

CITY OF ASHLAND

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

FOR THE YEAR ENDED JUNE 30, 2023

TOGETHER WITH INDEPENDENT AUDITOR'S REPORTS

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INDEPENDENT AUDITOR'S REPORT

Matt Perkins, Mayor
City Commissioners and City Manager
City of Ashland
Ashland, Kentucky

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ashland, Kentucky (the "City") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison schedules for each major fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis information, the Schedule of Employer Contributions and Investment Returns, the Schedule of Funding Progress, the Schedule of Changes in Net Pension Liabilities, the Schedule of City's Proportionate Share of the Net Pension and OPEB Liability and the Schedule of Pension and OPEB Contributions on pages 4 through 18 and on pages 73 through 86, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The statements and schedules contained on pages 87 through 93 and the Financial Data Schedule on pages 94 and 95 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplemental statements and schedules contained on pages 87 through 93, the Financial Data Schedule contained on pages 94 and 95, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Ashland, Kentucky
April 23, 2024

CITY OF ASHLAND 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, 2023. This information should be read in conjunction with the financial statements immediately following the analysis.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Government exceeded its liabilities and deferred inflows of resources at the end of the fiscal year by \$48.7 million (net position). This amount includes \$12.9 million restricted to specific projects by laws, regulations or contractual agreements. A deficit total of (\$68.0) million was unrestricted due to GASB No. 68, Accounting and Financial Reporting for Pensions, which was implemented in the fiscal year ended 06/30/2015 and GASB No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions (OPEB), which was implemented in the fiscal year ended 06/30/2018.
- The Government’s total net position decreased by \$878 thousand, primarily due to changes in the net pension and OPEB liabilities and the related deferred outflows and inflows. Net position of governmental activities increased by \$690 thousand and net position of business-type activities decreased by (\$1.6) million.
- At fiscal year end, the governmental funds reported a combined ending fund balance of \$17.6 million. Approximately .4% of this total amount, \$72,065, is restricted or committed for grant programs. Assigned fund balance comprises 32% of total fund balance; the majority of which is set aside for capital improvements.
- On June 30, 2023, unassigned General Fund fund balance of \$4.8 million is available and may be used to meet the government’s ongoing obligations to citizens and creditors.

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 using a consolidated statement of all funds and eliminating interfund transfers. The value of capital assets of governmental type operations is presented in this statement. The infrastructure assets for governmental type funds, including roads, bridges, sidewalks, etc., are reported and depreciated under these reporting standards. These reporting standards provide improved information to the reader.

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

The Statement of Net Position presents information on all the Government's assets, deferred outflows of resources, liabilities and deferred inflows of resources at the end of the fiscal year. Net position is the difference between assets and deferred outflows of resources vs. its liabilities and deferred inflows of resources. Over time, an increase or decrease in net position is one indicator of whether financial health is improving or deteriorating. Information on other factors such as changes in the revenue structure and the condition of the Government's assets is also needed to assess the overall financial position of the Government.

The Statement of Activities presents revenues and expenses and shows how the government's net position changed during the most recent fiscal year, as well as any other transactions that increase or decrease net position. Program revenues are offset by program expenses to provide better information as to program costs financed by general government revenues.

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

Governmental activities - Most of the Government's basic services are reported here, including general government, economic development, police, fire, public services 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 user fees cover the cost of services that 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, Ashland Cemetery Fund and Parking Garage 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 and other post-employment benefits to its employees. Additionally, *Supplemental Information* includes more detail on the City's General Fund, details of the City's capital assets, statement of net position and revenue and expenditures for Ashland's Housing Authority.

THE GOVERNMENT AS A TRUSTEE

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

THE GOVERNMENT AS A WHOLE

NET POSITION

As of June 30, 2023, the Government as a whole had a net position greater than its liabilities by \$48,731,697. Net position of governmental activities was \$12,188,835 and increased by \$689,691 over the prior year. Total collected for taxes were 102.4% of budget. Occupational license fee receipts excelled again this fiscal year for \$1.8 million in additional revenue. Of ending Governmental Activities Net Position, \$51,137,131 is invested in capital assets net of related debt; \$72,065 is restricted for grant programs; and unrestricted net position is (\$39,020,361). Although the City's investment in its capital assets is reported net of related debt, it should still be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

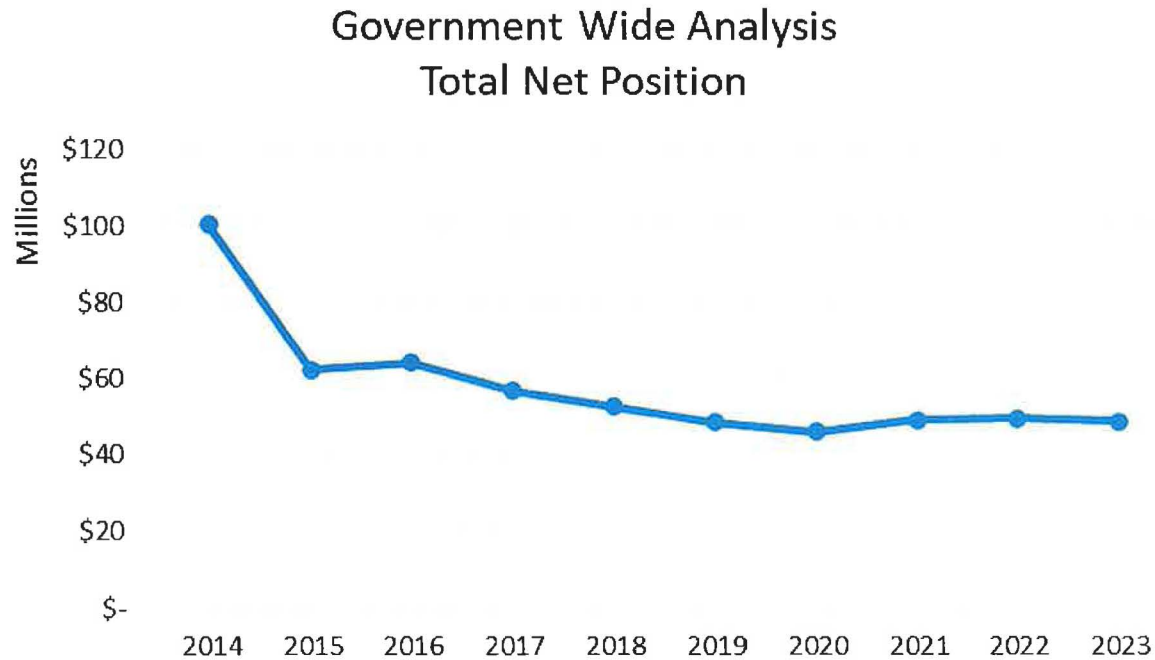
The net position of the Government's business-type activities is \$36,542,862 and decreased by (\$1.6) million over the prior year. Industrial Park meter sales exceeded projections by \$133,360. Sewer charges city exceeded projections by \$128,974. An increase in water tap fees brought in \$34,179 of excess funds. A net increase of \$2,412,450 in construction-in-progress was a result of the water line replacement project. Of the business-type net position, \$52,811,496 is net investment in capital assets and (\$29,061,984) is unrestricted. The largest portion of the City's combined net position reflects its investment in capital assets (land, buildings, machinery and equipment) less outstanding related debt used to acquire those assets. The City uses these capital assets to provide services to citizens, and as a result, these assets are not available for future spending. The City's capital asset investment is reported net of related debt, but the resources to pay this debt must be provided from other sources, since the capital assets cannot be used to liquidate the liabilities.

An additional portion of the City's business-type net position, \$12,793,350, represents resources that are subject to limitations on their use through legislation adopted by the City or through external restrictions. The largest restricted portion, \$10,680,242, is for sewer improvements.

ANALYSIS OF THE CITY'S NET POSITION

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 35,698,843	\$ 33,164,249	\$ 17,706,798	\$ 22,232,392	\$ 53,405,641	\$ 55,396,641
Capital assets	62,942,742	60,164,707	64,601,787	62,274,819	127,544,529	122,439,526
Total assets	98,641,585	93,328,956	82,308,585	84,507,211	180,950,170	177,836,167
Deferred outflows of resource	11,742,840	11,287,022	3,181,539	3,331,381	14,924,379	14,618,403
Liabilities	19,376,116	13,467,600	9,365,678	7,393,198	28,741,794	20,860,798
Long-term liabilities	75,428,985	70,993,131	38,053,808	39,079,392	113,482,793	110,072,523
Total Liabilities	94,805,101	84,460,731	47,419,486	46,472,590	142,224,587	130,933,321
Deferred inflows of resources	3,390,489	8,656,103	1,527,776	3,255,900	4,918,265	11,912,003
Net position						
Net investment in capital assets	51,137,131	50,928,478	52,811,496	48,611,649	103,948,627	99,540,127
Restricted	72,065	151,314	12,793,350	10,986,669	12,865,415	11,137,983
Unrestricted	(39,020,361)	(39,580,648)	(29,061,984)	(21,488,216)	(68,082,345)	(61,068,864)
Total Net Position	\$ 12,188,835	\$ 11,499,144	\$ 36,542,862	\$ 38,110,102	\$ 48,731,697	\$ 49,609,246

The exhibit below charts the City's total net position for the past ten years (prior years have not been restated for implementation of GASB 68 and 75).



The City's net position decreased significantly in FY 2015 due to the implementation of GASB 68. The City's participation in County Employee Retirement System (CERS) led to the inclusion of an initial noncurrent liability. Net position took another hit in FY 2018 due to the implementation of GASB 75. The City's participation in the Kentucky Retirement Systems Insurance Fund generated a noncurrent liability for other post-employment benefits. Annual adjustments to these liabilities continued to drive net position down in FY 2020.

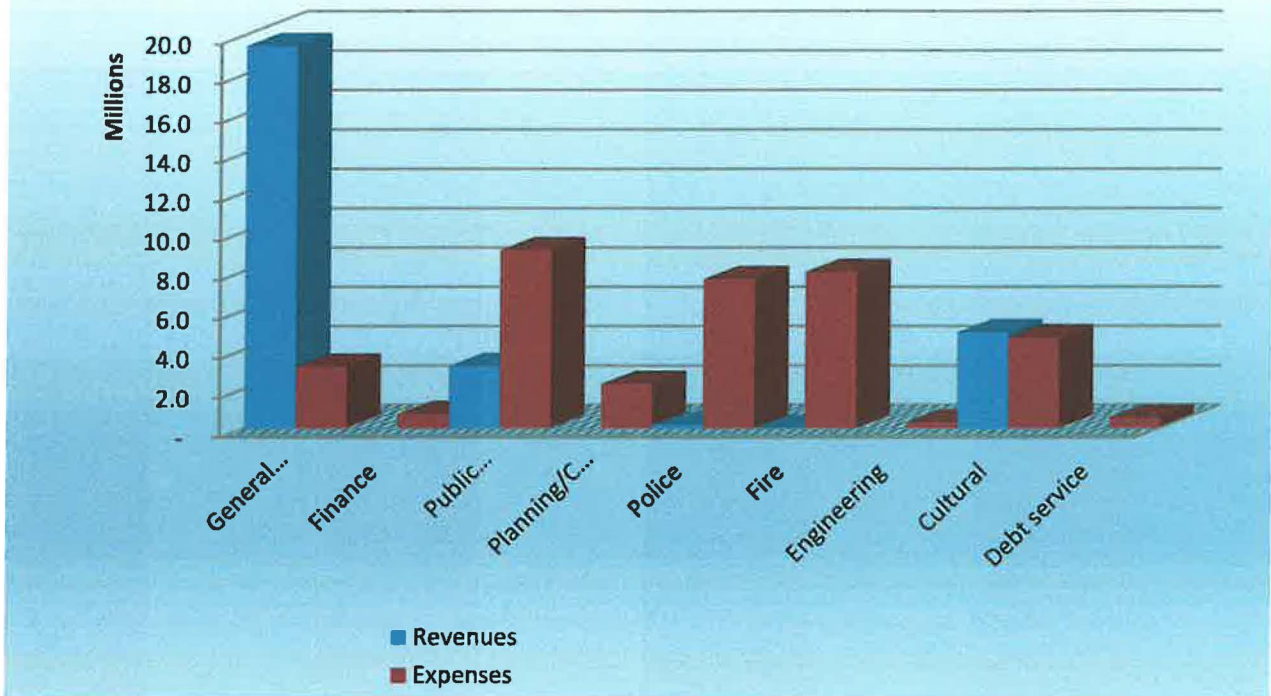
ANALYSIS OF THE CITY'S OPERATIONS

Revenues	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Taxes	\$ 9,162,048	\$ 8,135,700	\$ -	\$ -	\$ 9,162,048	\$ 8,135,700
Charges for Services	22,269,098	21,280,832	18,373,919	18,666,359	40,643,017	39,947,191
Operating Grants / Contr.	5,102,266	4,144,694	1,149,331	779,942	6,251,597	4,924,636
Capital Grants / Contr.	163,036	-	194,682	2,018,792	357,718	2,018,792
Other Income	1,059,183	1,063,442	1,096,381	888,204	2,155,564	1,951,646
Total Revenue	37,755,631	34,624,668	20,814,313	22,353,297	58,569,944	56,977,965

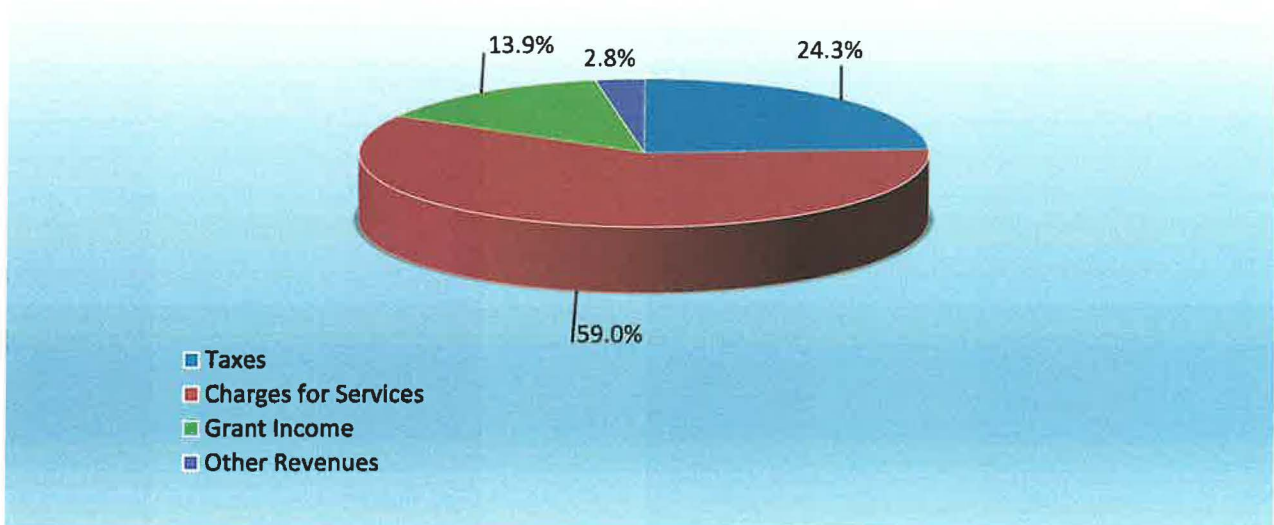
Expenses	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
General Government	3,119,758	2,986,867	-	-	3,119,758	2,986,867
Finance	705,736	668,506	-	-	705,736	668,506
Public Services	9,038,808	8,120,635	-	-	9,038,808	8,120,635
Planning / Code	2,236,287	2,400,442	-	-	2,236,287	2,400,442
Police	7,561,641	7,378,377	-	-	7,561,641	7,378,377
Fire	7,924,629	8,575,123	-	-	7,924,629	8,575,123
Engineering	275,043	249,062	-	-	275,043	249,062
Community / Cultural	4,597,921	4,004,395	-	-	4,597,921	4,004,395
Debt Service	506,957	538,063	-	-	506,957	538,063
Utility Fund	-	-	19,541,431	18,513,495	19,541,431	18,513,495
Ashland Bus System	-	-	1,572,825	1,543,230	1,572,825	1,543,230
Recreation Operating Fund	-	-	1,827,127	1,276,903	1,827,127	1,276,903
Cemetery	-	-	349,466	283,878	349,466	283,878
Parking Garage	-	-	189,864	-	189,864	-
Total Expense	35,966,780	34,921,470	23,480,713	21,617,506	59,447,493	56,538,976
Changes before transfers	1,788,851	(296,802)	(2,666,400)	735,791	(877,549)	438,989
Transfers	(1,099,160)	(1,673,400)	1,099,160	1,673,400	-	-
Change in Net Position	689,691	(1,970,202)	(1,567,240)	2,409,191	(877,549)	438,989
Net Position Beg of Year	11,499,144	13,469,346	38,110,102	35,700,911	49,609,246	49,170,257
Net Position End of Year	\$ 12,188,835	\$ 11,499,144	\$ 36,542,862	\$ 38,110,102	\$ 48,731,697	\$ 49,609,246

GOVERNMENTAL ACTIVITIES

**EXPENSES AND PROGRAM REVENUES-
GOVERNMENTAL ACTIVITIES**

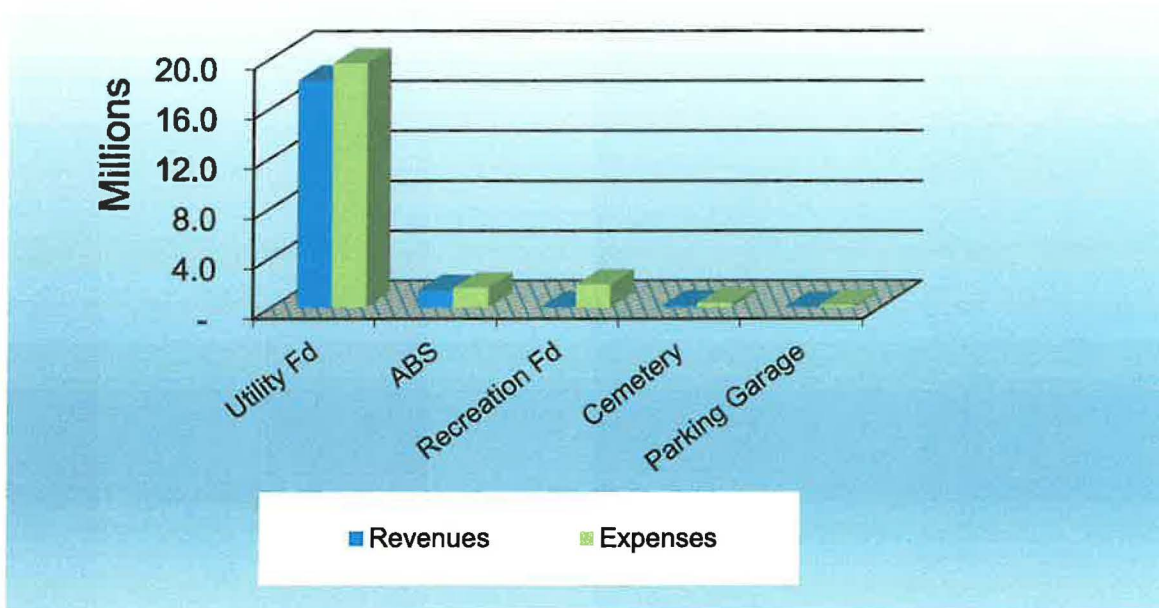


REVENUE BY SOURCE - GOVERNMENT ACTIVITIES

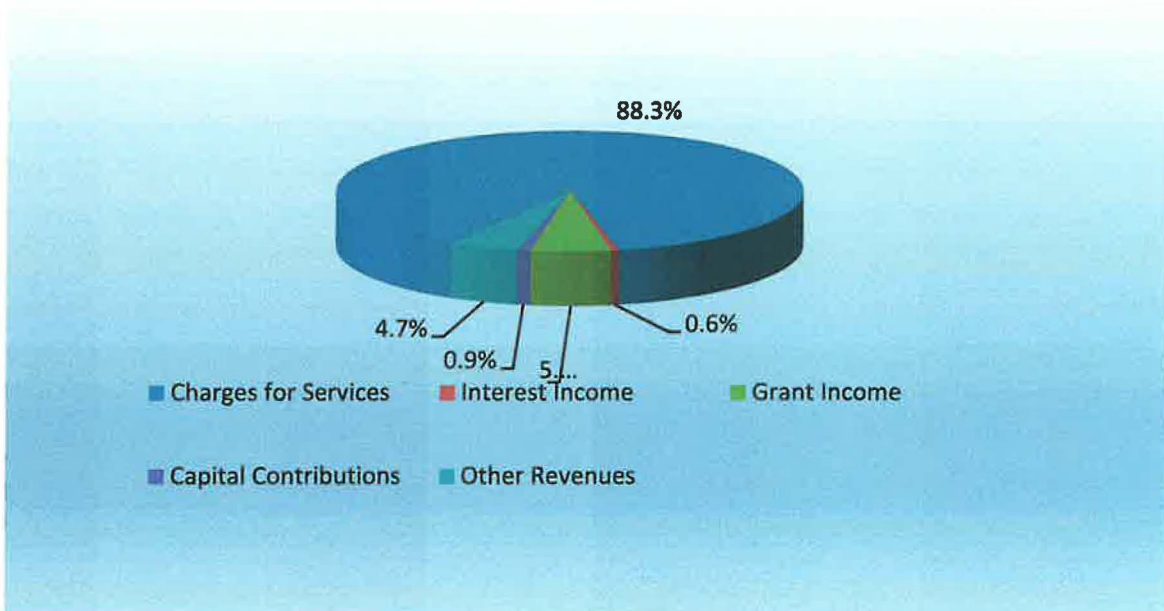


BUSINESS-TYPE ACTIVITIES

EXPENSES AND REVENUES - BUSINESS-TYPE ACTIVITIES



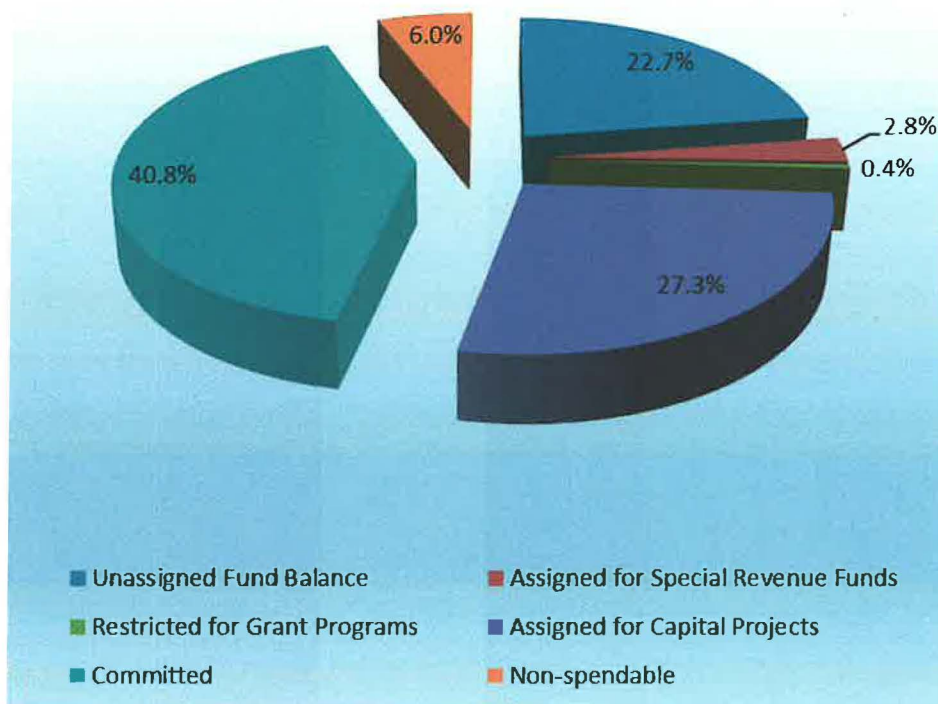
REVENUE BY SOURCE - BUSINESS -TYPE ACTIVITIES



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

A. The focus of the City's governmental funds is to provide information on near-term inflows or outflows and balances of spendable resources which are useful in determining the City's financing requirements. Unassigned fund balance serves as a useful measure of the City's net resources available for spending at the end of the fiscal year. At the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$17,614,598. Of this total, \$3,637,521, or 20.7%, is unassigned fund balance. The remainder of fund balance is assigned / non-spendable / restricted to indicate it is not available for new spending because it has previously been restricted. Fiscal Year 2023 reports assigned for special revenue funds at \$851,452, restricted for grant programs at \$72,065, non-spendable at \$1,053,707, assigned for capital projects at \$4,809,479 and committed \$7,190,374. The governmental funds assigned for capital projects is for the continuation of our Streetscape Improvements and various downtown and park improvements. Unassigned fund balance increased this year due to Occupational Tax revenue increases. Non-spendable fund balance is a combination of our prepaid property and equipment insurance, general liability insurance, workers compensation insurance and the balances of the inventory accounts at the close of the fiscal year.

