



**Annual
Comprehensive
Financial
Report**
Fiscal Year Ended June 30, 2022

Ashland
VIRGINIA

TOWN OF ASHLAND, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2022

Prepared by:

Department of Finance
121 Thompson Street
Ashland, Virginia 23005
(804) 798-9219
www.ashlandva.gov

TOWN OF ASHLAND, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
Year Ended June 30, 2022

TABLE OF CONTENTS

<i>INTRODUCTORY SECTION</i>	
Letter of Transmittal	i – vi
Directory of Principal Officials	vii
Organizational Chart	viii
Certificate of Achievement for Excellence in Financial Reporting – 2021	ix

<i>FINANCIAL SECTION</i>	
INDEPENDENT AUDITOR’S REPORT	1 – 3
Management’s Discussion and Analysis	4 – 9
<i>Basic Financial Statements</i>	
Government-wide financial statements:	
Statement of net position	10
Statement of activities	11
Fund financial statements:	
Balance sheet – governmental funds	12
Reconciliation of the balance sheet of the governmental funds to the statement of net position	13
Statement of revenues, expenditures and changes in fund balances – governmental funds	14
Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities	15
Statement of revenues, expenditures and changes in fund balance – budget and actual – general fund	16
Statement of revenues, expenditures and changes in fund balance – budget and actual – American Rescue Plan fund	17
Statement of fiduciary net position – fiduciary fund	18
Statement of changes in fiduciary net position – fiduciary fund	19
Notes to financial statements	20 – 68

Required Supplementary Information

Schedule of changes in the Town's net pension liability (asset) and related ratios – Virginia Retirement System	69
Schedule of Town contributions – Virginia Retirement System	70
Notes to Required Supplementary Information – Virginia Retirement System	71 – 72
Schedule of changes in the Town's net OPEB liability and related ratios – Retiree Healthcare Plan	73
Schedule of the Town's plan contributions – OPEB – Retiree Healthcare Plan	74
Schedule of employer's share of net OPEB liability –Group Life Insurance Program	75
Schedule of employer contributions – OPEB – Group Life Insurance Program	76
Notes to Required Supplementary Information – Other Postemployment Benefits	77 – 78

Supplementary Information

Combining balance sheet – nonmajor governmental funds	79
Combining statement of revenues, expenditures and changes in fund balances – nonmajor governmental funds	80
Schedule of revenues, expenditures and changes in fund balance – budget and actual – community development block grant fund	81
Schedule of revenues, expenditures and changes in fund balance – budget and actual – Central Virginia Transportation Authority fund	82
Schedule of revenues, expenditures and changes in fund balance – budget and actual – capital projects fund	83
Statement of net position – discretely presented component unit – Economic Development Authority	84
Statement of revenues, expenses, and changes in fund net position – discretely presented component unit – Economic Development Authority	85
Statement of cash flows – discretely presented component unit – Economic Development Authority	86

Supplemental Schedules

Schedule of revenues – budget and actual – governmental funds	87 – 89
Schedule of expenditures – budget and actual – governmental funds	90 – 91

STATISTICAL SECTION

Tables

1	Net position/assets by component	92
2	Changes in net position/assets	93 – 94
3	Fund balances – governmental funds	95
4	Changes in fund balances – governmental funds	96 – 97
5	Tax revenues by source – governmental funds	98
6	Assessed value and estimated actual value of taxable property	99
7	Direct and overlapping property tax rates	100
8	Other tax rates	101
9	Principal property taxpayers	102
10	Principal meals taxpayers	103
11	Real property tax levies and collections	104
12	Ratios of outstanding debt by type	105
13	Ratios of net general bonded debt to assessed value and net bonded debt per capita	106
14	Direct and overlapping governmental activities debt	107
15	Legal debt margin information	108
16	Principal employers	109
17	Demographic and economic statistics	110
18	Full-time equivalent Town government employees by function/programs	111
19	Operating indicators by function/programs	112
20	Capital asset statistics by function	113

COMPLIANCE SECTION

Schedule of Expenditures of Federal Awards	114
Notes to the Schedule of Expenditures of Federal Awards	115
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	116 – 117
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	118 – 120
Schedule of Findings and Questioned Costs	121
Summary Schedule of Prior Audit Findings	122

INTRODUCTORY SECTION

November 2, 2022

The Honorable Members of Town Council
Town of Ashland
Ashland, Virginia 23005

Dear Members of Town Council:

Introduction

The Annual Comprehensive Financial Report of the Town of Ashland, Virginia for the fiscal year ended June 30, 2022, is submitted herewith as required by the Code of Virginia. This report was prepared by the Finance Department in accordance with accounting principles generally accepted in the United States of America (GAAP) as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB).

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Town.

Included in these financial statements is the General Fund, Capital Projects Fund, and the Other Postemployment Benefits Trust Fund. These funds are included in the financial statements because they meet the control and dependence criteria. The Town adopts budgets, has taxing authority, is obligated for debts, and must finance any deficits that occur in these funds.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). The letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

History and Description of Government

Ashland, the only incorporated town in Hanover County, is located approximately fifteen miles north of Richmond, Virginia. Interstate 95, a major north-south highway, is located in the eastern portion of Ashland. The U.S. Census Bureau estimated Ashland's population to be 7,573 for 2022, a 4.8 percent increase over the 2012 Census figure of 7,225. The total population of Hanover County in 2020 was estimated by the U.S. Census Bureau to be 106,538, an increase of 6.7 percent from the 2010 estimate. Ashland's population represented approximately 7.1 percent of Hanover's 2020 estimated population.

The government of the Town is under the direction of a Town Council elected by Town voters. The Town Council is made up of five members elected for staggered four-year terms. The Council elects the Mayor from its membership for a two-year term of office. Council elects a Vice Mayor from among the four remaining members.

The Town owns and maintains all public roads within Ashland except the Interstate 95 highway. It also provides planning and zoning control, drainage facilities, garbage, brush and recycling collection, police protection, parks as well as other services to its residents.

The Town operates under the Council-Manager form of government where the Council appoints a Town Manager to act as administrative head of the Town. The Manager serves at the pleasure of Council, carries out its policies, directs business procedures, and has the power of appointment and removal of heads of all departments and employees of the Town.

The Council also appoints the Town Attorney. The assessment of real estate is by the County Assessor while the Commissioner of Revenue of Hanover County, who is elected by the voters, handles assessments of personal property.

The Town is a part of Hanover County, and the residents of the Town are, in most cases, subject to taxation by both the Town and the County. The Town pre-empts County taxation in the following revenue sources: vehicle licensing, business license taxes, and consumer utility taxes. Among the services the County provides that benefit Town residents are: public schools, water and sewer service, fire and emergency medical services, health services, libraries, and the Sheriff's Department.

The Town was originally founded as a summer community by the Richmond, Fredericksburg and Potomac Railroad Company. A few years later, Randolph-Macon College moved to the Town bringing additional growth. After the construction of U.S. Route 1 in the early 1900s, an increase in tourist-related growth began. Tourism continued to grow with the opening of Interstate 95 in 1963 and, in the 1970s, of Kings Dominion, a large amusement park eight miles north of Ashland. The expansion of the Richmond metropolitan area throughout the 1980s and 1990s brought added development activity to the Ashland/Hanover area.

Most of the employers in the Town are retail, service, or government related. The major employers within the immediate area include: the Hanover County and its School Board; Randolph- Macon College, a private coeducational college of approximately 1,500 students, and the Walmart (which are all located within the Town); Amazon Fulfillment Services; Tyson's; and Bon Secours Memorial Regional Medical Center. A large number of residents are also employed by business in the Hanover Airpark, just south of Ashland, the City of Richmond, and Henrico County.

Significant Local Events

While the COVID pandemic has had a lasting impact on businesses of all sizes across the country, Ashland has been fortunate to have not lost many businesses to COVID-related closures. The Town of Ashland was able to assist 75 businesses with almost \$800,000 in rent and mortgage grants through the Virginia Department of Community Development and Housing's Community Development Block Grant program. The Town also allocated its federal American Rescue Plan Act (ARPA) funds in FY2022 to support economic and organizational priorities, such as a grant program to support venues that shuttered during the depths of the pandemic. Businesses continue to struggle to find employees to meet their demand. In addition, supply chain delays are affecting businesses large and small within the Town of Ashland.

Over the past fiscal year, visitor traffic has increased significantly downtown with record high numbers of attendees at events such as Train Day and Light Up the Tracks. The south side of Railroad Avenue was closed permanently for the expansion of outdoor dining, which allowed businesses to continue serving guests all year long outside. The hotel occupancy rates in Town and the region have closely matched 2019 numbers in the latter part of FY2022. Several vacant spots on Route 54 have been filled or are on their way to being filled in FY2023, with the addition of Popeyes, Panda Express, and Chipotle.

The Ashland Economic Development Authority demolished the former Apple Garden Inn and have a prospective buyer for the property. In addition, they awarded \$60,000 through the Infrastructure Loan program and the Revitalization Grant program to developers, NNN Properties, LLC, to renovate the former bank building at 703 England Street into three retail suites, which sat vacant for 15+ years.

Several spaces in the Ashland-Hanover shopping center were leased in FY2022. The former Gordmans was replaced by Burke's Home Outlet. T-Mobile, The Train Yard (a fitness facility) and Total Access Games opened in FY2022. Several businesses are working to open in FY2023 including the Department of Motor Vehicles, Heritage Insurance, XtraSuite Salon, Buddy's Home Furnishings, Re-Awaken Spa and Carytown Tobacco. Occupancy is up from 75% last year to 97% this year at the Ashland-Hanover shopping center. The Ashland Junction shopping center continues to face the challenge of the former Food Lion space still being leased by Food Lion, but not being operated as such. Available industrial buildings in the Town of Ashland continues to be limited. In FY2022, North Richmond Industrial Park Phase I was completed and is fully leased. FY2023 will bring North Richmond Industrial Park Phase II, which will be an additional 300,000 square feet of space for lease.

Shopping Centers	Total SF	Available SF	Occupancy
Ashland - Hanover	213,858	6,000	97%
Ashland Junction	141,700	41,454	71%
Ashland Town Center	58,036	0	100%
Ashland Square	30,560	3,000	90%
Total	444,154	50,054	89%

Twenty-nine commercial certificates of occupancy (COs) were issued during the fiscal year, an increase of seven from FY2021. Fifty-three certificates of occupancy were issued for residential units during the year, which is three more than FY2021. Fifty new business licenses were approved in FY2022, an increase of seven from FY2021.

Prospects for the Future

As the national economy continues to rebound from the pandemic, our regional economy reflects the same positive trends. We are well positioned to see continued growth in the Town over the next year. There is solid interest for the Town's current vacant industrial properties. Holland Technology Park remains one of the best opportunities for development on the east coast, and the Town remains committed to assist in its development. Overall, existing businesses and industries are positioned to provide exceptional growth over the coming year and continue the trend of positive overall activity.

Financial Information

We believe the data, as presented herein, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the Town as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the Town's financial affairs have been included.

The Economic Development Authority of the Town of Ashland is a discretely presented component unit and reported separately in the financial statements to emphasize that it is legally separate from the primary government and to differentiate its financial position, and results of operations from those of the primary government.

Accounting System, Policies and Budgetary Control

In developing and evaluating the Town's accounting system, consideration is given to the adequacy of the Town's internal control structure. The internal control structure is designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe the Town's internal control structure adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

Administrative budgetary control is maintained at the line-item level of expenditures prior to the release of purchase orders to vendors.

When the Town considered issuing debt to pay for large scale capital projects in FY2019, management worked with the Town Council to revise Financial Guidelines. In particular, the Debt and Cash Management section were revised and then relied upon to ensure financing decisions are made within the context of the Town's ability to pay. In addition, the Reserve Funds Management section was revised to ensure sufficient reserves are available to meet emergency needs as well as to require a subsequent plan be developed to replenish reserves if they were to fall below policy guidelines.

Independent Audit

The Commonwealth of Virginia requires an annual audit of the financial records and transactions of the Town and all of its departments by independent certified public accountants selected by the Town Council. The requirement has been complied with and the auditor's opinion follows this report.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Ashland for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2021. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Town of Ashland has received a Certificate of Achievement for the last thirty-four consecutive years (fiscal years ended 1987 - 2021). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

Acknowledgments

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all those who assisted in and contributed to the preparation of this report.

We would also like to thank the members of Town Council for their interest and support in planning and conducting the financial operations of the Town in a responsible and progressive manner.

Respectfully submitted,



Joshua S. Farrar

TOWN MANAGER

TOWN OF ASHLAND, VIRGINIA

Directory of Principal Officials

OFFICIALS

Steve Trivett	Mayor
John Hodges	Vice-Mayor

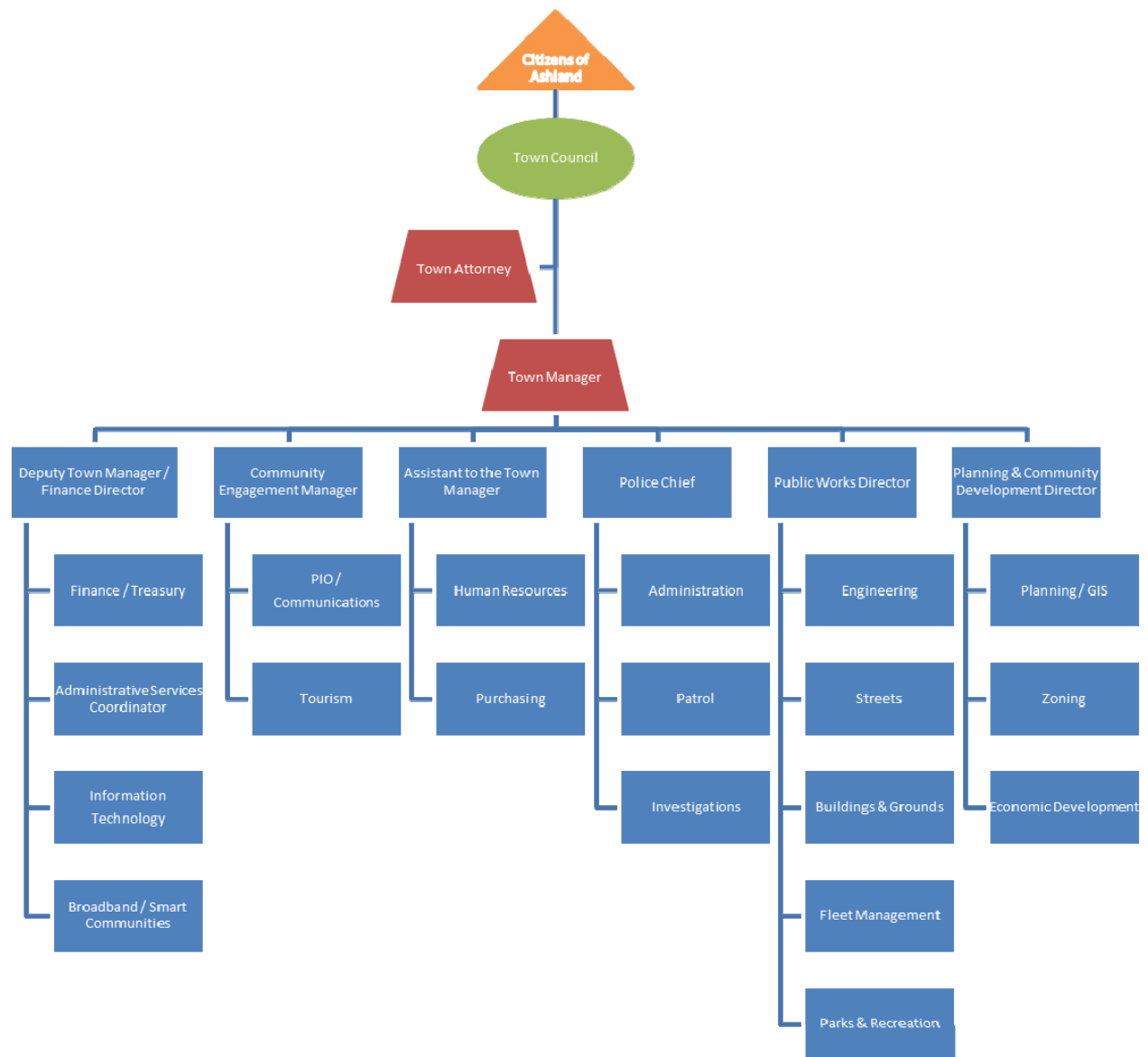
MEMBERS OF COUNCIL

Kathleen Abbott	Anita Barnhart	Daniel McGraw
-----------------	----------------	---------------

OTHER OFFICIALS

Joshua Farrar	Town Manager
Matthew Reynal	Director of Finance
Doug Goodman	Clerk of the Council
Andrea Erard	Town Attorney

Town of Ashland Organizational Structure





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Ashland
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of Council
Board of Trustees
Town of Ashland, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, the aggregate discretely presented component unit and remaining fund information, and the budgetary comparison of the General Fund and American Rescue Plan Fund of the Town of Ashland, Virginia (Town), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate discretely presented component unit and remaining fund information, and the budgetary comparison of the General Fund and the American Rescue Plan Fund of the Town of Ashland, Virginia, as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards and specifications are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Town'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 Town's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information on pages 4-9 and 69-78, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, supplementary information, and supplemental schedules are presented for purposes of additional analysis and are 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 Schedule of Expenditures of Federal Awards, supplementary information, and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections, as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2022 on our consideration of the Town'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 Town'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 Town's internal control over financial reporting and compliance.

