Fund had revenues of \$172,401 and expenditures of \$237,722. The total fund balance was \$410.

The Community Development Fund had revenues of \$662,702 and expenditures of \$662,702. The total fund balance was \$65,043.

The Housing Assistance Fund had revenues of \$2,816,411 and expenditures of \$2,838,731. The total fund balance was \$293,347.

The Capital Purchase Improvement Fund had other financing sources of \$533,657, and expenditures of \$533,657. The total fund balance was \$0.

PROPRIETARY FUNDS

The City's proprietary funds, or business-type activities, had total assets of \$63,613,803 and total liabilities of \$23,585,799, leaving net assets of \$40,028,004. Of the total proprietary fund's net assets, the Utility Fund had \$(795,428) in unrestricted net assets, the Ashland Bus Fund had \$(218,187) in unrestricted net assets, the Recreation Fund had \$(153,871) in unrestricted net assets and the Ashland Cemetery Fund had \$2,674,828 in unrestricted net assets. All proprietary funds are considered major funds. Total growth in unrestricted net assets for the four proprietary funds was \$(169,708). The Ashland Cemetery Fund was the only proprietary fund to show positive growth at \$57,741.

BUDGETARY HIGHLIGHTS

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

- ⇒ \$646,467 decrease in net expenditures of the General Fund. This decrease was for the reduction in the transfer to the Capital Purchase Improvement Fund for the elimination of the elevator refurbishment, computer system upgrades, Melody Mountain sidewalks and new street sweeper.

The net decrease in appropriations and transfers was given mainly to the health insurance line items.

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 \$22,197,090 versus budgeted revenues of \$22,756,338. This was due to the ESG and Home grants not fully utilized this fiscal year and the completion of the Riverfront. Projected grant revenues were \$1,626,129 and actual revenues were \$1,191,749 for a variance of \$434,380. Net Profit Revenue had a positive budget variance of \$58,331 which was accomplished by continued focus on enforcing compliance and growth. Insurance premium taxes had a negative budget variance of \$322,826. Budget projections exceeded actual insurance policies sold in the City. Real, delinquent and vehicle property taxes had a positive budget variance of \$241,424 due to a concentrated effort of collection of delinquent taxes.
- ⇒ General Fund significant expenditure variances include the overtime payment to the Fire department ordered by the Labor Cabinet and higher health insurance costs than projected. Also in the general government division is the capital lease payoffs that were not budgeted. The Public Works and Police budget were \$9,342,052, and actual expenditures were \$9,722,803, for a negative budget variance of \$(380,751). This was also attributed to higher health insurance costs that exceeded projected budget estimates.

CAPITAL ASSET AND DEBT ADMINISTRATION

The City's investment in capital assets for governmental and business-type activities as of June 30, 2011 is \$115,532,677 (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, 2011 include:

Project	Approved Contract	Paid / Accrued to Date	Outstanding Commitment
CSO - Roberts & 6th	\$ 6,298,634	\$ 2,898,514	\$ 3,400,120
Williams Creek Pump Site	233,498	185,048	48,450
	<u>\$ 6,532,132</u>	<u>\$ 083,562</u>	<u>\$ 3,448,570</u>

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

Asset	Governmental Activities	Business-type Activities	Total 2011
Land	\$ 3,883,268	\$ 378,087	\$ 4,261,355
Buildings and improvements	8,823,512	3,531,056	12,354,568
Automotive equipment	1,218,105	725,983	1,944,088
Operating equipment	1,556,922	1,291,127	2,848,049
Office equipment	145,406	86,096	231,502
Capital improvements	360,012	346,546	706,558
Right-of-way	15,038,909	-	15,038,909
Infrastructure	34,925,710	-	34,925,710
Utility plant	-	39,152,447	39,152,447
Construction (CIP)	<u>10,488</u>	<u>4,059,003</u>	<u>4,069,491</u>
Total	<u>\$ 65,962,332</u>	<u>\$ 49,570,345</u>	<u>\$ 115,532,677</u>

DEBT

At the end of fiscal year 2011, the City had governmental activities debt of \$9,652,131 compared to \$10,459,225 at June 30, 2010, which represents a decrease of \$807,094. Business-type activities had debt of \$13,536,357 compared to \$11,068,153 at June 30, 2011, which represents an increase of \$2,468,204. See Note (8) for additional discussion of the City's long term debt. The following chart summarizes governmental and business-type activities debt.

Governmental Activities Debt	Amount
General obligation bond series 2005	\$ 2,870,000
Capital leases - equipment	62,051
Capital leases - police station	4,659,258
Capital lease	1,098,333
Compensated absences obligation	<u>962,489</u>
Total	<u>\$ 9,652,131</u>
Business-Type Activities Debt	Amount
Utility bonds 04	\$ 5,515,000
Kentucky infrastructure authority loans	7,814,181
Note payable	184,264
Capital leases - equipment	<u>22,912</u>
Total	<u>\$ 13,536,357</u>

DESCRIPTION OF MUNICIPAL DEBT

- ⇒ General Obligation Bonds 2005 Melody Mountain \$2,870,000.
- ⇒ Capital Lease - phone system \$62,051.
- ⇒ Capital Lease - Police station \$4,659,258.
- ⇒ Capital Lease - debt consolidation \$1,098,333.
- ⇒ Employee compensated absences payable after 60 days at \$962,489
- ⇒ Utility Revenue bond issue 2004 for phase II upgrade of the water plant \$5,515,000.
- ⇒ K.I.A. Loans used to upgrade the utility system and correct CSO \$7,814,181.
- ⇒ Capital Lease - phone system \$22,912.
- ⇒ Ashland Cemetery note payable for mausoleum construction \$184,264.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Unemployment rate for the City of Ashland as of June 2011 is 8.9%. This rate is lower than the State of Kentucky rate at 9.6% and the national rate of 9.2%.

The following table summarizes the 2012 fiscal year budgeted expenses.

- ⇒ General Fund - \$21,147,245
- ⇒ Municipal Aid Program - \$460,480
- ⇒ Community Development Block Grant Fund - \$1,275,500
- ⇒ Section 8 Voucher - \$2,836,487
- ⇒ Floodwall Operating Fund - \$323,368
- ⇒ Utility Fund - \$20,790,256
- ⇒ Ashland Bus System - \$1,266,051
- ⇒ Recreation Operating Fund - \$936,176
- ⇒ Ashland Cemetery Fund - \$373,540
- ⇒ Capital Purchase Improvement Fund - \$21,290

Fiscal year 2012 contains one significant budget item. The Utility Fund will continue work on the first phase of construction pertaining to the Combined Sewer Overflow decree from the EPA and begin the second phase of implementation.

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:

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Ashland, KY 41105-1839
Email: Tdgrubb@Windstream.net

CITY OF ASHLAND
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 468,847	\$ 286,385	\$ 755,232
Accounts receivable	126,702	3,882,993	4,009,695
Allowance for uncollectible accounts	-	(66,418)	(66,418)
Taxes receivable	3,422,153	-	3,422,153
Allowance for uncollectible taxes	(441,832)	-	(441,832)
Grants receivable	313,694	981,730	1,295,424
Internal balances, net	4,921,428	(4,921,428)	-
Receivable from fiduciary fund	180,699	-	180,699
Program receivables	44,124	-	44,124
Allowance for uncollectible accounts	(44,124)	-	(44,124)
Other receivables	329,265	-	329,265
Allowance for uncollectible accounts	(63,818)	-	(63,818)
Prepaid expenses	145,810	-	145,810
Inventories	90,327	3,182,093	3,272,420
Restricted assets -			
Cash and cash equivalents	172,712	3,389,062	3,561,774
Note receivable	150,000	-	150,000
Net pension asset	2,237,207	2,284,263	4,521,470
Nondepreciable capital assets	18,946,786	4,437,090	23,383,876
Depreciable capital assets	94,956,026	90,149,171	185,105,197
Accumulated depreciation	(47,940,480)	(45,015,916)	(92,956,396)
Deferred bond issuance costs	-	103,350	103,350
	<u>78,015,526</u>	<u>58,692,375</u>	<u>136,707,901</u>
Total assets			
LIABILITIES			
Cash overdraft	740,628	143,872	884,500
Accounts payable	3,397,980	306,495	3,704,475
Due to Board of Education	23,287	-	23,287
Payable to Fiduciary Fund	611,799	2,640,060	3,251,859
Other accrued expenses and liabilities	1,392,973	580,139	1,973,112
Deposits	-	1,086,197	1,086,197
Matured revenue bonds and notes	-	50,000	50,000
Accrued compensated absences, current	189,342	321,251	510,593
Current portion of long-term debt	637,745	920,167	1,557,912
Accrued compensated absences, non-current	962,489	-	962,489
Capital lease obligations, non-current	5,276,897	17,773	5,294,670
Notes payable, non-current	-	-	-
Revenue & Improvement bond	-	5,065,000	5,065,000
Kentucky Infrastructure Authority loans, non-current	-	7,533,417	7,533,417
General obligation bonds, non-current	2,775,000	-	2,775,000
	<u>16,008,140</u>	<u>18,664,371</u>	<u>34,672,511</u>
Total liabilities			
NET ASSETS			
Invested in capital assets, net of related debt	57,272,690	35,983,988	93,256,678
Restricted			
Capital projects	172,712	-	172,712
Debt service	-	662,246	662,246
Grant programs	542,205	-	542,205
Other	-	1,874,428	1,874,428
Unrestricted	4,019,779	1,507,342	5,527,121
	<u>\$ 62,007,386</u>	<u>\$ 40,028,004</u>	<u>\$ 102,035,390</u>
Total net assets			

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, 2011**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General government	\$ 2,288,370	\$ 10,863,132	\$ 362,042	\$ 749,903	\$ 9,686,707	\$ -	\$ 9,686,707
Finance	616,850	-	-	-	(616,850)	-	(616,850)
Public services	6,472,277	1,787,289	476,559	-	(4,208,429)	-	(4,208,429)
Planning and code enforcement	586,302	-	-	-	(586,302)	-	(586,302)
Police	5,435,091	-	79,804	-	(5,355,287)	-	(5,355,287)
Fire	5,797,256	-	-	-	(5,797,256)	-	(5,797,256)
Engineering	627,371	-	-	-	(627,371)	-	(627,371)
Community and cultural	3,501,176	313,203	3,165,698	-	(22,275)	-	(22,275)
Debt service - interest	339,571	-	-	-	(339,571)	-	(339,571)
Total governmental activities	<u>25,664,264</u>	<u>12,963,624</u>	<u>4,084,103</u>	<u>749,903</u>	<u>(7,866,634)</u>	<u>-</u>	<u>(7,866,634)</u>
Business-Type Activities							
Utilities	13,882,611	14,408,152	-	128,503	-	654,044	654,044
Recreation	1,131,949	72,130	-	-	-	(1,059,819)	(1,059,819)
Cemetery	378,031	133,733	-	-	-	(244,298)	(244,298)
Bus	1,344,854	66,026	386,357	318,016	-	(574,455)	(574,455)
Total business-type activities	<u>16,737,445</u>	<u>14,680,041</u>	<u>386,357</u>	<u>446,519</u>	<u>-</u>	<u>(1,224,528)</u>	<u>(1,224,528)</u>
Total primary government	<u>\$ 42,401,709</u>	<u>\$ 27,643,665</u>	<u>\$ 4,470,460</u>	<u>\$ 1,196,422</u>	<u>\$ (7,866,634)</u>	<u>\$ (1,224,528)</u>	<u>\$ (9,091,162)</u>
General Revenues:							
Property and other local taxes					\$ 8,150,028	\$ -	\$ 8,150,028
Interest income					4,469	46,715	51,184
Other revenues					<u>526,103</u>	<u>650,163</u>	<u>1,176,266</u>
Total general revenues					8,680,600	696,878	9,377,478
Transfers					<u>(1,488,152)</u>	<u>1,488,152</u>	<u>-</u>
Total general revenues and transfers					<u>7,192,448</u>	<u>2,185,030</u>	<u>9,377,478</u>
Change in net assets					<u>(674,186)</u>	<u>960,502</u>	<u>286,316</u>
Net assets, June 30, 2010					62,681,572	39,067,502	101,749,074
Net assets, June 30, 2011					<u>\$ 62,007,386</u>	<u>\$ 40,028,004</u>	<u>\$ 102,035,390</u>

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

**CITY OF ASHLAND
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

	Special Revenue Funds						Total Governmental Funds
	General	Municipal Aid Road	Floodwall Operating	Community Development	Housing Assistance	Capital Projects	
Assets							
Cash	\$ 365,628	\$ 351	\$ 3,009	\$ 440	\$ 256,287	\$ -	\$ 625,715
Taxes receivable	3,270,632	-	151,521	-	-	-	3,422,153
Allowance for uncollectible taxes	(420,391)	-	(21,441)	-	-	-	(441,832)
Grants receivable	228,077	40,669	-	44,948	-	-	313,694
Due from other funds	5,266,530	-	-	32,731	2,705	361,685	5,663,651
Program receivables	44,124	-	-	-	-	-	44,124
Allowance for uncollectible accounts	(44,124)	-	-	-	-	-	(44,124)
Other receivables	218,832	-	-	-	110,433	-	329,265
Allowance for uncollectible accounts	-	-	-	-	(63,818)	-	(63,818)
Prepaid items	145,810	-	-	-	-	-	145,810
Inventories - supplies	90,327	-	-	-	-	-	90,327
Total assets	\$ 9,165,445	\$ 41,020	\$ 133,089	\$ 78,119	\$ 305,607	\$ 361,685	\$ 10,084,965
Liabilities and Fund Balances							
Liabilities:							
Cash Overdraft	\$ 740,628	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 740,628
Accounts payable	2,571,213	-	202	5,874	3,232	361,685	2,942,206
Due to other funds	2,244,833	36,608	127,795	-	-	-	2,409,236
Due to Board of Education	23,287	-	-	-	-	-	23,287
Accrued compensated absences	185,587	-	1,201	1,860	694	-	189,342
Accrued expenses	432,350	-	3,481	5,342	8,334	-	449,507
Deferred revenue	20,781	-	-	-	-	-	20,781
Total liabilities	6,218,679	36,608	132,679	13,076	12,260	361,685	6,774,987
Fund Balances:							
Assigned for capital projects	172,712	-	-	-	-	-	172,712
Assigned for special revenue funds	-	4,412	410	65,043	-	-	69,865
Restricted for grant programs	248,858	-	-	-	293,347	-	542,205
Non-spendable	236,137	-	-	-	-	-	236,137
Unassigned	2,289,059	-	-	-	-	-	2,289,059
Total fund balances	2,946,766	4,412	410	65,043	293,347	-	3,309,978
Total liabilities and fund balances	\$ 9,165,445	\$ 41,020	\$ 133,089	\$ 78,119	\$ 305,607	\$ 361,685	\$ 10,084,965