Ending Fund Balances Governmental Activities



MAJOR GOVERNMENTAL FUNDS

For the year ending June 30, 2023, the major governmental funds reported as follows:

The General Fund had revenues of \$31,594,955, expenditures of \$30,937,560 and net other financing uses of (\$2,371,145). The total fund balance is \$13,048,664.

The Tax Increment Finance Fund had revenues of \$215,057 and expenditures of \$301,150. The total fund balance is (\$1,167,062). The TIF fund expenditures are the debt service payment. It should be noted that the deficit is a result of revenues not meeting the needs for the debt service payment. A conservative fiscal approach should be applied to the TIF district for future fiscal years.

The Municipal Aid Road Fund had revenues of \$457,616 and expenditures of \$416,634. The total fund balance is \$71,354. The focus on paving allowed the City to utilize this fund to its full potential by improving the roads and infrastructure for our citizens.

The Floodwall Operating Fund had revenues of \$353,832 and expenditures of \$246,522. The total fund balance is \$275,984.

The Community Development Fund had revenues of \$512,360 and expenditures of \$512,360. The total fund balance is \$65,437.

The Housing Assistance Fund had revenues of \$3,900,941 and expenditures of \$3,980,190. The total fund balance is \$6,628.

The ARPA Fund had revenues of \$103,124 and expenditures of \$0. The total fund balance is \$117,553.

The Opioid Settlement Fund had revenues of \$454,710 and expenditures of \$68,149. The total fund balance is \$386,561.

The Capital Purchase Improvement Fund had revenues of \$163,036, other financing sources of \$1,271,985 and expenditures of \$3,570,582. The total fund balance is \$4,809,479.

PROPRIETARY FUNDS

The City's proprietary funds, or business-type activities, had a total net position of \$36,542,862 for the five funds. Total decrease in net position was (\$1,567,240).

The Utility Fund, which accounts for water and wastewater services for the City of Ashland and surrounding communities, had a negative net position change of (\$414,130)

The Ashland Bus System accounts for the City's transportation system which is partially subsidized by the Federal Government (Federal Transit Administration). The City acquired the Ashland Cemetery in September 2009.

Recreation Operating Fund is the City's park system, swimming pool, concession activities and other recreational activities. New playground equipment was added to Southside park. Improvements were made to bathrooms, security cameras systems installed and new benches to city parks this year. Repairs were made to the Riverfront statues.

Luke II payment system was installed at the Parking Garage.

BUDGETARY HIGHLIGHTS

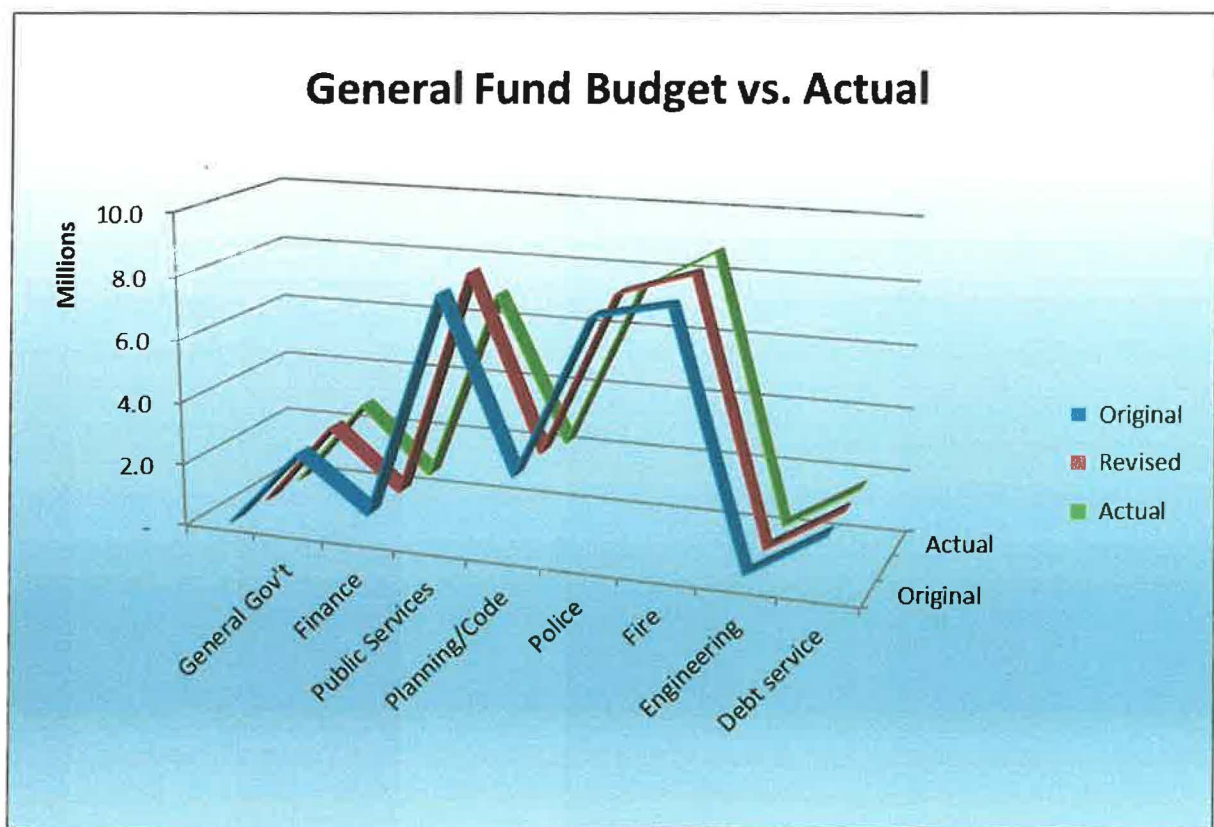
The budget was amended during the year to reflect the following:

- ⇒ \$35,000 increase in Human Resources expenditures for hiring costs.
- ⇒ \$7,500 increase in Legal expenditures for dues/publications.
- ⇒ \$180,000 increase in Unclassified expenditures for professional services (\$75,000), general supplies (\$65,000) and rental/maintenance agreements (\$40,000).
- ⇒ \$23,456 increase in Finance expenditures for overtime (\$13,456) and travel/training (\$10,000).
- ⇒ \$135,700 increase in Street Maintenance expenditures for utilities (\$45,000), chemical supplies (\$65,700) and equipment repair (\$25,000).
- ⇒ \$46,530 increase in Central Garage expenditures for payroll (\$21,530), travel/training (\$5,000) and rental/maintenance agreements (\$20,000).
- ⇒ \$55,000 increase in Economic Development expenditures for professional services (\$55,000) – feasibility study for conference center.
- ⇒ \$203,450 increase in Police expenditures for payroll (\$143,450) and tools & equipment (\$60,000).
- ⇒ \$472,463 increase in Fire expenditures for payroll (\$222,931), equipment repair (\$20,000), general supplies (\$26,300), protective apparel (\$176,810) and tools & equipment (\$26,422).
- ⇒ \$88,826 increase in Utility Cashier expenditures for overtime (\$16,148), seasonal pay (\$37,678) and (\$35,000) postage.
- ⇒ \$14,018 increase in Utility Unclassified expenditures for a copier.
- ⇒ \$175,000 increase in Ashland Bus System expenditures for seasonal pay.

- ⇒ \$211,991 increase in Recreation Central Park expenditures for seasonal pay (\$64,590), tree trimming (\$25,000), utilities (\$12,250), general supplies (\$30,000), benches & fountains (\$60,151) and bathrooms & roundhouse deck (\$20,000).
- ⇒ \$389,898 increase in Recreation Other Parks expenditures for payroll (\$38,300), utilities (\$7,500), rental / maintenance agreements (\$16,500), general supplies (\$30,500), benches (\$22,439), statue repair (\$6,700), metal roof at Oliverio (\$10,384), bathroom improvements & benches at Oliverio (\$52,575) and improvements & playground at Southside (\$205,000).
- ⇒ \$40,000 increase in Parking Garage expenditures for utilities.
- ⇒ Increase in the transfer to Capital Purchase Improvement Fund: \$650,053 for Police (\$51,795) for Investigation tool for detectives, (\$78,190) body / car cameras, (\$26,623) HVAC and (\$493,445) cars for new officers.
- ⇒ Increase in transfer to Capital Purchase Improvement Fund: \$308,801 net of grant reimbursement for Fire (\$36,750) generator, (\$28,000), cabinets & lights, (\$175,384) garage doors, (\$158,807) exhaust removal system, (\$27,000) air compressor, (\$221,232) radios and (\$4,000) outfit of Deputy Chief vehicle.

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 \$31,594,955 versus budgeted revenues of \$29,082,990. Licenses and permits were \$14,915,850 budgeted and actual revenues were \$16,784,206 for a variance of \$1,868,356. Finance staff's focus on collection efforts and new business in the City is to be credited for this positive variance. Grant Income were \$767,335 budgeted and actual revenues were \$182,291 for a variance of (\$585,044).



CAPITAL ASSET AND DEBT ADMINISTRATION

The City's investment in capital assets for governmental and business-type activities as of June 30, 2023 is \$127,544,529 (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.

CITY OF ASHLAND - CAPITAL ASSETS (NET OF DEPRECIATION)

<u>Asset</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Land	\$ 3,897,389	\$ 449,401	\$ 4,346,790
Buildings and improvements	13,631,083	8,541,730	22,172,813
Automotive equipment	7,638,189	2,610,347	10,248,536
Operating equipment	5,156,543	6,471,846	11,628,389
Office equipment	723,322	606,870	1,330,192
Capital improvements	3,630,178	5,185,093	8,815,271
Right-of-way	15,038,909	-	15,038,909
Infrastructure	69,753,590	-	69,753,590
Utility plant	-	107,381,301	107,381,301
Construction (CIP)	1,693,048	8,252,773	9,945,821
	<u>121,162,251</u>	<u>139,499,361</u>	<u>260,661,612</u>
Less depreciation	<u>(58,219,509)</u>	<u>(74,897,574)</u>	<u>(133,117,083)</u>
Total	<u>\$ 62,942,742</u>	<u>\$ 64,601,787</u>	<u>\$ 127,544,529</u>

Major construction projects through June 30, 2023 include:

Project	Approved Contract	Paid / Accrued to Date	Outstanding Commitment
Pump Sta - Florida St, Baugess, Johnson Fork	\$ 83,500	\$ 70,452	\$ 13,048
13th St Tank Rehab Project	142,300	41,582	100,718
Dawes St Rehab Project	207,384	26,960	180,424
Debord Hill Tank Project	105,680	94,090	11,590
Water Pump Station ER Generator	53,100	39,214	13,886
12 Engine Driven Power Generators	416,107	401,107	15,000
Design of 15th & 16th St Streetscape	41,000	3,620	37,380
Design Winchester 13th to 18th Streetscape	399,923	292,651	107,272
Design Winchester 7th to 12th Streetscape	249,660	99,677	149,983
26th St Pump Station	173,300	44,950	128,350
1401 Winchester Demolition	2,434,000	2,424,000	10,000
Pollard Mills Engineering	421,800	-	421,800
Chestnut Dr Main Replacement	19,000	18,987	13
Chestnut Dr Sewer Replacement	18,150	16,020	2,130
Roberts Dr Static Screen	115,930	87,240	28,690
Sutphen SPH 100 Mid-Mount Ariel Platform	1,907,244	977,030	930,214
Water Plant Roof Replacement	272,668	-	272,668
US 23 Water Main	1,726,938	372,024	1,354,914
	<u>\$ 8,787,684</u>	<u>\$ 5,009,604</u>	<u>\$ 3,778,080</u>

DEBT

At the end of fiscal year 2023, the City had governmental activities debt of \$16,888,209 compared to \$19,894,556 at June 30, 2022, which represents an decrease of (\$3,006,347). Business-type activities had debt of \$17,766,628 compared to \$19,674,237 at June 30, 2022, which represents an decrease of (\$1,907,609). See Note (9) 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 2015	\$ 1,390,000
General obligation bond series 2017	3,610,000
General obligation bond series 2021	9,770,000
Capital lease - Melody Mtn Phase II	1,051,664
Compensated absences obligation	1,066,545
Total	<u>\$ 16,888,209</u>

<u>Business-Type Activities Debt</u>	<u>Amount</u>
Revenue & Improvement Bonds 2013	\$ 510,000
Water & Sewer Revenue Bonds 2015	2,025,000
Water & Sewer Revenue Bonds 2020	10,235,000
Capital lease - Radio Meters	675,000
Kentucky Infrastructure Authority loans	4,321,627
Total	\$ 17,766,627

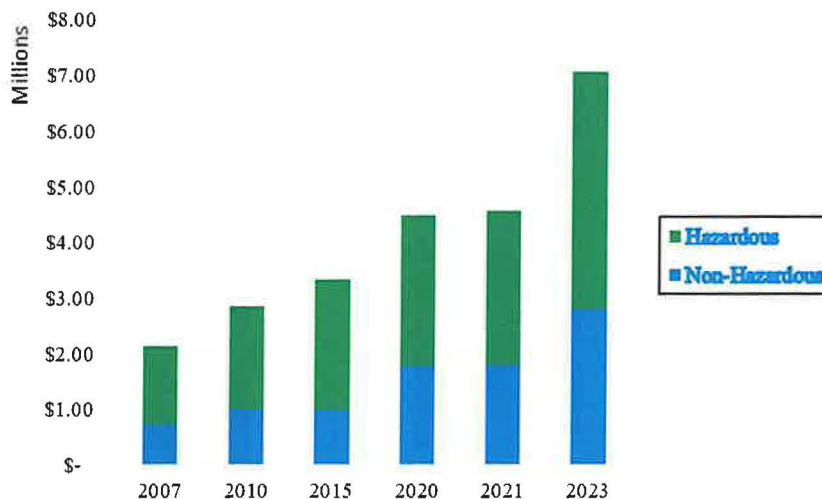
DESCRIPTION OF MUNICIPAL DEBT

- ⇒ General Obligation Refunding Bonds 2015 - \$1,390,000.
- ⇒ General Obligation Bonds 2017 Ashland Plaza Redevelopment Project - \$3,610,000.
- ⇒ General Obligation Bonds 2013 Melody Mountain Phase II - \$1,051,664.
- ⇒ General Obligation Bonds 2021 for various capital projects - \$9,770,000.
- ⇒ Employee compensated absences payable after 60 days at \$1,066,545.
- ⇒ Utility Revenue bond issue 2013 for phase II upgrade of the water plant - \$510,000.
- ⇒ K.I.A. Loans used to upgrade the utility system and correct CSO - \$4,321,627.
- ⇒ KLC lease payable for the purchase of radio read meters - \$675,000.
- ⇒ Water & Sewer Revenue Bonds 2015 – water system improvements - \$2,025,000.
- ⇒ Water & Sewer Revenue Bonds 2020 – water & wastewater improvements - \$10,235,000.

OTHER POTENTIALLY SIGNIFICANT MATTERS

Over the years, the City’s contribution to the Kentucky Retirement System (CERS) has seen a substantial rise in costs that has significantly impacted the City’s operating budget. The table and graph below show the actual cost of the City’s contributions to CERS for both Non-Hazardous and Hazardous employees for selected fiscal years, 2007, 2010, 2015, 2020, 2021 and 2023.

CERS Employer Contributions						
	Non-Hazardous			Hazardous		
FY	Rate	Amount	% Change	Rate	Amount	% Change
2007	13.19%	\$ 726,183		28.21%	\$ 1,416,348	
2010	16.16%	\$ 1,007,386	38.72%	32.97%	\$ 1,842,136	30.06%
2015	17.67%	\$ 997,574	-0.97%	34.31%	\$ 2,331,987	26.59%
2020	24.06%	\$ 1,789,316	79.37%	39.58%	\$ 2,685,813	15.17%
2021	24.06%	\$ 1,799,249	0.56%	39.58%	\$ 2,777,356	3.41%
2023	26.79%	\$ 2,641,579	46.82%	49.59%	\$ 4,253,793	53.16%



ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Unemployment rate for the City of Ashland as of June 2023 is 5.9%. This rate is higher than the State of Kentucky rate at 4.1% and the national rate of 3.6%.

The following summarizes the 2024 fiscal year budgeted expenses.

- ⇒ General Fund - \$33,360,000
- ⇒ Tax Increment Finance Fund - \$300,675
- ⇒ Municipal Aid Program - \$457,960
- ⇒ Community Development Block Grant Fund - \$1,638,429
- ⇒ ARPA Fund - \$13,072,000
- ⇒ Conference Center Grant - \$1,000,000
- ⇒ Opioid Settlement - \$400,000
- ⇒ Section 8 Voucher - \$3,931,012
- ⇒ Floodwall Operating Fund - \$332,606
- ⇒ Utility Fund - \$26,529,869
- ⇒ Ashland Bus System - \$2,137,237
- ⇒ Recreation Operating Fund - \$2,326,969
- ⇒ Ashland Cemetery Fund - \$410,692
- ⇒ Parking Garage - \$352,350
- ⇒ Conference Center - \$1,000,000
- ⇒ Capital Purchase Improvement Fund - \$11,173,925

Fiscal year 2024 contains several significant budget items. The Utility Fund will continue with the replacement of the aging water lines and engineering for new Sewer Treatment plant. Infrastructure improvements including significant paving, sidewalk replacement, Park Improvements and Winchester Avenue roundabouts and Streetscape in our downtown area.

REQUEST FOR INFORMATION

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

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

CITY OF ASHLAND
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 6,781,148	\$ 1,437,386	\$ 8,218,534
Accounts receivable	-	3,174,765	3,174,765
Allowance for uncollectible accounts	-	(526,715)	(526,715)
Taxes receivable	3,080,939	-	3,080,939
Allowance for uncollectible taxes	(579,140)	-	(579,140)
Grants receivable	130,081	1,337,030	1,467,111
Internal balances, net	9,356,790	(9,356,790)	-
Due from fiduciary fund	2,203,564	-	2,203,564
Other receivables	566,530	-	566,530
Allowance for uncollectible accounts	(75,296)	-	(75,296)
Prepaid expenses	826,811	91,622	918,433
Inventories	226,896	2,684,587	2,911,483
Restricted assets -			
Cash and cash equivalents	-	12,375,752	12,375,752
Certificates of deposit	13,030,520	6,489,161	19,519,681
Note receivable	150,000	-	150,000
Nondepreciable capital assets	20,629,346	8,702,174	29,331,520
Depreciable capital assets	100,532,905	130,797,187	231,330,092
Accumulated depreciation	(58,219,509)	(74,897,574)	(133,117,083)
Total assets	98,641,585	82,308,585	180,950,170
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount from refunding bonds	375,021	-	375,021
Deferred outflows - OPEB related	3,890,533	1,334,296	5,224,829
Deferred outflows - pension related	7,477,286	1,847,243	9,324,529
Total deferred outflows of resources	11,742,840	3,181,539	14,924,379

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

CITY OF ASHLAND
STATEMENT OF NET POSITION (CONCLUDED)
JUNE 30, 2023

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable	1,426,885	2,768,878	4,195,763
Due to Board of Education	176,506	-	176,506
Payable to fiduciary fund	-	3,173,078	3,173,078
Unearned revenue	13,628,863	-	13,628,863
Other accrued expenses and liabilities	2,541,965	450,624	2,992,589
Deposits	-	610,196	610,196
Matured revenue bonds and notes	-	50,000	50,000
Accrued compensated absences, current	209,812	395,873	605,685
Current portion of long-term debt	1,460,000	1,917,029	3,377,029
Net OPEB liabilities, due in more than one year	12,306,793	3,692,758	15,999,551
Net pension liabilities, due in more than one year	46,076,726	18,466,225	64,542,951
Accrued compensated absences, non-current	1,066,545	-	1,066,545
Financing lease obligations, non-current	971,667	552,917	1,524,584
Revenue and Improvement bonds, net of discounts	-	11,600,227	11,600,227
Kentucky Infrastructure Authority loans, non-current	-	3,741,681	3,741,681
General obligation bonds, non-current, plus premiums	14,939,339	-	14,939,339
Total liabilities	94,805,101	47,419,486	142,224,587
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - OPEB related	3,283,039	1,377,074	4,660,113
Deferred inflows - pension related	107,450	150,702	258,152
Total deferred inflows of resources	3,390,489	1,527,776	4,918,265
NET POSITION			
Net investment in capital assets	51,137,131	52,811,496	103,948,627
Restricted			
Debt service	-	1,886,225	1,886,225
Grant programs	72,065	-	72,065
Sewer improvements	-	10,680,242	10,680,242
Other	-	226,883	226,883
Unrestricted	(39,020,361)	(29,061,984)	(68,082,345)
Total net position	\$ 12,188,835	\$ 36,542,862	\$ 48,731,697

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, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities							
General government	\$ 3,119,758	\$ 19,356,700	\$ 35,271	\$ -	\$ 16,272,213	\$ -	\$ 16,272,213
Finance	705,736	-	-	-	(705,736)	-	(705,736)
Public services	9,038,808	2,520,617	457,108	163,036	(5,898,047)	-	(5,898,047)
Planning and code enforcement	2,236,287	-	-	-	(2,236,287)	-	(2,236,287)
Police	7,561,641	-	147,020	-	(7,414,621)	-	(7,414,621)
Fire	7,924,629	-	-	-	(7,924,629)	-	(7,924,629)
Engineering	275,043	-	-	-	(275,043)	-	(275,043)
Community and cultural	4,597,921	391,781	4,462,867	-	256,727	-	256,727
Debt service - interest	506,957	-	-	-	(506,957)	-	(506,957)
Total governmental activities	<u>35,966,780</u>	<u>22,269,098</u>	<u>5,102,266</u>	<u>163,036</u>	<u>(8,432,380)</u>	<u>-</u>	<u>(8,432,380)</u>
Business-Type Activities							
Utilities	19,541,431	18,170,214	-	-	-	(1,371,217)	(1,371,217)
Recreation	1,827,127	35,580	-	-	-	(1,791,547)	(1,791,547)
Cemetery	349,466	129,750	-	-	-	(219,716)	(219,716)
Parking Garage	189,864	12,835	-	-	-	(177,029)	(177,029)
Bus	1,572,825	25,540	1,149,331	194,682	-	(203,272)	(203,272)
Total business-type activities	<u>23,480,713</u>	<u>18,373,919</u>	<u>1,149,331</u>	<u>194,682</u>	<u>-</u>	<u>(3,762,781)</u>	<u>(3,762,781)</u>
Total primary government	<u>\$ 59,447,493</u>	<u>\$ 40,643,017</u>	<u>\$ 6,251,597</u>	<u>\$ 357,718</u>	<u>\$ (8,432,380)</u>	<u>\$ (3,762,781)</u>	<u>\$ (12,195,161)</u>
General Revenues:							
Property and other local taxes							
					\$ 3,182,832	\$ -	\$ 3,182,832
					496,844	-	496,844
					5,029,180	-	5,029,180
					453,192	-	453,192
					130,839	117,149	247,988
					928,344	979,232	1,907,576
Total general revenues					10,221,231	1,096,381	11,317,612
Transfers					(1,099,160)	1,099,160	-
Total general revenues and transfers					9,122,071	2,195,541	11,317,612
Change in net position					689,691	(1,567,240)	(877,549)
Net position, June 30, 2022					11,499,144	38,110,102	49,609,246
Net position, June 30, 2023					<u>\$ 12,188,835</u>	<u>\$ 36,542,862</u>	<u>\$ 48,731,697</u>