PPMares, LLP

Harrisonburg, Virginia
November 2, 2022

Town of Ashland, Virginia Management's Discussion and Analysis

As management of the Town of Ashland, Virginia (Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2022. Please read it in conjunction with the transmittal letter at the front of this report and with the Town's basic financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components:

1. Government-wide financial statements;
2. Fund financial statements; and
3. Notes to the financial statements.

This report also contains supplementary information, required supplementary information and supplemental schedules in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private sector business.

The Statement of Net Position presents information on all of the Town's assets, deferred outflow of resources, liabilities, and deferred inflow of resources, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or declining.

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements include not only the Town of Ashland, Virginia itself (known as the primary government), but also a legally separate economic development authority for which the Town is financially accountable. The governmental activities of the Town include general government, police protection, street maintenance, sanitation, building and grounds maintenance, recreation, and community development. Financial information for the component unit is reported separately from the financial information presented for the primary government.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds of the Town fall under the category of governmental funds.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Governmental funds: Governmental funds are used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. The government-wide financial statements are prepared on the accrual basis of accounting, whereas the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on a near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements, a reconciliation between the two methods is provided at the succeeding page of the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances. The Town has three major governmental funds - the General Fund, the Capital Projects Fund and the American Rescue Act Fund.

Notes to the financial statements: The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information: In addition to the basic financial statements and accompanying notes to financial statements, this report also presents certain supplementary information for budgetary comparison schedules.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town's financial position improved throughout the course of fiscal year 2022. Net position may serve over time as a useful indicator of a Town's financial position. The Town's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$32,031,468 at the close of the most recent fiscal year. The following table summarizes the Town's Statements of Net Position:

**Summary Statements of Net Position
June 30, 2022 and 2021**

	Governmental Activities		Increase	%
	2022	2021	(Decrease)	Change
Current and other assets	\$ 15,122,467	\$ 14,193,484	\$ 928,983	6.5%
Capital assets, net	30,563,288	30,453,477	109,811	0.4%
Total assets	45,685,755	44,646,961	1,038,794	2.3%
Total deferred outflows of resources	1,387,869	1,531,925	(144,056)	(9.4%)
Current liabilities	3,903,996	4,662,201	(758,205)	(16.3%)
Noncurrent liabilities	8,429,110	11,078,362	(2,649,252)	(23.9%)
Total liabilities	12,333,106	15,740,563	(3,407,457)	(21.6%)
Total deferred inflows of resources	2,709,050	440,262	2,268,788	515.3%
Net position:				
Net investment in capital assets	22,928,857	22,573,786	355,071	1.6%
Unrestricted	9,102,611	7,424,275	1,678,336	22.6%
Total net position	\$ 32,031,468	\$ 29,998,061	\$ 2,033,407	6.8%

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The Town's Net Position increased by \$2,033,407 during the current fiscal year. Several local taxes produced revenues in excess of expectation, including the business license, lodging and meals taxes. Almost all general government functional areas achieved results well within budgeted levels. Finally, the Central Virginia Transportation Authority had sizable local tax receipts without any expenses, further contributing to growth in net position. The following table summarizes the Town's Statements of Changes in Net Position:

Summary Statements of Changes in Net Position Years Ended June 30, 2022 and 2021

	Governmental Activities		Increase	%
	2022	2021	(Decrease)	Change
Revenues:				
Program revenues:				
Charges for services	\$ 334,057	\$ 251,512	\$ 82,545	32.8%
Operating grants and contributions	2,174,944	2,370,049	(195,105)	(8.2%)
Capital grants and contributions	1,660,611	1,832,543	(171,932)	(9.4%)
General revenues:				
General property taxes	1,645,054	1,487,399	157,655	10.6%
Other local taxes	7,053,113	5,747,003	1,306,110	22.7%
Grants and contributions not restricted	446,862	441,489	5,373	1.2%
Other	(18,522)	114,029	(132,551)	(116.2%)
Total revenues	13,296,119	12,244,024	1,052,095	8.6%
Expenses:				
General government administration	2,093,754	3,250,812	(1,157,058)	(35.6%)
Public safety	3,219,482	2,995,402	224,080	7.5%
Public works	3,719,798	3,668,228	51,570	1.4%
Parks, recreation and cultural	446,226	291,727	154,499	53.0%
Community development	1,625,321	987,948	637,373	64.5%
Interest	158,131	165,907	(7,776)	100.0%
Total expenses	11,262,712	11,360,024	(97,312)	(0.9%)
Change in net position	2,033,407	884,000	1,149,407	130.0%
Net Position, beginning	29,998,061	29,114,061	884,000	3.0%
Net Position, ending	\$ 32,031,468	\$ 29,998,061	\$ 2,033,407	6.8%

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds: The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a Town's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported fund balances of \$10,377,143, an increase of \$1,139,933 in comparison with the prior year. The contributing factors for growth in fund balance are consistent with those leading to increase in net position in the government-wide financials. Local taxes performed well and above the Town's expectation in several areas, and departmental expenditures were contained by more than \$575,000 below budget in the General Fund. The non-major Central Virginia Transit Authority Fund had no expenditures while obtaining local taxes of over \$300,000.

The General Fund ended the fiscal year with fund balances totaling \$6,160,326, the majority of which is reported as unassigned fund balance. Major revenues of the General Fund consist of general property and other local taxes. Intergovernmental revenues of nearly \$2.5 million were received to support Town operations as well. The Town's largest expenditures are in the areas of public safety and public works, both approximately \$3.1 million in FY22. The General Fund produced an increase in fund balance of \$417,826 due to strong local tax performance coupled with well-contained expenditures in light of budget.

The Town's Capital Projects Fund accounts for major general public improvements. At the end of the current fiscal year, the fund balance was \$3,681,149, all of which was committed for current or future capital projects. Significant activities of the Capital Projects Fund included receipt of nearly \$1.4 million of funds from the General Fund to support capital projects such as continuing the Town's efforts to improve drainage and stormwater quality throughout Ashland in line with state and federal regulations, and the funds to purchase park land in the northern section of Town that is not currently adequately served by park facilities. Capital outlay expenditures of note provided the Town with new vehicular equipment, additional items for the new town hall and sidewalk and curbing projects, among others.

The Town's American Rescue Plan Fund accounts for receipt and expenditure of the federal government funds associated with the COVID-19 Coronavirus State and Local Fiscal Recovery Funds. This fund reports a fund deficit of \$46,521 at the end of the current fiscal year due to the impact of an unrecognized loss on investments related to unspent grant funds. Significant activities of the fund included recognition of nearly \$1.3 million in federal government receipts and expenditure of grant funds on a variety of government programs and toward capital investment.

Non-major governmental funds held fund balances of \$582,189 at the end of the fiscal year, all of which were restricted for public works projects. The increase in fund balance of \$342,631 was directly associated with the receipt of taxes by the Central Virginia Transportation Authority Fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

The changes in revenues and expenditures between the original and final General Fund budget were directly related to the Town's economic recovery from the COVID-19 pandemic at a pace quicker than forecasted. Accordingly, the sales, meals and lodging tax revenue estimates were adjusted upward compared to the adopted budgets. Tax collections were directly affected by consumers returning to pre-COVID shopping and traveling behavior. During the year, revenues outperformed budgetary estimates by \$592,992. Local taxes such as the sales, business license, meals and lodging taxes all surpassed the conservative revenue estimates established amidst the uncertainty of the economic recovery from the pandemic.

The first significant expenditure budget modification amended the Community Development area to provide for the demolition and asbestos remediation of the property held for sale by the EDA. The most significant budget modification amended general fund revenues, general fund expenditures, and capital project expenditures. The primary areas impacted were an organization-wide adjustment to the Town's compensation plan to both reward existing staff and as a retention tool as other localities in the region had conducted similar adjustments, and the appropriation of funds for the purchase of park property. . These adjustments were possible with minimal impact to the unassigned fund balance due to revenue collections greater than forecasted. Other budget adjustments were mainly the result of the reappropriation of funds unspent at the conclusion of the prior year. Expenditures were less than budgetary estimates in almost every categorical area by a total of \$575,071. Budgetary savings occurred as a result of vacancies in the Police, Public Works and Community Development departments. Other positive expenditure performance was the result of conscious cost saving measures by Town department leaders in reaction to the pandemic.

CAPITAL ASSET AND LONG-TERM OBLIGATIONS

Capital Assets: The Town's investment in capital assets for its governmental operations as of June 30, 2022, totaled \$30,563,288 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings and improvements, machinery and equipment, infrastructure and construction in progress. Significant capital asset activities during the year included additional improvements to the new Town Hall facility, vehicular equipment purchases and sidewalk and curbing improvements. Investment in the Town's downtown Wi-Fi and renovations to the Carter pool were also notable investments. There were no capital asset disposals during the year.

Additional information on the Town's capital assets can be found in Note 5 of this report.

Long-term Obligations: At the end of the current fiscal year, the Town had total long-term obligations of \$8,429,110, comprised of its noncurrent liabilities of \$7,977,073 as well as the current portion of bonds and leases payable and compensated absences.

During the current fiscal year, the Town's long-term obligations decreased by \$2,649,252, mainly as a result of the elimination of the net pension liability. The Town reported a net pension asset at year end. There was a decline in the net OPEB liability, and bonds payable decreased in accordance with the payment of principal. Following the implementation of GASB 87, the Town reports lease liabilities totaling \$31,685. Additional information on the Town's long-term obligations can be found in Notes 7, 9, and 11 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following economic factors impacted the Town's financial performance during the fiscal year:

- Considerable economic uncertainty persisted regarding the recovery from the COVID-19 pandemic. Local tax revenue estimates were conservatively established in light of this uncertainty, given the Town's reliance on meals and lodging taxes. The local economy performed well during this time, leading to stronger than anticipated performance in the area of local taxes. The Town benefits from travel on nearby Interstate 95 which brings significant activity to the area. In addition to greater economic activity, the local consumer tax revenue sources likely increased due to inflationary pressures, particularly the increased cost of wages borne by local employers.
- One hundred seventeen building permits were issued in fiscal year 2022 compared to one hundred forty-nine building permits issued in fiscal year 2021. Residential development, including the Lauradell neighborhood, renovations and additions to existing homes, and infill development continued throughout the year. Commercial development also continued at a brisk pace with the opening of new retail and industrial spaces.

The fiscal year 2023 budget increased by approximately 12.9 % compared to the Town's amended budget for fiscal year 2022 due to a substantial increase in the transfer from the General Fund to the Capital Projects Fund (up 50.6%) and accounting for a full fiscal year of the new compensation plan that was approved in February 2022. The larger transfer to the Capital Projects Fund is primarily focused on connectivity projects, such as sidewalk construction and downtown streetscape rehabilitation, and a major investment in all Town parks so the Town can improve guest parking, install new playground equipment, and begin the design of a future park. The new economic uncertainty due to national and international factors, particularly inflationary pressure, a tight labor market, and supply chain disruptions, has continued the challenge of forecasting revenues. The Town is continuing its monthly revenue reporting and forecasts with an intent to amend the budget as needed.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Town Manager, 121 Thompson Street, Ashland, Virginia, 23005.

BASIC FINANCIAL STATEMENTS

TOWN OF ASHLAND, VIRGINIA

STATEMENT OF NET POSITION

June 30, 2022

	Primary Government Governmental Activities	Component Unit Development Authority
ASSETS		
Cash and cash equivalents	\$ 7,644,692	\$ 142,354
Investments	3,123,061	-
Restricted investments	2,819,748	-
Receivables, net:		
Property taxes	367,673	-
Other accounts	453,493	-
Prepays	1,716	-
Due from primary government	-	38,012
Due from other governments	245,588	-
Capital assets:		
Land	2,613,724	-
Buildings and improvements	14,508,880	-
Machinery and equipment	4,424,839	-
Infrastructure	23,261,887	-
Right-to-use leased machinery and equipment	39,653	-
Software	193,410	-
Construction in progress	418,658	-
Less: accumulated depreciation and amortization	(14,897,763)	-
Net pension asset	466,496	-
Property held for sale	-	963,877
Total assets	45,685,755	1,144,243
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	71,745	-
Other postemployment benefit related	374,496	-
Pension related	941,628	-
Total deferred outflows of resources	1,387,869	-
LIABILITIES		
Accounts and deposits payable	701,902	38,012
Accrued payroll and benefits	107,078	-
Accrued interest	12,535	-
Unearned revenue	2,830,059	-
Performance bonds payable	214,410	-
Due to component unit	38,012	-
Noncurrent liabilities:		
Due within one year:		
Bonds payable	406,000	-
Compensated absences	36,699	-
Leases payable	9,338	-
Due in more than one year:		
Bonds payable	7,153,000	-
Compensated absences	330,288	-
Leases payable	22,347	-
Net other postemployment benefits liability	471,438	-
Total liabilities	12,333,106	38,012
DEFERRED INFLOWS OF RESOURCES		
Property taxes collected in advance	19,831	-
Other postemployment benefit related	516,289	-
Pension related	2,172,930	-
Total deferred inflows of resources	2,709,050	-
NET POSITION		
Net investment in capital assets	22,928,857	-
Restricted for:		
Public works	582,189	-
Unrestricted	8,520,422	1,106,231
Total net position	\$ 32,031,468	\$ 1,106,231

See Notes to Financial Statements.

