

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 22, 2024

In the opinion of Quarles & Brady LLP, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended, under existing law interest on the Notes is excludable from gross income and is not an item of tax preference for federal income tax purposes; however, interest on the Notes is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code). See "TAX EXEMPTION" herein for a more detailed discussion of some of the federal income tax consequences of owning the Notes. The interest on the Notes is not exempt from present Wisconsin income or franchise taxes.

The Notes shall not be "qualified tax-exempt obligations".

New Issue

Rating Application Made: S&P Global Ratings

CITY OF ASHLAND, WISCONSIN (Ashland and Bayfield Counties)

\$4,340,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2024A

BID OPENING: October 29, 2024, 9:30 A.M., C.T.

CONSIDERATION: October 29, 2024, 6:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$4,340,000* General Obligation Promissory Notes, Series 2024A (the "Notes") are being issued pursuant to Section 67.12(12), Wisconsin Statutes, by the City of Ashland, Wisconsin (the "City"), for public purposes, including paying the cost of library projects. The Notes are general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Notes as they become due which tax may, under current law, be levied without limitation as to rate or amount. Delivery is subject to receipt of an approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin.

DATE OF NOTES: November 26, 2024

MATURITY: As follows:

<u>Maturity</u>	<u>Amount*</u>	<u>Maturity</u>	<u>Amount*</u>	<u>Maturity</u>	<u>Amount*</u>
12/01/2025	\$200,000	12/01/2032	\$190,000	12/01/2039	\$270,000
12/01/2026	80,000	12/01/2033	195,000	12/01/2040	280,000
12/01/2027	130,000	12/01/2034	205,000	12/01/2041	280,000
12/01/2028	175,000	12/01/2035	215,000	12/01/2042	290,000
12/01/2029	195,000	12/01/2036	220,000	12/01/2043	270,000
12/01/2030	180,000	12/01/2037	230,000	06/01/2044	310,000
12/01/2031	185,000	12/01/2038	240,000		

***MATURITY ADJUSTMENTS:** The City reserves the right to increase or decrease the principal amount of the Notes on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BONDS: See "Term Bond Option" herein.

INTEREST: June 1, 2025 and semiannually thereafter.

OPTIONAL REDEMPTION: Notes maturing on December 1, 2034 and thereafter are subject to call for prior optional redemption on December 1, 2033 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

MINIMUM BID: \$4,285,750.

MAXIMUM BID: \$4,774,000.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$86,800 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation.

**BOND COUNSEL &
DISCLOSURE COUNSEL:** Quarles & Brady LLP.

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

BOOK-ENTRY-ONLY: See "Book-Entry-Only System" herein (unless otherwise specified by the purchaser).

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This Preliminary Official Statement is in a form deemed final as of its date for purposes of SEC Rule 15c2-12(b) (1), but is subject to revision, amendment and completion in a Final Official Statement.



BUILDING COMMUNITIES. IT'S WHAT WE DO.

info@ehlers-inc.com

1 (800) 552-1171

www.ehlers-inc.com

REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. ***This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Official Statement is not to be construed as a contract with the underwriter (syndicate manager). Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Official Statement and any addenda thereto relying on information of the City and other sources for which there is reasonable basis for believing the information is accurate and complete. Quarles & Brady LLP will serve as Disclosure Counsel to the City with respect to the Notes. Compensation of Ehlers and Associates, Inc., payable entirely by the City, is contingent upon the delivery of the Notes.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

Preliminary Official Statement: This Official Statement was prepared for the City for dissemination to potential investors. Its primary purpose is to disclose information regarding the Notes to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

Review Period: This Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers and Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Official Statement received on or before this date will not be considered a qualification of a proposal received from an underwriter. If there are any changes, corrections or additions to the Official Statement, interested bidders will be informed by an addendum prior to the sale.

Final Official Statement: Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

Continuing Disclosure: Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Official Statement describes the conditions under which the City is required to comply with the Rule.

CLOSING CERTIFICATES

Upon delivery of the Notes, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Notes and all times subsequent thereto up to and including the time of the delivery of the Notes, this Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Notes; (3) a certificate evidencing the due execution of the Notes, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Notes, (b) neither the corporate existence or boundaries of the City nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Notes have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the City which indicates that the City does not expect to use the proceeds of the Notes in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

TABLE OF CONTENTS

INTRODUCTORY STATEMENT.....	1	TAX LEVIES AND COLLECTIONS	20
THE NOTES.....	1	TAX LEVIES AND COLLECTIONS	20
GENERAL	1	PROPERTY TAX RATES	21
OPTIONAL REDEMPTION	2	LEVY LIMITS	21
AUTHORITY; PURPOSE	2	REVENUE FROM THE STATE	22
ESTIMATED SOURCES AND USES.....	2	THE ISSUER	23
SECURITY.....	2	CITY GOVERNMENT.....	23
RATING	3	EMPLOYEES; PENSIONS	23
CONTINUING DISCLOSURE.....	3	OTHER POST EMPLOYMENT BENEFITS.....	25
LEGAL MATTERS	4	LITIGATION	25
TAX EXEMPTION.....	4	MUNICIPAL BANKRUPTCY.....	25
ORIGINAL ISSUE DISCOUNT.....	5	FUNDS ON HAND.....	26
BOND PREMIUM	6	ENTERPRISE FUNDS.....	27
NOT QUALIFIED TAX-EXEMPT OBLIGATIONS....	6	SUMMARY GENERAL FUND INFORMATION.....	28
MUNICIPAL ADVISOR	6	GENERAL INFORMATION	29
MUNICIPAL ADVISOR AFFILIATED COMPANIES..	6	LOCATION	29
INDEPENDENT AUDITORS	7	LARGER EMPLOYERS	29
RISK FACTORS.....	7	BUILDING PERMITS	30
VALUATIONS.....	9	U.S. CENSUS DATA	30
WISCONSIN PROPERTY VALUATIONS;		EMPLOYMENT/UNEMPLOYMENT DATA.....	31
PROPERTY TAXES.....	9	FINANCIAL STATEMENTS.....	A-1
CURRENT PROPERTY VALUATIONS.....	10	FORM OF LEGAL OPINION	B-1
2024 EQUALIZED VALUE BY CLASSIFICATION..	10	BOOK-ENTRY-ONLY SYSTEM	C-1
TREND OF VALUATIONS.....	10	FORM OF CONTINUING DISCLOSURE CERTIFICATE ..	D-1
LARGER TAXPAYERS.....	11	NOTICE OF SALE.....	E-1
DEBT	11	BID FORM	
DIRECT DEBT	11		
DEBT PAYMENT HISTORY	12		
FUTURE FINANCING.....	12		
DEBT LIMIT	12		
SCHEDULE OF GENERAL OBLIGATION DEBT ...	13		
SCHEDULE OF SEWERAGE REVENUE DEBT.....	15		
SCHEDULE OF WATER REVENUE DEBT	17		
OVERLAPPING DEBT	19		
DEBT RATIOS.....	19		

CITY OF ASHLAND COMMON COUNCIL

		<u>Term Expires</u>
Matthew MacKenzie	Mayor	April 2026
Andrew Goyke	Council Member	April 2025
Jim Gregorie	Council Member	April 2026
Sarah Jackson	Council Member	April 2025
Charlie Ortman	Council Member	April 2025
Kevin Seefeldt	Council Member	April 2026
Nancy Szyndor	Council Member	April 2026
Ana Tochtermann	Council Member	April 2026

ADMINISTRATION

Brant Kucera, City Administrator

Julie Vaillancourt, Finance Director

Denise Oliphant, City Clerk

Jacey Dean, City Treasurer/Comptroller

PROFESSIONAL SERVICES

Anich, Wickman & Lindsey, S.C., City Attorney, Ashland, Wisconsin

Quarles & Brady LLP, Bond Counsel and Disclosure Counsel, Milwaukee, Wisconsin

Ehlers and Associates, Inc., Municipal Advisors, Roseville, Minnesota
(Other office located in Waukesha, Wisconsin)

INTRODUCTORY STATEMENT

This Official Statement contains certain information regarding the City of Ashland, Wisconsin (the "City") and the issuance of its \$4,340,000* General Obligation Promissory Notes, Series 2024A (the "Notes"). Any descriptions or summaries of the Notes, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Notes to be included in the resolution authorizing the issuance and sale of the Notes ("Authorizing Resolution") to be adopted by the Common Council on October 29, 2024.

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Roseville, Minnesota, (651) 697-8500, the City's municipal advisor. A copy of this Official Statement may be downloaded from Ehlers' web site at www.ehlers-inc.com by connecting to the Bond Sales link and following the directions at the top of the site.

THE NOTES

GENERAL

The Notes will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of November 26, 2024. The Notes will mature on the dates and amounts set forth on the cover of this Official Statement. Interest will be payable on June 1 and December 1 of each year, commencing June 1, 2025, to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). All Notes of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Notes will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Notes are held under the book-entry system, beneficial ownership interests in the Notes may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Notes shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Notes shall be payable as provided in the Authorizing Resolution.

The City has selected Bond Trust Services Corporation, Roseville, Minnesota ("BTSC"), to act as paying agent (the "Paying Agent"). BTSC and Ehlers are affiliate companies. The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

*Preliminary, subject to change.

OPTIONAL REDEMPTION

At the option of the City, the Notes maturing on or after December 1, 2034 shall be subject to optional redemption prior to maturity on December 1, 2033 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

Redemption may be in whole or in part of the Notes subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Notes to be redeemed shall be at the discretion of the City. If only part of the Notes having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of such call shall be given by sending a notice by registered or certified mail, facsimile or electronic transmission, overnight delivery service or in any other manner required by DTC, not less than 30 days nor more than 60 days prior to the date fixed for redemption to the registered owner of each Note to be redeemed at the address shown on the registration books.

AUTHORITY; PURPOSE

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, by the City, for public purposes, including paying the cost of library projects.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount of Notes	<u>\$4,340,000</u>	
Total Sources		\$4,340,000
Uses		
Estimated Underwriter's Discount	\$54,250	
Costs of Issuance	82,400	
Deposit to Borrowed Money Fund	4,200,000	
Rounding Amount	<u>3,350</u>	
Total Uses		\$4,340,000

*Preliminary, subject to change.

SECURITY

For the prompt payment of the Notes with interest thereon and for the levy of taxes sufficient for this purpose, the full faith, credit and resources of the City will be irrevocably pledged. The City will levy a direct, annual, irrevocable tax on all taxable property in the City sufficient to pay the interest on the Notes when it becomes due and also to pay and discharge the principal on the Notes at maturity, in compliance with Article XI, Section 3 of the Wisconsin Constitution. Such tax may, under current law, be levied without limitation as to rate or amount.

RATING

General obligation debt of the City, is currently rated "A+" by S&P Global Ratings ("S&P").

The City has requested a rating on the Notes from S&P, and bidders will be notified as to the assigned rating prior to the sale. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from S&P.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Notes.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Notes, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the City nor the underwriter undertake responsibility to bring to the attention of the owner of the Notes any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

CONTINUING DISCLOSURE

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Notes, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the City shall agree to provide certain information to the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system, or any system that may be prescribed in the future. The Rule was last amended, effective February 27, 2019, to include an expanded list of material events. The Disclosure Undertaking includes the two new material events effective February 27, 2019 under the Rule.

On the date of issue and delivery of the Notes, the City shall execute and deliver a Continuing Disclosure Certificate, under which the City will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the City are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

A failure by the City to comply with the Disclosure Undertaking will not constitute an event of default on the Notes. However, such a failure may adversely affect the transferability and liquidity of the Notes and their market price.

The City's operating data filings for the years ended December 31, 2018, December 31, 2019, December 31, 2020 and December 31, 2021 failed to include certain required operating data. Except to the extent that the preceding is deemed to be material, the City believes it has not failed to comply in the previous five years in all material respects with its prior undertakings under the Rule. The City has reviewed its continuing disclosure responsibilities, including the two new material events, to help ensure compliance in the future. Ehlers is currently engaged as dissemination agent for the City.

LEGAL MATTERS

An opinion as to the validity of the Notes and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the City ("Bond Counsel"), and will be available at the time of delivery of the Notes. The legal opinion will be issued on the basis of existing law and will state that the Notes are valid and binding general obligations of the City; provided that the rights of the owners of the Notes and the enforceability of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). (See "FORM OF LEGAL OPINION" found in Appendix B).

Quarles & Brady LLP has also been retained by the City to serve as Disclosure Counsel to the City with respect to the Notes. Although, as Disclosure Counsel to the City, Quarles & Brady LLP has assisted the City with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Notes and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in the Official Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the Notes for any investor.

TAX EXEMPTION

Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the Notes under existing law substantially in the following form:

"The interest on the Notes is excludable for federal income tax purposes from the gross income of the owners of the Notes. The interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals; however, interest on the Notes is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code). The Code contains requirements that must be satisfied subsequent to the issuance of the Notes in order for interest on the Notes to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Notes to be included in gross income retroactively to the date of issuance of the Notes. The City has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the City comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Notes."

The interest on the Notes is not exempt from present Wisconsin income or franchise taxes.

Prospective purchasers of the Notes should be aware that ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Notes should consult their tax advisors as to collateral federal income tax consequences.

From time to time legislation is proposed, and there are or may be legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Notes. It cannot be predicted whether, or in what form, any proposal that could alter one or more of the federal tax matters referred to above or adversely affect the market value of the Notes may be enacted. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

ORIGINAL ISSUE DISCOUNT

To the extent that the initial public offering price of certain of the Notes is less than the principal amount payable at maturity, such Notes ("Discounted Bonds") will be considered to be issued with original issue discount. The original issue discount is the excess of the stated redemption price at maturity of a Discounted Bond over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discounted Bonds were sold (issue price). With respect to a taxpayer who purchases a Discounted Bond in the initial public offering at the issue price and who holds such Discounted Bond to maturity, the full amount of original issue discount will constitute interest that is not includible in the gross income of the owner of such Discounted Bond for federal income tax purposes and such owner will not, subject to the caveats and provisions herein described, realize taxable capital gain upon payment of such Discounted Bond upon maturity.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discounted Bond, on days that are determined by reference to the maturity date of such Discounted Bond. The amount treated as original issue discount on a Discounted Bond for a particular semiannual accrual period is generally equal to (a) the product of (i) the yield to maturity for such Discounted Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discounted Bond at the beginning of the particular accrual period if held by the original purchaser; and less (b) the amount of any interest payable for such Discounted Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discounted Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If a Discounted Bond is sold or exchanged between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

For federal income tax purposes, the amount of original issue discount that is treated as having accrued with respect to such Discounted Bond is added to the cost basis of the owner in determining gain or loss upon disposition of a Discounted Bond (including its sale, exchange, redemption, or payment at maturity). Amounts received upon disposition of a Discounted Bond that are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain.

The accrual or receipt of original issue discount on the Discounted Bonds may result in certain collateral federal income tax consequences for the owners of such Discounted Bonds. The extent of these collateral tax consequences will depend upon the owner's particular tax status and other items of income or deduction.

The Code contains additional provisions relating to the accrual of original issue discount. Owners who purchase Discounted Bonds at a price other than the issue price or who purchase such Discounted Bonds in the secondary market should consult their own tax advisors with respect to the tax consequences of owning the Discounted Bonds. Under the applicable provisions governing the determination of state and local taxes, accrued interest on the Discounted Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year. Owners of Discounted Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discounted Bonds.

BOND PREMIUM

To the extent that the initial offering price of certain of the Notes is more than the principal amount payable at maturity, such Notes ("Premium Bonds") will be considered to have bond premium.

Any Premium Bond purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. The amortizable bond premium of each Premium Bond is calculated on a daily basis from the issue date of such Premium Bond until its stated maturity date (or call date, if any) on the basis of a constant interest rate compounded at each accrual period (with straight line interpolation between the compounding dates). An owner of a Premium Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium; rather the amortizable bond premium attributable to a taxable year is applied against (and operates to reduce) the amount of tax-exempt interest payments on the Premium Bonds. During each taxable year, such an owner must reduce his or her tax basis in such Premium Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the holder held such Premium Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium Bond.

Owners of Premium Bonds who did not purchase such Premium Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning such Premium Bonds. Owners of Premium Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Premium Bonds.

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

The Notes shall not be "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the City in connection with the issuance of the Notes. The Municipal Advisor cannot participate in the underwriting of the Notes. The financial information included in this Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

BTSC and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, Colorado, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the City, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the City under an agreement separate from Ehlers.

INDEPENDENT AUDITORS

The basic financial statements of the City for the fiscal year ended December 31, 2023 have been audited by Baker Tilly US, LLP, Eau Claire, Wisconsin, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Official Statement.

RISK FACTORS

The following is a description of possible risks to holders of the Notes without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here. Potential investors should read this Official Statement, including the appendices, in its entirety.

Taxes: The Notes will be general obligations of the City, the ultimate payment of which rests in the City's ability to levy and collect sufficient taxes to pay debt service. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the City in time to pay debt service when due.

State Actions: Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the State of Wisconsin (the "State") may affect the overall financial condition of the City, the taxable value of property within the City, and the ability of the City to levy and collect property taxes.

Future Changes in Law: Various State and federal laws, regulations and constitutional provisions apply to the City and to the Notes. The City can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the City or the taxing authority of the City.

Ratings; Interest Rates: In the future, the City's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Notes for resale prior to maturity.

Tax Exemption: If the federal government taxes all or a portion of the interest on municipal bonds or notes or if the State government increases its tax on interest on bonds and notes, directly or indirectly, or if there is a change in federal or state tax policy, then the value of these Notes may fall for purposes of resale. Noncompliance by the City with the covenants in the Authorizing Resolution relating to certain continuing requirements of the Code may result in inclusion of interest to be paid on the Notes in gross income of the recipient for United States income tax purposes, retroactive to the date of issuance.

Continuing Disclosure: A failure by the City to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Notes. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Notes in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Notes and their market price.

Book-Entry-Only System: The timely credit of payments for principal and interest on the Notes to the accounts of the Beneficial Owners of the Notes may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the City to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Notes.

Depository Risk: Wisconsin Statutes direct the local treasurer to immediately deposit upon receipt thereof, the funds of the municipality in a public depository designated by the governing body. A public depository means a federal or state credit union, federal or state savings and loan association, state bank, savings and trust company, mutual savings bank or national bank in Wisconsin or the local government pooled investment fund operated by the State Investment Board. It is not uncommon for a municipality to have deposits exceeding limits of federal and state insurance programs. Failure of a depository could result in loss of public funds or a delay in obtaining them. Such a loss or delay could interrupt a timely payment of municipal debt.

Economy: A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the City, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the City may have an adverse effect on the value of the Notes in the secondary market.

Secondary Market for the Notes: No assurance can be given that a secondary market will develop for the purchase and sale of the Notes or, if a secondary market exists, that such Notes can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Notes at the request of the owners thereof. Prices of the Notes as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Notes. Such market value could be substantially different from the original purchase price.

Bankruptcy: The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Notes will be similarly qualified. See "MUNICIPAL BANKRUPTCY" herein.

Cybersecurity: The City is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the City will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

VALUATIONS

WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES

Equalized Value

Section 70.57, Wisconsin Statutes, requires the Department of Revenue to annually determine the equalized value (also referred to as full equalized value or aggregate full value) of all taxable property in each county and taxation district. The equalized value is an independent estimate of value used to equate individual local assessment policies so that property taxes are uniform throughout the various subdivisions in the State. Equalized value is calculated based on the history of comparable sales and information about value changes or taxing status provided by the local assessor. A comparison of the State-determined equalized value and the local assessed value, expressed as a percentage, is known as the assessment ratio or level of assessment. The Department of Revenue notifies each county and taxing jurisdiction of its equalized value on August 15; school districts are notified on October 1. The equalized value of each county is the sum of the valuations of all cities, villages, and towns within its boundaries. Taxing jurisdictions lying in more than one municipality, such as counties, school districts, or special taxing districts, use the equalized value of the underlying units in calculating and levying their respective levies. Equalized values are also used to apportion state aids and calculate municipal general obligation debt limits.

Assessed Value

The "assessed value" of taxable property in a municipality is determined by the local assessor, except for manufacturing properties which are valued by the State. Each city, village or town retains its own local assessor, who must be certified by the State Department of Revenue. Assessed value is used by these municipalities to determine tax levy mill rates and to apportion levies among individual property owners. Each taxing district must assess property at full value at least once in every five-year period. The State requires that the assessed values must be within 10% of State equalized values at least once every four years. The local assessor values property as of January 1 each year and submits those values to each municipality by the second Monday in June. The assessor also reports any value changes taking place since the previous year, to the Department of Revenue, by the second Monday in June.

CURRENT PROPERTY VALUATIONS¹

2024 Equalized Value	\$727,309,400
2024 Equalized Value Reduced by Tax Increment Valuation	\$719,107,000
2024 Assessed Value	\$459,453,200

2024 EQUALIZED VALUE BY CLASSIFICATION

	2024 Equalized Value ²	Percent of Total Equalized Value
Residential	\$504,156,100	69.318%
Commercial	203,551,000	27.987%
Manufacturing	16,443,100	2.261%
Agricultural	148,500	0.020%
Undeveloped	109,500	0.015%
Ag Forest	28,800	0.004%
Forest	2,236,800	0.308%
Other	635,600	0.087%
Personal Property ³	0	0.000%
Total	<u>\$727,309,400</u>	<u>100.000%</u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value ²	Percent Increase/Decrease in Equalized Value
2020	\$420,903,200	\$467,052,000	-1.88%
2021	469,917,700	443,875,600	-4.96%
2022	468,088,800	549,565,000	23.81%
2023	466,888,500	626,996,800	14.09%
2024	459,453,200	727,309,400	16.00%

Source: Wisconsin Department of Revenue, Bureau of Equalization and Local Government Services Bureau.

¹ The City is located in both Ashland and Bayfield Counties. The valuations herein include Ashland County only, due to the fact the City has no values in Bayfield County.

² Includes tax increment valuation.

³ Personal property has been exempted from taxation as of January 1, 2024 (see "TAX LEVIES AND COLLECTIONS" herein).

LARGER TAXPAYERS

Taxpayer	Type of Business/Property	2023 Equalized Value ¹	Percent of City's Total Equalized Value
Wal-mart	Retail	\$14,662,604	2.34%
Tamarack Health Ashland Medical Center	Hospital	13,446,181	2.14%
Kwik Trip Inc.	Convenience/Gas	6,909,355	1.10%
RTD Ashland-Bia LLC	Commercial Real Estate	6,194,918	0.99%
Ashland Cobblestone LLC	Hotel	6,181,086	0.99%
Zac TDB, LLC (Americinn)	Hotel	5,718,851	0.91%
Miners Inc. (Superone)	Grocery Store	5,615,580	0.90%
C.G. Bretting Mfg. Co.	Machinery Manufacturer	5,426,496	0.87%
St. Luke's Hospital of Duluth	Medical Clinic	5,055,445	0.81%
Yellow Company, LLC (Honda/Toyota)	Auto Dealership	<u>4,474,361</u>	<u>0.71%</u>
Total		\$73,684,877	11.75%

City's Total 2023 Equalized Value² \$626,996,800

Source: The City.

DEBT

DIRECT DEBT³

General Obligation Debt (see schedules following)

Total General Obligation Debt (includes the Notes)* \$16,174,056

Revenue Debt (see schedules following)

Total revenue debt secured by sewerage revenues \$4,316,435

Total revenue debt secured by water revenues \$15,710,041

*Preliminary, subject to change.

¹ Calculated by dividing the 2023 Assessed Values by the 2023 Aggregate Ratio of assessment for the City. Information for 2024 is not yet available.

² Includes tax increment valuation.

³ Outstanding debt is as of the dated date of the Notes.