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

**CITY OF ASHLAND
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	Special Revenue Funds									Total Governmental Funds
	General	Tax Increment Finance	Municipal Aid Road	Floodwall Operating	Community Development	Housing Assistance	ARPA	Opioid Settlement	Capital Projects	
Assets										
Cash	\$ 2,465,591	\$ -	\$ 279	\$ 93,919	\$ 92,122	\$ 428,555	\$ 492,865	\$ 386,561	\$ -	\$ 3,959,892
Taxes receivable	2,843,191	-	-	237,748	-	-	-	-	-	3,080,939
Allowance for uncollectible taxes	(537,546)	-	-	(41,594)	-	-	-	-	-	(579,140)
Grants receivable	-	-	83,457	-	46,624	-	-	-	-	130,081
Due from other funds	14,767,727	-	-	-	-	-	-	-	5,123,522	19,891,249
Other receivables	421,192	-	-	-	-	76,311	69,027	-	-	566,530
Allowance for uncollectible accounts	-	-	-	-	-	(75,296)	-	-	-	(75,296)
Investments - certificates of deposit	-	-	-	-	-	-	13,030,520	-	-	13,030,520
Prepaid items	826,811	-	-	-	-	-	-	-	-	826,811
Inventories - supplies	226,896	-	-	-	-	-	-	-	-	226,896
Total assets	\$ 21,013,862	\$ -	\$ 83,736	\$ 290,073	\$ 138,746	\$ 429,570	\$ 13,592,412	\$ 386,561	\$ 5,123,522	\$ 41,058,482
Liabilities and Fund Balances										
Liabilities:										
Accounts payable	\$ 963,339	\$ -	\$ -	\$ 2,978	\$ 55,090	\$ 3,976	\$ -	\$ -	\$ 314,043	\$ 1,339,426
Due to other funds	5,213,723	1,167,062	12,382	8,636	14,525	258,799	-	-	-	6,675,127
Unearned revenue	-	-	-	-	-	154,004	13,474,859	-	-	13,628,863
Due to Board of Education	176,506	-	-	-	-	-	-	-	-	176,506
Accrued compensated absences	205,392	-	-	510	2,606	1,304	-	-	-	209,812
Accrued wages and related	1,406,238	-	-	1,965	1,088	4,859	-	-	-	1,414,150
Total liabilities	7,965,198	1,167,062	12,382	14,089	73,309	422,942	13,474,859	-	314,043	23,443,884
Fund Balances:										
Non-spendable	1,053,707	-	-	-	-	-	-	-	-	1,053,707
Restricted for grant programs	-	-	-	-	65,437	6,628	-	-	-	72,065
Committed	7,190,374	-	-	-	-	-	-	-	-	7,190,374
Assigned for capital projects	-	-	-	-	-	-	-	-	4,809,479	4,809,479
Assigned for special revenue funds	-	-	71,354	275,984	-	-	117,553	386,561	-	851,452
Unassigned	4,804,583	(1,167,062)	-	-	-	-	-	-	-	3,637,521
Total fund balances	13,048,664	(1,167,062)	71,354	275,984	65,437	6,628	117,553	386,561	4,809,479	17,614,598
Total liabilities and fund balances	\$ 21,013,862	\$ -	\$ 83,736	\$ 290,073	\$ 138,746	\$ 429,570	\$ 13,592,412	\$ 386,561	\$ 5,123,522	\$ 41,058,482

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

CITY OF ASHLAND
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
JUNE 30, 2023

Total fund balance - total governmental funds		\$ 17,614,598
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets of \$121,162,251 net of accumulated depreciation of \$58,219,509 used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		62,942,742
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	
Deferred amount from refunding bonds	375,021	525,021
Deferred outflows and inflows of resources related to pensions and OPEB plans are applicable to future periods and, therefore, are not reported in the governmental funds.		7,977,330
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds:		
Net OPEB liabilities	(12,306,793)	
Net pension liabilities	(46,076,726)	
Bonds payable	(16,319,339)	
Accrued interest payable	(49,786)	
Accrued compensated absences	(1,066,545)	
Financing lease obligations	(1,051,667)	(76,870,856)
Net position, end of year - governmental activities		\$ 12,188,835

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, 2023

	Special Revenue Funds									Total Governmental Funds
	General	Tax Increment Finance	Municipal Aid Road	Floodwall Operating	Community Development	Housing Assistance	ARPA	Opioid Settlement	Capital Projects	
Revenues										
Property and other local taxes	\$ 8,764,708	\$ 43,923	\$ -	\$ 353,417	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,162,048
Licenses and permits	16,784,206	171,134	-	-	-	-	-	-	-	16,955,340
Charges for services	2,520,617	-	-	-	-	-	-	-	-	2,520,617
Fees, fines and reimbursements	2,401,360	-	-	-	-	-	-	-	-	2,401,360
Grant income	182,291	-	457,108	-	512,360	3,496,178	-	454,329	163,036	5,265,302
Administration fee income	-	-	-	-	-	391,781	-	-	-	391,781
Interest income	26,119	-	508	415	-	292	103,124	381	-	130,839
Other income	915,654	-	-	-	-	12,690	-	-	-	928,344
Total revenues	31,594,955	215,057	457,616	353,832	512,360	3,900,941	103,124	454,710	163,036	37,755,631
Expenditures										
General government	2,820,421	-	-	-	-	-	-	-	-	2,820,421
Finance	689,810	-	-	-	-	-	-	-	-	689,810
Public services	6,937,885	-	416,634	246,522	-	-	-	-	-	7,601,041
Planning and code enforcement	2,251,375	-	-	-	-	-	-	-	-	2,251,375
Police	7,439,150	-	-	-	-	-	-	-	-	7,439,150
Fire	8,786,810	-	-	-	-	-	-	-	-	8,786,810
Engineering	268,785	-	-	-	-	-	-	-	-	268,785
Community and cultural	-	-	-	-	512,360	3,980,190	-	68,149	-	4,560,699
Capital outlay	-	-	-	-	-	-	-	-	3,570,582	3,570,582
Debt service:										
Principal retirement	1,202,083	190,000	-	-	-	-	-	-	-	1,392,083
Interest and other charges	541,241	111,150	-	-	-	-	-	-	-	652,391
Total expenditures	30,937,560	301,150	416,634	246,522	512,360	3,980,190	-	68,149	3,570,582	40,033,147
Excess (deficiency) of revenues over (under) expenditures	657,395	(86,093)	40,982	107,310	-	(79,249)	103,124	386,561	(3,407,546)	(2,277,516)
Other Financing Sources (Uses)										
Transfers in	-	-	-	-	-	-	-	-	1,271,985	1,271,985
Transfers out	(2,371,145)	-	-	-	-	-	-	-	-	(2,371,145)
Total other financing sources (uses)	(2,371,145)	-	-	-	-	-	-	-	1,271,985	(1,099,160)
Net change in fund balances	(1,713,750)	(86,093)	40,982	107,310	-	(79,249)	103,124	386,561	(2,135,561)	(3,376,676)
Fund balances beginning of year	14,762,414	(1,080,969)	30,372	168,674	65,437	85,877	14,429	-	6,945,040	20,991,274
Fund balances end of year	\$ 13,048,664	\$ (1,167,062)	\$ 71,354	\$ 275,984	\$ 65,437	\$ 6,628	\$ 117,553	\$ 386,561	\$ 4,809,479	\$ 17,614,598

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, 2023

Net change in fund balances - total governmental funds \$ (3,376,676)

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.

Capital outlay	5,651,868	
Depreciation expense	<u>(2,873,833)</u>	2,778,035

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:

Long-term portion of accrued sick leave		(126,139)
Amortization of deferred savings from refunding bonds		(48,381)
Amortization of bond discounts and premiums		191,061
Accrued interest payable		2,754

Governmental funds report pension contributions as expenditures when paid. However, in the Statement of Activities, pension expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pensions, and investment experience.

Net change in Police & Firefighters pension liability	216,285	
CERS pension expense	551,263	
CERS OPEB expense	<u>(890,594)</u>	(123,046)

Bond and financing lease payments are recognized as expenditures of current financial resources in the fund financial statements, but are reductions of liabilities in the statement of net position.

1,392,083

Change in net position of governmental activities \$ 689,691

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

**CITY OF ASHLAND
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023**

	Business-Type Activities					Total	Governmental Activity - Internal Service Fund
	Utility Fund	Ashland Bus Fund	Recreation Fund	Cemetery Fund	Parking Garage Fund		
ASSETS							
Unrestricted Assets:							
Cash and cash equivalents	\$ 836,201	\$ 101,704	\$ 112,461	\$ 374,351	\$ 12,669	\$ 1,437,386	\$ 2,821,256
Accounts receivable	3,133,948	30	-	40,787	-	3,174,765	-
Allowance for doubtful accounts	(526,715)	-	-	-	-	(526,715)	-
Due from other funds	-	-	-	90,202	-	90,202	-
Grants receivable - capital	-	187,699	-	-	-	187,699	-
Grants receivable - operating	-	1,149,331	-	-	-	1,149,331	-
Prepaid expenses	91,622	-	-	-	-	91,622	-
Inventories -							
Repair parts and supplies	1,323,606	45,687	13,014	-	-	1,382,307	-
Lots and vaults	-	-	-	1,302,280	-	1,302,280	-
Total unrestricted assets	4,858,662	1,484,451	125,475	1,807,620	12,669	8,288,877	2,821,256
Restricted Assets:							
Cash and cash equivalents	12,338,869	-	-	36,883	-	12,375,752	-
Investments -							
Certificates of deposit	6,299,161	-	190,000	-	-	6,489,161	-
Total restricted assets	18,638,030	-	190,000	36,883	-	18,864,913	-
Total current assets	23,496,692	1,484,451	315,475	1,844,503	12,669	27,153,790	2,821,256
Capital Assets:							
Land and easements	372,725	-	58,223	18,453	-	449,401	-
Utility plant	107,381,301	-	-	-	-	107,381,301	-
Buildings and improvements	2,636,910	1,580,134	192,844	2,331,842	1,800,000	8,541,730	-
Operating equipment	7,328,562	1,323,317	5,498,569	94,316	22,522	14,267,286	-
Office and computer equipment	568,700	38,170	-	-	-	606,870	-
Construction in progress	8,252,773	-	-	-	-	8,252,773	-
	126,540,971	2,941,621	5,749,636	2,444,611	1,822,522	139,499,361	-
Less: Accumulated depreciation	(71,028,658)	(1,985,017)	(1,125,701)	(706,769)	(51,429)	(74,897,574)	-
Total capital assets - net	55,512,313	956,604	4,623,935	1,737,842	1,771,093	64,601,787	-
Total noncurrent assets	55,512,313	956,604	4,623,935	1,737,842	1,771,093	64,601,787	-
Total assets	79,009,005	2,441,055	4,939,410	3,582,345	1,783,762	91,755,577	2,821,256
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows - OPEB related	1,007,371	144,584	150,392	19,606	12,343	1,334,296	-
Deferred outflows - pension related	1,394,637	200,167	208,208	27,143	17,088	1,847,243	-
Total deferred outflows of resources	2,402,008	344,751	358,600	46,749	29,431	3,181,539	-

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

CITY OF ASHLAND
STATEMENT OF NET POSITION (CONCLUDED)
PROPRIETARY FUNDS
JUNE 30, 2023

	Business-Type Activities					Total	Governmental Activity - Internal Service Fund
	Utility Fund	Ashland Bus Fund	Recreation Fund	Cemetery Fund	Parking Garage Fund		
LIABILITIES							
Current liabilities (payable from current assets):							
Accounts payable	\$ 1,979,467	\$ 55,623	\$ 675,742	\$ 34,469	\$ 23,577	\$ 2,768,878	\$ 87,459
Due to other funds	8,914,865	1,906,671	1,662,109	-	136,425	12,620,070	1,655,768
Accrued compensated absences	316,507	30,316	36,464	12,586	-	395,873	-
Other accrued liabilities	365,566	18,356	20,625	44,572	1,505	450,624	1,078,029
Total current liabilities (payable from current assets)	11,576,405	2,010,966	2,394,940	91,627	161,507	16,235,445	2,821,256
Current liabilities (payable from restricted assets):							
Matured revenue bonds and notes	50,000	-	-	-	-	50,000	-
Customer deposits	610,196	-	-	-	-	610,196	-
Current portion of financing lease obligations	122,083	-	-	-	-	122,083	-
Current portion of Revenue and Improvement bonds	1,215,000	-	-	-	-	1,215,000	-
Current portion of Kentucky Infrastructure Authority loans	579,946	-	-	-	-	579,946	-
Total current liabilities (payable from restricted assets)	2,577,225	-	-	-	-	2,577,225	-
Total current liabilities	14,153,630	2,010,966	2,394,940	91,627	161,507	18,812,670	2,821,256
Long-term liabilities:							
Financing lease obligations	552,917	-	-	-	-	552,917	-
Revenue and Improvement bonds, net of discount and premium	11,600,227	-	-	-	-	11,600,227	-
Kentucky Infrastructure Authority loans	3,741,681	-	-	-	-	3,741,681	-
Net OPEB liabilities	2,945,507	416,824	253,468	76,175	784	3,692,758	-
Net pension liabilities	15,605,899	1,489,722	1,118,720	238,099	13,785	18,466,225	-
Total long-term liabilities	34,446,231	1,906,546	1,372,188	314,274	14,569	38,053,808	-
Total liabilities	48,599,861	3,917,512	3,767,128	405,901	176,076	56,866,478	2,821,256
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows - OPEB related	1,039,668	149,219	155,214	20,234	12,739	1,377,074	-
Deferred inflows - pension related	113,777	16,330	16,986	2,215	1,394	150,702	-
Total deferred inflows of resources	1,153,445	165,549	172,200	22,449	14,133	1,527,776	-
NET POSITION							
Net investment in capital assets	43,722,022	956,604	4,623,935	1,737,842	1,771,093	52,811,496	-
Restricted for debt service	1,886,225	-	-	-	-	1,886,225	-
Restricted for sewer improvements	10,680,242	-	-	-	-	10,680,242	-
Other	-	-	190,000	36,883	-	226,883	-
Unrestricted	(24,630,782)	(2,253,859)	(3,455,253)	1,426,019	(148,109)	(29,061,984)	-
Total net position	\$ 31,657,707	\$ (1,297,255)	\$ 1,358,682	\$ 3,200,744	\$ 1,622,984	\$ 36,542,862	\$ -

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

CITY OF ASHLAND
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Business-Type Activities					Total	Governmental Activity - Internal Service Fund
	Utility Fund	Ashland Bus Fund	Recreation Fund	Cemetery Fund	Parking Garage Fund		
OPERATING REVENUES							
Residential and commercial meter sales	\$ 4,426,102	\$ -	\$ -	\$ -	\$ -	\$ 4,426,102	\$ -
Sewer service	8,198,002	-	-	-	-	8,198,002	-
Industrial meter sales	4,202,748	-	-	-	-	4,202,748	-
Other municipalities	1,167,491	-	-	-	-	1,167,491	-
Industrial pretreatment	91,449	-	-	-	-	91,449	-
Water and sewer taps	84,422	-	-	-	-	84,422	-
Concession sales	-	-	11,302	-	-	11,302	-
Lot and vault sales	-	-	-	54,460	-	54,460	-
Opening and closing fees	-	-	-	75,290	-	75,290	-
Passenger fares	-	25,540	-	-	-	25,540	-
Admission and parking fees	-	-	24,278	-	12,835	37,113	-
Premium charges	-	-	-	-	-	-	5,152,602
Miscellaneous	841,007	-	31,700	106,450	-	979,157	-
Total operating revenues	<u>19,011,221</u>	<u>25,540</u>	<u>67,280</u>	<u>236,200</u>	<u>12,835</u>	<u>19,353,076</u>	<u>5,152,602</u>
OPERATING EXPENSES							
Administration - Director	208,685	-	-	-	-	208,685	-
Administration - Cashier	1,259,998	-	-	-	-	1,259,998	-
Water - Production	2,931,515	-	-	-	-	2,931,515	-
Water - Distribution	5,027,230	-	-	-	-	5,027,230	-
Sewer - Pretreatment	2,356,467	-	-	-	-	2,356,467	-
Sewer - Collection	2,111,179	-	-	-	-	2,111,179	-
Depreciation	2,871,661	165,861	154,671	51,010	51,429	3,294,632	-
Insurance	215,765	29,690	25,135	5,764	30	276,384	-
Other operating expenses	2,086,181	547,333	636,246	93,713	43,010	3,406,483	27,171
Salaries	-	678,765	684,648	116,071	58,041	1,537,525	-
Utilities	-	43,862	139,354	15,581	25,019	223,816	-
Operating supplies	-	107,314	187,073	67,327	12,335	374,049	-
Premiums and claims	-	-	-	-	-	-	5,130,355
Total operating expenses	<u>19,068,681</u>	<u>1,572,825</u>	<u>1,827,127</u>	<u>349,466</u>	<u>189,864</u>	<u>23,007,963</u>	<u>5,157,526</u>
OPERATING INCOME (LOSS)	<u>(57,460)</u>	<u>(1,547,285)</u>	<u>(1,759,847)</u>	<u>(113,266)</u>	<u>(177,029)</u>	<u>(3,654,887)</u>	<u>(4,924)</u>
NON-OPERATING REVENUES (EXPENSES)							
Gain (loss) on disposal of assets	-	75	-	-	-	75	-
Interest income	116,080	266	221	569	13	117,149	4,924
Grant income	-	1,149,331	-	-	-	1,149,331	-
Interest on revenue bonds and notes	(472,750)	-	-	-	-	(472,750)	-
Total non-operating revenues (expenses)	<u>(356,670)</u>	<u>1,149,672</u>	<u>221</u>	<u>569</u>	<u>13</u>	<u>793,805</u>	<u>4,924</u>
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>(414,130)</u>	<u>(397,613)</u>	<u>(1,759,626)</u>	<u>(112,697)</u>	<u>(177,016)</u>	<u>(2,861,082)</u>	<u>-</u>
TRANSFERS							
From General Fund	-	68,047	918,859	112,254	-	1,099,160	-
Total transfers in	<u>-</u>	<u>68,047</u>	<u>918,859</u>	<u>112,254</u>	<u>-</u>	<u>1,099,160</u>	<u>-</u>
CAPITAL CONTRIBUTIONS							
Federal/state grants	-	194,682	-	-	-	194,682	-
Total capital contributions	<u>-</u>	<u>194,682</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>194,682</u>	<u>-</u>
INCREASE (DECREASE) IN NET POSITION	<u>(414,130)</u>	<u>(134,884)</u>	<u>(840,767)</u>	<u>(443)</u>	<u>(177,016)</u>	<u>(1,567,240)</u>	<u>-</u>
NET POSITION, JUNE 30, 2022	<u>32,071,837</u>	<u>(1,162,371)</u>	<u>2,199,449</u>	<u>3,201,187</u>	<u>1,800,000</u>	<u>38,110,102</u>	<u>-</u>
NET POSITION, JUNE 30, 2023	<u>\$ 31,657,707</u>	<u>\$ (1,297,255)</u>	<u>\$ 1,358,682</u>	<u>\$ 3,200,744</u>	<u>\$ 1,622,984</u>	<u>\$ 36,542,862</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, 2023**

	Business-Type Activities					Total	Governmental Activity - Internal Service Fund
	Utility Fund	Ashland Bus Fund	Recreation Fund	Cemetery Fund	Parking Garage Fund		
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash received from customers	\$ 18,586,044	\$ 25,510	\$ 35,580	\$ 89,763	\$ 12,835	\$ 18,749,732	\$ -
Cash payments to suppliers for goods and services	(6,030,038)	(306,659)	824,611	103,789	79,608	(5,328,689)	(27,171)
Cash payments to employees	(6,499,137)	(719,884)	(688,672)	(118,292)	(57,265)	(8,083,250)	-
Other operating revenues	841,007	-	31,700	106,450	-	979,157	-
Payments for internal services	(1,150,285)	(149,500)	(172,250)	(58,500)	-	(1,530,535)	-
Cash received for internal services	-	-	-	-	-	-	4,543,675
Payments for premiums and claims	-	-	-	-	-	-	(5,180,015)
Net cash provided by (used for) operating activities	<u>5,747,591</u>	<u>(1,150,533)</u>	<u>30,969</u>	<u>123,210</u>	<u>35,178</u>	<u>4,786,415</u>	<u>(663,511)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Grant income	-	-	-	-	-	-	-
Transfers from other funds	-	68,047	918,859	112,254	-	1,099,160	-
Net cash provided by noncapital financing activities	<u>-</u>	<u>68,047</u>	<u>918,859</u>	<u>112,254</u>	<u>-</u>	<u>1,099,160</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition and construction of capital assets	(4,646,291)	(28,811)	(883,739)	(40,237)	(22,522)	(5,621,600)	-
Proceeds from sale of assets	-	75	-	-	-	75	-
Principal paid on bonds, notes, and lease obligations	(1,859,998)	-	-	-	-	(1,859,998)	-
Interest paid on bonds, notes, and lease obligations	(472,750)	-	-	-	-	(472,750)	-
Capital grants received	-	47,868	-	-	-	47,868	-
Net cash provided by (used for) capital and related financing activities	<u>(6,979,039)</u>	<u>19,132</u>	<u>(883,739)</u>	<u>(40,237)</u>	<u>(22,522)</u>	<u>(7,906,405)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Withdrawal of investment securities	(51,524)	-	-	-	-	(51,524)	-
Investment income	116,080	266	221	569	13	117,149	4,924
Net cash provided by (used for) investing activities	<u>64,556</u>	<u>266</u>	<u>221</u>	<u>569</u>	<u>13</u>	<u>65,625</u>	<u>4,924</u>
Net increase (decrease) in cash and cash equivalents	(1,166,892)	(1,063,088)	66,310	195,796	12,669	(1,955,205)	(658,587)
Cash and cash equivalents, June 30, 2022	<u>14,341,962</u>	<u>1,164,792</u>	<u>46,151</u>	<u>215,438</u>	<u>-</u>	<u>15,768,343</u>	<u>3,479,843</u>
Cash and cash equivalents, June 30, 2023	<u>\$ 13,175,070</u>	<u>\$ 101,704</u>	<u>\$ 112,461</u>	<u>\$ 411,234</u>	<u>\$ 12,669</u>	<u>\$ 13,813,138</u>	<u>\$ 2,821,256</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES							
Operating income (loss)	\$ (57,460)	\$ (1,547,285)	\$ (1,759,847)	\$ (113,266)	\$ (177,029)	\$ (3,654,887)	\$ (4,924)
Adjustments:							
Depreciation	2,871,661	165,861	154,671	51,010	51,429	3,294,632	-
Amortization	24,553	-	-	-	-	24,553	-
Net OPEB adjustment	221,741	31,125	27,689	3,910	1,180	285,645	-
Net pension adjustment	(923,845)	(34,353)	(32,484)	(4,443)	(1,909)	(997,034)	-
Changes in assets and liabilities:							
(Increase) decrease in accounts receivable	299,171	(30)	-	(39,987)	-	259,154	-
(Increase) decrease in inventories	(28,147)	(489)	(3,202)	49,350	-	17,512	-
(Increase) decrease in prepaid expenses	15,958	-	-	-	-	15,958	-
(Increase) decrease in due from other funds	-	-	-	150,652	-	150,652	-
Increase (decrease) in accounts payable	819,218	(19,001)	513,157	27,672	23,577	1,364,623	13,393
Increase (decrease) in due to other funds	2,426,318	291,530	1,130,214	-	136,425	3,984,487	(608,927)
Increase (decrease) in compensated absences	65,716	4,422	21,862	3,484	-	95,484	-
Increase (decrease) in other accrued liabilities	(103,952)	(42,313)	(21,091)	(5,172)	1,505	(171,023)	(63,053)
Increase (decrease) in customer deposits	116,659	-	-	-	-	116,659	-
Net cash provided by (used for) operating activities	<u>\$ 5,747,591</u>	<u>\$ (1,150,533)</u>	<u>\$ 30,969</u>	<u>\$ 123,210</u>	<u>\$ 35,178</u>	<u>\$ 4,786,415</u>	<u>\$ (663,511)</u>

