

**CITY OF ASHLAND**

Ashland, Wisconsin

**FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2019

# CITY OF ASHLAND

## TABLE OF CONTENTS As of and for the Year Ended December 31, 2019

---

<b>Independent Auditors' Report</b>	i – iii
<b>Basic Financial Statements</b>	
Government-wide Statements	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements	
Balance Sheet – Governmental Funds	3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	4
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
Statement of Net Position – Proprietary Funds	7
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	8
Statement of Cash Flows – Proprietary Funds	9 – 10
Statement of Fiduciary Net Position - Fiduciary Fund	11
Statement of Changes in Fiduciary Net Position - Fiduciary Fund	12
Notes to Financial Statements	13 – 57
<b>Required Supplementary Information</b>	
Budgetary Comparison Schedule – General Fund	58 – 61
Budgetary Comparison Schedule – Special Revenue Fund – Housing Rehab Revolving Loan Fund	62
Budgetary Comparison Schedule – Special Revenue Fund - TIF #9 Increment	63
Schedule of Changes in Total OPEB Liability and Related Ratios	64
Schedule of Employer's Proportionate Share of the Net Pension Liability/(Asset) – Wisconsin Retirement System (WRS)	65
Schedule of Employer Contributions – Wisconsin Retirement System (WRS)	65
Notes to Required Supplementary Information	66 - 67
<b>Supplementary Information</b>	
Combining Balance Sheet – Nonmajor Governmental Funds	68
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	69
Combining Balance Sheet – Nonmajor Special Revenue Funds	70 – 71
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	72 – 73
Combining Balance Sheet – Nonmajor Capital Projects Funds	74 – 75
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds	76 – 77
Combining Statement of Net Position – Nonmajor Enterprise Funds	78
Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Enterprise Funds	79
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	80 – 81

## INDEPENDENT AUDITORS' REPORT

To the City Council  
City of Ashland  
Ashland, Wisconsin

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ashland, Wisconsin, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Ashland's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Ashland Ore Dock Charitable Trust. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Ashland Ore Dock Charitable Trust were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to the City of Ashland's preparation and fair presentation of the financial statements 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 of Ashland's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ashland, Wisconsin, as of December 31, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note I, the City of Ashland adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, effective January 1, 2019. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ashland's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 supplementary 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 September 24, 2020 on our consideration of the City of Ashland'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 of Ashland'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 of Ashland's internal control over financial reporting and compliance.

*Baker Tilly US, LLP*

Baker Tilly US, LLP (formerly known as Baker Tilly Virchow Krause, LLP)  
Eau Claire, Wisconsin  
September 24, 2020

**CITY OF ASHLAND**

STATEMENT OF NET POSITION  
As of December 31, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Totals	Ashland Ore Dock Charitable Trust
<b>ASSETS</b>				
Cash and investments	\$ 5,970,630	\$ 2,583,418	\$ 8,554,048	\$ 2,925,840
Taxes receivable	4,641,180	-	4,641,180	-
Special assessments receivable	47,790	-	47,790	-
Notes receivable (net)	1,856,998	-	1,856,998	-
Other receivables (net)	479,171	413,788	892,959	3,804
Due from other governments	816,764	608	817,372	-
Internal balances	322,508	(322,508)	-	-
Prepaid items and inventories	34,359	178,201	212,560	438
Restricted assets - cash and investments	239,862	1,937,562	2,177,424	-
Other assets	-	37,254	37,254	-
Capital Assets				
Construction in progress	1,209,221	656,400	1,865,621	-
Land and right of way	4,563,071	506,830	5,069,901	-
Other capital assets, net of depreciation	65,858,483	30,666,183	96,524,666	-
Total Assets	<u>86,040,037</u>	<u>36,657,736</u>	<u>122,697,773</u>	<u>2,930,082</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
OPEB related amounts	19,929	4,337	24,266	-
Pension related amounts	4,563,130	525,115	5,088,245	-
Total Deferred Outflows of Resources	<u>4,583,059</u>	<u>529,452</u>	<u>5,112,511</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts payable	460,664	284,224	744,888	44,805
Accrued liabilities	445,787	79,680	525,467	-
Noncurrent liabilities				
Due within one year	1,441,041	477,405	1,918,446	-
Due in more than one year	10,654,163	7,017,585	17,671,748	-
Total Liabilities	<u>13,001,655</u>	<u>7,858,894</u>	<u>20,860,549</u>	<u>44,805</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related amounts	2,314,581	260,198	2,574,779	-
OPEB related amounts	673,039	146,489	819,528	-
Unearned revenues	4,609,608	12,635	4,622,243	-
Total Deferred Inflows of Resources	<u>7,597,228</u>	<u>419,322</u>	<u>8,016,550</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	64,796,069	24,893,108	89,689,177	-
Restricted				
Future housing and economic development loans	2,543,420	-	2,543,420	-
Future debt service	145,515	-	145,515	-
Library	282,166	-	282,166	-
Police programs	30,575	-	30,575	-
NSP breakwall	537,287	-	537,287	-
Home improvement program	16,240	-	16,240	-
Future beautification projects	12,224	-	12,224	-
Waterfront development	249,218	-	249,218	-
Ore Dock	-	-	-	2,885,277
Debt service reserve	-	244,452	244,452	-
Debt service redemption	-	330,955	330,955	-
Equipment replacement	-	1,331,640	1,331,640	-
Unrestricted	1,411,499	2,108,817	3,520,316	-
<b>TOTAL NET POSITION</b>	<u>\$ 70,024,213</u>	<u>\$ 28,908,972</u>	<u>\$ 98,933,185</u>	<u>\$ 2,885,277</u>

See accompanying notes to financial statements.

**CITY OF ASHLAND**

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2019

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Totals	Ashland Ore Dock Charitable Trust
<b>Primary Government</b>								
Governmental Activities								
General government	\$ 2,089,827	\$ 475,806	\$ 600	\$ -	\$ (1,613,421)	\$ -	\$ (1,613,421)	\$ -
Public safety	5,782,948	1,666,508	148,409	12,900	(3,955,131)	-	(3,955,131)	-
Public works	3,600,576	480,651	651,128	194	(2,468,603)	-	(2,468,603)	-
Health and human services	257,816	2,652	106,411	-	(148,753)	-	(148,753)	-
Leisure activities	1,364,604	241,764	203,788	286,995	(632,057)	-	(632,057)	-
Conservation and development	759,373	3,660	1,461	174,311	(579,941)	-	(579,941)	-
Interest and fiscal charges	230,272	-	-	-	(230,272)	-	(230,272)	-
Total Governmental Activities	<u>14,085,416</u>	<u>2,871,041</u>	<u>1,111,797</u>	<u>474,400</u>	<u>(9,628,178)</u>	<u>-</u>	<u>(9,628,178)</u>	<u>-</u>
Business-type Activities								
Water	1,624,401	2,348,567	-	8,768	-	732,934	732,934	-
Wastewater	2,300,613	2,119,397	-	800	-	(180,416)	(180,416)	-
Airport	431,013	238,190	-	-	-	(192,823)	(192,823)	-
Marina	257,490	225,397	-	36,900	-	4,807	4,807	-
Total Business-type Activities	<u>4,613,517</u>	<u>4,931,551</u>	<u>-</u>	<u>46,468</u>	<u>-</u>	<u>364,502</u>	<u>364,502</u>	<u>-</u>
Total Primary Government	<u>\$ 18,698,933</u>	<u>\$ 7,802,592</u>	<u>\$ 1,111,797</u>	<u>\$ 520,868</u>	<u>(9,628,178)</u>	<u>364,502</u>	<u>(9,263,676)</u>	<u>-</u>
<b>Component Unit</b>								
Ashland Ore Dock Charitable Trust	<u>\$ 49,459</u>	<u>\$ -</u>	<u>\$ 1,138</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(48,321)</u>
General Revenues								
Taxes								
Property taxes, levied for general purposes					3,085,532	-	3,085,532	-
Property taxes, levied for debt service					782,569	-	782,569	-
Property taxes, levied for TIF districts					470,555	-	470,555	-
Other taxes					198,305	-	198,305	-
Intergovernmental revenues not restricted to specific programs					3,921,021	-	3,921,021	-
Investment income					62,892	41,487	104,379	45,137
Miscellaneous					202,771	15,338	218,109	-
Total General Revenues					<u>8,723,645</u>	<u>56,825</u>	<u>8,780,470</u>	<u>45,137</u>
Transfers					<u>170,323</u>	<u>(170,323)</u>	<u>-</u>	<u>-</u>
<b>Change in Net Position</b>					<u>(734,210)</u>	<u>251,004</u>	<u>(483,206)</u>	<u>(3,184)</u>
NET POSITION - Beginning of Year					<u>70,758,423</u>	<u>28,657,968</u>	<u>99,416,391</u>	<u>2,888,461</u>
<b>NET POSITION - END OF YEAR</b>					<u>\$ 70,024,213</u>	<u>\$ 28,908,972</u>	<u>\$ 98,933,185</u>	<u>\$ 2,885,277</u>

See accompanying notes to financial statements.

**CITY OF ASHLAND**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2019

	General Fund	Special Revenue		Debt Service Fund	Nonmajor Governmental Funds	Totals
		Housing Rehab Revolving Loan Fund	TIF #9 Increment			
<b>ASSETS</b>						
Cash and investments	\$ 1,943,226	\$ 196,516	\$ -	\$ 310,795	\$ 3,237,352	\$ 5,687,889
Restricted assets - construction account	-	-	-	-	239,862	239,862
Receivables						
Taxes	2,829,369	-	233,444	1,149,937	425,249	4,637,999
Delinquent personal property taxes (net)	3,181	-	-	-	-	3,181
Accounts (net)	379,360	-	-	-	81,248	460,608
Notes (net)	-	1,619,608	-	-	237,390	1,856,998
Special assessments	-	-	-	-	47,790	47,790
Due from other governments	38,672	-	-	-	778,092	816,764
Due from other funds	856,447	-	-	-	-	856,447
Advances to other funds	2,094,484	-	-	-	-	2,094,484
Prepaid items and inventory	34,359	-	-	-	-	34,359
<b>TOTAL ASSETS</b>	<b>\$ 8,179,098</b>	<b>\$ 1,816,124</b>	<b>\$ 233,444</b>	<b>\$ 1,460,732</b>	<b>\$ 5,046,983</b>	<b>\$ 16,736,381</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>						
Liabilities						
Accounts payable	\$ 247,306	\$ -	\$ -	\$ -	\$ 212,903	\$ 460,209
Accrued liabilities	345,442	-	-	-	30,155	375,597
Due to other funds	-	-	-	-	471,094	471,094
Due to other governments	149	-	-	-	-	149
Advances from other funds	-	-	1,244,608	100,622	849,876	2,195,106
Total Liabilities	592,897	-	1,244,608	100,622	1,564,028	3,502,155
Deferred Inflows of Resources						
Unearned revenues	2,779,431	-	233,444	1,149,937	446,796	4,609,608
Unavailable revenues	97,934	1,619,608	-	-	565,208	2,282,750
Total Deferred Inflows of Resources	2,877,365	1,619,608	233,444	1,149,937	1,012,004	6,892,358
Fund Balances (Deficit)						
Nonspendable	1,739,132	-	-	-	-	1,739,132
Restricted	-	196,516	-	210,173	1,692,668	2,099,357
Committed	-	-	-	-	119,303	119,303
Assigned	-	-	-	-	1,642,423	1,642,423
Unassigned (deficit)	2,969,704	-	(1,244,608)	-	(983,443)	741,653
Total Fund Balances (Deficit)	4,708,836	196,516	(1,244,608)	210,173	2,470,951	6,341,868
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>	<b>\$ 8,179,098</b>	<b>\$ 1,816,124</b>	<b>\$ 233,444</b>	<b>\$ 1,460,732</b>	<b>\$ 5,046,983</b>	<b>\$ 16,736,381</b>

See accompanying notes to financial statements.



**CITY OF ASHLAND**

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
As of December 31, 2019

---

Total fund balance - governmental funds		\$ 6,341,868
---	--	--------------

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in government activities are not financial resources and, therefore, are not reported in the fund statements. Capital assets at year end consist of:

Capital assets	\$ 99,065,896	
Accumulated depreciation	<u>(27,435,121)</u>	71,630,775

Special assessments, certain grant receivables and loan receivables are reported as unavailable revenues in the fund financial statements and are recognized as revenue when earned in the government-wide financial statements

These type of unavailable revenues at year end consist of:

Special assessments	46,857	
Grant receivables	305,042	
Other receivables	73,853	
Loan receivables	<u>1,856,998</u>	2,282,750

Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.		4,563,130
---	--	-----------

Deferred outflows of resources related to other post employment benefits do not relate to current financial resources and are not reported in the governmental funds.		19,929
---	--	--------

Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.		(2,314,581)
--	--	-------------

Deferred inflows of resources related to other post-employment benefits do not relate to current financial resources and are not reported in the governmental funds.		(673,039)
--	--	-----------

An internal service fund is used by management to charge the costs of other post-employment benefits to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		333,243
---	--	---------

Long-term liabilities, including bond and notes payable, are not due in the current period and, therefore, are not reported in the fund statements.

Long-term liabilities at year end consist of:

General obligation debt	(7,475,997)	
Accrued interest on general obligation debt	(64,658)	
Advance from developer	(114,370)	
Landfill liability	(828,163)	
Net pension liability	(1,688,382)	
Other post employment benefits	(1,261,368)	
Vested compensated absences	<u>(726,924)</u>	(12,159,862)

<b>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</b>		<b><u>\$ 70,024,213</u></b>
---	--	-----------------------------

See accompanying notes to financial statements.

**CITY OF ASHLAND**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2019

	General Fund	Special Revenue		Debt Service Fund	Nonmajor Governmental Funds	Totals
		Housing Rehab Revolving Loan Fund	TIF #9 Increment			
<b>REVENUES</b>						
Taxes	\$ 2,754,452	\$ -	\$ 187,744	\$ 1,150,834	\$ 443,931	\$ 4,536,961
Intergovernmental	4,597,956	-	2,271	8,443	1,384,485	5,993,155
Licenses and permits	183,819	-	-	-	-	183,819
Fines, forfeitures and penalties	21,070	-	-	-	10	21,080
Public charges for services	1,812,042	-	-	-	21,765	1,833,807
Intergovernmental charges for services	818,794	-	-	-	-	818,794
Special assessments	-	-	-	-	19,131	19,131
Investment income	45,250	90	-	45	33,610	78,995
Miscellaneous	66,903	95,610	-	-	149,346	311,859
<b>Total Revenues</b>	<b>10,300,286</b>	<b>95,700</b>	<b>190,015</b>	<b>1,159,322</b>	<b>2,052,278</b>	<b>13,797,601</b>
<b>EXPENDITURES</b>						
Current						
General government	2,079,199	-	-	-	19,642	2,098,841
Public safety	4,939,370	-	-	-	39,247	4,978,617
Public works	2,027,049	-	-	-	293,594	2,320,643
Health and human services	146,894	-	-	-	106,412	253,306
Leisure activities	547,915	-	-	-	662,142	1,210,057
Conservation and development	121,997	27,270	11,923	-	590,779	751,969
Capital Outlay	-	-	-	-	1,471,074	1,471,074
Debt Service						
Principal retirement	-	-	-	1,352,237	-	1,352,237
Interest and fiscal charges	-	-	-	222,686	-	222,686
<b>Total Expenditures</b>	<b>9,862,424</b>	<b>27,270</b>	<b>11,923</b>	<b>1,574,923</b>	<b>3,182,890</b>	<b>14,659,430</b>
Excess (deficiency) of revenues over expenditures	437,862	68,430	178,092	(415,601)	(1,130,612)	(861,829)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfer in	396,352	-	305,097	419,690	941,470	2,062,609
Transfer out	(851,969)	-	(357,666)	-	(682,651)	(1,892,286)
Proceeds from sale of capital assets	-	-	-	-	26,485	26,485
<b>Total Other Financing Sources (Uses)</b>	<b>(455,617)</b>	<b>-</b>	<b>(52,569)</b>	<b>419,690</b>	<b>285,304</b>	<b>196,808</b>
<b>Net Change in Fund Balances</b>	<b>(17,755)</b>	<b>68,430</b>	<b>125,523</b>	<b>4,089</b>	<b>(845,308)</b>	<b>(665,021)</b>
FUND BALANCES (DEFICIT) - Beginning of Year	4,726,591	128,086	(1,370,131)	206,084	3,316,259	7,006,889
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<b>\$ 4,708,836</b>	<b>\$ 196,516</b>	<b>\$ (1,244,608)</b>	<b>\$ 210,173</b>	<b>\$ 2,470,951</b>	<b>\$ 6,341,868</b>

See accompanying notes to financial statements.