TOWN OF ASHLAND, VIRGINIA

STATEMENT OF ACTIVITIES

Year Ended June 30, 2022

Entity/Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Unit Economic Development Authority
Primary Government:						
Governmental activities:						
General government administration	\$ 2,093,754	\$ -	\$ 368,313	\$ -	\$ (1,725,441)	\$ -
Public safety	3,219,482	162,343	273,507	17,861	(2,765,771)	-
Public works	3,719,798	52,063	598,935	1,367,340	(1,701,460)	-
Parks, recreation and cultural	446,226	119,651	49,635	94,568	(182,372)	-
Community development	1,625,321	-	884,554	180,842	(559,925)	-
Interest	158,131	-	-	-	(158,131)	-
Total governmental activities	11,262,712	334,057	2,174,944	1,660,611	(7,093,100)	-
Total primary government	\$ 11,262,712	\$ 334,057	\$ 2,174,944	\$ 1,660,611	(7,093,100)	-
Component Unit:						
Economic Development Authority	\$ 129,290	\$ -	\$ 160,245	\$ 198,877	-	229,832
Total component unit	\$ 129,290	\$ -	\$ 160,245	\$ 198,877	-	229,832
General Revenues:						
Taxes:						
General property taxes					1,645,054	-
Other local taxes:						
Meals					3,282,837	-
Transient occupancy					1,136,471	-
Business license					598,121	-
Local sales and use					1,105,095	-
Other					930,589	-
Intergovernmental, non-categorical aid					446,862	-
Use of money and property					(63,731)	53
Miscellaneous					45,209	-
Total general revenues					9,126,507	53
Change in net position					2,033,407	229,885
Net Position, beginning					29,998,061	876,346
Net Position, ending					\$ 32,031,468	\$ 1,106,231

TOWN OF ASHLAND, VIRGINIA

BALANCE SHEET GOVERNMENTAL FUNDS June 30, 2022

	General	Capital Projects	American Rescue Plan	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 3,269,852	\$ 3,808,515	\$ -	\$ 566,325	\$ 7,644,692
Investments	3,123,061	-	-	-	3,123,061
Restricted investments	-	-	2,819,748	-	2,819,748
Receivables, net:					
Property taxes	367,673	-	-	-	367,673
Other accounts	453,368	125	-	-	453,493
Prepays	1,716	-	-	-	1,716
Due from other governments	187,548	-	-	58,040	245,588
Total assets	\$ 7,403,218	\$ 3,808,640	\$ 2,819,748	\$ 624,365	\$ 14,655,971
LIABILITIES					
Accounts and deposits payable	\$ 513,881	\$ 115,491	\$ 72,530	\$ -	\$ 701,902
Accrued payroll and benefits	101,222	-	5,856	-	107,078
Performance bonds payable	202,410	12,000	-	-	214,410
Unearned revenue	-	-	2,787,883	42,176	2,830,059
Due to component unit	38,012	-	-	-	38,012
Total liabilities	855,525	127,491	2,866,269	42,176	3,891,461
DEFERRED INFLOWS OF RESOURCES					
Property taxes collected in advance	19,831	-	-	-	19,831
Unavailable revenue - property taxes	367,536	-	-	-	367,536
Total deferred inflows of resources	387,367	-	-	-	387,367
FUND BALANCES					
Nonspendable:					
Prepays	1,716	-	-	-	1,716
Restricted for:					
Public works	-	-	-	582,189	582,189
Committed:					
Capital projects	-	3,681,149	-	-	3,681,149
Unassigned	6,158,610	-	(46,521)	-	6,112,089
Total fund balances (deficit)	6,160,326	3,681,149	(46,521)	582,189	10,377,143
Total liabilities, deferred inflows of resources and fund balances	\$ 7,403,218	\$ 3,808,640	\$ 2,819,748	\$ 624,365	\$ 14,655,971

TOWN OF ASHLAND, VIRGINIA

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION June 30, 2022

	Governmental Funds
Total fund balances - governmental funds	\$ 10,377,143
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	
Governmental capital assets	\$ 45,461,051
Less: accumulated depreciation and amortization	<u>(14,897,763)</u>
Net capital assets	30,563,288
Net pension asset	466,496
Deferred outflows of resources - charge on refunding, pension plan, and other postemployment plans represent a consumption of net position that applies to a future period and is not recognized as deferred outflows of resources in the governmental funds.	1,387,869
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.	367,536
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	
General obligation bonds	(7,559,000)
Leases payable	(31,685)
Net other postemployment benefits liability	(471,438)
Compensated absences	(366,987)
Accrued interest	<u>(12,535)</u>
	(8,441,645)
Deferred inflows of resources - pension plan and other postemployment plans represent an acquisition of net position that applies to a future period and is not recognized as deferred inflows of resources in the governmental funds.	<u>(2,689,219)</u>
Net position of governmental activities	<u>\$ 32,031,468</u>

TOWN OF ASHLAND, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS Year Ended June 30, 2022

	General	Capital Projects	American Rescue Plan	Total Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
General property taxes	\$ 1,562,989	\$ -	\$ -	\$ -	\$ 1,562,989
Other local taxes	6,710,482	-	-	342,631	7,053,113
Permits, privilege fees and regulatory licenses	61,830	28,939	-	-	90,769
Fines and forfeitures	69,009	-	-	-	69,009
Use of money and property	(21,453)	4,243	(46,521)	-	(63,731)
Charges for services	119,651	-	-	-	119,651
Miscellaneous	43,001	2,208	-	-	45,209
Recovered costs	4,730	49,898	-	-	54,628
Intergovernmental	2,473,286	20,827	1,297,339	490,965	4,282,417
Total revenues	11,023,525	106,115	1,250,818	833,596	13,214,054
Expenditures:					
Current:					
General government administration	1,553,611	-	368,313	-	\$ 1,921,924
Public safety	3,097,205	-	76,914	-	3,174,119
Public works	3,097,147	-	56,541	-	3,153,688
Parks, recreation and cultural	154,072	-	123,485	-	277,557
Community development	787,875	-	268,280	490,965	1,547,120
Capital outlay	-	1,036,657	403,806	-	1,440,463
Debt service:					
Principal	404,968	-	-	-	404,968
Interest	154,282	-	-	-	154,282
Total expenditures	9,249,160	1,036,657	1,297,339	490,965	12,074,121
Revenues over (under) expenditures	1,774,365	(930,542)	(46,521)	342,631	1,139,933
Other financing sources (uses):					
Transfers in (out)	(1,356,539)	1,356,539	-	-	-
Total other financing sources (uses), net	(1,356,539)	1,356,539	-	-	-
Net change in fund balances	417,826	425,997	(46,521)	342,631	1,139,933
Fund balances, beginning	5,742,500	3,255,152	-	239,558	9,237,210
Fund balances (deficit), ending	\$ 6,160,326	\$ 3,681,149	\$ (46,521)	\$ 582,189	\$ 10,377,143

TOWN OF ASHLAND, VIRGINIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES Year Ended June 30, 2022

	Governmental Funds	
Net change in fund balances - total governmental funds	\$	1,139,933
Reconciliation of amounts reported for governmental activities in the Statement of Activities:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period.		
Expenditures for capital assets	\$	1,310,058
Less: depreciation and amortization expense		<u>(1,239,900)</u>
Excess of capital outlays over depreciation and amortization		70,158
Revenues in the Statement of Activities that do not provide current financial resources and are not reported as revenues in the governmental funds.		
		82,065
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Principal repayments:		
General obligation bonds		397,000
Leases payable		<u>7,968</u>
		404,968
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Accrued interest		659
Amortization of deferred charges on refunding		(4,508)
Changes in OPEB liabilities and related deferred outflows and inflows of resources		175,631
Change in pension liabilities and related deferred outflows and inflows of resources		152,647
Compensated absences		<u>11,854</u>
		<u>336,283</u>
Change in net position of governmental activities	\$	<u>2,033,407</u>

TOWN OF ASHLAND, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND Year Ended June 30, 2022

	General Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
General property taxes	\$ 1,504,100	\$ 1,479,100	\$ 1,562,989	\$ 83,889
Other local taxes	5,180,120	6,230,120	6,710,482	480,362
Permits, privilege fees and regulatory licenses	26,000	26,000	61,830	35,830
Fines and forfeitures	71,100	71,100	69,009	(2,091)
Use of money and property	46,000	46,000	(21,453)	(67,453)
Charges for services	92,000	92,000	119,651	27,651
Miscellaneous	50,000	50,000	43,001	(6,999)
Recovered costs	3,100	3,100	4,730	1,630
Intergovernmental	2,413,173	2,433,113	2,473,286	40,173
Total revenues	9,385,593	10,430,533	11,023,525	592,992
Expenditures:				
Current:				
General government administration	1,604,067	1,660,327	1,553,611	(106,716)
Public safety	3,131,795	3,198,425	3,097,205	(101,220)
Public works	3,236,292	3,302,739	3,097,147	(205,592)
Parks, recreation and cultural	224,781	248,046	154,072	(93,974)
Community development	588,656	808,182	787,875	(20,307)
Nondepartmental	55,138	55,138	-	(55,138)
Debt service:				
Principal	397,000	397,000	404,968	7,968
Interest	154,374	154,374	154,282	(92)
Total expenditures	9,392,103	9,824,231	9,249,160	(575,071)
Revenues over (under) expenditures	(6,510)	606,302	1,774,365	1,168,063
Other financing uses:				
Transfers out	(736,522)	(1,356,539)	(1,356,539)	-
Total other financing uses	(736,522)	(1,356,539)	(1,356,539)	-
Net change in fund balance	\$ (743,032)	\$ (750,237)	417,826	\$ 1,168,063
Fund balance, beginning			<u>5,742,500</u>	
Fund balance, ending			\$ 6,160,326	

TOWN OF ASHLAND, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – AMERICAN RESCUE PLAN FUND Year Ended June 30, 2022

	American Rescue Plan Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Revenue from the federal government:	\$ -	\$ 8,170,444	\$ 1,297,339	\$ (6,873,105)
Revenue from use of money	-	-	(46,521)	(46,521)
Total revenues	-	8,170,444	1,250,818	(6,919,626)
Expenditures:				
General government administration	-	2,886,538	368,313	(2,518,225)
Public works	-	798,584	76,914	(721,670)
Public safety	-	728,396	56,541	(671,855)
Parks, recreation and cultural	-	703,419	123,485	(579,934)
Community development	-	620,960	268,280	(352,680)
Capital outlay	-	2,432,547	403,806	(2,028,741)
Total expenditures	-	8,170,444	1,297,339	(6,873,105)
Revenues under expenditures	-	-	(46,521)	(46,521)
Net change in fund balance	-	-	(46,521)	(46,521)
Fund balance, beginning	-	-	-	-
Fund balance, ending	\$ -	\$ -	\$ (46,521)	\$ (46,521)

TOWN OF ASHLAND, VIRGINIA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUND

June 30, 2022

	OPEB Trust Fund
<hr/>	
ASSETS	
Cash and cash equivalents	<u>\$ 2,234,624</u>
Total assets	<u>2,234,624</u>
 NET POSITION	
Restricted for other postemployment benefits (OPEB)	<u><u>\$ 2,234,624</u></u>

TOWN OF ASHLAND, VIRGINIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUND

Year Ended June 30, 2022

	OPEB Trust Fund
Additions:	
Contributions:	
Employer	\$ 143,117
Plan members	95,858
Total contributions	238,975
Investment income (loss):	
From investment activities:	
Interest and dividends earned on investments	1,267
Net decrease in fair value of investments	(229,938)
Total loss from investment activities	(228,671)
Total additions, net	10,304
Deductions:	
Administrative fees	3,000
Benefits paid	95,858
Total deductions	98,858
Change in net position	(88,554)
Net position, beginning	2,323,178
Net position, ending	<u><u>\$ 2,234,624</u></u>

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Town of Ashland, Virginia (the “Town”) is governed by an elected five member Council. The Town provides a full range of services for its citizens. These services include police protection, refuse collection services, and recreational activities.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. During the current year, the Town adopted GASB Statement No. 87, *Leases*, GASB Statement No. 92, *Omnibus 2020*, and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. As required by GAAP, these financial statements present the activities of the Town and its component units.

In determining how to define the financial reporting entity, management considered all potential component units using the standards prescribed by GASB. Component units include any legally separate organizations for which the Town Council is financially accountable. Financial accountability results where there is 1) fiscal dependence and a financial benefit or burden relationship, 2) a voting majority of the organization’s governing body appointed by the Town Council and a financial benefit or burden relationship, or 3) a voting majority of the organization’s governing body appointed by Town Council and the Town Council has the ability to impose its will on the organization. Even if financial accountability is not established, a potential component unit may still need to be reported simply because it would be misleading to exclude it.

Blended component units, although legally separate entities, are, in substance, part of the Town’s operations and functions as an integral part of the primary government, so data from these units would be combined with data of the Town. The Town has no blended component units at June 30, 2022. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the Town.

Discretely Presented Component Unit

The Town of Ashland’s Economic Development Authority (the Authority) was created by Town Council to administer the issuance of industrial development revenue bonds and provide economic development activities for the Town. The Authority may also acquire property and issue debt in its own name and may also enter into lease/purchase arrangements with the Town. The Town appoints all seven of the members of the Authority’s Board of Directors, the Town Manager serves as the Secretary of the Authority, and the Town has the ability to impose its will on the Authority. Due to these factors, the Town has the ability to significantly influence the fiscal affairs of the Authority. The Authority does not issue separate financial statements but is included in the Town’s financial statements for the fiscal year ended June 30, 2022 as a discretely presented component unit.

Jointly Governed Organizations

Jointly governed organizations are regional governments or other multi-governmental arrangements that are governed by representation from each of the governments that create the organizations, and the participants do not retain an ongoing financial interest or responsibility in the organization.

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

The following entities are jointly governed organizations and are excluded from the accompanying basic financial statements:

Central Virginia Waste Authority: The Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan and Prince George and the Municipalities of Colonial Heights, Hopewell, Petersburg, Richmond and the Town of Ashland provide financial support for the Authority and appoint its governing Board, in which is vested the ability to execute contracts and to budget and expend funds. The Town appoints one or more members to the Board. No one locality contributes more than 50% of the Authority's funding or has oversight responsibility over its operations. The Town has no equity interest in the Authority. Complete financial statements can be obtained from the office of the Central Virginia Waste Authority.

Pamunkey Regional Jail Authority: The Pamunkey Regional Jail Authority (Jail Authority) is a political subdivision of the Commonwealth of Virginia. The participating jurisdictions of the Jail Authority are the Counties of Caroline and Hanover and the Town of Ashland. The Jail Authority is governed by a five-member board comprised of two members each from the Counties of Caroline and Hanover and one from the Town of Ashland. Management and accountability for fiscal matters rest with the Jail Authority. The County of Hanover serves as fiscal agent for the Jail Authority; however, the board formulates and approves its own budget. The Town of Ashland does not bear any direct or indirect liabilities for the operation of the Jail Authority and has no equity interest in it. The purpose of the Jail Authority is to maintain and operate a regional jail facility to meet the needs of the participating jurisdictions for jail facilities. The participating jurisdictions have entered into a Service Agreement which is a long-term contract which regulates usage of the Jail and establishes payment terms applicable to participating jurisdictions. Under the Service Agreement, the Town is obligated to commit all of its prisoners to the Jail at a per diem rate to be determined annually by the Jail. Hanover County has agreed to pay the per diem rate for all prisoners of the Town and, therefore, the Town made no contributions in fiscal year 2022. Complete financial statements for the Jail can be obtained from the office of the Pamunkey Regional Jail Authority.