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

**CITY OF ASHLAND
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023**

	<u>Pension Trust Funds</u>
ASSETS	
Cash and cash equivalents	\$ -
Accrued interest receivable	3,596
Due from other funds	3,173,078
Investments	
Certificates of deposit	<u>2,970,978</u>
 Total assets	 <u>6,147,652</u>
 LIABILITIES	
Due to other funds	<u>2,203,564</u>
 Total liabilities	 <u>2,203,564</u>
 NET POSITION - RESTRICTED FOR PENSION BENEFITS	 <u><u>\$ 3,944,088</u></u>

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

**CITY OF ASHLAND
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Pension Trust Funds</u>
ADDITIONS:	
CONTRIBUTIONS	
Employer	<u>\$ 682,608</u>
Total contributions	<u>682,608</u>
INVESTMENT INCOME	
Interest income	<u>17,385</u>
Total investment income	<u>17,385</u>
Total additions	<u>699,993</u>
DEDUCTIONS:	
Benefits	995,483
Administrative expenses	<u>6,550</u>
Total deductions	<u>1,002,033</u>
NET DECREASE	(302,040)
NET POSITION - RESTRICTED FOR PENSION BENEFITS:	
Beginning of year	<u>4,246,128</u>
End of year	<u><u>\$ 3,944,088</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
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Revisions	Revised Budget	Actual	Variance Positive (Negative)
Revenues					
Property and other local taxes	\$ 8,559,960	\$ -	\$ 8,559,960	\$ 8,764,708	\$ 204,748
Licenses and permits	14,915,850	-	14,915,850	16,784,206	1,868,356
Charges for services	2,475,250	-	2,475,250	2,520,617	45,367
Fees, fines and reimbursements	2,154,015	-	2,154,015	2,401,360	247,345
Interest income	7,950	-	7,950	26,119	18,169
Grant income	767,335	-	767,335	182,291	(585,044)
Other income	202,630	-	202,630	915,654	713,024
Total revenues	29,082,990	-	29,082,990	31,594,955	2,511,965
Expenditures					
General government	2,473,604	222,500	2,696,104	2,820,421	(124,317)
Finance	767,121	23,456	790,577	689,810	100,767
Public services	7,922,904	182,230	8,105,134	6,937,885	1,167,249
Planning and code enforcement	2,512,303	55,000	2,567,303	2,251,375	315,928
Police	7,586,978	203,450	7,790,428	7,439,150	351,278
Fire	8,087,543	472,463	8,560,006	8,786,810	(226,804)
Engineering	279,865	-	279,865	268,785	11,080
Debt service:					
Principal retirement	437,821	-	437,821	1,202,083	(764,262)
Interest and fiscal charges	1,329,879	-	1,329,879	541,241	788,638
Total expenditures	31,398,018	1,159,099	32,557,117	30,937,560	1,619,557
Excess (deficiency) of revenues over (under) expenditures	(2,315,028)	(1,159,099)	(3,474,127)	657,395	4,131,522
Other Financing Sources (Uses)					
Transfers out	(2,595,719)	(958,854)	(3,554,573)	(2,371,145)	1,183,428
Total other financing sources (uses)	(2,595,719)	(958,854)	(3,554,573)	(2,371,145)	1,183,428
Net change in fund balance	(4,910,747)	(2,117,953)	(7,028,700)	(1,713,750)	5,314,950
Fund balance beginning of year	14,762,414	-	14,762,414	14,762,414	-
Fund balance end of year	<u>\$ 9,851,667</u>	<u>\$ (2,117,953)</u>	<u>\$ 7,733,714</u>	<u>\$ 13,048,664</u>	<u>\$ 5,314,950</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
TAX INCREMENT FINANCE FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Revisions	Revised Budget	Actual	Variance Positive (Negative)
Revenues					
Property and other local taxes	\$ 55,385	\$ -	\$ 55,385	\$ 43,923	\$ (11,462)
Licenses and permits	44,030	-	44,030	171,134	127,104
Charges for services	-	-	-	-	-
Fees, fines and reimbursements	-	-	-	-	-
Grant income	-	-	-	-	-
Administration fee income	-	-	-	-	-
Interest income	-	-	-	-	-
Other income	-	-	-	-	-
Total revenues	99,415	-	99,415	215,057	115,642
Expenditures					
General government	-	-	-	-	-
Finance	-	-	-	-	-
Public services	-	-	-	-	-
Planning and code enforcement	-	-	-	-	-
Police	-	-	-	-	-
Fire	-	-	-	-	-
Engineering	-	-	-	-	-
Community and cultural	300	-	300	-	300
Other	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	190,000	-	190,000	190,000	-
Interest and fiscal charges	111,150	-	111,150	111,150	-
Total expenditures	301,450	-	301,450	301,150	300
Excess (deficiency) of revenues over (under) expenditures	(202,035)	-	(202,035)	(86,093)	115,942
Other Financing Sources (Uses)					
Proceeds from the issuance of debt	-	-	-	-	-
Transfers in	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	(202,035)	-	(202,035)	(86,093)	115,942
Fund balance beginning of year	(1,080,969)	-	(1,080,969)	(1,080,969)	-
Fund balance end of year	\$ (1,283,004)	\$ -	\$ (1,283,004)	\$ (1,167,062)	\$ 115,942

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, 2023

	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	443,200	-	443,200	457,108	13,908
Administration fee income	-	-	-	-	-
Interest income	100	-	100	508	408
Other income	-	-	-	-	-
Total revenues	443,300	-	443,300	457,616	14,316
Expenditures					
General government	-	-	-	-	-
Finance	-	-	-	-	-
Public services	443,300	-	443,300	416,634	26,666
Planning and code enforcement	-	-	-	-	-
Police	-	-	-	-	-
Fire	-	-	-	-	-
Engineering	-	-	-	-	-
Community and cultural	-	-	-	-	-
Other	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	443,300	-	443,300	416,634	26,666
Excess (deficiency) of revenues over (under) expenditures	-	-	-	40,982	40,982
Other Financing Sources (Uses)					
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	-	-	-	40,982	40,982
Fund balance beginning of year	30,372	-	30,372	30,372	-
Fund balance end of year	<u>\$ 30,372</u>	<u>\$ -</u>	<u>\$ 30,372</u>	<u>\$ 71,354</u>	<u>\$ 40,982</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, 2023

	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	1,638,458	-	1,638,458	512,360	(1,126,098)
Administration fee income	-	-	-	-	-
Interest income	-	-	-	-	-
Other income	-	-	-	-	-
Total revenues	1,638,458	-	1,638,458	512,360	(1,126,098)
Expenditures					
General government	-	-	-	-	-
Finance	-	-	-	-	-
Public services	-	-	-	-	-
Planning and code enforcement	-	-	-	-	-
Police	-	-	-	-	-
Fire	-	-	-	-	-
Engineering	-	-	-	-	-
Community and cultural	1,638,458	-	1,638,458	512,360	1,126,098
Other	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	1,638,458	-	1,638,458	512,360	1,126,098
Excess (deficiency) 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	65,437	-	65,437	65,437	-
Fund balance end of year	\$ 65,437	\$ -	\$ 65,437	\$ 65,437	\$ -

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, 2023

	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	2,964,680	-	2,964,680	3,496,178	531,498
Administration fee income	319,412	-	319,412	391,781	72,369
Interest income	200	-	200	292	92
Other income	-	-	-	12,690	12,690
Total revenues	3,284,292	-	3,284,292	3,900,941	616,649
Expenditures					
General government	-	-	-	-	-
Finance	-	-	-	-	-
Public services	-	-	-	-	-
Planning and code enforcement	-	-	-	-	-
Police	-	-	-	-	-
Fire	-	-	-	-	-
Engineering	-	-	-	-	-
Community and cultural	3,412,497	-	3,412,497	3,980,190	(567,693)
Other	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	3,412,497	-	3,412,497	3,980,190	(567,693)
Excess (deficiency) of revenues over (under) expenditures	(128,205)	-	(128,205)	(79,249)	48,956
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	(128,205)	-	(128,205)	(79,249)	48,956
Fund balance beginning of year	85,877	-	85,877	85,877	-
Fund balance end of year	\$ (42,328)	\$ -	\$ (42,328)	\$ 6,628	\$ 48,956

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, 2023

	Original Budget	Revisions	Revised Budget	Actual	Variance Positive (Negative)
Revenues					
Property and other local taxes	\$ 223,055	\$ -	\$ 223,055	\$ 353,417	\$ 130,362
Licenses and permits	-	-	-	-	-
Charges for services	-	-	-	-	-
Fees, fines and reimbursements	-	-	-	-	-
Grant income	-	-	-	-	-
Administration fee income	-	-	-	-	-
Interest income	50	-	50	415	365
Other income	-	-	-	-	-
Total revenues	223,105	-	223,105	353,832	130,727
Expenditures					
General government	-	-	-	-	-
Finance	-	-	-	-	-
Public services	244,618	50,000	294,618	246,522	48,096
Planning and code enforcement	-	-	-	-	-
Police	-	-	-	-	-
Fire	-	-	-	-	-
Engineering	-	-	-	-	-
Community and cultural	-	-	-	-	-
Other	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	244,618	50,000	294,618	246,522	48,096
Excess (deficiency) of revenues over (under) expenditures	(21,513)	(50,000)	(71,513)	107,310	178,823
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	(21,513)	(50,000)	(71,513)	107,310	178,823
Fund balance beginning of year	168,674	-	168,674	168,674	-
Fund balance end of year	\$ 147,161	\$ (50,000)	\$ 97,161	\$ 275,984	\$ 178,823

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
ARPA FUND
FOR THE YEAR ENDED JUNE 30, 2023

	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	13,483,830	-	13,483,830	-	(13,483,830)
Administration fee income	-	-	-	-	-
Interest income	12,000	-	12,000	103,124	91,124
Other income	-	-	-	-	-
Total revenues	13,495,830	-	13,495,830	103,124	(13,392,706)
Expenditures					
General government	13,495,830	-	13,495,830	-	13,495,830
Finance	-	-	-	-	-
Public services	-	-	-	-	-
Planning and code enforcement	-	-	-	-	-
Police	-	-	-	-	-
Fire	-	-	-	-	-
Engineering	-	-	-	-	-
Community and cultural	-	-	-	-	-
Other	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	13,495,830	-	13,495,830	-	13,495,830
Excess (deficiency) of revenues over (under) expenditures	-	-	-	103,124	103,124
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	-	-	-	103,124	103,124
Fund balance beginning of year	14,429	-	14,429	14,429	-
Fund balance end of year	\$ 14,429	\$ -	\$ 14,429	\$ 117,553	\$ 103,124

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
OPIOID SETTLEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2023

	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	-	-	-	454,329	454,329
Administration fee income	-	-	-	-	-
Interest income	-	-	-	381	381
Other income	-	-	-	-	-
Total revenues	-	-	-	454,710	454,710
Expenditures					
General government	-	-	-	-	-
Finance	-	-	-	-	-
Public services	-	-	-	-	-
Planning and code enforcement	-	-	-	-	-
Police	-	-	-	-	-
Fire	-	-	-	-	-
Engineering	-	-	-	-	-
Community and cultural	-	-	-	68,149	(68,149)
Other	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	-	-	-	68,149	(68,149)
Excess (deficiency) of revenues over (under) expenditures	-	-	-	386,561	386,561
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	-	-	-	386,561	386,561
Fund balance beginning of year	-	-	-	-	-
Fund balance end of year	\$ -	\$ -	\$ -	\$ 386,561	\$ 386,561

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

CITY OF ASHLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(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, 2023 there are no organizations meeting the criteria.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

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

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major Governmental Funds:

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

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

- **Tax Increment Finance Fund** - The Tax Increment Finance Fund is used to account for the revenue and expenditures related to the Ashland Plaza Redevelopment Project.
- **Municipal Aid Road Fund** - The Municipal Aid Road Fund is used to account for state grants restricted for road improvements.
- **Floodwall Operating Fund** - The Floodwall Operating Fund is used to account for taxes levied on real estate located within the floodwall. Resources may only be used for the repair and maintenance of the City's floodwall.
- **Community Development Fund** - The Community Development Fund is used to account for entitlements to the City under the provisions of Title 1 of the Housing and Development Act of 1974. Resources may only be used for activities which are directed toward developing urban communities and economic opportunities for individuals of low and moderate income.
- **Housing Assistance Fund** - The Housing Assistance Fund is used to account for grant revenue provided to the City by the U.S. Department of Housing and Urban Development Section 8 rent subsidy program. Resources are used for the payment of rent subsidies to landlords on behalf of qualified tenants.
- **ARPA Fund** - The ARPA Fund is used to account for the revenue and expenditures related to grants received under the American Rescue Plan Act.
- **Opioid Settlement Fund** - The Opioid Settlement Fund is used to account for the revenue and expenditures related to funds received from the Kentucky Opioid Abatement Advisory Commission. Resources are used for expenditures related to opioid use disorder or any co-occurring substance use disorder or mental health issue, as defined in KRS 15.291.

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

The City reports the following major Proprietary Funds:

- Utility Fund - The Utility Fund is used to account for water and wastewater (sewer) services for the City and surrounding communities.
- Ashland Bus Fund - This fund is used to account for the City's mass transportation system which is partially subsidized by the Federal government (Department of Transportation).
- Recreation Fund - The Recreation Fund is used to account for the City's swimming pool operations and other vending (concession) activities.
- Cemetery Fund - The Cemetery Fund is used to account for the operation and maintenance of the Ashland Cemetery.
- Parking Garage Fund - The Parking Garage Fund is used to account for the operation and maintenance of the city parking garage.

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.

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

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

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

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

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

C. Budget and Budgetary Accounting

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

1. Prior to May 1, the City Manager obtains estimates from the department heads in order to prepare the proposed budget.
2. Prior to June 30, the City Manager submits to the City Commission a proposed budget for the fiscal year commencing the following July 1. The proposed budget includes proposed operating and capital expenditures and the means of financing them.
3. Public hearings are conducted at commission meetings in order to review the proposed budget and to obtain comments from taxpayers and other interested parties.
4. Prior to the first day beginning the fiscal year, the budget is legally adopted through the passage of an ordinance for the General Fund, all Special Revenue Funds, Capital Projects Funds and all Enterprise Funds, and a separate budgetary report is prepared for utilization by the City, and for informational purposes for the general public.
5. The City Manager is authorized to transfer budgeted amounts within departments of any fund; however, any revisions that alter the total expenditures of any department or fund must be approved by the City Commission. Therefore, the level of control on budgetary items is maintained at the department level.
6. Budgets for the General, Special Revenue, and Capital Projects Funds are adopted on the modified accrual basis. Budgets for all Enterprise Funds are adopted on the accrual basis. Both methods are consistent with Generally Accepted Accounting Principles (GAAP). Budgeted amounts are as originally adopted, or as amended periodically by the City Commission. Departmental revisions were not material in relation to the original appropriations which were amended. All appropriations lapse at the end of the fiscal year, even if encumbered.

D. Deposits and Investments

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

At June 30, 2023, the City's investments consist of certificate of deposits and money market funds, which are valued at cost.

E. Inventories

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

F. Capital Assets and Depreciation

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value as of the date received. The City maintains a capitalization threshold of five thousand dollars. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not.

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

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

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

G. Encumbrances

Encumbrance accounting is used by the City whereby purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances outstanding at year-end are reported as reservations of fund balances in the General, Special Revenue, Enterprise and Capital Projects Funds, since the encumbrances do not constitute expenditures or liabilities, even though the City intends to honor those commitments. At June 30, 2023, there were no significant encumbrances.

H. Interfund Transactions

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

I. Interfund Receivables and Payables

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

J. Compensated Absences

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

financial resources. Liabilities for compensated absences are recorded in full in the Government-wide and Proprietary Fund financial statements.

K. Fund Balances

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

- Nonspendable fund balance-amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance-amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance-amounts constrained to specific purposes by the City Commissioners through an ordinance, using its decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the City Commissioners take 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.

Fund balance assigned for special revenue funds can only be expended on items that meet the specific purpose of the fund. When restricted, committed, assigned, and unassigned resources are available for use, it is the City's policy to use restricted, committed, and assigned resources first, then unassigned resources as they are needed.

At June 30, 2023, the City has \$5,190,374 of fund balance for the General Fund committed by the City Commissioners for capital improvements and \$2,000,000 committed for economic development.

L. Net Position

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

M. Self-Insurance

The City is self-insured for health and accident claims for employees and eligible retirees as more fully described in Note (14).

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, and actuarial assumptions used in determining pension and OPEB costs. Actual results could differ from estimated amounts.

P. Debt Issuance Costs

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

Q. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2023, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

R. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

S. Pension

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

T. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the OPEB plan's fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

U. Recent Accounting Pronouncements

In March 2020, the GASB issued Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an

operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The adoption of this standard did not have a material effect on the City's financial statements.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* ("GASB 96"). GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. The Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. GASB 96 was effective for the City beginning with its year ending June 30, 2023. The adoption of this standard did not have a material effect on the City's financial statements.

In May 2022, the GASB issued Statement No. 99, *Omnibus 2022* ("GASB 99"), to provide guidance addressing various accounting and financial reporting issues identified during the implementation and application of certain GASB pronouncements or during the due process on other pronouncements. GASB 99 addresses, among other matters:

- Accounting and financial reporting for exchange or exchange-like financial guarantees;
- Clarification of certain provisions of Statement No.:
 - 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*,
 - 87, *Leases*,
 - 94, *Public-Private and Public-Public Partnership and Availability Payment Arrangements*,
 - 96, *Subscription-Based Information Technology Arrangements (SBITA)*;
- Replacing the original deadline for use of the London Interbank Offered Rate (LIBOR) as a benchmark interest rate for hedges of interest rate risk of taxable debt with a deadline for when LIBOR ceases to be determined by the ICE Benchmark Administration using the methodology in place as of December 31, 2021;
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP);
- Disclosures related to non-monetary transactions; and
- Pledges of future revenues when resources are not received by the pledging government.

Requirements that relate to the extension of the use of LIBOR, accounting for SNAP distributions, disclosures for non-monetary transactions, pledges of future revenues by pledging governments, clarifications of certain provisions in Statement No. 34, and terminology updates were effective upon issuance. Requirements related to City, public-public and public-private partnerships (PPPs), and SBITAs were effective for the City beginning with its year ending June 30, 2022. Requirements related to other requirements related to derivative instruments will be effective for the City for fiscal years beginning after June 15, 2023, and for all reporting periods thereafter. Adoption of the provisions required thru the year

ending June 30, 2023, did not have a material effect on the City’s financial statements. Management is currently evaluating the impact of the remaining provisions of this Statement on its financial statements.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections (an amendment of GASB Statement No. 62)* (“GASB 100”), which has as its primary objective to provide more straightforward guidance that is easier to understand and is more reliable, relevant, consistent, and comparable across governments for making decisions and assessing accountability. Improving the clarity of accounting and financial reporting requirements for accounting changes and error corrections will mean greater consistency in the application of these requirements in general. The requirements of GASB 100 will be effective for accounting changes and error corrections made by the City beginning with its year ending June 30, 2024. Management is currently evaluating the impact of this Statement on its financial statements.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences* (“GASB 101”), which supersedes the guidance in Statement No. 16, *Accounting for Compensated Absences*, issued in 1992. GASB 101 aligns recognition and measurement guidance for all types of compensated absences under a unified model. It also requires that a liability for specific types of compensated absences not be recognized until the leave is used. Additionally, it establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. Additionally, GASB 101 (1) provides an alternative to the existing requirement to disclose the gross annual increases and decreases in long-term liability for compensated absences, allowing governments to disclose only the net annual change in the liability as long as it is identified as such; and (2) removes the disclosure of the government funds used to liquidate the liability for compensated absences. The requirements of GASB 101 will be effective for the City beginning with its year ending June 30, 2025. Management is currently evaluating the impact of this Statement on its 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, 2023, the carrying amounts of the City's deposits held in banks were \$43,084,945 and the bank balances were \$47,482,256. 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, 2023, the City had the following investments and maturities:

Investment Type -	Investment Maturities (in years)				
	Balance	Less than 1	1 - 5	6 - 10	More than 10
ARPA Fund					
Certificates of Deposit	\$ 13,030,520	\$ 13,030,520	\$ -	\$ -	\$ -
Utility Fund					
Certificates of Deposit	6,299,161	6,299,161	-	-	-
Recreation Fund					
Certificates of Deposit	190,000	190,000	-	-	-

Fiduciary Funds

Certificates of
Deposit

2,970,978

2,970,978

-

-

-

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

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

(4) PROPERTY TAX REVENUES

Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the City. Real property, tangible and public utility property taxes are levied prior to June 30 of each year based upon the assessed value as of January 1. Assessed values are established by State Law at 100% of fair value. Per KRS 91.487, the lien date for assessed taxes is January 1 of each fiscal year and 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. The City imposes penalties of 10% and interest of 0.5% per month on taxes not paid within thirty days of mailing tax bills.

Real property and tangible property taxes are recognized as revenue on the modified accrual basis. Public utility 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 2023 assessed value for real property and tangible property was approximately \$850,000,000 and \$120,000,000 respectively. The tax rate adopted was \$.2490 per \$100 valuation with an additional \$.1056 per \$100 valuation for property within the floodwall.

(5) GRANTS RECEIVABLE

Grants receivable from other governmental units as of June 30, 2023, are as follows:

Special Revenue Funds -	
Municipal Aid Road Fund	\$ 83,457
Community Development Fund, program allocation	46,624
	<u>130,081</u>
Enterprise Funds –	
Ashland Bus System – FTA	<u>1,337,030</u>
	<u>\$ 1,467,111</u>

(6) CAPITAL ASSETS

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

	Balance <u>June 30, 2022</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2023</u>
<u>Governmental Activities</u>				
Capital Assets, Not Depreciated:				
Land	\$ 18,936,298	\$ -	\$ -	\$ 18,936,298
Construction in progress	127,653	1,693,048	(127,653)	1,693,048
Capital Assets, Depreciated:				
Buildings	10,020,861	60,000	-	10,080,861
Building improvements	3,335,756	214,465	-	3,550,221
Automotive equipment	7,069,303	666,960	(98,074)	7,638,189
Office furniture and equipment	692,150	31,172	-	723,322
Operating equipment	5,166,740	255,824	(266,021)	5,156,543
Capital improvements	3,630,178	-	-	3,630,178
Infrastructure	66,895,539	2,858,052	-	69,753,591
Totals	<u>115,874,478</u>	<u>5,779,521</u>	<u>(491,748)</u>	<u>121,162,251</u>
Less: accumulated depreciation				
Buildings	3,314,916	186,980	-	3,501,896
Building improvements	2,364,533	97,155	-	2,461,688
Automotive equipment	4,412,524	568,577	(98,074)	4,883,027
Office furniture and equipment	498,350	36,539	-	534,889
Operating equipment	3,493,341	222,799	(266,021)	3,450,119
Capital improvements	600,464	149,220	-	749,684
Infrastructure	41,025,643	1,612,563	-	42,638,206
Total accumulated depreciation	<u>55,709,771</u>	<u>2,873,833</u>	<u>(364,095)</u>	<u>58,219,509</u>
Governmental Activities				
Capital Assets - Net	<u>\$ 60,164,707</u>	<u>\$ 2,905,688</u>	<u>\$ (127,653)</u>	<u>\$ 62,942,742</u>
<u>Business-type Activities</u>				
Capital Assets, Not Depreciated:				
Land	\$ 449,401	\$ -	\$ -	\$ 449,401
Construction in progress	4,725,305	3,527,468	-	8,252,773
Capital Assets, Depreciated:				
Buildings	7,374,659	-	-	7,374,659
Building improvements	1,024,037	143,034	-	1,167,071
Utility and sewage plants	107,020,485	360,816	-	107,381,301
Automotive equipment	2,514,719	116,128	(20,498)	2,610,349
Office furniture and equipment	592,853	14,017	-	606,870
Operating equipment	5,579,543	474,183	-	6,053,726
Recreation equipment	351,152	38,138	-	389,290
Capital improvement	4,266,105	947,816	-	5,213,921
Totals	<u>133,898,259</u>	<u>5,621,600</u>	<u>(20,498)</u>	<u>139,499,361</u>
Less: accumulated depreciation				
Buildings	1,735,625	175,871	-	1,911,496
Building improvements	651,095	43,195	-	694,290
Utility and sewage plants	62,816,381	2,411,597	-	65,227,978
Automotive equipment	1,870,158	171,937	(20,498)	2,021,597
Office furniture and equipment	371,030	70,910	-	441,940
Operating equipment	3,412,715	268,364	-	3,681,079
Recreation equipment	257,145	12,951	-	270,096
Capital improvements	509,291	139,807	-	649,098
Total accumulated depreciation	<u>71,623,440</u>	<u>3,294,632</u>	<u>(20,498)</u>	<u>74,897,574</u>
Business-type Activities				
Capital Assets - Net	<u>\$ 62,274,819</u>	<u>\$ 2,326,968</u>	<u>\$ -</u>	<u>\$ 64,601,787</u>

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

Governmental activities:	
General government	\$ 511,123
Finance	6,824
Public services	1,549,894
Planning and code enforcement	1,865
Police	464,363
Fire	282,791
Engineering	3,363
Community and cultural	53,610
	<u>\$ 2,873,833</u>
Business-type activities:	
Utilities	\$ 2,871,661
Bus	165,861
Recreation	154,671
Cemetery	51,010
Parking garage	51,429
	<u>\$ 3,294,632</u>

(7) RETIREMENT PLANS

Net pension liabilities of the City as of June 30, 2023 are as follows:

Governmental activities:	
Policemen and Firefighters Pension Fund	\$ 1,224,899
County Employees Retirement System	
Nonhazardous	9,829,245
Hazardous	35,022,582
	<u>\$ 46,076,726</u>
Business-type activities:	
Utility Employees Pension Fund	\$ 5,479,474
County Employees Retirement System	
Nonhazardous	12,986,751
	<u>\$ 18,466,225</u>

Single Employer Plans

Plan Descriptions, Contribution Information and Funding Policies

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

Utility Pension Fund (UPF)

The City of Ashland Utilities Employee's Pension Plan provides retirement benefits to City utility department employees in classified positions under civil service. The plan is closed to new participants and at June 30, 2023, there were no active employees participating in UPF. Unless otherwise indicated, UPF information in in this Note is provided as of the latest actuarial valuation date, June 30, 2023.