**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 December 31, 2019

Net change in fund balances - total governmental funds	\$ (665,021)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. The following differ in their presentation in the two statements:</p>	
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	1,471,074
Some functional expenditures are capitalized	213,667
Depreciation is reported in the government-wide statements	(1,936,403)
Capital assets contributed to the city	22,000
Book value of capital assets disposed of in the current year	(82,971)
Special assessments are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	(8,124)
Grant and accounts receivables are reported as unavailable revenues in the fund financial statements if not collected within 60 days of year end but are recognized as revenue when earned in the government-wide financial statements.	(525,859)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment reduces long-term liabilities in the statement of net position.	
Principal payments paid	1,352,237
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Change in the landfill liability	7,797
Change in the vested compensated absences	33,641
Change in the other post-employment benefits (and OPEB related deferred inflows and outflows of resources)	68,288
Change in accrued interest payable	(7,586)
Change in net pension liability (and pension related deferred inflows and outflows of resources)	(601,591)
Governmental funds report repayments of economic development and housing loans and notes receivables as revenue and issuing new loans as expenditures. However, in the statement of activities, these amounts are not reported as revenue and expenses; they are reported as changes in the receivables balances.	(107,447)
An internal service fund is used by management to charge the costs of other post-employment benefits to individual funds. The net revenue of certain activities of internal service fund is reported with governmental activities.	<u>32,088</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u>\$ (734,210)</u>

See accompanying notes to financial statements.

**CITY OF ASHLAND**

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 As of December 31, 2019

ASSETS	Business-type Activities - Enterprise Funds				Dental/FLEX Internal Service Fund
	Water Utility	Wastewater Utility	Nonmajor Funds	Totals	
<b>CURRENT ASSETS</b>					
Cash and investments	\$ 230,728	\$ 2,166,274	\$ 186,416	\$ 2,583,418	\$ 282,741
Restricted assets - redemption account	268,345	93,125	-	361,470	-
Customer accounts receivable	221,020	171,155	-	392,175	-
Other accounts receivable	-	-	21,613	21,613	18,563
Due from other governments	-	608	-	608	-
Current portion of advances to other funds	11,966	-	-	11,966	-
Inventories and prepaid items	129,728	22,623	25,850	178,201	-
Total Current Assets	<u>861,787</u>	<u>2,453,785</u>	<u>233,879</u>	<u>3,549,451</u>	<u>301,304</u>
<b>NONCURRENT ASSETS</b>					
Restricted assets					
Reserve account	244,452	-	-	244,452	-
Replacement account	-	1,331,640	-	1,331,640	-
Capital assets					
Construction work in progress	-	242,724	413,676	656,400	-
Land	30,611	38,951	437,268	506,830	-
Capital assets being depreciated	22,953,676	29,316,425	6,650,111	58,920,212	-
Accumulated depreciation	(7,963,495)	(17,118,053)	(3,172,481)	(28,254,029)	-
Other assets					
Advances to other funds	88,656	-	-	88,656	-
Preliminary survey and investigations	37,254	-	-	37,254	-
Total Noncurrent Assets	<u>15,391,154</u>	<u>13,811,687</u>	<u>4,328,574</u>	<u>33,531,415</u>	<u>-</u>
Total Assets	<u>16,252,941</u>	<u>16,265,472</u>	<u>4,562,453</u>	<u>37,080,866</u>	<u>301,304</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
OPEB related amounts	2,778	1,559	-	4,337	-
Pension related amounts	185,470	252,617	87,028	525,115	-
Total Deferred Outflows of Resources	<u>188,248</u>	<u>254,176</u>	<u>87,028</u>	<u>529,452</u>	<u>-</u>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	17,759	221,732	44,733	284,224	455
Accrued expenses	17,007	21,771	6,387	45,165	5,383
Deposits	4,000	-	-	4,000	-
Due to other funds	385,353	-	-	385,353	-
Liabilities Payable from Restricted Assets					
Accrued interest	23,804	6,711	-	30,515	-
Current portion of accrued compensated absences	27,393	28,814	11,498	67,705	-
Current portion of long-term debt	337,358	72,342	-	409,700	-
Total Current Liabilities	<u>812,674</u>	<u>351,370</u>	<u>62,618</u>	<u>1,226,662</u>	<u>5,838</u>
<b>NONCURRENT LIABILITIES</b>					
Long-term debt	5,022,181	1,504,424	-	6,526,605	-
Accrued compensated absences	21,057	29,472	2,408	52,937	-
Net pension liability	61,298	72,992	29,212	163,502	-
Other post-employment benefits	175,853	98,688	-	274,541	-
Total Noncurrent Liabilities	<u>5,280,389</u>	<u>1,705,576</u>	<u>31,620</u>	<u>7,017,585</u>	<u>-</u>
Total Liabilities	<u>6,093,063</u>	<u>2,056,946</u>	<u>94,238</u>	<u>8,244,247</u>	<u>5,838</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unearned revenues	12,635	-	-	12,635	-
OPEB related amounts	93,831	52,658	-	146,489	-
Pension related amounts	92,644	124,942	42,612	260,198	-
Total Deferred Inflow of Resources	<u>199,110</u>	<u>177,600</u>	<u>42,612</u>	<u>419,322</u>	<u>-</u>
<b>NET POSITION</b>					
Net investment in capital assets	9,661,253	10,903,281	4,328,574	24,893,108	-
Restricted for:					
Debt service reserve	244,452	-	-	244,452	-
Debt service redemption	244,541	86,414	-	330,955	-
Equipment replacement	-	1,331,640	-	1,331,640	-
Unrestricted (deficit)	(1,230)	1,963,767	184,057	2,146,594	295,466
<b>TOTAL NET POSITION</b>	<u>\$ 10,149,016</u>	<u>\$ 14,285,102</u>	<u>\$ 4,512,631</u>	<u>28,946,749</u>	<u>\$ 295,466</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(37,777)	
<b>NET POSITION OF BUSINESS-TYPE ACTIVITIES</b>				<u>\$ 28,908,972</u>	

See accompanying notes to financial statements.

**CITY OF ASHLAND**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds				Dental/FLEX Internal Service Fund
	Water Utility	Wastewater Utility	Nonmajor Funds	Totals	
<b>OPERATING REVENUES</b>	<u>\$ 2,348,567</u>	<u>\$ 2,119,397</u>	<u>\$ 463,587</u>	<u>\$ 4,931,551</u>	<u>\$ 156,221</u>
<b>OPERATING EXPENSES</b>					
Operation and maintenance	993,013	1,527,018	466,973	2,987,004	133,508
Depreciation	460,595	730,176	220,670	1,411,441	-
Taxes	2,325	-	-	2,325	-
Total Operating Expenses	<u>1,455,933</u>	<u>2,257,194</u>	<u>687,643</u>	<u>4,400,770</u>	<u>133,508</u>
Operating Income (Loss)	<u>892,634</u>	<u>(137,797)</u>	<u>(224,056)</u>	<u>530,781</u>	<u>22,713</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	3,558	35,948	1,981	41,487	1,663
Interest expense	(137,511)	(44,345)	(860)	(182,716)	-
Miscellaneous expense	(34,751)	(2,568)	-	(37,319)	-
Miscellaneous revenue	7,211	4,615	3,512	15,338	15,000
Total Nonoperating Revenue (Expenses)	<u>(161,493)</u>	<u>(6,350)</u>	<u>4,633</u>	<u>(163,210)</u>	<u>16,663</u>
Income (Loss) Before Contributions and Transfers	<u>731,141</u>	<u>(144,147)</u>	<u>(219,423)</u>	<u>367,571</u>	<u>39,376</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>					
Capital contributions	8,768	800	36,900	46,468	-
Transfers in	-	-	215,029	215,029	-
Transfers out	(385,352)	-	-	(385,352)	-
Total Contributions and Transfers	<u>(376,584)</u>	<u>800</u>	<u>251,929</u>	<u>(123,855)</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	<u>354,557</u>	<u>(143,347)</u>	<u>32,506</u>	<u>243,716</u>	<u>39,376</u>
NET POSITION – Beginning of Year	<u>9,794,459</u>	<u>14,428,449</u>	<u>4,480,125</u>	<u>28,703,033</u>	<u>256,090</u>
<b>NET POSITION – END OF YEAR</b>	<u>\$ 10,149,016</u>	<u>\$ 14,285,102</u>	<u>\$ 4,512,631</u>	<u>\$ 28,946,749</u>	<u>\$ 295,466</u>
<b>CHANGE IN NET POSITION - Enterprise Funds</b>				\$ 243,716	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				<u>7,288</u>	
<b>CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES</b>				<u>\$ 251,004</u>	

See accompanying notes to financial statements.

**CITY OF ASHLAND**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds				Dental/FLEX Internal Service Fund
	Water Utility	Wastewater Utility	Nonmajor Funds	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 1,781,922	\$ 2,158,164	\$ 520,672	\$ 4,460,758	\$ 153,477
Cash received from city	610,640	-	-	610,640	-
Cash paid to suppliers for goods and services	(772,676)	(1,087,790)	(323,467)	(2,183,933)	(132,284)
Cash paid to employees for services	(333,336)	(373,389)	(163,445)	(870,170)	-
Net Cash Flows From Operating Activities	<u>1,286,550</u>	<u>696,985</u>	<u>33,760</u>	<u>2,017,295</u>	<u>21,193</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Negative cash implicitly financed (paid)	(453,441)	-	-	(453,441)	-
Transfers from other funds	-	-	215,029	215,029	-
Transfers to other funds	(385,352)	-	-	(385,352)	-
Net Cash Flows From Noncapital Financing Activities	<u>(838,793)</u>	<u>-</u>	<u>215,029</u>	<u>(623,764)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Noncash equivalents purchased	(224,195)	(516,119)	-	(740,314)	-
Noncash equivalents sold	240,212	509,859	-	750,071	-
Investment income	3,558	35,948	1,981	41,487	1,663
Net Cash Flows From Investing Activities	<u>19,575</u>	<u>29,688</u>	<u>1,981</u>	<u>51,244</u>	<u>1,663</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Debt proceeds	-	3,442	-	3,442	-
Debt retired	(492,248)	(155,132)	(62,378)	(709,758)	-
Interest paid	(140,520)	(45,516)	(1,560)	(187,596)	-
Contributions in aid of construction	453,122	80,072	36,900	570,094	-
Acquisition and construction of capital assets	(153,505)	(406,836)	(381,149)	(941,490)	-
Net Cash Flows From Capital and Related Related Financing Activities	<u>(333,151)</u>	<u>(523,970)</u>	<u>(408,187)</u>	<u>(1,265,308)</u>	<u>-</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>134,181</b>	<b>202,703</b>	<b>(157,417)</b>	<b>179,467</b>	<b>22,856</b>
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>385,149</u>	<u>2,872,217</u>	<u>343,833</u>	<u>3,601,199</u>	<u>259,885</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 519,330</b>	<b>\$ 3,074,920</b>	<b>\$ 186,416</b>	<b>\$ 3,780,666</b>	<b>\$ 282,741</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS</b>					
Cash and Cash Equivalents per Statement of Net Position					
Cash and Investments	\$ 230,728	\$ 2,166,274	\$ 186,416	\$ 2,583,418	\$ 282,741
Restricted Cash and Investments					
Reserve account	244,452	-	-	244,452	-
Redemption account	268,345	93,125	-	361,470	-
Replacement account	-	1,331,640	-	1,331,640	-
Total Cash and Investments	<u>743,525</u>	<u>3,591,039</u>	<u>186,416</u>	<u>4,520,980</u>	<u>282,741</u>
Less: Noncash equivalents	<u>(224,195)</u>	<u>(516,119)</u>	<u>-</u>	<u>(740,314)</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS</b>	<b>\$ 519,330</b>	<b>\$ 3,074,920</b>	<b>\$ 186,416</b>	<b>\$ 3,780,666</b>	<b>\$ 282,741</b>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds				Dental/FLEX Internal Service Fund
	Water Utility	Wastewater Utility	Nonmajor Funds	Totals	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 892,634	\$ (137,797)	\$ (224,056)	\$ 530,781	\$ 22,713
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities					
Nonoperating income	7,210	4,615	3,512	15,337	15,000
Noncash items included in income					
Depreciation	460,595	730,176	220,670	1,411,441	-
Depreciation charged to other accounts	17,262	(17,262)	-	-	-
Amortization	20,439	-	-	20,439	-
Change in assets and liabilities					
Customer accounts receivable	(35,028)	1,480	-	(33,548)	-
Other accounts receivable	-	(1,486)	53,573	52,087	(17,744)
Inventories and prepaid items	(15,432)	(1,527)	1,234	(15,725)	-
Accounts payable	(13,996)	(47,908)	(34,350)	(96,254)	245
Due to other funds	3,277	-	-	3,277	-
Other current liabilities	1,304	4,392	4,554	10,250	979
Accrued compensated absences	12,749	5,502	-	18,251	-
Other post-employment benefits	(85,168)	130,847	-	45,679	-
Pension related deferrals and asset	20,704	25,953	8,623	55,280	-
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ 1,286,550</u>	<u>\$ 696,985</u>	<u>\$ 33,760</u>	<u>\$ 2,017,295</u>	<u>\$ 21,193</u>

**NONCASH CAPITAL, INVESTING AND FINANCING ACTIVITIES**

None

See accompanying notes to financial statements.

**CITY OF ASHLAND**

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
As of December 31, 2019

---

	<u>Custodial Fund</u> <u>Tax Collection</u> <u>Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 3,645,980
Taxes receivable	<u>3,385,356</u>
Total Assets	<u>7,031,336</u>
<b>LIABILITIES</b>	
Due to other taxing units	<u>7,031,336</u>
Total Liabilities	<u>7,031,336</u>
 <b>TOTAL NET POSITION</b>	 <u>\$ -</u>

See accompanying notes to financial statements.



**CITY OF ASHLAND**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND**

For the Year Ended December 31, 2019

---

	<u>Custodial Fund</u> <u>Tax Collection</u> <u>Fund</u>
<b>ADDITIONS</b>	
Property taxes collected for other governments	\$ <u>4,082,094</u>
<b>DEDUCTIONS</b>	
Property taxes distributed to other governments	<u>4,082,094</u>
<b>Change in Fiduciary Net Position</b>	-
NET POSITION - Beginning of Year	<u>-</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ -</u>

See accompanying notes to financial statements.

# CITY OF ASHLAND

## INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

NOTE	Page
I. Summary of Significant Accounting Policies	14
A. Reporting Entity	14
B. Government-Wide and Fund Financial Statements	15
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	18
D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity	20
1. Deposits and Investments	20
2. Receivables	21
3. Inventories and Prepaid Items	22
4. Restricted Assets	22
5. Capital Assets	22
6. Deferred Outflows of Resources	23
7. Compensated Absences	23
8. Long-Term Obligations	23
9. Deferred Inflows of Resources	24
10. Equity Classifications	24
11. Basis for Existing Utility Rates	26
12. Pension	26
II. Stewardship, Compliance, and Accountability	26
A. Deficit Balances	26
B. Limitations on the City's Tax Levy	27
III. Detailed Notes on All Funds	27
A. Deposits and Investments	27
B. Receivables	28
C. Restricted Assets	29
D. Capital Assets	30
E. Interfund Receivables/Payables, Advances, and Transfers	34
F. Long-Term Obligations	37
G. Closure and Postclosure Care Cost	42
H. Net Position/Fund Balances	42
I. Component Unit – Ashland Ore Dock Charitable Trust	44
IV. Other Information	46
A. Employees' Retirement System	46
B. Risk Management	51
C. Commitments and Contingencies	51
D. Joint Ventures	52
E. Postemployment Benefits Other Than Pensions	52
F. Related Organizations	56
G. Effect of New Accounting Standards on Current-Period Financial Statements	56
H. Subsequent Events	56

# CITY OF ASHLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

---

The accounting policies of the City of Ashland, Wisconsin (the “city”) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

#### **A. REPORTING ENTITY**

This report includes all of the funds of the city. The reporting entity for the city consists of the primary government and its component unit. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity’s financial statements to be misleading. The primary government is financial accountable if (1) it appoints a voting majority of the organization’s governing body and it is able to impose its will on that organization; (2) it appoints a voting majority of the organization’s governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government; and (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of three methods, discrete presentation, blending or fiduciary. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

# CITY OF ASHLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **A. REPORTING ENTITY (cont.)**

##### ***Discretely Presented Component Unit***

The government-wide financial statements include the Ashland Ore Dock Charitable Trust as a component unit. The Ashland Ore Dock Charitable Trust is a legally separate organization. The board of the Ashland Ore Dock Charitable Trust consists of the mayor of the City of Ashland; a member of the Ashland City Council, nominated by the mayor and confirmed by the Council; the chairperson of the Ashland Harbor Commission; the director of the Ashland Park and Recreation Department; the president of the Ashland Historical Society; the president of Northland College; a representative of the Ashland business community, selected by the Ashland Area Chamber of Commerce; a representative of the Ashland banking, financial services or investment community, selected by the members of the board; and a resident of the City of Ashland, not a member of the City Council or of the Harbor Commission, selected by the members of the board. Wisconsin Statutes provide for circumstances whereby the city can impose its will on the Ashland Ore Dock Charitable Trust, and also create a potential financial benefit to or burden on the city. The Ashland Ore Dock Charitable Trust is part of the reporting entity of the city. See Note III.I. As a component unit, the Ashland Ore Dock Charitable Trust's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2019. The Ashland Ore Dock Charitable Trust is a not-for-profit organization that follows Financial Accounting Standards Board (FASB) for accounting and financial reporting principles. Separately issued financial statements of the Ashland Ore Dock Charitable Trust may be requested at 601 Main Street West, Ashland, WI 54806.

#### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

In January 2017, the GASB issued statement No. 84 - *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. This standard was implemented January 1, 2019.

In March 2018, the GASB issued statement No. 88 - *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. This standard was implemented January 1, 2019.

##### ***Government-Wide Financial Statements***

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the city except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

# CITY OF ASHLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)**

##### ***Government-Wide Financial Statements (cont.)***

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. The city does not allocate indirect expenses to functions in the statement of activities. 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 included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

##### ***Fund Financial Statements***

Financial statements of the city are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditure/expenses.

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the city or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the city believes is particularly important to financial statement users may be reported as a major fund.

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. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The city reports the following major governmental funds:

General Fund – accounts for the city’s primary operating activities. It is used to account for and report all financial resources except those required to be accounted for in another fund.

Special Revenue Fund - Housing Rehab Revolving Loan Fund – accounts for and reports the grants and local revenues legally restricted or committed to supporting expenditures for the city’s housing loan program.

# CITY OF ASHLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)**

##### ***Fund Financial Statements*** (cont.)

Special Revenue Fund - TIF #9 Increment Fund – accounts for and reports financial resources that are restricted, committed, or assigned to expenditures outlined in the TID project plan.

Debt Service Fund – accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for the payment of general long-term debt principal, interest, and related costs, other than TIF or enterprise debt.

The city reports the following major enterprise funds:

Water Utility – accounts for the construction, operations, and maintenance of the municipal water pumping, treatment, and distribution systems.

Wastewater Utility – accounts for the construction, operations, and maintenance of the municipal sewage collection and treatment system.

The city reports the following nonmajor governmental and enterprise funds:

Special Revenue Funds - used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Recycling	Bretting Teen Center
Economic Development Revolving Loan	Beautification
Library Grants and Special Revenue	Wetlands Mitigation
TIF #6 Increment	Vaughn Library
TIF #10 Increment	Insured Loss Deductible
Community Planning and Development	Hazardous Materials
NSP Breakwall	Home Improvement Program
Evidence Funds	

Capital Projects Funds - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of equipment and/or major capital facilities.

TIF #6 Development	Capital Equipment
Street Improvements	Park Grounds Improvements
TIF #9 Development	Land Sales and Acquisition
TIF #10 Development	Capital Sidewalk Improvements
BART Contribution	Urban Forestry
Buildings & Facilities	Landfill Improvement
Waterfront Development	Leisure and Recreation Improvements

# CITY OF ASHLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)**

##### ***Fund Financial Statements (cont.)***

Enterprise Funds - used to account for and report any activity for which a fee is charged to external users for goods or services, and must be used for activities which meet certain debt or cost recovery criteria.

Airport  
Marina

In addition, the city reports the following fund types:

Internal service funds are used to account for and report the financing of goods or services provided by one department or agency to other departments or agencies of the city, or to other governmental units, on a cost-reimbursement basis.

Dental/FLEX Fund

Custodial funds are used to account for and report assets controlled by the city and the assets are for the benefit of individuals, private organizations, and/or other governmental units. The city reports its Tax Collection Fund as a custodial fund.

#### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

##### ***Government-Wide Financial Statements***

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

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's water and wastewater utilities 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used 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 are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

# CITY OF ASHLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)**

##### ***Government-Wide Financial Statements (cont.)***

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the city is entitled to the resources and the amounts are available. Amounts owed to the city which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Proprietary fund and fiduciary financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

The 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 revenues of the water and wastewater utilities are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. 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.

##### ***All Financial Statements***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.



# CITY OF ASHLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY***

##### ***1. Deposits and Investments***

For purposes of the statement of cash flows, the city considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of city funds is restricted by state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

The city has not adopted a formal investment policy, however the city's budget document indicates that the city follows state statutes regarding allowable investments and abides by the following criteria: preservation of capital, maintenance of liquid position, and maximum yield.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

See Note III.A. for further information.

# CITY OF ASHLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

##### **2. Receivables**

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the city, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of fiduciary net position.

Property tax calendar – 2019 tax roll:

Lien date and levy date	December 2019
Tax bills mailed	December 2019
Payment in full, or	January 31, 2020
First installment due	January 31, 2020
Second installment due	July 31, 2020
Personal property taxes in full	January 31, 2020
Tax sale – 2019 delinquent real estate taxes	October 2022

Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. Therefore, no provision has been made for uncollectible real estate taxes.

The water and wastewater utilities have the right, by law, to place substantially all delinquent bills on the tax roll. Therefore, no provision for has been made for uncollectible utility bills.

All receivables have been adjusted for estimated uncollectible accounts. The amounts recorded as receivables in the general fund have been reduced by an allowance for uncollectible accounts of \$1,230,188.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as “due to and from other funds.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

The city has received federal and state grant funds for economic development and housing rehabilitation loan programs to various businesses and individuals. The city records a loan receivable when the loan has been made and funds have been disbursed. The amount recorded as notes receivable has been reduced by an allowance for uncollectible accounts of \$150,287.

# CITY OF ASHLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***2. Receivables (cont.)***

It is the city's policy to record unavailable revenue for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year-end are presented as restricted fund balance in the fund financial statements.

##### ***3. Inventories and Prepaid Items***

Governmental fund inventory items, if significant, are recorded at cost based on average cost using the consumption method of accounting. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. They are valued at average cost based on FIFO, and charged to construction or operation and maintenance expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

##### ***4. Restricted Assets***

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified.

##### ***5. Capital Assets***

###### ***Government –Wide Statements***

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$25,000 for infrastructure assets, and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

# CITY OF ASHLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

##### **5. Capital Assets (cont.)**

###### **Government –Wide Statements (cont.)**

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	50-75 Years
Land Improvements	25 Years
Machinery and Equipment	4-20 Years
Utility System	7-100 Years
Infrastructure	40-100 Years

###### **Fund Financial Statements**

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

##### **6. Deferred Outflows of Resources**

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

##### **7. Compensated Absences**

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable available resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2019 are determined on the basis of current salary rates and include salary related payments.

##### **8. Long-Term Obligations**

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, other post-employment benefits, net pension liability, landfill liability, vested compensated absences, and an advance from developer.

# CITY OF ASHLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

##### **8. Long-Term Obligations (cont.)**

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

##### **9. Deferred Inflows of Resources**

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

##### **10. Equity Classifications**

###### **Government–Wide Statements**

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net positions that do not meet the definition of “restricted” or “net investment in capital assets.”

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.

###### **Fund Statements**

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

# CITY OF ASHLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

##### **10. Equity Classifications (cont.)**

##### **Fund Statements (cont.)**

- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City Council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City Council that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following: 1) The City Council has adopted a policy authorizing the City Administrator or Finance Director to assign amounts for a specific purpose; and 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide financial statements.

The city considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the city would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

See Note III.H for further information.

The city has a formal minimum fund balance policy. That policy is to maintain a total fund balance (excluding nonspendable and restricted fund balances) in the General Fund equal to 30% of expenditures. The balance at year-end was \$2,969,704 or 30% of expenditures.

# CITY OF ASHLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

##### **11. Basis for Existing Utility Rates**

Current water rates were authorized by Public Service Commission order 250-WR-104 and were in effect for services rendered on or after November 28, 2016.

Current wastewater rates were approved by the City Council and were in effect for services rendered on or after May 24, 2017.

##### **12. Pension**

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. 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.

---

### NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

---

#### **A. DEFICIT BALANCES**

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year-end. As of December 31, 2019, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Home Improvement Program	\$ 90,171	Unavailable revenues related to current year expenditures
TIF #9 Increment	1,244,608	Expenditures in excess of revenues
TIF #9 Development	746,085	Expenditures in excess of revenues
TIF #10 Development	9,634	Expenditures in excess of revenues
Land Sales and Acquisition	110,499	Expenditures in excess of revenues
Leisure and Recreation Improvements	26,553	Unavailable revenues related to current year expenditures
Wetlands Mitigation	501	Expenditures in excess of revenues

TIF district deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for the districts created before October 1, 1995, and 23 years for districts created thereafter through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases. TIF #9 adopted a plan amendment in 2015 that designated the district as distressed under Wisconsin State Statute Section 66.1105(4e), with TIF #6 being the donor district for increment revenue sharing. This extended the life of TIF #9 by 10 years to 33 years after its creation date.

Deficits in the remaining funds are anticipated to be funded with future contributions, general tax revenues or grant reimbursements.

**CITY OF ASHLAND**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

**NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)**

**B. LIMITATIONS ON THE CITY'S TAX LEVY**

Wisconsin law limits the city's future tax levies. Generally, the city is limited to its prior tax levy dollar amount (excluding TIF districts), increased by the greater of the percentage change in the city's equalized value due to new construction, or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The city is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

**NOTE III – DETAILED NOTES ON ALL FUNDS**

**A. DEPOSITS AND INVESTMENTS**

The city's cash and investments at year-end were comprised of the following:

	Carrying Value	Bank Balance	Associated Risks
Demand and time deposits	\$ 14,376,277	\$ <u>12,932,672</u>	Custodial credit risk
Cash on hand and petty cash	<u>1,175</u>		
Total Cash and Investments	<u>\$ 14,377,452</u>		
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 8,554,048		
Restricted cash and investments	2,177,424		
Per statement of fiduciary net position			
Tax Collection Fund	<u>3,645,980</u>		
Total Cash and Investments	<u>\$ 14,377,452</u>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit amounts (interest-bearing and noninterest bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.



# CITY OF ASHLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

### NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

---

#### A. DEPOSITS AND INVESTMENTS (cont.)

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk.

The city maintains collateral agreements with its banks. At December 31, 2019, the banks had pledged various government securities of approximately \$14,858,000 to secure the city's deposits.

#### **Custodial Credit Risk**

##### Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the city's deposits may not be returned to the city. The city does not have any deposits exposed to custodial credit risk.

#### B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year, except as follows:

General Fund	\$	41,853
Housing Rehab Revolving Loan Fund		1,619,608
Nonmajor Governmental Funds		245,515

Governmental funds report *unavailable or unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivables	\$ 4,589,190	\$ -
Other receivables	208	73,853
Grant receivables	20,210	305,042
Special assessments not yet due	-	46,857
Economic development and housing rehabilitation loans	-	<u>1,856,998</u>
Total Unearned/Unavailable Revenue for Governmental Funds	<u>\$ 4,609,608</u>	<u>\$ 2,282,750</u>

**CITY OF ASHLAND**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

**NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)**

**B. RECEIVABLES (cont.)**

For economic development loans, the city is limited by the Wisconsin Department of Administration to the amount of program income from economic development loans it may retain and loan to other businesses. The city may retain \$750,000. Program income includes the principal and interest received from economic development loan repayments. The city did not exceed its maximum retention cap and therefore no payments were made to the Wisconsin Department of Administration during 2019.

**C. RESTRICTED ASSETS**

The following represent the balances of the restricted assets.

Long Term Debt Accounts

- Redemption – Used to segregate resources accumulated for debt service payments over the next twelve months.
- Reserve – Used to report resources set aside to make up potential future deficiencies in the redemption account.
- Construction – Used to report proceeds of bond issuances that are restricted for use in construction.

Equipment Replacement Account

The wastewater utility has established an equipment replacement account to be used for significant wastewater treatment mechanical equipment replacement as required by the Wisconsin Department of Natural Resources.

Following is a list of restricted assets at December 31, 2019:

	Governmental Activities	Business-type Activities
Restricted Cash and Investments		
Redemption account	\$ -	\$ 361,470
Reserve account	-	244,452
Construction account	239,862	-
Equipment replacement account	-	1,331,640
	-	1,331,640
Total Restricted Assets	\$ 239,862	\$ 1,937,562

**CITY OF ASHLAND**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

**NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)**

**D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2019 was as follows:

<b>Governmental Activities</b>	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Construction in progress	\$ 1,434,692	\$ 481,006	\$ 706,477	\$ 1,209,221
Land	4,350,681	20,926	-	4,371,607
Right of way	191,476	-	12	191,464
Total Capital Assets Not Being Depreciated	<u>5,976,849</u>	<u>501,932</u>	<u>706,489</u>	<u>5,772,292</u>
Capital assets being depreciated				
Land improvements	6,385,398	585,113	-	6,970,511
Buildings	11,478,101	226,631	-	11,704,732
Machinery and equipment	7,845,234	628,614	278,930	8,194,918
Roads	35,126,477	460,919	80,679	35,506,717
Alleys	581,773	8,910	1,072	589,611
Bridges	313,693	-	-	313,693
Trails	1,597,073	-	-	1,597,073
Storm sewers	8,894,674	320	33,553	8,861,441
Sidewalks	5,661,022	779	6,893	5,654,908
Breakwater	13,900,000	-	-	13,900,000
Total Capital Assets Being Depreciated	<u>91,783,445</u>	<u>1,911,286</u>	<u>401,127</u>	<u>93,293,604</u>
Less: Accumulated depreciation for				
Land improvements	1,212,836	180,863	-	1,393,699
Buildings	2,884,175	170,286	-	3,054,461
Machinery and equipment	5,381,347	396,959	274,518	5,503,788
Roads	9,946,227	673,238	40,305	10,579,160
Alleys	415,209	11,703	1,162	425,750
Bridges	110,952	6,274	-	117,226
Trails	481,113	39,927	-	521,040
Storm sewers	3,008,049	176,790	2,097	3,182,742
Sidewalks	2,342,228	141,363	86	2,483,505
Breakwater	34,750	139,000	-	173,750
Total Accumulated Depreciation	<u>25,816,886</u>	<u>1,936,403</u>	<u>318,168</u>	<u>27,435,121</u>
Net Capital Assets Being Depreciated	<u>65,966,559</u>	<u>(25,117)</u>	<u>82,959</u>	<u>65,858,483</u>
Total Governmental Activities Capital Assets Net of Accumulated Depreciation	<u>\$ 71,943,408</u>	<u>\$ 476,815</u>	<u>\$ 789,448</u>	<u>\$ 71,630,775</u>

## CITY OF ASHLAND

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

#### **NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)**

#### **D. CAPITAL ASSETS (cont.)**

Depreciation expense was charged to functions as follows:

#### **Governmental Activities**

General government	\$ 37,021
Public safety	269,109
Public works, which includes the depreciation of roads, storm sewers and sidewalks	1,371,182
Leisure activities	259,091
	259,091
Total Governmental Activities Depreciation Expense	\$ 1,936,403

#### **Business-type Activities**

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water Utility</u>				
Capital assets not being depreciated				
Construction in progress	\$ 5,236	\$ 25,310	\$ 30,546	\$ -
Land and land rights	30,611	-	-	30,611
Total Capital Assets Not Being Depreciated	35,847	25,310	30,546	30,611
Capital assets being depreciated				
Source of supply	88,116	-	-	88,116
Pumping	832,593	-	-	832,593
Treatment	2,635,660	30,546	17,717	2,648,489
Transmission and distribution	18,576,132	75,103	49,662	18,601,573
Administrative and general assets	753,747	29,158	-	782,905
Total Capital Assets Being Depreciated	22,886,248	134,807	67,379	22,953,676
Total Capital Assets	22,922,095	160,117	97,925	22,984,287
Less: Accumulated depreciation for				
Source of supply	51,421	1,498	-	52,919
Pumping	620,292	32,173	-	652,465
Treatment	1,456,101	83,315	17,717	1,521,699
Transmission and distribution	4,827,549	331,635	15,209	5,143,975
Administrative and general assets	563,678	28,759	-	592,437
Total Accumulated Depreciation	7,519,041	477,380	32,926	7,963,495
Net Capital Assets Being Depreciated	15,367,207	(342,573)	34,453	14,990,181
Net Water Utility Capital Assets	\$ 15,403,054	\$ (317,263)	\$ 64,999	\$ 15,020,792