DEBT PAYMENT HISTORY

The City has no record of default in the payment of principal and interest on its debt.

FUTURE FINANCING

The City plans to issue an approximately \$260,000 taxable general obligation note in December 2024 and an approximately \$551,000 taxable general obligation note in 2025 for capital projects. The City also expects to borrow in 2025 for water system projects through Safe Drinking Water Fund loans in the aggregate amount of approximately \$715,000 (after expected principal forgiveness) and for sewerage system projects through a Clean Water Fund loan in the approximate amount of \$165,000 (after expected principal forgiveness). Aside from the preceding, the City has no current plans for additional financing in the next 12 months.

DEBT LIMIT

The constitutional and statutory general obligation debt limit for Wisconsin municipalities, including towns, cities, villages, and counties (Article XI, Section 3 of the Wisconsin Constitution and Section 67.03, Wisconsin Statutes) is 5% of the current equalized value.

Equalized Value	\$727,309,400
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$36,365,470
Less: General Obligation Debt*	<u>(16,174,056)</u>
Unused Debt Limit*	<u><u>\$20,191,414</u></u>

*Preliminary, subject to change.

City of Ashland, Wisconsin
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 11/26/2024)

	Corporate Purpose Bonds Series 2015A		Promissory Note Series 2015B		Promissory Notes Series 2017B		State Trust Fund Loan		Taxable Promissory Note Series 2020A	
Dated	04/01/2015		12/29/2015		12/07/2017		09/05/2018		04/16/2020	
Amount	\$4,470,000		\$890,000		\$2,065,000		\$550,000		\$410,000	
Maturity	10/01		10/01		12/01		03/15		04/01	
	Final Maturity 04/01									
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	0	0	0	0	180,000	8,786	0	0	0	0
2025	355,000	74,481	127,000	3,289	185,000	12,173	64,515	10,958	40,000	7,123
2026	180,000	63,831			190,000	8,473	67,095	8,377	41,000	6,023
2027	185,000	58,431			195,000	4,388	69,779	5,694	43,000	4,895
2028	190,000	52,881					72,562	2,910	44,000	3,713
2029	195,000	47,181							45,000	2,503
2030	200,000	41,331							46,000	1,265
2031	210,000	35,331								
2032	215,000	29,031								
2033	220,000	22,313								
2034	230,000	15,438								
2035	245,000	3,981								
2036										
2037										
2038										
2039										
2040										
2041										
2042										
2043										
2044										
	2,425,000	444,231	127,000	3,289	750,000	33,819	273,951	27,940	259,000	25,520

--Continued on next page

City of Ashland, Wisconsin
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 11/26/2024)

	Promissory Note Series 2020B		Promissory Note Series 2020C		State Trust Fund Loan		Promissory Notes Series 2023A		Promissory Notes Series 2024A							
Dated Amount	04/16/2020 \$700,000		05/27/2020 \$6,545,000		02/23/2022 \$70,000		12/19/2023 \$2,505,000		11/26/2024 \$4,340,000*							
Maturity	04/01		05/01		03/15		12/01		12/01 Final Maturity 06/01							
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2024	0	0	0	0	0	0	105,000	106,994	0	0	285,000	115,780	400,780	15,889,056	1.76%	2024
2025	69,000	9,943	400,000	95,500	7,322	1,683	20,000	107,375	200,000	188,533	1,467,837	511,057	1,978,894	14,421,219	10.84%	2025
2026	71,000	8,376	410,000	87,860	7,542	1,463	465,000	106,375	80,000	178,750	1,511,637	469,528	1,981,166	12,909,582	20.18%	2026
2027	72,000	6,765	420,000	80,029	7,768	1,237	235,000	83,125	130,000	175,910	1,357,547	420,473	1,778,021	11,552,034	28.58%	2027
2028	74,000	5,130	435,000	72,007	7,999	1,007	280,000	71,375	175,000	171,425	1,278,561	380,448	1,659,009	10,273,473	36.48%	2028
2029	75,000	3,450	445,000	63,699	8,241	764	275,000	57,375	195,000	165,388	1,238,241	340,359	1,578,601	9,035,232	44.14%	2029
2030	77,000	1,748	2,890,000	55,199	8,489	517	245,000	45,000	180,000	158,660	3,646,489	303,720	3,950,209	5,388,743	66.68%	2030
2031					8,743	262	290,000	35,200	185,000	152,450	693,743	223,244	916,987	4,695,000	70.97%	2031
2032							300,000	23,600	190,000	146,068	705,000	198,699	903,699	3,990,000	75.33%	2032
2033							290,000	11,600	195,000	139,418	705,000	173,330	878,330	3,285,000	79.69%	2033
2034									205,000	132,398	435,000	147,835	582,835	2,850,000	82.38%	2034
2035									215,000	124,813	460,000	128,794	588,794	2,390,000	85.22%	2035
2036									220,000	116,750	220,000	116,750	336,750	2,170,000	86.58%	2036
2037									230,000	107,620	230,000	107,620	337,620	1,940,000	88.01%	2037
2038									240,000	97,615	240,000	97,615	337,615	1,700,000	89.49%	2038
2039									270,000	86,815	270,000	86,815	356,815	1,430,000	91.16%	2039
2040									280,000	73,990	280,000	73,990	353,990	1,150,000	92.89%	2040
2041									280,000	60,270	280,000	60,270	340,270	870,000	94.62%	2041
2042									290,000	46,130	290,000	46,130	336,130	580,000	96.41%	2042
2043									270,000	31,050	270,000	31,050	301,050	310,000	98.08%	2043
2044									310,000	8,370	310,000	8,370	318,370	0	100.00%	2044
	438,000	35,412	5,000,000	454,294	56,105	6,934	2,505,000	648,019	4,340,000	2,362,420	16,174,056	4,041,878	20,215,933			

* Preliminary, subject to change.

City of Ashland, Wisconsin
Schedule of Bonded Indebtedness
Revenue Debt Secured by Sewerage Revenues
(As of 11/26/2024)

Sewerage System Revenue Bonds Series 2014			Sewerage System Revenue Bonds Series 2016		Sewerage System Mortgage Revenue Bonds		Sewerage System Revenue Bonds Series 2022		Sewerage System Revenue Bonds Series 2022B	
Dated	12/23/2014		12/14/2016		08/10/2018		02/23/2022		10/26/2022	
Amount	\$581,416		\$193,550		\$960,000		\$623,081		\$1,438,200	
Maturity	05/01		05/01		05/01		05/01		05/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	30,295	8,563	9,456	2,388	15,400	22,184	18,697	5,477	41,407	18,638
2026	31,090	7,757	9,642	2,200	15,900	21,734	18,878	5,294	41,967	18,074
2027	31,906	6,931	9,831	2,010	16,300	21,271	19,062	5,110	42,535	17,502
2028	32,744	6,082	10,023	1,815	16,800	20,795	19,246	4,924	43,110	16,923
2029	33,603	5,211	10,220	1,617	17,300	20,305	19,433	4,737	43,693	16,336
2030	34,485	4,318	10,420	1,414	17,800	19,801	19,622	4,547	44,285	15,740
2031	35,391	3,400	10,624	1,208	18,300	19,282	19,812	4,356	44,884	15,137
2032	36,320	2,459	10,833	998	18,900	18,747	20,004	4,163	45,491	14,526
2033	37,273	1,493	11,045	783	19,400	18,196	20,198	3,968	46,107	13,906
2034	38,251	502	11,261	565	20,000	17,630	20,394	3,771	46,730	13,278
2035			11,482	342	20,500	17,048	20,592	3,572	47,363	12,642
2036			11,707	115	21,100	16,450	20,792	3,372	48,003	11,996
2037					21,800	15,833	20,993	3,169	48,653	11,343
2038					22,400	15,198	21,197	2,964	49,311	10,680
2039					23,100	14,544	21,403	2,758	49,978	10,008
2040					23,700	13,871	21,610	2,549	50,655	9,327
2041					24,400	13,179	21,820	2,339	51,340	8,637
2042					25,100	12,468	22,031	2,126	52,035	7,938
2043					25,900	11,735	22,245	1,911	52,739	7,229
2044					26,600	10,980	22,461	1,694	53,452	6,511
2045					27,400	10,204	22,679	1,475	54,175	5,783
2046					28,200	9,405	22,899	1,254	54,908	5,045
2047					29,000	8,582	23,121	1,031	55,651	4,297
2048					29,900	7,736	23,345	806	56,404	3,539
2049					30,700	6,865	23,572	578	57,167	2,771
2050					31,600	5,969	23,800	349	57,941	1,992
2051					32,600	5,046	24,031	117	58,725	1,203
2052					33,500	4,096			59,519	403
2053					34,500	3,118				
2054					35,500	2,112				
2055					36,500	1,077				
2056					19,216	276				
	341,358	46,717	126,544	15,455	779,316	405,736	573,936	78,414	1,398,227	281,403

--Continued on next page

City of Ashland, Wisconsin
Schedule of Bonded Indebtedness continued
Revenue Debt Secured by Sewerage Revenues
(As of 11/26/2024)

Sewerage System Revenue Bonds 1) Series 2024								
Dated	07/10/2024							
Amount	\$1,097,053							
Maturity	05/01							
Calendar Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2025	29,891	14,641	145,146	71,890	217,036	4,171,289	3.36%	2025
2026	30,295	14,234	147,772	69,294	217,066	4,023,517	6.79%	2026
2027	30,705	13,821	150,338	66,645	216,983	3,873,178	10.27%	2027
2028	31,121	13,403	153,044	63,943	216,987	3,720,134	13.81%	2028
2029	31,542	12,979	155,791	61,184	216,976	3,564,342	17.42%	2029
2030	31,969	12,549	158,580	58,370	216,950	3,405,762	21.10%	2030
2031	32,401	12,114	161,412	55,497	216,909	3,244,350	24.84%	2031
2032	32,840	11,672	164,387	52,565	216,952	3,079,964	28.65%	2032
2033	33,284	11,225	167,306	49,573	216,879	2,912,657	32.52%	2033
2034	33,734	10,772	170,371	46,518	216,889	2,742,286	36.47%	2034
2035	34,191	10,312	134,127	43,916	178,043	2,608,158	39.58%	2035
2036	34,653	9,847	136,255	41,779	178,035	2,471,903	42.73%	2036
2037	35,122	9,374	126,568	39,719	166,288	2,345,335	45.67%	2037
2038	35,597	8,896	128,505	37,738	166,244	2,216,829	48.64%	2038
2039	36,079	8,411	130,560	35,721	166,281	2,086,269	51.67%	2039
2040	36,567	7,920	132,532	33,667	166,199	1,953,738	54.74%	2040
2041	37,062	7,422	134,622	31,577	166,199	1,819,116	57.86%	2041
2042	37,563	6,917	136,729	29,449	166,178	1,682,387	61.02%	2042
2043	38,072	6,405	138,955	27,280	166,236	1,543,432	64.24%	2043
2044	38,587	5,887	141,100	25,072	166,172	1,402,332	67.51%	2044
2045	39,109	5,361	143,363	22,823	166,186	1,258,969	70.83%	2045
2046	39,638	4,828	145,645	20,532	166,177	1,113,324	74.21%	2046
2047	40,174	4,288	147,946	18,199	166,145	965,378	77.63%	2047
2048	40,718	3,741	150,367	15,821	166,188	815,011	81.12%	2048
2049	41,269	3,186	152,708	13,400	166,107	662,303	84.66%	2049
2050	41,827	2,624	155,168	10,934	166,102	507,135	88.25%	2050
2051	42,393	2,055	157,749	8,420	166,168	349,387	91.91%	2051
2052	42,966	1,477	135,986	5,976	141,961	213,401	95.06%	2052
2053	43,548	892	78,048	4,010	82,058	135,353	96.86%	2053
2054	44,137	299	79,637	2,411	82,048	55,716	98.71%	2054
2055			36,500	1,077	37,577	19,216	99.55%	2055
2056			19,216	276	19,492	0	100.00%	2056
	1,097,053	237,551	4,316,435	1,065,275	5,381,710			

1) Pursuant to the Wisconsin Capital Finance Office, Project No. 4525-21, the amount of disbursements as of October 2, 2024, is \$164,882.55. The schedule shown assumes the full amount will be drawn.

City of Ashland, Wisconsin
Schedule of Bonded Indebtedness
Revenue Debt Secured by Water Revenues
(As of 11/26/2024)

	Water System Revenue Bonds Series 2008		Water System Revenue Bonds Series 2009		Water System Mortgage Revenue Bonds		Water System Revenue Refunding Bonds Series 2017A		Water System Revenue Bonds Series 2023B	
Dated	04/23/2008		04/22/2009		12/23/2016		05/11/2017		12/28/2023	
Amount	\$442,199		\$345,702		\$1,883,000		\$3,315,000		\$1,585,000	
Maturity	05/01		05/01		05/01		05/01		05/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	25,610	924	19,939	1,148	37,000	29,764	140,000	79,025	55,000	59,700
2026	25,973	558	20,258	826	37,700	29,063	145,000	75,460	55,000	57,500
2027	26,342	187	20,582	500	38,400	28,350	150,000	71,513	60,000	55,200
2028			20,912	167	39,100	27,623	150,000	67,275	60,000	52,800
2029					39,800	26,884	155,000	62,775	65,000	50,300
2030					40,600	26,130	160,000	57,930	65,000	47,700
2031					41,400	25,361	165,000	52,688	70,000	45,000
2032					42,200	24,578	170,000	47,075	70,000	42,200
2033					42,900	23,780	180,000	41,035	75,000	39,300
2034					43,800	22,967	185,000	34,555	80,000	36,200
2035					44,600	22,138	190,000	27,710	80,000	33,000
2036					45,400	21,294	200,000	20,395	85,000	29,700
2037					46,300	20,435	205,000	12,598	90,000	26,200
2038					47,200	19,558	215,000	4,300	90,000	22,600
2039					48,100	18,665			95,000	18,900
2040					49,000	17,754			100,000	15,000
2041					49,900	16,827			105,000	10,900
2042					50,800	15,883			110,000	6,600
2043					51,800	14,921			110,000	2,200
2044					52,800	13,941				
2045					53,800	12,941				
2046					54,800	11,923				
2047					55,800	10,886				
2048					56,900	9,830				
2049					58,000	8,753				
2050					59,100	7,655				
2051					60,200	6,536				
2052					61,300	5,397				
2053					62,500	4,237				
2054					63,700	3,053				
2055					64,900	1,848				
2056					66,100	620				
	77,925	1,669	81,690	2,642	1,605,900	529,595	2,410,000	654,333	1,520,000	651,000

--Continued on next page

City of Ashland, Wisconsin
Schedule of Bonded Indebtedness continued
Revenue Debt Secured by Water Revenues
(As of 11/26/2024)

Water System Revenue Bonds 1) Series 2024			Water System Revenue Bonds 2) Series 2024B							
Dated Amount	07/10/2024 \$847,920		10/09/2024 \$9,166,606							
Maturity	05/01		05/01							
Calendar Year Ending	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2025	23,103	11,316	0	144,443	300,651	326,320	626,971	15,409,390	1.91%	2025
2026	23,416	11,001	255,204	134,229	562,550	308,639	871,189	14,846,839	5.49%	2026
2027	23,732	10,682	258,993	130,411	578,050	296,843	874,892	14,268,790	9.17%	2027
2028	24,054	10,359	262,839	126,537	556,904	284,762	841,666	13,711,885	12.72%	2028
2029	24,379	10,032	266,743	122,605	550,921	272,595	823,516	13,160,964	16.23%	2029
2030	24,709	9,699	270,704	118,614	561,012	260,073	821,086	12,599,951	19.80%	2030
2031	25,043	9,363	274,724	114,564	576,167	246,976	823,143	12,023,785	23.46%	2031
2032	25,382	9,022	278,803	110,454	586,385	233,328	819,714	11,437,399	27.20%	2032
2033	25,725	8,676	282,943	106,283	606,569	219,074	825,643	10,830,831	31.06%	2033
2034	26,073	8,326	287,145	102,050	622,019	204,098	826,116	10,208,812	35.02%	2034
2035	26,426	7,970	291,409	97,755	632,435	188,573	821,009	9,576,376	39.04%	2035
2036	26,784	7,610	295,737	93,395	652,920	172,395	825,315	8,923,456	43.20%	2036
2037	27,146	7,246	300,128	88,971	668,575	155,449	824,023	8,254,881	47.45%	2037
2038	27,513	6,876	304,585	84,481	684,299	137,815	822,113	7,570,583	51.81%	2038
2039	27,886	6,501	309,108	79,924	480,094	123,990	604,084	7,090,489	54.87%	2039
2040	28,263	6,121	313,699	75,300	490,962	114,175	605,137	6,599,527	57.99%	2040
2041	28,645	5,736	318,357	70,607	501,902	104,070	605,973	6,097,625	61.19%	2041
2042	29,033	5,346	323,085	65,844	512,918	93,673	606,591	5,584,707	64.45%	2042
2043	29,426	4,951	327,883	61,011	519,108	83,082	602,191	5,065,599	67.76%	2043
2044	29,824	4,550	332,752	56,105	415,375	74,596	489,971	4,650,223	70.40%	2044
2045	30,227	4,143	337,693	51,127	421,720	68,212	489,932	4,228,503	73.08%	2045
2046	30,636	3,732	342,708	46,075	428,144	61,730	489,874	3,800,359	75.81%	2046
2047	31,051	3,314	347,797	40,948	434,648	55,149	489,797	3,365,711	78.58%	2047
2048	31,471	2,891	352,962	35,745	441,333	48,466	489,799	2,924,378	81.39%	2048
2049	31,897	2,463	358,203	30,465	448,100	41,680	489,780	2,476,278	84.24%	2049
2050	32,328	2,028	363,522	25,106	454,951	34,789	489,740	2,021,328	87.13%	2050
2051	32,766	1,588	368,921	19,668	461,887	27,792	489,678	1,559,441	90.07%	2051
2052	33,209	1,142	374,399	14,148	468,908	20,687	489,596	1,090,533	93.06%	2052
2053	33,658	689	379,959	8,547	476,117	13,473	489,591	614,415	96.09%	2053
2054	34,114	231	385,601	2,863	483,415	6,147	489,563	131,000	99.17%	2054
2055					64,900	1,848	66,748	66,100	99.58%	2055
2056					66,100	620	66,720	0	100.00%	2056
	847,920	183,605	9,166,606	2,258,276	15,710,041	4,281,119	19,991,160			

1) Pursuant to the Wisconsin Capital Finance Office, Project No. 4759-24, the amount of disbursements as of October 2, 2024, is \$650,793.46. The schedule shown assumes the full amount will be drawn.

2) Pursuant to the Wisconsin Capital Finance Office, Project No. 4759-27, the amount of disbursements as of October 9, 2024, is \$174,888.90. The schedule shown assumes the full amount will be drawn.

OVERLAPPING DEBT¹

Taxing District	Equalized Value ²	% In City	Total G.O. Debt ³	City's Proportionate Share
Ashland County	\$1,906,306,400	38.1528%	\$1,029,391	\$392,741
Ashland School District	1,187,317,619	61.2565%	21,650,000	13,262,032
Northwood Technical College	61,769,000,688	1.1775%	34,765,000	<u>409,358</u>
City's Share of Total Overlapping Debt				<u><u>\$14,064,132</u></u>

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value \$727,309,400	Debt/ Per Capita 7,775 ⁴
Total General Obligation Debt*	\$16,174,056	2.22%	\$2,080.26
City's Share of Total Overlapping Debt	<u>14,064,132</u>	<u>1.93%</u>	<u>1,808.89</u>
Total*	\$30,238,188	4.16%	\$3,889.16

*Preliminary, subject to change.

¹ Overlapping debt is as of the dated date of the Notes. Only those taxing jurisdictions with general obligation debt outstanding are included in this section.

² Includes tax increment valuation.

³ Outstanding debt based on information obtained on EMMA and the Municipal Advisor's records.

⁴ Estimated 2024 population.

TAX LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Tax Year	Levy for City Purposes Only	% Collected	Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000
2019/20	\$3,926,413	100%	\$8.74
2020/21	4,173,862	100%	9.42
2021/22	4,513,702	100%	10.75
2022/23	4,508,338	100%	8.64
2023/24	4,526,309	100%	7.65

Property tax statements are distributed to taxpayers by the town, village, and city treasurers in December of the levy year. Current state law requires counties to pay 100% of the real property taxes levied to cities, villages, towns, school districts and other taxing entities on or about August 20 of the collection year.

Personal property taxes, special assessments, special charges and special taxes must be paid to the town, city or village treasurer in full by January 31, unless the municipality, by ordinance, permits special assessments to be paid in installments. Real property taxes must be paid in full by January 31 or in two equal installments by January 31 and July 31. Alternatively, municipalities may adopt a payment plan which permits real property taxes to be paid in three or more equal installments, provided that the first installment is paid by January 31, one-half of the taxes are paid by April 30 and the remainder is paid by July 31. Amounts paid on or before January 31 are paid to the town, city or village treasurer. Amounts paid after January 31, are paid to the county treasurer unless the municipality has authorized payment in three or more installments in which case payment is made to the town, city or village treasurer. On or before January 15 and February 20 the town, city or village treasurer settles with other taxing jurisdictions for all collections through December and January, respectively. In municipalities which have authorized the payment of real property taxes in three or more installments, the town, city or village treasurer settles with the other taxing jurisdictions on January 15, February 20 and on the fifteenth day of each month following the month in which an installment payment is required. On or before August 20, the county treasurer must settle in full with the underlying taxing districts for all real property taxes and special taxes. Any county board may authorize its county treasurer to also settle in full with the underlying taxing districts for all special assessments and special charges. The county may then recover any tax delinquencies by enforcing the lien on the property and retain any penalties or interest on the delinquencies for which it has settled. Uncollected personal property taxes owed by an entity that has ceased operations or filed a petition for bankruptcy, or are due on personal property that has been removed from the next assessment roll are collected from each taxing entity in the year following the levy year. The personal property tax has been repealed, starting with the property tax assessments as of January 1, 2024. Beginning in 2025, the personal property tax has been replaced with a payment from the State intended to replace the amount of property taxes imposed on personal property for the property tax assessments as of January 1, 2023.

PROPERTY TAX RATES

Full value rates for property taxes expressed in dollars per \$1,000 of equalized value (excluding tax increment valuation) that have been collected in recent years have been as follows:

Year Levied/ Year Collected	Schools¹	County	Local	Total
2019/20	\$9.20	\$6.44	\$8.74	\$24.38
2020/21	9.06	6.61	9.42	25.09
2021/22	9.01	6.94	10.75	26.70
2022/23	7.78	5.90	8.64	22.32
2023/24	7.27	5.35	7.65	20.27

Source: Property Tax Rates were extracted from Statement of Taxes prepared by the Wisconsin Department of Revenue, Division of State and Local Finance.

LEVY LIMITS

Section 66.0602 of the Wisconsin Statutes, imposes a limit on property tax levies by cities, villages, towns and counties. No city, village, town or county is permitted to increase its tax levy by a percentage that exceeds its valuation factor (which is defined as a percentage equal to the greater of either the percentage change in the political subdivision's January 1 equalized value due to new construction less improvements removed between the previous year and the current or zero percent; for a tax incremental district created after December 31, 2024, the valuation factor includes 90% of the equalized value increase due to new construction that is located in a tax incremental district, but does not include any improvements removed in a tax incremental district). The base amount in any year to which the levy limit applies is the actual levy for the immediately preceding year. In 2018, and in each year thereafter, the base amount is the actual levy for the immediately preceding year plus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes (an amount equal to the property taxes formerly levied on certain items of personal property), and the levy limit is the base amount multiplied by the valuation factor, minus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes. This levy limitation is an overall limit, applying to levies for operations as well as for other purposes.