Policemen and Firefighters Pension Fund (PFPF)

The City of Ashland Policemen 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, 2023, there were no active employees participating in PFPF. Unless otherwise indicated, PFPF information this Note is provided as of the latest actuarial valuation date, June 30, 2022, with an update to roll forward information to June 30, 2023.

Financial Statements

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

STATEMENT OF NET POSITION	PENSION TRUST FUNDS		Total
	Utility Pension Fund	Policemen & Firefighters Pension Fund	
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Accrued interest receivable	494	3,102	3,596
Due from other funds	3,173,078	-	3,173,078
Investments, at fair value -			
Certificates of deposit	796,209	2,174,769	2,970,978
Total assets	<u>3,969,781</u>	<u>2,177,871</u>	<u>6,147,652</u>
LIABILITIES			
Due to other funds	1,438,289	765,275	2,203,564
Total liabilities	<u>1,438,289</u>	<u>765,275</u>	<u>2,203,564</u>
NET POSITION - RESTRICTED FOR PENSION BENEFITS	<u>\$ 2,531,492</u>	<u>\$ 1,412,596</u>	<u>\$ 3,944,088</u>
STATEMENT OF CHANGES IN NET POSITION			
ADDITIONS			
Contributions -			
Employer	\$ 509,705	\$ 172,903	\$ 682,608
Plan members	-	-	-
Total contributions	<u>509,705</u>	<u>172,903</u>	<u>682,608</u>
Investment income -			
Interest income	2,489	14,896	17,385
Total investment income	<u>2,489</u>	<u>14,896</u>	<u>17,385</u>
Total additions	<u>512,194</u>	<u>187,799</u>	<u>699,993</u>
DEDUCTIONS			
Benefits	717,727	277,756	995,483
Administrative expenses	1,800	4,750	6,550
Total deductions	<u>719,527</u>	<u>282,506</u>	<u>1,002,033</u>
NET INCREASE (DECREASE)	(207,333)	(94,707)	(302,040)
NET POSITION - RESTRICTED FOR PENSION BENEFITS			
Beginning of year	2,738,825	1,507,303	4,246,128
End of year	<u>\$ 2,531,492</u>	<u>\$ 1,412,596</u>	<u>\$ 3,944,088</u>

Pension Expense

For the year ended June 30, 2023, the City recognized pension expense of (\$171,415) and (\$43,382) for the Utility Pension Fund and Policemen and Firefighters Pension Fund, respectively. At June 30, 2023, the effect of all changes in assumptions and differences between expected and actual experience were recognized in pension expense due to there being no active employees participating.

Actuarial Methods and Assumptions

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

	<u>Utility Pension Fund</u>	<u>Policemen and Firefighters Pension Fund</u>	
Governing Authority	City Ordinance and KRS	City Ordinance and KRS	
Determination of contribution requirements	Actuarially	Actuarially	
Contribution rates as a percentage of covered payroll:			
Employer	N/A	N/A	
Plan Members	N/A	N/A	
Funding of administrative costs	Investment Earnings	Investment Earnings	
Period required to vest	20	10	
Post retirement benefit increases	As approved by City Commission	As approved by City Commission	
Eligibility for distribution	Age 50, with 20 years	N/A	
Provisions for:			
Disability benefits	Yes	Yes	
Death benefits	Yes	Yes	
Membership of the plans are as follows:			
Retirees and beneficiaries currently receiving benefits	19	12	<u>Totals</u> 31
Active plan participants:			
Vested	-	-	-
Non-Vested	-	-	-
	<u>19</u>	<u>12</u>	<u>31</u>

Actuarial assumptions and other information used to determine the actuarially determined contributions (ADC) are as follows:

	<u>Utility Pension Fund</u>	<u>Policemen And Firefighters Pension Fund</u>
Valuation date	06-30-23	06-30-22

Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level % of payroll Closed	Level % of payroll Closed
Amortization	20 years	10 years
Actuarial asset valuation method	Fair market value, quoted market prices	Fair market value, quoted market prices
Actuarial assumptions		
Investments		
Rate of return	2.50%	2.50%
Allocation	Allowed by KRS	Allowed by KRS
Projected salary increases	None	None
Post retirement benefit increases	0.00 %	0.00 %
Cost of living adjustments	3.00 %	3.00 %
Discount rate	2.50 %	2.50 %
Mortality	RP-2000 Mortality Table	RP-2000 Mortality Table
Changes of assumptions since prior valuation	Discount rate increased from 2.25% to 250%	Mortality rate projections

Net Pension Liability

The following represents the components of the net pension liability:

<u>Date</u>	<u>Fiduciary Net Position (a)</u>	<u>Total Pension Liability (TPL) Entry Age (b)</u>	<u>Net Pension Liability (NPL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>NPL As A Percentage Of Covered Payroll (b-a)/c</u>
<u>Utility Pension Fund</u>						
06/30/22	\$ 2,738,825	\$ 8,899,419	\$ 6,160,594	30.8%	** N/A	** N/A
06/30/23	2,531,492	8,010,966	5,479,474	31.6%	** N/A	** N/A
<u>Policemen and Firefighters Pension Fund</u>						
06/30/22	\$ 1,507,303	\$ 2,948,487	\$ 1,441,184	51.1%	** N/A	** N/A
06/30/23	1,412,596	2,637,495	1,224,899	53.6%	** N/A	** N/A

**No active employees or covered payroll.

Changes in Net Pension Liability

The following represents the changes in the net pension liabilities for the year ended June 30, 2023:

<u>Utility Pension Fund</u>			
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Balance, June 30, 2022	\$ 8,899,419	\$ 2,738,825	\$ 6,160,594
Changes for the year:			
Interest on total pension liability	191,488	-	191,488

Difference in expected and actual experience	(463,572)	-	(463,572)
Effect of changes in assumptions	(134,192)	-	(134,192)
Effect of changes in benefit terms	235,706	-	235,706
Benefit payments	(717,883)	-	(717,883)
Employer contributions	-	509,705	(509,705)
Investment income, net of expenses	-	2,489	(2,489)
Benefit payments	-	(717,727)	717,727
Administrative expenses	-	(1,800)	1,800
Net changes	<u>(888,453)</u>	<u>(207,333)</u>	<u>(681,120)</u>
Balance, June 30, 2023	<u>\$ 8,010,966</u>	<u>\$ 2,531,492</u>	<u>\$ 5,479,474</u>

Policemen and Firefighters Pension Fund

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance, June 30, 2022	\$ 2,948,487	\$ 1,507,303	\$ 1,441,184
Changes for the year:			
Interest on total pension liability	69,865	-	69,865
Difference in expected and actual experience	(170,068)	-	(170,068)
Effect of changes in assumptions	-	-	-
Effect of changes in benefit terms	73,343	-	73,343
Benefit payments	(284,132)	-	(284,132)
Employer contributions	-	172,903	(172,903)
Investment income, net of expenses	-	14,896	(14,896)
Benefit payments	-	(277,756)	277,756
Administrative expenses	-	(4,750)	4,750
Net changes	<u>(310,992)</u>	<u>(94,707)</u>	<u>(216,285)</u>
Balance, June 30, 2023	<u>\$ 2,637,495</u>	<u>\$ 1,412,596</u>	<u>\$ 1,224,899</u>

Deferred Outflows of Resources and Deferred Inflows

There are no deferred outflows of resources and deferred inflows related to the Utility Pension Fund and Policemen and Firefighters Pension Fund at June 30, 2023 due to all participants of the Plans being retired.

Discount Rate

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

	1% Decrease (1.50%)	Current discount rate (2.50%)	1% Increase (3.50%)
Utility Pension Fund	\$ 6,241,303	\$ 5,479,474	\$ 4,826,274
Policemen and Firefighters Pension Fund	\$ 1,452,703	\$ 1,224,899	\$ 1,028,201

Reserves

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

Payables

The following represents amounts due to the Utility Pension Fund and the Policemen and Firefighters Pension Fund as of June 30, 2023:

Governmental activities:		
Policemen and Firefighters Pension Fund	\$	-
Business-type activities:		
Utility Pension Fund	\$	3,173,078

Cost - Sharing, Multiple Employer Plan - County Employees Retirement System

Plan description

Substantially all full-time employees of the City participate in the County Employees Retirement System ("CERS"). This system consists of two plans - *Nonhazardous* and *Hazardous*. Each plan is a cost-sharing multiple-employer defined benefit pension plan that covers all regular full-time members employed in nonhazardous or hazardous positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in CERS. The plans provide for retirement, disability, and death benefits to plan members.

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

Benefits provided

Benefits under the plans will vary based on final compensation, years of service, and other factors as fully described in the plan documents.

Contributions

Funding for CERS is provided by members, who contribute 5.00% nonhazardous and 8.00% hazardous (6.00% and 9.00% for employees hired after September 1, 2008, respectively) of their salary through payroll deductions and by employers of members who contribute 26.79% for nonhazardous (23.40%-pension, 3.39%-insurance) and 49.59% for hazardous (42.81% pension, 6.78% insurance) of the member's salary. During the year ending June 30, 2023, the City contributed \$2,307,314 and \$3,672,210 to the CERS Nonhazardous and Hazardous Pension Fund, respectively. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

Pension Liabilities, Expense, and Deferred Outflows/Inflows of Resources Related to CERS

At June 30, 2023, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2021. An expected total pension liability as of June 30, 2022 was determined using standard roll-forward techniques. The City's proportion of the net pension liability was based on contributions to CERS during the fiscal year ended June 30, 2022. At June 30, 2022, the City's proportion for nonhazardous and hazardous was 0.31562% and 1.47733%, respectively.

For the year ended June 30, 2023, the City recognized pension expense of approximately \$1,800,000 and \$3,400,000 for nonhazardous and hazardous, respectively. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Nonhazardous</u>		
Differences between expected and actual experience	\$ 24,393	\$ 203,186
Changes of assumptions	-	-
Net difference between projected and actual earnings on investments	584,920	-
Changes in proportion and differences between City contributions and proportionate share of contributions	247,695	54,966
City contributions subsequent to the measurement date	2,307,314	-
	<u>\$ 3,164,322</u>	<u>\$ 258,152</u>
<u>Hazardous</u>		
Differences between expected and actual experience	\$ 1,004,159	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on investments	808,925	-
Changes in proportion and differences between City contributions and proportionate share of contributions	674,911	-
City contributions subsequent to the measurement date	3,672,210	-
	<u>\$ 6,160,205</u>	<u>\$ -</u>

At June 30, 2023, the City reported deferred outflows of resources for City contributions subsequent to the measurement date of \$2,307,314 and \$3,672,210 for nonhazardous and hazardous, respectively. These contributions will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five year period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are amortized over the average service life of all members. These will be recognized in pension expense as follows:

<u>Year</u>	<u>Nonhazardous</u>	<u>Hazardous</u>
2024	\$ 156,187	\$ 880,992
2025	(13,751)	668,031
2026	(191,733)	74,935
2027	648,153	864,037
	<u>\$ 598,856</u>	<u>\$ 2,487,995</u>

Actuarial Methods and Assumptions

The total pension liability for CERS was determined by applying procedures to the actuarial valuation as of June 30, 2021. The financial reporting actuarial valuation as of June 30, 2022, used the following actuarial methods and assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Experience Study	July 1, 2013 - June 30, 2018

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of pay
Remaining Amortization Period	29 years, closed
Payroll Growth	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected market value of assets is recognized
Inflation	2.30%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%, net of pension plan investment expense, including inflation

There have been no actuarial assumptions or method changes since June 30, 2021. Additionally, there have been no plan provision changes that would materially impact the total pension liability since June 30, 2022.

The mortality table used for active members is PUB-2010 General Mortality Table projected with ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For non-disabled retired members, a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019 is utilized. For disabled members, the mortality table used is the PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the below tables.

The target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by CERS's investment consultant, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	60.00%	
Public Equity	50.00%	4.45%
Private Equity	10.00%	10.15%
Fixed Income	20.00%	
Core Bonds	10.00%	0.28%
Specialty Credit/High Yield	10.00%	2.28%
Cash	0.00%	(0.91)%
Inflation Protected	20.00%	
Real Estate	7.00%	3.67%
Real Return	<u>13.00%</u>	<u>4.07%</u>
Expected Real Return	<u>100.00%</u>	4.28%
Long Term Inflation Assumption		<u>2.30%</u>
Expected Nominal Return for Portfolio		<u>6.58%</u>

Discount rate

The discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 6.25%. The long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of net pension liability to changes in the discount rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.25%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

	<u>1% Decrease (5.25%)</u>	<u>Current discount rate (6.25%)</u>	<u>1% Increase (7.25%)</u>
City's proportionate share of the net pension liability			
Nonhazardous	\$ 28,517,164	\$ 22,815,996	\$ 18,100,656
Hazardous	43,626,358	35,022,582	28,015,338

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CERS financial report which is publicly available at <https://kyret.ky.gov>.

Payables to the pension plan

At June 30, 2023, there was a total payable to CERS of \$988,725 for nonhazardous and hazardous, which includes pension and OPEB contributions.

(8) OTHER POSTEMPLOYMENT BENEFIT ("OPEB") PLANS

Net OPEB liabilities of the City as of June 30, 2023 are as follows:

Governmental activities:	
County Employees Retirement System	
Nonhazardous	\$ 2,535,473
Hazardous	9,771,320
	<u>\$ 12,306,793</u>
Business-type activities:	
County Employees Retirement System	
Nonhazardous	\$ 3,692,758

Cost - Sharing, Multiple Employer Plan - County Employees Retirement System Insurance Fund

Plan Description

The County Employees Retirement System ("CERS") Insurance Fund was established to provide post-employment healthcare benefits to eligible members and dependents. This system consists of two plans – *Nonhazardous* and *Hazardous*. Each Insurance Fund is a cost-sharing, multiple employer defined benefit plan administered by the Kentucky Retirement Systems' (KRS) board of trustees.

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

Benefits Provided

CERS health insurance benefits are subject to various participation dates to determine eligibility and health insurance contribution rates. For employees who initiated participation in the CERS system prior to July 1, 2003, KRS pays a percentage of the monthly contribution rate for insurance coverage based on the retired member's years of service and type of service. Non-hazardous members receive a contribution subsidy for only the member's health insurance premium. Hazardous members receive a contribution subsidy for both the member and dependent coverage.

Percentage of contribution ranges from 0% for less than 4 years of service to 100% for 20 years or more of service. For members who initiated participation in the CERS system after July 1, 2003 until August 31, 2008, members must have 120 months of service in a state-administered retirement system to qualify for participation in the KRS health plans. Members who began participating with KRS on or after September 1, 2008, must have 180 months of service upon retirement to participate in the KRS health plans. Non-hazardous retirees receive \$10 toward the monthly premium for each full year of service.

Hazardous retirees receive \$15 toward the monthly premium and the hazardous retiree's spouse may also receive this contribution upon the retiree's death. The monthly insurance benefit has been increased annually by a Cost of Living Adjustment (COLA) since July 2004.

Contributions

CERS allocates a portion of the employer contributions to the health insurance benefit plans. For the year ending June 30, 2023, CERS allocated 3.39% of the 26.79% nonhazardous and 6.78% of the 49.59% hazardous actuarially required contribution rate paid by employers for funding the healthcare benefit. In addition, 1.00% of the contributions by employees hired after September 1, 2008 are allocated to the health insurance plan. During the year ending June 30, 2023, the City contributed \$334,265 and \$581,583 to the CERS Nonhazardous and Hazardous Insurance Fund, respectively. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

Implicit Subsidy

The fully-insured premiums KRS pays for the Kentucky Employees' Health Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. This implicit subsidy is included in the calculation of the total OPEB liability.

OPEB Liabilities, Expense, and Deferred Outflows/Inflows of Resources Related to CERS Insurance Fund

At June 30, 2023, the City reported a liability for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2021. An expected total pension liability as of June 30, 2022 was determined using standard roll-forward techniques. City's proportion of the net OPEB liability was based on contributions to CERS during the fiscal year ended June 30, 2022. At June 30, 2022, the City's proportion for nonhazardous and hazardous was 0.31559% and 1.47157%, respectively.

For the year ended June 30, 2023, the City recognized OPEB expense of approximately \$1,100,000 and \$1,400,000 for nonhazardous and hazardous, respectively, including an implicit subsidy of \$224,552 and \$106,598, respectively. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Nonhazardous</u>		
Differences between expected and actual experience	\$ 626,923	\$ 1,428,278
Changes of assumptions	985,038	811,666
Net difference between projected and actual earnings on investments	252,789	-
Changes in proportion and differences between City contributions and proportionate share of contributions	86,631	118,980
City contributions subsequent to the measurement date	334,265	-
	<u>\$ 2,285,646</u>	<u>\$ 2,358,924</u>
<u>Hazardous</u>		
Differences between expected and actual experience	\$ 215,903	\$ 578,713
Changes of assumptions	1,631,118	1,681,294
Net difference between projected and actual earnings on investments	356,646	-
Changes in proportion and differences between City contributions and proportionate share of contributions	153,933	41,182
City contributions subsequent to the measurement date	581,583	-
	<u>\$ 2,939,183</u>	<u>\$ 2,301,189</u>

At June 30, 2023, the City reported deferred outflows of resources related to OPEB for City contributions subsequent to the measurement date of \$334,265 and \$581,583 for nonhazardous and hazardous, respectively. These contributions will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024.

Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five year period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are amortized over the average service life of all members. These will be recognized in OPEB expense as follows:

<u>Year</u>	<u>Nonhazardous</u>	<u>Hazardous</u>
2024	\$ (24,973)	\$ 110,891
2025	(36,114)	92,081
2026	(364,715)	(107,677)
2027	18,259	264,429
2028	-	(303,313)
Thereafter	-	-
	<u>\$ (407,543)</u>	<u>\$ 56,411</u>

Actuarial Methods and Assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Experience Study	July 1, 2013 - June 30, 2018
Actuarial Cost Method	Entry Age Normal

Amortization Method	Level Percent of Pay
Remaining Amortization Period	29 Years, Closed
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre-65	Initial trend starting at 6.20% at January 1, 2024 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Post-65	Initial trend starting at 9.00% in 2024, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Mortality	
Pre-retirement	PUB-2010 General Mortality table, for the Non-Hazardous Systems, and the PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010
Post-retirement (non-disabled)	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010

The single discount rates used to calculate the total OPEB liability within each plan changed since the prior year. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2021, valuation process and was updated to better reflect the plan's anticipated long-term healthcare costs. There were no other material assumption changes.

Senate Bill 209 passed during the 2022 legislative session and increased the insurance dollar contribution for members hired on or after July 1, 2003, by \$5 for each year of service a member attains over certain thresholds, depending on a member's retirement eligibility requirement. This increase in the insurance dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees. Additionally, it is only payable when the member's applicable insurance fund is at least 90% funded. The increase is first payable January 1, 2023. Senate Bill 209 also allows members receiving the insurance dollar contribution to participate in a medical insurance reimbursement plan that would provide the reimbursement of premiums for health plans other than those administered by KPPA. The total OPEB liability as of June 30, 2022, is determined using these updated benefit provisions. There were no other material plan provision changes.

The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the below tables.

The target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by CERS's investment consultant, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	60.00%	
Public Equity	50.00%	4.45%
Private Equity	10.00%	10.15%
Fixed Income	20.00%	
Core Bonds	10.00%	0.28%
Specialty Credit/High Yield	10.00%	2.28%
Cash	0.00%	(0.91)%
Inflation Protected	20.00%	
Real Estate	7.00%	3.67%
Real Return	<u>13.00%</u>	<u>4.07%</u>
Expected Real Return	<u>100.00%</u>	4.28%
Long Term Inflation Assumption		<u>2.30%</u>
		<u>6.58%</u>
Expected Nominal Return for Portfolio		

Discount Rate

The discount rate used to measure the total OPEB liability was 5.70%. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 3.69%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2022. However, the cost associated with the implicit employer subsidy was not included in the calculation of the KRS' actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the KRS' trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The following table presents the City's proportionate share of the collective net OPEB liability of the Nonhazardous CERS Insurance Fund, calculated using the discount rate of 5.70%, as well as what the City's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.70%) or 1-percentage-point higher (6.70%) than the current rate:

	<u>1% Decrease (4.70%)</u>	<u>Current discount rate (5.70%)</u>	<u>1% Increase (6.70%)</u>
City's proportionate share of the net OPEB liability			
Nonhazardous	\$ 8,326,152	\$ 6,228,231	\$ 4,493,950

The following table presents the City's proportionate share of the collective net OPEB liability of the Hazardous CERS Insurance Fund, calculated using the discount rate of 5.61%, as well as what the City's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.61%) or 1-percentage-point higher (6.61%) than the current rate:

	<u>1% Decrease (4.61%)</u>	<u>Current discount rate (5.61%)</u>	<u>1% Increase (6.61%)</u>
City's proportionate share of the net OPEB liability			
Hazardous	\$ 13,576,958	\$ 9,771,320	\$ 6,680,432

Sensitivity of net OPEB liability to changes in the healthcare cost trend rates

The following presents the City's proportionate share of the collective net OPEB liability, as well as what the City's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>trend rate</u>	<u>1%</u> <u>Increase</u>
City's proportionate share of the net OPEB liability			
Nonhazardous	\$ 4,630,552	\$ 6,228,231	\$ 8,146,743
Hazardous	6,823,190	9,771,320	13,364,932

OPEB plan fiduciary net position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CERS financial report which is publicly available at <https://kyret.ky.gov>.

Payables to the OPEB plan

At June 30, 2023, there was a total payable to CERS of \$988,725 for nonhazardous and hazardous, which includes pension and OPEB contributions.