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 ASSETS
JUNE 30, 2011

Total fund balance - total governmental funds	\$	3,309,978
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets of \$113,902,812 net of accumulated depreciation of \$47,940,480 used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		65,962,332
Net pension asset of \$2,237,207 reported in the statement of net assets is not a financial resource and therefore is not reported in the governmental funds.		2,237,207
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.		<u>(9,652,131)</u>
Net assets, end of year - Governmental Activities	\$	<u><u>62,007,386</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 BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Special Revenue Funds						Total Governmental Funds
	General	Municipal Aid Road	Floodwall Operating	Community Development	Housing Assistance	Capital Projects	
Revenues							
Property and other local taxes	\$ 7,977,675	\$ -	\$ 172,353	\$ -	\$ -	\$ -	\$ 8,150,028
Licenses and permits	9,977,092	-	-	-	-	-	9,977,092
Charges for services	1,787,289	-	-	-	-	-	1,787,289
Fees, fines and reimbursements	886,040	-	-	-	-	-	886,040
Grant income	1,191,749	476,559	-	662,702	2,502,996	-	4,834,006
Administration fee income	-	-	-	-	313,203	-	313,203
Interest income	4,181	28	48	-	212	-	4,469
Other income	373,064	3,039	-	-	-	-	376,103
Total revenues	22,197,090	479,626	172,401	662,702	2,816,411	-	26,328,230
Expenditures							
General government	4,070,059	-	-	-	-	4,795	4,074,854
Finance	624,865	-	-	-	-	-	624,865
Public services	4,534,101	509,607	237,722	-	-	-	5,281,430
Planning and code enforcement	577,943	-	-	-	-	-	577,943
Police	5,188,702	-	-	-	-	-	5,188,702
Fire	5,951,147	-	-	-	-	-	5,951,147
Engineering	592,275	-	-	-	-	-	592,275
Community and cultural	-	-	-	662,702	2,838,731	-	3,501,433
Capital outlay	-	-	-	-	-	528,862	528,862
Debt service:							
Principal retirement	2,180,075	-	-	-	-	-	2,180,075
Interest charges	339,571	-	-	-	-	-	339,571
Total expenditures	24,058,738	509,607	237,722	662,702	2,838,731	533,657	28,841,157
Excess of Revenues Over (Under) Expenditures	(1,861,648)	(29,981)	(65,321)	-	(22,320)	(533,657)	(2,512,927)
Other Financing Sources (Uses)							
Issuance of debt	1,675,000	-	-	-	-	-	1,675,000
Transfers in	-	-	30,526	-	31,577	533,657	595,760
Transfers out	(2,083,912)	-	-	-	-	-	(2,083,912)
Total other financing sources (uses)	(408,912)	-	30,526	-	31,577	533,657	186,848
Net change in fund balances	(2,270,560)	(29,981)	(34,795)	-	9,257	-	(2,326,079)
Fund balances beginning of year	5,217,326	34,393	35,205	65,043	284,090	-	5,636,057
Fund balances end of year	<u>\$ 2,946,766</u>	<u>\$ 4,412</u>	<u>\$ 410</u>	<u>\$ 65,043</u>	<u>\$ 293,347</u>	<u>\$ -</u>	<u>\$ 3,309,978</u>

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, 2011**

Net change in fund balances - total governmental funds		\$ (2,326,079)
<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	3,007,990	
Depreciation expense	<u>(2,314,964)</u>	693,026
<p>Bond and capital lease proceeds are recognized as revenues in the fund financial statements, but are increases in liabilities in the statement of net assets.</p>		
		(1,675,000)
<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	(36,595)	
Long-term accrued expenses	<u>338,614</u>	302,019
<p>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 assets.</p>		
		2,180,075
<p>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.</p>		
		29,740
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:</p>		
Note receivable		150,000
<p>Losses on disposal of capital assets are not recognized in the fund financial statements. However, in the statement of activities, these losses are recognized</p>		
		<u>(27,967)</u>
Change in net assets of governmental activities		<u>\$ (674,186)</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, 2011

	Original Budget	Revisions	Revised Budget	Actual	Variance Positive (Negative)
Revenues					
Property and other local taxes	\$ 8,108,616	\$ -	\$ 8,108,616	\$ 7,977,675	\$ (130,941)
Licenses and permits	9,908,265	37,763	9,946,028	9,977,092	31,064
Charges for services	1,792,605	-	1,792,605	1,787,289	(5,316)
Fees, fines and reimbursements	942,204	-	942,204	886,040	(56,164)
Interest income	29,750	-	29,750	4,181	(25,569)
Grant income	178,877	1,447,252	1,626,129	1,191,749	(434,380)
Other income	205,485	105,521	311,006	373,064	62,058
Total revenues	21,165,802	1,590,536	22,756,338	22,197,090	(559,248)
Expenditures					
General government	5,562,462	(1,456,719)	4,105,743	4,070,059	35,684
Finance	612,698	13,338	626,036	624,865	1,171
Public services	4,107,587	237,560	4,345,147	4,534,101	(188,954)
Planning and code enforcement	473,197	29,162	502,359	577,943	(75,584)
Police	4,726,535	270,370	4,996,905	5,188,702	(191,797)
Fire	5,158,637	107,344	5,265,981	5,951,147	(685,166)
Engineering	917,029	(188,335)	728,694	592,275	136,419
Debt service:					
Principal retirement	413,555	-	413,555	2,180,075	(1,766,520)
Interest and fiscal charges	352,058	-	352,058	339,571	12,487
Total expenditures	22,323,758	(987,280)	21,336,478	24,058,738	(2,722,260)
Excess of Revenues Over (Under) Expenditures	(1,157,956)	2,577,816	1,419,860	(1,861,648)	(3,281,508)
Other Financing Sources (Uses)					
Proceeds from issuance of debt	-	-	-	1,675,000	1,675,000
Transfers in	-	-	-	-	-
Transfers out	(1,338,973)	(340,813)	(1,679,786)	(2,083,912)	(404,126)
Total other financing sources (uses)	(1,338,973)	(340,813)	(1,679,786)	(408,912)	1,270,874
Net change in fund balance	(2,496,929)	2,237,003	(259,926)	(2,270,560)	(2,010,634)
Fund balance beginning of year	5,217,326	-	5,217,326	5,217,326	-
Fund balance end of year	<u>\$ 2,720,397</u>	<u>\$ 2,237,003</u>	<u>\$ 4,957,400</u>	<u>\$ 2,946,766</u>	<u>\$ (2,010,634)</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, 2011

	Original Budget	Revisions	Revised Budget	Actual	Variance Positive (Negative)
Revenues					
Property and other local taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Charges for services	-	-	-	-	-
Fees, fines and reimbursements	-	-	-	-	-
Grant income	405,600	-	405,600	476,559	70,959
Administration fee income	-	-	-	-	-
Interest income	175	-	175	28	(147)
Other income	5,000	-	5,000	3,039	(1,961)
Total revenues	410,775	-	410,775	479,626	68,851
Expenditures					
General government	-	-	-	-	-
Finance	-	-	-	-	-
Public services	410,275	-	410,275	509,607	(99,332)
Planning and code enforcement	-	-	-	-	-
Police	-	-	-	-	-
Fire	-	-	-	-	-
Engineering	-	-	-	-	-
Community and cultural	-	-	-	-	-
Other	500	-	500	-	500
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	410,775	-	410,775	509,607	(98,832)
Excess of Revenues Over (Under) Expenditures	-	-	-	(29,981)	(29,981)
Other Financing Sources (Uses)					
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	-	-	-	(29,981)	(29,981)
Fund balance beginning of year	34,393	-	34,393	34,393	-
Fund balance end of year	<u>\$ 34,393</u>	<u>\$ -</u>	<u>\$ 34,393</u>	<u>\$ 4,412</u>	<u>\$ (29,981)</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, 2011

	Original Budget	Revisions	Revised Budget	Actual	Variance Positive (Negative)
Revenues					
Property and other local taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Charges for services	-	-	-	-	-
Fees, fines and reimbursements	-	-	-	-	-
Grant income	1,189,368	-	1,189,368	662,702	(526,666)
Administration fee income	-	-	-	-	-
Interest income	1,000	-	1,000	-	(1,000)
Other income	-	-	-	-	-
Total revenues	1,190,368	-	1,190,368	662,702	(527,666)
Expenditures					
General government	-	-	-	-	-
Finance	-	-	-	-	-
Public services	-	-	-	-	-
Planning and code enforcement	-	-	-	-	-
Police	-	-	-	-	-
Fire	-	-	-	-	-
Engineering	-	-	-	-	-
Community and cultural	1,190,368	-	1,190,368	662,702	527,666
Other	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	1,190,368	-	1,190,368	662,702	527,666
Excess of Revenues Over (Under) Expenditures	-	-	-	-	-
Other Financing Sources (Uses)					
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	-	-	-	-	-
Fund balance beginning of year	65,043	-	65,043	65,043	-
Fund balance end of year	<u>\$ 65,043</u>	<u>\$ -</u>	<u>\$ 65,043</u>	<u>\$ 65,043</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, 2011

	Original Budget	Revisions	Revised Budget	Actual	Variance Positive (Negative)
Revenues					
Property and other local taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Charges for services	-	-	-	-	-
Fees, fines and reimbursements	-	-	-	-	-
Grant income	2,569,257	-	2,569,257	2,502,996	(66,261)
Administration fee income	329,972	-	329,972	313,203	(16,769)
Interest income	395	-	395	212	(183)
Other income	-	-	-	-	-
Total revenues	2,899,624	-	2,899,624	2,816,411	(83,213)
Expenditures					
General government	-	-	-	-	-
Finance	-	-	-	-	-
Public services	-	-	-	-	-
Planning and code enforcement	-	-	-	-	-
Police	-	-	-	-	-
Fire	-	-	-	-	-
Engineering	-	-	-	-	-
Community and cultural	2,899,624	26,555	2,926,179	2,838,731	87,448
Other	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	2,899,624	26,555	2,926,179	2,838,731	87,448
Excess of Revenues Over (Under) Expenditures	-	(26,555)	(26,555)	(22,320)	4,235
Other Financing Sources (Uses)					
Transfers in	-	-	-	31,577	31,577
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	31,577	31,577
Net change in fund balance	-	(26,555)	(26,555)	9,257	35,812
Fund balance beginning of year	284,090	-	284,090	284,090	-
Fund balance end of year	<u>\$ 284,090</u>	<u>\$ (26,555)</u>	<u>\$ 257,535</u>	<u>\$ 293,347</u>	<u>\$ 35,812</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, 2011

	Original Budget	Revisions	Revised Budget	Actual	Variance Positive (Negative)
Revenues					
Property and other local taxes	\$ 159,966	\$ -	\$ 159,966	\$ 172,353	\$ 12,387
Licenses and permits	-	-	-	-	-
Charges for services	-	-	-	-	-
Fees, fines and reimbursements	-	-	-	-	-
Grant income	-	-	-	-	-
Administration fee income	-	-	-	-	-
Interest income	10	-	10	48	38
Other income	-	-	-	-	-
Total revenues	159,976	-	159,976	172,401	12,425
Expenditures					
General government	-	-	-	-	-
Finance	-	-	-	-	-
Public services	168,963	-	168,963	237,722	(68,759)
Planning and code enforcement	-	-	-	-	-
Police	-	-	-	-	-
Fire	-	-	-	-	-
Engineering	-	-	-	-	-
Community and cultural	-	-	-	-	-
Other	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	168,963	-	168,963	237,722	(68,759)
Excess of Revenues Over (Under) Expenditures	(8,987)	-	(8,987)	(65,321)	(56,334)
Other Financing Sources (Uses)					
Transfers in	-	-	-	30,526	30,526
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	30,526	30,526
Net change in fund balance	(8,987)	-	(8,987)	(34,795)	(25,808)
Fund balance beginning of year	35,205	-	35,205	35,205	-
Fund balance end of year	\$ 26,218	\$ -	\$ 26,218	\$ 410	\$ (25,808)