A political subdivision that did not levy its full allowable levy in the prior year can carry forward the difference between the allowable levy and the actual levy, up to a maximum of 1.5% of the prior year's actual levy. The use of the carry forward levy adjustment needs to be approved by a majority vote of the political subdivision's governing body (except in the case of towns) if the amount of carry forward levy adjustment is less than or equal to 0.5% and by a super majority vote of the political subdivision's governing body (three-quarters vote if the governing body is comprised of five or more members, two-thirds vote if the governing body is comprised of fewer than five members) (except in the case of towns) if the amount of the carry forward levy adjustment is greater than 0.5% up to the maximum increase of 1.5%. For towns, the use of the carry forward levy adjustment needs to be approved by a majority vote of the annual town meeting or special town meeting after the town board has adopted a resolution in favor of the adjustment by a majority vote if the amount of carry forward levy adjustment is less than or equal to 0.5% or by two-thirds vote or more if the amount of carry forward levy adjustment is greater than 0.5% up to the maximum of 1.5%.

Beginning with levies imposed in 2015, if a political subdivision does not make an adjustment in its levy as described in the above paragraph in the current year, the political subdivision may increase its levy by the aggregate amount

¹ The Schools tax rate reflects the composite rate of all local school districts and technical college district.

of the differences between the political subdivision's valuation factor in the previous year and the actual percent increase in a political subdivision's levy attributable to the political subdivision's valuation factor in the previous year, for the five years before the current year, less any amount of such aggregate amount already claimed as an adjustment in any of the previous five years. The calculation of the aggregate amount available for such adjustment may not include any year before 2014, and the maximum adjustment allowed may not exceed 5%. The use of the adjustment described in this paragraph requires approval by a two-thirds vote of the political subdivision's governing body, and the adjustment may only be used if the political subdivision's level of outstanding general obligation debt in the current year is less than or equal to the political subdivision's level of outstanding general obligation debt in the previous year.

Special provisions are made with respect to property taxes levied to pay general obligation debt service. Those are described below. In addition, the statute provides for certain other adjustments to and exclusions from the tax levy limit. Among the exclusions, Section 66.0602(3)(e)5. of the Wisconsin Statutes provides that the levy limit does not apply to "the amount that a political subdivision levies in that year to make up any revenue shortfall for the debt service on a revenue bond issued under Section 66.0621 by that political subdivision." Recent positions taken by the Wisconsin Department of Revenue ("DOR") call into question the availability of this exception if the revenue shortfall is planned or ongoing. To date, such DOR positions have not been expressed formally in a declaratory ruling under Section 227.41(5)(a) of the Wisconsin Statutes, nor have they been the subject of any court challenge or resulting court ruling.

With respect to general obligation debt service, the following provisions are made:

(a) If a political subdivision's levy for the payment of general obligation debt service, including debt service on debt issued or reissued to fund or refund outstanding obligations of the political subdivision and interest on outstanding obligations of the political subdivision, on debt originally issued before July 1, 2005, is less in the current year than in the previous year, the political subdivision is required to reduce its levy limit in the current year by the amount of the difference between the previous year's levy and the current year's levy.

(b) For obligations authorized before July 1, 2005, if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, the levy limit is increased by the difference between the two amounts. This adjustment is based on scheduled debt service rather than the amount actually levied for debt service (after taking into account offsetting revenues such as sales tax revenues, special assessments, utility revenues, tax increment revenues or surplus funds). Therefore, the levy limit could negatively impact political subdivisions that experience a reduction in offsetting revenues.

(c) The levy limits do not apply to property taxes levied to pay debt service on general obligation debt authorized on or after July 1, 2005.

The Notes were authorized after July 1, 2005 and therefore the levy limits do not apply to taxes levied to pay debt service on the Notes.

REVENUE FROM THE STATE

In addition to local property taxes described above, a number of state programs exist which provide revenue to the City. One such program is commonly known as shared revenue which, pursuant to sec. 79.036, Wis. Stats., provides funding to the City that can be used for any public purpose. Chapter 79, Wis. Stats. includes other revenue sharing programs, which each have their own requirements. 2023 Wisconsin Act 12 ("Act 12") created a supplement to shared revenue, with payments to the City beginning in 2024. This supplemental shared revenue may be used only for the purposes specified in section 79.037, Wis. Stats. In 2024, the City is expected to receive approximately \$4.8 in shared revenue under Chapter 79, Wis. Stats., an increase from the approximately \$4.0 received in 2023. The Village is currently estimated to receive approximately \$4.9 million in shared revenue under Chapter 79, Wis. Stats. in 2025. In future years, the amount of supplemental shared revenue could grow if State sales tax collections grow.

THE ISSUER

CITY GOVERNMENT

The City was incorporated in 1887 and is governed by a Mayor and a seven-member Common Council. All Council Members are elected to two-year terms. The appointed City Administrator, Finance Director, City Treasurer/Comptroller and City Clerk are responsible for administrative details and financial records.

EMPLOYEES; PENSIONS

The City employs a staff of 97 full-time, five (5) part-time, and 30 seasonal employees. All eligible employees in the City are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes ("Chapter 40"). The WRS is a cost-sharing multiple-employer defined benefit pension plan. The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

City employees are generally required to contribute half of the actuarially determined contributions, and the City generally may not pay the employees' required contribution. During the fiscal year ended December 31, 2021 ("Fiscal Year 2021"), the fiscal year ended December 31, 2022 ("Fiscal Year 2022") and the fiscal year ended December 31, 2023 ("Fiscal Year 2023"), the City's portion of contributions to WRS (not including any employee contributions) totaled \$636,640, \$524,484 and \$600,448, respectively.

Governmental Accounting Standards Board Statement No. 68 ("GASB 68") requires calculation of a net pension liability for the pension plan. The net pension liability is calculated as the difference between the pension plan's total pension liability and the pension plan's fiduciary net position. The pension plan's total pension liability is the present value of the amounts needed to pay pension benefits earned by each participant in the pension plan based on the service provided as of the date of the actuarial valuation. In other words, it is a measure of the present value of benefits owed as of a particular date based on what has been earned only up to that date, without taking into account any benefits earned after that date. The pension plan's fiduciary net position is the market value of plan assets formally set aside in a trust and restricted to paying pension plan benefits. If the pension plan's total pension liability exceeds the pension plan's fiduciary net position, then a net pension liability results. If the pension plan's fiduciary net position exceeds the pension plan's total pension liability, then a net pension asset results.

As of December 31, 2022, the total pension liability of the WRS was calculated as \$123.7 billion and the fiduciary net position of the WRS was calculated as \$118.4 billion, resulting in a net pension liability of \$5.3 billion.

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, for Fiscal Year 2023, the City reported a liability of \$2,697,375 for its proportionate share of the net pension liability of the WRS. The net pension liability was measured as of December 31, 2022 based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. The City's proportion was 0.05091593% of the aggregate WRS net pension liability as of December 31, 2022.

The calculation of the total pension liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of net pension liability of the WRS, which may also cause the ETF Board to change the contribution requirements for employers and employees. For more detailed information regarding the WRS and such actuarial assumptions, see Note 4 "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

Recognized and Certified Bargaining Units

All eligible City personnel are covered by the Municipal Employment Relations Act ("MERA") of the Wisconsin Statutes. Pursuant to that law, employees have rights to organize and collectively bargain with municipal employers. MERA was amended by 2011 Wisconsin Act 10 (the "Act") and by 2011 Wisconsin Act 32, which altered the collective bargaining rights of public employees in Wisconsin.

As a result of the 2011 amendments to MERA, the City is prohibited from bargaining collectively with municipal employees, other than public safety and transit employees, with respect to any factor or condition of employment except total base wages. Even then, the City is limited to increasing total base wages beyond any increase in the consumer price index since 180 days before the expiration of the previous collective bargaining agreement (unless City were to seek approval for a higher increase through a referendum). Ultimately, the City can unilaterally implement the wages for a collective bargaining unit.¹

Under the changes to MERA, impasse resolution procedures were removed from the law for municipal employees of the type employed by the City, including binding interest arbitration. Strikes by any municipal employee or labor organization are expressly prohibited. Furthermore, if strikes do occur, they may be enjoined by the courts. Additionally, because the only legal subject of bargaining is total base wages, all bargaining over items such as just cause, benefits, and terms of conditions of employment are prohibited and cannot be included in a collective bargaining agreement. Impasse resolution for public safety employees and transit employees is subject to final and binding arbitration procedures, which do not include a right to strike. Interest arbitration is available for transit employees if certain conditions are met.

The following bargaining units represent employees of the City:

Bargaining Unit	Expiration Date of Current Contract
International Association of Fire Fighters	December 31, 2025
Ashland Professional Police Association	December 31, 2025

¹ On July 3, 2024, a Wisconsin circuit court judge issued a decision in the case *Abbotsford Education Association vs. Wisconsin Employment Relations Commission, Case No. 2023CV003152*, denying the Wisconsin State Legislature’s intervening motion to dismiss the plaintiffs’ challenge to the different classifications the Act created regarding collective bargaining rights. The court’s order denying the motion to dismiss states that the Act violates the equal protection clause of the Wisconsin Constitution and declares those provisions of the Act relating to collective bargaining modifications unconstitutional and void. The decision further instructs the parties to make additional filings to the court as to whether the court should issue judgment on the pleadings in light of the court’s order or take some other action to bring the case to a final judgment. In the event that a final judgment is entered to the same effect, it is expected that the decision would be appealed. No guarantee can be made regarding the future outcome of the case or any subsequent appeals.

OTHER POST EMPLOYMENT BENEFITS

The City provides "other post-employment benefits" ("OPEB") (i.e., post-employment benefits, other than pension benefits, owed to its employees and former employees) to employees who have terminated their employment with the City and have satisfied specified eligibility standards through a single-employer defined benefit plan. Except for a limited number of certain eligible employees, eligible retirees may remain on the City's group health plan but must pay 100% of the premiums. Membership of the plan consisted of 17 retirees receiving benefits and 43 active eligible plan members as of December 31, 2023, the date of the latest actuarial valuation.

OPEB calculations are required to be updated every three years and prepared in accordance with Statement No. 75 of the Governmental Accounting Standards Board. An actuarial study was last completed for the City by Nyhart in July 2024 with an actuarial valuation date of December 31, 2023.

For Fiscal Year 2023, benefit payments for the plan totaled \$173,087. The City's current funding practice is to pay the amount of benefits due in a given year on a "pay-as-you-go" basis.

Under GASB 75, a net OPEB liability (or asset) is calculated as the difference between the plan's total OPEB liability and the plan's fiduciary net position, which terms have similar meanings as under GASB 68 for pension plans.

As of December 31, 2023, the plan's total OPEB liability was \$2,344,802 and the plan fiduciary net position was \$0, resulting in a net OPEB liability of \$2,344,802.

The calculation of the total OPEB liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. For more detailed information, see Note 4 in "APPENDIX A -FINANCIAL STATEMENTS" attached hereto.

LITIGATION

There is no litigation threatened or pending questioning the organization or boundaries of the City or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Notes or otherwise questioning the validity of the Notes.

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Wisconsin law contains no express authority for municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code.

Nevertheless, there can be no assurance (a) that State law will not change in the future, while the Notes are outstanding, in a way that would allow the City to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the City to file for relief under Chapter 9. If, in the future, the City were to file a bankruptcy case under Chapter 9, the relevant bankruptcy court would need to consider whether the City could properly do so, which would involve questions regarding State law authority as well as other questions such as whether the City is a municipality for bankruptcy purposes. If the relevant bankruptcy court concluded that the City could properly file a bankruptcy case, and that determination was not reversed, vacated, or otherwise substantially altered on appeal, then the rights of holders of the Notes could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Notes, and there could ultimately be no assurance that holders of the Notes would be paid in full or in part on the Notes. Further, under such circumstances, there could be no assurance that the Notes would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Notes could be viewed as having no priority (a) over claims of other creditors of the City; (b) to any particular assets of the City, or (c) to revenues otherwise designated for payment to holders of the Notes.

Moreover, if the City were determined not to be a "municipality" for the purposes of the Bankruptcy Code, no representations can be made regarding whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors. In any such case, there can be no assurance that the consequences described above for the holders of the Notes would not occur.

FUNDS ON HAND (as of August 31, 2024)

Fund	Total Cash and Investments
General	\$2,552,047
Special Revenue	1,973,150
Debt Service	1,144,668
Capital Projects	1,933,106
Internal Service Funds	508,731
Enterprise Funds	1,000,014
Enterprise Funds Debt Service Reserve	721,898
Enterprise Funds Equipment Replacement	<u>1,719,921</u>
Total Funds on Hand	<u><u>\$11,553,535</u></u>

ENTERPRISE FUNDS

Revenues available for debt service for the City's enterprise funds have been as follows as of December 31 each year:

	2021 Audited	2022 Audited	2023 Audited
Water			
Total Operating Revenues	\$2,343,756	\$2,330,664	\$2,358,763
Less: Operating Expenses	<u>(1,489,625)</u>	<u>(1,525,314)</u>	<u>(1,770,185)</u>
Operating Income	\$854,131	\$805,350	\$588,578
Plus: Depreciation	485,153	496,029	496,221
Interest Income	<u>2,796</u>	<u>2,473</u>	<u>3,676</u>
Revenues Available for Debt Service	<u><u>\$1,342,080</u></u>	<u><u>\$1,303,852</u></u>	<u><u>\$1,088,475</u></u>
Sewer			
Total Operating Revenues	\$2,170,438	\$2,177,443	\$2,178,051
Less: Operating Expenses	<u>(2,392,923)</u>	<u>(2,320,825)</u>	<u>(2,670,115)</u>
Operating Income	(\$222,485)	(\$143,382)	(\$492,064)
Plus: Depreciation	843,245	776,203	799,189
Interest Income	<u>3,644</u>	<u>9,518</u>	<u>25,151</u>
Revenues Available for Debt Service	<u><u>\$624,404</u></u>	<u><u>\$642,339</u></u>	<u><u>\$332,276</u></u>

SUMMARY GENERAL FUND INFORMATION

The following are summaries of the revenues and expenditures and fund balances for the City's General Fund. These summaries are not purported to be the complete audited financial statements of the City, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the City. Copies of the complete statements are available upon request. Appendix A includes the 2023 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				2024 Adopted Budget ¹
	2020 Audited	2021 Audited	2022 Audited	2023 Audited	
Revenues					
Taxes	\$2,863,132	\$2,821,406	\$2,953,083	\$2,893,373	\$2,942,185
Intergovernmental	4,699,703	4,676,052	4,796,527	4,857,593	5,622,413
Licenses and permits	167,104	157,768	174,394	209,188	163,010
Fines, forfeitures and penalties	18,882	16,549	14,716	15,342	16,500
Public charges for services	1,519,524	1,599,778	1,776,413	1,908,661	1,814,100
Intergovernmental charges for services	702,142	800,154	821,801	839,104	893,546
Investment income (loss)	22,504	5,122	16,468	54,269	20,000
Miscellaneous	82,113	84,389	68,176	91,158	62,150
Total Revenues	\$10,075,104	\$10,161,218	\$10,621,578	\$10,868,688	\$11,533,904
Expenditures					
Current:					
General government	\$1,993,745	\$1,929,632	\$2,160,416	\$2,037,974	\$2,093,352
Public safety	4,760,554	5,031,307	5,200,342	5,544,354	6,267,593
Public works	1,863,047	1,948,302	2,106,277	2,238,742	2,289,548
Health and human services	145,691	146,584	150,289	153,325	158,525
Leisure activities	489,503	553,527	573,558	665,170	721,551
Conservation and development	183,447	201,651	223,782	237,152	268,600
Total Expenditures	\$9,435,987	\$9,811,003	\$10,414,664	\$10,876,717	\$11,799,169
Excess of revenues over (under) expenditures	\$639,117	\$350,215	\$206,914	(\$8,029)	(\$265,265)
Other Financing Sources (Uses)					
Transfers in	\$400,184	\$458,668	\$398,723	\$371,359	\$513,070
Transfers (out)	(1,025,444)	(647,552)	(1,055,009)	(673,924)	(723,885)
Total Other Financing Sources (Uses)	(625,260)	(188,884)	(656,286)	(302,565)	(210,815)
Net changes in Fund Balances	\$13,857	\$161,331	(\$449,372)	(\$310,594)	(\$476,080)
General Fund Balance January 1	\$4,708,836	\$4,722,693	\$4,884,024	\$4,434,652	
Prior Period Adjustment	0	0	0	0	
General Fund Balance December 31	\$4,722,693	\$4,884,024	\$4,434,652	\$4,124,058	
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	\$1,316,311	\$777,189	\$245,520	\$60,647	
Assigned	145,028	132,284	573,774	198,527	
Unassigned	3,261,354	3,974,551	3,615,358	3,864,884	
Total	\$4,722,693	\$4,884,024	\$4,434,652	\$4,124,058	

¹ The 2024 budget was adopted on November 28, 2023. The City budgeted a use of fund balance to reduce excess fund balance to within the City's fund balance policy.

GENERAL INFORMATION

LOCATION

The City, with a 2020 U.S. Census population of 7,908 and a current estimated population of 7,775 comprises an area of 13.4 square miles and is located on the southern shore of Lake Superior in Northwest Wisconsin.

LARGER EMPLOYERS¹

Larger employers in the City include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Tamarack Health Ashland Medical Center ²	Hospital	750
C G Bretting Mfg Co. Inc.	Paper mill	500
Wal-mart Supercenter	Retail	351
Ashland School District	Elementary and secondary education	300
Northland College	Private Liberal Arts College	219 ³
Ashland County	County government and services	186
Bad River Casino	Casino	138
Court Manor Health & Rehab	Physical therapists	137
The City	Municipal government and services	132
Ashland Health & Rehab Center	Rehabilitation services	100

Source: The City, Data Axle Reference Solutions, written and telephone survey, Wisconsin Manufacturers Register, and the Wisconsin Department of Workforce Development.

¹ This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above.

² Previously known as Memorial Medical Center.

³ Number reported from the College includes students, faculty and staff, regardless of FTE status. In early 2024, the College announced it was facing financial challenges in order to remain open. In spring 2024, the College announced it would remain open following restructuring of its curriculum and operations, including employee reductions, and other fundraising.

BUILDING PERMITS

	2020	2021	2022	2023	2024 ¹
<u>New Single Family Homes</u>					
No. of building permits	4	2	2	7	3
Valuation	\$413,016	\$557,500	\$770,000	\$1,675,000	\$850,000
<u>New Multiple Family Buildings</u>					
No. of building permits	0	0	1	0	0
Valuation	\$0	\$0	\$12,206,578	\$0	\$0
<u>New Commercial/Industrial</u>					
No. of building permits	5	1	0	0	1
Valuation	\$32,797,138	\$2,620,764	\$0	\$0	\$500,000
<u>All Building Permits</u>					
<i>(including additions and remodelings)</i>					
No. of building permits	215	234	260	331	283
Valuation	\$37,788,447	\$18,587,275	\$19,506,921	\$25,120,995	\$18,959,438

Source: The City.

¹ As of September 23, 2024.

U.S. CENSUS DATA

Population Trend: The City

2010 U.S. Census Population	8,216
2020 U.S. Census Population	7,908
Percent of Change 2010 - 2020	-3.75%
2024 Estimated Population	7,775

Income and Age Statistics

	The City	Ashland County	State of Wisconsin	United States
2022 per capita income	\$30,062	\$31,563	\$40,130	\$41,261
2022 median household income	\$47,239	\$57,000	\$72,458	\$75,149
2022 median family income	\$72,993	\$76,282	\$92,974	\$92,646
2022 median gross rent	\$685	\$658	\$992	\$1,268
2022 median value owner occupied units	\$144,100	\$143,500	\$231,400	\$281,900
2022 median age	39.7 yrs.	42.2 yrs.	39.9 yrs.	38.5 yrs.
		State of Wisconsin	United States	
City % of 2022 per capita income		74.91%	72.86%	
City % of 2022 median family income		78.51%	78.79%	

Housing Statistics

	<u>The City</u>		
	2020	2022	Percent of Change
All Housing Units	3,860	3,846	-0.36%

Source: 2010 and 2020 Census of Population and Housing, Wisconsin Demographic Services Center (https://doa.wi.gov/Pages/LocalGovtsGrants/Population_Estimates.aspx) and 2022 American Community Survey (based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov/cedsci>).

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities with populations under 25,000.

Year	<u>Average Employment</u>	<u>Average Unemployment</u>	
	Ashland County	Ashland County	State of Wisconsin
2020	7,017	8.8%	6.4%
2021	7,244	5.2%	3.9%
2022	7,206	3.9%	2.9%
2023 ¹	7,248	3.7%	3.0%
2024, August ¹	7,801	2.9%	2.7%

Source: Wisconsin Department of Workforce Development.

¹ Preliminary.

FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the City's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The City has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Official Statement, nor has the City requested that the Auditor consent to the use of such financial statements in this Official Statement. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the Notes, the City represents that there have been no material adverse changes in the financial position or results of operations of the City, nor has the City incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.

City of Ashland

Financial Statements and
Supplementary Information

December 31, 2023

City of Ashland

Table of Contents
December 31, 2023

	<u>Page</u>
Independent Auditors' Report	1
Basic Financial Statements	
Government-Wide Statements:	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements:	
Balance Sheet - Governmental Funds	6
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	7
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Statement of Net Position - Proprietary Funds	10
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	11
Statement of Cash Flows - Proprietary Funds	12
Statement of Fiduciary Net Position - Fiduciary Fund	14
Statement of Changes in Fiduciary Net Position - Fiduciary Fund	15
Notes to Financial Statements	16
Required Supplementary Information	
Budgetary Comparison Schedule - General Fund	60
Budgetary Comparison Schedule - Special Revenue Fund - Housing Rehab Revolving Loan Fund	64
Schedule of Changes in Total OPEB Liability and Related Ratios	65
Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset) - Wisconsin Retirement System (WRS)	66
Schedule of Employer Contributions - Wisconsin Retirement System (WRS)	66
Notes to Required Supplementary Information	67

City of Ashland

Table of Contents
December 31, 2023

	<u>Page</u>
Supplementary Information	
Combining Balance Sheet - Nonmajor Governmental Funds	69
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	70
Combining Balance Sheet - Nonmajor Special Revenue Funds	71
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	73
Combining Balance Sheet - Nonmajor Capital Projects Funds	75
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds	76
Combining Statement of Net Position - Nonmajor Enterprise Funds	77
Combining Statement of Revenues, Expenses and Changes in Net Position - Nonmajor Enterprise Funds	78
Combining Statement of Cash Flows - Nonmajor Enterprise Funds	79

Independent Auditors' Report

To the City Council of
City of Ashland

Report on the Audit of the Financial Statements

Opinions

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 (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying 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 as of December 31, 2023 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.