Central Virginia Transportation Authority: The Central Virginia Transportation Authority (the "Authority"), a political subdivision of the Commonwealth of Virginia, was created on July 1, 2020. The Authority was created to fund transportation needs in the central Virginia region encompassed by Planning District 15 (the "District") and is comprised of the Town of Ashland, the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan, and the City of Richmond. The Authority consists of seventeen members comprised of the chief elected officer, or his/her designee, of each of the nine jurisdictions encompassed by the District, a member of the House of Delegates appointed by the Speaker of the House, a member of the Senate appointed by the Senate Committee on Rules, and a member of the Commonwealth Transportation Board appointed by the Governor. In addition, non-voting members include the Director of the Virginia Department of Rail and Public Transportation, the Commissioner of Highways, the Executive Director of the Virginia Port Authority, the Chief Executive Officer of the Greater Richmond Transit Company (the "GRTC") and the Chief Executive Officer of the Richmond Metropolitan Transportation Authority. The Authority is responsible for long-range transportation project planning, prioritization, and funding for regional transportation projects. Funding for the projects will be provided by the imposition of an additional regional sales and use tax and a wholesale gas tax on gasoline and diesel fuel. The Town has no equity interest in the Authority. Complete financial statements can be obtained from the Central Virginia Transportation Authority.

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

Basis of Presentation

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government (the Town) and its component unit. These statements include the financial activities of the overall government, except fiduciary activities. For the most part, the effect of interfund activity has been removed. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. The primary government is reported separately from its legally separate component unit for which the primary government is financially accountable.

Fund Financial Statements: The fund financial statements provide information about the Town's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The Town reports the following major governmental funds:

General Fund

The General Fund is the general operating fund of the Town. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund.

Capital Projects Fund

This fund accounts for financial resources to be used for capital outlays and construction. This fund is always considered major for public interest reasons.

Special Revenue Fund – American Rescue Plan

This fund is used to account for funds restricted for use under the American Rescue Plan Act.

The Town also reports the following fund type:

Fiduciary Fund

The Town's sole fiduciary fund is the Other Postemployment Benefits (OPEB) Trust Fund which accounts for activities of the Town's other postemployment benefits. This fund accumulates resources for health insurance for retired employees. This fund utilizes the accrual basis of accounting and economic resources measurement focus. The fiduciary fund is not included in the government-wide financial statements.

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

Government-wide Financial Statements: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities. *Direct expenses* are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. *Program revenues* include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as *general revenues*.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end, except property taxes which are recognized as revenue if they have been collected within 45 days after year-end. All taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

C. Budgetary Data

Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GASB Statement No. 34 reporting model, governments provide budgetary comparison information in their annual reports, including the original budget and a comparison of final budget and actual results.

The following procedures are used by the Town in establishing the budgetary data reflected in the financial statements:

- 1) On or before May 1, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

C. Budgetary Data (Continued)

- 2) Public hearings are conducted to obtain citizen comments.
- 3) Prior to July 1, the budget is legally enacted through passage of an Appropriations Resolution.
- 4) The Appropriations Resolution places legal restrictions on expenditures at the department or category level for the General Fund and the Capital Projects fund. The appropriation for each department or category can be revised only by the Town Council. The Town Manager is authorized to transfer budgeted amounts within general government departments.
- 5) All budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
- 6) Appropriations lapse on June 30 every year.
- 7) All budgetary data presented in the accompanying financial statements is the revised budget as of June 30, 2022, as adopted, appropriated and legally amended.
- 8) The expenditure budget is enacted through an annual appropriations ordinance. If budget amendments exceed 1% of the original adopted budget, the Town Council may legally amend the budget only by following procedures used in the adoption of the original budget. There was one budget amendment during the year that exceeded 1% of the original budget.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position

1) Deposits and Investments

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. The Town has short-term investments classified as cash and cash equivalents consisting of investments in a local government investment pool which is reported at amortized cost.

Investments

The Town participates in an extended maturity local government external investment pool which is reported at fair value in accordance with GASB Statement No. 72 and is classified as investments.

Restricted Investments

The American Rescue Plan Special Revenue Fund's cash balance is restricted due to unspent Federal awards.

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position (Continued)

2) Property Taxes

The tax calendars for real and personal property taxes are summarized below:

	Real Property	Personal Property
Levy	January 1	January 1
Due date	January 15 of the following year	January 15 of the following year
Lien date	February 16	February 16

The portion of the taxes receivable which is not collected within 45 days after June 30 is shown as deferred inflows of resources – unavailable revenue. A penalty of 10% of the tax is assessed after the applicable payment date. The total amount of any taxes or levies and penalty shall bear interest at a rate of 10% per annum from the day after the due date which, for property taxes, is January sixteenth until paid.

The Town bills and collects its own property taxes.

3) Capital Assets

Capital assets, which include property, equipment, infrastructure, and intangible assets, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets and infrastructure are defined by the Town as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed (except for intangible right-to-use lease assets, the measurement of which is discussed in Note 1.D.4). Donated capital assets are recorded at acquisition value at the date of donation.

Maintenance, repairs and minor renewals are charged to operations when incurred. Expenditures/expenses which materially increase values or extend useful lives are capitalized.

As permitted by GASB standards, the Town elected not to capitalize infrastructure prior to July 1, 2003. Infrastructure assets that meet the aforementioned capitalization requirements have been capitalized since that date.

The Town's intangible assets include right-to-use lease assets and software and are subject to amortization over its useful life.

Capital assets are depreciated or amortized using the straight-line method over the following estimated useful lives:

Buildings and improvements	10 - 40 years
Machinery and equipment	5 - 10 years
Right-to-use leased equipment	5 years
Infrastructure	20 - 40 years
Software	5 years

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position (Continued)

4) Leases

Lessee: The Town is a lessee for noncancellable leases of certain equipment. The Town recognizes lease liabilities and intangible right-to-use leased assets (leased assets) in the government-wide financial statements. The Town recognized leased assets with an initial, individual value of \$5,000 or more.

At the commencement of the lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the leased asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the Town determines (1) the discount rate is uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Leased assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position (Continued)

4) Leases (Continued)

Lessor: The Town recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of the lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements include how the Town determines (1) the discount rate is used to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Town uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

At July 1, 2021 and June 30, 2022, the Town did not have any lessor agreements as described above.

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position (Continued)

5) Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenditure) until then. The Town has several items that qualify for reporting in this category and they relate to a deferred charge on refunding, the pension plan and other postemployment benefits (OPEB) plans. See Notes 9 and 11 for details regarding these items.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Town has several types of items that qualify for reporting in this category. Accordingly, one item, unavailable revenue, which arises under the modified accrual basis of accounting, is reported only in the governmental funds Balance Sheet. The governmental funds report unavailable revenue from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The remaining items relate to the pension plan and OPEB plans. See Notes 9 and 11 for details regarding these items.

6) Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position. In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as “terminal leave” prior to retirement.

7) Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position (Continued)

7) Long-Term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8) Fund Balance

In the fund financial statements, governmental funds report classifications of fund balance as follows:

- *Nonspendable fund balance* – amounts that are not in spendable form or are required to be maintained intact;
- *Restricted fund balance* – amounts constrained to specific purposes by their providers (such as grantors, creditors, or laws and regulations of other governments), or by law through constitutional provisions, or by enabling legislation;
- *Committed fund balance* – amounts that can be used only for specific purposes determined by a formal action of the Town's highest level of decision-making authority. The Town Council is the highest level of decision-making authority that can, by adoption of an ordinance, prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation;
- *Assigned fund balance* – amounts constrained by the Town's intent but are neither restricted or committed; and
- *Unassigned fund balance* – residual balance of the General Fund that has not been restricted, committed, or assigned to specific purposes within the General Fund.

When fund balance resources are available for a specific purpose in more than one classification, it is the Town's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

In the General Fund, the Town strives to maintain an unassigned fund balance to be used for unanticipated emergencies and opportunities of approximately 50% of the actual GAAP basis expenditures and other financing sources.

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position (Continued)

9) Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

10) Pensions

The Virginia Retirement System (VRS) Political Subdivision Retirement Plan (the Town's retirement plan) is a multi-employer, agent plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town's retirement plan and the additions to/deductions from the Town's retirement plan fiduciary net position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). 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.

11) Other Postemployment Benefits (OPEB)

Retiree Healthcare Plan

The Town of Ashland Retiree Healthcare Plan (TARHP) is a single employer plan administered by the Town. Experience gains or losses are amortized over the average working lifetime of all participants, which for the current period is five years. Plan amendments are recognized immediately. Changes in actuarial assumptions are amortized over the average remaining service life for all active and inactive members.

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

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position (Continued)

11) Other Postemployment Benefits (OPEB) (Continued)

Group Life Insurance Program

The VRS Group Life Insurance Program (GLI) is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI was established pursuant to Section 51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI is a defined benefit plan that provides a basic GLI benefit for employees of the Town. For purposes of measuring the total GLI OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI OPEB and the additions to/deductions from the VRS GLI OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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.

F. Subsequent Events

The Town has evaluated subsequent events through November 2, 2022, the date on which the financial statements were available to be issued.

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments

Deposits: Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the “Act”), Section 2.2-4400 et., seq. of the *Code of Virginia*. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Custodial Credit Risk (Deposits): This is the risk that in the event of a bank failure, the Town’s deposits may not be returned to the Town. The Town requires all deposits to comply with the Act. At year-end, none of the other Town’s deposits were exposed to custodial credit risk.

Investments: Statutes authorize local governments and other public bodies to invest in obligations of the United States or its agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, bankers’ acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP) and the State Non-Arbitrage Program (SNAP).

The Town has investments in the LGIP. The LGIP is a professionally managed money market fund which invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 of the *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The Town’s investments in the LGIP, totaling \$2,609,143, are stated at amortized cost and classified as cash and cash equivalents. The LGIP has been assigned an "AAAm" rating by Standard & Poor’s. The maturity of the LGIP is less than one year. The Town also has investments in an LGIP Extended Maturity portfolio, totaling \$5,942,809, which is stated at fair value and classified as investments. The LGIP Extended Maturity has been assigned an “AAAf/S1” rating by Standard & Poor’s. The maturity of the LGIP Extended Maturity is greater than one year.

Investment Policy: The goal of the Town is to attain market rates of return on its investments, consistent with constraints imposed by its safety objectives, cash flow considerations, and laws of the Commonwealth that restrict placement of certain public funds.

The Town participates in the Virginia Pooled OPEB Trust Fund (“Trust Fund”), an irrevocable trust established for the purpose of accumulating assets to fund postemployment benefits other than pensions. The Trust Fund issues a separate audited financial report, which can be obtained at <https://valocalfinance.org/opeb> or by writing to VML/VACO, 8 East Canal Street, Richmond, Virginia 23219.

Interest Rate Risk: Interest rate risk is defined as the risk that changes of interest rates will adversely affect the fair value of an investment. The Town does not have a formal policy related to interest rate risk.

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Investment Type	Fair Value	1 - 5 Years
LGIP Extended Maturity	\$ 5,942,809	\$ 5,942,809
Total	\$ 5,942,809	\$ 5,942,809

The Town categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs and may include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, or model driven valuations; and Level 3 inputs are significant unobservable inputs.

The Town has the following recurring fair value measurements as of June 30, 2022:

- LGIP Extended Maturity is valued using Level inputs and significant other observable inputs (Level 2 input). The portfolio classifies United States Treasury Securities in Level 1. The remaining investments in the portfolio are classified in Level 2.
- Investments held by the VML/VACO Pooled OPEB Trust. Refer to the Trust Fund's separate financial report for further information and required disclosures.

Note 3. Receivables

Receivables at June 30, 2022 for the Town, including the allowance for uncollectible accounts, are as follows:

	General Fund
Property taxes	\$ 501,351
Other accounts	453,368
Gross receivables	954,719
Less allowance for uncollectable accounts (property taxes)	(133,678)
Net receivables	\$ 821,041

The Town determines its allowance for uncollectible accounts using historical collection data and specific account analysis.

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 4. Due from Other Governments

Due from other governments includes the following:

	Primary Government
General Fund:	
Other local governments:	
County of Hanover:	
Local sales and use taxes	\$ 136,713
Fines and forfeitures	7,781
	<hr/> 144,494
Commonwealth of Virginia:	
Communications sales and use taxes	30,591
Automobile rental tax	11,893
Transportation safety grant	570
	<hr/> 43,054
Total General Fund	<hr/> 187,548
Central Virginia Transportation Authority Fund:	
Commonwealth of Virginia:	
Central Virginia Transportation Authority	58,040
	<hr/> 58,040
Total Central Virginia Transportation Authority Fund	<hr/> 58,040
Total Nonmajor Special Revenue Funds	<hr/> 58,040
Total due from other governments	<hr/> \$ 245,588

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets

Capital asset activities for the year ended June 30, 2022 are as follows:

	* Beginning Balance June 30, 2021	Additions	Deletions	Transfers	Ending Balance June 30, 2022
Primary Government:					
Capital assets not being depreciated or amortized:					
Land	\$ 2,613,724	\$ -	\$ -	\$ -	\$ 2,613,724
Construction in progress	137,753	698,694	-	(417,789)	418,658
Total capital assets not being depreciated or amortized	2,751,477	698,694	-	(417,789)	3,032,382
Capital assets being depreciated or amortized:					
Buildings and improvements	14,295,407	36,526	-	176,947	14,508,880
Machinery and equipment	3,859,367	551,993	-	13,479	4,424,839
Infrastructure	23,011,679	22,845	-	227,363	23,261,887
Software	193,410	-	-	-	193,410
Right-to-use leased machinery and equipment	39,653	-	-	-	39,653
Total capital assets being depreciated or amortized	41,399,516	611,364	-	417,789	42,428,669
Less accumulated depreciation or amortization for:					
Buildings and improvements	(2,270,583)	(362,011)	-	-	(2,632,594)
Machinery and equipment	(2,885,545)	(280,554)	-	-	(3,166,099)
Infrastructure	(8,308,324)	(589,008)	-	-	(8,897,332)
Software	(193,411)	-	-	-	(193,411)
Right-to-use leased machinery and equipment	-	(8,327)	-	-	(8,327)
Total accumulated depreciation or amortization	(13,657,863)	(1,239,900)	-	-	(14,897,763)
Total capital assets being depreciated or amortized, net	27,741,653	(628,536)	-	417,789	27,530,906
Governmental activities capital assets, net	\$ 30,493,130	\$ 70,158	\$ -	\$ -	\$ 30,563,288

*The beginning balance was restated for recording of right-to-use leased assets as of July 1 in accordance with GASB 87, *Leases*.

Depreciation and amortization expense was charged to functions/programs as follows:

Governmental activities:	
General government administration	\$ 221,252
Public safety	162,932
Public works	681,070
Parks, recreation and cultural	168,669
Community development	5,977
Total depreciation and amortization expense - governmental activities	\$ 1,239,900

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Interfund Transfers

Interfund transfers for the year ended June 30, 2022 consisted of the following:

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ 1,356,539
Capital Projects Fund	1,356,539	-
Total	\$ 1,356,539	\$ 1,356,539

The transfer from the General Fund to the Capital Projects Fund was to provide cash funding for capital projects to be completed by the Town.