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

CITY OF ASHLAND
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	Business-Type Activities				Total	Governmental Activity - Internal Service Fund
	Utility Fund	Ashland Bus Fund	Recreation Fund	Cemetery Fund		
ASSETS						
Unrestricted Assets:						
Cash and cash equivalents	\$ 14,064	\$ 2,558	\$ 8,254	\$ 261,509	\$ 286,385	\$ 15,844
Accounts receivable	3,878,919	-	311	3,763	3,882,993	126,702
Allowance for doubtful accounts	(66,418)	-	-	-	(66,418)	-
Due from other funds	-	-	-	-	-	1,235,913
Grants receivable - capital	-	436,179	-	-	436,179	-
Grants receivable - operating	-	545,551	-	-	545,551	-
Inventories:						
Repair parts and supplies	424,183	31,099	13,531	-	468,813	-
Lots and vaults	-	-	-	2,713,280	2,713,280	-
Total unrestricted assets	4,250,748	1,015,387	22,096	2,978,552	8,266,783	1,378,459
Restricted Assets:						
Cash and cash equivalents	3,172,418	-	190,000	26,644	3,389,062	-
Total restricted assets	3,172,418	-	190,000	26,644	3,389,062	-
Total current assets	7,423,166	1,015,387	212,096	3,005,196	11,655,845	1,378,459
Capital Assets:						
Land and easements	353,911	-	5,723	18,453	378,087	-
Utility plant	79,362,229	-	-	-	79,362,229	-
Buildings and improvements	662,733	1,465,986	100,529	2,293,809	4,523,057	-
Operating equipment	3,932,614	1,022,476	786,732	58,530	5,800,352	-
Office and computer equipment	418,398	39,815	5,320	-	463,533	-
Construction in progress	4,059,003	-	-	-	4,059,003	-
	88,788,888	2,528,277	898,304	2,370,792	94,586,261	-
Less: Accumulated depreciation	(43,526,839)	(942,284)	(456,805)	(89,988)	(45,015,916)	-
Total capital assets - net	45,262,049	1,585,993	441,499	2,280,804	49,570,345	-
Other Assets:						
Net pension asset	2,284,263	-	-	-	2,284,263	-
Deferred bond issuance costs	103,350	-	-	-	103,350	-
Total other assets	2,387,613	-	-	-	2,387,613	-
Total noncurrent assets	47,649,662	1,585,993	441,499	2,280,804	51,957,958	-
Total assets	\$55,072,828	\$ 2,601,380	\$ 653,595	\$ 5,286,000	\$63,613,803	\$ 1,378,459

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

	Business-Type Activities				Total	Governmental Activity - Internal Service Fund
	Utility Fund	Ashland Bus Fund	Recreation Fund	Cemetery Fund		
LIABILITIES						
Current liabilities (payable from current assets):						
Cash overdraft	\$ 143,872	\$ -	\$ -	\$ -	\$ 143,872	\$ -
Accounts payable	249,803	6,953	48,853	886	306,495	455,774
Due to other funds	5,943,616	1,096,724	250,228	270,920	7,561,488	-
Accrued compensated absences	249,794	27,719	41,370	2,368	321,251	-
Other accrued liabilities	422,895	102,178	25,516	29,550	580,139	922,685
Customer deposits	130,770	-	-	-	130,770	-
Total current liabilities (payable from current assets)	7,140,750	1,233,574	365,967	303,724	9,044,015	1,378,459
Current liabilities (payable from restricted assets):						
Matured revenue bonds and notes	50,000	-	-	-	50,000	-
Customer deposits	955,427	-	-	-	955,427	-
Current portion of capital lease obligations	3,539	800	800	-	5,139	-
Current portion of notes payable	-	-	-	184,264	184,264	-
Current portion of Revenue and Improvement bond	450,000	-	-	-	450,000	-
Current portion of Kentucky Infrastructure Authority loan	280,764	-	-	-	280,764	-
Total current liabilities (payable from restricted assets)	1,739,730	800	800	184,264	1,925,594	-
Total current liabilities	8,880,480	1,234,374	366,767	487,988	10,969,609	1,378,459
Long-term liabilities:						
Capital lease obligations	10,990	3,368	3,415	-	17,773	-
Notes Payable	-	-	-	-	-	-
Revenue & Improvement bond	5,065,000	-	-	-	5,065,000	-
Kentucky Infrastructure Authority loan	7,533,417	-	-	-	7,533,417	-
Total long-term liabilities	12,609,407	3,368	3,415	-	12,616,190	-
Total liabilities	21,489,887	1,237,742	370,182	487,988	23,585,799	1,378,459
NET ASSETS						
Invested in capital assets, net of related debt	31,868,339	1,581,825	437,284	2,096,540	35,983,988	-
Restricted for debt payment	662,246	-	-	-	662,246	-
Other	1,847,784	-	-	26,644	1,874,428	-
Unrestricted	(795,428)	(218,187)	(153,871)	2,674,828	1,507,342	-
Total net assets	\$33,582,941	\$1,363,638	\$ 283,413	\$4,798,012	\$40,028,004	\$ -

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

CITY OF ASHLAND
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Business-Type Activities				Total	Governmental Activity - Internal Service Fund
	Utility Fund	Ashland Bus Fund	Recreation Fund	Cemetery Fund		
OPERATING REVENUES						
Residential and commercial meter sales	\$ 3,313,996	\$ -	\$ -	\$ -	\$ 3,313,996	\$ -
Sewer service	5,888,365	-	-	-	5,888,365	-
Industrial meter sales	3,580,748	-	-	-	3,580,748	-
Other municipalities	1,428,649	-	-	-	1,428,649	-
Industrial pretreatment	104,238	-	-	-	104,238	-
Water and sewer taps	92,156	-	-	-	92,156	-
Concession sales	-	-	41,340	-	41,340	-
Lot and vault sales	-	-	-	60,003	60,003	-
Opening and closing fees	-	-	-	73,730	73,730	-
Passenger fares	-	66,026	-	-	66,026	-
Admission fees	-	-	30,790	-	30,790	-
Premium charges	-	-	-	-	-	6,681,692
Miscellaneous	625,967	-	11,224	12,972	650,163	-
Total operating revenues	<u>15,034,119</u>	<u>66,026</u>	<u>83,354</u>	<u>146,705</u>	<u>15,330,204</u>	<u>6,681,692</u>
OPERATING EXPENSES						
Administration - Director	172,397	-	-	-	172,397	-
Administration - Cashier	671,663	-	-	-	671,663	-
Administration - Customer Service	647,943	-	-	-	647,943	-
Water - Production	2,246,771	-	-	-	2,246,771	-
Water - Distribution	2,854,753	-	-	-	2,854,753	-
Sewer - Pretreatment	1,390,495	-	-	-	1,390,495	-
Sewer - Collection	1,764,544	-	-	-	1,764,544	-
Depreciation	1,993,575	137,390	35,330	51,657	2,217,952	-
Insurance	223,658	11,544	20,189	3,894	259,285	-
Other operating expenses	1,541,033	515,819	448,041	118,143	2,623,036	4,933
Salaries	-	522,803	430,556	88,329	1,041,688	-
Utilities	-	21,224	107,953	-	129,177	-
Operating supplies	-	136,074	89,880	99,149	325,103	-
Premiums and claims	-	-	-	-	-	6,677,008
Total operating expenses	<u>13,506,832</u>	<u>1,344,854</u>	<u>1,131,949</u>	<u>361,172</u>	<u>16,344,807</u>	<u>6,681,941</u>
OPERATING INCOME (LOSS)	<u>1,527,287</u>	<u>(1,278,828)</u>	<u>(1,048,595)</u>	<u>(214,467)</u>	<u>(1,014,603)</u>	<u>(249)</u>
NON-OPERATING REVENUES						
(EXPENSES)						
Gain(loss) on disposal of assets	-	-	-	-	-	-
Interest income	44,473	24	1,250	968	46,715	249
Grant income	-	386,357	-	-	386,357	-
Interest on revenue bonds and notes	(375,779)	-	-	(16,859)	(392,638)	-
Total non-operating revenues (expenses)	<u>(331,306)</u>	<u>386,381</u>	<u>1,250</u>	<u>(15,891)</u>	<u>40,434</u>	<u>249</u>
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>1,195,981</u>	<u>(892,447)</u>	<u>(1,047,345)</u>	<u>(230,358)</u>	<u>(974,169)</u>	<u>-</u>
TRANSFERS						
From General Fund	-	445,853	1,007,890	-	1,453,743	-
Total transfers in	<u>-</u>	<u>445,853</u>	<u>1,007,890</u>	<u>-</u>	<u>1,453,743</u>	<u>-</u>
CAPITAL CONTRIBUTIONS						
Federal/state grants	128,503	318,016	-	-	446,519	-
City of Ashland	-	34,409	-	-	34,409	-
Total capital contributions	<u>128,503</u>	<u>352,425</u>	<u>-</u>	<u>-</u>	<u>480,928</u>	<u>-</u>
INCREASE (DECREASE) IN NET ASSETS	1,324,484	(94,169)	(39,455)	(230,358)	960,502	-
NET ASSETS, JUNE 30, 2010	<u>32,258,457</u>	<u>1,457,807</u>	<u>322,868</u>	<u>5,028,370</u>	<u>39,067,502</u>	<u>-</u>
NET ASSETS, JUNE 30, 2011	<u>\$33,582,941</u>	<u>\$ 1,363,638</u>	<u>\$ 283,413</u>	<u>\$4,798,012</u>	<u>\$40,028,004</u>	<u>\$ -</u>

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, 2011**

	Business-Type Activities				Total	Governmental Activity -
	Utility Fund	Ashland Bus Fund	Recreation Fund	Cemetery Fund		Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$14,351,649	\$ 66,026	\$ 74,282	\$ 129,970	\$14,621,927	\$ -
Cash payments to suppliers for goods and services	(4,809,458)	(66,033)	(415,594)	(5,812)	(5,296,897)	(4,933)
Cash payments to employees	(4,009,394)	(461,159)	(453,521)	(92,776)	(5,016,850)	-
Other operating revenues	625,967	-	11,224	12,972	650,163	-
Payments for internal services	(1,742,966)	(246,252)	(185,343)	(54,656)	(2,229,217)	-
Cash received for internal services	-	-	-	-	-	6,809,196
Payments for premiums and claims	-	-	-	-	-	(6,829,092)
Net cash provided by (used for) operating activities	<u>4,415,798</u>	<u>(707,418)</u>	<u>(968,952)</u>	<u>(10,302)</u>	<u>2,729,126</u>	<u>(24,829)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Grant Income	-	85,518	-	-	85,518	-
Transfers from other funds	-	445,853	1,007,890	-	1,453,743	-
Net cash provided by noncapital financing activities	<u>-</u>	<u>531,371</u>	<u>1,007,890</u>	<u>-</u>	<u>1,539,261</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from sale of assets	1,696,921	-	-	-	1,696,921	-
Acquisition and construction of capital assets	(4,317,377)	(43,220)	(39,456)	-	(4,400,053)	-
Principal paid on bonds, notes, and lease obligations	(871,363)	(796)	(805)	(12,071)	(885,035)	-
Interest paid on bonds, notes, and lease obligations	(375,779)	-	-	(16,859)	(392,638)	-
Capital contributions	-	34,409	-	-	34,409	-
Capital grants received	128,503	148,966	-	-	277,469	-
Net cash provided by (used for) capital and related financing activities	<u>(3,739,095)</u>	<u>139,359</u>	<u>(40,261)</u>	<u>(28,930)</u>	<u>(3,668,927)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from maturity of investment	-	-	-	-	-	-
Investment income	44,473	24	1,250	968	46,715	249
Net cash provided by investing activities	<u>44,473</u>	<u>24</u>	<u>1,250</u>	<u>968</u>	<u>46,715</u>	<u>249</u>
Net increase (decrease) in cash and cash equivalents	721,176	(36,664)	(73)	(38,264)	646,175	(24,580)
Cash and cash equivalents, June 30, 2010	<u>2,321,434</u>	<u>39,222</u>	<u>198,327</u>	<u>326,417</u>	<u>2,885,400</u>	<u>40,424</u>
Cash and cash equivalents, June 30, 2011	<u>\$ 3,042,610</u>	<u>\$ 2,558</u>	<u>\$ 198,254</u>	<u>\$ 288,153</u>	<u>\$ 3,531,575</u>	<u>\$ 15,844</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES						
Operating income (loss)	\$ 1,527,287	\$(1,278,828)	\$(1,048,595)	\$(214,467)	\$(1,014,603)	\$ (249)
Adjustments:						
Depreciation	1,993,575	137,390	35,330	51,657	2,217,952	-
Amortization	8,158	-	-	-	8,158	-
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	(94,332)	-	2,152	(3,763)	(95,943)	133,131
(Increase) decrease in inventories	(5,441)	(256)	1,103	90,500	85,906	-
(Increase) decrease in due from other funds	-	-	-	-	-	(5,627)
(Increase) decrease in pension asset	(259,710)	-	-	-	(259,710)	-
Increase (decrease) in accounts payable	(176,144)	(19,277)	17,077	(3,554)	(181,898)	108,873
Increase (decrease) in due to other funds	1,370,465	391,909	46,946	73,772	1,883,092	-
Increase (decrease) in compensated absences	(6,132)	65	(18,404)	2,368	(22,103)	-
Increase (decrease) in other accrued liabilities	20,243	61,579	(4,561)	(6,815)	70,446	(260,957)
Increase (decrease) in customer deposits	37,829	-	-	-	37,829	-
Net cash provided by (used for) operating activities	<u>\$ 4,415,798</u>	<u>\$ (707,418)</u>	<u>\$ (968,952)</u>	<u>\$ (10,302)</u>	<u>\$ 2,729,126</u>	<u>\$ (24,829)</u>

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

**CITY OF ASHLAND
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011**

	<u>Pension Trust Funds</u>
ASSETS	
Cash and cash equivalents	\$ 138,682
Accrued interest receivable	4,256
Due from other funds	3,251,859
Investments, at fair value	
U.S. Government obligations	<u>1,039,493</u>
Total assets	<u>4,434,290</u>
LIABILITIES	
Due to other funds	<u>180,699</u>
Total liabilities	<u>180,699</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u><u>\$ 4,253,591</u></u>

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

**CITY OF ASHLAND
STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Pension Trust Funds
ADDITIONS:	
CONTRIBUTIONS	
Employer	\$ 937,183
Plan members	3,556
Total contributions	940,739
INVESTMENT INCOME	
Net depreciation in fair value of investments	(18,219)
Interest income	43,201
Total investment income	24,982
Total additions	965,721
DEDUCTIONS:	
Benefits	1,334,798
Administrative expenses	20,084
Total deductions	1,354,882
NET DECREASE	(389,161)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:	
Beginning of year	4,642,752
End of year	\$ 4,253,591

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

**CITY OF ASHLAND
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CITY OF ASHLAND
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

(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, 2011 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 assets 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.