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 are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Ashland Ore Dock Charitable Trust were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 opinions on the basic financial statements are 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'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 19, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Eau Claire, Wisconsin
September 19, 2024

City of Ashland

Statement of Net Position
December 31, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Ashland Ore Dock Charitable Trust
Assets				
Cash and investments	\$ 7,811,425	\$ 762,757	\$ 8,574,182	\$ 1,075,653
Taxes receivable	5,329,732	-	5,329,732	-
Special assessments receivable	44,476	-	44,476	-
Notes receivable, net	1,668,430	-	1,668,430	-
Other receivables, net	662,614	710,605	1,373,219	800
Due from other governments	636,456	506,822	1,143,278	-
Internal balances	898,943	(898,943)	-	-
Prepaid items and inventories	23,447	366,911	390,358	670
Restricted assets, cash and investments	364,455	2,807,052	3,171,507	-
Capital assets:				
Construction in progress	263,623	1,956,373	2,219,996	-
Land and right of way	4,563,071	506,830	5,069,901	-
Other capital assets, net of depreciation/amortization	75,139,551	35,766,688	110,906,239	-
Total assets	97,406,223	42,485,095	139,891,318	1,077,123
Deferred Outflows of Resources				
OPEB related amounts	529,617	361,859	891,476	-
Pension related amounts	8,828,397	1,194,496	10,022,893	-
Total deferred outflows of resources	9,358,014	1,556,355	10,914,369	-
Liabilities				
Accounts payable	436,003	188,034	624,037	99,941
Accrued liabilities and deposits	356,447	70,656	427,103	-
Unearned revenue	429,619	-	429,619	-
Short-term notes payable	277,550	-	277,550	-
Current portion, lease liabilities	132,511	-	132,511	-
Noncurrent liabilities:				
Noncurrent, due within one year	1,557,102	578,982	2,136,084	-
Noncurrent, due in more than one year	11,955,280	9,067,279	21,022,559	-
OPEB liability	1,387,083	947,719	2,334,802	-
Net pension liability	2,403,375	294,000	2,697,375	-
Lease liabilities	214,881	-	214,881	-
Total liabilities	19,149,851	11,146,670	30,296,521	99,941
Deferred Inflows of Resources				
Unearned revenues	5,301,626	12,635	5,314,261	-
OPEB related amounts	336,526	229,930	566,456	-
Pension related amounts	5,015,846	630,508	5,646,354	-
Total deferred inflows of resources	10,653,998	873,073	11,527,071	-
Net Position				
Net investment in capital assets	69,899,991	29,114,444	99,014,435	-
Restricted:				
Future housing and economic development loans	1,769,200	-	1,769,200	-
Future debt service	148,950	-	148,950	-
Library	365,790	-	365,790	-
Police programs	119,305	-	119,305	-
NSP breakwall	387,838	-	387,838	-
Home improvement program	8,348	-	8,348	-
Future beautification projects	1,835	-	1,835	-
Community planning and development	87,945	-	87,945	-
Future TIF projects	61,026	-	61,026	-
Waterfront development	458,647	-	458,647	-
Ore Dock	-	-	-	977,182
Debt service reserve	-	408,064	408,064	-
Debt service redemption	-	296,883	296,883	-
Equipment replacement	27,112	1,591,186	1,618,298	-
Capital improvements	538,039	-	538,039	-
Unrestricted	3,086,362	611,130	3,697,492	-
Total net position	\$ 76,960,388	\$ 32,021,707	\$ 108,982,095	\$ 977,182

See notes to financial statements

City of Ashland

Statement of Activities

Year Ended December 31, 2023

	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	Total	Ashland Ore Dock Charitable Trust
Functions/Programs								
Primary government:								
Governmental activities:								
General government	\$ 2,055,499	\$ 466,390	\$ 750	\$ -	\$ (1,588,359)	\$ -	\$ (1,588,359)	\$ -
Public safety	6,812,179	1,744,069	260,155	227,892	(4,580,063)	-	(4,580,063)	-
Public works	4,422,612	644,245	794,417	7,608	(2,976,342)	-	(2,976,342)	-
Health and human services	264,171	3,601	108,884	-	(151,686)	-	(151,686)	-
Leisure activities	2,110,755	269,826	175,038	577,224	(1,088,667)	-	(1,088,667)	-
Conservation and development	600,756	-	265,809	-	(334,947)	-	(334,947)	-
Interest and fiscal charges	207,554	-	-	-	(207,554)	-	(207,554)	-
Total governmental activities	16,473,526	3,128,131	1,605,053	812,724	(10,927,618)	-	(10,927,618)	-
Business-type activities:								
Water	1,969,083	2,358,763	-	405,543	-	795,223	795,223	-
Wastewater	2,708,801	2,178,051	-	338,775	-	(191,975)	(191,975)	-
Airport	488,059	279,436	-	-	-	(208,623)	(208,623)	-
Marina	287,324	283,161	-	-	-	(4,163)	(4,163)	-
Total business-type activities	5,453,267	5,099,411	-	744,318	-	390,462	390,462	-
Total primary government	<u>\$ 21,926,793</u>	<u>\$ 8,227,542</u>	<u>\$ 1,605,053</u>	<u>\$ 1,557,042</u>	<u>(10,927,618)</u>	<u>390,462</u>	<u>(10,537,156)</u>	<u>-</u>
Component Unit								
Ashland Ore Dock Charitable Trust	<u>\$ 1,752,836</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,752,836)</u>
General Revenues								
Taxes:								
Property taxes, levied for general purposes					2,852,457	-	2,852,457	-
Property taxes, levied for debt service					1,656,265	-	1,656,265	-
Property taxes, levied for TIF districts					625,972	-	625,972	-
Other taxes					245,027	-	245,027	-
Intergovernmental revenues not restricted to specific programs					4,046,553	45,000	4,091,553	-
Investment income					94,837	33,166	128,003	57,908
Miscellaneous					2,830,975	22,516	2,853,491	70
Total general revenues					12,352,086	100,682	12,452,768	57,978
Transfers					260,708	(260,708)	-	-
Change in net position					1,685,176	230,436	1,915,612	(1,694,858)
Net Position, Beginning					75,275,212	31,791,271	107,066,483	2,672,040
Net Position, Ending					<u>\$ 76,960,388</u>	<u>\$ 32,021,707</u>	<u>\$ 108,982,095</u>	<u>\$ 977,182</u>

See notes to financial statements

City of Ashland

Balance Sheet -
Governmental Funds
December 31, 2023

	General Fund	Special Revenue Housing Rehab Revolving Loan Fund	Capital Projects Capital Improvements	Debt Service Fund	Nonmajor Governmental Funds	Total
Assets						
Current assets:						
Cash and investments	\$ 3,252,063	\$ 100,918	\$ 2,043,239	\$ 310,529	\$ 1,686,856	\$ 7,393,605
Restricted assets, construction account	-	-	-	-	364,455	364,455
Receivables:						
Taxes	2,932,302	-	1,883	1,665,264	722,539	5,321,988
Delinquent personal property taxes, net	7,744	-	-	-	-	7,744
Accounts, net	437,676	-	126,124	-	98,814	662,614
Notes, net	-	1,609,286	-	-	59,144	1,668,430
Special assessments	-	-	44,476	-	-	44,476
Due from other governments	59,280	-	320,516	-	256,660	636,456
Due from other funds	1,037,587	-	-	-	-	1,037,587
Advances to other funds	105,264	-	-	-	171,318	276,582
Prepaid items and inventory	23,447	-	-	-	-	23,447
Total assets	<u>\$ 7,855,363</u>	<u>\$ 1,710,204</u>	<u>\$ 2,536,238</u>	<u>\$ 1,975,793</u>	<u>\$ 3,359,786</u>	<u>\$ 17,437,384</u>
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ 212,649	\$ -	\$ 82,178	\$ -	\$ 141,176	\$ 436,003
Accrued liabilities	224,981	-	-	-	16,377	241,358
Unearned revenue	-	-	-	-	429,619	429,619
Due to other funds	-	-	-	-	100,564	100,564
Short-term notes payable	277,550	-	-	-	-	277,550
Due to other governments	1,221	-	-	-	-	1,221
Advances from other funds	-	-	-	51,728	276,582	328,310
Total liabilities	<u>716,401</u>	<u>-</u>	<u>82,178</u>	<u>51,728</u>	<u>964,318</u>	<u>1,814,625</u>
Deferred Inflows of Resources						
Unearned revenues	2,866,549	-	2,348	1,665,264	767,465	5,301,626
Unavailable revenues	148,355	1,609,286	582,311	-	285,545	2,625,497
Total deferred inflows of resources	<u>3,014,904</u>	<u>1,609,286</u>	<u>584,659</u>	<u>1,665,264</u>	<u>1,053,010</u>	<u>7,927,123</u>
Fund Balances						
Nonspendable	60,647	-	-	-	160,902	221,549
Restricted	-	100,918	1,773,547	258,801	1,222,170	3,355,436
Committed	-	-	-	-	128,755	128,755
Assigned	198,527	-	95,854	-	207,503	501,884
Unassigned (deficit)	3,864,884	-	-	-	(376,872)	3,488,012
Total fund balances	<u>4,124,058</u>	<u>100,918</u>	<u>1,869,401</u>	<u>258,801</u>	<u>1,342,458</u>	<u>7,695,636</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,855,363</u>	<u>\$ 1,710,204</u>	<u>\$ 2,536,238</u>	<u>\$ 1,975,793</u>	<u>\$ 3,359,786</u>	<u>\$ 17,437,384</u>

See notes to financial statements

City of Ashland

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2023

Total Fund Balance, Governmental Funds **\$ 7,695,636**

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	\$ 114,059,105	
Accumulated depreciation/amortization	<u>(34,092,860)</u>	79,966,245

Special assessments, certain grant receivables, loan receivables and various other receivables are reported as unavailable revenues in the fund financial statements and are recognized as revenue when earned in the government-wide financial statements. See Note 3 for details. 2,625,497

Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds. 8,828,397

Deferred outflows of resources related to other postemployment benefits do not relate to current financial resources and are not reported in the governmental funds. 529,617

Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds. (5,015,846)

Deferred inflows of resources related to other postemployment benefits do not relate to current financial resources and are not reported in the governmental funds. (336,526)

An internal service fund is used by management to charge the costs of other postemployment benefits to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. 427,456

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	(12,069,146)	
Accrued interest on general obligation debt	(109,856)	
Landfill liability	(783,881)	
OPEB liability	(1,387,083)	
Net pension liability	(2,403,375)	
Lease liabilities	(347,392)	
Vested compensated absences	<u>(659,355)</u>	<u>(17,760,088)</u>

Total Net Position, Governmental Activities **\$ 76,960,388**

City of Ashland

Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
Year Ended December 31, 2023

	General Fund	Special Revenue Housing Rehab Revolving Loan Fund	Capital Projects Capital Improvements	Debt Service Fund	Nonmajor Governmental Funds	Total
Revenues						
Taxes	\$ 2,893,373	\$ -	\$ 149,564	\$ 1,656,265	\$ 625,972	\$ 5,325,174
Intergovernmental	4,857,593	-	1,582,718	-	780,937	7,221,248
Licenses and permits	209,188	-	-	-	-	209,188
Fines, forfeitures and penalties	15,342	-	573,500	-	292	589,134
Public charges for services	1,908,661	-	127,062	-	3,079	2,038,802
Intergovernmental charges for services	839,104	-	-	-	-	839,104
Special assessments	-	-	7,971	-	-	7,971
Investment income (loss)	54,269	20	10,648	-	29,324	94,261
Miscellaneous	91,158	52,460	1,868,659	-	327,652	2,339,929
Total revenues	10,868,688	52,480	4,320,122	1,656,265	1,767,256	18,664,811
Expenditures						
Current:						
General government	2,037,974	-	7,921	-	7,889	2,053,784
Public safety	5,544,354	-	-	-	209,509	5,753,863
Public works	2,238,742	-	286,891	-	146,220	2,671,853
Health and human services	153,325	-	-	-	108,884	262,209
Leisure activities	665,170	-	107,685	-	551,932	1,324,787
Conservation and development	237,152	82,608	37,546	-	356,551	713,857
Capital outlay	-	-	3,730,076	-	1,410,214	5,140,290
Debt service:						
Principal retirement	-	-	-	1,200,439	-	1,200,439
Interest and fiscal charges	-	-	47,464	263,883	27,843	339,190
Total expenditures	10,876,717	82,608	4,217,583	1,464,322	2,819,042	19,460,272
Excess (deficiency) of revenues over expenditures	(8,029)	(30,128)	102,539	191,943	(1,051,786)	(795,461)
Other Financing Sources (Uses)						
Long-term debt issued	-	-	1,600,000	-	905,000	2,505,000
Premium on long-term debt	-	-	81,205	-	45,102	126,307
Proceeds from sale of capital assets	-	-	-	-	59,592	59,592
Proceeds from leases	-	-	172,185	-	119,268	291,453
Transfers in	371,359	-	348,000	84,479	829,699	1,633,537
Transfers out	(673,924)	-	(23,859)	(266,000)	(409,046)	(1,372,829)
Total other financing sources (uses)	(302,565)	-	2,177,531	(181,521)	1,549,615	3,243,060
Net change in fund balances	(310,594)	(30,128)	2,280,070	10,422	497,829	2,447,599
Fund Balances (Deficit), Beginning	<u>4,434,652</u>	<u>131,046</u>	<u>(410,669)</u>	<u>248,379</u>	<u>844,629</u>	<u>5,248,037</u>
Fund Balances, Ending	<u>\$ 4,124,058</u>	<u>\$ 100,918</u>	<u>\$ 1,869,401</u>	<u>\$ 258,801</u>	<u>\$ 1,342,458</u>	<u>\$ 7,695,636</u>

See 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
Year Ended December 31, 2023

Net Change in Fund Balances, Total Governmental Funds \$ 2,447,599

Amounts reported for governmental activities in the Statement of Activities
are different because:

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/amortization expense. The following differ in their presentation in the two statements:

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	5,140,290
Some items reported as capital outlay were not capitalized	(1,905)
Some functional expenditures are capitalized	369,811
Depreciation/amortization is reported in the government-wide statements	(2,346,973)
Book value of capital assets disposed of in the current year	(980,788)

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.	(17,294)
--	----------

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.	(60,983)
---	----------

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.	(717,574)
---	-----------

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.	
Debt issued	(2,505,000)
Principal payments paid	1,200,439
Leases issued	(291,453)
Lease principal paid	130,474

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	13,177
Change in the vested compensated absences	(76,833)
Change in accrued interest payable	5,323
Change in the OPEB liability (and OPEB related deferred inflows and outflows of resources)	22,058
Change in net pension liability (and pension related deferred inflows and outflows of resources)	(682,652)

An internal service fund is used by management to charge the costs of other postemployment benefits to individual funds. The net revenue of certain activities of internal service fund is reported with governmental activities.	37,460
---	--------

Change in Net Position of Governmental Activities \$ 1,685,176

City of Ashland

Statement of Net Position -
Proprietary Funds
Year Ended December 31, 2023

	Business-Type Activities - Enterprise Funds				Dental/FLEX
	Water Utility	Wastewater Utility	Nonmajor Funds	Total	Internal Service Fund
Assets					
Current assets:					
Cash and investments	\$ -	\$ 392,812	\$ 369,945	\$ 762,757	\$ 417,820
Restricted assets, redemption account	225,423	110,682	41,523	377,628	-
Restricted assets, construction account	329,303	-	100,871	430,174	-
Customer accounts receivable	324,946	369,645	-	694,591	-
Other accounts receivable	-	-	16,014	16,014	-
Due from other governments	310,223	196,599	-	506,822	-
Current portion of advances to other funds	12,660	-	-	12,660	-
Inventories and prepaid items	155,613	161,424	49,874	366,911	-
Total current assets	1,358,168	1,231,162	578,227	3,167,557	417,820
Noncurrent assets:					
Restricted assets:					
Reserve account	388,063	20,001	-	408,064	-
Replacement account	-	1,591,186	-	1,591,186	-
Capital assets:					
Construction work in progress	1,473,962	471,465	10,946	1,956,373	-
Land	30,611	38,951	437,268	506,830	-
Capital assets being depreciated	26,116,694	35,370,210	8,267,392	69,754,296	-
Accumulated depreciation	(9,579,749)	(20,327,701)	(4,080,158)	(33,987,608)	-
Other assets:					
Advances to other funds	39,068	-	-	39,068	-
Total noncurrent assets	18,468,649	17,164,112	4,635,448	40,268,209	-
Total assets	19,826,817	18,395,274	5,213,675	43,435,766	417,820
Deferred Outflows of Resources					
OPEB related amounts	171,845	190,014	-	361,859	-
Pension related amounts	442,722	578,740	173,034	1,194,496	-
Total deferred outflows of resources	614,567	768,754	173,034	1,556,355	-
Liabilities					
Current liabilities:					
Accounts payable	91,257	93,419	3,358	188,034	-
Accrued expenses	7,150	11,188	2,944	21,282	4,012
Deposits	4,000	-	-	4,000	-
Due to other funds	937,023	-	-	937,023	-
Liabilities payable from restricted assets:					
Accrued interest	28,798	10,424	6,152	45,374	-
Current portion of long-term debt	348,176	124,663	39,000	511,839	-
Current portion of accrued compensated absences	25,867	27,079	14,197	67,143	-
Total current liabilities	1,442,271	266,773	65,651	1,774,695	4,012
Noncurrent liabilities:					
Long-term debt	6,133,515	2,641,267	259,000	9,033,782	-
Accrued compensated absences	12,583	-	20,914	33,497	-
OPEB liability	450,066	497,653	-	947,719	-
Net pension liability	113,982	138,710	41,308	294,000	-
Total noncurrent liabilities	6,710,146	3,277,630	321,222	10,308,998	-
Total liabilities	8,152,417	3,544,403	386,873	12,083,693	4,012
Deferred Inflows of Resources					
Unearned revenues	12,635	-	-	12,635	-
OPEB related amounts	109,192	120,738	-	229,930	-
Pension related amounts	234,023	301,470	95,015	630,508	-
Total deferred inflow of resources	355,850	422,208	95,015	873,073	-
Net Position					
Net investment in capital assets	11,889,130	12,786,995	4,438,319	29,114,444	-
Restricted for:					
Debt service reserve	388,063	20,001	-	408,064	-
Debt service redemption	196,625	100,258	-	296,883	-
Equipment replacement	-	1,591,186	-	1,591,186	-
Unrestricted (deficit)	(540,701)	698,977	466,502	624,778	413,808
Total net position	\$ 11,933,117	\$ 15,197,417	\$ 4,904,821	32,035,355	\$ 413,808
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(13,648)	
Net position of business-type activities				\$ 32,021,707	

See notes to financial statements

City of Ashland

Statement of Revenues, Expenses and Changes in Net Position -
Proprietary Funds
Year Ended December 31, 2023

	Business-Type Activities - Enterprise Funds				Dental/FLEX Internal Service Fund
	Water Utility	Wastewater Utility	Nonmajor Funds	Total	
Operating Revenues	\$ 2,358,763	\$ 2,178,051	\$ 562,597	\$ 5,099,411	\$ 128,377
Operating Expenses					
Operation and maintenance	1,271,894	1,870,926	509,427	3,652,247	120,028
Depreciation	496,221	799,189	257,500	1,552,910	-
Taxes	2,070	-	-	2,070	-
Total operating expenses	1,770,185	2,670,115	766,927	5,207,227	120,028
Operating income (loss)	588,578	(492,064)	(204,330)	(107,816)	8,349
Nonoperating Revenues (Expenses)					
Investment income	3,676	25,151	4,339	33,166	3,578
Interest and fiscal charges	(196,840)	(50,761)	(8,456)	(256,057)	-
Grants revenue	-	-	45,000	45,000	-
Miscellaneous revenue	7,147	4,234	11,135	22,516	35,550
Total nonoperating revenue (expenses)	(186,017)	(21,376)	52,018	(155,375)	39,128
Income (loss) before contributions and transfers	402,561	(513,440)	(152,312)	(263,191)	47,477
Contributions and Transfers					
Capital contributions	405,543	338,775	-	744,318	-
Transfers in	-	-	86,792	86,792	-
Transfers out	(347,500)	-	-	(347,500)	-
Total contributions and transfers	58,043	338,775	86,792	483,610	-
Change in net position	460,604	(174,665)	(65,520)	220,419	47,477
Net Position, Beginning	11,472,513	15,372,082	4,970,341	31,814,936	366,331
Net Position, Ending	\$ 11,933,117	\$ 15,197,417	\$ 4,904,821	\$ 32,035,355	\$ 413,808
Change in Net Position, Enterprise Funds				\$ 220,419	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				10,017	
Change in Net Position of Business-Type Activities				\$ 230,436	

See notes to financial statements

City of Ashland

Statement of Cash Flows -
Proprietary Funds
Year Ended December 31, 2023

	Business-Type Activities - Enterprise Funds				Dental/FLEX Internal Service Fund
	Water Utility	Wastewater Utility	Nonmajor Funds	Total	
Cash Flows From Operating Activities					
Cash received from customers	\$ 2,362,489	\$ 2,102,753	\$ 614,776	\$ 5,080,018	\$ 167,759
Cash received from the City	18,932	-	-	18,932	-
Cash paid to suppliers for goods and services	(999,901)	(1,671,666)	(603,878)	(3,275,445)	(118,277)
Cash paid to employees for services	(385,343)	(456,366)	(179,368)	(1,021,077)	-
Net cash flows from operating activities	996,177	(25,279)	(168,470)	802,428	49,482
Cash Flows From Noncapital Financing Activities					
Negative cash implicitly financed (paid)	589,523	(369,938)	-	219,585	-
Transfers from other funds	-	-	86,792	86,792	-
Transfers to other funds	(347,500)	-	-	(347,500)	-
Net cash flows from investing activities	242,023	(369,938)	86,792	(41,123)	-
Cash Flows From Investing Activities					
Noncash equivalents purchased	(340,685)	(552,107)	-	(892,792)	-
Noncash equivalents sold	224,195	535,473	-	759,668	-
Investment income	3,676	25,151	4,339	33,166	3,578
Net cash flows from investing activities	(112,814)	8,517	4,339	(99,958)	3,578
Cash Flows From Capital and Related Financing Activities					
Debt proceeds	1,585,000	1,007,623	-	2,592,623	-
Debt retired	(280,813)	(95,939)	(38,000)	(414,752)	-
Interest paid	(198,411)	(46,956)	(9,240)	(254,607)	-
Special assessments received	-	79,481	-	79,481	-
Contributions in aid of construction	267,052	1,014,652	409,321	1,691,025	-
Acquisition and construction of capital assets	(2,417,338)	(1,438,161)	(44,898)	(3,900,397)	-
Net cash flows from capital and related financing activities	(1,044,510)	520,700	317,183	(206,627)	-
Net increase (decrease) in cash and cash equivalents	80,876	134,000	239,844	454,720	53,060
Cash and Cash Equivalents, Beginning	521,228	1,428,574	272,495	2,222,297	364,760
Cash and Cash Equivalents, Ending	<u>\$ 602,104</u>	<u>\$ 1,562,574</u>	<u>\$ 512,339</u>	<u>\$ 2,677,017</u>	<u>\$ 417,820</u>
Reconciliation of Cash and Cash Equivalents					
Cash and cash equivalents per statement of net position:					
Cash and investments	\$ -	\$ 392,812	\$ 369,945	\$ 762,757	\$ 417,820
Restricted cash and investments:					
Reserve account	388,063	20,001	-	408,064	-
Redemption account	225,423	110,682	41,523	377,628	-
Construction account	329,303	-	100,871	430,174	-
Replacement account	-	1,591,186	-	1,591,186	-
Total cash and investments	942,789	2,114,681	512,339	3,569,809	417,820
Less noncash equivalents	(340,685)	(552,107)	-	(892,792)	-
Cash and cash equivalents per statement of cash flows	<u>\$ 602,104</u>	<u>\$ 1,562,574</u>	<u>\$ 512,339</u>	<u>\$ 2,677,017</u>	<u>\$ 417,820</u>