## CITY OF ASHLAND

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

#### **NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)**

#### **D. CAPITAL ASSETS (cont.)**

<b>Business-type Activities (cont.)</b>	Beginning Balance	Additions	Deletions	Ending Balance
<u>Wastewater Utility</u>				
Capital assets not being depreciated				
Construction in progress	\$ 1,602,904	\$ 389,474	\$ 1,749,654	\$ 242,724
Land and land rights	38,951	-	-	38,951
Total Capital Assets Not Being Depreciated	1,641,855	389,474	1,749,654	281,675
Capital assets being depreciated				
Collection system	13,298,695	2,472	15,605	13,285,562
Collection system pumping	3,588,955	76,466	-	3,665,421
Treatment and disposal	9,626,484	101,756	-	9,728,240
Administrative and general assets	1,219,845	1,639,131	221,774	2,637,202
Total Capital Assets Being Depreciated	27,733,979	1,819,825	237,379	29,316,425
Total Capital Assets	29,375,834	2,209,299	1,987,033	29,598,100
Less: Accumulated depreciation	16,631,343	713,406	226,696	17,118,053
Net Capital Assets Being Depreciated	11,102,636	1,106,419	10,683	12,198,372
Net Wastewater Utility Capital Assets	\$ 12,744,491	\$ 1,495,893	\$ 1,760,337	\$ 12,480,047
<u>Airport</u>				
Capital assets not being depreciated				
Construction in progress	\$ 5,096	\$ -	\$ -	\$ 5,096
Land and land rights	45,768	-	-	45,768
Total Capital Assets Not Being Depreciated	50,864	-	-	50,864
Capital assets being depreciated				
Land improvements	3,090,427	-	-	3,090,427
Buildings	574,074	-	-	574,074
Equipment	769,637	52,392	-	822,029
Total Capital Assets Being Depreciated	4,434,138	52,392	-	4,486,530
Total Capital Assets	4,485,002	52,392	-	4,537,394

## CITY OF ASHLAND

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

#### **NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)**

#### **D. CAPITAL ASSETS (cont.)**

<b>Business-type Activities (cont.)</b>	Beginning Balance	Additions	Deletions	Ending Balance
<u>Airport (cont.)</u>				
Less: Accumulated depreciation for				
Land improvements	\$ 1,261,395	\$ 130,744	\$ -	\$ 1,392,139
Buildings	213,338	11,272	-	224,610
Equipment	765,455	4,187	-	769,642
Total Accumulated Depreciation	2,240,188	146,203	-	2,386,391
Net Capital Assets Being Depreciated	2,193,950	(93,811)	-	2,100,139
Net Airport Capital Assets	\$ 2,244,814	\$ (93,811)	\$ -	\$ 2,151,003
<u>Marina</u>				
Capital assets not being depreciated				
Construction in progress	\$ 41,092	\$ 367,488	\$ -	\$ 408,580
Land and land rights	391,500	-	-	391,500
Total Capital Assets Not Being Depreciated	432,592	367,488	-	800,080
Capital assets being depreciated				
Buildings	972,695	-	-	972,695
Equipment	1,190,886	-	-	1,190,886
Total Capital Assets Being Depreciated	2,163,581	-	-	2,163,581
Total Capital Assets	2,596,173	367,488	-	2,963,661
Less: Accumulated depreciation for				
Buildings	211,789	2,337	-	214,126
Equipment	499,834	72,130	-	571,964
Total Accumulated Depreciation	711,623	74,467	-	786,090
Net Capital Assets Being Depreciated	1,451,958	(74,467)	-	1,377,491
Net Marina Capital Assets	\$ 1,884,550	\$ 293,021	\$ -	\$ 2,177,571
Business-type Capital Assets, Net of Depreciation	\$ 32,276,909	\$ 1,377,840	\$ 1,825,336	\$ 31,829,413

**CITY OF ASHLAND**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

**NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)**

**D. CAPITAL ASSETS (cont.)**

Accumulated depreciation is not available by capital asset class for the wastewater utility.

Depreciation expense was charged to function as follows:

**Business-type Activities**

Water	\$ 460,595
Wastewater	730,176
Airport	146,203
Marina	<u>74,467</u>
 Total Business-type Activities Depreciation Expense	 <u>\$ 1,411,441</u>

Depreciation expense may be different from business-type activity accumulated depreciation additions because of joint metering, salvage, cost of removal, internal allocations, or costs associated with the disposal of assets.

**E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS**

***Interfund Receivables/Payables***

The following is a schedule of interfund receivables and payables, including any overdrafts on pooled cash and investment accounts.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Home Improvement Program	\$ 90,068
General Fund	TIF #10 Development	9,634
General Fund	Leisure and Recreation Improvements	371,392
General Fund	Water Utility	<u>385,353</u>
Subtotal – Fund Financial Statements		856,447
Less: Advances		(100,622)
Add: Interfund receivables created with internal service fund eliminations		37,777
Less: Fund and government-wide eliminations		<u>(471,094)</u>
 Total Internal Balances for Government-Wide Statement of Net Position		 <u>\$ 322,508</u>

<u>Receivable Fund</u>	<u>Payable Fund</u>	
Governmental Activities	Business-type Activities	\$ 423,130
Business-type Activities	Governmental Activities	<u>(100,622)</u>
 Total Internal Balances for Government-Wide Statement of Net Position		 <u>\$ 322,508</u>

**CITY OF ASHLAND**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

**NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)**

**E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)**

**Interfund Receivables/Payables (cont.)**

All amounts are due within one year.

The purpose for the interfund between the General Fund and the Water Utility is the payment in lieu of taxes. The primary purpose of most of the interfunds is a negative balance in pooled cash. Other interfund balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

**Advances**

The Water Utility advance to the Debt Service Fund is to repay the Water Utility for the city's portion of debt related to construction project costs. A repayment schedule has been established for this advance.

No repayment schedule has been established for the remaining advances. Those advances are a result of a negative balance in pooled cash in those funds. TIF #9 Increment Fund is expected to repay \$407,185 of the advance within one year. The remaining balances are not expected to be repaid within one year.

The following is a schedule of interfund advances.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	TIF #9 Increment	\$ 1,244,608
General Fund	TIF #9 Development	739,585
General Fund	Land Sales and Acquisition	110,291
Water Utility	Debt Service Fund	<u>100,622</u>
Total - Fund Financial Statements		2,195,106
Less: Fund and government-wide eliminations		<u>(2,094,484)</u>
Total Advances for Government-Wide Statement of Net Position		<u>\$ 100,622</u>

The repayment schedule for the Water Utility advance to the Debt Service Fund:

	<u>Principal</u>
2020	\$ 11,966
2021	12,136
2022	12,308
2023	12,483
2024	12,660
2025 – 2028	<u>39,069</u>
Total	<u>\$ 100,622</u>



## CITY OF ASHLAND

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

#### **NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)**

#### ***E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)***

##### ***Transfers***

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
General Fund	Water Utility	\$ 385,352
Vaughn Library	General Fund	316,000
Community Planning and Development	General Fund	14,000
Home Improvement Program	General Fund	5,000
Recycling	General Fund	79,835
Wetlands Mitigation	General Fund	11,000
TIF #6 Increment	General Fund	3,641
Buildings and Facilities	General Fund	9,914
Capital Equipment	General Fund	121,474
Street Improvements	General Fund	241,105
Landfill Improvement	General Fund	5,000
Airport	General Fund	45,000
TIF #9 Increment	TIF #6 Increment	305,097
Debt Service Fund	TIF #6 Increment	7,122
Debt Service Fund	TIF #9 Increment	357,666
TIF #6 Increment	TIF #6 Development	13,085
General Fund	Waterfront Development	11,000
Community Planning and Development	Waterfront Development	25,000
Leisure and Recreation Improvements	Waterfront Development	65,090
Marina	Waterfront Development	170,029
Capital Equipment	Park Grounds Improvements	21,326
Debt Service Fund	Capital Sidewalk Improvements	54,902
Community Planning and Development	Leisure and Recreation Improvements	10,000
		<hr/>
Subtotal – Fund Financial Statements		2,277,638
Less: Fund and government-wide eliminations		(2,107,315)
		<hr/>
Total – Government-Wide Statement of Activities		<u>\$ 170,323</u>

**CITY OF ASHLAND**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

**NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)**

**E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)**

**Transfers (cont.)**

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
Business-type Activities	Governmental Activities	\$ (215,029)
Governmental Activities	Business-type Activities	<u>385,352</u>
Total Transfers for Government-Wide Statement of Activities		<u>\$ 170,323</u>

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. In addition, the transfer from the water utility to the general fund is for a payment in lieu of taxes.

**F. LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended December 31, 2019 was as follows:

<b>Governmental Activities</b>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Bonds and Notes Payable</b>					
General obligation bonds payable	\$ 4,210,583	\$ -	\$ 130,586	\$ 4,079,997	\$ 320,000
General obligation notes payable	3,318,651	-	1,178,651	2,140,000	520,000
General obligation notes from direct borrowings and direct placements	<u>1,299,000</u>	<u>-</u>	<u>43,000</u>	<u>1,256,000</u>	<u>150,900</u>
Sub-totals	<u>8,828,234</u>	<u>-</u>	<u>1,352,237</u>	<u>7,475,997</u>	<u>990,900</u>
<b>Other Liabilities</b>					
Vested compensated absences	760,565	36,569	70,210	726,924	335,771
Other post-employment benefits	1,902,877	-	641,509	1,261,368	-
Landfill liability	835,960	-	7,797	828,163	-
Advance from developer	114,370	-	-	114,370	114,370
Net pension liability	<u>-</u>	<u>3,640,592</u>	<u>1,952,210</u>	<u>1,688,382</u>	<u>-</u>
Total Other Liabilities	<u>3,613,772</u>	<u>3,677,161</u>	<u>2,671,726</u>	<u>4,619,207</u>	<u>450,141</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 12,442,006</u>	<u>\$ 3,677,161</u>	<u>\$ 4,023,963</u>	<u>\$ 12,095,204</u>	<u>\$ 1,441,041</u>

## CITY OF ASHLAND

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

#### NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

#### F. LONG-TERM OBLIGATIONS (cont.)

<b>Business-type Activities</b>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Bonds and Notes Payable					
General obligation debt	\$ 305,761	\$ -	\$ 305,761	\$ -	\$ -
Revenue bonds	5,963,700	-	194,000	5,769,700	195,846
Revenue bonds from direct borrowings and direct placements	<u>1,373,160</u>	<u>3,442</u>	<u>209,997</u>	<u>1,166,605</u>	<u>213,854</u>
Sub-totals	<u>7,642,621</u>	<u>3,442</u>	<u>709,758</u>	<u>6,936,305</u>	<u>409,700</u>
Other Liabilities					
Vested compensated absences	97,837	22,805	-	120,642	67,705
Other post-employment benefits	338,411	-	63,870	274,541	-
Net pension liability	<u>-</u>	<u>352,708</u>	<u>189,206</u>	<u>163,502</u>	<u>-</u>
Total Other Liabilities	<u>436,248</u>	<u>375,513</u>	<u>253,076</u>	<u>558,685</u>	<u>67,705</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 8,078,869</u>	<u>\$ 378,955</u>	<u>\$ 962,834</u>	<u>\$ 7,494,990</u>	<u>\$ 477,405</u>

#### **General Obligation Debt**

All general obligation notes and bonds payable are backed by the full faith and credit of the city. Notes and bonds in the governmental funds will be retired by future property tax levies accumulated by the debt service fund and by tax increments generated by the TIF districts. Business-type activities debt is payable by revenues from user fees of those funds, or if the revenues are not sufficient, by future tax levies.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the city may not exceed 5% of the equalized value of taxable property within the city's jurisdiction. The debt limit as of December 31, 2019, was \$23,800,940. Total general obligation debt outstanding at year-end was \$7,475,997.

General obligation debt payable for the city at December 31, 2019, consists of the following:

<u>Governmental Activities General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12-31-19</u>
Note payable	2011	2021	0.6 – 2.3%	\$ 985,000	\$ 215,000
Note payable *	2015	2025	2.59%	890,000	706,000
Bond payable	2015	2035	2.0 – 3.25%	4,470,000	4,079,997
Note payable	2017	2027	2.0 – 2.25%	2,065,000	1,925,000
Note payable *	2018	2028	4.00%	550,000	<u>550,000</u>
Total Governmental Activities – General Obligation Debt					<u>\$ 7,475,997</u>

\* The debt noted is directly placed with a third party

## CITY OF ASHLAND

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

#### NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

#### **F. LONG-TERM OBLIGATIONS** (cont.)

##### **General Obligation Debt** (cont.)

Debt service requirements to maturity are as follows:

	Governmental Activities General Obligation Debt		Governmental Activities General Obligation Notes from Direct Borrowings or Direct Placements	
	Principal	Interest	Principal	Interest
2020	\$ 840,000	\$ 167,891	\$ 150,900	\$ 51,858
2021	605,000	150,934	167,149	35,786
2022	630,000	136,754	173,354	30,680
2023	625,000	121,154	178,649	25,381
2024	525,000	102,404	184,998	19,950
2025 – 2029	1,675,000	321,839	400,950	31,228
2030 – 2034	1,075,000	143,444	-	-
2035	244,997	3,980	-	-
Totals	\$ 6,219,997	\$ 1,148,400	\$ 1,256,000	\$ 194,883

##### **Revenue Debt**

Revenue bonds are payable only from revenues derived from the operation of the water and wastewater utilities.

The water utility has pledged future water utility revenues, net of specified operating expenses, to repay water revenue bonds issued in 2001, 2008, 2009, 2016, and 2017. Proceeds from the bonds provided financing for the water utility. The bonds are payable solely from water utility revenues and are payable through 2056. Annual principal and interest payments on the water bonds are expected to require 19.8% of net revenues. The total principal and interest remaining to be paid on the bonds is \$7,164,560. Principal and interest paid for the current year and total customer net revenues were \$470,284 and \$978,647, respectively.

The wastewater utility has pledged future wastewater utility revenues, net of specified operating expenses, to repay wastewater revenue bonds issued in 2014, 2016, and 2018. Proceeds from the bonds provided financing for the wastewater utility. The bonds are payable solely from wastewater utility revenues and are payable through 2058. Annual principal and interest payments on the wastewater bonds are expected to require 8.0% of net revenues. The total principal and interest remaining to be paid on the bonds is \$1,982,255. Principal and interest paid for the current year and total customer net revenues were \$113,833 and \$632,944, respectively.

## CITY OF ASHLAND

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

#### NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

#### *F. LONG-TERM OBLIGATIONS* (cont.)

##### *Revenue Debt* (cont.)

Revenue debt payable at December 31, 2019 consists of the following:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12-31-18
<u>Water Utility</u>					
Revenue bonds *	2001	2020	1.782%	\$ 2,201,776	\$ 136,372
Revenue bonds *	2008	2027	1.42%	442,199	200,699
Revenue bonds *	2009	2028	1.6%	345,702	176,768
Revenue bonds	2016	2056	1.875%	1,883,000	1,780,700
Revenue bonds	2017	2038	1.15 – 4.0%	3,315,000	3,065,000
			Total Water Utility		5,359,539
 <u>Wastewater Utility</u>					
Revenue bonds *	2014	2034	2.63%	581,416	481,598
Revenue bonds *	2016	2036	1.96%	193,550	171,168 (1)
Revenue bonds	2018	2058	2.75%	960,000	924,000
			Total Wastewater Utility		1,576,766
Total Business-type Activities Revenue Debt					\$ 6,936,305

\* The debt noted is directly placed with a third party

(1) During 2016 the Wastewater utility was authorized to issue \$274,826 of Clean Water Fund Loan revenue bonds. The original amount reported above has been issued as of December 31, 2019. The repayment schedule includes remaining payments due on the amount issued.