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 (DOT).

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, 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 Assets.

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 assets 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 assets 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 or retained earnings 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, 2011, there were no 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. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Liabilities for compensated absences are recorded in full in the Government-wide and Proprietary Fund financial statements.

K. Fund Balances

Beginning with fiscal year 2011, the City implemented GASB Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. 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 itself, 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 Assets

Net assets represent the difference between assets and liabilities. Net assets 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 assets are 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. Reclassifications

Certain reclassifications have been made to June 30, 2010 information to conform with the 2011 presentation.

Q. Recent Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) issued Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, in March 2009. The objective is to incorporate the hierarchy of Generally Accepted Accounting Principles (GAAP) within GASB authoritative literature. The current hierarchy resides within the American Institute of Certified Public Accountants' Statement of Auditing Standards (AICPA) No. 69. The adoption of this Statement did not have a material impact on the City's financial statements.

Also in March 2009, GASB issued Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*. This Statement does not establish new standards but incorporates existing guidance issued by the AICPA into the GASB standards. In particular, it addresses related party transactions, going concern considerations and subsequent events that are not already included in the authoritative literature. The adoption of this Statement did not have a material impact on the City's financial statements.

(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, 2011, the carrying amounts of the City's deposits were \$3,566,140 and the bank balances were \$7,641,434. 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, 2011, the City had the following investments and maturities included in Fiduciary Funds:

Investment Type - U.S. Government Securities	Investment Maturities (in years)				
	Fair Value	Less than 1	1 - 5	6 - 10	More than 10
	\$ 1,039,493	\$ 512,283	\$ 527,210	-	-

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 the 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.

(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 1/2 % 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 2011 assessed value for real property and tangible property was \$815,809,764 and \$97,283,558, respectively. The tax rate adopted was \$.356 per \$100 valuation.

(5) GRANTS RECEIVABLE

Grants receivable from other governmental units as of June 30, 2011, are as follows:

General Fund -	
KLC Safety Grant	\$ 4,125
Kentucky Transportation Cabinet	187,507
HEARTH Grant	3,660
Land and Water Grant	32,785
	<u>228,077</u>
Special Revenue Funds -	
Municipal Aid Road Fund	40,669
Community Development Fund, program allocation	44,948
	<u>85,617</u>
Enterprise Funds -	
Ashland Bus System - FTA operations	545,551
Ashland Bus System - FTA capital	401,772
Ashland Bus System - FTA DOT capital	34,407
	<u>981,730</u>
	<u>\$ 1,295,424</u>

(6) CAPITAL ASSETS

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

	June 30, 2010	Increases	Decreases	June 30, 2011
<i>Governmental Activities</i>				
Capital Assets, Not Depreciated:				
Land	\$ 18,943,290	\$ 15,510	\$ (22,502)	\$ 18,936,298
Construction in progress	10,604,836	514	(10,594,862)	10,488
Capital Assets, Depreciated:				
Buildings	8,872,607	-	-	8,872,607
Building improvements	2,299,932	622,089	-	2,922,021
Automotive equipment	4,042,956	399,371	(176,896)	4,265,431
Office furniture and equipment	714,529	9,186	-	723,715
Operating equipment	3,600,426	103,324	-	3,703,750
Capital improvements	477,935	-	-	477,935
Infrastructure	61,537,709	12,452,858	-	73,990,567
Totals	<u>111,094,220</u>	<u>13,602,852</u>	<u>(10,794,260)</u>	<u>113,902,812</u>
Accumulated Depreciation:				
Buildings	1,170,457	178,469	-	1,348,926
Building improvements	1,591,416	44,897	-	1,636,313
Automotive equipment	2,995,983	222,772	(171,431)	3,047,324
Office furniture and equipment	545,793	32,516	-	578,309
Operating equipment	1,951,387	195,441	-	2,146,828
Capital improvements	91,300	26,624	-	117,924
Infrastructure	37,450,611	1,614,245	-	39,064,856
Totals	<u>45,796,947</u>	<u>2,314,964</u>	<u>(171,431)</u>	<u>47,940,480</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 65,297,273</u>	<u>\$ 11,287,888</u>	<u>\$ (10,622,829)</u>	<u>\$ 65,962,332</u>
<i>Business-type Activities</i>				
Capital Assets, Not Depreciated:				
Land	\$ 378,087	\$ -	\$ -	\$ 378,087
Construction in progress	202,313	3,856,690	-	4,059,003
Capital Assets, Depreciated:				
Buildings	3,846,513	-	-	3,846,513
Building improvements	641,669	34,875	-	676,544
Utility and sewage plants	79,307,291	54,938	-	79,362,229
Automotive equipment	1,834,581	146,937	-	1,981,518
Office furniture and equipment	463,532	-	-	463,532
Operating equipment	2,812,749	306,613	(23,250)	3,096,112
Capital improvement	418,280	-	-	418,280
Recreation equipment	304,443	-	-	304,443
Totals	<u>90,209,458</u>	<u>4,400,053</u>	<u>(23,250)</u>	<u>94,586,261</u>
Accumulated Depreciation:				
Buildings	572,257	90,373	-	662,630
Building improvements	298,379	30,992	-	329,371
Utility and sewage plants	38,404,528	1,805,254	-	40,209,782
Automotive equipment	1,135,212	120,325	-	1,255,537
Office furniture and equipment	353,770	23,665	-	377,435
Operating equipment	1,745,771	119,534	(23,250)	1,842,055
Capital improvements	46,496	25,239	-	71,735
Recreation equipment	264,801	2,570	-	267,371
Totals	<u>42,821,214</u>	<u>2,217,952</u>	<u>(23,250)</u>	<u>45,015,916</u>
Business-type Activities				
Capital Assets, Net	<u>\$ 47,388,244</u>	<u>\$ 2,182,101</u>	<u>\$ -</u>	<u>\$ 49,570,345</u>

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

Governmental activities:	
General government	\$ 54,100
Finance	153
Public services	1,798,398
Planning and code enforcement	7,803
Police	236,922
Fire	169,415
Engineering	33,412
Community and cultural	14,761
	<u>\$ 2,314,964</u>
Business-type activities:	
Utilities	\$ 1,993,575
Recreation	35,330
Bus	137,390
Cemetery	51,657
	<u>\$ 2,217,952</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. Unless otherwise indicated, UPF information in this Note is provided as of the latest actuarial valuation, July 1, 2009.

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, 2011, there were no active employees participating in PFPF. Unless otherwise indicated, PFPF information in this note is provided as of the latest actuarial valuation, July 1, 2010.

The following is the statement of net assets and the statement of changes in net assets for the UPF and PFPF:

	<u>PENSION TRUST FUNDS</u>		<u>Total</u>
	<u>Utility Pension Fund</u>	<u>Policemen & Firefighters Pension Fund</u>	
ASSETS			
Cash and cash equivalents	\$ 36,104	\$ 102,578	\$ 138,682
Accrued interest receivable	2,078	2,178	4,256
Due from other funds	2,640,060	611,799	3,251,859
Investments, at fair value -			
U.S. Government obligations	<u>263,605</u>	<u>775,888</u>	<u>1,039,493</u>
Total assets	<u>2,941,847</u>	<u>1,492,443</u>	<u>4,434,290</u>
LIABILITIES			
Due to other funds	<u>180,699</u>	<u>-</u>	<u>180,699</u>
Total liabilities	<u>180,699</u>	<u>-</u>	<u>180,699</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 2,761,148</u>	<u>\$ 1,492,443</u>	<u>\$ 4,253,591</u>

ADDITIONS			
Contributions -			
Employer	\$ 570,018	\$ 367,165	\$ 937,183
Plan members	<u>3,556</u>	<u>-</u>	<u>3,556</u>
Total contributions	<u>573,574</u>	<u>367,165</u>	<u>940,739</u>
Investment income -			
Net (depreciation) appreciation in fair value of investments			
	1,554	(19,773)	(18,219)
Interest income	<u>8,135</u>	<u>35,066</u>	<u>43,201</u>
Total investment income	<u>9,689</u>	<u>15,293</u>	<u>24,982</u>
Total additions	<u>583,263</u>	<u>382,458</u>	<u>965,721</u>
DEDUCTIONS			
Benefits	681,250	653,278	1,334,798
Administrative expenses	<u>8,330</u>	<u>11,754</u>	<u>20,084</u>
Total deductions	<u>689,850</u>	<u>665,032</u>	<u>1,354,882</u>
NET DECREASE	(106,587)	(282,574)	(389,161)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:			
Beginning of year	<u>2,867,735</u>	<u>1,775,017</u>	<u>4,642,752</u>
End of year	<u>\$ 2,761,148</u>	<u>\$ 1,492,443</u>	<u>\$ 4,253,591</u>

Actuarial valuations are performed bi-annually. A GAAP-basis report is not available. 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:

Governing Authority	Utility Pension Fund	Police and Firefighters Pension Fund	
	City Ordinance and KRS	City Ordinance and KRS	
Determination of contribution requirements	Actuarially	Actuarially	
Contribution rates as a percentage of covered payroll:			
Employer	553.35 %	N/A	
Plan Members	8.00 %	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	29	37	<u>Totals</u> <u>66</u>
Active plan participants:			
Vested	-	-	-
Non-Vested	<u>1</u>	<u>-</u>	<u>1</u>
	<u>30</u>	<u>37</u>	<u>67</u>

Annual Required Contributions

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

	Utility Employees Pension <u>Plan</u>	Policemen And Firefighters Pension <u>Plan</u>
Valuation date	7-1-09	7-1-10
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level % of payroll Closed	Level % of payroll Closed
Amortization	30 years	20 years
Actuarial asset valuation method	Fair market value, quoted market prices	Fair market value, quoted market prices
Actuarial assumptions		
Investment rate of return	5.00 %	5.00 %
Projected salary increases	5.00 %	None
Post retirement benefit increases	0.00 %	0.00 %

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	\$ 570,018	\$ 367,165
Employer required annual contribution	309,647	270,665
Interest on net pension asset	(101,228)	(110,373)
Adjustment to annual contribution requirement	101,889	177,133
Annual pension cost	<u>310,308</u>	<u>337,425</u>
Increase in net pension asset	259,710	29,740
Net pension asset, June 30, 2010	2,024,553	2,207,467
Net pension asset, June 30, 2011	<u>\$ 2,284,263</u>	<u>\$ 2,237,207</u>

Reserves

There are no assets legally reserved for purposes other than the payment of plan member benefits for either plan. The plans held no individual investments (other than U.S. Government and U.S. Government guaranteed obligations) whose market value exceeds five percent of net assets available for benefits. There are no long-term contracts for contributions.

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)
2009	\$ 339,515	202 %	\$ (1,739,532)	2009	\$ 352,472	178 %	\$ (2,089,409)
2010	323,956	188 %	(2,024,553)	2010	330,192	136 %	(2,207,467)
2011	310,308	184 %	(2,284,263)	2011	337,425	109 %	(2,237,207)

The schedule of funding progress, presents the most recent year trend information about whether the actuarial value of plan assets is increasing or decreasing overtime relative to the actuarial accrued liability.

UTILITY EMPLOYEES PENSION PLAN

* Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL As A Percentage Of Covered Payroll (b-a)/c
7/1/09	2,882,283	7,776,949	4,894,666	37.1%	43,264	11,313.5%

POLICEMEN AND FIREFIGHTERS PENSION PLAN

7/1/10	1,775,017	5,316,734	3,541,717	33.4%	** N/A	** N/A
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*Actuarial valuations performed bi-annually

**No active employees or covered payroll.

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.

Plan members in non-hazardous positions are required to contribute 5% of their annual creditable compensation, and the City is required to contribute 16.93% 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 33.25% 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, 2011, 2010, and 2009 were \$3,188,070, \$2,908,402, and \$2,426,729, 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, 2011:

<u>Governmental Activities</u>	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011
General Obligation Bond Series 2005	\$ 2,965,000	\$ -	\$ 95,000	\$ 2,870,000
Capital lease - Fire station	875,000	-	875,000	-
Capital leases - Equipment	553,272	-	491,221	62,051
Capital lease - Police Station	4,801,445	-	142,187	4,659,258
Capital lease	-	1,675,000	576,667	1,098,333
Accrued Expenses	338,614	-	338,614	-
Compensated absences obligation	925,894	36,595	-	962,489
Total Governmental Activities	\$ 10,459,225	\$ 1,711,595	\$ 2,518,689	\$ 9,652,131

<u>Business-type Activities</u>	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011
Revenue & Improvement Bond Series 2004	\$ 5,950,000	\$ -	\$ 435,000	\$ 5,515,000
Capital leases - Equipment	154,134	-	131,222	22,912
Note payable	196,335	-	12,071	184,264
Kentucky Infrastructure Authority Loan	1,556,564	-	99,375	1,457,189
Kentucky Infrastructure Authority Loan	3,211,120	-	172,367	3,038,753
Kentucky Infrastructure Authority Loan	-	3,318,239	-	3,318,239
Total Business-type Activities	\$ 11,068,153	\$ 3,318,239	\$ 850,035	\$ 13,536,357

At June 30, 2011, the City was required to have \$662,246 for the Revenue and Improvement Bonds of 2004, in sinking fund reserve accounts. As of June 30, 2011, the City had bond reserve funds of \$1,107,770.