See notes to financial statements

City of Ashland

Statement of Cash Flows -
Proprietary Funds
Year Ended December 31, 2023

	Business-Type Activities - Enterprise Funds				Dental/FLEX Internal Service Fund
	Water Utility	Wastewater Utility	Nonmajor Funds	Total	
Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities					
Operating income (loss)	\$ 588,578	\$ (492,064)	\$ (204,330)	\$ (107,816)	\$ 8,349
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:					
Nonoperating income	7,147	2,834	56,135	66,116	35,550
Noncash items included in income:					
Depreciation	496,221	799,189	257,500	1,552,910	-
Depreciation charged to other accounts	24,834	(24,834)	-	-	-
Change in assets and liabilities:					
Customer accounts receivable	21,826	(18,753)	-	3,073	-
Other accounts receivable	-	-	(3,956)	(3,956)	3,832
Inventories and prepaid items	9,275	(51,051)	(13,244)	(55,020)	-
Accounts payable	(122,236)	(237,031)	(50,216)	(409,483)	(250)
Payable to municipality	(33,523)	-	(211,399)	(244,922)	-
Other current liabilities	(1,413)	2,156	1,547	2,290	2,001
Accrued compensated absences	3,790	5,360	1,589	10,739	-
Other postemployment benefits	(14,277)	(16,080)	-	(30,357)	-
Pension related deferrals and asset	15,955	4,995	(2,096)	18,854	-
Net cash flows from operating activities	<u>\$ 996,177</u>	<u>\$ (25,279)</u>	<u>\$ (168,470)</u>	<u>\$ 802,428</u>	<u>\$ 49,482</u>
Noncash Capital, Investing and Financing Activities					
None					

See notes to financial statements

City of Ashland

Statement of Fiduciary Net Position -
Fiduciary Fund
December 31, 2023

	<u>Custodial Fund</u> <u>Tax Collection</u> <u>Fund</u>
Assets	
Cash and investments	\$ 3,455,056
Taxes receivable	<u>4,014,287</u>
Total assets	<u>7,469,343</u>
Liabilities	
Due to other taxing units	<u>7,469,343</u>
Total liabilities	<u>7,469,343</u>
Total net position	<u>\$ -</u>

See notes to financial statements

City of Ashland

Statement of Changes in Fiduciary Net Position -
Fiduciary Fund
Year Ended December 31, 2023

	<u>Custodial Fund</u> <u>Tax Collection</u> <u>Fund</u>
Additions	
Property taxes collected for other governments	\$ 4,886,525
Deductions	<u>4,886,525</u>
Property taxes distributed to other governments	
Change in fiduciary net position	-
Net Position, Beginning	<u>-</u>
Net Position, Ending	<u><u>\$ -</u></u>

See notes to financial statements

City of Ashland

Index to Notes to Financial Statements

December 31, 2023

	<u>Page</u>
1. Summary of Significant Accounting Policies	16
Reporting Entity	16
Government-Wide and Fund Financial Statements	17
Measurement Focus, Basis of Accounting and Financial Statement Presentation	20
Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and	
Net Position or Equity	21
Deposits and Investments	21
Receivables	22
Inventories and Prepaid Items	23
Restricted Assets	23
Capital Assets	23
Deferred Outflows of Resources	24
Compensated Absences	24
Long-Term Obligations	25
Leases	25
Deferred Inflows of Resources	25
Equity Classifications	25
Basis for Existing Utility Rates	27
Pension	27
Postemployment Benefits Other Than Pensions (OPEB)	27
2. Stewardship, Compliance and Accountability	28
Deficit Balances	28
Limitations on the City's Tax Levy	28
3. Detailed Notes on All Funds	29
Deposits and Investments	29
Receivables	30
Restricted Assets	31
Capital Assets	32
Interfund Receivables/Payables, Advances and Transfers	37
Long-Term Obligations	40
Short-term Debt	45
Lease Disclosures	45
Closure and Postclosure Care Cost	46
Net Position/Fund Balances	46
Component Unit - Ashland Ore Dock Charitable Trust	48
4. Other Information	49
Employees' Retirement System	49
Risk Management	54
Commitments and Contingencies	55
Joint Ventures	55
Postemployment Benefits Other Than Pensions	56
Related Organizations	59
Effect of New Accounting Standards on Current-Period Financial Statements	59
Subsequent Event	59

1. 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).

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 financially 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.

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 3.

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, 2023. 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.

Government-Wide and Fund Financial Statements

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.

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

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

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.

Capital Improvements Fund

Capital Improvement Fund is used to account for and report financial resources that are restricted or assigned to expenditures for various types of capital improvement projects.

Beginning in 2023, the City combined the Street Improvements, Leisure and Recreation Improvements, Public Transportation, Building Facilities, Waterfront Development, Park Grounds Improvements, Land Sales and Acquisition, Capital Sidewalk Improvements, Urban Forestry and Landfill Improvement Funds into a single fund for increased consistency in reporting.

Debt Service Fund

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

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

Wastewater Utility

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

Special Revenue Funds are 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	Evidence Funds
Economic Development Revolving Loan	Bretting Teen Center
Library Grants and Special Revenue	Beautification
TIF No. 6 Increment	Vaughn Library
TIF No. 9 Increment	Insured Loss Deductible
TIF No. 10 Increment	Hazardous Materials
Community Planning and Development	Home Improvement Program
NSP Breakwall	

Capital Projects Funds

Capital Projects Funds are 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 No. 10 Development	Capital Equipment
------------------------	-------------------

Enterprise Funds

Enterprise Funds are 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

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. The City reports its Dental/FLEX Fund as an internal service fund.

Custodial Funds

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.

Tax Collection Fund

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.

Fund Financial Statements

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.

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, deferred outflows of resources, liabilities and deferred inflows of resources 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.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

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 Wisconsin 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.

City of Ashland

Notes to Financial Statements

December 31, 2023

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 3 for further information.

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 county government 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, 2023 tax roll:

Lien date and levy date	December 2023
Tax bills mailed	December 2023
Payment in full, or	January 31, 2024
First installment due	January 31, 2024
Second installment due	July 31, 2024
Personal property taxes in full	January 31, 2024
Tax sale, 2023 delinquent real estate taxes	October 2026

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 \$1,697,768.

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 \$36,824.

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.

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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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.

Capital Assets**Government-Wide Financial Statements**

Capital assets, which include property, plant and equipment (including right-to-use lease assets), 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.

City of Ashland

Notes to Financial Statements
December 31, 2023

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor and overhead. 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.

Depreciation and amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation and amortization reflected in the statement of net position. Depreciation and amortization is provided over the assets' estimated useful lives using the straight-line method. 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

Lease assets are typically amortized over the lease term.

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.

Deferred Outflows of Resources

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

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, 2023 are determined on the basis of current salary rates and include salary related payments.

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, landfill liability and vested compensated absences.

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.

Leases

The City is a lessee because it leases capital assets from other entities. As a lessee, the City reports a lease liability and an intangible right-to-use capital asset (known as the lease asset) on the government-wide financial statements and proprietary fund statements. In the governmental fund financial statements, the City recognizes lease proceeds and capital outlay at initiation of the lease, and the outflow of resources for the lease liability as a debt service payment.

Deferred Inflows of Resources

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

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/amortization and reduced by the outstanding balances (excluding unspent debt 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 definitions 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:

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.

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.

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.

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.

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.

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 \$4,063,411 or 37% of expenditures.

See Note 3 for further information.

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.

Pension

The fiduciary net position of the Wisconsin Retirement System (WRS) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following:

- Net Pension Liability (Asset);
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions; and
- Pension Expense (Revenue).

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the 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.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense have been determined on the same basis as they are reported by the City OPEB Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

City of Ashland

Notes to Financial Statements
December 31, 2023

2. Stewardship, Compliance and Accountability

Deficit Balances

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year-end. As of December 31, 2023, the following individual funds held a deficit balance:

Fund	Amount	Reason
Economic Development Revolving Loan	\$ 148	Unavailable revenues related to current year expenditures
TIF No. 9 Increment	105,264	Expenditures in excess of increment
TIF No. 10 Increment	170,924	Expenditures in excess of increment
Home Improvement Program	100,536	Unavailable revenues related to current year expenditures

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 No. 9 adopted a plan amendment in 2015 that designated the district as distressed under Wisconsin State Statute Section 66.1105(4e), with TIF No. 6 being the donor district for increment revenue sharing. This extended the life of TIF No. 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.

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 net 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.

City of Ashland

Notes to Financial Statements
December 31, 2023

3. Detailed Notes on All Funds

Deposits and Investments

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

	<u>Carrying Value</u>	<u>Bank Balance</u>	<u>Associated Risks</u>
Demand and time deposits	\$ 15,199,570	<u>\$ 15,774,274</u>	Custodial credit risk
Cash on hand and petty cash	<u>1,175</u>		
Total cash and investments	<u>\$ 15,200,745</u>		
Reconciliation to financial statements:			
Per statement of net position:			
Unrestricted cash and investments	\$ 8,574,182		
Restricted cash and investments	<u>3,171,507</u>		
Per statement of fiduciary net position:			
Tax collection fund	<u>3,455,056</u>		
Total cash and investments	<u>\$ 15,200,745</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.

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, 2023, the banks had pledged various government securities of approximately \$12,810,052 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.

As of December 31, 2023, \$3,386,918 of the City's total bank balances were exposed to custodial credit risk as uninsured and uncollateralized deposits.

City of Ashland

Notes to Financial Statements

December 31, 2023

Receivables

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

General Fund	\$ 37,200
Housing Rehab Revolving Loan Fund	1,609,286
Capital Improvements Fund	40,028
Nonmajor Governmental Funds	106,580

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	\$ 5,256,492	\$ -
Other receivables	208	69,726
Grant receivables	44,926	843,069
Grants received in advance of meeting eligibility requirements	429,619	-
Special assessments not yet due	-	44,272
Economic development and housing rehabilitation loans	-	1,668,430
	<u> </u>	<u> </u>
Total unearned/unavailable revenue for governmental funds	<u>\$ 5,731,245</u>	<u>\$ 2,625,497</u>
Unearned revenue included in liabilities	\$ 429,619	
Unearned revenue included in deferred inflows	<u>5,301,626</u>	
Total unearned revenue for governmental funds	<u>\$ 5,731,245</u>	

City of Ashland

Notes to Financial Statements
December 31, 2023

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, 2023:

	Governmental Activities	Business-Type Activities
Restricted cash and investments:		
Redemption account	\$ -	\$ 377,628
Construction account	364,455	430,174
Reserve account	-	408,064
Equipment replacement account	-	1,591,186
Total restricted assets	<u>\$ 364,455</u>	<u>\$ 2,807,052</u>

City of Ashland

Notes to Financial Statements
December 31, 2023

Capital Assets

Capital asset activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated/amortized:				
Construction in progress	\$ 584,171	\$ 2,973,130	\$ (3,293,678)	\$ 263,623
Land	4,371,607	-	-	4,371,607
Right of way	191,464	-	-	191,464
Total capital assets not being depreciated/amortized	5,147,242	2,973,130	(3,293,678)	4,826,694
Capital assets being depreciated/amortized:				
Land improvements	8,107,926	2,522,944	(575,859)	10,055,011
Buildings	17,124,890	82,666	-	17,207,556
Leased assets	243,070	291,453	-	534,523
Machinery and equipment	9,250,057	1,375,995	(230,919)	10,395,133
Roads	37,715,991	1,130,394	(521,206)	38,325,179
Alleys	663,828	9,917	(1,915)	671,830
Bridges	313,693	-	-	313,693
Trails	1,999,709	15,588	-	2,015,297
Storm sewers	9,636,582	256,683	(13,244)	9,880,021
Sidewalks	5,857,854	143,104	(66,790)	5,934,168
Breakwater	13,900,000	-	-	13,900,000
Total capital assets being depreciated/amortized	104,813,600	5,828,744	(1,409,933)	109,232,411
Less accumulated depreciation/amortization:				
Land improvements	(1,951,911)	(211,392)	46,069	(2,117,234)
Buildings	(3,627,430)	(249,567)	-	(3,876,997)
Leased assets	(56,657)	(130,474)	-	(187,131)
Machinery and equipment	(5,925,181)	(485,861)	202,802	(6,208,240)
Roads	(12,485,860)	(721,916)	131,650	(13,076,126)
Alleys	(432,540)	(3,040)	1,532	(434,048)
Bridges	(128,972)	(4,505)	-	(133,477)
Trails	(471,068)	(50,382)	-	(521,450)
Storm sewers	(3,695,807)	(204,271)	13,244	(3,886,834)
Sidewalks	(2,808,856)	(146,565)	33,848	(2,921,573)
Breakwater	(590,750)	(139,000)	-	(729,750)
Total accumulated depreciation/ amortization	(32,175,032)	(2,346,973)	429,145	(34,092,860)
Net capital assets being depreciated/amortized	72,638,568	3,481,771	(980,788)	75,139,551
Total governmental activities capital assets, net of accumulated depreciation/amortization	\$ 77,785,810	\$ 6,454,901	\$ (4,274,466)	\$ 79,966,245

City of Ashland

Notes to Financial Statements

December 31, 2023

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities

General government	\$ 62,805
Public safety	450,542
Public works, which includes the depreciation of roads, storm sewers and sidewalks	1,522,745
Leisure activities	<u>310,881</u>

Total governmental activities depreciation/amortization expense	<u>\$ 2,346,973</u>
--	---------------------

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-Type Activities				
Water Utility				
Capital assets, not being depreciated:				
Construction in progress	\$ 286,915	\$ 2,372,999	\$ (1,185,952)	\$ 1,473,962
Land and land rights	<u>30,611</u>	<u>-</u>	<u>-</u>	<u>30,611</u>
Total capital assets not being depreciated	<u>317,526</u>	<u>2,372,999</u>	<u>(1,185,952)</u>	<u>1,504,573</u>
Capital assets, being depreciated:				
Source of supply	88,116	-	-	88,116
Pumping	832,593	-	-	832,593
Treatment	2,648,489	15,390	-	2,663,879
Transmission and distribution	20,716,769	1,212,081	(325,838)	21,603,012
Administrative and general assets	<u>916,594</u>	<u>12,500</u>	<u>-</u>	<u>929,094</u>
Total capital assets, being depreciated	<u>25,202,561</u>	<u>1,239,971</u>	<u>(325,838)</u>	<u>26,116,694</u>
Total capital assets	<u>25,520,087</u>	<u>3,612,970</u>	<u>(1,511,790)</u>	<u>27,621,267</u>
Less accumulated depreciation:				
Source of supply	(57,413)	(1,498)	-	(58,911)
Pumping	(748,981)	(26,073)	-	(775,054)
Treatment	(1,772,259)	(83,520)	-	(1,855,779)
Transmission and distribution	(6,079,263)	(387,596)	325,838	(6,141,021)
Administrative and general assets	<u>(726,616)</u>	<u>(22,368)</u>	<u>-</u>	<u>(748,984)</u>
Total accumulated depreciation	<u>(9,384,532)</u>	<u>(521,055)</u>	<u>325,838</u>	<u>(9,579,749)</u>
Total capital assets, being depreciated, net	<u>15,818,029</u>	<u>718,916</u>	<u>-</u>	<u>16,536,945</u>
Total water utility capital assets, net	<u>\$ 16,135,555</u>	<u>\$ 3,091,915</u>	<u>\$ (1,185,952)</u>	<u>\$ 18,041,518</u>

City of Ashland

Notes to Financial Statements
December 31, 2023

	Beginning Balance	Additions	Deletions	Ending Balance
Wastewater Utility				
Capital assets, not being depreciated:				
Construction in progress	\$ 745,200	\$ 1,039,528	\$ (1,313,263)	\$ 471,465
Land and land rights	38,951	-	-	38,951
Total capital assets, not being depreciated	784,151	1,039,528	(1,313,263)	510,416
Capital assets, being depreciated:				
Collection system	17,275,027	1,313,263	(15,753)	18,572,537
Collection system pumping	3,688,271	-	-	3,688,271
Treatment and disposal	10,222,521	-	-	10,222,521
Administrative and general assets	2,886,881	-	-	2,886,881
Total capital assets, being depreciated	34,072,700	1,313,263	(15,753)	35,370,210
Total capital assets	34,856,851	2,352,791	(1,329,016)	35,880,626
Less accumulated depreciation	(19,569,099)	(774,355)	15,753	(20,327,701)
Total capital assets, being depreciated, net	14,503,601	538,908	-	15,042,509
Total wastewater utility capital assets, net	<u>\$ 15,287,752</u>	<u>\$ 1,578,436</u>	<u>\$ (1,313,263)</u>	<u>\$ 15,552,925</u>

City of Ashland

Notes to Financial Statements
December 31, 2023

	Beginning Balance	Additions	Deletions	Ending Balance
Airport				
Capital assets, not being depreciated:				
Construction in progress	\$ 10,096	\$ 850	\$ -	\$ 10,946
Land and land rights	45,768	-	-	45,768
Total capital assets, not being depreciated	55,864	850	-	56,714
Capital assets, being depreciated:				
Land improvements	3,079,415	-	-	3,079,415
Buildings	574,074	12,925	-	586,999
Equipment	1,205,862	14,177	-	1,220,039
Total capital assets, being depreciated	4,859,351	27,102	-	4,886,453
Total capital assets	4,915,215	27,952	-	4,943,167
Less accumulated depreciation:				
Land improvements	(1,748,294)	(118,425)	-	(1,866,719)
Buildings	(258,424)	(11,530)	-	(269,954)
Equipment	(814,118)	(45,220)	-	(859,338)
Total accumulated depreciation	(2,820,836)	(175,175)	-	(2,996,011)
Total capital assets, being depreciated, net	2,038,515	(148,073)	-	1,890,442
Total airport capital assets, net	\$ 2,094,379	\$ (147,223)	\$ -	\$ 1,947,156

City of Ashland

Notes to Financial Statements
December 31, 2023

	Beginning Balance	Additions	Deletions	Ending Balance
Marina				
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ -	\$ -	\$ -
Land and land rights	391,500	-	-	391,500
Total capital assets, not being depreciated	391,500	-	-	391,500
Capital assets, being depreciated:				
Land improvements	1,201,239	-	-	1,201,239
Buildings	974,139	-	-	974,139
Equipment	1,205,561	-	-	1,205,561
Total capital assets, being depreciated	3,380,939	-	-	3,380,939
Total capital assets	3,772,439	-	-	3,772,439
Less accumulated depreciation:				
Land improvements	(22,935)	(24,025)	-	(46,960)
Buildings	(270,202)	(19,483)	-	(289,685)
Equipment	(708,685)	(38,817)	-	(747,502)
Total accumulated depreciation	(1,001,822)	(82,325)	-	(1,084,147)
Total capital assets, being depreciated, net	2,379,117	(82,325)	-	2,296,792
Total marina capital assets, net	\$ 2,770,617	\$ (82,325)	\$ -	\$ 2,688,292
Business-type capital assets, net	\$ 36,288,303	\$ 4,440,803	\$ (2,499,215)	\$ 38,229,891

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	\$ 496,221
Wastewater	799,189
Airport	175,175
Marina	82,325
Total business-type activities depreciation expense	<u>\$ 1,552,910</u>

City of Ashland

Notes to Financial Statements
December 31, 2023

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.

Additional disclosures of the lease assets are included in the Lease Disclosures note.

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.

Receivable Fund	Payable Fund	Amount
General Fund	Home Improvement Program	\$ 100,564
General Fund	Water Utility	937,023
Total, fund financial statements		1,037,587
Less advances		(51,728)
Add interfund receivable created with internal service fund eliminations		13,648
Less fund and government-wide eliminations		(100,564)
Total internal balances for government-wide statement of net position		\$ 898,943
Governmental activities	Business-type activities	\$ 950,671
Business-type activities	Governmental activities	(51,728)
Total internal balances for government-wide statement of net position		\$ 898,943

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.

The NSP Breakwall Fund advanced funds to the TIF No. 10 Increment Fund to fund project costs. The NSP Breakwall Fund is charging interest on the advance based on the average outstanding balance during the year at a rate based on the average annual interest income rate of the City's money market account. A repayment schedule has been established for this advance.

City of Ashland

Notes to Financial Statements
December 31, 2023

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 No. 9 Increment Fund is expected to repay \$105,264 of the advance 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 No. 9 Increment	\$ 105,264
NSP Breakwall	TIF No. 10 Increment	171,318
Water Utility	Debt Service Fund	<u>51,728</u>
Total, fund financial statements		328,310
Less fund and government-wide eliminations		<u>(276,582)</u>
Total advances for government-wide statement of net position		<u>\$ 51,728</u>

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

	<u>Principal</u>
Years ending December 31:	
2024	\$ 12,660
2025	12,840
2026	13,022
2027	<u>13,206</u>
Total	<u>\$ 51,728</u>

The repayment schedule for the NSP Breakwall advance to the TIF No. 10 Increment Fund:

	<u>Principal</u>
Years ending December 31:	
2024	\$ 10,547
2025	10,678
2026	10,812
2027	10,947
2028	11,084
2029-2033	57,532
2034-2038	<u>59,718</u>
Total	<u>\$ 171,318</u>

City of Ashland

Notes to Financial Statements

December 31, 2023

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
Capital Improvements	General Fund	\$ 81,000
Recycling	General Fund	90,000
Beautification	General Fund	3,950
Vaughn Library	General Fund	316,000
Capital Equipment	General Fund	96,182
Airport	General Fund	86,792
General Fund	Capital Improvements	23,859
Capital Improvements	Debt Service	266,000
TIF No. 9 Increment	TIF No. 6 Increment	293,447
Debt Service	TIF No. 10 Increment	75,473
TIF No.10 Development	TIF No. 10 Increment	30,120
Capital Improvements	Community Planning and Development	1,000
Debt Service	Community Planning and Development	9,006
General Fund	Water Utility	347,500
Total fund financial statements		1,720,329
Less fund and government-wide eliminations		(1,459,621)
Total government-wide statement of activities		<u>\$ 260,708</u>
Governmental Activities	Business-Type Activities	\$ 347,500
Business-Type Activities	Governmental Activities	(86,792)
Total transfers for government-wide statement of activities		<u><u>\$ 260,708</u></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.

City of Ashland

Notes to Financial Statements

December 31, 2023

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds and notes payable:					
General obligation bonds payable	\$ 3,109,997	\$ -	\$ (340,000)	\$ 2,769,997	\$ 345,000
General obligation notes payable	6,820,000	2,505,000	(675,000)	8,650,000	680,000
General obligation notes from direct borrowings and direct placements	834,588	-	(185,439)	649,149	192,102
Total bonds and notes payable	10,764,585	2,505,000	(1,200,439)	12,069,146	1,217,102
Other liabilities:					
Vested compensated absences	582,522	113,257	(36,424)	659,355	340,000
Landfill liability	797,058	-	(13,177)	783,881	-
Total other liabilities	1,379,580	113,257	(49,601)	1,443,236	340,000
Total governmental activities, long-term liabilities	<u>\$ 12,144,165</u>	<u>\$ 2,618,257</u>	<u>\$ (1,250,040)</u>	<u>\$ 13,512,382</u>	<u>\$ 1,557,102</u>
	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-Type Activities					
Bonds and notes payable:					
General obligation debt	\$ 907,000	\$ -	\$ (104,000)	\$ 803,000	\$ 106,000
Revenue bonds	5,166,716	1,585,000	(211,456)	6,540,260	278,137
Revenue bonds from direct borrowings and direct placements	1,294,034	1,007,623	(99,296)	2,202,361	127,702
Total bonds and notes payable	7,367,750	2,592,623	(414,752)	9,545,621	511,839
Other liabilities:					
Vested compensated absences	89,901	12,716	(1,977)	100,640	67,143
Total other liabilities	89,901	12,716	(1,977)	100,640	67,143
Total business-type activities, long-term liabilities	<u>\$ 7,457,651</u>	<u>\$ 2,605,339</u>	<u>\$ (416,729)</u>	<u>\$ 9,646,261</u>	<u>\$ 578,982</u>

City of Ashland

Notes to Financial Statements

December 31, 2023

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, 2023, was \$31,349,840. Total general obligation debt outstanding at year-end was \$12,872,146.