(9) LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term debt of the City for the year ended June 30, 2023:

<u><i>Governmental Activities</i></u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Due Within</u> <u>One Year</u>
General Obligation Bond Series 2015	\$ 1,540,000	\$ -	\$ 150,000	\$ 1,390,000	\$ 160,000
General Obligation Bond Series 2017	3,800,000	-	190,000	3,610,000	195,000
General Obligation Bond Series 2021	10,745,000	-	975,000	9,770,000	1,025,000
Financing lease – Melody Mtn. Phase II	1,128,749	-	77,082	1,051,667	80,000
Premium on bonds	1,740,401	-	191,062	1,549,339	-
Compensated absences obligation	<u>940,406</u>	<u>126,820</u>	<u>681</u>	<u>1,066,545</u>	<u>-</u>
Total Governmental Activities	<u>\$ 19,894,556</u>	<u>\$ 126,820</u>	<u>\$ 1,583,825</u>	<u>\$ 18,437,551</u>	<u>\$ 1,460,000</u>

<u>Business-type Activities</u>	Balance			Balance	
	June 30, 2022	Additions	Reductions	June 30, 2023	Due Within One Year
Revenue & Improvement Bond Series 2013	\$ 1,000,000	\$ -	\$ 490,000	\$ 510,000	\$ 510,000
Water & Sewer Revenue Bond Series 2015	2,245,000	-	220,000	2,025,000	230,000
Water & Sewer Revenue Bond Series 2020	10,700,000	-	465,000	10,235,000	475,000
Financing lease - Radio Meters	792,083	-	117,083	675,000	122,083
KIA Loan	749,748	-	244,345	505,403	249,874
KIA Loan	4,139,794	-	323,570	3,816,224	330,072
Premium on bonds	69,827	-	7,758	62,069	-
Discount on bonds	(22,215)	-	(5,373)	(16,842)	-
Total Business-type Activities	\$ 19,674,237	\$ -	\$ 1,862,383	\$ 17,811,854	\$ 1,917,029

At June 30, 2023, the City was required to have \$1,496,225 for the Revenue and Improvement Bonds, in sinking fund reserve accounts. Additionally, under the KIA loan agreements, the City was required to have \$390,000 set aside for the costs of extensions, improvements, renewals and replacements to the sewer system. As of June 30, 2023, the City had reserve funds of \$1,886,225.

Governmental Activities

General Obligation Refunding Bond Series 2015

On March 17, 2015, the City issued \$2,520,000 in refunding bonds with an average rate of 3.0% to advance refund \$2,460,000 of the series 2005 bonds with an average rate of 4.0%. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$103,137. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations through the year 2030 using the straight-line method. Additionally, the City reduced its total debt service payments over the following 25 years by \$269,000 and obtained an economic gain (difference between the present values of the debt service payments of the old and new bonds) of \$224,000.

The 2015 Series bonds were sold at a premium of \$89,008, which is being amortized over the life of the bonds.

The annual requirements to amortize the indebtedness at June 30, 2023, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 160,000	\$ 39,300	\$ 199,300
2025	165,000	34,425	199,425
2026	165,000	29,475	194,475
2027	170,000	24,450	194,450
2028	175,000	19,275	194,275
2029-2031	555,000	25,275	580,275
	<u>\$ 1,390,000</u>	<u>\$ 172,200</u>	<u>\$ 1,562,200</u>

General Obligation Bond Series 2017

On October 25, 2017, the City issued \$4,490,000 in general obligation bonds with an average rate of 3.0% to fund the Ashland Plaza Redevelopment Project, which is a tax increment finance project. See Note (13) for additional information regarding the tax increment finance district.

The 2017 Series bonds were sold at a premium of \$79,002, which is being amortized over the life of the bonds.

The annual requirements to amortize the indebtedness at June 30, 2023, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 195,000	\$ 105,375	\$ 300,375
2025	200,000	99,450	299,450
2026	205,000	93,375	298,375
2027	210,000	87,150	297,150
2028	220,000	80,700	300,700
2029-2033	1,195,000	299,625	1,494,625
2034-2038	1,385,000	106,425	1,491,425
	<u>\$ 3,610,000</u>	<u>\$ 872,100</u>	<u>\$ 4,482,100</u>

General Obligation Bond Series 2021

On June 22, 2021, the City issued \$11,170,000 in general obligation bonds with an average rate of 5.0% to terminate the lease agreement with the Kentucky League of Cities Funding Trust for the police station constructed in 2008 and to finance various capital improvements. The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$415,059. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations through the year 2031 using the straight-line method.

The 2021 Series bonds were sold at a premium of \$1,815,487, which is being amortized over the life of the bonds.

The annual requirements to amortize the indebtedness at June 30, 2023, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,025,000	\$ 432,700	\$ 1,457,700
2025	1,080,000	381,450	1,461,450
2026	1,130,000	327,450	1,457,450
2027	1,190,000	270,950	1,460,950
2028	1,245,000	211,450	1,456,450
2029-2033	4,100,000	275,350	4,375,350
	<u>\$ 9,770,000</u>	<u>\$ 1,899,350</u>	<u>\$ 11,669,350</u>

Financing Lease - Melody Mountain Phase II

On May 2, 2014, the City entered into an agreement with the Kentucky Bond Corporation to finance the development of the Melody Mountain Project Phase II. Proceeds of the variable rate (2.0% to 3.5%) lease agreement totaled \$1,710,000.

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest & Fees</u>	<u>Total</u>
2024	\$ 80,000	\$ 37,710	\$ 117,710
2025	82,084	35,110	117,194
2026	85,000	32,443	117,443
2027	87,083	29,680	116,763
2028	92,083	26,803	118,886
2029-2033	513,332	82,345	595,677
20234-2035	112,085	5,900	117,985
	<u>\$ 1,051,667</u>	<u>\$ 249,991</u>	<u>\$ 1,301,658</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, 2023, are as follows:

	<u>Accrued Long-Term Obligation</u>	<u>Current Obligation</u>	<u>Total Compensated Absences</u>
General Fund	\$ 1,044,074	\$ 205,392	\$ 1,249,466
Community Development Fund	13,249	2,606	15,855
Housing Assistance Fund	6,628	1,304	7,932
Floodwall Fund	2,594	510	3,104
Ashland Bus System	-	30,316	30,316
Recreation Fund	-	36,464	36,464
Cemetery Fund	-	12,586	12,586
Utility Fund	-	316,507	316,507
	<u>\$ 1,066,545</u>	<u>\$ 605,685</u>	<u>\$ 1,672,230</u>

Refer to Note (2) for additional information regarding compensated absences.

Conduit Debt Obligations

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

As of June 30, 2023, there was one series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of approximately \$230 million.

Business-Type Activities

Revenue Refunding and Improvement Bonds Series 2013

On April 1, 2013, the City issued \$4,890,000 in refunding bonds with an average rate of 5.3% to advance refund \$4,410,000 of the series 1999 bonds with an average rate of 6.8%. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$269,378. This

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

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

The annual requirements to amortize the indebtedness at June 30, 2023, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 510,000	\$ 11,475	\$ 521,475

Water & Sewer Revenue Bonds Series 2015

On March 11, 2015, the City issued \$3,620,000 in revenue bonds with interest rates ranging from 3.0% to 3.25%, to finance improvements for the waterworks, water distribution, wastewater treatment and collection facilities. The annual requirements to amortize the indebtedness at June 30, 2023, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 230,000	\$ 62,125	\$ 292,125
2025	235,000	55,225	290,225
2026	240,000	48,175	288,175
2027	250,000	40,975	290,975
2028	255,000	33,475	288,475
2029-2030	815,000	52,800	867,800
	<u>\$ 2,025,000</u>	<u>\$ 292,775</u>	<u>\$ 2,317,775</u>

Water & Sewer Revenue Bonds Series 2020

On July 7, 2020, the City issued \$11,500,000 in revenue bonds with interest rates ranging from 2.0% to 2.5%, to finance improvements for the waterworks, water distribution, wastewater treatment and collection facilities.

The 2020 Series bonds were sold at a discount of \$24,060, which is being amortized over the life of the bonds.

The annual requirements to amortize the indebtedness at June 30, 2023, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 475,000	\$ 220,813	\$ 695,813
2025	485,000	211,313	696,313
2026	495,000	201,613	696,613
2027	505,000	191,713	696,713
2028	515,000	181,613	696,613
2029-2033	2,735,000	749,465	3,484,465
2034-2038	3,025,000	455,664	3,480,664
2039-2041	2,000,000	100,750	2,100,750
	<u>\$ 10,235,000</u>	<u>\$ 2,312,944</u>	<u>\$ 12,547,944</u>

Financing Lease - Radio Meters

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest & Fees</u>	<u>Total</u>
2024	\$ 122,083	\$ 29,219	\$ 151,302
2025	127,083	24,030	151,113
2026	134,167	18,629	152,796
2027	142,083	12,927	155,010
2028	111,667	6,889	118,556
2029	37,917	1,921	39,838
	<u>\$ 675,000</u>	<u>\$ 93,615</u>	<u>\$ 768,615</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. In accordance with the Agreement, the City received the proceeds from the loan as eligible expenses were incurred. On January 12, 2019, the KIA allowed the City to refinance the agreement to reduce the interest rate from 3.0% to 2.25%. 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. The annual requirements to amortize the indebtedness at June 30, 2023, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Fees</u>	<u>Total</u>
2024	\$ 249,874	\$ 9,974	\$ 886	\$ 260,734
2025	255,529	4,320	384	260,233
	<u>\$ 505,403</u>	<u>\$ 14,294</u>	<u>\$ 1,270</u>	<u>\$ 520,967</u>

Kentucky Infrastructure Authority Loan

On May 1, 2010, the City entered into an Assistance Agreement with the Kentucky Infrastructure Authority ("KIA") to finance capacity upgrades at the Roberts Drive Pump Station and the Sixth Street Pump Station as part of the CSO abatement projects in the Long-Term Control Plan (See Note 12). The loan bears interest at a rate of 2.0% with a maturity date of December 1, 2033. A loan serving fee of 0.001% of the annual outstanding loan balance shall be payable to KIA as a part of each interest payment. In accordance with the Agreement, the City received the proceeds from the loan as eligible expenses were incurred. The annual requirements to amortize the loan as of June 30, 2023 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Fees</u>	<u>Total</u>
2024	\$ 330,072	\$ 74,682	\$ 7,468	\$ 412,222
2025	336,707	68,048	6,805	411,560
2026	343,474	61,280	6,128	410,882
2027	350,378	54,376	5,438	410,192
2028	357,421	47,334	4,733	409,488
2029-2033	1,897,799	125,975	12,598	2,036,372
2034	200,373	2,003	200	202,576
	<u>\$ 3,816,224</u>	<u>\$ 433,698</u>	<u>\$ 43,370</u>	<u>\$ 4,293,292</u>

(10) INTERFUND TRANSACTIONS

Interfund Receivable and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Interfund receivables and payables between funds are eliminated in the Statement of Net Position. The composition of interfund balances as of June 30, 2023 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Ashland Bus System	\$ 1,906,671
General Fund	Utility Fund	5,741,787
General Fund	Recreation Fund	1,662,109
General Fund	Parking Garage	136,425
General Fund	Internal Service Fund	1,655,768
General Fund	Municipal Aid Road Fund	12,382
General Fund	Floodwall Operating Fund	8,636
General Fund	Tax Increment Fund	1,167,062
General Fund	Housing Assistance	258,799
General Fund	Community Development Fund	14,525
General Fund	Utility Pension Fund	1,438,289
General Fund	Police & Firefighters Pension Fund	765,275
Capital Project	General Fund	5,123,522
Cemetery Fund	General Fund	90,202
Utility Pension Fund	Utility Fund	3,173,078
Total		<u>\$ 23,154,530</u>

Interfund Transfers

The following transfers were made during the year:

<u>Type</u>	<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Operating	General	Ashland Bus System	Matching	\$ 68,047
Operating	General	Recreation	Operations & Capital	918,859
Operating	General	Capital Projects	Capital Purchases	1,271,985
Operating	General	Cemetery	Operations	112,254

(11) LEGAL CONTINGENCIES

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

The City receives significant financial assistance from the federal government in the form of grants and entitlements, which are generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by federal agencies. Any disallowance as a result of these audits could become a liability of the City.

(12) COMMITMENTS AND CONTINGENCIES

Ashland Bus System

The City is committed to provide financial assistance to the Ashland Bus System (ABS). During the year ended June 30, 2023, the City paid \$68,047 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 that there is no amount due from the DOT for the current year's operating grant. 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. The improvements are expected to cost approximately \$60 million.

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 increased to \$3.50 per 1,000 gallons during 2015 and will 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, 2023, the City has \$10,680,242 restricted for the sewer improvements.

Construction Projects

The City is obligated on commitments for various contracts in progress at June 30, 2023. A summary of these commitments is as follows:

Total Approved Contracts	\$ 8,787,684
Less: Paid or Accrued to Date	<u>5,009,604</u>
Outstanding Commitments	<u>\$ 3,778,080</u>

(13) TAX ABATEMENTS

GASB Statement No. 77, *Tax Abatement Disclosures*, defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

During the year ended June 30, 2018, the City created a tax increment financing ("TIF") district ("Ashland Plaza Redevelopment Project") under the authority granted by Kentucky Revised Statutes (KRS) Chapter 65 and 154.30. The taxes levied on all taxable property within the TIF district on the increase in assessed value of the taxable property is allocated to pay for the cost of improvements in the district, including reimbursing the City's initial investment. The tax increments are allocated until all costs of the TIF district project has been repaid; however, it cannot exceed 20 years. The project developer bears the risk that the increments collected over the life of the TIF district will be less than sufficient to cover all eligible project expenses and the City bears no responsibility to make up any shortfall. The City has one active TIF district in which taxes are passed directly to developers or utilized for debt service payments associated with the district. Because the general property taxes on tax increment districts are allocated to the district, these taxes are not available to the City during the life of the tax increment district. For the year ended June 30, 2023, additional general property taxes of \$43,923 and occupational license fees of \$171,134 were collected and not available to the City.

(14) RISK MANAGEMENT

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has established an employee's health insurance fund (an internal service fund) to account for and finance its uninsured risk of loss. Under this program, the employees' health insurance fund provides coverage up to a maximum of \$100,000 per covered full-time employee and his or her dependents and eligible retirees. The City purchases commercial insurance

for the health and accident claims in excess of coverage provided by the fund and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

All full-time employees are eligible to participate in the City's Health Benefit Plan. The claims liability of \$87,459 reported in the Internal Service Fund at June 30, 2023, 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 2021 and 2023 were:

	Beginning of Fiscal Year Liability	Current Year Claims	Claim Payments	Balance At Fiscal Year End
2022	\$ 112,515	\$ 4,034,806	\$ 4,073,255	\$ 74,066
2023	74,066	3,977,966	3,964,573	87,459

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. Effective January 1, 2021, only members of the City's fire department are eligible to participate in the HRA. However, employees previously eligible to participate may continue to utilize any unused account balance. Amounts charged to Internal Service Fund operating expenses under the provisions of the HRA for the year ended June 30, 2023 totaled \$53,155.

(15) 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.

(16) FUND DEFICIT

As of June 30, 2023, the Ashland Bus Fund had a negative net position of \$1,297,255. This deficit resulted from the fund's proportionate share of the net pension and OPEB liabilities recorded in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

As of June 30, 2023, the Tax Increment Financing Fund had a negative fund balance of \$1,167,062. This deficit resulted from incremental tax revenue received by the fund during the year being less than the debt service of the related bond. Sufficient revenue is expected to be received in future years to recover these excess costs.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF ASHLAND
DEFINED BENEFIT PENSION TRUSTS
SCHEDULE OF EMPLOYER CONTRIBUTIONS AND INVESTMENT RETURNS
JUNE 30, 2023**

UTILITY EMPLOYEES
PENSION FUND

POLICEMEN AND
FIREFIGHTERS
PENSION FUND

	UTILITY EMPLOYEES PENSION FUND				POLICEMEN AND FIREFIGHTERS PENSION FUND										
	Amount Contributed	ADC	Contribution Deficiency (Excess)	Covered Payroll	Percentage of Covered Payroll	Amount Contributed	ADC	Contribution Deficiency (Excess)	Covered Payroll	Percentage of Covered Payroll	Amount Contributed	ADC	Contribution Deficiency (Excess)	Covered Payroll	Annual* M-W Rate of Return, net
2014	\$ 650,912	\$383,103	\$ (267,809)	**N/A	**N/A	**N/A	0.17%	\$ 316,277	\$425,142	\$ 108,865	**N/A	**N/A	**N/A	**N/A	0.18%
2015	728,300	383,103	(345,197)	**N/A	**N/A	**N/A	0.61%	411,220	564,043	152,823	**N/A	**N/A	**N/A	**N/A	0.50%
2016	782,736	603,145	(179,591)	**N/A	**N/A	**N/A	0.81%	419,610	564,043	144,433	**N/A	**N/A	**N/A	**N/A	0.53%
2017	737,240	603,145	(134,095)	**N/A	**N/A	**N/A	0.80%	419,610	521,302	101,692	**N/A	**N/A	**N/A	**N/A	0.67%
2018	1,010,604	484,950	(525,654)	**N/A	**N/A	**N/A	1.02%	949,776	521,302	(428,474)	**N/A	**N/A	**N/A	**N/A	0.96%
2019	845,798	484,950	(360,848)	**N/A	**N/A	**N/A	1.76%	521,302	323,671	(197,631)	**N/A	**N/A	**N/A	**N/A	1.62%
2020	604,364	410,659	(193,705)	**N/A	**N/A	**N/A	1.31%	323,671	323,671	-	**N/A	**N/A	**N/A	**N/A	2.23%
2021	716,227	410,659	(305,568)	**N/A	**N/A	**N/A	0.34%	602,874	230,236	(372,638)	**N/A	**N/A	**N/A	**N/A	0.49%
2022	511,778	380,896	(130,882)	**N/A	**N/A	**N/A	0.10%	230,236	230,236	-	**N/A	**N/A	**N/A	**N/A	0.16%
2023	509,705	380,896	(128,809)	**N/A	**N/A	**N/A	0.31%	172,903	160,652	(12,251)	**N/A	**N/A	**N/A	**N/A	0.69%

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

** No active employees or covered payroll.

**CITY OF ASHLAND
DEFINED BENEFIT PENSION TRUSTS
SCHEDULE OF FUNDING PROGRESS
JUNE 30, 2023**

Actuarial Valuation Date	Fiduciary Net Position (a)	Total Pension Liability (TPL) Entry Age (b)	Net Pension Liability (NPL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	NPL as a Percentage of Covered Payroll ((b-a)/c)
UTILITY EMPLOYEES PENSION FUND						
06/30/14	\$ 2,362,804	\$ 7,823,259	\$ 5,460,455	30.2%	**N/A	**N/A
06/30/15 *	2,340,422	10,865,198	8,524,776	21.5%	**N/A	**N/A
06/30/16	2,360,136	10,408,243	8,048,107	22.7%	**N/A	**N/A
06/30/17 *	2,373,099	9,804,378	7,431,279	24.2%	**N/A	**N/A
06/30/18	2,737,130	9,139,815	6,402,685	29.9%	**N/A	**N/A
06/30/19 *	2,955,799	9,248,646	6,292,847	32.0%	**N/A	**N/A
06/30/20	2,917,710	8,747,108	5,829,398	33.4%	**N/A	**N/A
06/30/21 *	2,944,978	9,162,270	6,217,292	32.1%	**N/A	**N/A
06/30/22	2,738,825	8,899,419	6,160,594	30.8%	**N/A	**N/A
06/30/23 *	2,531,492	8,010,966	5,479,474	31.6%	**N/A	**N/A
POLICEMEN AND FIREFIGHTERS PENSION FUND						
06/30/14 *	\$ 731,401	\$ 4,338,361	\$ 3,606,960	16.9%	**N/A	**N/A
06/30/15	579,210	5,016,407	4,437,197	11.5%	**N/A	**N/A
06/30/16 *	522,527	4,919,883	4,397,356	10.6%	**N/A	**N/A
06/30/17	468,574	4,140,203	3,671,629	11.3%	**N/A	**N/A
06/30/18 *	1,029,005	3,872,818	2,843,813	26.6%	**N/A	**N/A
06/30/19	1,221,257	3,557,450	2,336,193	34.3%	**N/A	**N/A
06/30/20 *	1,253,053	3,318,470	2,065,417	37.8%	**N/A	**N/A
06/30/21	1,569,552	2,779,158	1,209,606	56.5%	**N/A	**N/A
06/30/22 *	1,507,303	2,948,487	1,441,184	51.1%	**N/A	**N/A
06/30/23	1,412,596	2,637,495	1,224,899	53.6%	**N/A	**N/A

*Biannual actuarial valuation performed.