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>
2012	\$ 404,166	\$ 25,550	\$ 429,716
2013	301,667	16,456	318,123
2014	150,000	9,669	159,669
2015	152,083	6,294	158,377
2016	90,417	2,523	92,940
	<u>\$ 1,098,333</u>	<u>\$ 60,492</u>	<u>\$ 1,158,825</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>
2012	\$ 124,683	\$ 161,764	\$ 286,447
2013	140,978	171,371	312,349
2014	146,259	165,939	312,198
2015	151,760	160,283	312,043
2016	157,404	154,476	311,880
2017-2021	880,123	676,629	1,556,752
2022-2026	1,057,800	493,887	1,551,687
2027-2031	1,271,350	274,250	1,545,600
2032-2034	728,901	41,241	770,142
	<u>\$ 4,659,258</u>	<u>\$ 2,299,840</u>	<u>\$ 6,959,098</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		(7,829)
	<u>\$</u>	<u>70,462</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>
2012	\$ 13,895	\$ 9,013	\$ 22,908
2013	16,312	6,596	22,908
2014	19,147	3,760	22,907
2015	12,697	691	13,388
	<u>\$ 62,051</u>	<u>\$ 20,060</u>	<u>\$ 82,111</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, 2011, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 95,000	\$ 117,803	\$ 212,803
2013	100,000	114,438	214,438
2014	105,000	110,588	215,588
2015	110,000	106,288	216,288
2016	110,000	101,888	211,888
2017-2021	625,000	437,870	1,062,870
2022-2026	790,000	291,024	1,081,024
2027-2031	935,000	108,303	1,043,303
	<u>\$ 2,870,000</u>	<u>\$ 1,388,202</u>	<u>\$ 4,258,202</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, 2011, are as follows:

	<u>Accrued Long-Term Obligation</u>	<u>Current Obligation</u>	<u>Total Compensated Absences</u>
General Fund	\$ 943,402	\$ 185,587	\$ 1,128,989
Community Development Fund	9,455	1,860	11,315
Housing Assistance Fund	3,526	694	4,220
Utility Fund	-	249,794	249,794
Ashland Bus System	-	27,719	27,719
Recreation Fund	-	41,370	41,370
Cemetery Fund	-	2,368	2,368
Floodwall Fund	6,106	1,201	7,307
	<u>\$ 962,489</u>	<u>\$ 510,593</u>	<u>\$ 1,473,082</u>

Refer to Note 2 for additional information regarding compensated absences.

Other Accrued Expenses

On October 19, 2010, the Kentucky Labor Cabinet notified the City of additional amounts due to the City fire department employees for overtime on firefighters incentive pay. This was a result of a ruling by the Jefferson Circuit Court that overruled the Secretary of Labor's position of calculating overtime. This amount was accrued in the June 30, 2010 government-wide financial statements and is included in accounts payable at June 30, 2011.

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, 2011, there was one series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of approximately \$28 million.

Business-Type Activities

Kentucky Infrastructure Authority Loan

During 2001, the City secured a construction loan of \$7,709,331 from the Kentucky Infrastructure Authority 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). Full principal and interest payments will commence within one year of project completion. At June 30, 2011, the city had draws under the loan totaling \$3,318,239 included in long-term liabilities.

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, 2022. 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, 2011 are as follows:

Year ending June 30,	Principal	Interest	Fees	Total
2012	\$ 103,188	\$ 54,402	\$ 3,579	\$ 161,169
2013	107,146	50,444	3,319	160,909
2014	111,257	46,333	3,048	160,638
2015	115,522	42,066	2,767	160,355
2016	119,956	37,634	2,476	160,066
2017-2021	672,438	115,512	7,599	795,549
2022-2023	227,682	8,706	573	236,961
	<u>\$ 1,457,189</u>	<u>\$ 355,097</u>	<u>\$ 23,361</u>	<u>\$ 1,835,647</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, 2011, are as follows:

Year ending June 30,	Principal	Interest	Fees	Total
2012	\$ 177,576	\$ 89,841	\$ 7,485	\$ 274,902
2013	182,943	84,473	7,039	274,455
2014	188,473	78,944	6,579	273,996
2015	194,169	73,247	6,104	273,520
2016	200,038	67,379	5,615	273,032
2017-2021	1,094,622	242,462	20,205	1,357,289
2022-2025	1,000,932	68,736	5,728	1,075,396
	<u>\$ 3,038,753</u>	<u>\$ 705,082</u>	<u>\$ 58,755</u>	<u>\$ 3,802,590</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	(2,891)
	<u>\$ 26,024</u>

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

Year ending June 30,	Principal	Interest	Total
2012	\$ 5,139	\$ 3,333	\$ 8,472
2013	6,033	2,440	8,473
2014	7,082	1,391	8,473
2015	4,658	255	4,913
	<u>\$ 22,912</u>	<u>\$ 7,419</u>	<u>\$ 30,331</u>

Revenue Refunding and Improvement Bonds Series 2004

On February 1, 2004, the City issued \$8,220,000 in revenue bonds with interest rates ranging from 2.0% to 4.125%, to pay off the capital lease agreement with the Kentucky Municipal Finance Corporation, and to finance improvements for the waterworks, water distribution, wastewater treatment and collection facilities.

The annual requirements to amortize the indebtedness at June 30, 2011, are as follows:

Year ending June 30,	Principal	Interest	Total
2012	\$ 450,000	\$ 212,246	\$ 662,246
2013	320,000	198,071	518,071
2014	335,000	187,351	522,351
2015	350,000	175,794	525,794
2016	365,000	163,194	528,194
2017-2021	2,130,000	589,524	2,719,524
2022-2024	1,565,000	131,381	1,696,381
	<u>\$ 5,515,000</u>	<u>\$ 1,657,561</u>	<u>\$ 7,172,561</u>

Note Payable

As part of the transfer of assets and liabilities from the Ashland Cemetery Company, the City assumed the outstanding mortgage held by PNC Bank against the mausoleum. The interest rate on the note is 8.75%.

The annual requirements to amortize the loan as of June 30, 2011 are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	<u>\$ 184,264</u>	<u>\$ 4,012</u>	<u>\$ 188,276</u>

(9) INTERFUND TRANSACTIONS

Interfund Receivable and Payables

The composition of interfund balances as of June 30, 2011 is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Ashland Bus System	\$ 1,096,724
General Fund	Municipal Aid Fund	36,608
General Fund	Utility Fund	3,303,556
General Fund	Recreation Fund	250,228
General Fund	Floodwall Operating Fund	127,795
General Fund	Utility Pension Fund	180,699
General Fund	Cemetery Fund	270,920

Community Development	General Fund	32,731
Housing Assistance	General Fund	2,705
Capital Project	General Fund	361,685
Internal Service Fund	General Fund	1,235,913
Utility Pension Fund	Utility Fund	2,640,060
Police and Fire Fighters Pension	General Fund	611,799
Total		<u>\$ 10,151,423</u>

Interfund Transfers

The following transfers were made during the year:

Type	From Fund	To Fund	Purpose	Amount
Operating	General	Ashland Bus System	Matching	\$ 480,262
Operating	General	Recreation	Operations	1,007,890
Operating	General	Capital Projects	Capital Purchases	533,657
Operating	General	Housing Assistance	Operations	31,577
Operating	General	Floodwall	Operations	30,526

(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 effect the City's financial position or results of operations.

(11) COMMITMENTS

Ashland Bus System

The City is committed to provide financial assistance to the Ashland Bus System (ABS). During the year ended June 30, 2011, the City paid \$445,853 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 \$545,551 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, 2011, the City has incurred costs of \$3,689,480 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, 2011, the City has \$1,847,784 restricted for the sewer improvements.

Construction Projects

The City is obligated on commitments for various contracts in progress at June 30, 2011. A summary of these commitments is as follows:

Fund	Project Description	Total Approved Contract	Paid or Accrued to Date	Out-standing Commitment
Utility Fund	CSO-Roberts and 6th	\$ 6,298,634	\$ 2,898,514	\$ 3,400,120
Utility Fund	Williams Creek Pump Site	233,498	185,048	48,450
		<u>\$ 6,532,132</u>	<u>\$ 3,083,562</u>	<u>\$ 3,448,570</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 \$85,000 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 \$455,774 reported in the Internal Service fund at June 30, 2011, 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 2010 and 2011 were:

	Beginning of Fiscal Year Liability	Current Year Claims	Claim Payments	Balance At Fiscal Year End
2010	\$ 274,567	\$ 4,936,418	\$ 4,864,084	\$ 346,901
2011	346,901	6,593,261	6,484,388	455,774

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, 2011 totaled \$83,748.

(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 \$85,000 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 \$131,779 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, 2010, the date of the latest actuarial valuation, the plan had 94,243 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, 2010 was as follows:

Total medical benefit obligation	000's omitted \$ 4,833,043
Net assets available for benefits at actuarial value unfunded medical benefit obligation	 (1,985,808)
	<u>\$ 2,847,235</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 SUPPLEMENTARY INFORMATION

**CITY OF ASHLAND
DEFINED BENEFIT PENSION TRUSTS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
JUNE 30, 2011**

	UTILITY EMPLOYEES PENSION PLAN			POLICE AND FIREFIGHTERS PENSION PLAN		
	<u>Amount Contributed</u>	<u>ARC</u>	<u>Percent of ARC Contributed</u>	<u>Amount Contributed</u>	<u>ARC</u>	<u>Percent of ARC Contributed</u>
2004	\$ 608,668	\$ 329,604	185%	\$ 402,291	\$ 270,976	148%
2005	369,028	329,604	112%	288,463	282,302	102%
2006	410,483	316,858	130%	288,463	282,302	102%
2007	410,483	316,858	130%	288,463	293,551	98%
2008	504,621	325,015	155%	355,128	293,551	121%
2009	684,266	325,025	211%	481,553	267,003	180%
2010	608,977	309,647	197%	448,250	267,003	168%
2011	570,018	309,647	184%	367,165	270,665	136%

CITY OF ASHLAND

DEFINED BENEFIT PENSION TRUSTS

SCHEDULES OF FUNDING PROGRESS

JUNE 30, 2011

UTILITY EMPLOYEES PENSION PLAN

* Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL As A Percentage Of Covered Payroll (b-a)/c
7/1/05	\$ 3,094,984	\$ 8,027,969	\$ 4,932,985	38.6%	\$ 72,829	6,773.4 %
7/1/07	2,832,267	7,978,693	5,146,426	35.5%	40,408	12,736.2 %
7/1/09	2,882,283	7,776,949	4,894,666	37.1%	43,264	11,313.5 %

POLICEMEN AND FIREFIGHTERS PENSION PLAN

7/1/06	2,412,459	6,253,647	3,841,188	38.6%	** N/A	** N/A
7/1/08	2,005,460	5,499,260	3,493,800	36.5%	** N/A	** N/A
7/1/10	1,775,017	5,316,734	3,541,717	33.4%	** N/A	** N/A

*Actuarial valuations performed bi-annually

**No active employees or covered payroll.

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, 2011

	Original Budget	Revisions	Revised Budget	Actual	Variance Positive (Negative)
Revenues					
Property and other local taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Charges for services	-	-	-	-	-
Fees, fines and reimbursements	-	-	-	-	-
Grant income	-	-	-	-	-
Administration fee income	-	-	-	-	-
Interest income	-	-	-	-	-
Other income	-	-	-	-	-
Total revenues	-	-	-	-	-
Expenditures					
General government	1,750	-	1,750	4,795	(3,045)
Finance	-	-	-	-	-
Public services	-	-	-	-	-
Planning and code enforcement	-	-	-	-	-
Police	-	-	-	-	-
Fire	-	-	-	-	-
Engineering	-	-	-	-	-
Community and cultural	-	-	-	-	-
Other	-	-	-	-	-
Capital outlay	695,000	(339,936)	355,064	528,862	(173,798)
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	696,750	(339,936)	356,814	533,657	(176,843)
Excess of Revenues Over (Under) Expenditures	(696,750)	339,936	(356,814)	(533,657)	(176,843)
Other Financing Sources (Uses)					
Transfers in	696,750	(339,936)	356,814	533,657	176,843
Total other financing sources (uses)	696,750	(339,936)	356,814	533,657	176,843
Net change in fund balance	-	-	-	-	-
Fund balance beginning of year	-	-	-	-	-
Fund balance end of year	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF ASHLAND

GENERAL FUND

BALANCE SHEET

JUNE 30, 2011

ASSETS

Cash	\$	365,628
Taxes receivable		3,270,632
Allowance for uncollectible taxes		(420,391)
Grants receivable		228,077
Due from other funds		5,266,530
Other receivables		262,956
Allowance for uncollectible accounts		(44,124)
Inventories - supplies		90,327
Prepaid items		<u>145,810</u>
Total assets	\$	<u>9,165,445</u>

LIABILITIES AND FUND BALANCE

Liabilities:

Cash overdraft	\$	740,628
Accounts payable		2,571,213
Due to other funds		2,244,833
Due to Board of Education		23,287
Accrued compensated absences		185,587
Accrued expenses		432,350
Deferred revenue		<u>20,781</u>
Total liabilities		<u>6,218,679</u>

Fund Balance:

Assigned for capital projects		172,712
Restricted for grant programs		248,858
Non-spendable		236,137
Unassigned		<u>2,289,059</u>
Total fund balance		<u>2,946,766</u>

Total liabilities and fund balance \$ 9,165,445

CITY OF ASHLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Revisions	Revised Budget	Actual	Variance Positive (Negative)
Revenues					
Property and other local taxes	\$ 8,108,616	\$ -	\$ 8,108,616	\$ 7,977,675	\$ (130,941)
Licenses and permits	9,908,265	37,763	9,946,028	9,977,092	31,064
Charges for services	1,792,605	-	1,792,605	1,787,289	(5,316)
Fees, fines and reimbursements	942,204	-	942,204	886,040	(56,164)
Interest income	29,750	-	29,750	4,181	(25,569)
Grant income	178,877	1,447,252	1,626,129	1,191,749	(434,380)
Other income	205,485	105,521	311,006	373,064	62,058
Total revenues	21,165,802	1,590,536	22,756,338	22,197,090	(559,248)
Expenditures					
General government	5,562,462	(1,456,719)	4,105,743	4,070,059	35,684
Finance	612,698	13,338	626,036	624,865	1,171
Public services	4,107,587	237,560	4,345,147	4,534,101	(188,954)
Planning and code enforcement	473,197	29,162	502,359	577,943	(75,584)
Police	4,726,535	270,370	4,996,905	5,188,702	(191,797)
Fire	5,158,637	107,344	5,265,981	5,951,147	(685,166)
Engineering	917,029	(188,335)	728,694	592,275	136,419
Debt service:					
Principal retirement	413,555	-	413,555	2,180,075	(1,766,520)
Interest and fiscal charges	352,058	-	352,058	339,571	12,487
Total expenditures	22,323,758	(987,280)	21,336,478	24,058,738	(2,722,260)
Excess of Revenues Over (Under) Expenditures	(1,157,956)	2,577,816	1,419,860	(1,861,648)	(3,281,508)
Other Financing Sources (Uses)					
Proceeds from issuance of debt	-	-	-	1,675,000	1,675,000
Transfers in	-	-	-	-	-
Transfers out	(1,338,973)	(340,813)	(1,679,786)	(2,083,912)	(404,126)
Total other financing sources (uses)	(1,338,973)	(340,813)	(1,679,786)	(408,912)	1,270,874
Net change in fund balance	(2,496,929)	2,237,003	(259,926)	(2,270,560)	(2,010,634)
Fund balance beginning of year	5,217,326	-	5,217,326	5,217,326	-
Fund balance end of year	<u>\$ 2,720,397</u>	<u>\$ 2,237,003</u>	<u>\$ 4,957,400</u>	<u>\$ 2,946,766</u>	<u>\$ (2,010,634)</u>

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

CITY OF ASHLAND

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

JUNE 30, 2011

	Land & Buildings	Building Improvements	Automotive Equipment	Operating Equipment	Office Furniture & Equip	Capital Improvements	Infrastructure	CIP	Total
Dept of General Gov't	\$ 2,822,024	\$ 1,697,910	\$ 48,000	\$ 144,317	\$ 296,993	\$ 39,275	\$ 11,550,306	\$ 10,488	\$ 16,609,313
Dept of Finance	-	-	-	64,920	22,706	-	-	-	87,626
Dept of Public Works	15,978,343	682,840	764,196	2,595,294	6,299	374,853	61,340,650	-	81,742,475
Dept of Planning & Community Development	-	13,033	87,637	6,799	-	-	-	-	107,469
Department of Police	4,949,556	246,711	986,852	560,240	190,538	19,350	-	-	6,953,247
Department of Fire	3,655,959	160,369	2,275,811	206,488	53,246	-	-	-	6,351,873
Department of Engineering	-	-	48,104	-	86,230	44,457	988,758	-	1,167,549
Floodwall Operations	15,121	5,150	42,241	125,692	-	-	-	-	188,204
Community Development	237,869	103,058	-	-	18,623	-	110,853	-	470,403
Housing Assistance Programs	150,033	12,950	12,590	-	49,080	-	-	-	224,653
	<u>\$ 27,808,905</u>	<u>\$ 2,922,021</u>	<u>\$ 4,265,431</u>	<u>\$ 3,703,750</u>	<u>\$ 723,715</u>	<u>\$ 477,935</u>	<u>\$ 73,990,567</u>	<u>\$ 10,488</u>	<u>\$ 113,902,812</u>

CITY OF ASHLAND

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

JUNE 30, 2011

Land and buildings	\$	27,808,905
Building improvements		2,922,021
Automotive equipment		4,265,431
Operating equipment		3,703,750
Office furniture and equipment		723,715
Capital improvements		477,935
Infrastructure		73,990,567
Construction in progress		<u>10,488</u>
Total	\$	<u>113,902,812</u>
Investment in capital assets by source		
General Fund	\$	89,777,610
Special Revenue Funds		4,479,772
Capital Projects Fund		<u>19,645,430</u>
Total	\$	<u>113,902,812</u>

CITY OF ASHLAND HOUSING AUTHORITY

STATEMENT OF NET ASSETS

JUNE 30, 2011

		Rental Vouchers
ASSETS		
Cash - unrestricted	\$	1,656
Cash - restricted		254,631
Accounts receivable - HUD		46,747
Accounts receivable - other governmental		2,573
Building and equipment, net		110,044
Total assets		\$ 415,651
 LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	\$	3,232
Accrued expenses		8,334
Accrued compensated absences - current		694
Accrued compensated absences - noncurrent		3,526
Total liabilities		15,786
 NET ASSETS:		
Invested in capital assets		110,044
Unrestricted		35,190
Restricted		254,631
		399,865
Total liabilities and net assets	\$	415,651

CITY OF ASHLAND HOUSING AUTHORITY

STATEMENT OF REVENUES AND EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Rental Vouchers</u>
REVENUES	
Housing assistance payments	\$ 2,502,996
Administrative fee revenue	313,203
Interest income	212
Other income	<u>31,577</u>
Total revenues	<u>2,847,988</u>
EXPENDITURES	
Administrative salaries	168,440
Audit	5,958
Employee benefit contributions	25,957
Travel	8,237
Other administrative	8,652
Utilities	1,727
Maintenance	10,755
Property insurance	379
General liability insurance	1,198
Workers compensation	580
Other insurance	98,342
Other general	18,725
Compensated absences	(524)
Housing assistance payments	2,493,739
Depreciation	<u>8,869</u>
Total expenditures	<u>2,851,034</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>\$ (3,046)</u>

CITY OF ASHLAND

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2011

	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<u>U.S. Department of HUD</u>			
Direct Programs -			
CDBG Entitlement	14.218	B10MC2-10003	\$ 505,471
CDBG Entitlement	14.218	B09MC2-10003	153,996
ARRA, CDBG Entitlement	14.218	B09MC2-10003	3,235
Housing Choice Voucher Program	14.871	KY142VO	2,807,154
Pass through Kentucky Housing Corporation -			
Kentucky Emergency Shelter Grants Program	14.231	ES10-0001-01	44,000
ARRA, Homeless Prevention and Rapid Rehousing Program	14.257	KH09-0001-01	153,832
Home Investment Partnership Program	14.239	HM281	5,180
Total U.S. Department of HUD			<u>3,672,868</u>
<u>U.S. Department of Transportation</u>			
Direct Programs -			
Federal Transit Cluster			
FTA - Operating Assistance Grant	20.507	KY-90-X199	386,357
FTA - Capital Assistance Grant	20.507	KY-90-X199	275,263
ARRA, FTA - Capital Assistance Grant	20.500	KY-96-X006	8,346
			<u>669,966</u>
Passed through Kentucky Transportation Cabinet -			
SAFETEA-LU	20.205	79495 01 C	749,903
TEA-21 - Transportation Enhancement	20.205	C-04672426	69,632
Department of State Police Highway Safety Program	20.600	AL-09-09	4,022
			<u>823,557</u>
Total U.S. Department of Transportation			<u>1,493,523</u>
<u>U.S. Department of Homeland Security</u>			
Pass through Kentucky Homeland Security			
Hazard Mitigation Grant	97.039	FEMA-1912-DR-KY	35,788
Total U.S. Department of Homeland Security			<u>35,788</u>
<u>U.S. Department of The Interior</u>			
Pass through Kentucky Department of Local Government			
Federal Land and Water Conservation Fund Grant	15.916	LWCF21-1419	32,785
Total U.S. Department of the Interior			<u>32,785</u>
<u>Environmental Protection Agency</u>			
Pass through Kentucky Infrastructure Authority			
Capitalization Grants for Clean Water State Revolving Funds	66.458	A10-01	3,318,239
ARRA, Capitalization Grants for Clean Water State Revolving Funds	66.458	A2 09-17	246,646
Total Environmental Protection Agency			<u>3,564,885</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 8,799,849</u>

CITY OF ASHLAND

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONCLUDED)

FOR THE YEAR ENDED JUNE 30, 2011

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, 2011. 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 assets 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.

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 Assets by Component
(Unaudited)

Last Nine Fiscal Years (accrual basis of accounting)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008*</u>	<u>2007*</u>	<u>2006*</u>	<u>2005*</u>	<u>2004*</u>	<u>2003*</u>
Governmental activities									
Invested in Capital Assets,									
Net of Related Debt	57,272,690	56,102,556	44,135,871	46,766,694	49,741,383	50,818,069	52,297,266	7,759,961	6,569,802
Restricted	714,917	1,279,940	6,444,960	4,398,775	4,115,665	3,933,528	-	119,303	-
Unrestricted	4,019,779	5,299,076	7,007,286	7,129,760	2,323,346	1,372,104	3,701,885	3,825,813	3,909,658
Total governmental activities net assets	<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>	<u>11,705,077</u>	<u>10,479,460</u>
Business-type activities									
Invested in Capital Assets,									
Net of Related Debt	35,983,988	36,235,091	33,535,573	34,348,519	34,704,680	35,946,204	36,045,539	34,194,796	37,168,327
Restricted	2,536,674	1,155,361	662,246	662,246	662,246	662,246	731,162	561,344	436,350
Unrestricted	1,507,342	1,677,050	125,265	(74,930)	(226,819)	(595,508)	964,985	5,535,405	3,254,299
Total business-type activities net assets	<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>	<u>40,291,545</u>	<u>40,858,976</u>
Primary government									
Invested in Capital Assets,									
Net of Related Debt	93,256,678	92,337,647	77,671,444	81,115,213	84,446,063	86,764,273	88,342,805	41,954,757	43,738,129
Restricted	3,251,591	2,435,301	7,107,206	5,061,021	4,777,911	4,595,774	731,162	680,647	436,350
Unrestricted	5,527,121	6,976,126	7,132,551	7,054,830	2,096,527	776,596	4,666,870	9,361,218	7,163,957
Total primary government net assets	<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>	<u>51,996,622</u>	<u>51,338,436</u>

*Restated for prior period adjustments.

- (1) The additional increase in net assets 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.
- (3) The City of Ashland implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

CITY OF ASHLAND
Change in Net Assets
(Unaudited)

Last Nine Fiscal Years (accrual basis of accounting)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008*</u>	<u>2007*</u>	<u>2006*</u>	<u>2005*</u>	<u>2004*</u>	<u>2003*</u>
Expenses									
Governmental activities:									
General government	2,288,370	3,151,310	6,668,670	2,442,331	3,113,316	2,737,485	2,042,116	2,157,236	2,310,530
Finance	616,850	597,665	572,342	568,660	531,656	497,390	473,809	420,957	403,372
Public works	6,472,277	5,254,674	5,252,264	6,381,288	6,104,848	7,000,885	5,212,400	4,813,553	4,573,331
Planning and code enforcement	586,302	528,934	438,336	438,445	635,512	537,919	295,742	306,381	271,547
Police	5,435,091	4,819,508	4,272,709	4,150,927	4,518,328	3,973,678	3,907,563	3,606,062	3,335,274
Fire	5,797,256	5,549,443	4,803,590	5,059,304	4,927,766	4,461,805	4,374,029	4,185,765	3,973,609
Engineering	627,371	729,305	140,193	152,156	152,325	123,426	121,776	118,317	110,447
Community and cultural	3,501,176	3,472,659	3,036,757	2,495,250	2,802,714	2,708,838	3,294,299	3,554,958	4,916,710
Premiums and claims	-	-	-	-	(169,904)	312,624	272,249	122,947	2,843,553
Capital outlay	-	-	-	-	280,505	967,171	366,714	39,010	2,426
Debt service - interest	339,571	360,075	269,507	259,095	220,224	195,881	302,695	260,011	320,836
Loss on sale of assets	-	-	-	108,539	-	32,244	918	267,436	95,758
Other	-	-	-	-	15,938	51,780	1,290	1,081	97,709
Total governmental activities expenses	<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>	<u>19,853,714</u>	<u>23,255,102</u>
Business-type activities:									
Utilities	13,882,611	13,320,805	12,562,956	12,042,313	11,820,723	11,784,287	11,682,659	10,213,792	8,854,484
Recreation	1,131,949	960,621	1,002,994	931,995	844,372	168,977	186,755	201,817	155,332
Bus	1,344,854	1,387,173	1,084,078	993,610	887,907	843,006	777,293	743,351	740,704
Cemetery	378,031	294,083	-	-	-	-	-	-	-
Total business-type activities expenses	<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>	<u>11,158,960</u>	<u>9,750,520</u>
Total primary government expenses	<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>	<u><u>31,012,674</u></u>	<u><u>33,005,622</u></u>

*Restated for prior period adjustments.