Note 7. Long-Term Obligations

The following is a summary of long-term liability activity for the year ended June 30, 2022:

	* Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 7,956,000	\$ -	\$ (397,000)	\$ 7,559,000	\$ 406,000
Compensated absences payable	378,841	379,991	(391,845)	366,987	36,699
Lease payable	39,653	-	(7,968)	31,685	9,338
Governmental activities long-term liabilities	\$ 8,374,494	\$ 379,991	\$ (796,813)	\$ 7,957,672	\$ 452,037

*The beginning balance was restated for recording of leases payable as of July 1 in accordance with GASB 87, *Leases*.

The General Fund has been used in prior years to liquidate the liabilities for compensated absences, pension and other postemployment benefits.

\$8,623,000 general obligation bond issued to refund the Series 2018 general obligation bond, due in annual principal installments ranging from \$406,000 to \$546,000 through December 2037, plus interest payable semi-annually at 1.99%.	<u>\$ 7,559,000</u>
Total General Obligation Bonds	<u>\$ 7,559,000</u>

Leases Payable

During the current fiscal year, the Town had a five-year lease agreements as lessee for equipment. In accordance with the implementation of GASB Statement 87, an initial lease liability was recorded in the amount of \$39,653 during the current fiscal year. As of June 30, 2022, the value of the lease liability was \$31,685. The Town is required to make monthly principal and interest payments ranging from \$152 to \$409. The leases have an interest rate of 2.32%. The equipment have a five-year estimated useful life. The value of the right-to-use leased assets as of the end of the current fiscal year was \$39,653 and had accumulated amortization of \$8,327.

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Obligations (Continued)

Leases Payable (Continued)

Annual requirements to amortize long-term debt exclusive of compensated absences are as follows:

Year(s) Ending June 30,	General Obligation Bonds	
	Principal	Interest
2023	\$ 406,000	\$ 146,384
2024	413,000	138,235
2025	422,000	129,927
2026	430,000	121,450
2027	439,000	112,803
2028 - 2032	2,329,000	428,198
2033 - 2037	2,574,000	184,433
2038	546,000	5,433
	<u>\$ 7,559,000</u>	<u>\$ 1,266,863</u>

Year Ending June 30,	Leases	
	Principal	Interest
2023	\$ 9,338	\$ 639
2024	9,556	421
2025	7,288	213
2026	4,291	77
2027	1,212	15
	<u>\$ 31,685</u>	<u>\$ 1,365</u>

Note 8. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and others; and natural disasters. To reduce insurance costs and the need for self-insurance, the Town has joined with other municipalities in the Commonwealth of Virginia in several public entity risk pools that operate as common risk management and insurance programs for member municipalities. The Town is not self-insured.

The Town has coverage with the Virginia Risk Sharing Association (the "Association") for all insurable risks identified by the Town. Each Association member jointly and severally agrees to assume, pay and discharge any liability. The Town pays the Association contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The Town continues to carry commercial insurance for all other risks of losses. Settled claims from these risks have not exceeded commercial coverage in any of the last three fiscal years.

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan

Name of Plan: Virginia Retirement System (VRS)

Identification of Plan: Agent Multiple-Employer Pension Plan

Administering Entity: Virginia Retirement System (System)

A. Plan Description

All full-time, salaried permanent (professional) employees of the Town are automatically covered by VRS Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

		HYBRID
PLAN 1	PLAN 2	RETIREMENT PLAN
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	About Plan 2 Same as Plan 1.	About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. <ul style="list-style-type: none">• The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula.• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Eligible Members Members are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013 and they have not taken a refund.</p> <p><i>Hybrid Opt-In Election</i> VRS non-hazardous duty-covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan, and remain as Plan 1 or ORP.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Eligible Members Members are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p><i>Hybrid Opt-In Election</i> Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>Eligible Members Members are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none">• Political subdivision members.*• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. <p><i>*Non-Eligible Members</i> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none">• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees. <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Retirement Contributions Members contribute 5% of their compensation each month to their member contribution account through a pretax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	Retirement Contributions Same as Plan 1.	Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
Service Credit Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	Service Credit Same as Plan 1.	Service Credit <i>Defined Benefit Component:</i> Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. <i>Defined Contribution Component:</i> Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <i>Defined Benefit Component:</i> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><i>Defined Contribution Component:</i> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none">• After two years, a member is 50% vested and may withdraw 50% of employer contributions.• After three years, a member is 75% vested and may withdraw 75% of employer contributions.• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required, except as governed by law.</p>

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Calculating the Benefit The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chose is then applied.	Calculating the Benefit See definition under Plan 1.	Calculating the Benefit <i>Defined Benefit Component:</i> See definition under Plan 1. <i>Defined Contribution Component:</i> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	Average Final Compensation A member's average final compensation is the average of the 60 consecutive months of highest compensation as a covered employee.	Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier <i>VRS:</i> The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.	Service Retirement Multiplier <i>VRS:</i> Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013.	Service Retirement Multiplier <i>Defined Benefit Component:</i> <i>VRS:</i> The retirement multiplier for the defined benefit component is 1.0%. For members that opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.
Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.	Political subdivision hazardous duty employees: Same as Plan 1.	Political subdivision hazardous duty employees: Not applicable. <i>Defined Contribution Component:</i> Not applicable.

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Normal Retirement Age VRS: Age 65.	Normal Retirement Age VRS: Normal Social Security retirement age.	Normal Retirement Age <i>Defined Benefit Component:</i> VRS: Same as Plan 2.
Political subdivision hazardous duty employees: Age 60.	Political subdivision hazardous duty employees: Same as Plan 1.	Political subdivision hazardous duty employees: Not applicable. <i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.	Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age and have at least 5 years (60 months) of service credit or when their age plus service credit equals 90.	Earliest Unreduced Retirement Eligibility <i>Defined Benefit Component:</i> VRS: Normal Social Security retirement age and have at least 5 years (60 months) of service credit or when their age plus service credit equals 90.
Political subdivision hazardous duty employees: Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.	Political subdivision hazardous duty employees: Same as Plan 1.	Political subdivision hazardous duty employees: Not applicable. <i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.	Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of service credit.	Earliest Reduced Retirement Eligibility <i>Defined Benefit Component:</i> VRS: Age 60 with at least five years (60 months) of service credit.
Political subdivision hazardous duty employees: Age 50 with at least five years of service credit.	Political subdivision hazardous duty employees: Same as Plan 1.	Political subdivision hazardous duty employees: Not applicable. <i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. <i>Eligibility:</i> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date. <i>Exceptions to COLA Effective Dates:</i> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability. 	Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%) up to a maximum COLA of 3%. <i>Eligibility:</i> Same as Plan 1. <i>Exceptions to COLA Effective Dates:</i> Same as Plan 1.	Cost-of-Living Adjustment (COLA) in Retirement <i>Defined Benefit Component:</i> Same as Plan 2. <i>Defined Contribution Component:</i> Not applicable. <i>Eligibility:</i> Same as Plan 1 and Plan 2. <i>Exceptions to COLA Effective Dates:</i> Same as Plan 1 and Plan 2.

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Cost-of-Living Adjustment (COLA) in Retirement (Continued) <u>Exceptions to COLA Effective Dates (continued):</u> <ul style="list-style-type: none">• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit.• The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.		
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted.	Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service regardless of when it was earned, purchased or granted.	Disability Coverage Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	Purchase of Prior Service Same as Plan 1.	Purchase of Prior Service <i>Defined Benefit Component:</i> Same as Plan 1, with the following exception: <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. <i>Defined Contribution Component:</i> Not applicable.

B. Employees Covered by Benefit Terms

As of the June 30, 2020, actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	59
Inactive members:	
Vested	18
Non-vested	26
Active elsewhere in VRS	41
Total inactive members	85
Active members	61
Total covered employees	205

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

C. Contributions

The contribution requirement for active employees is governed by Section 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The Town's contractually required contribution rate for the year ended June 30, 2022 was 10.39% of covered compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$358,637 and \$331,930 for the years ended June 30, 2022 and 2021, respectively.

D. Net Pension Liability (Asset)

The Town's net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For political subdivisions, the net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of June 30, 2020 rolled forward to the measurement date of June 30, 2021.

Actuarial Assumptions – General Employees

The total pension liability for General Employee's in the Town's retirement plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

D. Net Pension Liability (Asset) (Continued)

Actuarial Assumptions – General Employees (Continued)

Mortality Rates:	15% of deaths are assumed to be service-related.
– Pre-retirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally, 95% of rates for males; 105% of rates for females set forward 2 years.
– Post-retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally, 110% of rates for males; 105% of rates for females set forward 3 years.
– Post-disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
– Beneficiaries and survivors:	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
– Mortality improvement:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP 2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age.
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through nine years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

D. Net Pension Liability (Asset) (Continued)

Actuarial Assumptions – Public Safety Employees

The total pension liability for Public Safety employees in the Town's retirement plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date as of June 30, 2021.

Inflation	2.50%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality Rates: 45% of deaths are assumed to be service related.

- Pre-retirement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years.
- Post-retirement: Pub-2010 Amount Weighted Safely Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years.
- Post-disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
- Beneficiaries and survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years.
- Mortality improvement: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

D. Net Pension Liability (Asset) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System 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 asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
	Inflation		2.50%
			7.39%

* The above allocation provides a one-year expected return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75%, which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

D. Net Pension Liability (Asset) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2021, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever was greater. From July 1, 2021 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

E. Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at June 30, 2020	\$ 18,216,340	\$ 16,211,875	\$ 2,004,465
Changes for the Year:			
Service cost	467,560	-	467,560
Interest	1,192,201	-	1,192,201
Changes of assumptions	805,999	-	805,999
Difference between expected and actual experience	18,207	-	18,207
Contributions – employer	-	331,930	(331,930)
Contributions – employee	-	256,190	(256,190)
Net investment income	-	4,377,468	(4,377,468)
Benefit payments, including refunds of employee contributions	(1,108,197)	(1,108,197)	-
Administrative expense	-	(11,072)	11,072
Other changes	-	412	(412)
Net changes	1,375,770	3,846,731	(2,470,961)
Balances at June 30, 2021	\$ 19,592,110	\$ 20,058,606	\$ (466,496)

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

E. Changes in the Net Pension Liability (Asset) (Continued)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the Town, using the discount rate of 6.75%, as well as what the Town's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Town's net pension liability (asset)	\$ 2,253,092	\$ (466,496)	\$ (2,704,410)

F. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2022, the Town recognized pension expense of \$205,990. At June 30, 2022, the Town also reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 75,510	\$ -
Change in assumption	507,481	-
Net difference between projected and actual earnings on pension plan investments	-	(2,172,930)
Employer contributions subsequent to the measurement date	358,637	-
Total	\$ 941,628	\$ (2,172,930)

The \$358,637 reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ending June 30,	Amount
2023	\$ (140,644)
2024	(283,644)
2025	(505,437)
2026	(660,214)
	\$ (1,589,939)

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

G. Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Comprehensive Annual Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2021-annualreport.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Note 10. Trust for Other Postemployment Benefits

The Town has established an irrevocable trust pursuant to Section 15.2-1544 of the *Code of Virginia*, as amended, for the purpose of accumulating and investing assets to fund Other Postemployment Benefits and to participate in the Virginia Pooled OPEB Trust Fund and has established a Local Finance Board to become a Participating Employer in the Trust Fund. The Trust Fund provides administrative, custodial and investment services to the Participating Employers in the Trust Fund. For the fiscal year ended June 30, 2022, the Town and plan members contributed \$238,975 to the Trust Fund. Administrative expenses allocated to the Trust Fund during the fiscal year ended June 30, 2022 totaled \$3,000. The Trust Fund issues a separate report, which can be obtained by writing to VML/VACO Finance Program, 1108 East Main Street, Richmond, Virginia 23219.

Note 11. Other Postemployment Benefits

The Town contributes to two OPEB plans, the Retiree Healthcare Plan and the Group Life Insurance Program. As of and for the year ended June 30, 2022, the two plans had the following balances reported in the government-wide financial statements:

	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Retiree Healthcare Plan	\$ 282,128	\$ 321,403	\$ 426,840	\$ 77,773
Group Life Insurance	189,310	53,093	89,449	4,477
	<u>\$ 471,438</u>	<u>\$ 374,496</u>	<u>\$ 516,289</u>	<u>\$ 82,250</u>

Detailed disclosures for each plan follow.

1. *Retiree Healthcare Plan*

A. Plan Description

Other postemployment benefits provided by the Town include a single employer defined benefit retiree health insurance premium plan.

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits (Continued)

1. Retiree Healthcare Plan (Continued)

A. Plan Description (Continued)

SUMMARY OF BENEFIT PROVISIONS
<i>Health Plan Eligibility</i> Participants in the Town's OPEB plan must have 15 or more years of full-time service with the Town at retirement to be eligible for retiree health benefits. Participants must also retire directly from active employment and elect to receive their benefits immediately.
<i>Health Plan Benefits</i> Retiree health benefits include medical, dental and vision. Coverage is for retirees and their eligible spouses and dependents. Coverage is for the life of the retiree and their dependent spouse. Retirees under age 65 may choose either the Key Advantage 250 and Key Advantage Expanded option with preventive/comprehensive dental. Once they attain age 65, they must enroll in a Medicare supplement plan to continue health coverage.
<i>Retiree and Employer Contributions</i> <i>Retirees with 25 or More Years of Service with the Town:</i> For non-Medicare eligible retirees, the Town provides a contribution equal to the retiree-only premium of the plan they elect. This contribution is provided until the earlier of the retiree's death or attainment of Medicare eligibility. For Medicare-eligible retirees, the Town provides a contribution equal to 100% of the retirees Medicare premium. This contribution is provided for the life of the retiree. <i>Retirees with Less than 25 Years of Service with the Town:</i> The Town provides a monthly contribution equal to \$35, plus an additional \$3 for each year of service with the Town. This contribution is provided for the life of the retiree. Retirees are responsible for the excess of their total premium cost over the Town's contribution.
<i>Disability Retirement Benefit</i> Disabled retirees having 15 or more years of full-time service with the Town are eligible for the same level of health benefits as other retirees.
<i>Death Benefit</i> The plan does not include a pre-retirement death benefit.
<i>Withdrawal Benefit</i> The plan does not include a withdrawal benefit.
<i>Benefit Service</i> Benefit service is credited from the date of hire with the Town.

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits (Continued)

1. Retiree Healthcare Plan (Continued)

B. Employees Covered by Benefit Terms

As of the July 1, 2021 actuarial valuation, the following employees were covered by the benefit terms:

	Number
Inactive employees or beneficiaries currently receiving benefit payments	19
Active employees	53
Total	72

C. Contributions

The contributions to the OPEB Trust Fund are established by and may be amended by Town Council. The contributions are typically based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits. For the year ended June 30, 2022, the Town's average contribution rate was 7.54 percent of covered-employee payroll. Employees are not required to contribute to the plan.

D. Net Retiree Healthcare OPEB Liability

The Town's net Retiree Healthcare OPEB liability of \$282,128 was measured as of June 30, 2022, and the total Retiree Healthcare OPEB liability used to calculate the net Retiree Healthcare OPEB liability was determined by an actuarial valuation as of July 1, 2021.