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.

General obligation debt payable for the City at December 31, 2023, consists of the following:

Governmental Activities General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance, December 31, 2023
Note payable*	2015	2025	2.59 %	\$ 890,000	\$ 249,991
Bond payable	2015	2035	2.00-3.25	4,470,000	2,769,997
Note payable	2017	2027	2.00-2.25	2,065,000	750,000
Note payable*	2018	2028	4.00	550,000	335,948
Note payable	2020	2030	1.91	6,545,000	5,395,000
Note payable*	2022	2031	3.00	70,000	63,210
Note payable	2023	2033	4.00-5.00	2,505,000	2,505,000
Total governmental activities, general obligation debt					<u>\$ 12,069,146</u>

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

Business-type Activities General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance, December 31, 2023
Water Utility:					
Note payable	2020	2030	2.27 %	\$ 700,000	\$ 505,000
Marina:					
Note payable	2020	2030	2.75	410,000	298,000
Total governmental activities, general obligation debt					<u>\$ 803,000</u>

City of Ashland

Notes to Financial Statements
December 31, 2023

Debt service requirements to maturity are as follows:

	Governmental Activities			
	General Obligation Debt		General Obligation Notes From Direct Borrowings or Direct Placements	
	Principal	Interest	Principal	Interest
Years ending December 31:				
2024	\$ 1,025,000	\$ 312,442	\$ 192,102	\$ 21,851
2025	960,000	289,529	198,828	15,930
2026	1,245,000	267,539	74,637	9,841
2027	1,035,000	225,973	77,547	6,931
2028	905,000	196,263	80,561	3,917
2029-2033	5,775,000	466,860	25,474	1,544
2034-2035	474,997	19,419	-	-
Total	\$ 11,419,997	\$ 1,778,025	\$ 649,149	\$ 60,014
Business-Type Activities				
General Obligation Debt				
	Principal	Interest		
Years ending December 31:				
2024	\$ 106,000	\$ 19,659		
2025	109,000	17,065		
2026	112,000	14,399		
2027	115,000	11,660		
2028	118,000	8,843		
2029-2030	243,000	8,965		
Total	\$ 803,000	\$ 80,591		

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 2008, 2009, 2016, 2017 and 2023. 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 32.3% of net revenues. The total principal and interest remaining to be paid on the bonds is \$7,983,382. Principal and interest paid for the current year and total customer net revenues were \$334,381 and \$417,976, respectively.

The wastewater utility has pledged future wastewater utility revenues, net of specified operating expenses, to repay wastewater revenue bonds issued in 2014, 2016, 2018 and 2022. Proceeds from the bonds provided financing for the wastewater utility. The bonds are payable solely from wastewater utility revenues and are payable through 2052. Annual principal and interest payments on the wastewater bonds are expected to require 33.8% of net revenues. The total principal and interest remaining to be paid on the bonds is \$3,288,713. Principal and interest paid for the current year and total customer net revenues were \$142,895 and \$156,684, respectively.

City of Ashland

Notes to Financial Statements

December 31, 2023

Revenue debt payable at December 31, 2023 consists of the following:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance, December 31, 2023
Water Utility					
Revenue bonds*	2008	2027	1.420 %	\$ 442,199	\$ 103,177
Revenue bonds*	2009	2028	1.600	345,702	101,314
Revenue bonds	2016	2056	1.875	1,883,000	1,642,200
Revenue bonds	2017	2038	1.150-4.000	3,315,000	2,545,000
Revenue bonds	2023	2043	4.000	1,585,000	1,585,000
Total water utility					<u>5,976,691</u>
Wastewater Utility					
Revenue bonds*	2014	2034	2.630	581,416	370,878
Revenue bonds*	2016	2036	1.960	193,550	135,819
Revenue bonds	2018	2038	2.750	960,000	768,060
Revenue bonds*	2022	2051	0.970	623,081	592,454
Revenue bonds*	2022	2052	1.353	898,719	898,719 (1)
Total wastewater utility					<u>2,765,930</u>
Total business-type activities, revenue debt					<u>\$ 8,742,621</u>

* The debt noted is directly placed with a third party

(1) During 2022 the Wastewater utility was authorized to issue Clean Water Fund Loan revenue bonds up to the amount of \$1,716,132. The original amount reported above has been issued as of December 31, 2023. The repayment schedule includes payments for the amount issued.

Debt service requirements to maturity are as follows:

	Business-Type Activities			
	Revenue Debt		Revenue Debt From Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
Years ending December 31:				
2024	\$ 278,137	\$ 186,200	\$ 127,702	\$ 32,217
2025	275,038	188,766	129,855	30,138
2026	282,050	181,044	132,050	27,923
2027	293,974	172,791	134,286	25,668
2028	296,010	164,096	109,848	23,557
2029-2033	1,637,113	673,416	469,459	91,913
2034-2038	1,938,438	375,043	326,587	55,805
2039-2043	769,600	137,651	269,449	38,624
2044-2048	274,100	59,521	285,989	21,983
2049-2053	301,100	32,577	217,136	5,021
2054-2056	194,700	5,520	-	-
Total	<u>\$ 6,540,260</u>	<u>\$ 2,176,625</u>	<u>\$ 2,202,361</u>	<u>\$ 352,849</u>

Other Debt Information

Estimated payments of accumulated employee benefits are not included in the debt service requirement schedules. The vested compensated absences 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 \$249,991, contain provisions that in the event of default, the outstanding balance shall become immediately due and payable.

The City's outstanding 2018 and 2022 State Trust Fund Loans from direct borrowings related to governmental activities with balances totaling \$399,158 contain 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 2008 and 2009 Safe Drinking Water Loans and 2014, 2016 and 2022 Clean Water Fund Loans from direct borrowings and/or direct placements related to business-type activities with balances totaling \$2,202,361, 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.

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.

City of Ashland

Notes to Financial Statements

December 31, 2023

Short-Term Debt

The City issued two short-term promissory notes during 2023. Series 2023A was issued in the amount of \$1,365,000 as a note anticipation note for the City's 2023 general obligation note payable issued December 19, 2023. The note had an interest rate of 5.00% and matured on December 21, 2023. Series 2023B was issued in the amount of \$277,550 to be used for general operations. The note has an interest rate of 6.75% and matures on December 20, 2024.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Promissory notes, direct placement	<u>\$ 266,000</u>	<u>\$ 1,642,550</u>	<u>\$ 1,631,000</u>	<u>\$ 277,550</u>

Lease Disclosures

Lessee – Lease Liabilities

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Lease liabilities	<u>\$ 186,413</u>	<u>\$ 291,453</u>	<u>\$ (130,474)</u>	<u>\$ 347,392</u>	<u>\$ 132,511</u>
Total	<u>\$ 186,413</u>	<u>\$ 291,453</u>	<u>\$ (130,474)</u>	<u>\$ 347,392</u>	<u>\$ 132,511</u>

Governmental Activities

<u>Lease Description</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2023</u>
Enterprise – vehicles	various	various	3.63%	\$ 243,070	\$ 96,756
Enterprise – vehicles	2023	various	5.00%	291,453	250,636
Total governmental activities lease liabilities					<u>\$ 347,392</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 132,511	\$ 18,007	\$ 150,518
2025	81,859	11,502	93,361
2026	67,439	6,979	74,418
2027	43,844	3,266	47,110
2028	21,739	883	22,622
Total	<u>\$ 347,392</u>	<u>\$ 40,637</u>	<u>\$ 388,029</u>

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 \$783,881 reported as landfill closure and postclosure care liability at December 31, 2023, 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 2023. 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.

Net Position/Fund Balances

Net position reported on the government wide statement of net position at December 31, 2023 includes the following:

Governmental Activities

Net investment in capital assets:

Construction in progress	\$ 263,623
Land and right of way	4,563,071
Other capital assets, net of accumulated depreciation/amortization	75,139,551
Less related long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(10,066,254)</u>
Total net investment in capital assets	<u>\$ 69,899,991</u>

City of Ashland

Notes to Financial Statements

December 31, 2023

Governmental fund balances reported on the fund financial statements at December 31, 2023 include the following:

Fund Balances	General Fund	Housing Rehab Revolving Loan	Capital Improvements	Debt Service Fund	Nonmajor Funds	Total
Nonspendable						
Prepaid items and inventory	\$ 23,447	\$ -	\$ -	\$ -	\$ -	\$ 23,447
Delinquent taxes	7,744	-	-	-	-	7,744
Delinquent utilities included in due from other governments	29,456	-	-	-	-	29,456
NSP Breakwall	-	-	-	-	160,902	160,902
Subtotal	60,647	-	-	-	160,902	221,549
Restricted						
Housing and economic development loans	-	100,918	-	-	-	100,918
Debt service	-	-	-	258,801	-	258,801
Library	-	-	-	-	365,791	365,791
Buildings and facilities	-	-	55,833	-	-	55,833
Police programs	-	-	-	-	116,845	116,845
NSP Breakwall	-	-	-	-	387,838	387,838
Beautification	-	-	-	-	1,835	1,835
TIF No. 10 development	-	-	-	-	61,026	61,026
Waterfront development	-	-	458,648	-	-	458,648
Capital equipment	-	-	-	-	288,835	288,835
Street improvements	-	-	1,259,066	-	-	1,259,066
Subtotal	-	100,918	1,773,547	258,801	1,222,170	3,355,436
Committed						
Bretting Teen Center	-	-	-	-	23,684	23,684
Insured loss deductible	-	-	-	-	45,613	45,613
Community planning and development	-	-	-	-	59,458	59,458
Subtotal	-	-	-	-	128,755	128,755
Assigned						
Fund balance applied to subsequent year's budget	198,527	-	-	-	-	198,527
Public transportation	-	-	22,000	-	-	22,000
Recycling	-	-	-	-	738	738
Park grounds improvements	-	-	56,556	-	-	56,556
Sidewalk improvements	-	-	223,015	-	-	223,015
Landfill improvement	-	-	44,083	-	-	44,083
Capital equipment	-	-	-	-	206,765	206,765
Street improvements	-	-	151,933	-	-	151,933
Building and facilities	-	-	74,298	-	-	74,298
Reduction to zero out unassigned fund balance	-	-	(476,031)	-	-	(476,031)
Subtotal	198,527	-	95,854	-	207,503	501,884
Unassigned (Deficit)	3,864,884	-	-	-	(376,872)	3,488,012
Total fund balances (deficit)	\$ 4,124,058	\$ 100,918	\$ 1,869,401	\$ 258,801	\$ 1,342,458	\$ 7,695,636

City of Ashland

Notes to Financial Statements
December 31, 2023

Business-Type Activities

Net investment in capital assets:	
Construction in progress	\$ 1,956,373
Land	506,830
Other capital assets, net of accumulated depreciation	35,766,688
Less related long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(9,115,447)</u>
Total net investment in capital assets	<u>\$ 29,114,444</u>

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.

Summary of Significant Accounting Principles

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.

Basis of Accounting

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

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.

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, 2023, 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.

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. The Trust has an excess deposit insurance bond of \$1,000,000 as of December 31, 2023. As of December 31, 2023, the uninsured portion of this balance was \$75,652.

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, 2023, the Trust had \$264,129 of cash and other net financial assets available to meet cash needs for general expenses within one year.

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, 2023 totaled \$99,941.

Subsequent Events

Management has evaluated subsequent events through July 26, 2024 the date on which the Trust financial statements were available to be issued.

4. Other Information**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 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 Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

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 December 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.

Postretirement 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:

	Core Fund Adjustment	Variable Fund Adjustment
Years ending December 31:		
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
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0
2022	7.4	15.0

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 was 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 \$592,919 in contributions from the City.

Contribution rates for the plan year reported as of December 31, 2023 are:

	<u>Employee</u>	<u>Employer</u>
Employee category:		
General (executives and elected officials)	6.50 %	6.50 %
Protective with Social Security	6.50	12.00
Protective without Social Security	6.50	16.40

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

At December 31, 2023, the City reported a liability of \$2,697,375 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022. 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, 2022, the City's proportion was 0.05091593%, which was a decrease of 0.00061460% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the City recognized pension expense of \$1,225,990.

City of Ashland

Notes to Financial Statements
December 31, 2023

At December 31, 2023, 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 projected and actual experience	\$ 4,296,082	\$ 5,644,088
Changes in actuarial assumptions	530,415	-
Net differences between projected and actual earnings on pension plan investments	4,582,217	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	13,731	2,266
Employer contributions subsequent to the measurement date	600,448	-
Total	<u>\$ 10,022,893</u>	<u>\$ 5,646,354</u>

\$600,448 reported as deferred outflows of resources 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 (asset) in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
Years ended December 31:	
2024	\$ 158,214
2025	782,632
2026	803,285
2027	2,031,960

Actuarial Assumptions

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2021
Measurement Date of Net Pension Liability (Asset):	December 31, 2022
Experience Study:	January 1, 2018 – December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1%-5.6%
Mortality:	2020 WRS Experience Mortality Table
Postretirement Adjustments*:	1.7%

* No postretirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the postretirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The Total Pension Liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the December 31, 2021 actuarial valuation.

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 geometric real rates of return for each major asset class are summarized in the following table:

Asset Allocation Targets and Expected Returns* as of December 31, 2022			
Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %**
Public Equity	48	7.6	5.0
Public Fixed Income	25	5.3	2.7
Inflation Sensitive	19	3.6	1.1
Real Estate	8	5.2	2.6
Private Equity/Debt	15	9.6	6.9
Total Core Fund***	115	7.4	4.8
Variable Fund Asset			
U.S. Equities	70	7.2	4.6
International Equities	30	8.1	5.5
Total Variable Fund	100	7.7	5.1

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

** New England Pension Consultants' Long-Term U.S. CPI (Inflation) Forecast: 2.5%

*** The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used subject to an allowable range of up to 20%.

Single Discount Rate

A single discount rate of 6.8% was used to measure the total pension liability, for the current and prior year. This discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 4.05%. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2022. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% 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 investment rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 6.80%, 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 (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	1% Decrease to Discount Rate (5.8%)	Current Discount Rate (6.8%)	1% Increase to Discount Rate (7.8%)
City's proportionate share of the net pension liability (asset)	\$ 8,952,500	\$ 2,697,375	\$ (1,605,614)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reportsand-statements>.

At December 31, 2023, the City reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

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.

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.

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 \$729,605, to be drawn upon for cleanup costs. No draws have been made on these letters of credit as of December 31, 2023.

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, 2023 were \$27,597.

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.

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.

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, 2023, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	17
Active plan members	43
	<hr/>
	60
	<hr/>

Total OPEB Liability

The City's total OPEB liability of \$2,334,802 was measured as of December 31, 2023 and was determined by an actuarial valuation as of January 1, 2024 with no adjustments.

City of Ashland

Notes to Financial Statements

December 31, 2023

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2023 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%
Payroll growth	3.0% plus merit/productivity increases based on WRS actuarial valuation as of December 31, 2022
Healthcare cost trend rates	8.00% for 2024, decreasing 0.5% per year to an ultimate rate of 4.5% for 2031 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-2021, as appropriate.

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of the Wisconsin Retirement System actuarial valuation as of December 31, 2022.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at December 31, 2022	<u>\$ 1,711,360</u>
Changes for the year:	
Service cost	70,769
Interest	73,119
Changes of benefit terms	-
Differences between expected and actual experience	350,484
Changes in assumptions or other inputs	302,157
Benefit payments	<u>(173,087)</u>
Net changes	<u>623,442</u>
Balance at December 31, 2023	<u><u>\$ 2,334,802</u></u>

Change in Assumptions

The discount rate changed from 4.31% in 2022 to 4.00% in 2023. Health care cost trend rates were updated from an initial rate of 7.5% in 2022 to 8.0% in 2023.

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 (3.00%) or 1-percentage-point higher (5.00%) than the current discount rate:

	1% Decrease (3.00%)	Discount Rate (4.00%)	1% Increase (5.00%)
Total OPEB liability	\$ 2,531,066	\$ 2,334,802	\$ 2,159,091

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% decreasing to 3.5%) or 1-percentage-point higher (9.0% decreasing to 5.5%) 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	\$ 2,176,206	\$ 2,334,802	\$ 2,466,664

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Note

For the year ended December 31, 2023, the City recognized OPEB expense of \$120,671. At December 31, 2023, 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	\$ 527,598	\$ (209,214)
Changes of assumptions or other inputs	363,878	(357,242)
Total	<u>\$ 891,476</u>	<u>\$ (566,456)</u>

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

Years ending December 31:	
2024	\$ (23,217)
2025	(23,219)
2026	(2,526)
2027	96,811
2028	68,871
Thereafter	208,300

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.

Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*
- Statement No. 102, *Certain Risk Disclosures*
- Statement No. 103, *Financial Reporting Model Improvements*

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

Subsequent Event

On February 28, 2024 and August 14, 2024, the City made additional draws of \$509,334 and \$30,146, respectively, on its 2022B Clean Water Fund Loan.

On June 25, 2024, the City approved the issuance of \$1,097,053 of Clean Water Fund Loan Program Sewerage System Revenue Bonds, series 2024. The Bonds have an interest rate of 1.353% and mature on May 1, 2054. A draw was made on this loan on July 10, 2024, in the amount of \$164,883.

On June 25, 2024, the City approved the issuance of \$847,920 of Safe Drinking Water Loan Program Water System Revenue Bonds, series 2024. The Bonds have an interest rate of 1.353% and mature on May 1, 2054. A draw was made on this loan on July 10, 2024, in the amount of \$650,793.46.

REQUIRED SUPPLEMENTARY INFORMATION

City of Ashland

Budgetary Comparison Schedule -

General Fund

Year Ended December 31, 2023

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Taxes:				
General property tax for local purposes	\$ 2,852,073	\$ 2,852,073	\$ 2,852,457	\$ 384
Payments in lieu of taxes	40,000	40,000	1,949	(38,051)
Sales tax-city share	140	140	167	27
Mobile home taxes	24,000	24,000	23,562	(438)
Room tax	10,500	10,500	10,846	346
Interest on taxes	2,500	2,500	4,392	1,892
Total taxes	2,929,213	2,929,213	2,893,373	(35,840)
Intergovernmental:				
Shared taxes from state	3,800,419	3,800,419	3,804,850	4,431
State aid, computer aid	37,133	37,133	39,976	2,843
State aid, highways	76,688	76,688	76,688	-
State aid, local streets	660,685	660,685	660,771	86
State aid, other public safety	50,000	50,000	53,919	3,919
Protection services	19,650	19,650	20,293	643
State aid, fire insurance tax	21,000	21,000	23,769	2,769
Expenditure restraint	177,327	177,327	177,327	-
Total intergovernmental	4,842,902	4,842,902	4,857,593	14,691
Licenses and permits:				
Liquor and malt beverage licenses	35,000	35,000	30,470	(4,530)
Nonbusiness licenses	10	10	1	(9)
Cable franchise fee	76,000	76,000	74,624	(1,376)
Building permits	47,000	47,000	98,070	51,070
Zoning permits	4,000	4,000	6,023	2,023
Total licenses and permits	162,010	162,010	209,188	47,178
Fines, forfeitures and penalties:				
Court penalties and costs	16,500	16,500	15,342	(1,158)
Total fines, forfeitures and penalties	16,500	16,500	15,342	(1,158)

See notes to required supplementary information

City of Ashland

Budgetary Comparison Schedule -

General Fund

Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Public charges for services:				
General government fees	\$ 10,000	\$ 10,000	\$ 13,874	\$ 3,874
Police department fees	5,000	5,000	3,955	(1,045)
Fire department fees	1,000	1,000	-	(1,000)
Ambulance fees	1,060,000	1,060,000	1,125,960	65,960
Ambulance protection fees	12,000	12,000	23,440	11,440
Other public safety fees	6,100	6,100	70	(6,030)
Public works fees	51,100	51,100	97,811	46,711
Fuel tax refund	3,500	3,500	2,844	(656)
Parking revenues	10,000	10,000	9,444	(556)
Refuse and garbage fees	389,000	389,000	397,196	8,196
Animal control	3,000	3,000	3,601	601
Park fees	150,000	150,000	138,140	(11,860)
Weed and nuisance control	5,000	5,000	-	(5,000)
Leisure programs	80,000	80,000	92,326	12,326
Total public charges for services	1,785,700	1,785,700	1,908,661	122,961
Intergovernmental charges for services:				
Liaison officer	85,000	85,000	86,458	1,458
Fire yearly fees	142,710	142,710	143,858	1,148
Ambulance yearly fees	321,179	321,179	321,179	-
Airport fees	8,000	8,000	8,000	-
Attorney reimbursement from water utility	5,000	5,000	-	(5,000)
Utility cost sharing	228,610	228,610	243,328	14,718
Charges to library	43,700	43,700	36,281	(7,419)
Total intergovernmental charges for services	834,199	834,199	839,104	4,905
Investment income:				
Interest on temporary investments	10,000	10,000	54,269	44,269
Total investment income	10,000	10,000	54,269	44,269
Miscellaneous:				
Rent/lease	30,000	30,000	28,013	(1,987)
Insurance dividends	30,000	30,000	26,843	(3,157)
Donations	1,000	1,000	-	(1,000)
Insurance workman's compensation	2,000	2,000	8,961	6,961
Other miscellaneous revenue	4,150	4,150	27,341	23,191
Total miscellaneous	67,150	67,150	91,158	24,008
Total revenues	10,647,674	10,647,674	10,868,688	221,014

See notes to required supplementary information

City of Ashland

Budgetary Comparison Schedule -

General Fund

Year Ended December 31, 2023

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
Expenditures				
General government:				
Council	\$ 35,825	\$ 26,489	\$ 26,411	\$ 78
Police/fire commission	7,900	15,371	15,371	-
Mayor	28,595	18,595	18,575	20
Administrator	149,805	148,805	148,743	62
Clerk:				
Legislative support	108,260	107,260	107,224	36
Elections	60,010	80,202	80,202	-
Personnel, labor relations	153,610	81,610	53,512	28,098
Data processing	308,080	280,626	279,869	757
Other city hall	90,960	85,754	82,353	3,401
Financial administration, finance department	418,480	442,608	442,608	-
Assessment of property	33,050	33,050	32,327	723
Legal	70,000	85,324	85,324	-
Municipal buildings	489,074	511,618	511,618	-
Uncollectible taxes/special assessment refunds	2,500	245	245	-
Property and liability insurance	131,500	153,592	153,592	-
Total general government	2,087,649	2,071,149	2,037,974	33,175
Public safety:				
Police	2,487,600	2,487,600	2,486,718	882
Ambulance and fire	3,158,355	3,029,102	2,905,603	123,499
Hydrant rental	19,300	19,300	18,932	368
Building inspection	138,565	138,565	129,901	8,664
Weights and measures	5,600	5,600	3,200	2,400
Total public safety	5,809,420	5,680,167	5,544,354	135,813
Public works:				
Administration	176,361	195,731	161,892	33,839
Road maintenance	1,159,547	1,159,547	1,260,622	(101,075)
Street lighting	174,964	174,964	182,337	(7,373)
Sidewalk maintenance	22,139	22,139	16,643	5,496
Storm sewers	114,262	114,262	60,730	53,532
Parking facilities	3,179	3,179	8,259	(5,080)
Bay Area Transit	34,000	34,000	34,000	-
GIS and engineering	107,088	107,088	86,427	20,661
Garbage and refuse collection	356,802	351,450	351,450	-
Landfill	67,395	76,382	76,382	-
Total public works	2,215,737	2,238,742	2,238,742	-