CITY OF ASHLAND
Change in Net Assets
(Unaudited)

Last Nine Fiscal Years (accrual basis of accounting)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008*</u>	<u>2007*</u>	<u>2006*</u>	<u>2005*</u>	<u>2004*</u>	<u>2003*</u>
Program Revenues									
Governmental activities:									
Charges for services:									
General government	10,863,132	10,785,309	10,385,365	9,826,921	-	-	-	-	-
Public works	1,787,289	1,684,139	1,594,264	1,542,664	1,471,184	1,374,612	1,254,323	1,258,927	1,266,292
Community and cultural	313,203	331,281	250,818	291,464	274,606	285,219	282,876	287,319	290,232
Premiums and claims	-	-	-	-	-	-	-	109,356	2,942,638
Operating grants and contributions:									
General government	362,042	526,760	-	-	-	-	-	-	-
Public works	476,559	421,945	1,769,058	1,143,679	853,098	589,552	374,400	349,511	352,465
Police	79,804	49,518	9,114	77,485	36,407	255,885	369,855	40,981	25,583
Fire	-	-	-	-	292,157	-	-	-	-
Community and cultural	3,165,698	2,950,588	3,079,848	3,708,417	3,610,811	4,003,847	3,528,953	2,704,873	3,373,435
Capital grants and contributions:									
General government	749,903	6,246,734	-	-	-	-	-	1,300,000	-
Capital outlay	-	-	-	-	-	-	-	100,000	141,627
Total governmental program revenues	<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>	<u>6,150,967</u>	<u>8,392,272</u>
Business-type activities:									
Charges for services:									
Utilities	14,408,152	12,250,268	11,204,613	10,638,285	10,335,931	9,435,963	8,621,158	8,621,158	8,621,158
Recreation	72,130	54,682	68,302	74,494	73,036	48,540	56,916	56,916	56,916
Bus	66,026	58,475	62,048	60,670	52,660	55,009	51,887	51,887	51,887
Cemetery	133,733	118,483	-	-	-	-	-	-	-
Operating grants and contributions:									
Bus	386,357	511,674	238,528	362,017	302,670	283,354	248,164	248,164	248,164
Capital grants and contributions:									
Utilities	128,503	-	-	200,000	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-
Bus	318,016	513,930	425,071	334,369	312,565	236,985	287,388	287,388	287,388
Cemetery	-	5,171,752	-	-	-	-	-	-	-
Total business-type activities program revenues	<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>	<u>9,265,513</u>	<u>9,265,513</u>
Total primary government program revenues	<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>	<u>15,416,480</u>	<u>17,657,785</u>

CITY OF ASHLAND
Change in Net Assets
(Unaudited)

Last Nine Fiscal Years (accrual basis of accounting)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008*</u>	<u>2007*</u>	<u>2006*</u>	<u>2005*</u>	<u>2004*</u>	<u>2003*</u>
Net (Expense) Revenue									
Governmental activities	(7,866,634)	(1,467,299)	(8,365,901)	(5,465,365)	(16,594,965)	(17,092,011)	(14,855,193)	(13,702,747)	(14,862,830)
Business-type activities	(1,224,528)	2,716,582	(2,651,466)	(2,298,083)	(2,476,140)	(2,736,419)	(3,381,194)	(1,893,447)	(485,007)
Total primary government net expense	<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>	<u>(15,596,194)</u>	<u>(15,347,837)</u>
General Revenues and Other Changes in Net Assets									
Governmental Activities:									
Property and other local taxes	8,150,028	7,477,238	8,006,100	8,127,228	8,109,826	8,040,454	7,873,372	7,873,372	7,873,372
Licenses and permits	-	-	-	-	8,408,948	7,965,545	7,098,740	7,098,740	7,098,740
Fees, fines and reimbursements	-	-	-	-	853,106	1,222,715	565,835	565,835	565,835
Interest income	4,469	22,438	71,307	176,492	192,741	114,543	52,248	52,248	52,248
Gain on sale of assets	-	-	-	-	69,613	-	-	-	-
Other revenues	526,103	500,265	630,846	535,806	78,586	299,987	140,626	140,626	140,626
Transfers	(1,488,152)	(1,439,187)	(1,049,464)	(1,259,326)	(1,061,162)	(426,683)	(400,083)	(400,083)	(400,083)
Total governmental activities general revenues and other changes in net assets	<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>	<u>15,330,738</u>	<u>15,330,738</u>
Business-type activities:									
Interest income	46,715	63,915	77,135	116,337	130,735	113,258	74,147	74,147	74,147
Other revenues	650,163	524,734	912,116	718,148	411,408	467,734	357,104	357,104	357,104
Transfers	1,488,152	1,439,187	1,049,464	1,259,326	1,061,162	426,683	400,083	400,083	400,083
Total business-type activities general revenues and other changes in net assets	<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>	<u>831,334</u>	<u>831,334</u>
Total primary government general revenues and other changes in net assets	<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>	<u>16,162,072</u>	<u>16,162,072</u>
Changes in Net Assets									
Governmental activities	(674,186)	5,093,455	(707,112)	2,114,835	56,693	124,550	475,545	1,627,991	467,908
Business-type activities	960,502	4,744,418	(612,751)	(204,272)	(872,835)	(1,728,744)	(2,549,860)	(1,062,113)	346,327
Total primary government, change in net assets	<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>	<u>565,878</u>	<u>814,235</u>

**The City of Ashland implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

CITY OF ASHLAND
Fund Balances, Governmental Funds
(Unaudited)

Last Ten Fiscal Years (accrual basis of accounting)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007*</u>	<u>2006*</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General Fund										
Assigned / Restricted	657,707	1,165,434	7,017,313	4,046,016	3,920,907	3,784,386	70,232	2,221,074	2,235,486	2,216,529
Unassigned	2,289,059	4,051,892	4,419,119	5,498,555	4,807,346	3,926,837	1,467,341	1,923,420	1,219,423	1,263,870
Total general fund	<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>	<u>4,144,494</u>	<u>3,454,909</u>	<u>3,480,399</u>
All other governmental funds										
Assigned / Restricted	363,212	284,090	460,290	444,999	366,757	219,747	1,586,210	1,587,609	2,677,024	4,010,122
Unassigned, reported in:										
Special revenue funds	-	134,641	247,258	238,374	192,533	217,817	223,996	287,826	178,191	231,546
Capital projects funds	-	-	-	(4,200)	(4,200)	50,000	120,000	120,000	235,816	-
	<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>	<u>1,995,435</u>	<u>3,091,031</u>	<u>4,241,668</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>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007*</u>	<u>2006*</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Revenues										
Property and other local taxes	8,150,028	7,776,235	7,707,103	8,127,228	8,109,826	8,040,454	7,873,372	7,979,323	7,521,363	6,802,412
Licenses and permits	9,977,092	10,007,066	9,430,244	8,836,831	8,408,948	7,965,545	7,098,740	6,681,686	5,752,676	5,965,613
Charges for services	1,787,289	1,684,139	1,594,264	1,542,664	1,471,184	1,374,612	1,254,323	1,258,927	1,266,292	1,266,627
Fees, fines and reimbursements	886,040	778,243	955,121	990,090	853,106	1,222,715	565,835	526,379	486,230	479,885
Grant income	4,834,006	10,195,545	4,858,020	4,834,482	4,605,436	4,849,284	3,822,131	2,996,804	3,691,116	3,459,650
Administration fee income	313,203	331,281	250,818	291,464	274,606	285,219	282,876	287,319	290,232	265,038
Program income	-	-	-	95,100	95,535	-	59,968	38,978	17,773	62,646
Interest income	4,469	22,438	71,307	176,144	192,123	113,751	49,614	18,516	40,475	149,707
Other income	376,103	500,265	630,846	535,806	282,908	319,657	532,712	194,126	262,862	434,562
Total revenues	<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>	<u>19,982,058</u>	<u>19,329,019</u>	<u>18,886,140</u>
Expenditures										
General government	4,074,854	11,108,133	7,770,993	3,658,157	3,015,441	2,691,637	1,996,403	2,095,239	2,234,817	2,198,493
Finance	624,865	602,790	574,583	566,952	535,622	494,912	471,319	417,182	398,819	384,417
Public works	5,281,430	4,522,214	4,539,582	4,216,986	4,185,765	5,004,446	4,969,584	4,745,701	4,415,097	4,384,098
Planning and code enforcement	577,943	520,260	428,075	477,918	636,790	537,419	295,480	306,415	271,441	214,950
Police	5,188,702	4,734,396	4,168,260	4,444,074	4,207,464	3,829,661	3,789,096	3,489,446	3,180,095	3,049,733
Fire	5,951,147	5,226,734	4,678,186	4,941,826	4,557,245	4,295,511	4,192,082	3,999,706	3,769,606	3,552,573
Engineering	592,275	727,338	139,846	147,027	139,343	118,652	116,137	114,128	105,752	126,949
Community and cultural	3,501,433	3,459,377	3,084,399	2,716,501	2,786,908	2,685,786	3,271,356	3,518,514	3,558,952	4,878,935
Capital outlay	528,862	4,732,709	1,400,662	1,925,217	1,360,323	1,726,029	1,499,170	599,061	1,503,200	717,876
Debt service:										
Principal retirement	2,180,075	559,893	810,460	395,000	485,000	385,000	2,642,834	528,141	520,107	418,562
Interest charges	339,571	360,075	269,507	151,018	220,224	195,881	302,695	260,011	320,836	322,554
Other	-	-	-	-	15,938	9,563	1,290	1,081	11,440	2,901
Total expenditures	<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>	<u>20,074,625</u>	<u>20,290,162</u>	<u>20,252,041</u>
Excess (deficiency) of revenues over expenditures	(2,512,927)	(5,258,707)	(2,366,830)	1,789,133	2,147,609	2,196,740	(2,007,875)	(92,567)	(961,143)	(1,365,901)

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

Last Ten Fiscal Years (accrual basis of accounting)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007*</u>	<u>2006*</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Other financing sources (uses)										
Transfers in	595,760	5,078,915	1,763,591	730,841	448,209	2,545,061	1,066,325	990,085	347,013	807,814
Transfers out	(2,083,912)	(6,518,102)	(2,813,055)	(1,990,167)	(1,509,371)	(3,283,576)	(1,730,600)	(1,403,529)	(703,624)	(1,107,835)
Local contributions	-	-	-	-	-	-	-	100,000	141,627	239,263
Issuance of Debt	1,675,000	189,971	5,336,530	410,594	-	-	-	-	-	-
Bond proceeds	-	-	-	-	-	3,272,783	-	-	-	-
Total other financing sources (uses)	<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>	<u>(313,444)</u>	<u>(214,984)</u>	<u>(60,758)</u>
Net change in fund balances	<u>(2,326,079)</u>	<u>(6,507,923)</u>	<u>1,920,236</u>	<u>940,401</u>	<u>1,086,447</u>	<u>4,731,008</u>	<u>(2,672,150)</u>	<u>(406,011)</u>	<u>(1,176,127)</u>	<u>(1,426,659)</u>
Debt Service as a percentage of noncapital expenditures	9.75%	4.05%	4.58%	2.54%	3.39%	2.87%	13.36%	4.05%	4.48%	3.79%

*Restated for prior period adjustments.

CITY OF ASHLAND
Assessed and Taxable Property Value
(Unaudited)

Last Ten Fiscal Years

Fiscal Year	Assessed Value			Total Direct Tax Rate	Percentage Taxable	
	Real Estate	Personal Property	Total		Real Estate	Personal Property
2002	632,718,021	76,071,312	708,789,333	0.3055	89.27%	10.73%
2003	647,219,693	75,588,869	722,808,562	0.3124	89.54%	10.46%
2004	668,900,615	82,292,078	751,192,693	0.3190	89.05%	10.95%
2005	686,274,035	99,911,068	786,185,103	0.3245	87.29%	12.71%
2006	727,781,091	92,203,624	819,984,715	0.3295	88.76%	11.24%
2007	755,592,391	93,740,910	849,333,301	0.3372	88.96%	11.04%
2008	793,565,014	105,075,190	898,640,204	0.3389	88.31%	11.69%
2009	800,261,684	102,452,548	902,714,232	0.3513	88.65%	11.35%
2010	807,905,514	102,979,300	910,884,814	0.3474	88.69%	11.31%
2011	815,809,764	97,283,558	913,093,322	0.3560	89.35%	10.65%

*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
2001	2,157,223	1,976,350	91.62%	173,113	2,149,463	99.64%
2002	2,165,360	1,969,624	90.96%	187,259	2,156,883	99.61%
2003	2,258,055	2,148,503	95.15%	95,371	2,243,874	99.37%
2004	2,396,559	2,256,893	94.17%	121,863	2,378,756	99.26%
2005	2,551,182	2,331,402	91.39%	193,034	2,524,436	98.95%
2006	2,701,860	2,521,704	93.33%	153,693	2,675,397	99.02%
2007	2,863,952	2,640,508	92.20%	197,864	2,838,372	99.11%
2008	3,045,731	2,846,057	93.44%	164,582	3,010,639	98.85%
2009	3,171,235	2,928,798	92.36%	199,428	3,128,226	98.64%
2010	3,171,878	2,941,046	92.72%	98,991	3,040,036	95.84%

*Data supplied by City of Ashland Finance Department.