# CITY OF ASHLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

### NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

#### F. LONG-TERM OBLIGATIONS (cont.)

##### Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

	<u>Business-type Activities</u>		<u>Business-type Activities</u>	
	<u>Revenue Debt</u>		<u>Revenue Debt from Direct Borrowings and Direct Placements</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 195,846	\$ 150,774	\$ 213,854	\$ 22,139
2021	202,502	147,148	78,980	19,409
2022	204,269	143,163	80,512	17,862
2023	211,247	138,832	82,075	16,281
2024	213,137	134,138	83,671	14,669
2025 – 2029	1,160,130	586,186	368,426	49,070
2030 – 2034	1,333,238	409,339	235,903	17,141
2035 – 2039	1,277,931	180,896	23,184	457
2040 – 2044	254,300	79,327	-	-
2045 – 2049	279,300	54,333	-	-
2050 – 2054	306,800	26,878	-	-
2055 – 2058	131,000	2,468	-	-
Totals	<u>\$ 5,769,700</u>	<u>\$ 2,053,482</u>	<u>\$ 1,166,605</u>	<u>\$ 157,028</u>

##### Other Debt Information

Estimated payments of accumulated employee benefits are not included in the debt service requirement schedules. The vested compensated absences, net pension liabilities and other post-employment benefits liabilities attributable to governmental activities will be liquidated primarily by the general fund.

The city's outstanding 2015 General Obligation notes from direct borrowings and/or direct placements related to governmental activities with a balance totaling \$706,000, contain provisions that in the event of default, the outstanding balance shall become immediately due and payable.

The city's outstanding 2018 State Trust Fund Loan from direct borrowings related to governmental activities of \$550,000 contains clauses that any delinquent payments are subject to a penalty of one percent per month and shall be deducted from any state payments that are due to the city.

The city's 2001, 2008 and 2009 Safe Drinking Water Loans and 2014 and 2016 Clean Water Fund Loans from direct borrowings and/or direct placements related to business-type activities with balances totaling \$1,166,605, contain provisions that amounts due may be deducted from any state payments due to the city, that the Wisconsin Department of Administration may add a special charge to the amount of taxes apportioned to and levied upon the county in which the city is located, that the state has the right to bill the users of the city's utility system directly, and that the state has the right to declare the entire principal balance immediately due and payable.

# CITY OF ASHLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

### NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

---

#### **F. LONG-TERM OBLIGATIONS** (cont.)

##### **Other Debt Information** (cont.)

The advance from developer of \$114,370 bears interest at a rate of 3.875%. All principal and interest was paid on February 7, 2020.

A statutory mortgage lien upon the water and wastewater utilities' systems and any additions, improvements and extensions thereto is created by Section 66.0621 of the Wisconsin Statutes as provided for in the ordinances creating the 2016 and 2018 revenue bond issues. The utilities' systems and the earnings of the systems remain subject to the lien until payment in full of the principal and interest on the bonds. As provided for the resolutions creating various other bond issues, the utilities' earnings remain subject to a lien until a payment in full of the principal and interest on the bonds.

#### **G. CLOSURE AND POSTCLOSURE CARE COST**

State and federal laws and regulations require the city to place a final cover on its concrete and demolition disposal landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 40 years after closure. The \$828,163 reported as landfill closure and postclosure care liability at December 31, 2019, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the landfill. The landfill was closed and capped in 2003. These amounts are based on what it would cost to perform all closure and postclosure care in 2019. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The city is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care or to maintain an Irrevocable Letter of Credit for the present value of estimated long-term care costs for the landfill. The city is in compliance with these requirements. If additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example) these costs may need to be covered by charges to future landfill users or from future tax revenue.

#### **H. NET POSITION/FUND BALANCES**

Net position reported on the government wide statement of net position at December 31, 2019 includes the following:

##### **Governmental Activities**

Net Investment in Capital Assets	
Construction in progress	\$ 1,209,221
Land	4,563,071
Other capital assets, net of accumulated depreciation	65,858,483
Less: Related long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(6,834,706)</u>
Total Net Investment in Capital Assets	<u>\$ 64,796,069</u>

**CITY OF ASHLAND**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

**NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)**

**H. NET POSITION/FUND BALANCES (cont.)**

Governmental fund balances reported on the fund financial statements at December 31, 2019 include the following:

<b>FUND BALANCES</b>	<u>General Fund</u>	<u>Housing Rehab Revolving Loan</u>	<u>TIF #9 Increment</u>	<u>Debt Service Fund</u>	<u>Nonmajor Funds</u>	<u>Totals</u>
<b>Nonspendable:</b>						
Prepaid items and inventory	\$ 34,359	\$ -	\$ -	\$ -	\$ -	\$ 34,359
Delinquent taxes	3,181	-	-	-	-	3,181
Delinquent utilities included in due from other governments	14,293	-	-	-	-	14,293
Non-current advances to other funds	1,687,299	-	-	-	-	1,687,299
<b>Restricted:</b>						
Housing and economic development loans	-	196,516	-	-	489,906	686,422
Debt service	-	-	-	210,173	-	210,173
Library	-	-	-	-	282,165	282,165
Buildings and facilities	-	-	-	-	91,294	91,294
Police programs	-	-	-	-	30,574	30,574
NSP Breakwall	-	-	-	-	537,287	537,287
Beautification	-	-	-	-	12,224	12,224
Waterfront development	-	-	-	-	249,218	249,218
<b>Committed:</b>						
Bretting Teen Center	-	-	-	-	44,859	44,859
Insured loss deductible	-	-	-	-	19,425	19,425
Planning and development	-	-	-	-	55,019	55,019
<b>Assigned:</b>						
Recycling	-	-	-	-	4	4
Capital equipment	-	-	-	-	206,865	206,865
Public transportation	-	-	-	-	22,000	22,000
Buildings and facilities	-	-	-	-	258,152	258,152
Street improvements	-	-	-	-	856,887	856,887
Urban forestry	-	-	-	-	11,064	11,064
Park grounds improvements	-	-	-	-	17,107	17,107
Sidewalk improvements	-	-	-	-	226,731	226,731
Landfill improvement	-	-	-	-	43,613	43,613
<b>Unassigned (deficit):</b>	<u>2,969,704</u>	<u>-</u>	<u>(1,244,608)</u>	<u>-</u>	<u>(983,443)</u>	<u>741,653</u>
<b>Total Fund Balances (Deficits)</b>	<u>\$ 4,708,836</u>	<u>\$ 196,516</u>	<u>\$ (1,244,608)</u>	<u>\$ 210,173</u>	<u>\$ 2,470,951</u>	<u>\$ 6,341,868</u>



# CITY OF ASHLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

### NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

---

#### **H. NET POSITION/FUND BALANCES (cont.)**

##### ***Business-type Activities***

Net Investment in Capital Assets	
Construction in progress	\$ 656,400
Land	506,830
Other capital assets, net of accumulated depreciation	30,666,183
Less: Related long-term debt outstanding	<u>(6,936,305)</u>
Total Net Investment in Capital Assets	<u>\$ 24,893,108</u>

#### **I. COMPONENT UNIT – ASHLAND ORE DOCK CHARITABLE TRUST**

This report contains the Ashland Ore Dock Charitable Trust, which is included as a component unit. In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

##### **1. Summary of Significant Accounting Principles**

###### a. Organization

The Ashland Ore Dock Charitable Trust (Trust) was established on May 13, 2014, and is a not-for-profit organization governed by the law of the State of Wisconsin. The purpose of the Trust is to provide funds to the City of Ashland to preserve the legacy of the Ore Dock and to develop the Ore Dock as a vibrant municipal asset to be used by the city and its residents for generations to come.

###### b. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

###### c. Support and Revenue

The Trust received its support primarily from a one-time donation made by Wisconsin Central, Ltd. These monies are being invested for use in future years by the Trust. Contributions are recognized when realizable, and are reported as either without donor restrictions or with donor restrictions.

###### d. Income Taxes and Uncertain Tax Positions

For tax purposes, the Trust has been given status as an organization exempt from income tax liability under Section 501(c)(3) of the Internal Revenue Code on May 20, 2015. While the Trust is generally exempt from income taxes, it is subject to taxes on unrelated trade or business income. For the year ended December 31, 2019, the Trust did not incur taxes for unrelated trade or business income. The Trust believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Trust's federal Form 990, Return of Organization Exempt from Income Tax, is subject to examination for three years after it is filed. No returns were required for years prior to 2014.

# CITY OF ASHLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

### NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

---

#### ***I. COMPONENT UNIT – ASHLAND ORE DOCK CHARITABLE TRUST (cont.)***

##### **1. Summary of Significant Accounting Principles (cont.)**

###### **e. FASB Accounting Standards Update**

ASU No. 2014-9 (as amended) Revenue from contracts with customers, has been implemented in 2019. Revenues will be recognized when the promised goods or services are transferred to its customer in an amount that reflects the consideration to which the Trust expects to be entitled in exchange for those goods or services.

ASU No. 2018-08 Clarifying the scope and the accounting guidance for contributions received and contributions made, has been implemented in 2019. This ASU provided additional guidance in evaluating whether transactions should be accounted for as contributions or exchanges.

##### **2. Deposits and Investments**

The Trust deposits cash directly into savings and share accounts and certificates of deposit held in FDIC member banks and NCUA member credit unions. The cash and certificate of deposit balances are insured through the FDIC or NCUA up to an amount of \$250,000. As of December 31, 2019, the uninsured portion of this balance was \$1,675,839.

##### **3. Liquid Resources**

The Trust's working capital and cash flows vary each year as their main focus is to reimburse the City of Ashland for approved expenses on the Ashland Ore Dock renovation project. Timing of the requests are dependent on project workflow. Because of this, a large amount is kept in liquid assets. As of December 31, 2019, the Trust had \$1,634,718 of cash and other net financial assets available to meet cash needs for general expenses within one year.

##### **4. Related Party Transactions**

Costs for maintenance, betterment, and operation of the Ore Dock are paid by the City of Ashland, after which the City requests reimbursement for such approved costs from the Trust. Amounts owed from the Trust to the City as of December 31, 2019 totaled \$44,805.

##### **5. Upcoming Accounting Pronouncements**

The Financial Accounting Standards Board (FASB) has approved ASU 2016-02, *Leases*. When this becomes effective, application of this standard may restate portions of these financial statements.

##### **6. Subsequent Events**

Management has evaluated subsequent events through July 31, 2020, the date on which the Trust financial statements were available to be issued. In regard to effects of the COVID-19 virus, the Trust's operations have not been significantly impacted. However, due to significant uncertainty surrounding the situation, management's judgement regarding this matter could change in the future. Any negative impact to the Trust's results of operation, cash flows, and financial condition cannot be reasonably estimated at this time.

# CITY OF ASHLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

### NOTE IV – OTHER INFORMATION

---

#### **A. EMPLOYEES' RETIREMENT SYSTEM**

**Plan description.** The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

**Vesting.** For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

**Benefits provided.** Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement participants, if hired on or before 12/31/2016) are entitled to retirement benefits based on a formula factor, their average earnings, and creditable service.

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at age 55 (50 for protective occupations) and receive an actuarially reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

## CITY OF ASHLAND

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

#### NOTE IV – OTHER INFORMATION (cont.)

##### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Post-retirement adjustments.** The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2009	(2.1)%	(42.0)%
2010	(1.3)	22.0
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0

**Contributions.** Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$542,637 in contributions from the city.

Contribution rates for the plan year reported as of December 31, 2019 are:

Employee Category	Employee	Employer
General (Executives & Elected Officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

## CITY OF ASHLAND

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

#### NOTE IV – OTHER INFORMATION (cont.)

##### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

##### ***Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At December 31, 2019, the city reported a liability of \$1,851,884 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The city's proportion of the net pension liability was based on the city's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the city's proportion was .05205305%, which was an increase of .0014687% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the city recognized pension expense of \$1,224,755.

At December 31, 2019, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,442,337	\$ 2,549,533
Changes in actuarial assumptions	312,160	-
Net differences between projected and actual earnings on pension plan investments	2,704,550	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,333	25,246
Employer contributions subsequent to the measurement date	621,865	-
Totals	\$ 5,088,245	\$ 2,574,779

\$621,865 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2020	\$ 688,396
2021	165,423
2022	299,447
2023	738,335
2024	-

## CITY OF ASHLAND

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

#### NOTE IV – OTHER INFORMATION (cont.)

---

##### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Actuarial assumptions.** The total pension asset in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability (Asset)	December 31, 2018
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*:	1.9%

\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The Total Pension Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

## CITY OF ASHLAND

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

#### NOTE IV – OTHER INFORMATION (cont.)

##### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Long-term expected return on plan assets.** The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Core Fund Asset Class	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49%	8.1%	5.5%
Fixed Income	24.5	4.0	1.5
Inflation Sensitive Assets	15.5	3.8	1.3
Real Estate	9	6.5	3.9
Private Equity/Debt	8	9.4	6.7
Multi-Asset	4	6.7	4.1
Total Core Fund	110	7.3	4.7
Variable Fund Asset Class			
U.S. Equities	70	7.6	5.0
International Equities	30	8.5	5.9
Total Variable Fund	100	8.0	5.4

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

**Single discount rate.** A single discount rate of 7.00% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a long-term bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# CITY OF ASHLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

### NOTE IV – OTHER INFORMATION (cont.)

---

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Sensitivity of the city's proportionate share of the net pension liability (asset) to changes in the discount rate.** The following presents the city's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what the city's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
City's proportionate share of the net pension liability (asset)	\$7,359,582	\$1,851,884	\$(2,243,516)

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

At December 31, 2019, the city reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

#### B. RISK MANAGEMENT

The city is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers' compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

The city self-insures for the dental care of its employees. The maximum benefit per person per year is \$1,200, the maximum orthodontic benefit per dependent up to age 19 per lifetime is \$1,500, and the maximum oral surgery benefit per person per year is \$3,000.

#### C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments is only reported in governmental fund types if it has matured. Claims and judgments are recorded in the government-wide statements and enterprise funds as expenses when the related liabilities are incurred.

From time to time, the city is party to various other pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the city attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the city's financial position or results of operations.

The city has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.



## CITY OF ASHLAND

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

#### **NOTE IV – OTHER INFORMATION (cont.)**

---

##### **C. COMMITMENTS AND CONTINGENCIES (cont.)**

The city operated a state licensed sanitary landfill and demolition landfill on Woodbury Lane for approximately 20 years. Disposal operations ceased in 2002 and both landfills were closed and capped in 2003. As required by the Wis. DNR, the city maintains an Irrevocable Letter of Credit with a local bank for the present value of estimated Long Term Care Costs for the landfill. The long-term care obligation extends through year 2044. The city has letters of credit at a local bank of \$878,687, to be drawn upon for cleanup costs. No draws have been made on these letters of credit as of December 31, 2019.

The city has active construction projects as of December 31, 2019. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

The city has open contracts of approximately \$136,000 at December 31, 2019 relating to various projects.

On April 13, 2015, the city through its Tax Incremental Financing District (TID) No. 9 entered into a tax abatement agreement with a developer in the form of a tax incremental financing incentive payment to stimulate economic development. The abatement is authorized through the TID project plan. The developer pays property taxes as they become due, and after meeting the criteria established in the development agreement, is entitled to a future incentive payment that directly correlates to the taxes paid. The incentive is calculated based on 90% of the tax increment revenue received up to \$197,380 and an achieved value of \$1.184 million. Incentive payments for the year ended December 31, 2019 were \$24,522.

##### **D. JOINT VENTURES**

The City of Ashland and surrounding communities jointly operate the Bay Area Rural Transit system which provides bus service. Summary financial information of the system was not available. The transactions of the system are not reflected in these financial statements.

##### **E. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

###### **GENERAL INFORMATION ABOUT THE OPEB PLAN**

**Plan description and benefits provided.** The city's other postemployment benefit ("OPEB") plan provides group health insurance coverage for all active employees and retirees (or other qualified terminated employees) at blended premium rates, resulting in an implicit rate subsidy for all retirees with group health coverage.

Retirees or single eligible spouses are required to contribute for their coverage 100% of the total premium, with the following exceptions: police officers hired before January 1, 1987 or firefighters hired before January 1, 1986 receive free single medical and dental coverage until they are eligible for Medicare, disabled police officers, firefighters, and union city employees received free single medical and dental coverage until eligible for Medicare, and utility employees hired before January 1, 1997 with 20 years of service receive free family medical starting at age 65 for life. This results in an OPEB for the retirees who do not contribute 100% of the total premium for their coverage.

# CITY OF ASHLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

### NOTE IV – OTHER INFORMATION (cont.)

---

#### **E. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS** (cont.)

##### **GENERAL INFORMATION ABOUT THE OPEB PLAN** (cont.)

The city administers its single-employer defined benefit OPEB plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

The benefit terms are established through collective bargaining agreements and the city's employee handbook. Administrative costs of the plan are financed by the city.

**Employees covered by benefit terms.** At December 31, 2019, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	22
Inactive plan members entitled to but not yet receiving benefit payments	1
Active plan members	<u>39</u>
	<u>62</u>

##### **TOTAL OPEB LIABILITY**

The city's total OPEB liability of \$1,535,909 was measured as of December 31, 2019, and was determined by an actuarial valuation as of that date.