See notes to required supplementary information

City of Ashland

Budgetary Comparison Schedule -

General Fund

Year Ended December 31, 2023

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
Health and human services:				
Animal and pest control	\$ 91,800	\$ 91,800	\$ 90,325	\$ 1,475
Mount Hope cemetery	63,000	63,000	63,000	-
Total health and human services	154,800	154,800	153,325	1,475
Leisure activities:				
Museum	10,000	10,000	10,000	-
Parks	268,607	317,673	317,673	-
Leisure services	328,690	315,870	315,817	53
Municipal band	5,000	5,320	5,980	(660)
Community events	17,550	17,550	15,700	1,850
Total leisure activities	629,847	666,413	665,170	1,243
Conservation and development:				
Historic preservation	400	400	-	400
AADC contribution	53,000	53,000	53,000	-
Community development	202,275	198,325	184,152	14,173
Total conservation and development	255,675	251,725	237,152	14,573
Total expenditures	11,153,128	11,062,996	10,876,717	186,279
Excess of revenues over expenditures	(505,454)	(415,322)	(8,029)	407,293
Other Financing Sources (Uses)				
Transfers in	513,070	513,070	371,359	(141,711)
Transfers out	(581,390)	(671,522)	(673,924)	(2,402)
Total other financing sources (uses)	(68,320)	(158,452)	(302,565)	(144,113)
Net change in fund balance	\$ (573,774)	\$ (573,774)	(310,594)	\$ 263,180
Fund Balance, Beginning			4,434,652	
Fund Balance, Ending			<u>\$ 4,124,058</u>	

See notes to required supplementary information

City of Ashland

Budgetary Comparison Schedule -
Special Revenue Fund - Housing Rehab Revolving Loan Fund
Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Investment income	\$ -	\$ -	\$ 20	\$ 20
Miscellaneous	90,000	52,480	52,460	(20)
Total revenues	90,000	52,480	52,480	-
Expenditures				
Current:				
Conservation and development	150,000	82,610	82,608	2
Total expenditures	150,000	82,610	82,608	2
Net change in fund balance	<u>\$ (60,000)</u>	<u>\$ (30,130)</u>	(30,128)	<u>\$ 2</u>
Fund Balance, Beginning			131,046	
Fund Balance, Ending			<u>\$ 100,918</u>	

See notes to required supplementary information

City of Ashland

Schedule of Changes in Total OPEB Liability and Related Ratios
Year Ended December 31, 2023

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service cost	\$ 70,769	\$ 90,324	\$ 55,768	\$ 48,355	\$ 140,668	\$ 150,703	\$ 139,541
Interest	73,119	40,067	37,485	50,186	94,923	85,119	85,273
Differences between expected and actual experience	350,484	215,189	(43,742)	97,380	(445,107)	(59,839)	-
Changes of assumptions	302,157	(256,774)	51,514	126,193	(349,606)	(105,699)	48,530
Benefit payments	(173,087)	(134,980)	(111,156)	(90,358)	(146,257)	(137,344)	(126,004)
Net change in total OPEB liability	623,442	(46,174)	(10,131)	231,756	(705,379)	(67,060)	147,340
Total OPEB Liability, Beginning	<u>1,711,360</u>	<u>1,757,534</u>	<u>1,767,665</u>	<u>1,535,909</u>	<u>2,241,288</u>	<u>2,308,348</u>	<u>2,161,008</u>
Total OPEB Liability, Ending	<u>\$ 2,334,802</u>	<u>\$ 1,711,360</u>	<u>\$ 1,757,534</u>	<u>\$ 1,767,665</u>	<u>\$ 1,535,909</u>	<u>\$ 2,241,288</u>	<u>\$ 2,308,348</u>
Covered-Employee Payroll	\$ 2,851,142	\$ 2,676,308	\$ 2,598,357	\$ 2,297,650	\$ 2,230,728	\$ 5,124,538	\$ 4,975,280
Total OPEB Liability as a Percentage of Covered-Employee Payroll	81.89%	63.94%	67.64%	76.93%	68.85%	43.74%	46.40%

See notes to required supplementary information

City of Ashland

Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset)

Wisconsin Retirement System (WRS)

Year Ended December 31, 2023

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
12/31/22	0.05091593 %	\$ 2,697,375	\$ 5,669,066	47.58 %	95.72 %
12/31/21	0.05153053 %	(4,153,455)	5,580,917	74.42 %	106.02 %
12/31/20	0.05235825 %	(3,268,798)	5,704,184	57.31 %	105.26 %
12/31/19	0.05279944 %	(1,702,495)	5,627,783	30.25 %	102.96 %
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)

Year Ended December 31, 2023

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
12/31/23	\$ 600,448	\$ 600,448	\$ -	\$ 6,038,177	9.94 %
12/31/22	524,484	524,484	-	5,669,066	9.25 %
12/31/21	636,640	636,640	-	5,581,316	11.41 %
12/31/20	647,008	647,008	-	5,704,185	11.34 %
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 notes to required supplementary information

1. Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting as described in Note 1.

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.

2. 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. Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the postretirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the postretirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table

3. Other Postemployment 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.

Changes in Benefit Terms and Assumptions

There were no changes in the benefit terms. The discount rate changed from 4.31% in 2022 to 4.00% in 2023. The Health care trend rates have been updated to an initial rate of 8.00% decreasing by 0.50% annually to an ultimate rate of 4.50%. Dental trend rates have been updated to a flat rate of 4.00%. Termination rates, retirement rates and disability rates have been updated to reflect the most recent WRS Actuarial Valuation as of December 31, 2022.

SUPPLEMENTARY INFORMATION

City of Ashland

Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2023

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Funds
Assets			
Current assets:			
Cash and investments	\$ 1,516,977	\$ 169,879	\$ 1,686,856
Restricted assets, construction account	-	364,455	364,455
Taxes receivable	722,539	-	722,539
Accounts receivable	63,209	35,605	98,814
Notes receivable, net	59,144	-	59,144
Due from other governments	219,548	37,112	256,660
Advances to other funds	171,318	-	171,318
Total assets	<u>\$ 2,752,735</u>	<u>\$ 607,051</u>	<u>\$ 3,359,786</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ 117,863	\$ 23,313	\$ 141,176
Accrued liabilities	16,377	-	16,377
Unearned revenues	429,619	-	429,619
Due to other funds	100,564	-	100,564
Advances from other funds	276,582	-	276,582
Total liabilities	<u>941,005</u>	<u>23,313</u>	<u>964,318</u>
Deferred Inflows of Resources			
Unearned revenues	767,465	-	767,465
Unavailable revenues	258,433	27,112	285,545
Total deferred inflows of resources	<u>1,025,898</u>	<u>27,112</u>	<u>1,053,010</u>
Fund Balances			
Nonspendable	160,902	-	160,902
Restricted	872,309	349,861	1,222,170
Committed	128,755	-	128,755
Assigned	738	206,765	207,503
Unassigned (deficit)	(376,872)	-	(376,872)
Total fund balances	<u>785,832</u>	<u>556,626</u>	<u>1,342,458</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,752,735</u>	<u>\$ 607,051</u>	<u>\$ 3,359,786</u>

City of Ashland

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -

Nonmajor Governmental Funds

Year Ended December 31, 2023

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ 625,972	\$ -	\$ 625,972
Intergovernmental	492,319	288,618	780,937
Fines, forfeitures and penalties	292	-	292
Public charges for services	3,079	-	3,079
Investment income	29,307	17	29,324
Miscellaneous	206,428	121,224	327,652
Total revenues	1,357,397	409,859	1,767,256
Expenditures			
Current:			
General government	7,889	-	7,889
Public safety	76,691	132,818	209,509
Public works	146,220	-	146,220
Health and human services	108,884	-	108,884
Leisure activities	551,932	-	551,932
Conservation and development	351,651	4,900	356,551
Capital outlay	51,360	1,358,854	1,410,214
Debt service:			
Interest and fiscal charges	-	27,843	27,843
Total expenditures	1,294,627	1,524,415	2,819,042
Excess (deficiency) of revenues over expenditures	62,770	(1,114,556)	(1,051,786)
Other Financing Sources (Uses)			
Long-term debt issued	-	905,000	905,000
Premium on long-term debt	-	45,102	45,102
Proceeds from sale of capital assets	-	59,592	59,592
Leases issued	-	119,268	119,268
Transfers in	703,397	126,302	829,699
Transfers out	(409,046)	-	(409,046)
Total other financing sources (uses)	294,351	1,255,264	1,549,615
Net change in fund balances	357,121	140,708	497,829
Fund Balances, Beginning	428,711	415,918	844,629
Fund Balances, Ending	\$ 785,832	\$ 556,626	\$ 1,342,458

City of Ashland

Combining Balance Sheet -
Nonmajor Special Revenue Funds
December 31, 2023

	Recycling	Economic Development Revolving Loan	Library Grants and Special Revenue	TIF No. 6 Increment	TIF No. 9 Increment	TIF No. 10 Increment	Community Planning and Development	NSP Breakwall
Assets								
Cash and investments	\$ 12,955	\$ 2,398	\$ 239,273	\$ -	\$ -	\$ 394	\$ 483,330	\$ 377,422
Taxes receivable	-	-	-	318,601	255,696	148,242	-	-
Accounts receivable	-	-	-	-	-	-	63,209	-
Notes receivable, net	-	59,144	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	87,180	-
Advances to other funds	-	-	-	-	-	-	-	171,318
Total assets	<u>\$ 12,955</u>	<u>\$ 61,542</u>	<u>\$ 239,273</u>	<u>\$ 318,601</u>	<u>\$ 255,696</u>	<u>\$ 148,636</u>	<u>\$ 633,719</u>	<u>\$ 548,740</u>
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)								
Liabilities								
Accounts payable	\$ 12,217	\$ 2,546	\$ -	\$ -	\$ -	\$ -	\$ 92,387	\$ -
Accrued liabilities	-	-	-	-	-	-	84	-
Unearned revenues	-	-	-	-	-	-	429,619	-
Due to other funds	-	-	-	-	-	-	-	-
Advances from other funds	-	-	-	-	105,264	171,318	-	-
Total liabilities	<u>12,217</u>	<u>2,546</u>	<u>-</u>	<u>-</u>	<u>105,264</u>	<u>171,318</u>	<u>522,090</u>	<u>-</u>
Deferred Inflows of Resources								
Unearned revenues	-	-	-	318,601	255,696	148,242	-	-
Unavailable revenues	-	59,144	-	-	-	-	87,945	-
Total deferred inflows of resources	<u>-</u>	<u>59,144</u>	<u>-</u>	<u>318,601</u>	<u>255,696</u>	<u>148,242</u>	<u>87,945</u>	<u>-</u>
Fund Balances (Deficit)								
Nonspendable	-	-	-	-	-	-	-	160,902
Restricted	-	-	239,273	-	-	-	-	387,838
Committed	-	-	-	-	-	-	23,684	-
Assigned	738	-	-	-	-	-	-	-
Unassigned (deficit)	-	(148)	-	-	(105,264)	(170,924)	-	-
Total fund balances (deficit)	<u>738</u>	<u>(148)</u>	<u>239,273</u>	<u>-</u>	<u>(105,264)</u>	<u>(170,924)</u>	<u>23,684</u>	<u>548,740</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 12,955</u>	<u>\$ 61,542</u>	<u>\$ 239,273</u>	<u>\$ 318,601</u>	<u>\$ 255,696</u>	<u>\$ 148,636</u>	<u>\$ 633,719</u>	<u>\$ 548,740</u>

City of Ashland

Combining Balance Sheet -
Nonmajor Special Revenue Funds
December 31, 2023

	Evidence Funds	Bretting Teen Center	Beautification	Vaughn Library	Insured Loss Deductible	Hazardous Materials	Home Improvement Program	Total Nonmajor Special Revenue Funds
Assets								
Cash and investments	\$ 105,478	\$ 45,613	\$ 1,835	\$ 142,715	\$ 59,458	\$ 46,106	\$ -	\$ 1,516,977
Taxes receivable	-	-	-	-	-	-	-	722,539
Accounts receivable	-	-	-	-	-	-	-	63,209
Notes receivable, net	-	-	-	-	-	-	-	59,144
Due from other governments	15,658	-	-	-	-	7,798	108,912	219,548
Advances to other funds	-	-	-	-	-	-	-	171,318
Total assets	<u>\$ 121,136</u>	<u>\$ 45,613</u>	<u>\$ 1,835</u>	<u>\$ 142,715</u>	<u>\$ 59,458</u>	<u>\$ 53,904</u>	<u>\$ 108,912</u>	<u>\$ 2,752,735</u>
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)								
Liabilities								
Accounts payable	\$ 1,831	\$ -	\$ -	\$ 7,340	\$ -	\$ 1,542	\$ -	\$ 117,863
Accrued liabilities	-	-	-	8,857	-	7,436	-	16,377
Unearned revenues	-	-	-	-	-	-	-	429,619
Due to other funds	-	-	-	-	-	-	100,564	100,564
Advances from other funds	-	-	-	-	-	-	-	276,582
Total liabilities	<u>1,831</u>	<u>-</u>	<u>-</u>	<u>16,197</u>	<u>-</u>	<u>8,978</u>	<u>100,564</u>	<u>941,005</u>
Deferred Inflows of Resources								
Unearned revenues	-	-	-	-	-	44,926	-	767,465
Unavailable revenues	<u>2,460</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,884</u>	<u>258,433</u>
Total deferred inflows of resources	<u>2,460</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,926</u>	<u>108,884</u>	<u>1,025,898</u>
Fund Balances (Deficit)								
Nonspendable	-	-	-	-	-	-	-	160,902
Restricted	116,845	-	1,835	126,518	-	-	-	872,309
Committed	-	45,613	-	-	59,458	-	-	128,755
Assigned	-	-	-	-	-	-	-	738
Unassigned (deficit)	-	-	-	-	-	-	(100,536)	(376,872)
Total fund balances (deficit)	<u>116,845</u>	<u>45,613</u>	<u>1,835</u>	<u>126,518</u>	<u>59,458</u>	<u>-</u>	<u>(100,536)</u>	<u>785,832</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 121,136</u>	<u>\$ 45,613</u>	<u>\$ 1,835</u>	<u>\$ 142,715</u>	<u>\$ 59,458</u>	<u>\$ 53,904</u>	<u>\$ 108,912</u>	<u>\$ 2,752,735</u>

City of Ashland

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Special Revenue Funds
Year Ended December 31, 2023

	Recycling	Economic Development Revolving Loan	Library Grants & Special Revenue	TIF No. 6 Increment	TIF No. 9 Increment	TIF No. 10 Increment	Community Planning & Development	NSP Breakwall
Revenues								
Taxes	\$ -	\$ -	\$ -	\$ 282,672	\$ 224,870	\$ 118,430	\$ -	\$ -
Intergovernmental	56,958	-	-	9,195	2,707	-	153,629	-
Fines, forfeitures and penalties	-	-	-	-	-	-	-	-
Public charges for services	-	-	2,806	-	-	-	-	-
Investment income	-	2,586	3,808	1,730	(5,344)	394	11,074	8,327
Miscellaneous	-	50,239	76,147	-	-	-	8,400	-
Total revenues	56,958	52,825	82,761	293,597	222,233	118,824	173,103	8,327
Expenditures								
Current:								
General government	-	-	-	150	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public works	146,220	-	-	-	-	-	-	-
Health and human services	-	-	-	-	-	-	-	-
Leisure activities	-	-	20,828	-	-	-	-	-
Conservation and development	-	52,825	-	-	27,747	2,421	262,063	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	146,220	52,825	20,828	150	27,747	2,421	262,063	-
Excess (deficiency) of revenues over expenditures	(89,262)	-	61,933	293,447	194,486	116,403	(88,960)	8,327
Other Financing Sources (Uses)								
Transfers in	90,000	-	-	-	293,447	-	-	-
Transfers out	-	-	-	(293,447)	-	(105,593)	(10,006)	-
Total other financing sources (uses)	90,000	-	-	(293,447)	293,447	(105,593)	(10,006)	-
Net change in fund balances	738	-	61,933	-	487,933	10,810	(98,966)	8,327
Fund Balances (Deficit), Beginning	-	(148)	177,340	-	(593,197)	(181,734)	122,650	540,413
Fund Balances (Deficit), Ending	\$ 738	\$ (148)	\$ 239,273	\$ -	\$ (105,264)	\$ (170,924)	\$ 23,684	\$ 548,740

City of Ashland

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Special Revenue Funds
Year Ended December 31, 2023

	Evidence Funds	Bretting Teen Center	Beautification	Vaughn Library	Insured Loss Deductible	Hazardous Materials	Home Improvement Program	Total Nonmajor Special Revenue Funds
Revenues								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 625,972
Intergovernmental	110,424	-	-	137,763	-	21,643	-	492,319
Fines, forfeitures and penalties	292	-	-	-	-	-	-	292
Public charges for services	-	-	-	273	-	-	-	3,079
Investment income	1,278	780	-	4,054	-	620	-	29,307
Miscellaneous	7,782	24,395	1,544	73	37,763	85	-	206,428
Total revenues	119,776	25,175	1,544	142,163	37,763	22,348	-	1,357,397
Expenditures								
Current:								
General government	-	-	-	-	7,739	-	-	7,889
Public safety	54,343	-	-	-	-	22,348	-	76,691
Public works	-	-	-	-	-	-	-	146,220
Health and human services	-	-	-	-	-	-	108,884	108,884
Leisure activities	-	28,794	8,754	493,556	-	-	-	551,932
Conservation and development	-	-	-	-	-	-	6,595	351,651
Capital outlay	51,360	-	-	-	-	-	-	51,360
Total expenditures	105,703	28,794	8,754	493,556	7,739	22,348	115,479	1,294,627
Excess (deficiency) of revenues over expenditures	14,073	(3,619)	(7,210)	(351,393)	30,024	-	(115,479)	62,770
Other Financing Sources (Uses)								
Transfers in	-	-	3,950	316,000	-	-	-	703,397
Transfers out	-	-	-	-	-	-	-	(409,046)
Total other financing sources (uses)	-	-	3,950	316,000	-	-	-	294,351
Net change in fund balances	14,073	(3,619)	(3,260)	(35,393)	30,024	-	(115,479)	357,121
Fund Balances (Deficit), Beginning	102,772	49,232	5,095	161,911	29,434	-	14,943	428,711
Fund Balances (Deficit), Ending	\$ 116,845	\$ 45,613	\$ 1,835	\$ 126,518	\$ 59,458	\$ -	\$ (100,536)	\$ 785,832

City of Ashland

Combining Balance Sheet -
Nonmajor Capital Project Funds
December 31, 2023

	TIF #10 Development	Capital Equipment	Total Nonmajor Capital Project Funds
Assets			
Current assets:			
Cash and investments	\$ 61,026	\$ 108,853	\$ 169,879
Restricted assets, construction account	-	364,455	364,455
Accounts receivable	-	35,605	35,605
Due from other governments	-	37,112	37,112
Total assets	<u>\$ 61,026</u>	<u>\$ 546,025</u>	<u>\$ 607,051</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ 23,313	\$ 23,313
Total liabilities	<u>-</u>	<u>23,313</u>	<u>23,313</u>
Deferred Inflows of Resources			
Unavailable revenues	-	27,112	27,112
Total deferred inflows of resources	<u>-</u>	<u>27,112</u>	<u>27,112</u>
Fund Balances			
Restricted	61,026	288,835	349,861
Assigned	-	206,765	206,765
Total fund balances	<u>61,026</u>	<u>495,600</u>	<u>556,626</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 61,026</u>	<u>\$ 546,025</u>	<u>\$ 607,051</u>

City of Ashland

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
 Nonmajor Capital Projects Funds
 Year Ended December 31, 2023

	TIF #10 Development	Capital Equipment	Total Nonmajor Capital Project Funds
Revenues			
Intergovernmental	\$ -	\$ 288,618	\$ 288,618
Investment income	-	17	17
Miscellaneous	-	121,224	121,224
Total revenues	-	409,859	409,859
Expenditures			
Current:			
Public safety	-	132,818	132,818
Conservation and development	4,900	-	4,900
Capital outlay	-	1,358,854	1,358,854
Debt service:			
Interest and fiscal charges	-	27,843	27,843
Total expenditures	4,900	1,519,515	1,524,415
Excess (deficiency) of revenues over expenditures	(4,900)	(1,109,656)	(1,114,556)
Other Financing Sources			
Long-term debt issued	-	905,000	905,000
Premium on long-term debt issued	-	45,102	45,102
Proceeds from sale of capital assets	-	59,592	59,592
Leases issued	-	119,268	119,268
Transfers in	30,120	96,182	126,302
Total other financing sources	30,120	1,225,144	1,255,264
Net change in fund balances	25,220	115,488	140,708
Fund Balances, Beginning	35,806	380,112	415,918
Fund Balances, Ending	<u>\$ 61,026</u>	<u>\$ 495,600</u>	<u>\$ 556,626</u>

City of Ashland

Combining Statement of Net Position -
Nonmajor Enterprise Funds
December 31, 2023

	Airport	Marina	Total Nonmajor Enterprise Funds
Assets			
Current assets:			
Cash and investments	\$ 184,163	\$ 185,782	\$ 369,945
Restricted assets, redemption account	-	41,523	41,523
Restricted assets, construction account	-	100,871	100,871
Other accounts receivable	12,322	3,692	16,014
Inventories and prepaid items	43,708	6,166	49,874
Total current assets	240,193	338,034	578,227
Noncurrent assets:			
Capital assets:			
Construction work in progress	10,946	-	10,946
Land	45,768	391,500	437,268
Capital assets being depreciated	4,886,453	3,380,939	8,267,392
Accumulated depreciation	(2,996,011)	(1,084,147)	(4,080,158)
Total noncurrent assets	1,947,156	2,688,292	4,635,448
Total assets	2,187,349	3,026,326	5,213,675
Deferred Outflows of Resources			
Pension related amounts	96,445	76,589	173,034
Total deferred outflows of resources	96,445	76,589	173,034
Liabilities			
Current liabilities:			
Accounts payable	1,833	1,525	3,358
Accrued expenses	1,824	1,120	2,944
Accrued interest	-	6,152	6,152
Current portion of long-term debt	-	39,000	39,000
Current portion of accrued compensated absences	6,717	7,480	14,197
Total current liabilities	10,374	55,277	65,651
Noncurrent liabilities:			
Long-term debt	-	259,000	259,000
Accrued compensated absences	7,054	13,860	20,914
Net pension liability	22,130	19,178	41,308
Total noncurrent liabilities	29,184	292,038	321,222
Total liabilities	39,558	347,315	386,873
Deferred Inflows of Resources			
Pension related amounts	49,822	45,193	95,015
Total deferred inflows of resources	49,822	45,193	95,015
Net Position			
Net investment in capital assets	1,947,156	2,491,163	4,438,319
Unrestricted	247,258	219,244	466,502
Total net position	\$ 2,194,414	\$ 2,710,407	\$ 4,904,821

City of Ashland

Combining Statement of Revenues, Expenses and Changes in Net Position -
Nonmajor Enterprise Funds
Year Ended December 31, 2023

	<u>Airport</u>	<u>Marina</u>	<u>Total Nonmajor Enterprise Funds</u>
Operating Revenues			
Charges for services	\$ 279,436	\$ 283,161	\$ 562,597
Total operating revenues	<u>279,436</u>	<u>283,161</u>	<u>562,597</u>
Operating Expenses			
Operation and maintenance	312,884	196,543	509,427
Depreciation	<u>175,175</u>	<u>82,325</u>	<u>257,500</u>
Total operating expenses	<u>488,059</u>	<u>278,868</u>	<u>766,927</u>
Operating income (loss)	<u>(208,623)</u>	<u>4,293</u>	<u>(204,330)</u>
Nonoperating Revenues (Expenses)			
Investment income	2,393	1,946	4,339
Interest and fiscal charges	-	(8,456)	(8,456)
Grants revenue	45,000	-	45,000
Miscellaneous revenue	<u>10,574</u>	<u>561</u>	<u>11,135</u>
Total nonoperating revenue (expenses)	<u>57,967</u>	<u>(5,949)</u>	<u>52,018</u>
Income (loss) before contributions and transfers	<u>(150,656)</u>	<u>(1,656)</u>	<u>(152,312)</u>
Contributions and Transfers			
Transfers in	<u>86,792</u>	<u>-</u>	<u>86,792</u>
Total contributions and transfers	<u>86,792</u>	<u>-</u>	<u>86,792</u>
Change in net position	(63,864)	(1,656)	(65,520)
Net Position, Beginning	<u>2,258,278</u>	<u>2,712,063</u>	<u>4,970,341</u>
Net Position, Ending	<u>\$ 2,194,414</u>	<u>\$ 2,710,407</u>	<u>\$ 4,904,821</u>