E. Actuarial Assumptions

The total Retiree Healthcare Plan OPEB liability was based on an actuarial valuation as of July 1, 2021, using the Entry Age Normal actuarial cost method and the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Payroll growth	3.00% per annum
Discount rate	6.50% per annum
Healthcare cost trend rates	Medical and Stop Loss: 6.0% graded down to 4.2% over 60 years

Mortality Rates – General Employees

The following mortality assumptions were chosen to match the mortality assumptions used in the June 30, 2020 Annual Comprehensive Financial Report for the Virginia Retirement System.

Pre-Commencement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Commencement: Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits (Continued)

1. Retiree Healthcare Plan (Continued)

E. Actuarial Assumptions (Continued)

Mortality Rates – General Employees (Continued)

Mortality Improvement: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

Mortality Rates – Public Safety Employees

Pre-Commencement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Commencement: Pub-2010 Amount Weighted Safety Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years.

Mortality Improvement: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

F. Changes in the Net Retiree Healthcare OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2021	\$ 2,773,024	\$ 2,323,178	\$ 449,846
Changes for the year:			
Service cost	60,932	-	60,932
Interest	181,142	-	181,142
Difference between expected and actual experience	(365,948)	-	(365,948)
Changes in assumptions	(36,541)	-	(36,541)
Benefit payments	(95,858)	(95,858)	-
Employer contributions	-	238,975	(238,975)
Net investment income	-	(228,671)	228,671
Administrative expenses	-	(3,001)	3,001
Net changes	(256,273)	(88,555)	(167,718)
Balance at June 30, 2022	\$ 2,516,751	\$ 2,234,623	\$ 282,128

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits (Continued)

1. Retiree Healthcare Plan (Continued)

G. Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
US Core Fixed Income	21.00%	1.39%	1.28%
US Large Cap US Equities	26.00%	4.94%	3.46%
US Small Cap US Equities	10.00%	6.73%	4.18%
Foreign Developed Equities	13.00%	6.27%	4.52%
Emerging Market Equities	5.00%	8.82%	5.31%
Private Real Estate Property	7.00%	4.61%	3.58%
Private Equities	5.00%	10.36%	6.15%
Commodities	3.00%	1.99%	0.61%
Hedge Funds / Absolute Return	10.00%	3.58%	2.67%
	<u>100.00%</u>		
Assumed Inflation - Mean		2.40%	2.40%
Assumed Inflation - Standard Deviation		1.23%	1.23%
Portfolio Real Mean Return		4.76%	3.97%
Portfolio Nominal Mean Return		7.16%	6.46%
Portfolio Standard Deviation			12.28%
Long-Term Expected Rate of Return			6.50%

H. Discount Rate

The discount rate used to measure the total OPEB liability was 6.5 percent. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits (Continued)

1. Retiree Healthcare Plan (Continued)

I. Sensitivity of the Town's Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5 percent) or 1-percentage-point higher (7.5 percent) than the current discount rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Total OPEB Liability	\$ 2,848,658	\$ 2,516,751	\$ 2,237,675
Fiduciary Net Position	2,234,623	2,234,623	2,234,623
Net OPEB Liability	\$ 614,035	\$ 282,128	\$ 3,052

J. Sensitivity of the Town's Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rate

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

	1% Decrease	Current Medical Trend Rate	1% Increase
Total OPEB Liability	\$ 2,196,360	\$ 2,516,751	\$ 2,907,758
Fiduciary Net Position	2,234,623	2,234,623	2,234,623
Net OPEB Liability (Asset)	\$ (38,263)	\$ 282,128	\$ 673,135

K. OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report.

L. Retiree Healthcare OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the Town recognized Retiree Healthcare OPEB expense of \$77,773. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to the Retiree Healthcare OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 157,504	\$ (316,496)
Changes of assumptions	70,225	(110,344)
Net difference between projected and actual earnings on OPEB program investments	93,674	-
Total	\$ 321,403	\$ (426,840)

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits (Continued)

1. *Retiree Healthcare Plan (Continued)*

L. Retiree Healthcare OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

Year Ending June 30,	Amount
2023	\$ (7,646)
2024	(13,166)
2025	(23,612)
2026	50,203
2027	(39,530)
Thereafter	<u>(71,686)</u>
Total	<u>\$ (105,437)</u>

2. *Group Life Insurance Program*

A. Plan Description

All full-time, salaried permanent employees of the Town are automatically covered by the VRS Group Life Insurance Program (GLI) upon employment. The plan is a cost-sharing multiple-employer defined benefit plan. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI. For members who elect the optional GLI coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from the members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI OPEB.

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits (Continued)

2. Group Life Insurance Program (Continued)

A. Plan Description (Continued)

The specific information for GLI OPEB, including eligibility, coverage and benefits is set out in the table below:

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
<p><i>Eligible Employees</i></p> <p>The GLI was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program.</p> <p>Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.</p>
<p><i>Benefit Amounts</i></p> <p>The benefits payable under the GLI have several components.</p> <ul style="list-style-type: none">• Natural Death Benefit – The natural death benefit is equal to the employee’s covered compensation rounded to the next highest thousand and then doubled.• Accidental Death Benefit – The accidental death benefit is double the natural death benefit.• Other Benefit Provisions – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:<ul style="list-style-type: none">○ Accidental dismemberment benefit○ Seatbelt benefit○ Repatriation benefit○ Felonious assault benefit○ Accelerated death benefit option
<p><i>Reduction in Benefit Amounts</i></p> <p>The benefit amounts provided to members covered under the GLI are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>
<p><i>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</i></p> <p>For covered members with at least 30 years of service credit, there is a minimum benefit payable under GLI. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,722 as of June 30, 2022.</p>

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits (Continued)

2. Group Life Insurance Program (Continued)

B. Contributions

The contribution requirements for the GLI are governed by Sections 51.1-506 and 51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI from the Town were \$18,851 and \$18,125 for the years ended June 30, 2022 and 2021, respectively.

C. GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB

At June 30, 2022, the Town's reported liability for its proportionate share of the net GLI OPEB liabilities was \$189,310. The net GLI OPEB liability was measured as of June 30, 2021 and the total GLI OPEB liability used to calculate the net GLI OPEB liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The covered employers' proportion of the net GLI OPEB liability was based on the covered employer's actuarially determined employer contributions to the GLI for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the Town's portion was 0.01626% as compared to 0.01733% at June 30, 2020.

For the year ended June 30, 2022, the Town recognized GLI OPEB expense of \$4,477. Since there was a change in the proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits (Continued)

2. Group Life Insurance Program (Continued)

C. GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB (Continued)

At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 21,592	\$ (1,442)
Net difference between projected and actual earnings on GLI OPEB program investments	-	(45,184)
Change in assumptions	10,437	(25,902)
Changes in proportionate share	2,213	(16,921)
Employer contributions subsequent to the measurement date	18,851	-
Total	\$ 53,093	\$ (89,449)

The \$18,851 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2023	\$ (12,605)
2024	(10,134)
2025	(10,311)
2026	(16,893)
2027	(5,264)
Total	\$ (55,207)

D. Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Inflation	2.5%
Salary increases, including inflation:	
Locality – general employees	3.5%-5.35%
Locality – hazardous duty employees	3.5%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits (Continued)

2. Group Life Insurance Program (Continued)

D. Actuarial Assumptions (Continued)

Mortality Rates – General Employees

Pre-Retirement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105 % of rates for females set forward 3 years.

Post-Retirement: Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.

Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.

Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Mortality Rates – Hazardous Duty Employees

Pre-Retirement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement: PUB-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits (Continued)

2. Group Life Insurance Program (Continued)

D. Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

D. Net GLI OPEB Liability

The net OPEB liability (NOL) for the GLI represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2021, NOL amounts (in thousands) for the GLI are as follows (in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB liability	\$ 3,577,346
Plan fiduciary net position	2,413,074
GLI net OPEB liability	\$ 1,164,272

Plan fiduciary net position as a percentage of the total GLI OPEB liability 67.45%

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to financial statements and required supplementary information.

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits (Continued)

2. Group Life Insurance Program (Continued)

E. Long-Term Expected Rate of Return

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's 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 asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long- Term Expected Rate of Return	Weighted Average Long- Term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
	Inflation		2.50%
			7.39%

* Expected arithmetic nominal return

* The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75%, which is roughly the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits (Continued)

2. Group Life Insurance Program (Continued)

F. Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2021, the rate contributed by the participating employers for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

G. Sensitivity of the Town's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the Town's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Town	\$ 276,589	\$ 189,310	\$ 118,829

H. GLI Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2021-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 12. Pending GASB Statements

At June 30, 2022, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the Town. The statements which might impact the Town are as follows:

GASB Statement No. 91, *Conduit Debt Obligation*, will provide a single method of reporting conduit debt obligations by issuer and eliminate diversity in practice associate with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Statement No. 91 will be effective for the fiscal years beginning after December 15, 2021.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, will address accounting and financial reporting implications that result from the replacement of an interbank offered rate-most notably, the London Interbank Offered Rate (LIBOR), which is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. Portions of Statement No. 93 will be effective for fiscal years beginning after June 15, 2021 and December 31, 2021.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, will improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs), and provide guidance for accounting and financial reporting for availability payment arrangements (APAs). Statement No. 94 will be effective for the fiscal years beginning after June 15, 2022.

GASB Statement No. 96, *Subscription-Based information Technology Arrangements*, will provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). Statement No. 96 will be effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 99, *Omnibus 2022*, provides guidance to enhance comparability in accounting and financial reporting for derivative instruments, leases, financial guarantees, and a wide range of other accounting and financial reporting issues that have been identified during the implementation and application of certain GASB statements. The requirements related to GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* and terminology updates related to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* are effective upon issuance. The requirements related to GASB Statement No. 87, *Leases*, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* will be effective for the Town beginning with its year ending June 30, 2023. The requirements related to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* will be effective for the Town beginning with its year ending June 30, 2024.

GASB Statement No. 100, *Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62*, prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections in previously issued financial statements. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. Statement 100 will be effective for the Town beginning with its year ending June 30, 2024.

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 12. Pending GASB Statements (Continued)

GASB Statement No. 101, *Compensated Absences*, provides guidance to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Statement 101 will be effective for the Town beginning with its year ending June 30, 2025.

Management has not determined the effect these new Statements may have on prospective financial statements.

Note 13. Contingencies

Federal and State-Assisted Programs

The Town has received proceeds from several federal and state grant programs. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. Based upon past experience, no provision has been made in the accompanying financial statements for the refund of grant monies.

Note 14. Abatements

The Town, through the Economic Development Authority, provides an I-95 Corridor Hotel Incentive grant and I-95 Corridor Restaurant Incentive grant to local developers who complete projects that promote economic development within the Town. Such grants are in accordance with Virginia Code Section 15.2-4905. Eligible projects are expected to improve economic viability and the appearance of properties in and around the I-95 exchange. In addition, such projects are expected to provide additional tax revenue and services that will benefit the community. The transient occupancy and meals taxes generated from the development fund the grants. Payments to developers are based on taxes collected during the fiscal year. Grants of \$38,012 were provided during the year ended June 30, 2022, represented 50% of the taxes generated from projects.

Note 15. Subsequent Events

On August 16, 2022, Council approved purchasing property adjacent to town hall for future use as a parking lot in the amount of \$300,000 and an additional \$25,000 to cover any acquisition and closing expenses using ARPA funds.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF ASHLAND, VIRGINIA

SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS – VIRGINIA RETIREMENT SYSTEM

	Fiscal Year June 30,							
	2014	2015	2016	2017	2018	2019	2020	2021
Total Pension Liability								
Service cost	\$ 370,012	\$ 422,045	\$ 423,410	\$ 439,647	\$ 433,809	\$ 421,206	\$ 457,195	\$ 467,560
Interest	868,776	919,423	930,643	985,287	1,043,033	1,090,109	1,130,844	1,192,201
Difference between expected and actual experience	-	(664,104)	(12,340)	71,604	(121,573)	(109,450)	261,112	18,207
Assumption changes	-	-	-	(50,661)	-	521,400	-	805,999
Benefit payments, including refunds of employee contributions	(528,309)	(502,233)	(531,917)	(590,249)	(651,629)	(713,877)	(772,120)	(1,108,197)
Net change in total pension liability	710,479	175,131	809,796	855,628	703,640	1,209,388	1,077,031	1,375,770
Total pension liability - beginning	12,675,247	13,385,726	13,560,857	14,370,653	15,226,281	15,929,921	17,139,309	18,216,340
Total pension liability - ending (a)	<u>\$ 13,385,726</u>	<u>\$ 13,560,857</u>	<u>\$ 14,370,653</u>	<u>\$ 15,226,281</u>	<u>\$ 15,929,921</u>	<u>\$ 17,139,309</u>	<u>\$ 18,216,340</u>	<u>\$ 19,592,110</u>
Plan Fiduciary Net Position								
Contributions - employer	\$ 393,953	\$ 399,899	\$ 414,669	\$ 326,438	\$ 338,777	\$ 326,545	\$ 336,998	\$ 331,930
Contributions - employee	191,125	153,253	156,949	182,391	182,941	192,298	231,109	256,190
Net investment income	1,640,891	557,131	225,268	1,578,406	1,064,626	1,023,406	306,938	4,377,468
Benefit payments, including refunds of employee contributions	(528,309)	(502,233)	(531,917)	(590,249)	(651,629)	(713,877)	(772,120)	(1,108,197)
Administrative expense	(8,708)	(7,463)	(7,775)	(9,029)	(9,126)	(10,085)	(10,453)	(11,072)
Other	86	(117)	(94)	(1,405)	(950)	(644)	(366)	412
Net change in plan fiduciary net position	1,689,038	600,470	257,100	1,486,552	924,639	817,643	92,106	3,846,731
Plan fiduciary net position - beginning	10,344,327	12,033,365	12,633,835	12,890,935	14,377,487	15,302,126	16,119,769	16,211,875
Plan fiduciary net position - ending (b)	<u>\$ 12,033,365</u>	<u>\$ 12,633,835</u>	<u>\$ 12,890,935</u>	<u>\$ 14,377,487</u>	<u>\$ 15,302,126</u>	<u>\$ 16,119,769</u>	<u>\$ 16,211,875</u>	<u>\$ 20,058,606</u>
The Town's net pension liability (asset) - ending (a) - (b)	<u>\$ 1,352,361</u>	<u>\$ 927,022</u>	<u>\$ 1,479,718</u>	<u>\$ 848,794</u>	<u>\$ 627,795</u>	<u>\$ 1,019,540</u>	<u>\$ 2,004,465</u>	<u>\$ (466,496)</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	89.90%	93.16%	89.70%	94.43%	96.06%	94.05%	89.00%	102.38%
Covered payroll	\$ 3,068,170	\$ 3,038,746	\$ 3,150,980	\$ 3,172,381	\$ 3,292,293	\$ 3,301,769	\$ 3,407,462	\$ 3,194,706
The Town's net pension liability (asset) as a percentage of covered payroll	44.08%	30.51%	46.96%	26.76%	19.07%	30.88%	58.83%	-14.60%

Note to Schedule:

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

TOWN OF ASHLAND, VIRGINIA

SCHEDULE OF TOWN CONTRIBUTIONS – VIRGINIA RETIREMENT SYSTEM

	Fiscal Year June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Contractually required contribution (CRC)	\$ 393,953	\$ 399,899	\$ 414,669	\$ 326,438	\$ 338,777	\$ 326,545	\$ 336,998	\$ 331,930	\$ 358,637	
Contributions in relation to the CRC	393,953	399,899	414,669	326,438	338,777	326,545	336,998	331,930	358,637	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Employer's covered payroll	\$3,068,170	\$3,038,746	\$3,150,980	\$3,172,381	\$3,292,293	\$3,301,769	\$3,407,462	\$3,194,706	\$3,451,752	
Contributions as a percentage of covered payroll	12.84%	13.16%	13.16%	10.29%	10.29%	9.89%	9.89%	10.39%	10.39%	

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

TOWN OF ASHLAND, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION VIRGINIA RETIREMENT SYSTEM Year Ended June 30, 2022

Note 1. Changes of Benefit Terms

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Note 2. Changes of Assumptions

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age.
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through nine years of service.
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70.
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty.
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

TOWN OF ASHLAND, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION VIRGINIA RETIREMENT SYSTEM Year Ended June 30, 2022

Note 3. Contractually Required Contributions

The actuarially determined contribution rates are calculated as of June 30, one year prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Non-Hazardous Duty

Mortality Rates:	15% of deaths are assumed to be service related.
Pre-retirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
Post-retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.
Post-disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for female set back 3 years.
Beneficiaries and survivors:	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
Mortality improvement:	Rate projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

Hazardous Duty

Mortality Rates:	45% of deaths are assumed to be service related.
Pre-retirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years.
Post-retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years.
Post-disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
Beneficiaries and survivors:	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years.
Mortality improvement:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

TOWN OF ASHLAND, VIRGINIA

SCHEDULES OF CHANGES IN THE TOWN'S NET OPEB LIABILITY AND RELATED RATIOS – RETIREE HEALTHCARE PLAN

	Fiscal Year June 30,				
	2018	2019	2020	2021	2022
Total OPEB Liability					
Service cost	\$ 56,594	\$ 60,556	\$ 72,288	\$ 70,631	\$ 60,932
Interest	139,876	148,086	171,449	172,482	181,142
Difference between expected and actual experience	-	-	246,655	-	(365,948)
Changes of assumptions	-	146,141	(123,312)	-	(36,541)
Benefit payments, including refunds of employee contributions	(85,314)	(80,868)	(101,401)	(104,397)	(95,858)
Net change in total OPEB liability	111,156	273,915	265,679	138,716	(256,273)
Total OPEB liability - beginning	1,983,558	2,094,714	2,368,629	2,634,308	2,773,024
Total OPEB liability - ending (a)	<u>\$ 2,094,714</u>	<u>\$ 2,368,629</u>	<u>\$ 2,634,308</u>	<u>\$ 2,773,024</u>	<u>\$ 2,516,751</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 200,514	\$ 212,868	\$ 237,401	\$ 242,292	\$ 238,975
Net investment income	109,538	67,596	49,161	510,863	(228,671)
Benefit payments, including refunds of employee contributions	(85,314)	(80,868)	(101,401)	(104,397)	(95,858)
Administrative expense	(1,770)	(1,935)	(2,264)	(2,406)	(3,001)
Net change in plan fiduciary net position	222,968	197,661	182,897	646,352	(88,555)
Plan fiduciary net position - beginning	1,073,300	1,296,268	1,493,929	1,676,826	2,323,178
Plan fiduciary net position - ending (b)	<u>\$ 1,296,268</u>	<u>\$ 1,493,929</u>	<u>\$ 1,676,826</u>	<u>\$ 2,323,178</u>	<u>\$ 2,234,623</u>
The Town's net OPEB liability - ending (a) - (b)	<u>\$ 798,446</u>	<u>\$ 874,700</u>	<u>\$ 957,482</u>	<u>\$ 449,846</u>	<u>\$ 282,128</u>
Plan fiduciary net position as a percentage of the total OPEB liability	61.88%	63.07%	63.65%	83.78%	88.79%
Covered payroll	\$ 3,356,524	\$ 3,407,808	\$ 3,523,846	\$ 3,356,391	\$ 3,490,926
The Town's net OPEB liability as a percentage of covered payroll	23.79%	25.67%	27.17%	13.40%	8.08%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years which information is available.

TOWN OF ASHLAND, VIRGINIA

SCHEDULE OF THE TOWN'S PLAN CONTRIBUTIONS – OPEB – RETIREE HEALTHCARE PLAN

	Fiscal Year June 30,				
	2018	2019	2020	2021	2022
Contractually required contribution (CRC)	\$ 200,514	\$ 212,868	\$ 237,401	\$ 242,292	\$ 238,975
Contributions in relation to the CRC	200,514	212,868	237,401	242,292	238,975
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$3,356,524	\$ 3,407,808	\$ 3,523,846	\$ 3,356,391	\$ 3,490,926
Contributions as a percentage of covered payroll	5.97%	6.25%	6.74%	7.22%	6.85%

Note to Schedule:

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years which information is available.

TOWN OF ASHLAND, VIRGINIA

SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY – GROUP LIFE INSURANCE PROGRAM

	Fiscal year June 30,				
	2017	2018	2019	2020	2021
Employer's proportion of the net GLI OPEB liability	0.01730%	0.01765%	0.01738%	0.01733%	0.01626%
Employer's proportionate share of the net GLI OPEB liability	\$ 260,000	\$ 269,000	\$ 282,818	\$ 289,210	\$ 189,310
Employer's covered payroll	3,191,793	3,356,524	3,407,808	3,523,846	3,356,391
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	8.16%	8.01%	8.30%	8.21%	5.64%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%	51.22%	52.00%	52.64%	67.45%

Note to Schedule:

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years which information is available.

TOWN OF ASHLAND, VIRGINIA

SCHEDULE OF EMPLOYER CONTRIBUTIONS – OPEB – GROUP LIFE INSURANCE PROGRAM

	Fiscal Year June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution (CRC)	\$ 15,013	\$ 15,733	\$ 16,064	\$ 16,739	\$ 16,597	\$ 17,454	\$ 17,721	\$ 18,324	\$ 18,125	\$ 18,851
Contributions in relation to the CRC	15,013	15,733	16,064	16,739	16,597	17,454	17,721	18,324	18,125	18,851
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 2,832,720	\$ 2,968,496	\$ 3,030,874	\$ 3,158,341	\$ 3,191,793	\$ 3,356,524	\$ 3,407,808	\$ 3,523,846	\$ 3,356,391	\$ 3,490,926
Contributions as a percentage of covered payroll	0.53%	0.53%	0.53%	0.53%	0.52%	0.52%	0.52%	0.52%	0.54%	0.54%

TOWN OF ASHLAND, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OTHER POSTEMPLOYMENT BENEFITS Year Ended June 30, 2022

Note 1. Retiree Healthcare Plan

Changes of Benefit Terms

There have been no actuarially material changes to the Retiree Healthcare Plan benefit provisions since the prior actuarial valuation.

Note 2. Group Life Insurance Program

Changes of Benefit Terms

There have been no actuarially material changes to the Virginia Retirement System benefit provisions since the prior actuarial valuation.

Changes of Assumptions

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all.
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through nine years of service.
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

TOWN OF ASHLAND, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OTHER POSTEMPLOYMENT BENEFITS Year Ended June 30, 2022

Note 2. Group Life Insurance Program (Continued)

Changes of Assumptions (Continued)

Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70.
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty.
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

SUPPLEMENTARY INFORMATION

TOWN OF ASHLAND, VIRGINIA

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS

June 30, 2022

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Community Development Block Grant	Central Virginia Transportation Authority	
ASSETS			
Cash and cash equivalents	\$ 42,176	\$ 524,149	\$ 566,325
Due from other governments	-	58,040	58,040
Total assets	\$ 42,176	\$ 582,189	\$ 624,365
LIABILITIES			
Unearned revenue	\$ 42,176	\$ -	\$ 42,176
Total liabilities	42,176	-	42,176
FUND BALANCE			
Restricted for:			
Public works	-	582,189	582,189
Total fund balance	-	582,189	582,189
Total liabilities and fund balance	\$ 42,176	\$ 582,189	\$ 624,365

TOWN OF ASHLAND, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS Year Ended June 30, 2022

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Community Development Block Grant	Central Virginia Transportation Authority	
Revenues:			
Other local taxes	\$ -	\$ 342,631	\$ 342,631
Intergovernmental	490,965	-	490,965
Total revenues	490,965	342,631	833,596
Expenditures:			
Current:			
Community development	490,965	-	490,965
Total expenditures	490,965	-	490,965
Net change in fund balance	-	342,631	342,631
Fund balance, beginning	-	239,558	239,558
Fund balance, ending	\$ -	\$ 582,189	\$ 582,189

TOWN OF ASHLAND, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – COMMUNITY DEVELOPMENT BLOCK GRANT FUND
Year Ended June 30, 2022**

	Community Development Block Grant Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 490,965	\$ 490,965
Total revenues	-	-	490,965	490,965
Expenditures:				
Community development	455,000	455,000	490,965	35,965
Total expenditures	455,000	455,000	490,965	35,965
Revenues under expenditures	(455,000)	(455,000)	-	455,000
Net change in fund balance	(455,000)	(455,000)	-	455,000
Fund balance, beginning	-	-	-	-
Fund balance, ending	\$ (455,000)	\$ (455,000)	\$ -	\$ 455,000

TOWN OF ASHLAND, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – CENTRAL VIRGINIA TRANSPORTATION AUTHORITY FUND Year Ended June 30, 2022

	Central Virginia Transportation Authority Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Other local taxes	\$ -	\$ 545,047	\$ 342,631	\$ (202,416)
Total revenues	-	545,047	342,631	(202,416)
Revenues over expenditures	-	545,047	342,631	(202,416)
Net change in fund balance	-	545,047	342,631	(202,416)
Fund balance, beginning	239,558	239,558	239,558	-
Fund balance, ending	\$ 239,558	\$ 784,605	\$ 582,189	\$ (202,416)

TOWN OF ASHLAND, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – CAPITAL PROJECTS FUND Year Ended June 30, 2022

	Capital Projects Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Other local taxes	\$ 360,000	\$ -	\$ -	\$ -
Use of money	5,000	5,000	4,243	(757)
Permits, privilege fees and regulatory licenses	7,478	7,478	28,939	21,461
Recovered costs	2,500	36,500	49,898	13,398
Miscellaneous	1,500	1,500	2,208	708
Intergovernmental	-	137,107	20,827	(116,280)
Total revenues	376,478	187,585	106,115	(81,470)
Expenditures:				
Capital outlay	3,537,761	4,206,132	1,036,657	(3,169,475)
Total expenditures	3,537,761	4,206,132	1,036,657	(3,169,475)
Revenues under expenditures	(3,161,283)	(4,018,547)	(930,542)	3,088,005
Other financing sources:				
Transfers in	736,552	1,356,539	1,356,539	-
Total other financing sources	736,552	1,356,539	1,356,539	-
Net change in fund balance	(2,424,731)	(2,662,008)	425,997	3,088,005
Fund balance, beginning	3,255,152	3,255,152	3,255,152	-
Fund balance, ending	\$ 830,421	\$ 593,144	\$ 3,681,149	\$ 3,088,005

TOWN OF ASHLAND, VIRGINIA

STATEMENT OF NET POSITION

DISCRETELY PRESENTED COMPONENT UNIT – ECONOMIC DEVELOPMENT

AUTHORITY

June 30, 2022

	Economic Development Authority
ASSETS	
Cash and cash equivalents	\$ 142,354
Due from primary government	38,012
Property held for sale	<u>963,877</u>
Total assets	<u><u>\$ 1,144,243</u></u>
LIABILITIES	
Accounts payable	<u>\$ 38,012</u>
Total liabilities	<u><u>\$ 38,012</u></u>
NET POSITION	
Unrestricted	<u>\$ 1,106,231</u>
Total net position	<u><u>\$ 1,106,231</u></u>

TOWN OF ASHLAND, VIRGINIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION DISCRETELY PRESENTED COMPONENT UNIT – ECONOMIC DEVELOPMENT AUTHORITY

Year Ended June 30, 2022

	Economic Development Authority
Operating expenses:	
Other supplies and expenses	\$ 129,290
Total operating expenses	<u>129,290</u>
Operating loss	<u>(129,290)</u>
Nonoperating revenue:	
Operating contributions	160,245
Interest earnings	<u>53</u>
Total nonoperating revenue	<u>160,298</u>
Income before capital contributions	31,008
Capital contributions	<u>198,877</u>
Change in net position	229,885
Total net position, beginning	<u>876,346</u>
Total net position, ending	<u><u>\$ 1,106,231</u></u>

TOWN OF ASHLAND, VIRGINIA

STATEMENT OF CASH FLOWS

DISCRETELY PRESENTED COMPONENT UNIT – ECONOMIC DEVELOPMENT AUTHORITY

Year Ended June 30, 2022

	Economic Development Authority
Cash Flows From Operating Activities:	
Payments for operating activities	\$ (91,278)
Net cash used in operating activities	(91,278)
Cash Flows From Noncapital Financing Activities:	
Operating contributions	122,233
Net cash provided by noncapital financing activities	122,233
Cash Flows From Investing Activities:	
Interest received	53
Net cash provided by investing activities	53
Increase in cash and cash equivalents	31,008
Cash, cash equivalents and temporary cash investments:	
Beginning	111,346
Ending	\$ 142,354
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (129,290)
Increase in accounts payable	38,012
Net cash used in operating activities	\$ (91,278)
Schedule of noncash capital and related financing activity:	
Capital contributions	\$ 198,877

SUPPLEMENTAL SCHEDULES

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real estate taxes	\$ 955,000	\$ 930,000	\$ 918,368	\$ (11,632)
Real and personal public service corporation property taxes	43,000	43,000	46,264	3,264
Personal property taxes	450,000	450,000	510,430	60,430
Mobile home taxes	1,100	1,100	874	(226)
Machinery and tools taxes	15,000	15,000	27,296	12,296
Penalties	20,000	20,000	41,507	21,507
Interest	20,000	20,000	18,250	(1,750)
Total general property taxes	1,504,100	1,479,100	1,562,989	83,889
Other local taxes:				
Local sales and use taxes	690,000	740,000	762,464	22,464
Consumer utility taxes	160,000	160,000	163,017	3,017
Consumption taxes	40,000	40,000	45,905	5,905
Business license taxes	400,000	400,000	598,121	198,121
Motor vehicle taxes	115,000	115,000	112,199	(2,801)
Cigarette taxes	225,000	225,000	221,942	(3,058)
Bank stock taxes	350,000	350,000	387,526	37,526
Meals taxes	2,600,000	3,200,000	3,282,837	82,837
Transient occupancy taxes	600,000	1,000,000	1,136,471	136,471
Concession stand sales taxes	120	120	-	(120)
Total other local taxes	5,180,120	6,230,120	6,710,482	480,362
Permits, privilege fees and regulatory licenses:				
Permits and other licenses	26,000	26,000	61,830	35,830
Fines and forfeitures	71,100	71,100	69,009	(2,091)
Use of money and property:				
Revenue from use of money	25,000	25,000	(44,013)	(69,013)
Revenue from use of property	21,000	21,000	22,560	1,560
Total use of money and property	46,000	46,000	(21,453)	(67,453)
Charges for services:				
Parks and recreation	92,000	92,000	119,651	27,651
Miscellaneous	50,000	50,000	43,001	(6,999)
Recovered costs:				
Randolph Macon College	2,600	2,600	2,165	(435)
Other	500	500	2,565	2,065
Total recovered costs	3,100	3,100	4,730	1,630
Total revenue from local sources	6,972,420	7,997,420	8,550,239	552,819