**No active employees or covered payroll.

**CITY OF ASHLAND
DEFINED BENEFIT PENSION TRUSTS
SCHEDULE OF CHANGES IN NET PENSION LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2023**

	UTILITY EMPLOYEES PENSION FUND									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY										
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on total pension liability	191,488	197,456	251,158	266,520	263,270	283,228	400,459	417,961	482,003	353,293
Effect of changes in benefit terms	235,706	-	-	(262,413)	457,843	(274,194)	(265,792)	(312,246)	-	848,025
Difference in expected and actual experience	(463,572)	253,125	220,253	167,553	4,302	(2,629)	(950,704)	205,645	66,792	(108,429)
Effect of changes in assumptions	(134,192)	-	636,404	-	55,714	-	944,652	-	3,246,184	-
Benefit payments	(717,883)	(713,432)	(692,653)	(673,198)	(672,298)	(670,968)	(732,480)	(768,315)	(753,040)	(731,999)
Net change in total pension liability	(888,453)	(262,851)	415,162	(501,538)	108,831	(664,563)	(603,865)	(456,955)	3,041,939	360,890
Total pension liability, beginning of year	8,899,419	9,162,270	8,747,108	9,248,646	9,139,815	9,804,378	10,408,243	10,865,198	7,823,259	7,462,369
Total pension liability, end of year (a)	8,010,966	8,899,419	9,162,270	8,747,108	9,248,646	9,139,815	9,804,378	10,408,243	10,865,198	7,823,259
FIDUCIARY NET POSITION										
Employer contributions	509,705	511,778	716,227	604,364	845,798	1,010,604	737,240	782,736	728,300	650,912
Member contributions	-	-	-	-	-	-	-	-	-	-
Investment income, net of investment expenses	2,489	831	5,971	35,937	47,448	29,588	10,513	10,395	4,570	879
Benefit payments and refund of contributions	(717,727)	(713,432)	(692,653)	(673,198)	(672,298)	(670,968)	(732,480)	(768,315)	(753,040)	(731,999)
Administrative expenses	(1,800)	(5,330)	(2,277)	(5,192)	(2,279)	(5,193)	(2,310)	(5,102)	(2,212)	(6,360)
Net change in plan fiduciary net position	(207,333)	(206,153)	27,268	(38,089)	218,669	364,031	12,963	19,714	(22,382)	(86,568)
Fiduciary net position, beginning of year	2,738,825	2,944,978	2,917,710	2,955,799	2,737,130	2,373,099	2,360,136	2,340,422	2,362,804	2,449,372
Fiduciary net position, end of year (b)	2,531,492	2,738,825	2,944,978	2,917,710	2,955,799	2,737,130	2,373,099	2,360,136	2,340,422	2,362,804
Net pension liability, ending = (a)-(b)	\$ 5,479,474	\$ 6,160,594	\$ 6,217,292	\$ 5,829,398	\$ 6,292,847	\$ 6,402,685	\$ 7,431,279	\$ 8,048,107	\$ 8,524,776	\$ 5,460,455

CITY OF ASHLAND
DEFINED BENEFIT PENSION TRUSTS
SCHEDULE OF CHANGES IN NET PENSION LIABILITIES (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2023

POLICEMEN AND FIREFIGHTERS
PENSION FUND

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY										
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on total pension liability	69,865	65,516	79,063	101,634	110,730	157,057	186,525	237,867	249,990	199,178
Effect of changes in benefit terms	73,343	-	-	(94,919)	224,367	(106,452)	(124,206)	(136,189)	-	436,571
Difference in expected and actual experience	(170,068)	384,354	(330,454)	(86,978)	(314,821)	(247,741)	(368,001)	(100,203)	24,498	(28,280)
Effect of changes in assumptions	-	12,099	-	154,488	-	324,422	-	380,261	966,202	14,282
Benefit payments	(284,132)	(292,640)	(287,921)	(313,205)	(335,644)	(394,671)	(473,998)	(478,260)	(562,644)	(582,431)
Net change in total pension liability	(310,992)	169,329	(539,312)	(238,980)	(315,368)	(267,385)	(779,680)	(96,524)	678,046	39,320
Total pension liability, beginning of year	2,948,487	2,779,158	3,318,470	3,557,450	3,872,818	4,140,203	4,919,883	5,016,407	4,338,361	4,299,041
Total pension liability, end of year (a)	2,637,495	2,948,487	2,779,158	3,318,470	3,557,450	3,872,818	4,140,203	4,919,883	5,016,407	4,338,361
FIDUCIARY NET POSITION										
Employer contributions	172,903	230,236	602,874	323,671	521,302	949,776	419,610	419,610	411,220	316,277
Member contributions	-	-	-	-	-	-	-	-	-	-
Investment income, net of investment expenses	14,896	2,120	6,364	23,230	12,563	7,327	5,107	3,994	3,787	857
Benefit payments and refund of contributions	(277,756)	(292,640)	(287,921)	(313,205)	(335,644)	(394,671)	(473,998)	(478,260)	(562,644)	(582,431)
Administrative expenses	(4,750)	(1,965)	(4,818)	(1,900)	(5,969)	(2,001)	(4,672)	(2,027)	(4,554)	(3,195)
Net change in plan fiduciary net position	(94,707)	(62,249)	316,499	31,796	192,252	560,431	(53,953)	(56,683)	(152,191)	(268,492)
Fiduciary net position, beginning of year	1,507,303	1,569,552	1,253,053	1,221,257	1,029,005	468,574	522,527	579,210	731,401	999,893
Fiduciary net position, end of year (b)	1,412,596	1,507,303	1,569,552	1,253,053	1,221,257	1,029,005	468,574	522,527	579,210	731,401
Net pension liability, ending = (a)-(b)	\$ 1,224,899	\$ 1,441,184	\$ 1,209,606	\$ 2,065,417	\$ 2,336,193	\$ 2,843,813	\$ 3,671,629	\$ 4,397,356	\$ 4,437,197	\$ 3,606,960

**CITY OF ASHLAND
COUNTY EMPLOYEES RETIREMENT SYSTEM
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION AND OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2023**

	Reporting Fiscal Year (Measurement Date)							
	2023 (2022)		2022 (2021)		2021 (2020)		2020 (2019)	
	Nonhaz.	Hazardous	Nonhaz.	Hazardous	Nonhaz.	Hazardous	Nonhaz.	Hazardous
PENSION								
City's proportion of the net pension liability	0.31562%	1.47733%	0.31782%	1.14696%	0.30887%	1.12199%	0.30736%	1.10540%
City's proportionate share of the net pension liability	\$ 22,815,996	\$ 35,022,582	\$ 20,263,327	\$ 30,533,875	\$ 23,690,073	\$ 33,828,166	\$ 21,616,977	\$ 30,534,523
City's covered payroll	\$ 8,118,460	\$ 7,613,901	\$ 7,478,171	\$ 7,017,066	\$ 7,436,891	\$ 6,785,778	\$ 7,115,364	\$ 6,506,066
City's proportionate share of the net pension liability as a percentage of its covered payroll	281.038%	459.982%	270.966%	435.137%	318.548%	498.516%	303.807%	469.324%
Plan fiduciary net position as a percentage of the total pension liability	52.42%	47.11%	57.33%	52.26%	47.81%	44.11%	50.45%	46.63%
INSURANCE FUND								
City's proportion of the net OPEB liability	0.31559%	1.47157%	0.31774%	1.14696%	0.30879%	1.12182%	0.30746%	1.10545%
City's proportionate share of the net OPEB liability	\$ 6,228,231	\$ 9,771,320	\$ 6,083,012	\$ 9,273,820	\$ 7,456,315	\$ 10,366,782	\$ 5,171,305	\$ 8,178,810
City's covered payroll	\$ 8,118,460	\$ 7,613,901	\$ 7,478,171	\$ 7,017,066	\$ 7,436,891	\$ 6,785,778	\$ 7,115,364	\$ 6,506,066
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	76.717%	128.335%	81.344%	132.161%	100.261%	152.772%	72.678%	125.711%
Plan fiduciary net position as a percentage of the total OPEB liability	60.95%	64.13%	62.91%	66.81%	51.67%	58.84%	60.44%	64.44%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

**CITY OF ASHLAND
COUNTY EMPLOYEES RETIREMENT SYSTEM
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION AND OPEB LIABILITY (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2023**

	Reporting Fiscal Year (Measurement Date)									
	2019 (2018)		2018 (2017)		2017 (2016)		2016 (2015)		2015 (2014)	
	Nonhaz.	Hazardous	Nonhaz.	Hazardous	Nonhaz.	Hazardous	Nonhaz.	Hazardous	Nonhaz.	Hazardous
PENSION										
City's proportion of the net pension liability	0.31496%	1.11871%	0.31601%	1.12239%	0.32717%	1.19593%	0.32806%	1.19771%	0.32000%	1.15000%
City's proportionate share of the net pension liability	\$ 19,181,719	\$ 27,055,399	\$ 18,496,978	\$ 25,110,923	\$ 16,108,362	\$ 20,521,406	\$ 14,104,958	\$ 18,386,060	\$ 10,328,000	\$ 13,818,000
City's covered payroll	\$ 7,019,185	\$ 6,513,275	\$ 7,086,423	\$ 6,630,921	\$ 7,781,684	\$ 6,198,395	\$ 7,627,360	\$ 6,041,405	\$ 7,271,891	\$ 5,782,361
City's proportionate share of the net pension liability as a percentage of its covered payroll	273.276%	415.389%	261.020%	378.694%	207.004%	331.076%	184.926%	304.334%	142.026%	238.968%
Plan fiduciary net position as a percentage of the total pension liability	53.54%	49.26%	53.30%	49.80%	55.50%	53.95%	59.97%	57.52%	66.80%	63.46%
INSURANCE FUND										
City's proportion of the net OPEB liability	0.31499%	1.11901%	0.31601%	1.12239%						
City's proportionate share of the net OPEB liability	\$ 5,592,603	\$ 7,978,052	\$ 6,352,862	\$ 9,278,454						
City's covered payroll	\$ 7,019,185	\$ 6,513,275	\$ 7,086,423	\$ 6,630,921						
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	79.676%	122.489%	89.648%	139.927%						
Plan fiduciary net position as a percentage of the total OPEB liability	57.62%	64.24%	52.40%	59.00%						

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

**CITY OF ASHLAND
COUNTY EMPLOYEES RETIREMENT SYSTEM
SCHEDULE OF PENSION AND OPEB CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2023**

	2023		2022		2021		2020		2019	
	<u>Nonhaz.</u>	<u>Hazardous</u>	<u>Nonhaz.</u>	<u>Hazardous</u>	<u>Nonhaz.</u>	<u>Hazardous</u>	<u>Nonhaz.</u>	<u>Hazardous</u>	<u>Nonhaz.</u>	<u>Hazardous</u>
PENSION										
Contractually required contribution	\$2,307,314	\$3,672,210	\$1,718,678	\$2,578,067	\$1,443,287	\$2,109,330	\$1,435,320	\$2,039,805	\$1,154,112	\$1,617,408
Contributions in relation to the contractually required contribution	<u>2,307,314</u>	<u>3,672,210</u>	<u>1,718,678</u>	<u>2,578,067</u>	<u>1,443,287</u>	<u>2,109,330</u>	<u>1,435,320</u>	<u>2,039,805</u>	<u>1,154,112</u>	<u>1,617,408</u>
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
City's covered payroll	\$9,860,316	\$8,577,926	\$8,118,460	\$7,613,901	\$7,478,171	\$7,017,066	\$7,436,891	\$6,785,778	\$7,115,364	\$6,506,066
City's contributions as a percentage of its covered payroll	23.40%	42.81%	21.17%	33.86%	19.30%	30.06%	19.30%	30.06%	16.22%	24.86%
INSURANCE FUND										
Contractually required contribution	\$ 334,265	\$ 581,583	\$ 469,246	\$ 797,175	\$ 355,962	\$ 668,026	\$ 353,996	\$ 646,008	\$ 374,311	\$ 681,680
Contributions in relation to the contractually required contribution	<u>334,265</u>	<u>581,583</u>	<u>469,246</u>	<u>797,175</u>	<u>355,962</u>	<u>668,026</u>	<u>353,996</u>	<u>646,008</u>	<u>374,311</u>	<u>681,680</u>
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
City's covered payroll	\$9,860,316	\$8,577,926	\$8,118,460	\$7,613,901	\$7,478,171	\$7,017,066	\$7,436,891	\$6,785,778	\$7,115,364	\$6,506,066
City's contributions as a percentage of its covered payroll	3.39%	6.78%	5.78%	10.47%	4.76%	9.52%	4.76%	9.52%	5.26%	10.47%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

**CITY OF ASHLAND
COUNTY EMPLOYEES RETIREMENT SYSTEM
SCHEDULE OF PENSION AND OPEB CONTRIBUTIONS (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2023**

	2018		2017		2016		2015		2014	
	<u>Nonhaz.</u>	<u>Hazardous</u>	<u>Nonhaz.</u>	<u>Hazardous</u>	<u>Nonhaz.</u>	<u>Hazardous</u>	<u>Nonhaz.</u>	<u>Hazardous</u>	<u>Nonhaz.</u>	<u>Hazardous</u>
PENSION										
Contractually required contribution	\$1,016,378	\$1,445,947	\$ 988,556	\$1,439,573	\$ 966,485	\$1,255,795	\$ 972,488	\$1,252,383	\$ 999,158	\$1,258,820
Contributions in relation to the contractually required contribution	<u>1,016,378</u>	<u>1,445,947</u>	<u>988,556</u>	<u>1,439,573</u>	<u>966,485</u>	<u>1,255,795</u>	<u>972,488</u>	<u>1,252,383</u>	<u>999,158</u>	<u>1,258,820</u>
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
City's covered payroll	\$7,019,185	\$6,513,275	\$7,086,423	\$6,630,921	\$7,781,684	\$6,198,395	\$7,627,360	\$6,041,405	\$7,271,891	\$5,782,361
City's contributions as a percentage of its covered payroll	14.48%	22.20%	13.95%	21.71%	12.42%	20.26%	12.75%	20.73%	13.74%	21.77%
INSURANCE FUND										
Contractually required contribution	\$ 329,818	\$ 609,123	\$ 334,812	\$ 619,902						
Contributions in relation to the contractually required contribution	<u>329,818</u>	<u>609,123</u>	<u>334,812</u>	<u>619,902</u>						
Contribution deficiency (excess)	-	-	-	-						
City's covered payroll	\$7,019,185	\$6,513,275	\$7,086,423	\$6,630,921						
City's contributions as a percentage of its covered payroll	4.70%	9.35%	4.73%	9.35%						

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

CITY OF ASHLAND

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION PLANS

FOR THE YEAR ENDED JUNE 30, 2023

(1) CHANGES OF ASSUMPTIONS

UTILITY EMPLOYEES PENSION FUND

In the 2023 valuation, the expected investment rate of return was increased from 2.25% to 2.50%, which was the estimated yield for a 20 year tax-exempt general obligation municipal bond with an average rating of AA/Aa or higher.

In the 2021 valuation, the expected investment rate of return was reduced from 3.0% to 2.25%, which was the estimated yield for a 20 year tax-exempt general obligation municipal bond with an average rating of AA/Aa or higher.

In the 2019 valuation, a mortality assumption for disabled lives was no longer considered necessary since there are no retirees remaining who retired due to disability.

In the 2017 valuation, the expected investment rate of return was reduced from 4.0% to 3.0%, which was the estimated yield for a 20 year tax-exempt general obligation municipal bond with an average rating of AA/Aa or higher.

In the 2015 valuation, the expected investment rate of return was reduced from 5.0% to 4.0%, which was the estimated yield for a 20 year tax-exempt general obligation municipal bond with an average rating of AA/Aa or higher. Additionally, an estimated ad-hoc cost of living adjustment of 3% was included in the calculation of the total pension liability due to the adjustments being considered “substantively automatic” under the guidelines of GASB No. 67.

POLICEMEN AND FIREFIGHTERS PENSION FUND

In the 2020 valuation, the expected investment rate of return was reduced from 3.0% to 2.5%, which was the estimated yield for a 20 year tax-exempt general obligation municipal bond with an average rating of AA/Aa or higher.

In the 2018 valuation, the expected investment rate of return was reduced from 4.0% to 3.0%, which was the estimated yield for a 20 year tax-exempt general obligation municipal bond with an average rating of AA/Aa or higher.

In the 2016 valuation, the expected investment rate of return was reduced from 5.0% to 4.0%, which was the estimated yield for a 20 year tax-exempt general obligation municipal bond with an average rating of AA/Aa or higher.

In the 2014 valuation update, an estimated ad-hoc cost of living adjustment of 3% was included in the calculation of the total pension liability due to the adjustments being considered “substantively automatic” under the guidelines of GASB No. 67.

CERS

The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2015:

- The assumed investment rate of return was decreased from 7.75% to 7.50%.
- The assumed rate of inflation was reduced from 3.50% to 3.25%.
- The assumed rate of wage inflation was reduced from 1.00% to 0.75%.
- Payroll growth assumption was reduced from 4.50% to 4.00%.

CITY OF ASHLAND

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2023

- The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.
- The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

The following changes were made by the Board of Trustees and reflected in the valuation performed as of June 30, 2017:

- Decreased the price inflation assumption to 2.30%
- Decreased the assumed rate of return to 6.25%
- Decreased the payroll growth assumption to 2.00%.

The following changes were made by the Board of Trustees and reflected in the valuation performed as of June 30, 2019:

- The assumed salary increase was changed from 4.00% (average) to 3.05%-10.30% for nonhazardous and 3.55% - 19.05% for hazardous (varies by service).
- The mortality table used for pre-retirement is PUB-2010 General Mortality table, for the Non-Hazardous Systems, and PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.
- The mortality table used for post-retirement (non-disabled) is a system specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
- The mortality table used for post-retirement (disabled) is PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2010.

The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2020:

- Senate Bill 249 passed during the 2020 legislative session and changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of the Total Pension Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2019.

CITY OF ASHLAND

**NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION - PENSION PLANS (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2023

**(2) METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY
DETERMINED CONTRIBUTIONS**

UTILITY EMPLOYEES PENSION FUND

The actuarially determined contribution amounts in the schedule of employer contributions are calculated biennially. The following actuarial methods and assumptions were used to determine contribution amounts reported in the most recent year of that schedule:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	20 years
Asset Valuation Method	Fair market value, quoted prices
Cost of Living Adjustments	3.0%
Salary Increase	None
Investment Rate of Return	2.50%, net of pension plan investment expense, including inflation

POLICEMEN AND FIREFIGHTERS PENSION FUND

The actuarially determined contribution amounts in the schedule of employer contributions are calculated biennially. The following actuarial methods and assumptions were used to determine contribution amounts reported in the most recent year of that schedule:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	10 years
Asset Valuation Method	Fair market value, quoted prices
Cost of Living Adjustments	3.0%
Salary Increase	None
Investment Rate of Return	2.50%, net of pension plan investment expense, including inflation

CERS

The following actuarial methods and assumptions were used to determine contribution rates reported in the most recent year of that schedule:

Valuation Date	June 30, 2020
Experience Study	July 1, 2013 - June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll
Remaining Amortization Period	30 years closed period at June 30, 2019 (Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases)
Payroll Growth	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%

CITY OF ASHLAND

**NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION - PENSION PLANS (CONCLUDED)**

FOR THE YEAR ENDED JUNE 30, 2023

Phase-in Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB362 enacted in 2018
Mortality	System specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019

(3) CHANGES OF BENEFIT TERMS

UTILITY EMPLOYEES PENSION FUND

The most recent valuation was prepared with the assumption of a “substantively automatic” 3% cost of living adjustment. However, the Commissioners elected not to provide a cost of living adjustment for fiscal year 2017, a 2% cost of living adjustment for fiscal year 2019, and a 7.2% cost of living adjustment for fiscal year 2023.

POLICEMEN AND FIREFIGHTERS PENSION FUND

The most recent valuation was prepared with the assumption of a “substantively automatic” 3% cost of living adjustment. However, the Commissioners elected not to provide a cost of living adjustment for fiscal year 2017, a 2% cost of living adjustment for fiscal year 2019, and a 7.2% cost of living adjustment for fiscal year 2023.

CERS

During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. Benefits paid to the spouses of deceased members have been increased from 25% of the member’s final rate of pay to 75% of the member’s average pay. If the member does not have a surviving spouse, benefits paid to surviving dependent children have been increased from 10% of the member’s final pay rate to 50% of average pay for one child, 65% of average pay for two children, or 75% of average pay for three children. The Total Pension Liability as of June 30, 2019 is determined using these updated benefit provisions.

Senate Bill 169 passed during the 2021 legislative session and increased the disability benefits for certain qualifying members who become “totally and permanently disabled” in the line of duty or as a result of a duty-related disability. The total pension liability as of June 30, 2021, is determined using these updated benefit provisions.

CITY OF ASHLAND

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - OPEB PLANS

FOR THE YEAR ENDED JUNE 30, 2023

(1) CHANGES OF ASSUMPTIONS

CERS INSURANCE FUND

The following changes were made by the Board of Trustees and reflected in the valuation performed as of June 30, 2017:

- Decreased the price inflation assumption to 2.30%
- Decreased the assumed rate of return to 6.25%
- Decreased the payroll growth assumption to 2.00%.

The following changes were made by the Board of Trustees and reflected in the valuation performed as of June 30, 2019:

- The assumed salary increase was changed from 4.00% (average) to 3.30%-10.30% for nonhazardous and 3.55% - 19.05% for hazardous (varies by service.)
- The mortality table used for pre-retirement is PUB-2010 General Mortality table, for the Non-Hazardous Systems, and PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.
- The mortality table used for post-retirement (non-disabled) is a system specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
- The mortality table used for post-retirement (disabled) is PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2010.

For the June 30, 2020 measurement date, the assumed increase in future health care costs, or trend assumption, is reviewed on an annual basis and was updated to better reflect more current expectations relating to anticipated future increases in the medical costs. The assumed impact of the Cadillac Tax (previously a 0.9% load on employer paid non-Medicare premiums for those who became participants prior to July 1, 2003) was removed to reflect its repeal since the prior valuation.

The following change was made by the Board of Trustees and reflected in the valuation performed as of June 30, 2022:

- The single discount rates used to calculate the total OPEB liability increased from 5.34% to 5.70%.

(2) METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

CERS INSURANCE FUND

The following actuarial methods and assumptions, for actuarially determined contributions effective for fiscal year ending June 30, 2022:

Experience Study	July 1, 2008 - June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay

CITY OF ASHLAND

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - OPEB PLANS (CONCLUDED)

FOR THE YEAR ENDED JUNE 30, 2023

Remaining Amortization Period	30 years, closed period at June 30, 2019 (Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases)
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.30% to 11.55%, varies by service
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre - 65	Initial trend starting at 6.40% at January 1, 2022 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years. The 2021 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Post – 65	Initial trend starting at 6.30% on January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2021 premiums were known at the time of the valuation and were incorporated into the liability measurement. Additionally, Humana provided “Not to Exceed” 2022 Medicare premiums, which were incorporated and resulted in an assumed 2.90% increase in Medicare premiums at January 1, 2022.
Phase-in Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.

(3) CHANGES OF BENEFIT TERMS

CERS INSURANCE FUND

During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. The system shall now pay 100% of the insurance premium for spouses and children of all active members who die in the line of duty. The total OPEB liability as of June 30, 2019, is determined using these updated benefit provisions.

Senate Bill 169 passed during the 2021 legislative session increased and the disability benefits for certain qualifying members who become “totally and permanently disabled” in the line of duty or as a result of a duty-related disability. The total OPEB liability as of June 30, 2021, is determined using these updated benefit provisions.

Senate Bill 209 passed during the 2022 legislative session increased the insurance dollar contribution for members hired on or after July 1, 2003 by \$5 for each year of service a member attains over certain thresholds, depending on a member's retirement eligibility requirement. This increase in the insurance dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees. Additionally, it is only payable when the member's applicable insurance fund is at least 90% funded. The increase is first payable January 1, 2023.