CITY OF ASHLAND
Principal Property Tax Payers
(Unaudited)

2010

Taxpayer	Assessment	Rank	Taxes Paid	Percentage of Total Taxes Paid
Glimcher Ashland Venture LLC	29,000,000	1	100,746	3.05%
Melody Mountain Associates LTD	14,500,000	2	55,662	1.68%
Fred Burns	13,314,000	3	46,253	1.40%
AK Steel Corporation	12,221,149	4	42,456	1.28%
JC Penney	10,922,693	5	37,945	1.15%
Gateway Van Buren	9,600,000	6	33,350	1.01%
Wal-Mart Stores East LP	8,072,113	7	27,762	0.84%
Ashland Specialty Co., Inc.	5,433,468	8	18,876	0.57%
Belk	4,227,143	9	14,685	0.44%
Giant Real Estate of Ashland LLC	4,022,000	10	13,972	0.42%
	<u>111,312,566</u>		<u>391,707</u>	<u>11.84%</u>

2001

Taxpayer	Assessment	Rank	Taxes Paid	Percentage of Total Taxes Paid
Glimcher Ashland Venture LLC	29,052,000	1	88,754	3.96%
AK Steel Corporation	11,265,064	2	34,415	1.54%
Bradley Operating Limited PTR	7,000,000	3	26,285	1.17%
Wal-Mart Stores East LP	4,951,449	4	15,127	0.68%
Progress Metal Reclamation	3,446,732	5	10,530	0.47%
First American Bank	3,386,500	6	10,346	0.46%
Creek Bridge Limited	2,915,000	7	8,905	0.40%
Ohio Valley Wholesale Dist., Inc.	2,839,414	8	8,674	0.39%
Boyd County Health Care Facility	2,815,000	9	8,600	0.38%
Ashland Specialty Co., Inc.	2,759,718	10	8,431	0.38%
	<u>70,430,877</u>		<u>220,067</u>	<u>9.83%</u>

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

2010				
Taxpayer	Taxable Wages	Rank	Taxes Paid	Percentage of Total Taxable Wages
Kings Daughters' Medical Center	161,526,914	1	2,422,905	29.22%
AK Steel Corporation	29,135,069	2	437,026	5.27%
Kentucky Heart & Vascular Physicians	20,421,791	3	306,327	3.69%
Ashland Inc. Board of Education	18,208,473	4	273,132	3.29%
City of Ashland	13,574,022	5	203,615	2.46%
Graycor Industrial Contractors, Inc.	12,115,608	6	181,733	2.19%
Wal-Mart Stores East, LP	9,802,992	7	147,044	1.77%
Kings Daughters' Medical Specialty	9,034,493	8	135,517	1.63%
Tri-State Radiology, PSC	8,408,058	9	126,121	1.52%
Kentucky Community & Tech. College	8,320,870	10	124,813	1.51%
	<u>290,548,290</u>		<u>4,358,233</u>	<u>52.56%</u>

2001				
Taxpayer	Taxable Wages	Rank	Taxes Paid	Percentage of Total Taxable Wages
Kings Daughters' Medical Center	64,849,952	1	972,749	18.86%
AK Steel Corporation	23,940,587	2	359,108	6.96%
Ashland Inc. Board of Education	13,225,577	3	198,386	3.85%
City of Ashland	8,599,284	4	128,989	2.50%
Kentucky Community & Tech. College	6,136,807	5	91,999	1.78%
Wal-Mart Associates, Inc.	5,516,996	6	82,754	1.60%
Pathways, Inc.	4,466,264	7	66,994	1.30%
Cumberland Cardiology PSC	3,997,011	8	59,995	1.16%
Commonwealth of Kentucky	3,889,745	9	58,346	1.13%
Mansbach Metal Co.	3,700,264	10	55,502	1.08%
	<u>138,322,487</u>		<u>2,074,822</u>	<u>40.23%</u>

CITY OF ASHLAND
Principal Water and Sewer Customers
(Unaudited)

Customer	2010	
	Water Revenue	
	Average Monthly Amount	Average Monthly Usage
Cannonsburg Water	\$ 92,728	43,473,000
Ashland Oil Refinery	83,299	22,679,000
A K Steel Coke Plant	93,225	17,036,000
A K Steel West Works	40,662	12,924,000
Flatwoods Water	19,820	9,625,000
Federal Corrections	19,576	5,631,000
Stein Incorporated	5,733	3,063,000
Kings Daughters' Medical Center	22,657	2,536,000
City of Ashland - Catlettsburg Sewer	8,427	2,378,000
Air Products	6,297	1,897,000
	\$ 392,424	121,242,000

Customer	Sewer Revenue	
	Average Monthly Amount	Average Monthly Usage
	Sanitation District # 4	\$ 111,753
A K Steel Coke Plant	93,225	9,616,000
Kings Daughters' Medical Center	22,657	2,524,000
Cintas	12,784	1,259,000
Ashland Municipal Housing	5,486	687,000
Ashland Oil Marine Terminal	2,931	682,000
Providence Hill	3,819	453,000
Woodland Oaks	3,979	405,000
Cheddars	3,226	384,000
Texas Roadhouse	3,342	363,000
	\$ 263,202	54,276,000

*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	
2002	64,201	84,322	1,184	213,588	2,864	261,187	627,346
2003	-	38,784	1,691	129,545	1,848	250,566	422,434
2004	-	18,192	324	105,573	1,362	224,222	349,673
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

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
2002	6,208,890	3,931,878	10,140,768	61.23%	38.77%	1,323,604	0.77%
2003	5,981,183	3,673,968	9,655,151	61.95%	38.05%	1,373,463	0.70%
2004	5,454,704	14,476,588	19,931,292	27.37%	72.63%	1,345,932	1.48%
2005	2,748,513	14,450,728	17,199,241	15.98%	84.02%	1,369,553	1.26%
2006	5,612,784	13,849,880	19,462,664	28.84%	71.16%	1,473,463	1.32%
2007	5,172,725	13,231,385	18,404,110	28.11%	71.89%	1,513,013	1.22%
2008	5,038,569	12,050,267	17,088,836	29.48%	70.52%	1,598,450	1.07%
2009	9,564,639	11,501,283	21,065,922	45.40%	54.60%	1,619,015	1.30%
2010	9,194,717	11,068,153	20,262,870	45.38%	54.62%	*	*
2011	9,652,131	13,536,357	23,188,488	41.62%	58.38%	*	*

*Information not available.

**Property taxes are not restricted revenues.

***Fiscal Year 2011 legal debt margin is 10% of assessed property value or \$ 91,309,332.

CITY OF ASHLAND
Governmental Activities Debt Percentage
(Unaudited)

Fiscal Year	Floating Indebtness	General Obligation Bonds	Capital Leases	Total	Population	General Bonded Debt per Capita	Total Debt per Capita	Personal Income (Thousands)	Percentage of Personal Income
2002	2,455,569	2,010,000	1,743,321	6,208,890	21,867	92	284	1,323,604	0.47%
2003	2,364,664	1,760,000	1,856,519	5,981,183	21,844	81	274	1,373,463	0.44%
2004	2,267,834	1,495,000	1,691,870	5,454,704	21,821	69	250	1,345,932	0.41%
2005	-	1,220,000	1,528,513	2,748,513	21,798	56	126	1,369,553	0.20%
2006	-	4,250,000	1,362,784	5,612,784	21,775	195	258	1,473,463	0.38%
2007	-	3,870,000	1,302,725	5,172,725	21,752	178	238	1,513,013	0.34%
2008	-	3,475,000	1,563,569	5,038,569	21,729	160	232	1,598,450	0.32%
2009	-	3,055,000	6,509,639	9,564,639	21,706	141	441	1,619,015	0.59%
2010	-	2,965,000	6,229,717	9,194,717	21,684	137	424	*	*
2011	-	2,870,000	5,819,642	8,689,642	21,661	132	401	*	*

*Information not available.

**Property taxes are not restricted revenues.

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

****Fiscal Year 2011 legal debt margin is 10% of assessed property value or \$ 91,309,332.

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
2002	-	1,080,000	-	858,011	1,993,867	3,931,878	21,867	180	1,323,604	0.30%
2003	-	1,000,000	-	517,316	2,156,652	3,673,968	21,844	168	1,373,463	0.27%
2004	8,220,000	-	-	576,293	5,680,295	14,476,588	21,821	663	1,345,932	1.08%
2005	7,910,000	-	-	539,717	6,001,011	14,450,728	21,798	663	1,369,553	1.06%
2006	7,540,000	-	-	539,717	5,770,163	13,849,880	21,775	636	1,473,463	0.94%
2007	7,160,000	-	-	539,717	5,531,668	13,231,385	21,752	608	1,513,013	0.87%
2008	6,765,000	-	-	-	5,285,267	12,050,267	21,729	555	1,598,450	0.75%
2009	6,365,000	105,585	-	-	5,030,698	11,501,283	21,706	530	1,619,015	0.71%
2010	5,950,000	154,134	196,335	-	4,767,684	11,068,153	21,684	510	*	*
2011	5,515,000	22,912	184,264	-	7,814,181	13,536,357	21,661	625	*	*

*Information not available.

***Fiscal Year 2011 legal debt margin is 10% of assessed property value or \$ 91,309,332.

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>
2000	21,981	1,216,029	24,486	6.1
2001	21,924	1,248,338	25,186	5.9
2002	21,867	1,323,604	26,772	6.4
2003	21,844	1,373,463	27,750	6.8
2004	21,821	1,345,932	27,360	6.2
2005	21,798	1,369,553	27,989	5.8
2006	21,775	1,473,463	30,227	5.5
2007	21,752	1,513,013	31,154	5.0
2008	21,729	1,598,450	32,908	5.3
2009	21,706	1,619,015	33,363	8.8

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

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

CITY OF ASHLAND
Principal Employers
(Unaudited)

Employer	Rank	2010	
		Number of Employees	Percentage of Total City Employment
Kings Daughters' Medical Center	1	3,968	16.38%
Graycor Industrial Contractors, Inc.	2	948	3.91%
Wal-Mart Associates, Inc.	3	717	2.96%
Ashland Board of Education	4	716	2.96%
Kentucky Community & Technological College	5	495	2.04%
AK Steel Corporation	6	492	2.03%
JC Penney	7	422	1.74%
City of Ashland	8	392	1.62%
Texas Roadhouse	9	389	1.61%
Cheddars Operations	10	323	1.33%
		8,862	36.58%

Employer	Rank	2001	
		Number of Employees	Percentage of Total City Employment
Kings Daughters' Medical Center	1	2,528	10.68%
Ashland Board of Education	2	806	3.41%
AK Steel Corporation	3	587	2.48%
Wal-Mart Associates, Inc.	4	582	2.46%
Kentucky Community & Technological College	5	438	1.85%
City of Ashland	6	351	1.48%
Texas Roadhouse	7	341	1.44%
Pathways, Inc.	8	291	1.23%
Woodland Oaks, Inc.	9	284	1.20%
Clerical Help	10	233	0.98%
		6,441	27.21%

*Total number of City employees in 2010 was 24,228. Total number of City employees in 2001 was 23,671.
Data received from City of Ashland Occupational License Fee Division.

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

Full-Time Employees	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General government	26	24	11	10	12	11	11	12	13	13
Finance	34	34	30	22	22	23	23	22	22	22
Public works	63	63	63	63	63	75	75	78	78	78
Planning and code enforcement	8	8	8	12	12	14	16	14	13	13
Police	54	55	54	55	56	56	56	56	56	56
Fire	56	56	56	56	56	56	56	56	56	56
Engineering	-	-	-	-	4	4	4	4	4	4
Engineering & Utilities*	80	81	77	75	74	76	76	72	71	71
Bus**	-	-	-	6	6	6	6	6	6	6
Recreation***	-	-	11	11	11	-	-	-	-	-
Total full-time employees	<u>321</u>	<u>321</u>	<u>310</u>	<u>310</u>	<u>316</u>	<u>321</u>	<u>323</u>	<u>320</u>	<u>319</u>	<u>319</u>

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

**The Bus department was combined with Finance in Fiscal Year 2009.

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

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

	<u>2011</u>	<u>2010</u>
Citizen's information		
City commision meetings	22	23
CSO presentation meetings	1	2
Neighborhood Watch	12	20
General government		
Job applicants	525	501
Positions filled	21	23
Liability claims investigated	154	120
CPR classes held	3	3
Finance		
Utility bills processed	169,077	171,811
Vendors paid	732	329
Tax bills mailed	20,334	21,207
Active business licenses	2,606	2,682
Public works		
Parking meter repairs	162	264
Stop / traffic signs changed	602	300
Debris hauled to landfill (tons)	1,160	1,091
Road / curb paint (gallons)	950	1,260
Planning and code enforcement		
Building / zonings permits issued	327	394
Code fees / fines	686	87
Police		
Crimes reported	1,962	2,412
Closed cases	743	1,037
Citations issued	2,979	2,717
Calls for service	26,306	26,159
Fire		
Fires extinguished	323	359
Fire alarms investigated	286	514
Smoke detectors installed	508	35
Training hours	11,769	15,629
Calls for service	2,760	1,760
Engineering		
75 / 25 Sidewalk contracts	6	13
Minor / major subdivision reviews	15	40

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

	<u>2011</u>	<u>2010</u>
Engineering & Utilities		
Pipe installed (feet)	1,646	1,468
Catch basins	27	15
Bus		
Paratransit service calls	15,091	13,369
Recreation		
Commission approved events	42	45
Weddings at Central Park	60	55
Ballgames / practices	1,950	1,830
Dawson pool visitors	11,300	8,895
Cemetery		
Burials	95	128
Graves / Crypts / Niches sold	53	33

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

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

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

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