**Actuarial assumptions and other inputs.** The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.0 percent
Payroll growth	3.0 percent plus merit/productivity increases based on WRS actuarial valuation as of December 31, 2019
Healthcare cost trend rates	8.0 percent for 2020, decreasing 0.5 percent per year to an ultimate rate of 4.5 percent for 2027 and later years

The discount rate was based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on the Pub-2010 General, Public Safety, Non-Safety Disabled Retiree, and Public Safety Disabled Retiree and Continuing Survivor Headcount-weighted Mortality Tables fully generational using scale MP-2019, as appropriate

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of the Wisconsin Retirement System actuarial valuation as of December 31, 2019.

## CITY OF ASHLAND

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

#### NOTE IV – OTHER INFORMATION (cont.)

##### *E. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS* (cont.)

###### *CHANGES IN THE TOTAL OPEB LIABILITY*

	Total OPEB Liability
Balances at 12/31/2018	\$ 2,241,288
Changes for the year:	
Service cost	140,668
Interest	94,923
Changes of benefit terms	-
Differences between expected and actual experience	(445,107)
Changes in assumptions or other inputs	(349,606)
Benefit payments	(146,257)
Net changes	(705,379)
Balances at 12/31/2019	\$ 1,535,909

**Change in assumptions.** Assumptions related to the termination rate, retirement rate, disability rate, and salary scale have been updated to follow the most recent Wisconsin Retirement System actuarial valuation as of December 31, 2019. The discount rate changed from 4.11 percent in 2018 to 3.26 percent in 2019.

The health care coverage election rate changed from 75% for police and fire employees and 50% for all other employees in 2018 to 40% for all employees. Health care trend rates have changed from an initial rate of 8.0% decreasing by .5% annually to an ultimate rate of 4.5% for pre-65 benefits and 7.0% decreasing by .5% annually to an ultimate rate of 3.5% for post-65 benefits. Dental trend rates have been reset to an initial rate of 5.0% decreasing by .5% annually to an ultimate rate of 3.0%.

The mortality tables were updated from RPH-2017 adjusted to 2006 total dataset fully generational using scale MP-2017 to the PUB-2010 amounts weighted mortality tables fully generational (various classifications) using scale MP-2019.

**Sensitivity of the total OPEB liability to changes in the discount rate.** The following presents the total OPEB liability of the city, as well as what the city's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current discount rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total OPEB liability	\$ 1,656,286	\$ 1,535,909	\$ 1,427,674

**CITY OF ASHLAND**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2019

**NOTE IV – OTHER INFORMATION (cont.)**

**E. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (cont.)**

**Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.** The following presents the total OPEB liability of the city, as well as what the city's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.0 percent decreasing to 3.5 percent) or 1-percentage-point higher (9.0 percent decreasing to 5.5 percent) than the current healthcare cost trend rates:

	1% Decrease (7.0% Decreasing to 3.5%)	Healthcare Cost Trend Rates (8.0% Decreasing to 4.5%)	1% Increase (9.0% Decreasing to 5.5%)
Total OPEB liability	\$ 1,419,493	\$ 1,535,909	\$ 1,669,129

**OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES  
RELATED TO OPEB NOTE**

For the year ended December 31, 2019, the city recognized OPEB expense of \$123,648. At December 31, 2019, the city reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual Experience	\$ -	\$ 434,348
Changes of assumptions or other inputs	24,266	385,180
Total	\$ 24,266	\$ 819,528

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:

2019	\$ (111,943)
2020	(111,943)
2021	(111,941)
2022	(120,031)
2023	(120,031)
Thereafter	(219,373)

## CITY OF ASHLAND

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

#### **NOTE IV – OTHER INFORMATION (cont.)**

---

##### **F. RELATED ORGANIZATIONS**

The city's officials are responsible for appointing the board members of the Housing Authority of Ashland, but the city's accountability for this organization does not extend beyond making the appointments.

##### **G. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS**

The Governmental Accounting Standards Board (GASB) has approved the following:

- > Statement No. 87, *Leases*
- > Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- > Statement No. 90, *Majority Equity Interests*
- > Statement No. 91, *Conduit Debt Obligations*
- > Statement No. 92, *Omnibus*
- > Statement No. 93, *Replacement of Interbank Offered Rates*
- > Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- > Statement No. 96, *Subscription-Based Information Technology Arrangements*
- > Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*

The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87, which was postponed by one and a half years.

When they become effective, application of these standards may restate portions of these financial statements.

##### **H. SUBSEQUENT EVENTS**

In March 2020, the City Council approved a \$4,232,424 bid for construction of a new police station

In April 2020, the city issued \$410,000 of taxable general obligation promissory notes to finance marina capital projects. Annual payments of principal and interest of 2.75% are payable from 2021 to 2030.

In April 2020, the city issued \$700,000 of general obligation promissory notes to finance water utility capital projects. Annual payments of principal and interest of 2.27% are payable from 2021 to 2030.

In May 2020, the city issued \$6,545,000 of general obligation promissory notes to finance capital projects and equipment. Annual payments of principal and interest of 1.91% are payable from 2021 to 2030.

## CITY OF ASHLAND

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

---

#### **NOTE IV – OTHER INFORMATION (cont.)**

---

##### ***H. SUBSEQUENT EVENTS (cont.)***

In December 2019, a novel strain of coronavirus was reported in Wuhan, Hubei province, China. In the first several months of 2020, the virus, SARS-CoV-2, and resulting disease, COVID-19, spread to the United States, including areas impacting the city. The city's evaluation of the effects of these events is ongoing; however, based on current information, it is believed this situation could result in potential decreases in the following city revenue sources: building permits, recreation program fees, and motel taxes, among others.

The extent of the impact of COVID-19 on the city's operational and financial performance will depend on future developments, including the duration and spread of the outbreak, and related governmental or other regulatory actions.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF ASHLAND**

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
<b>TAXES</b>				
General property tax for local purposes	\$ 2,676,873	\$ 2,676,873	\$ 2,677,267	\$ 394
Payments in lieu of taxes	47,800	47,800	35,599	(12,201)
Sales tax-city share	120	120	136	16
Mobile home taxes	24,000	24,000	22,968	(1,032)
Room tax	10,000	10,000	8,669	(1,331)
Interest on taxes	2,500	2,500	9,813	7,313
Total Taxes	<u>2,761,293</u>	<u>2,761,293</u>	<u>2,754,452</u>	<u>(6,841)</u>
<b>INTERGOVERNMENTAL</b>				
Shared taxes from state	3,770,813	3,770,813	3,754,229	(16,584)
State aid - computer aid	19,100	19,100	28,626	9,526
State aid - highways	74,090	74,090	74,092	2
State aid - local streets	520,685	520,685	520,446	(239)
State aid - other public safety	34,000	34,000	52,088	18,088
Protection services	12,000	12,000	12,533	533
State aid - fire insurance tax	18,500	18,500	20,948	2,448
Expenditure restraint	118,006	118,006	118,006	-
Other local government grants	250	17,238	16,988	(250)
Total Intergovernmental	<u>4,567,444</u>	<u>4,584,432</u>	<u>4,597,956</u>	<u>13,524</u>
<b>LICENSES AND PERMITS</b>				
Liquor and malt beverage licenses	27,000	27,000	38,934	11,934
Non-business licenses	10	10	12	2
Cable franchise fee	90,000	90,000	92,664	2,664
Building permits	29,400	29,400	43,364	13,964
Zoning permits	8,000	8,000	8,845	845
Total Licenses and Permits	<u>154,410</u>	<u>154,410</u>	<u>183,819</u>	<u>29,409</u>
<b>FINES, FORFEITURES AND PENALTIES</b>				
Court penalties and costs	30,000	30,000	21,070	(8,930)
Total Fines, Forfeitures and Penalties	<u>30,000</u>	<u>30,000</u>	<u>21,070</u>	<u>(8,930)</u>

See independent auditors' report and accompanying notes to required supplementary information.



**CITY OF ASHLAND**

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES (cont.)</b>				
<b>PUBLIC CHARGES FOR SERVICES</b>				
General government fees	\$ 9,000	\$ 9,000	\$ 9,207	\$ 207
Police department fees	2,500	2,500	4,445	1,945
Fire department fees	250	250	1,171	921
Ambulance fees	1,077,000	1,077,000	1,123,827	46,827
Ambulance protection fees	13,000	13,000	16,244	3,244
Other public safety fees	6,100	6,100	947	(5,153)
Public works fees	44,500	44,500	79,728	35,228
Fuel tax refund	3,000	3,000	3,638	638
Parking revenues	14,500	14,500	13,228	(1,272)
Refuse and garbage fees	368,280	368,280	367,572	(708)
Animal control	2,600	2,600	2,652	52
Park fees	123,000	123,000	109,327	(13,673)
Leisure programs	90,000	90,000	80,056	(9,944)
Total Public Charges for Services	<u>1,753,730</u>	<u>1,753,730</u>	<u>1,812,042</u>	<u>58,312</u>
<b>INTERGOVERNMENTAL CHARGES FOR SERVICES</b>				
Liaison officer	74,300	74,300	85,105	10,805
Fire yearly fees	167,710	167,710	169,042	1,332
Ambulance yearly fees	230,025	230,025	230,026	1
County GIS reimbursement	-	-	1,650	1,650
Airport fees	8,000	8,000	8,000	-
Attorney reimbursement from water utility	14,800	14,800	-	(14,800)
Utility cost sharing	307,190	307,190	281,130	(26,060)
Charges to library	42,000	42,000	43,841	1,841
Total Intergovernmental Charges for Services	<u>844,025</u>	<u>844,025</u>	<u>818,794</u>	<u>(25,231)</u>
<b>INVESTMENT INCOME</b>				
Interest on temporary investments	10,500	10,500	45,250	34,750
Total Investment Income	<u>10,500</u>	<u>10,500</u>	<u>45,250</u>	<u>34,750</u>
<b>MISCELLANEOUS</b>				
Rent/lease	25,600	25,600	28,148	2,548
Insurance dividends	30,000	30,000	28,684	(1,316)
Donations	1,000	1,000	1,479	479
Insurance workman's compensation	2,000	2,000	5,688	3,688
Other miscellaneous revenue	320	320	2,904	2,584
Total Miscellaneous	<u>58,920</u>	<u>58,920</u>	<u>66,903</u>	<u>7,983</u>
 Total Revenues	 <u>10,180,322</u>	 <u>10,197,310</u>	 <u>10,300,286</u>	 <u>102,976</u>

See independent auditors' report and accompanying notes to required supplementary information.

## CITY OF ASHLAND

### BUDGETARY COMPARISON SCHEDULE GENERAL FUND For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
Council	\$ 42,720	\$ 42,720	\$ 39,966	\$ 2,754
Police/fire commission	5,300	6,970	6,967	3
Mayor	32,000	32,000	26,148	5,852
Administrator	141,100	141,100	132,556	8,544
Clerk -				
Legislative support	88,200	88,200	88,166	34
Elections	57,970	57,970	48,505	9,465
Personnel - labor relations	142,695	226,319	221,124	5,195
Data processing	282,875	275,175	263,496	11,679
Other city hall	148,390	147,915	138,138	9,777
Financial administration - finance department	484,800	455,399	449,665	5,734
Assessment of property	61,350	61,825	61,823	2
Legal	70,000	52,270	40,381	11,889
Municipal buildings	424,939	422,725	422,710	15
Uncollectible taxes/special assessment refunds	2,500	2,500	28,141	(25,641)
Property and liability insurance	121,000	137,060	111,413	25,647
Total General Government	<u>2,105,839</u>	<u>2,150,148</u>	<u>2,079,199</u>	<u>70,949</u>
<b>PUBLIC SAFETY</b>				
Police	2,081,765	2,139,315	2,139,314	1
Ambulance and fire	2,824,290	2,746,378	2,659,591	86,787
Hydrant rental	20,100	20,100	19,069	1,031
Building inspection	98,295	115,795	115,796	(1)
Weights and measures	5,600	5,600	5,600	-
Total Public Safety	<u>5,030,050</u>	<u>5,027,188</u>	<u>4,939,370</u>	<u>87,818</u>
<b>PUBLIC WORKS</b>				
Administration	220,299	220,299	203,230	17,069
Road maintenance	903,761	979,796	1,079,248	(99,452)
Street lighting	137,082	137,082	117,556	19,526
Sidewalk maintenance	33,391	33,391	11,323	22,068
Storm sewers	117,628	117,628	72,178	45,450
Parking facilities	7,110	7,110	3,046	4,064
Bay Area Transit	30,000	30,000	30,000	-
GIS and engineering	151,210	151,210	159,906	(8,696)
Garbage and refuse collection	329,910	329,910	334,202	(4,292)
Landfill	36,621	20,651	16,360	4,291
Total Public Works	<u>1,967,012</u>	<u>2,027,077</u>	<u>2,027,049</u>	<u>28</u>

See independent auditors' report and accompanying notes to required supplementary information.

**CITY OF ASHLAND**

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES (cont.)</b>				
<b>HEALTH AND HUMAN SERVICES</b>				
Animal control	\$ 94,750	\$ 84,750	\$ 84,294	\$ 456
Mount Hope cemetery	61,000	61,000	61,000	-
Other health and human services	1,600	1,600	1,600	-
Total Health and Human Services	<u>157,350</u>	<u>147,350</u>	<u>146,894</u>	<u>456</u>
<b>LEISURE ACTIVITIES</b>				
Museum	10,000	10,000	10,000	-
Parks	245,339	232,739	232,712	27
Leisure services	292,960	289,510	282,346	7,164
Municipal band	4,950	4,950	4,557	393
Community events	14,850	18,300	18,300	-
Total Leisure Activities	<u>568,099</u>	<u>555,499</u>	<u>547,915</u>	<u>7,584</u>
<b>CONSERVATION AND DEVELOPMENT</b>				
Historic preservation	600	600	150	450
Superior days	25,500	25,500	25,000	500
Community development	159,390	107,690	96,847	10,843
Total Conservation and Development	<u>185,490</u>	<u>133,790</u>	<u>121,997</u>	<u>11,793</u>
Total Expenditures	<u>10,013,840</u>	<u>10,041,052</u>	<u>9,862,424</u>	<u>178,628</u>
Excess of revenues over expenditures	<u>166,482</u>	<u>156,258</u>	<u>437,862</u>	<u>281,604</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	540,190	540,190	396,352	(143,838)
Transfers out	(712,705)	(786,105)	(851,969)	(65,864)
Total Other Financing Sources (Uses)	<u>(172,515)</u>	<u>(245,915)</u>	<u>(455,617)</u>	<u>(209,702)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (6,033)</u>	<u>\$ (89,657)</u>	<u>(17,755)</u>	<u>\$ 71,902</u>
FUND BALANCE - Beginning of Year			<u>4,726,591</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 4,708,836</u>	

See independent auditors' report and accompanying notes to required supplementary information.

## CITY OF ASHLAND

### BUDGETARY COMPARISON SCHEDULE SPECIAL REVENUE FUND - HOUSING REHAB REVOLVING LOAN FUND For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Investment income	\$ -	\$ -	\$ 90	\$ 90
Miscellaneous	<u>46,000</u>	<u>95,700</u>	<u>95,610</u>	<u>(90)</u>
Total Revenues	<u>46,000</u>	<u>95,700</u>	<u>95,700</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current				
Conservation and development	<u>120,000</u>	<u>27,271</u>	<u>27,270</u>	<u>1</u>
Total Expenditures	<u>120,000</u>	<u>27,271</u>	<u>27,270</u>	<u>1</u>
<b>Net change in fund balance</b>	<u>\$ (74,000)</u>	<u>\$ 68,429</u>	68,430	<u>\$ 1</u>
FUND BALANCE - Beginning of Year			<u>128,086</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 196,516</u>	

See independent auditors' report and accompanying notes to required supplementary information.

**CITY OF ASHLAND**

BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND - TIF #9 INCREMENT  
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 66,980	\$ 69,121	\$ 187,744	\$ 118,623
Intergovernmental	-	-	2,271	2,271
Miscellaneous	123,578	108,970	-	(108,970)
Total Revenues	<u>190,558</u>	<u>178,091</u>	<u>190,015</u>	<u>11,924</u>
<b>EXPENDITURES</b>				
Current				
Conservation and development	-	-	11,923	(11,923)
Total Expenditures	<u>-</u>	<u>-</u>	<u>11,923</u>	<u>(11,923)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	279,780	305,097	305,097	-
Transfers out	(357,665)	(357,666)	(357,666)	-
Total Other Financing Sources (Uses)	<u>(77,885)</u>	<u>(52,569)</u>	<u>(52,569)</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ 112,673</u>	<u>\$ 125,522</u>	125,523	<u>\$ 1</u>
FUND BALANCE (DEFICIT) -				
Beginning of Year			(1,370,131)	
<b>FUND BALANCE (DEFICIT) - END OF YEAR</b>			<u>\$ (1,244,608)</u>	

See independent auditors' report and accompanying notes to required supplementary information.