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, 2023

	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	990,000	342,035	1,332,035	163,036	(1,168,999)
Administration fee income	-	-	-	-	-
Interest income	-	-	-	-	-
Other income	-	-	-	-	-
Total revenues	990,000	342,035	1,332,035	163,036	(1,168,999)
Expenditures					
General government	3,500	-	3,500	-	3,500
Finance	-	-	-	-	-
Public services	-	-	-	-	-
Planning and code enforcement	-	-	-	-	-
Police	-	-	-	-	-
Fire	-	-	-	-	-
Engineering	-	-	-	-	-
Community and cultural	-	-	-	-	-
Other	-	-	-	-	-
Capital outlay	7,588,485	1,301,676	8,890,161	3,570,582	5,319,579
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	7,591,985	1,301,676	8,893,661	3,570,582	5,323,079
Excess (deficiency) of revenues over (under) expenditures	(6,601,985)	(959,641)	(7,561,626)	(3,407,546)	4,154,080
Other Financing Sources (Uses)					
Transfers in	1,271,985	-	1,271,985	1,271,985	-
Total other financing sources (uses)	1,271,985	-	1,271,985	1,271,985	-
Net change in fund balance	(5,330,000)	(959,641)	(6,289,641)	(2,135,561)	4,154,080
Fund balance beginning of year	6,945,040	-	6,945,040	6,945,040	-
Fund balance end of year	\$ 1,615,040	\$ (959,641)	\$ 655,399	\$ 4,809,479	\$ 4,154,080

CITY OF ASHLAND

GENERAL FUND

BALANCE SHEET

JUNE 30, 2023

ASSETS

Cash	\$ 2,465,591
Taxes receivable	2,843,191
Allowance for uncollectible taxes	(537,546)
Due from other funds	14,767,727
Other receivables	421,192
Prepaid items	826,811
Inventories - supplies	<u>226,896</u>
 Total assets	 <u><u>\$ 21,013,862</u></u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	\$ 963,339
Due to other funds	5,213,723
Due to Board of Education	176,506
Accrued compensated absences	205,392
Accrued expenses	<u>1,406,238</u>
 Total liabilities	 <u><u>7,965,198</u></u>

Fund Balance:

Non-spendable	1,053,707
Committed	7,190,374
Unassigned	<u>4,804,583</u>
 Total fund balance	 <u><u>13,048,664</u></u>

Total liabilities and fund balance	<u><u>\$ 21,013,862</u></u>
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CITY OF ASHLAND

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Taxes -			
General property taxes	\$ 3,132,915	\$ 2,599,300	\$ (533,615)
Penalties and interest	34,575	13,085	(21,490)
Delinquent taxes	226,375	173,107	(53,268)
Vehicle property taxes	430,990	496,844	65,854
Bank franchise taxes	250,450	196,455	(53,995)
Other franchise taxes	150,150	256,737	106,587
Insurance premium taxes	4,334,505	5,029,180	694,675
Total taxes	<u>8,559,960</u>	<u>8,764,708</u>	<u>204,748</u>
Licenses and permits -			
Occupational license fees	11,875,000	13,648,794	1,773,794
Business privilege licenses	2,118,350	2,398,001	279,651
Alcoholic beverage licenses	832,425	691,885	(140,540)
Construction permit fees	88,800	43,114	(45,686)
Other licenses and permits	1,275	2,412	1,137
Total licenses and permits	<u>14,915,850</u>	<u>16,784,206</u>	<u>1,868,356</u>
Charge for services -			
Garbage collection fee	2,390,000	2,440,206	50,206
Greyhound ticket sales	6,000	1,804	(4,196)
Rental revenue	79,250	78,607	(643)
Total charges for services	<u>2,475,250</u>	<u>2,520,617</u>	<u>45,367</u>
Fees, fines and reimbursements -			
Parking meter fees and fines	4,800	27,445	22,645
Taxes collection fees	173,115	175,956	2,841
State rebate - District Court	15,360	17,652	2,292
Street lighting franchise	1,197,050	1,211,110	14,060
Telecommunication franchise	282,225	289,401	7,176
Other	481,465	679,796	198,331
Total fees, fines and reimbursements	<u>2,154,015</u>	<u>2,401,360</u>	<u>247,345</u>
Other revenues -			
Police grants and revenue	51,335	147,020	95,685
Miscellaneous grants	716,000	35,271	(680,729)
Interest earned	7,950	26,119	18,169
Other	202,630	915,654	713,024
Total other revenues	<u>977,915</u>	<u>1,124,064</u>	<u>146,149</u>
Total revenues	<u>29,082,990</u>	<u>31,594,955</u>	<u>2,511,965</u>

CITY OF ASHLAND

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
General Government -			
Mayor and Commissioners	83,212	88,703	(5,491)
City Manager	213,219	190,762	22,457
City Clerk/Legal	278,186	282,216	(4,030)
Human Resources	255,042	237,992	17,050
Risk Management	243,421	186,776	56,645
Unclassified	1,623,024	1,833,972	(210,948)
	<u>2,696,104</u>	<u>2,820,421</u>	<u>(124,317)</u>
Department of Finance -			
Director of Finance	790,577	689,810	100,767
Data Processing	-	-	-
	<u>790,577</u>	<u>689,810</u>	<u>100,767</u>
Department of Public Services -			
Director of Public Services	145,269	158,865	(13,596)
Street maintenance	5,664,353	4,521,685	1,142,668
Sanitation services	1,755,146	1,655,965	99,181
Central garage	443,588	494,603	(51,015)
Animal control	96,778	106,767	(9,989)
	<u>8,105,134</u>	<u>6,937,885</u>	<u>1,167,249</u>
Department of Planning and Economic Development -			
Planning and Code Enforcement	2,295,487	1,990,927	304,560
Economic Development	271,816	260,448	11,368
	<u>2,567,303</u>	<u>2,251,375</u>	<u>315,928</u>
Department of Police -			
Technical services	2,298,702	2,883,093	(584,391)
Field operations	5,491,726	4,556,057	935,669
	<u>7,790,428</u>	<u>7,439,150</u>	<u>351,278</u>

CITY OF ASHLAND

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Department of Fire	8,560,006	8,786,810	(226,804)
Department of Engineering	279,865	268,785	11,080
Debt Service	1,767,700	1,743,324	24,376
Total expenditures	<u>32,557,117</u>	<u>30,937,560</u>	<u>1,619,557</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,474,127)</u>	<u>657,395</u>	<u>4,131,522</u>
OTHER FINANCING SOURCES (USES):			
Transfer to Capital Projects Fund	(2,230,839)	(1,271,985)	958,854
Transfer to Recreation Fund	(918,859)	(918,859)	-
Transfer to Ashland Bus Fund	(292,621)	(68,047)	224,574
Transfer to Ashland Cemetery Fund	(112,254)	(112,254)	-
Total other financing sources (uses)	<u>(3,554,573)</u>	<u>(2,371,145)</u>	<u>1,183,428</u>
NET CHANGE IN FUND BALANCE	(7,028,700)	(1,713,750)	5,314,950
FUND BALANCE, June 30, 2022	<u>14,762,414</u>	<u>14,762,414</u>	<u>-</u>
FUND BALANCE, June 30, 2023	<u>\$ 7,733,714</u>	<u>\$ 13,048,664</u>	<u>\$ 5,314,950</u>

CITY OF ASHLAND

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

JUNE 30, 2023

	Land & Buildings	Building Improvements	Automotive Equipment	Operating Equipment	Office Furniture & Equipment	Capital Improvements	Infrastructure	CIP	Total
Dept of General Gov't	\$ 3,789,270	\$ 1,934,933	\$ 61,332	\$ 86,741	\$ 310,546	\$ 218,155	\$ 11,955,117	\$ -	\$ 18,356,094
Dept of Finance	-	-	28,384	56,243	47,120	-	-	-	131,747
Dept of Public Services	16,000,185	747,366	619,043	3,606,729	81,440	3,318,215	56,417,835	551,781	81,342,594
Dept of Planning & Community Development	-	-	93,220	6,799	15,740	-	-	-	115,759
Department of Police	4,949,556	273,034	2,902,626	679,594	129,187	19,350	-	-	8,953,347
Department of Fire	3,869,126	441,065	3,772,147	556,550	33,830	-	-	1,141,267	9,813,985
Department of Engineering	-	-	89,856	11,595	67,190	74,458	-	-	243,099
Floodwall Operations	15,121	23,453	71,581	152,292	-	-	-	-	262,447
Community Development	243,868	117,420	-	-	18,623	-	1,324,680	-	1,704,591
Housing Assistance Programs	150,033	12,950	-	-	19,646	-	-	-	182,629
Tax Increment Financing	-	-	-	-	-	-	55,959	-	55,959
	<u>\$ 29,017,159</u>	<u>\$ 3,550,221</u>	<u>\$ 7,638,189</u>	<u>\$ 5,156,543</u>	<u>\$ 723,322</u>	<u>\$ 3,630,178</u>	<u>\$ 69,753,591</u>	<u>\$ 1,693,048</u>	<u>\$ 121,162,251</u>

CITY OF ASHLAND

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

JUNE 30, 2023

Land and buildings	\$ 29,017,160
Building improvements	3,550,221
Automotive equipment	7,638,189
Operating equipment	5,156,543
Office furniture and equipment	723,322
Capital improvements	3,630,178
Infrastructure	69,753,590
Construction in progress	<u>1,693,048</u>
Total	<u>\$ 121,162,251</u>
Investment in capital assets by source	
General Fund	\$ 80,189,532
Special Revenue Funds	10,252,052
Capital Projects Fund	<u>30,720,667</u>
Total	<u>\$ 121,162,251</u>

CITY OF ASHLAND
ASHLAND PLANNING AND CDA (KY142)
ENTITY WIDE BALANCE SHEET SUMMARY
JUNE 30, 2023

	14.871 Housing Choice Vouchers	Total
111 Cash - Unrestricted	\$ 154,004	\$ 154,004
113 Cash - Other Restricted	274,551	274,551
100 Total Cash	<u>428,555</u>	<u>428,555</u>
124 Accounts Receivable - Other Government	-	-
128 Fraud Recovery	76,311	76,311
128.1 Allowance for Doubtful Accounts - Fraud	<u>(75,296)</u>	<u>(75,296)</u>
120 Total Receivables, Net of Allowances for Doubtful Accounts	<u>1,015</u>	<u>1,015</u>
150 Total Current Assets	<u>429,570</u>	<u>429,570</u>
162 Buildings	162,983	162,983
164 Furniture, Equipment & Machinery - Administration	19,646	19,646
166 Accumulated Depreciation	<u>(116,481)</u>	<u>(116,481)</u>
160 Total Capital Assets, Net of Accumulated Depreciation	<u>66,148</u>	<u>66,148</u>
180 Total Non-Current Assets	<u>66,148</u>	<u>66,148</u>
200 Deferred Outflow of Resources	<u>-</u>	<u>-</u>
290 Total Assets and Deferred Outflow of Resources	<u>\$ 495,718</u>	<u>\$ 495,718</u>
312 Accounts Payable <= 90 Days	\$ 3,976	\$ 3,976
321 Accrued Wage/Payroll Taxes Payable	4,859	4,859
322 Accrued Compensated Absences - Current Portion	1,304	1,304
333 Accounts Payable - Other Government	258,799	258,799
342 Unearned Revenue	154,004	154,004
310 Total Current Liabilities	<u>422,942</u>	<u>422,942</u>
354 Accrued Compensated Absences - Non-Current	<u>6,628</u>	<u>6,628</u>
350 Total Non-Current Liabilities	<u>6,628</u>	<u>6,628</u>
300 Total Liabilities	<u>429,570</u>	<u>429,570</u>
400 Deferred Inflow of Resources	<u>-</u>	<u>-</u>
508.4 Net Investment in Capital Assets	66,148	66,148
511.4 Restricted Net Position	-	-
512.4 Unrestricted Net Position	-	-
513 Total Equity - Net Assets / Position	<u>66,148</u>	<u>66,148</u>
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	<u>\$ 495,718</u>	<u>\$ 495,718</u>

CITY OF ASHLAND
ASHLAND PLANNING AND CDA (KY142)
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE YEAR ENDED JUNE 30, 2023

	14.871 Housing Choice Vouchers	Total
70600 HUD PHA Operating Grants	\$ 3,887,959	\$ 3,887,959
71500 Other Revenue - Unrestricted	12,690	12,690
72000 Investment Income - Restricted	292	292
70000 Total Revenue	<u>3,900,941</u>	<u>3,900,941</u>
91100 Administrative Salaries	231,590	231,590
91200 Auditing Fees	8,676	8,676
91400 Advertising	28,822	28,822
91500 Employee Benefit Contributions - Administrative	60,264	60,264
91800 Travel	12,756	12,756
91900 Other	17,459	17,459
91000 Total Operating - Administrative	<u>359,567</u>	<u>359,567</u>
93800 Other Utilities Expense	4,787	4,787
93000 Total Utilities	<u>4,787</u>	<u>4,787</u>
94200 Ordinary Maintenance and Operations - Materials and Other	27,043	27,043
94000 Total Maintenance	<u>27,043</u>	<u>27,043</u>
96110 Property Insurance	134	134
96120 Liability Insurance	6,645	6,645
96130 Workmen's Compensation	351	351
96140 All Other Insurance	65,128	65,128
96100 Total Insurance Premiums	<u>72,258</u>	<u>72,258</u>
96200 Other General Expenses	20,065	20,065
96210 Compensated Absences	2,128	2,128
96000 Total Other General Expenses	<u>22,193</u>	<u>22,193</u>
96900 Total Operating Expenses	<u>485,848</u>	<u>485,848</u>
97000 Excess of Operating Revenue Over Operating Expenses	3,415,093	3,415,093
97300 Housing Assistance Payments	3,496,470	3,496,470
97400 Depreciation Expense	3,001	3,001
90000 Total Expenses	<u>3,985,319</u>	<u>3,985,319</u>
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ (84,378)	\$ (84,378)
11020 Required Annual Debt Principal Payments	-	-
11030 Beginning Equity	\$ 150,526	\$ 150,526
11170 Administrative Fee Equity	\$ 66,148	\$ 66,148
11180 Housing Assistance Payments Equity	\$ -	\$ -
11190 Unit Months Available	7,572	7,572
11210 Number of Unit Months Leased	6,170	6,170

CITY OF ASHLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures</u>
<u>U.S. Department of HUD</u>				
Direct Programs:				
CDBG Entitlement	14.218	-	\$ 253,621	\$ 512,360
Housing Choice Voucher Program	14.871	-	-	<u>3,980,190</u> *
Total U.S. Department of HUD				<u>4,492,550</u>
<u>U.S. Department of Transportation</u>				
Direct Programs:				
Federal Transit Cluster				
FTA - Operating Assistance Grant - COVID-19	20.507	-	-	1,149,331
FTA - Capital Assistance Grant	20.507	-	-	<u>169,023</u>
				<u>1,318,354</u> *
Passed through Kentucky Transportation Cabinet:				
Highway Planning and Construction	20.205	09-00244.00	-	164,439
Dept. of State Police Highway Safety Program	20.600	AL-2022-00-00-03	-	<u>595</u>
				<u>165,034</u>
Total U.S. Department of Transportation				<u>1,483,388</u>
<u>U.S. Department of Homeland Security</u>				
Passed through Kentucky Department of Homeland Security:				
Public Assistance Program	97.036	DR-4595	-	<u>30,736</u>
Total U.S. Department of Homeland Security				<u>30,736</u>
<u>Executive Office of the President</u>				
Passed through Laurel County Fiscal Court				
High Intensity Drug Trafficking Areas Program	95.001	G20AP0001A	-	<u>47,657</u>
Total Executive Office of the President				<u>47,657</u>
Total expenditures of Federal awards			<u>\$ 253,621</u>	<u>\$ 6,054,331</u>

* Denotes major program.

CITY OF ASHLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2023

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 under the programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City of Ashland, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C - INDIRECT COST RATE

The City of Ashland has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Matt Perkins, Mayor
City Commissioners and City Manager
City of Ashland
Ashland, Kentucky

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ashland, Kentucky (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 23, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* 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, and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kelley Gallaway Smith Goodby, PSC

Ashland, Kentucky
April 23, 2024



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Matt Perkins, Mayor
City Commissioners and City Manager
City of Ashland
Ashland, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Ashland, Kentucky's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2024-001 to 2024-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is

less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Kelley Gallaway Smith Coody, PSC

Ashland, Kentucky
April 23, 2024

CITY OF ASHLAND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2023

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

___ Yes X No

Significant deficiency(ies) identified?

___ Yes X None reported

Noncompliance material to the

financial statements noted?

___ Yes X No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

___ Yes X No

Significant deficiency(ies) identified?

___ Yes X None reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

X Yes ___ No

Identification of Major Programs:
Housing Choice Voucher Program
Federal Transit Cluster

AL No.
14.871
20.507

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low risk auditee?

___ Yes X No

CITY OF ASHLAND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2023

B. FINANCIAL STATEMENT FINDINGS

None noted in the current year.

C. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2024-001 FEDERAL COMPLIANCE – WAITING LIST PREFERENCES

Federal Program Name: Housing Choice Voucher Program

Catalog of Federal Domestic Assistance Number: 14.871

Federal Agency: U.S. Department of Housing and Urban Development

Compliance Requirement: Special Tests and Provisions

Criteria: According to 24 CFR 982.54(d), the PHA’s administrative plan must include procedures for the “Selection and admission of applicants from the PHA waiting list, including any PHA admission preferences, procedures for removing applicant names from the waiting list, and procedures for closing and reopening the PHA waiting list.”

Condition: While reviewing applications for acceptance into the program, we noted several preference codes assigned to applicants that did not agree to information contained on the original application.

Effect and Questioned Costs: Inadequate documentation of preference codes assigned to applicants. This could result in individuals improperly being moved to the top of the waiting list and allowed to enter the program before other qualified applicants.

Repeat Finding: Yes, 2023-005

Recommendation: We recommend that the PHA implement procedures to document any changes to the original preference codes assigned to applicants.

Management’s Response: Administrator will review with staff agency Administrative Plan in accordance to CFR 982.2(b) in regards to policies and procedures for application documentation of preferences.

2024-002 FEDERAL COMPLIANCE – TENANT DOCUMENTATION

Federal Program Name: Housing Choice Voucher Program

Catalog of Federal Domestic Assistance Number: 14.871

Federal Agency: U.S. Department of Housing and Urban Development

Compliance Requirement: Eligibility and Special Provisions

CITY OF ASHLAND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2023

Criteria: HUD requires Public Housing Authorities (PHA) to properly document the eligibility of tenants, properly calculate benefits based on tenant income and determine rent is reasonable.

Condition: During our testing of compliance with Section 8 requirements, we noted several errors while reviewing 40 tenant files. These include the following:

- Three instances in which the income utilized to calculate benefits did not agree to documentation in the tenant file.
- One instance in which a tenant was accepted due to homeless status, but documentation of homelessness was not included in the tenant file.
- Rent Reasonableness Form with no conclusion as to whether rent was reasonable.

Effect and Questioned Costs: Noncompliance with HUD requirements.

Repeat Finding: Yes, 2023-003

Recommendation: We recommend that procedures be implemented to ensure that documentation is maintained in accordance with HUD requirements.

Management's Response: Our agency has implemented a scanning system which prints bar codes on each document that automatically goes to the correct tenant file. After documents have been signed they are scanned in. This will help alleviate misplaced documents/files. Staff has also been instructed to always put any type of correspondence with tenants in the electronic tenant file.

2024-003 FEDERAL COMPLIANCE – RENT INCREASE NOTICE

Federal Program Name: Housing Choice Voucher Program

Catalog of Federal Domestic Assistance Number: 14.871

Federal Agency: U.S. Department of Housing and Urban Development

Compliance Requirement: Special Tests and Provisions

Criteria: The City's Administrative Plan requires that tenants be given a 30-day notice before the effective date of a rent increase that is based on the results of an annual recertification.

Condition: We noted one instance after year-end in which a tenant was only given a 4-day notice before the effective date of a rent increase.

Effect and Questioned Costs: Noncompliance with the Administrative Plan for the program.

Repeat Finding: Yes, 2023-008

Recommendation: We recommend that procedures be implemented to ensure tenants are given a 30-day notice prior to any rent increases that are result from an annual recertification.

CITY OF ASHLAND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONCLUDED)

FOR THE YEAR ENDED JUNE 30, 2023

Management's Response: Each caseworker has been issued an admin plan and refer to it often. Staff has been made aware that an increase in rent must be issued a 30 day notice. If the tenant rent decreases, the decrease is to take effect immediately. Administrator is also auditing files to help alleviate any errors.

2024-004 FEDERAL COMPLIANCE – UTILITY ALLOWANCES

Federal Program Name: Housing Choice Voucher Program

Catalog of Federal Domestic Assistance Number: 14.871

Federal Agency: U.S. Department of Housing and Urban Development

Compliance Requirement: Special Tests and Provisions

Criteria: According to 24 CFR 982.517, the PHA must maintain an up-to-date utility schedule by annually reviewing utility rate data and adjusting its utility allowance schedule if there has been a rate change of 10 percent or more.

Condition: We noted that the utility rate data was analyzed and there was a more than 10 percent change for several categories. However, the utility allowance schedule was not updated during the year.

Effect and Questioned Costs: Noncompliance with 24 CFR 982.517

Repeat Finding: No

Recommendation: We recommend that the PHA implement procedures to ensure that the utility allowance schedule is reviewed and updated annually as necessary with the change being approved by the Board of Commissioners.

Management's Response: Based on the review of utility rate data during FY24, the utility allowance schedule was updated and approved by the Board of Commissioners in February 2024.



1700 Greenup Ave
PO BOX 1839
Ashland, KY 41101
www.ashlandky.gov

Mayor

Matt Perkins

Commissioners

Josh Blanton
Amanda Clark
Marty Gute
Cheryl Wooten Spriggs

Mayor &

Commissioner's Office

606-385-3300

City Manager

Michael S. Graese

City Manager's Office

606-385-3303

City Building Main

606-385-3400

Ashland Bus System

606-385-3287

Assisted Housing

606-385-3327

Community & Economic

Development

606-385-3317

Engineering & Utilities

606-385-3332

Finance

606-385-3346

Human Resources

606-385-3312

Legal/City Clerk

606-385-3287

Parks and Recreation

606-385-3295

Public Services

606-385-3332

April 23, 2024

Kelley Galloway Smith Goolsby, PSC
1200 Corporate Court
PO Box 990
Ashland, KY 41102

Dear Sir or Madam:

We have prepared the accompanying corrective action plan as required by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Specifically, for each finding we are providing you with our responsible officials' views, the names of the contact people responsible for corrective action, the corrective action planned, and the anticipated completion date.

Sincerely,


Michael Graese
City Manager

CITY OF ASHLAND

CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED JUNE 30, 2023

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2024-001	Administrator will review with staff agency Administrative Plan in accordance to CFR 982.2(b) in regards to policies and procedures for application documentation of preferences.	June 30, 2024	Chris Pullem, Community & Economic Development Director
2024-002	Our agency has implemented a scanning system which prints bar codes on each document that automatically goes to the correct tenant file. After documents have been signed they are scanned in. This will help alleviate misplaced documents/files. Staff has also been instructed to always put any type of correspondence with tenants in the electronic tenant file.	June 30, 2024	Chris Pullem, Community & Economic Development Director
2024-003	Each caseworker has been issued an admin plan and refer to it often. Staff has been made aware that an increase in rent must be issued a 30 day notice. If the tenant rent decreases, the decrease is to take effect immediately. Administrator is also auditing files to help alleviate any errors.	June 30, 2024	Chris Pullem, Community & Economic Development Director
2024-004	Based on the review of utility rate data during FY24, the utility allowance schedule was updated and approved by the Board of Commissioners in February 2024.	June 30, 2024	Chris Pullem, Community & Economic Development Director



1700 Greenup Ave
PO BOX 1839
Ashland, KY 41101
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Mayor

Matt Perkins

Commissioners

Josh Blanton
Amanda Clark
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Mayor &

Commissioner's Office

606-385-3300

City Manager

Michael S. Graese

City Manager's Office

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Ashland Bus System

606-385-3287

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606-385-3327

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606-385-3317

Engineering & Utilities

606-385-3332

Finance

606-385-3346

Human Resources

606-385-3312

Legal/City Clerk

606-385-3287

Parks and Recreation

606-385-3295

Public Services

606-385-3332

April 23, 2024

Kelley Galloway Smith Goolsby, PSC
1200 Corporate Court
PO Box 990
Ashland, KY 41102

Dear Sir or Madam:

We have prepared the accompanying summary schedule of prior audit findings as required by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Specifically, we are reporting the status of audit findings included in the prior audit's schedule of findings and questioned costs. This schedule also includes the status of audit findings reported in the prior audit's summary schedule of prior audit findings that were not corrected.

Sincerely,


Michael Graese
City Manager

CITY OF ASHLAND

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2023

Finding Number	Finding/Noncompliance	Status	Responsible Contact Person
2023-001	During our review of the reports submitted for FY22, we noted that the reports excluded HAP expenses for project-based vouchers for January and February of 2023 totaling over \$100,000.	Corrected	Chris Pullem, Community & Economic Development Director
2023-002	The PHA is required to submit HUD-50058, Family Report, through HUD’s PIH Information Center (“PIC”) each time it completes an admission, annual reexamination, interim reexamination, portability move-in, termination of participation, portability move-out, or other change of unit for a family. When the information is uploaded, an error report is generated detailing any noted issues with the family information. The City is then required to correct the information to eliminate the errors.	Corrected	Chris Pullem, Community & Economic Development Director
2023-003	During our testing of tenant files, we noted two instances in which the PHA was not able to provide the family application, income verification documentation, and executed lease and HAP contract. Additionally, we noted two instances in which the documentation for interim recertifications due to a loss of income was not included in the tenant files.	Repeated, 2024-002	Chris Pullem, Community & Economic Development Director
2023-004	We noted that the PHA should have performed 13 quality control re-inspections, but only completed 12. However, 1 of those re-inspections was performed by the same individual performing the original inspection on the same day of the original inspection. Additionally, all of the re-inspections were completed for units at the Harbor Hill complex and, therefore, do not represent a cross section of neighborhoods.	Corrected	Chris Pullem, Community & Economic Development Director
2023-005	While reviewing applications for acceptance into the program, we noted several preference codes assigned to applicants that did not agree to information contained on the original application.	Repeated, 2024-001	Chris Pullem, Community & Economic Development Director

CITY OF ASHLAND

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONCLUDED)

FOR THE YEAR ENDED JUNE 30, 2023

2023-006	During our audit, we noted several check runs for the Section 8 program that did not include the finance department's approval for payment. Additionally, we noted four checks that cleared for amounts other than the amount included on the check register, including two checks whose payee did not agree to the register, a check that was issued twice, and other checks that did not appear on the register. These errors caused increased difficulty in reconciling the bank statements in a timely manner.	Corrected	Chris Pullem, Community & Economic Development Director
2023-007	Through discussions with PHA management, it appears that these errors were due to incorrect effective dates being entered on form HUD-50058 during the recertification process. Currently, only new admissions are being subject to a supervisory review, while one is not being performed on interim and annual recertifications. Additionally, a Reconciliation Report is generated as part of the monthly check generation process that shows all changes that have been made to tenant information during the month. This report is not currently being reviewed.	Corrected	Chris Pullem, Community & Economic Development Director
2023-008	We noted one instance after year-end in which a tenant was only given a 4-day notice before the effective date of a rent increase.	Repeated, 2024-003	Chris Pullem, Community & Economic Development Director