City of Ashland

Combining Statement of Cash Flows -
Nonmajor Enterprise Funds
Year Ended December 31, 2023

	Airport	Marina	Total Nonmajor Enterprise Funds
Cash Flows From Operating Activities			
Cash received from customers	\$ 333,108	\$ 281,668	\$ 614,776
Cash paid to suppliers for goods and services	(245,784)	(358,094)	(603,878)
Cash paid to employees for services	(85,666)	(93,702)	(179,368)
Net cash flows from operating activities	1,658	(170,128)	(168,470)
Cash Flows From Noncapital Financing Activities			
Transfers from other funds	86,792	-	86,792
Net cash flows from noncapital financing activities	86,792	-	86,792
Cash Flows From Investing Activities			
Investment income	2,393	1,946	4,339
Net cash flows from investing activities	2,393	1,946	4,339
Cash Flows From Capital and Related Financing Activities			
Debt retired	-	(38,000)	(38,000)
Interest paid	-	(9,240)	(9,240)
Contributions in aid of construction	-	409,321	409,321
Acquisition and construction of capital assets	(27,952)	(16,946)	(44,898)
Net cash flows from capital and related related financing activities	(27,952)	345,135	317,183
Net decrease in cash and cash equivalents	62,891	176,953	239,844
Cash and Cash Equivalents, Beginning	121,272	151,223	272,495
Cash and Cash Equivalents, Ending	<u>\$ 184,163</u>	<u>\$ 328,176</u>	<u>\$ 512,339</u>
Reconciliation of Cash and Cash Equivalents			
Cash and cash equivalents per statement of net position:			
Cash and investments	\$ 184,163	\$ 185,782	\$ 369,945
Restricted cash and investments:			
Redemption account	-	41,523	41,523
Construction account	-	100,871	100,871
Cash and cash equivalents per statement of cash flows	<u>\$ 184,163</u>	<u>\$ 328,176</u>	<u>\$ 512,339</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities			
Operating income (loss)	\$ (208,623)	\$ 4,293	\$ (204,330)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Nonoperating income	55,574	561	56,135
Noncash items included in income:			
Depreciation	175,175	82,325	257,500
Change in assets and liabilities:			
Other accounts receivable	(1,902)	(2,054)	(3,956)
Inventories and prepaid items	(16,767)	3,523	(13,244)
Accounts payable	(3,717)	(46,499)	(50,216)
Payable to municipality	-	(211,399)	(211,399)
Other current liabilities	74	1,473	1,547
Accrued compensated absences	3,566	(1,977)	1,589
Pension related deferrals and asset	(1,722)	(374)	(2,096)
Net cash flows from operating activities	<u>\$ 1,658</u>	<u>\$ (170,128)</u>	<u>\$ (168,470)</u>
Noncash Capital, Investing and Financing Activities			
None			

FORM OF LEGAL OPINION

(See following pages)

Quarles & Brady LLP
411 East Wisconsin Avenue
Milwaukee, WI 53202

November 26, 2024

Re: City of Ashland, Wisconsin ("Issuer")
\$4,340,000 General Obligation Promissory Notes, Series 2024A,
dated November 26, 2024 ("Notes")

We have acted as bond counsel to the Issuer in connection with the issuance of the Notes. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

The Notes are numbered from R-1 and upward; bear interest at the rates set forth below; and mature on the dates and principal amounts as follows:

<u>Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
December 1, 2025	\$200,000	____%
December 1, 2026	80,000	____
December 1, 2027	130,000	____
December 1, 2028	175,000	____
December 1, 2029	195,000	____
December 1, 2030	180,000	____
December 1, 2031	185,000	____
December 1, 2032	190,000	____
December 1, 2033	195,000	____
December 1, 2034	205,000	____
December 1, 2035	215,000	____
December 1, 2036	220,000	____
December 1, 2037	230,000	____
December 1, 2038	240,000	____
December 1, 2039	270,000	____
December 1, 2040	280,000	____
December 1, 2041	280,000	____
December 1, 2042	290,000	____
December 1, 2043	270,000	____
June 1, 2044	310,000	____

Interest is payable semi-annually on June 1 and December 1 of each year commencing on June 1, 2025.

The Notes maturing on December 1, 2034 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on December 1, 2033 or on any date thereafter. Said Notes are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer, and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

[The Notes maturing in the years _____ are subject to mandatory redemption by lot as provided in the Notes, at the redemption price of par plus accrued interest to the date of redemption and without premium.]

We further certify that we have examined a sample of the Notes and find the same to be in proper form.

Based upon and subject to the foregoing, it is our opinion under existing law that:

1. The Notes have been duly authorized and executed by the Issuer and are valid and binding general obligations of the Issuer.

2. All the taxable property in the territory of the Issuer is subject to the levy of ad valorem taxes to pay principal of, and interest on, the Notes, without limitation as to rate or amount. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Notes except to the extent that necessary funds have been irrevocably deposited into the debt service fund account established for the payment of the principal of and interest on the Notes.

3. The interest on the Notes is excludable for federal income tax purposes from the gross income of the owners of the Notes. The interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals; however, interest on the Notes is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code). The Code contains requirements that must be satisfied subsequent to the issuance of the Notes in order for interest on the Notes to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Notes to be included in gross income retroactively to the date of issuance of the Notes. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Notes.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Notes. Further, we express no opinion regarding tax consequences arising with respect to the Notes other than as expressly set forth herein.

The rights of the owners of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights

and may be subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

QUARLES & BRADY LLP

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

FORM OF CONTINUING DISCLOSURE CERTIFICATE

(See following pages)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Ashland, Ashland and Bayfield Counties, Wisconsin (the "Issuer") in connection with the issuance of \$4,340,000 General Obligation Promissory Notes, Series 2024A, dated November 26, 2024 (the "Securities"). The Securities are being issued pursuant to a resolution adopted on October 29, 2024 (the "Resolution") and delivered to _____ (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

Section 1(a). Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the Securities in order to assist the Participating Underwriters within the meaning of the Rule (defined herein) in complying with SEC Rule 15c2-12(b)(5). References in this Disclosure Certificate to holders of the Securities shall include the beneficial owners of the Securities. This Disclosure Certificate constitutes the written Undertaking required by the Rule.

Section 1(b). Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means the Issuer's annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the Issuer intends to continue to prepare in substantially the same form.

"Final Official Statement" means the Final Official Statement dated October 29, 2024 delivered in connection with the Securities, which is available from the MSRB.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" means the fiscal year of the Issuer.

"Governing Body" means the Common Council of the Issuer or such other body as may hereafter be the chief legislative body of the Issuer.

"Issuer" means the City of Ashland, Ashland and Bayfield Counties, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the Finance Director of the Issuer who can be contacted at 601 Main Street West, Ashland, Wisconsin 54806, phone (715) 682-7190, fax (715) 682-7048.

"Listed Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means any of the original underwriter(s) of the Securities (including the Purchaser) required to comply with the Rule in connection with the offering of the Securities.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and official interpretations thereof.

"SEC" means the Securities and Exchange Commission.

Section 3. Provision of Annual Report and Audited Financial Statements.

(a) The Issuer shall, not later than 365 days after the end of the Fiscal Year, commencing with the year ending December 31, 2024, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 365 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

(b) If the Issuer is unable or fails to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of that fact to the MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 4. Content of Annual Report. The Issuer's Annual Report shall contain or incorporate by reference the Audited Financial Statements and updates of the following sections of the Final Official Statement to the extent such financial information and operating data are not included in the Audited Financial Statements:

1. DEBT - Direct Debt
2. DEBT - Debt Limit
3. VALUATIONS - Current Property Valuations
4. TAX LEVIES AND COLLECTIONS - Tax Levies and Collections

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet website or filed with the SEC. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Securities:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
7. Modification to rights of holders of the Securities, if material;
8. Securities calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;
11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect holders of the Securities, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

For the purposes of the event identified in subsection (a)12. above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(b) When a Listed Event occurs, the Issuer shall, in a timely manner not in excess of ten business days after the occurrence of the Listed Event, file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Securities pursuant to the Resolution.

(c) Unless otherwise required by law, the Issuer shall submit the information in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under the Resolution and this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Securities.

Section 7. Issuer Contact; Agent. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist

it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if the following conditions are met:

(a)(i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer, or the type of business conducted; or

(ii) This Disclosure Certificate, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of beneficial owners of the Securities, as determined and certified to the Issuer by an underwriter, financial advisor, bond counsel or trustee.

In the event this Disclosure Certificate is amended for any reason other than to cure any ambiguities, inconsistencies, or typographical errors that may be contained herein, the Issuer agrees the next Annual Report it submits after such amendment shall include an explanation of the reasons for the amendment and the impact of the change, if any, on the type of financial statements or operating data being provided.

If the amendment concerns the accounting principles to be followed in preparing financial statements, then the Issuer agrees that it will give an event notice and that the next Annual Report it submits after such amendment will include a comparison between financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. (a) Except as described in the Final Official Statement, in the previous five years, the Issuer has not failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of events.

(b) In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Securities and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and holders from time to time of the Securities, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 26th day of November, 2024.

(SEAL)

Matthew MacKenzie
Mayor

Denise Oliphant
City Clerk

NOTICE OF SALE

\$4,340,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2024A CITY OF ASHLAND, WISCONSIN

Bids for the purchase of \$4,340,000* General Obligation Promissory Notes, Series 2024A (the "Notes") of the City of Ashland, Wisconsin (the "City") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the City, until 9:30 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via bondsale@ehlers-inc.com or **PARITY**, in the manner described below, until 9:30 A.M. Central Time, on October 29, 2024, at which time they will be opened, read and tabulated. The bids will be presented to the Common Council for consideration for award by resolution at a meeting to be held at 6:00 P.M., Central Time, on the same date. The bid offering to purchase the Notes upon the terms specified herein and most favorable to the City will be accepted unless all bids are rejected.

AUTHORITY; PURPOSE; SECURITY

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, by the City, for public purposes, including paying the cost of library projects. The Notes are general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Notes as they become due which tax may, under current law, be levied without limitation as to rate or amount.

DATES AND MATURITIES

The Notes will be dated November 26, 2024, will be issued as fully registered Notes in the denomination of \$5,000 each, or any integral multiple thereof, and will mature as follows:

<u>Date</u>	<u>Amount*</u>	<u>Date</u>	<u>Amount*</u>	<u>Date</u>	<u>Amount*</u>
12/01/2025	\$200,000	12/01/2032	\$190,000	12/01/2039	\$270,000
12/01/2026	80,000	12/01/2033	195,000	12/01/2040	280,000
12/01/2027	130,000	12/01/2034	205,000	12/01/2041	280,000
12/01/2028	175,000	12/01/2035	215,000	12/01/2042	290,000
12/01/2029	195,000	12/01/2036	220,000	12/01/2043	270,000
12/01/2030	180,000	12/01/2037	230,000	06/01/2044	310,000
12/01/2031	185,000	12/01/2038	240,000		

ADJUSTMENT OPTION

The City reserves the right to increase or decrease the principal amount of the Notes on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BOND OPTION

Bids for the Notes may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.

INTEREST PAYMENT DATES AND RATES

Interest will be payable on June 1 and December 1 of each year, commencing June 1, 2025, to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. All Notes of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

Unless otherwise specified by the purchaser, the Notes will be designated in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Notes, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual purchasers of the Notes. So long as Cede & Co. is the registered owner of the Notes, all payments of principal and interest will be made to the depository which, in turn, will be obligated to remit such payments to its participants for subsequent disbursement to the beneficial owners of the Notes.

PAYING AGENT

The City has selected Bond Trust Services Corporation, Roseville, Minnesota ("BTSC") to act as paying agent (the "Paying Agent"). BTSC and Ehlers are affiliate companies. The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the City, the Notes maturing on or after December 1, 2034 shall be subject to optional redemption prior to maturity on December 1, 2033 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

Redemption may be in whole or in part of the Notes subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Notes to be redeemed shall be at the discretion of the City. If only part of the Notes having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of such call shall be given by sending a notice by registered or certified mail, facsimile or electronic transmission, overnight delivery service or in any other manner required by DTC, not less than 30 days nor more than 60 days prior to the date fixed for redemption to the registered owner of each Note to be redeemed at the address shown on the registration books.

DELIVERY

On or about November 26, 2024, the Notes will be delivered without cost to the winning bidder at DTC. On the day of closing, the City will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Notes is then pending or, to the best knowledge of officers of the City, threatened. Payment for the Notes must be received by the City at its designated depository on the date of closing in immediately available funds.

LEGAL MATTERS

An opinion as to the validity of the Notes and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the City ("Bond Counsel"), and will be available at the time of delivery of the Notes. The legal opinion will be issued on the basis of existing law and will state that the Notes are valid and binding general obligations of the City; provided that the rights of the owners of the Notes and the enforceability of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). (See "FORM OF LEGAL OPINION" found in Appendix B of the Preliminary Official Statement).

Quarles & Brady LLP has also been retained by the City to serve as Disclosure Counsel to the City with respect to the Notes. Although, as Disclosure Counsel to the City, Quarles & Brady LLP has assisted the City with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Notes and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in the Official Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the Notes for any investor.

SUBMISSION OF BIDS

Bids must not be for less than \$4,285,750 plus accrued interest on the principal sum of \$4,340,000 from date of original issue of the Notes to date of delivery. **The maximum proposal allowed will be \$4,774,000.** Prior to the time established above for the opening of bids, interested parties may submit a bid as follows:

- 1) Electronically to bondsale@ehlers-inc.com; or
- 2) Electronically via **PARITY** in accordance with this Notice of Sale until 9:30 A.M. Central Time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about **PARITY**, potential bidders may contact IHS Markit (now part of S&P Global) at <https://ihsmarkit.com/products/municipal-issuance.html> or via telephone (844) 301-7334.

Bids must be submitted to Ehlers via one of the methods described above and must be received prior to the time established above for the opening of bids. Each bid must be unconditional except as to legality. Neither the City nor Ehlers shall be responsible for any failure to receive a submission.

A good faith deposit ("Deposit") in the amount of \$86,800 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids. The City reserves the right to award the Notes to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Notes to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith.

The City and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned thereon shall be retained by the escrow holder as payment for its expenses; 2) If the bid is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the bid is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to \$250,000 per bidder.

No bid can be withdrawn after the time set for receiving bids unless the meeting of the City scheduled for award of the Notes is adjourned, recessed, or continued to another date without award of the Notes having been made.

AWARD

The Notes will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The City's computation of the interest rate of each bid, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Notes will be awarded by lot. The City reserves the right to reject any and all bids and to waive any informality in any bid.

BOND INSURANCE

If the Notes are qualified for any bond insurance policy, the purchase of such policy shall be at the sole option and expense of the winning bidder. Any cost for such insurance policy is to be paid by the winning bidder, except that, if the City requested and received a rating on the Notes from a rating agency, the City will pay that rating fee. Any rating agency fees not requested by the City are the responsibility of the winning bidder.

Failure of the municipal bond insurer to issue the policy after the Notes are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Notes.

CUSIP NUMBERS

The City will assume no obligation for the assignment or printing of CUSIP numbers on the Notes or for the correctness of any numbers printed thereon, but will permit such numbers to be printed at the expense of the winning bidder, if the winning bidder waives any delay in delivery occasioned thereby.

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

The Notes shall not be "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

CONTINUING DISCLOSURE

In order to assist the Underwriter (Syndicate Manager) in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the City will enter into an undertaking for the benefit of the holders of the Notes. A description of the details and terms of the undertaking is set forth in Appendix D of the Official Statement.

NEW ISSUE PRICING

The winning bidder will be required to provide, in a timely manner, certain information necessary to compute the yield on the Notes pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and to provide a certificate, the form of which will be provided by Bond Counsel upon request.

(a) The winning bidder shall assist the City in establishing the issue price of the Notes and shall execute and deliver to the City at closing an "issue price" or similar certificate satisfactory to Bond Counsel setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Notes, together with the supporting pricing wires or equivalent communications. All actions to be taken by the City under this Notice of Sale to establish the issue price of the Notes may be taken on behalf of the City by the City's municipal advisor identified herein and any notice or report to be provided to the City may be provided to the City's municipal advisor.

(b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Notes) will apply to the initial sale of the Notes (the "competitive sale requirements") because:

- (1) The City shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential investors;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the Notes to the bidder who submits a firm offer to purchase the Notes at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Notes, as specified in this bid.

(c) If all of the requirements of a "competitive sale" are not satisfied, the City shall advise the winning bidder of such fact prior to the time of award of the sale of the Notes to the winning bidder. In such event, any bid submitted will not be subject to cancellation or withdrawal and the City agrees to use the rule selected by the winning bidder on its bid form to determine the issue price for the Notes. On its bid form, each bidder must select one of the following two rules for determining the issue price of the Notes: (1) the first price at which 10% of a maturity of the Notes (the "10% test") is sold to the public as the issue price of that maturity or (2) the initial offering price to the public as of the sale date as the issue price of each maturity of the Notes (the "hold-the-offering-price rule").

(d) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the hold-the-offering-price rule, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Notes to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Notes, that the underwriters will neither offer nor sell unsold Notes of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Notes to the public at a price that is no higher than the initial offering price to the public.

The winning bidder will advise the City promptly after the close of the fifth (5th) business day after the sale whether it has sold 10% of that maturity of the Notes to the public at a price that is no higher than the initial offering price to the public.

The City acknowledges that in making the representation set forth above, the winning bidder will rely on:

(i) the agreement of each underwriter to comply with requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, as set forth in an agreement among underwriters and the related pricing wires,

(ii) in the event a selling group has been created in connection with the initial sale of the Notes to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, as set forth in a selling group agreement and the related pricing wires, and

(iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Notes to the public, the agreement of each broker-dealer that is party to such agreement to comply with the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price rule of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule as applicable to the Notes.

(e) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the 10% test, the winning bidder agrees to promptly report to the City, Bond Counsel and Ehlers the prices at which the Notes have been sold to the public. That reporting obligation shall continue, whether or not the closing date of the Notes (the "Closing Date") has occurred, until either (i) all Notes of that maturity have been sold or (ii) the 10% test has been satisfied as to each maturity of the Notes, provided that, the winning bidder's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel.

(f) By submitting a bid, each bidder confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is party to such third-party distribution agreement, as applicable, to:

(A) report the prices at which it sells to the public the unsold Notes of each maturity allocated to it, whether or not the Closing Date has occurred until either all securities of that maturity allocated to it have been sold or it is notified by the winning bidder that either the 10% test has been satisfied as to the Notes of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel.

(B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Notes to the public to require each broker-dealer that is a party to such third-party distribution agreement to:

(A) to promptly notify the winning bidder of any sales of Notes that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Notes to the public (each such term being used as defined below), and

(B) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(g) Sales of any Notes to any person that is a related party to an underwriter participating in the initial sale of the Notes to the public (each term being used as defined below) shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (i) "public" means any person other than an underwriter or a related party,
- (ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Notes to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the public),
- (iii) a purchaser of any of the Notes is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) "sale date" means the date that the Notes are awarded by the City to the winning bidder.

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain a copy of the Preliminary Official Statement relating to the Notes prior to the bid opening by request from Ehlers at www.ehlers-inc.com by connecting to the Bond Sales link. The Underwriter (Syndicate Manager) will be provided with an electronic copy of the Final Official Statement within seven business days of the bid acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of \$10.00 per copy.

Information for bidders and bid forms may be obtained from Ehlers at 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Telephone (651) 697-8500.

By Order of the Common Council

Brant Kucera, City Administrator
City of Ashland, Wisconsin

BID FORM

The Common Council
City of Ashland, Wisconsin (the "City")

October 29, 2024

RE: **\$4,340,000* General Obligation Promissory Notes, Series 2024A (the "Notes")**
DATED: **November 26, 2024**

For all or none of the above Notes, in accordance with the Notice of Sale and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$_____ (not less than \$4,285,750, **nor more than \$4,774,000**) plus accrued interest to date of delivery for fully registered Notes bearing interest rates and maturing on the stated dates as follows:

_____ % due	12/01/2025	_____ % due	12/01/2032	_____ % due	12/01/2039
_____ % due	12/01/2026	_____ % due	12/01/2033	_____ % due	12/01/2040
_____ % due	12/01/2027	_____ % due	12/01/2034	_____ % due	12/01/2041
_____ % due	12/01/2028	_____ % due	12/01/2035	_____ % due	12/01/2042
_____ % due	12/01/2029	_____ % due	12/01/2036	_____ % due	12/01/2043
_____ % due	12/01/2030	_____ % due	12/01/2037	_____ % due	06/01/2044
_____ % due	12/01/2031	_____ % due	12/01/2038		

The City reserves the right to increase or decrease the principal amount of the Notes on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

All Notes of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

A good faith deposit ("Deposit") in the amount of \$86,800 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids. The City reserves the right to award the Notes to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Notes to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Notice of Sale. This bid is for prompt acceptance and is conditional upon delivery of said Notes to The Depository Trust Company, New York, New York, in accordance with the Notice of Sale. Delivery is anticipated to be on or about November 26, 2024.

This bid is subject to the City's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Preliminary Official Statement for the Notes.

We have received and reviewed the Official Statement, and any addenda thereto, and have submitted our requests for additional information or corrections to the Final Official Statement. As Underwriter (Syndicate Manager), we agree to provide the City with the reoffering price of the Notes within 24 hours of the bid acceptance.

This bid is a firm offer for the purchase of the Notes identified in the Notice of Sale, on the terms set forth in this bid form and the Notice of Sale, and is not subject to any conditions, except as permitted by the Notice of Sale.

By submitting this bid, we confirm that we are an underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. YES: ____ NO: ____.

If the competitive sale requirements are not met, we elect to use either the: ____ 10% test, or the ____ hold-the-offering-price rule to determine the issue price of the Notes.

As set forth in the Notice of Sale, this bid shall be cancelled and deemed to be withdrawn in the event that the competitive sale requirements are not satisfied and the City determines to apply the hold-the-offering-price rule to any maturity of the Notes (such terms are used as described in the Notice of Sale), unless we affirmatively confirm this bid and agree to comply with the hold-the-offering-price rule no later than 90 (ninety) minutes after receiving notification that the City has determined to apply the hold-the-offering-price rule to any maturity of the Notes. If we provide that confirmation orally, we will promptly confirm it in writing. If we do not confirm our bid within the required time period (as set forth in this paragraph), this bid shall be cancelled and deemed to be withdrawn. The City thereupon may award the Notes to another bidder, or the City may cancel the sale of the Notes, as set forth in the Notice of Sale.

Account Manager: _____ By: _____
Account Members: _____

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from November 26, 2024 of the above bid is \$ _____ and the true interest cost (TIC) is _____%.

The foregoing offer is hereby accepted by and on behalf of the Common Council of the City of Ashland, Wisconsin, on October 29, 2024.

By: _____ By: _____
Title: _____ Title: _____