**CITY OF ASHLAND**

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
For the Year Ended December 31, 2019

	2019	2018	2017
Total OPEB Liability			
Service cost	\$ 140,668	\$ 150,703	\$ 139,541
Interest	94,923	85,119	85,273
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(445,107)	(59,839)	-
Changes of assumptions	(349,606)	(105,699)	48,530
Benefit payments	(146,257)	(137,344)	(126,004)
Net Change in Total OPEB Liability	(705,379)	(67,060)	147,340
Total OPEB Liability - Beginning	2,241,288	2,308,348	2,161,008
Total OPEB Liability - Ending	<u>\$ 1,535,909</u>	<u>\$ 2,241,288</u>	<u>\$ 2,308,348</u>
Covered-employee payroll	\$ 2,230,728	\$ 5,124,538	\$ 4,975,280
Total OPEB liability as a percentage of covered-employee payroll	68.85%	43.74%	46.40%

See independent auditors' report and accompanying notes to required supplementary information.

## CITY OF ASHLAND

### SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET) WISCONSIN RETIREMENT SYSTEM (WRS) For the Year Ended December 31, 2019

WRS Fiscal Year End Date (Measurement Date)	City's Proportion of the Net Pension Liability/(Asset)	City's Proportionate Share of the Net Pension Liability/(Asset)	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/18	0.05205305%	\$ 1,851,884	\$ 5,477,661	33.81%	96.45%
12/31/17	0.05058435%	(1,501,909)	5,435,264	27.63%	102.93%
12/31/16	0.04893186%	403,315	5,287,897	7.63%	99.12%
12/31/15	0.04770946%	775,269	5,222,200	14.85%	98.20%
12/31/14	0.04797177%	(1,178,315)	5,094,425	23.13%	102.74%

### SCHEDULE OF EMPLOYER CONTRIBUTIONS WISCONSIN RETIREMENT SYSTEM (WRS) For the Year Ended December 31, 2019

City Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/19	\$ 621,865	\$ 621,865	\$ -	\$ 5,626,103	11.05%
12/31/18	567,882	567,882	-	5,477,661	10.37%
12/31/17	562,334	562,334	-	5,435,264	10.35%
12/31/16	479,733	479,733	-	5,287,897	9.07%
12/31/15	466,331	466,331	-	5,222,200	8.93%

See independent auditors' report and accompanying notes to required supplementary information.

## CITY OF ASHLAND

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2019

---

#### ***BUDGETARY INFORMATION***

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting as described in Note I. C.

The budgeted amounts presented include any amendments made. The city administrator may authorize transfers of budgeted amounts within departments. Transfers between departments may be authorized by resolution by the City Council and a public hearing must be held to increase the total appropriations of any governmental fund type.

Appropriations lapse at year-end unless specifically carried over. Budgets are adopted at the department level of expenditure for the general fund and the enterprise funds. The debt service fund budget is adopted at the function level. Budgets are adopted at the fund level for special revenue funds, capital projects funds, and the internal service fund.

#### ***WISCONSIN RETIREMENT SYSTEM***

The amounts determined for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

The city is required to present the last ten fiscal years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

*Changes in benefit terms.* There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

*Changes in assumptions.* Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total Pension Liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.

#### ***OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLAN***

The city implemented GASB Statement No. 75 in fiscal year 2017. Information prior to fiscal year 2017 is not available.

The city is required to present the last ten fiscal years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

*Accumulation of assets.* No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75.



## CITY OF ASHLAND

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2019

---

#### ***OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLAN*** (cont.)

*Changes in benefit terms and assumptions.* There were no changes in the benefit terms. Assumptions related to the termination rate, retirement rate, disability rate, and salary scale have been updated to follow the most recent Wisconsin Retirement System actuarial valuation as of December 31, 2019. The discount rate changed from 4.11 percent in 2018 to 3.26 percent in 2019.

The health care coverage election rate changed from 75% for police and fire employees and 50% for all other employees in 2018 to 40% for all employees. Health care trend rates have changed from an initial rate of 8.0% decreasing by .5% annually to an ultimate rate of 4.5% for pre-65 benefits and 7.0% decreasing by .5% annually to an ultimate rate of 3.5% for post-65 benefits. Dental trend rates have been reset to an initial rate of 5.0% decreasing by .5% annually to an ultimate rate of 3.0%.

The mortality tables were updated from RPH-2017 adjusted to 2006 total dataset fully generational using scale MP-2017 to the PUB-2010 amounts weighted mortality tables fully generational (various classifications) using scale MP-2019.

**S U P P L E M E N T A R Y   I N F O R M A T I O N**

**CITY OF ASHLAND**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

As of December 31, 2019

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Funds
<b>ASSETS</b>			
Cash and investments	\$ 1,528,905	\$ 1,708,447	\$ 3,237,352
Restricted assets			
Construction account	-	239,862	239,862
Taxes receivable	421,144	4,105	425,249
Accounts receivable	-	81,248	81,248
Notes receivable (net)	237,390	-	237,390
Special assessments receivable	-	47,790	47,790
Due from other governments	172,329	605,763	778,092
	<u>2,359,768</u>	<u>2,687,215</u>	<u>5,046,983</u>
<b>TOTAL ASSETS</b>	<b>\$ 2,359,768</b>	<b>\$ 2,687,215</b>	<b>\$ 5,046,983</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 69,150	\$ 143,753	\$ 212,903
Accrued liabilities	30,155	-	30,155
Due to other funds	90,068	381,026	471,094
Advances from other funds	-	849,876	849,876
Total Liabilities	<u>189,373</u>	<u>1,374,655</u>	<u>1,564,028</u>
Deferred Inflows of Resources			
Unearned revenues	441,354	5,442	446,796
Unavailable revenues	348,250	216,958	565,208
Total Deferred Inflows of Resources	<u>789,604</u>	<u>222,400</u>	<u>1,012,004</u>
Fund Balances			
Restricted	1,352,156	340,512	1,692,668
Committed	119,303	-	119,303
Assigned	4	1,642,419	1,642,423
Unassigned (deficit)	(90,672)	(892,771)	(983,443)
Total Fund Balances	<u>1,380,791</u>	<u>1,090,160</u>	<u>2,470,951</u>
	<u>2,359,768</u>	<u>2,687,215</u>	<u>5,046,983</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 2,359,768</b>	<b>\$ 2,687,215</b>	<b>\$ 5,046,983</b>

**CITY OF ASHLAND**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2019

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 282,811	\$ 161,120	\$ 443,931
Intergovernmental	591,688	792,797	1,384,485
Fines, forfeitures and penalties	10	-	10
Public charges for services	9,375	12,390	21,765
Special assessments	-	19,131	19,131
Investment income	30,195	3,415	33,610
Miscellaneous	126,808	22,538	149,346
Total Revenues	<u>1,040,887</u>	<u>1,011,391</u>	<u>2,052,278</u>
<b>EXPENDITURES</b>			
Current			
General government	19,642	-	19,642
Public safety	32,923	6,324	39,247
Public works	136,423	157,171	293,594
Health and human services	106,412	-	106,412
Leisure activities	599,040	63,102	662,142
Conservation and development	243,312	347,467	590,779
Capital Outlay	932	1,470,142	1,471,074
Total Expenditures	<u>1,138,684</u>	<u>2,044,206</u>	<u>3,182,890</u>
Excess (deficiency) of revenues over expenditures	<u>(97,797)</u>	<u>(1,032,815)</u>	<u>(1,130,612)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	477,561	463,909	941,470
Transfers out	(312,219)	(370,432)	(682,651)
Proceeds from sale of capital assets	-	26,485	26,485
Total Other Financing Sources (Uses)	<u>165,342</u>	<u>119,962</u>	<u>285,304</u>
<b>Net Change in Fund Balances</b>	67,545	(912,853)	(845,308)
FUND BALANCES - Beginning of Year	<u>1,313,246</u>	<u>2,003,013</u>	<u>3,316,259</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 1,380,791</u>	<u>\$ 1,090,160</u>	<u>\$ 2,470,951</u>

**CITY OF ASHLAND**

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
As of December 31, 2019

	Recycling	Economic Development Revolving Loan	Library Grants & Special Revenue	TIF #6 Increment	TIF #10 Increment	Community Planning & Development	NSP Breakwall	Evidence Funds
<b>ASSETS</b>								
Cash and investments	\$ 11,406	\$ 492,052	\$ 189,884	\$ -	\$ -	\$ 32,992	\$ 537,287	\$ 30,765
Taxes receivable	-	-	-	321,836	99,308	-	-	-
Notes receivable (net)	-	237,390	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	58,120	-	-
<b>TOTAL ASSETS</b>	<b>\$ 11,406</b>	<b>\$ 729,442</b>	<b>\$ 189,884</b>	<b>\$ 321,836</b>	<b>\$ 99,308</b>	<b>\$ 91,112</b>	<b>\$ 537,287</b>	<b>\$ 30,765</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>								
Liabilities								
Accounts payable	\$ 11,402	\$ 2,146	\$ 708	\$ -	\$ -	\$ 31,644	\$ -	\$ 191
Accrued liabilities	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Total Liabilities	11,402	2,146	708	-	-	31,644	-	191
Deferred Inflows of Resources								
Unearned revenues	-	-	-	321,836	99,308	-	-	-
Unavailable revenues	-	237,390	-	-	-	4,449	-	-
Total Deferred Inflows of Resources	-	237,390	-	321,836	99,308	4,449	-	-
Fund Balances (Deficit)								
Restricted	-	489,906	189,176	-	-	-	537,287	30,574
Committed	-	-	-	-	-	55,019	-	-
Assigned	4	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-	-	-
Total Fund Balances (Deficit)	4	489,906	189,176	-	-	55,019	537,287	30,574
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>	<b>\$ 11,406</b>	<b>\$ 729,442</b>	<b>\$ 189,884</b>	<b>\$ 321,836</b>	<b>\$ 99,308</b>	<b>\$ 91,112</b>	<b>\$ 537,287</b>	<b>\$ 30,765</b>

**CITY OF ASHLAND**

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
As of December 31, 2019

	Bretting Teen Center	Beautification	Wetlands Mitigation	Vaughn Library	Insured Loss Deductible	Hazardous Materials	Home Improvement Program	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>								
Cash and investments	\$ 44,894	\$ 12,227	\$ 1,999	\$ 120,863	\$ 34,698	\$ 19,838	\$ -	\$ 1,528,905
Taxes receivable	-	-	-	-	-	-	-	421,144
Notes receivable (net)	-	-	-	-	-	-	-	237,390
Due from other governments	-	-	-	-	-	7,798	106,411	172,329
<b>TOTAL ASSETS</b>	<b>\$ 44,894</b>	<b>\$ 12,227</b>	<b>\$ 1,999</b>	<b>\$ 120,863</b>	<b>\$ 34,698</b>	<b>\$ 27,636</b>	<b>\$ 106,411</b>	<b>\$ 2,359,768</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>								
Liabilities								
Accounts payable	\$ 35	\$ -	\$ 2,500	\$ 4,596	\$ 15,273	\$ 552	\$ 103	\$ 69,150
Accrued liabilities	-	3	-	23,278	-	6,874	-	30,155
Due to other funds	-	-	-	-	-	-	90,068	90,068
Total Liabilities	35	3	2,500	27,874	15,273	7,426	90,171	189,373
Deferred Inflows of Resources								
Unearned revenues	-	-	-	-	-	20,210	-	441,354
Unavailable revenues	-	-	-	-	-	-	106,411	348,250
Total Deferred Inflows of Resources	-	-	-	-	-	20,210	106,411	789,604
Fund Balances (Deficit)								
Restricted	-	12,224	-	92,989	-	-	-	1,352,156
Committed	44,859	-	-	-	19,425	-	-	119,303
Assigned	-	-	-	-	-	-	-	4
Unassigned (deficit)	-	-	(501)	-	-	-	(90,171)	(90,672)
Total Fund Balances (Deficit)	44,859	12,224	(501)	92,989	19,425	-	(90,171)	1,380,791
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>	<b>\$ 44,894</b>	<b>\$ 12,227</b>	<b>\$ 1,999</b>	<b>\$ 120,863</b>	<b>\$ 34,698</b>	<b>\$ 27,636</b>	<b>\$ 106,411</b>	<b>\$ 2,359,768</b>

**CITY OF ASHLAND**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
For the Year Ended December 31, 2019

	Recycling	Economic Development Revolving Loan	Library Grants & Special Revenue	TIF #6 Increment	TIF #10 Increment	Community Planning & Development	NSP Breakwall	Evidence Funds
<b>REVENUES</b>								
Taxes	\$ -	\$ -	\$ -	\$ 282,811	\$ -	\$ -	\$ -	\$ -
Intergovernmental	56,590	-	-	10,998	-	180,627	-	5,276
Fines, forfeitures and penalties	-	-	-	-	-	-	-	10
Public charges for services	-	-	6,354	-	-	-	-	-
Investment income	-	21,491	2,241	1,856	-	-	2,743	-
Miscellaneous	-	34,283	19,736	-	-	4,085	-	13,800
Total Revenues	<u>56,590</u>	<u>55,774</u>	<u>28,331</u>	<u>295,665</u>	<u>-</u>	<u>184,712</u>	<u>2,743</u>	<u>19,086</u>
<b>EXPENDITURES</b>								
Current								
General government	-	-	-	189	-	-	-	-
Public safety	-	-	-	-	-	-	-	10,582
Public works	136,423	-	-	-	-	-	-	-
Health and human services	-	-	-	-	-	-	-	-
Leisure activities	-	-	37,761	-	-	-	-	-
Conservation and development	-	3,964	-	-	-	218,727	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Total Expenditures	<u>136,423</u>	<u>3,964</u>	<u>37,761</u>	<u>189</u>	<u>-</u>	<u>218,727</u>	<u>-</u>	<u>10,582</u>
Excess (deficiency) of revenues over expenditures	<u>(79,833)</u>	<u>51,810</u>	<u>(9,430)</u>	<u>295,476</u>	<u>-</u>	<u>(34,015)</u>	<u>2,743</u>	<u>8,504</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	79,835	-	-	16,726	-	49,000	-	-
Transfers out	-	-	-	(312,219)	-	-	-	-
Total Other Financing Sources (Uses)	<u>79,835</u>	<u>-</u>	<u>-</u>	<u>(295,493)</u>	<u>-</u>	<u>49,000</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	2	51,810	(9,430)	(17)	-	14,985	2,743	8,504
FUND BALANCES (DEFICIT) - Beginning of Year	<u>2</u>	<u>438,096</u>	<u>198,606</u>	<u>17</u>	<u>-</u>	<u>40,034</u>	<u>534,544</u>	<u>22,070</u>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u>\$ 4</u>	<u>\$ 489,906</u>	<u>\$ 189,176</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,019</u>	<u>\$ 537,287</u>	<u>\$ 30,574</u>

**CITY OF ASHLAND**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
For the Year Ended December 31, 2019

	Bretting Teen Center	Beautification	Wetlands Mitigation	Vaughn Library	Insured Loss Deductible	Hazardous Materials	Home Improvement Program	Total Nonmajor Special Revenue Funds
<b>REVENUES</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 282,811
Intergovernmental	-	-	-	159,468	-	29,577	149,152	591,688
Fines, forfeitures and penalties	-	-	-	-	-	-	-	10
Public charges for services	835	-	-	2,186	-	-	-	9,375
Investment income	367	-	-	1,497	-	-	-	30,195
Miscellaneous	21,185	8,480	-	7,058	15,452	132	2,597	126,808
Total Revenues	<u>22,387</u>	<u>8,480</u>	<u>-</u>	<u>170,209</u>	<u>15,452</u>	<u>29,709</u>	<u>151,749</u>	<u>1,040,887</u>
<b>EXPENDITURES</b>								
Current								
General government	-	-	-	-	19,453	-	-	19,642
Public safety	-	-	-	-	-	22,341	-	32,923
Public works	-	-	-	-	-	-	-	136,423
Health and human services	-	-	-	-	-	-	106,412	106,412
Leisure activities	61,161	10,484	-	489,634	-	-	-	599,040
Conservation and development	-	-	16,600	-	-	-	4,021	243,312
Capital Outlay	-	-	-	-	-	932	-	932
Total Expenditures	<u>61,161</u>	<u>10,484</u>	<u>16,600</u>	<u>489,634</u>	<u>19,453</u>	<u>23,273</u>	<u>110,433</u>	<u>1,138,684</u>
Excess (deficiency) of revenues over expenditures	<u>(38,774)</u>	<u>(2,004)</u>	<u>(16,600)</u>	<u>(319,425)</u>	<u>(4,001)</u>	<u>6,436</u>	<u>41,316</u>	<u>(97,797)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	11,000	316,000	-	-	5,000	477,561
Transfers out	-	-	-	-	-	-	-	(312,219)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>11,000</u>	<u>316,000</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>165,342</u>
<b>Net Change in Fund Balances</b>	<u>(38,774)</u>	<u>(2,004)</u>	<u>(5,600)</u>	<u>(3,425)</u>	<u>(4,001)</u>	<u>6,436</u>	<u>46,316</u>	<u>67,545</u>
FUND BALANCES (DEFICIT) - Beginning of Year	<u>83,633</u>	<u>14,228</u>	<u>5,099</u>	<u>96,414</u>	<u>23,426</u>	<u>(6,436)</u>	<u>(136,487)</u>	<u>1,313,246</u>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u>\$ 44,859</u>	<u>\$ 12,224</u>	<u>\$ (501)</u>	<u>\$ 92,989</u>	<u>\$ 19,425</u>	<u>\$ -</u>	<u>\$ (90,171)</u>	<u>\$ 1,380,791</u>



**CITY OF ASHLAND**

COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
As of December 31, 2019

	TIF #6 Development	Street Improvements	TIF #9 Development	TIF #10 Development	BART Contribution	Buildings & Facilities	Waterfront Development	Capital Equipment
<b>ASSETS</b>								
Cash and investments	\$ -	\$ 825,659	\$ -	\$ -	\$ 22,000	\$ 141,671	\$ 240,559	\$ 179,870
Restricted assets - construction account	-	16,756	-	-	-	223,106	-	-
Taxes receivable	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	8,659	27,761
Special assessments receivable	-	-	-	-	-	-	-	-
Due from other governments	-	96,692	-	-	-	-	-	23,739
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 939,107</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 22,000</b>	<b>\$ 364,777</b>	<b>\$ 249,218</b>	<b>\$ 231,370</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>								
Liabilities								
Accounts payable	\$ -	\$ 33,746	\$ 6,500	\$ -	\$ -	\$ 15,331	\$ -	\$ 330
Due to other funds	-	-	-	9,634	-	-	-	-
Advances from other funds	-	-	739,585	-	-	-	-	-
Total Liabilities	-	33,746	746,085	9,634	-	15,331	-	330
Deferred Inflows of Resources								
Unearned revenues	-	-	-	-	-	-	-	-
Unavailable revenues	-	48,474	-	-	-	-	-	24,175
Total Deferred Inflows of Resources	-	48,474	-	-	-	-	-	24,175
Fund Balances (Deficit)								
Restricted	-	-	-	-	-	91,294	249,218	-
Assigned	-	856,887	-	-	22,000	258,152	-	206,865
Unassigned (deficit)	-	-	(746,085)	(9,634)	-	-	-	-
Total Fund Balances (Deficit)	-	856,887	(746,085)	(9,634)	22,000	349,446	249,218	206,865
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>	<b>\$ -</b>	<b>\$ 939,107</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 22,000</b>	<b>\$ 364,777</b>	<b>\$ 249,218</b>	<b>\$ 231,370</b>

**CITY OF ASHLAND**

COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
As of December 31, 2019

	Park Grounds Improvements	Land Sales & Acquisition	Capital Sidewalk Improvements	Urban Forestry	Landfill Improvement	Leisure and Recreation Improvements	Total Nonmajor Capital Project Funds
<b>ASSETS</b>							
Cash and investments	\$ 17,107	\$ -	\$ 226,904	\$ 11,064	\$ 43,613	\$ -	\$ 1,708,447
Restricted assets - construction account	-	-	-	-	-	-	239,862
Taxes receivable	-	-	4,105	-	-	-	4,105
Accounts receivable	-	-	23	-	-	44,805	81,248
Special assessments receivable	-	-	47,790	-	-	-	47,790
Due from other governments	-	-	-	-	-	485,332	605,763
<b>TOTAL ASSETS</b>	<b>\$ 17,107</b>	<b>\$ -</b>	<b>\$ 278,822</b>	<b>\$ 11,064</b>	<b>\$ 43,613</b>	<b>\$ 530,137</b>	<b>\$ 2,687,215</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>							
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 87,846	\$ 143,753
Due to other funds	-	-	-	-	-	371,392	381,026
Advances from other funds	-	110,291	-	-	-	-	849,876
Total Liabilities	-	110,291	-	-	-	459,238	1,374,655
Deferred Inflows of Resources							
Unearned revenues	-	208	5,234	-	-	-	5,442
Unavailable revenues	-	-	46,857	-	-	97,452	216,958
Total Deferred Inflows of Resources	-	208	52,091	-	-	97,452	222,400
Fund Balances (Deficit)							
Restricted	-	-	-	-	-	-	340,512
Assigned	17,107	-	226,731	11,064	43,613	-	1,642,419
Unassigned (deficit)	-	(110,499)	-	-	-	(26,553)	(892,771)
Total Fund Balances (Deficit)	17,107	(110,499)	226,731	11,064	43,613	(26,553)	1,090,160
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>	<b>\$ 17,107</b>	<b>\$ -</b>	<b>\$ 278,822</b>	<b>\$ 11,064</b>	<b>\$ 43,613</b>	<b>\$ 530,137</b>	<b>\$ 2,687,215</b>

**CITY OF ASHLAND**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
For the Year Ended December 31, 2019

	TIF #6 Development	Street Improvements	TIF #9 Development	TIF #10 Development	BART Contribution	Buildings & Facilities	Waterfront Development	Capital Equipment
<b>REVENUES</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 121,120	\$ 40,000
Intergovernmental	-	190,338	-	-	-	-	-	60,971
Public charges for services	-	-	-	-	-	-	-	6,316
Special assessments	-	-	-	-	-	-	-	-
Investment income	-	8	-	-	-	318	-	408
Miscellaneous	-	-	-	-	-	-	-	22,538
<b>Total Revenues</b>	<u>-</u>	<u>190,346</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>318</u>	<u>121,120</u>	<u>130,233</u>
<b>EXPENDITURES</b>								
Current								
Public safety	-	-	-	-	-	-	-	6,324
Public works	-	157,171	-	-	-	-	-	-
Leisure activities	-	-	-	-	-	-	-	-
Conservation and development	-	-	39,667	302,874	-	-	4,926	-
Capital Outlay	-	378,204	-	-	-	275,102	-	527,070
<b>Total Expenditures</b>	<u>-</u>	<u>535,375</u>	<u>39,667</u>	<u>302,874</u>	<u>-</u>	<u>275,102</u>	<u>4,926</u>	<u>533,394</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(345,029)</u>	<u>(39,667)</u>	<u>(302,874)</u>	<u>-</u>	<u>(274,784)</u>	<u>116,194</u>	<u>(403,161)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	241,105	-	-	-	9,914	-	142,800
Transfers out	(13,085)	-	-	-	-	-	(271,119)	-
Proceeds from sale of capital assets	-	-	-	-	-	-	-	26,485
<b>Total Other Financing Sources (Uses)</b>	<u>(13,085)</u>	<u>241,105</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,914</u>	<u>(271,119)</u>	<u>169,285</u>
<b>Net Change in Fund Balances</b>	<u>(13,085)</u>	<u>(103,924)</u>	<u>(39,667)</u>	<u>(302,874)</u>	<u>-</u>	<u>(264,870)</u>	<u>(154,925)</u>	<u>(233,876)</u>
FUND BALANCES (DEFICIT) - Beginning of Year	<u>13,085</u>	<u>960,811</u>	<u>(706,418)</u>	<u>293,240</u>	<u>22,000</u>	<u>614,316</u>	<u>404,143</u>	<u>440,741</u>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 856,887</u>	<u>\$ (746,085)</u>	<u>\$ (9,634)</u>	<u>\$ 22,000</u>	<u>\$ 349,446</u>	<u>\$ 249,218</u>	<u>\$ 206,865</u>

**CITY OF ASHLAND**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
For the Year Ended December 31, 2019

	Park Grounds Improvements	Land Sales & Acquisition	Capital Sidewalk Improvements	Urban Forestry	Landfill Improvement	Leisure and Recreation Improvements	Total Nonmajor Capital Project Funds
<b>REVENUES</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 161,120
Intergovernmental	-	-	-	33,694	-	507,794	792,797
Public charges for services	-	-	-	6,074	-	-	12,390
Special assessments	-	-	19,131	-	-	-	19,131
Investment income	-	-	2,681	-	-	-	3,415
Miscellaneous	-	-	-	-	-	-	22,538
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>21,812</u>	<u>39,768</u>	<u>-</u>	<u>507,794</u>	<u>1,011,391</u>
<b>EXPENDITURES</b>							
Current							
Public safety	-	-	-	-	-	-	6,324
Public works	-	-	-	-	-	-	157,171
Leisure activities	1,196	-	-	6,179	-	55,727	63,102
Conservation and development	-	-	-	-	-	-	347,467
Capital Outlay	-	-	-	-	-	289,766	1,470,142
<b>Total Expenditures</b>	<u>1,196</u>	<u>-</u>	<u>-</u>	<u>6,179</u>	<u>-</u>	<u>345,493</u>	<u>2,044,206</u>
Excess (deficiency) of revenues over expenditures	<u>(1,196)</u>	<u>-</u>	<u>21,812</u>	<u>33,589</u>	<u>-</u>	<u>162,301</u>	<u>(1,032,815)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	-	-	5,000	65,090	463,909
Transfers out	(21,326)	-	(54,902)	-	-	(10,000)	(370,432)
Proceeds from sale of capital assets	-	-	-	-	-	-	26,485
<b>Total Other Financing Sources (Uses)</b>	<u>(21,326)</u>	<u>-</u>	<u>(54,902)</u>	<u>-</u>	<u>5,000</u>	<u>55,090</u>	<u>119,962</u>
<b>Net Change in Fund Balances</b>	<u>(22,522)</u>	<u>-</u>	<u>(33,090)</u>	<u>33,589</u>	<u>5,000</u>	<u>217,391</u>	<u>(912,853)</u>
FUND BALANCES (DEFICIT) - Beginning of Year	<u>39,629</u>	<u>(110,499)</u>	<u>259,821</u>	<u>(22,525)</u>	<u>38,613</u>	<u>(243,944)</u>	<u>2,003,013</u>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u>\$ 17,107</u>	<u>\$ (110,499)</u>	<u>\$ 226,731</u>	<u>\$ 11,064</u>	<u>\$ 43,613</u>	<u>\$ (26,553)</u>	<u>\$ 1,090,160</u>

**CITY OF ASHLAND**

COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
As of December 31, 2019

<b>ASSETS</b>	<u>Airport</u>	<u>Marina</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>CURRENT ASSETS</b>			
Cash and investments	\$ 99,805	\$ 86,611	\$ 186,416
Other accounts receivable	19,806	1,807	21,613
Inventories and prepaid items	<u>10,698</u>	<u>15,152</u>	<u>25,850</u>
Total Current Assets	<u>130,309</u>	<u>103,570</u>	<u>233,879</u>
<b>NONCURRENT ASSETS</b>			
Capital assets			
Construction work in progress	5,096	408,580	413,676
Land	45,768	391,500	437,268
Capital assets being depreciated	4,486,530	2,163,581	6,650,111
Accumulated depreciation	<u>(2,386,391)</u>	<u>(786,090)</u>	<u>(3,172,481)</u>
Total Noncurrent Assets	<u>2,151,003</u>	<u>2,177,571</u>	<u>4,328,574</u>
Total Assets	<u>2,281,312</u>	<u>2,281,141</u>	<u>4,562,453</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related amounts	<u>37,806</u>	<u>49,222</u>	<u>87,028</u>
Total Deferred Outflows of Resources	<u>37,806</u>	<u>49,222</u>	<u>87,028</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	3,430	41,303	44,733
Accrued expenses	3,573	2,814	6,387
Current portion of accrued compensated absences	<u>4,013</u>	<u>7,485</u>	<u>11,498</u>
Total Current Liabilities	<u>11,016</u>	<u>51,602</u>	<u>62,618</u>
<b>NONCURRENT LIABILITIES</b>			
Accrued compensated absences	2,408	-	2,408
Net pension liability	<u>12,727</u>	<u>16,485</u>	<u>29,212</u>
Total Noncurrent Liabilities	<u>15,135</u>	<u>16,485</u>	<u>31,620</u>
Total Liabilities	<u>26,151</u>	<u>68,087</u>	<u>94,238</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related amounts	<u>18,466</u>	<u>24,146</u>	<u>42,612</u>
Total Deferred Inflows of Resources	<u>18,466</u>	<u>24,146</u>	<u>42,612</u>
<b>NET POSITION</b>			
Net investment in capital assets	2,151,003	2,177,571	4,328,574
Unrestricted	<u>123,498</u>	<u>60,559</u>	<u>184,057</u>
<b>TOTAL NET POSITION</b>	<u>\$ 2,274,501</u>	<u>\$ 2,238,130</u>	<u>\$ 4,512,631</u>

## CITY OF ASHLAND

### COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION NONMAJOR ENTERPRISE FUNDS For the Year Ended December 31, 2019

	Airport	Marina	Total Nonmajor Enterprise Funds
<b>OPERATING REVENUES</b>			
Charges for services	\$ 238,190	\$ 225,397	\$ 463,587
Total Operating Revenues	238,190	225,397	463,587
<b>OPERATING EXPENSES</b>			
Operation and maintenance	284,810	182,163	466,973
Depreciation	146,203	74,467	220,670
Total Operating Expenses	431,013	256,630	687,643
Operating Loss	(192,823)	(31,233)	(224,056)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	1,056	925	1,981
Interest expense	-	(860)	(860)
Miscellaneous revenue	-	3,512	3,512
Total Nonoperating Revenue (Expenses)	1,056	3,577	4,633
Income (Loss) Before Contributions and Transfers	(191,767)	(27,656)	(219,423)
<b>CONTRIBUTIONS AND TRANSFERS</b>			
Capital contributions	-	36,900	36,900
Transfers in	45,000	170,029	215,029
Total Contributions and Transfers	45,000	206,929	251,929
<b>CHANGE IN NET POSITION</b>	(146,767)	179,273	32,506
NET POSITION – Beginning of Year	2,421,268	2,058,857	4,480,125
<b>NET POSITION – END OF YEAR</b>	\$ 2,274,501	\$ 2,238,130	\$ 4,512,631

## CITY OF ASHLAND

### COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS For the Year Ended December 31, 2019

	Airport	Marina	Total Nonmajor Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 292,802	\$ 227,870	\$ 520,672
Cash paid to suppliers for goods and services	(218,637)	(104,830)	(323,467)
Cash paid to employees for services	(74,886)	(88,559)	(163,445)
Net Cash Flows From Operating Activities	(721)	34,481	33,760
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds	45,000	170,029	215,029
Net Cash Flows From Noncapital Financing Activities	45,000	170,029	215,029
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	1,056	925	1,981
Net Cash Flows From Investing Activities	1,056	925	1,981
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Debt retired	-	(62,378)	(62,378)
Interest paid	-	(1,560)	(1,560)
Contributions in aid of construction	-	36,900	36,900
Acquisition and construction of capital assets	(52,392)	(328,757)	(381,149)
Net Cash Flows From Capital and Related Related Financing Activities	(52,392)	(355,795)	(408,187)
<b>Net Decrease in Cash and Cash Equivalents</b>	(7,057)	(150,360)	(157,417)
CASH AND CASH EQUIVALENTS - Beginning of Year	106,862	236,971	343,833
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 99,805	\$ 86,611	\$ 186,416

	Airport	Marina	Total Nonmajor Enterprise Funds
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating loss	\$ (192,823)	\$ (31,233)	\$ (224,056)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities			
Nonoperating income	-	3,512	3,512
Noncash items included in income			
Depreciation	146,203	74,467	220,670
Change in assets and liabilities			
Other accounts receivable	54,612	(1,039)	53,573
Inventories and prepaid items	3,255	(2,021)	1,234
Accounts payable	(19,180)	(15,170)	(34,350)
Accrued expenses	3,471	1,083	4,554
Pension related deferrals and asset	3,741	4,882	8,623
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ (721)</u>	<u>\$ 34,481</u>	<u>\$ 33,760</u>

**NONCASH CAPITAL, INVESTING AND FINANCING ACTIVITIES:**

None