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Mobile home titling taxes	\$ 1,800	\$ 1,800	\$ 4,770	\$ 2,970
Moped, ATV, off road bike sales tax	-	-	5	5
Auto rental taxes	100,000	100,000	123,050	23,050
Communication sales and use taxes	230,000	230,000	194,345	(35,655)
Personal property tax relief	111,774	111,774	111,774	-
Rolling stock taxes	10,200	10,200	10,326	126
Games of skill tax	-	-	2,592	2,592
Total non-categorical aid	453,774	453,774	446,862	(6,912)
Categorical aid:				
DJCP law enforcement assistance	183,856	183,856	183,876	20
Fire programs	27,500	27,500	29,243	1,743
Litter control	3,100	3,100	4,336	1,236
Arts grant	4,050	4,050	4,050	-
Street and highway maintenance	1,737,443	1,737,443	1,782,761	45,318
Total categorical aid	1,955,949	1,955,949	2,004,266	48,317
Total revenue from the Commonwealth	2,409,723	2,409,723	2,451,128	41,405
Revenue from the federal government:				
Categorical aid:				
Bulletproof vest grant	3,000	3,000	735	(2,265)
Transportation safety grant	-	-	3,112	3,112
Local law enforcement block grant	-	17,361	17,861	500
Community Flood Protection training	-	2,579	-	(2,579)
Arts grant	450	450	450	-
Total revenue from the federal government	3,450	23,390	22,158	(1,232)
Total intergovernmental revenue	2,413,173	2,433,113	2,473,286	40,173
Total General Fund	\$ 9,385,593	\$ 10,430,533	\$ 11,023,525	\$ 592,992

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
Special Revenue Funds:				
Community Development Block Grant Fund:				
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Community development block grant	\$ -	\$ -	\$ 490,965	\$ 490,965
Total intergovernmental	-	-	490,965	490,965
Total Community Development Block Grant Fund	-	-	490,965	490,965
Central Virginia Transportation Authority Fund:				
Revenue from local sources:				
Other local taxes	-	545,047	342,631	(202,416)
Total revenue from local sources	-	545,047	342,631	(202,416)
Total Central Virginia Transportation Authority Fund	-	545,047	342,631	(202,416)
American Rescue Plan Fund:				
Revenue from the federal government:				
ARPA funding	-	8,170,444	1,297,339	(6,873,105)
Total revenue from the federal government	-	8,170,444	1,297,339	(6,873,105)
Use of money and property:				
Revenue from use of money	-	-	(46,521)	(46,521)
Total use of money and property	-	-	(46,521)	(46,521)
Total American Rescue Plan Fund	-	8,170,444	1,250,818	(6,919,626)
Total Special Revenue Funds	\$ -	\$ 8,715,491	\$ 2,084,414	\$ (6,631,077)
Capital Projects Fund:				
Revenue from local sources:				
Other local taxes	\$ 360,000	\$ -	\$ -	\$ -
Revenue from use of money	5,000	5,000	4,243	(757)
Permits, privilege fees and regulatory licenses:				
Stormwater management permits	7,478	7,478	28,939	21,461
Recovered costs	2,500	36,500	49,898	13,398
Miscellaneous	1,500	1,500	2,208	708
Total revenue from local sources	16,478	50,478	85,288	34,810
Intergovernmental:				
Categorical aid:				
RSTP trolley line trail grant	-	-	4,143	4,143
Chesapeake Bay Grant	-	-	109	109
Total categorical aid	-	-	4,252	4,252
Total revenue from the Commonwealth	-	-	4,252	4,252
Revenue from the federal government:				
Categorical aid:				
RSTP trolley line trail grant	-	77,056	16,575	(60,481)
Community Flood Protection	-	60,051	-	(60,051)
Total revenue from the federal government	-	137,107	16,575	(120,532)
Total intergovernmental revenue	-	137,107	20,827	(116,280)
Total Capital Projects Fund	\$ 16,478	\$ 187,585	\$ 106,115	\$ (81,470)
Grand Total Revenues - Primary Government	\$ 9,402,071	\$ 19,333,609	\$ 13,214,054	\$ (6,119,555)

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
Town Council	\$ 176,537	\$ 206,537	\$ 205,262	\$ (1,275)
General and financial administration:				
Town manager	639,295	656,870	579,403	(77,467)
Tourism	217,920	218,655	205,409	(13,246)
Treasurer	324,815	332,765	337,279	4,514
Information technology	242,500	242,500	226,258	(16,242)
Board of elections	3,000	3,000	-	(3,000)
Total general and financial administration	1,427,530	1,453,790	1,348,349	(105,441)
Total general government administration	1,604,067	1,660,327	1,553,611	(106,716)
Public safety:				
Law enforcement and traffic control:				
Police	3,104,295	3,170,925	3,067,962	(102,963)
Fire and rescue services:				
Fire department	27,500	27,500	29,243	1,743
Total fire and rescue services	27,500	27,500	29,243	1,743
Total public safety	3,131,795	3,198,425	3,097,205	(101,220)
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Engineering/administration	759,272	770,482	770,083	(399)
Street maintenance	1,632,248	1,666,878	1,611,523	(55,355)
Storm drainage	59,000	59,000	6,136	(52,864)
Snow and ice removal	41,500	41,500	14,090	(27,410)
Traffic engineering	55,200	55,200	49,436	(5,764)
Streetlights	56,000	56,000	52,879	(3,121)
Total maintenance of highways, streets, bridges and sidewalks	2,603,220	2,649,060	2,504,147	(144,913)
Sanitation and waste removal:				
Refuse collection and disposal	290,192	290,192	264,312	(25,880)
Maintenance of general buildings and grounds:				
General properties	179,354	194,648	177,593	(17,055)
Vehicle maintenance	163,526	168,839	151,095	(17,744)
Total public works	3,236,292	3,302,739	3,097,147	(205,592)
Parks, recreation and cultural:				
Supervision of parks and recreation	224,781	248,046	154,072	(93,974)
Community development:				
Planning and zoning	457,383	461,909	381,755	(80,154)
Economic development	131,273	346,273	406,120	59,847
Total community development	588,656	808,182	787,875	(20,307)
Nondepartmental:				
Contribution to fund OPEB	55,138	55,138	-	(55,138)
Total nondepartmental	55,138	55,138	-	(55,138)
Debt service:				
Principal	397,000	397,000	404,968	7,968
Interest	154,374	154,374	154,282	(92)
Total debt service	551,374	551,374	559,250	7,876
Total General Fund	\$ 9,392,103	\$ 9,824,231	\$ 9,249,160	\$ (575,071)

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
Special Revenue Funds:				
Community Development Block Grant Fund:				
Community development:				
Rent assistance	\$ 400,000	\$ 400,000	\$ 480,048	\$ 80,048
Safety	15,000	15,000	4,533	(10,467)
Administration	40,000	40,000	6,384	(33,616)
Total Community Development Block Grant Fund	455,000	455,000	490,965	35,965
American Rescue Plan Fund:				
General government administration	-	2,886,538	368,313	(2,518,225)
Total general government administration	-	2,886,538	368,313	(2,518,225)
Public Works	-	798,584	76,914	(721,670)
Capital outlay	-	2,045,000	102,155	(1,942,845)
Total public works	-	2,843,584	179,069	(2,664,515)
Public Safety	-	728,396	56,541	(671,855)
Total public safety	-	728,396	56,541	(671,855)
Parks, recreation and cultural	-	703,419	123,485	(579,934)
Total parks, recreation and cultural	-	703,419	123,485	(579,934)
Community development	-	620,960	268,280	(352,680)
Capital outlay	-	387,547	301,651	(85,896)
Total community development	-	1,008,507	569,931	(438,576)
Total American Rescue Plan Fund	-	8,170,444	1,297,339	(6,873,105)
Total Special Revenue Funds	\$ 455,000	\$ 8,625,444	\$ 1,788,304	\$ (6,837,140)
Capital Projects Fund:				
Capital outlay:				
Residential streets improvement program	\$ 175,199	\$ 175,199	\$ -	\$ (175,199)
Sidewalks and curbing	257,987	308,213	111,489	(196,724)
Ashland Theatre	51,851	47,232	73,144	25,912
Drainage improvements	140,075	163,359	91,576	(71,783)
Stormwater management program	437,681	437,691	-	(437,691)
Downtown campus maintenance	12,290	11,707	498	(11,209)
Public works facilities	93,275	93,275	-	(93,275)
Traffic safety improvements	91,520	91,298	44,830	(46,468)
Public works vehicle replacement	317,374	351,374	281,823	(69,551)
Park equipment replacement	35,000	35,000	-	(35,000)
Public works facilities maintenance	33,405	33,405	-	(33,405)
Downtown sidewalks	211,012	211,012	-	(211,012)
Trails	70,000	70,000	4,750	(65,250)
Dejarnette Park	5,000	5,000	-	(5,000)
Pavilion	8,000	8,000	29,630	21,630
S. Taylor Street park maintenance	10,033	10,033	-	(10,033)
Economic development incentive	125,000	125,000	-	(125,000)
Carter Park	15,872	15,872	-	(15,872)
Pufferbelly Park maintenance	4,063	4,063	-	(4,063)
Gateway and wayfinding	541	541	-	(541)
Contingencies	275,320	275,320	-	(275,320)
Police vehicle replacement	139,715	225,185	196,996	(28,189)
Ashland PD capital	10,000	10,000	-	(10,000)
Police Department building maintenance	32,190	34,190	12,165	(22,025)
Town Hall improvements	380,761	605,537	183,956	(421,581)
Visitor center ADA improvements	-	22,912	-	(22,912)
Trolley line trail	-	77,056	1,806	(75,250)
CPF Development Expenditure	-	12,000	-	(12,000)
CVTA Expenditure	560,000	-	-	-
Park Acquisition Fund	-	600,000	-	(600,000)
Public art	10,000	10,000	-	(10,000)
Community flood preparedness	-	80,068	3,994	(76,074)
Broadband / Fiber Optics	34,597	56,590	-	(56,590)
Total Capital Projects Fund	\$ 3,537,761	\$ 4,206,132	\$ 1,036,657	\$ (3,169,475)
Grand Total Expenditures - Primary Government	\$ 13,384,864	\$ 22,655,807	\$ 12,074,121	\$ (10,581,686)

STATISTICAL SECTION

TOWN OF ASHLAND, VIRGINIA

STATISTICAL SECTION TABLE OF CONTENTS

The statistical section of the Town's annual comprehensive financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures and required supplementary information say about the Town's overall financial health. This information has not been audited by the independent auditor.

Contents	Tables
Financial Trends These tables contain trend information to help the reader understand how the Town's financial performance and financial well-being have changed over time.	1 – 4
Revenue Capacity These tables contain information to help the reader assess the Town's most significant local revenue sources, the property tax, as well as other revenue sources.	5 – 11
Debt Capacity These tables present information to help the reader assess the affordability of the Town's current level of outstanding debt and the Town's ability to issue additional debt in the future.	12 – 15
Demographic and Economic Information These tables offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.	16 – 17
Operating Information These tables contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.	18 – 20

Sources: Unless otherwise noted, the information in these tables is derived from the annual comprehensive financial report for the relevant year.

TOWN OF ASHLAND, VIRGINIA

Table 1

NET POSITION / ASSETS BY COMPONENT

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

	Fiscal Year June 30,									
	2013	2014 (1)	2015	2016	2017 (2)	2018	2019	2020	2021	2022
Governmental activities:										
Net investment in capital assets	\$ 16,744,175	\$ 17,097,569	\$ 17,276,925	\$ 18,045,551	\$ 18,752,219	\$ 20,109,355	\$ 22,090,989	\$ 23,169,700	\$ 22,573,786	\$ 22,928,857
Restricted	-	-	-	-	-	-	-	-	-	582,189
Unrestricted	7,468,131	7,861,122	6,640,901	7,472,072	8,087,613	6,795,833	5,716,952	5,944,361	7,424,275	8,520,422
Total governmental activities net assets	<u>\$ 24,212,306</u>									
Total governmental activities net position		<u>\$ 24,958,691</u>	<u>\$ 23,917,826</u>	<u>\$ 25,517,623</u>	<u>\$ 26,839,832</u>	<u>\$ 26,905,188</u>	<u>\$ 27,807,941</u>	<u>\$ 29,114,061</u>	<u>\$ 29,998,061</u>	<u>\$ 32,031,468</u>

Notes:

(1) June 30, 2014 net position was restated for the implementation of GASB Statements No. 68 and 71 which reduced net position by \$1,936,967.

(2) June 30, 2017 net position was restated for the implementation of GASB Statement No. 75 which reduced net position by \$1,411,501.

TOWN OF ASHLAND, VIRGINIA

Table 2
Page 1

CHANGES IN NET POSITION / ASSETS

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

	Fiscal Year June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Primary government:										
Expenses:										
Governmental activities:										
General government administration	\$ 967,749	\$ 974,966	\$ 1,028,107	\$ 1,003,493	\$ 1,043,210	\$ 1,233,279	\$ 1,509,269	\$ 1,490,864	\$ 3,250,812	\$ 2,093,754
Public safety	2,410,269	2,650,596	2,609,198	2,574,264	2,741,517	2,624,360	2,840,035	3,080,155	2,995,402	3,219,482
Public works	3,777,614	3,480,524	3,304,844	3,270,718	3,226,822	3,493,673	4,056,907	3,883,359	3,668,228	3,719,798
Parks, recreation and cultural	196,080	193,899	176,107	154,582	187,282	182,363	295,826	289,294	291,727	446,226
Community development	508,743	503,721	521,005	493,109	586,557	543,118	502,565	518,466	987,948	1,625,321
Interest	571	-	-	-	-	-	430,312	197,400	165,907	158,131
Total governmental activities	7,861,026	7,803,706	7,639,261	7,496,166	7,785,388	8,076,793	9,634,914	9,459,538	11,360,024	11,262,712
Total primary government expenses	7,861,026	7,803,706	7,639,261	7,496,166	7,785,388	8,076,793	9,634,914	9,459,538	11,360,024	11,262,712
Program revenues:										
Governmental activities:										
Charges for services:										
Public safety	178,349	168,009	180,092	164,557	152,900	125,364	129,622	127,063	146,196	162,343
Public works	2,041	3,080	1,644	3,851	2,347	23,217	2,402	30,490	438	52,063
Parks, recreation and cultural	50,577	56,855	53,893	58,911	71,010	70,725	92,506	45,464	104,878	119,651
Operating grants and contributions	657,038	605,249	612,856	640,232	654,146	1,027,265	659,510	757,679	2,370,049	2,174,944
Capital grants and contributions	1,118,665	1,613,559	1,672,886	1,896,335	1,537,045	1,507,468	1,680,931	2,227,545	1,832,543	1,660,611
Total governmental activities	2,006,670	2,446,752	2,521,371	2,763,886	2,417,448	2,754,039	2,564,971	3,188,241	4,454,104	4,169,612
Total primary government program revenues	2,006,670	2,446,752	2,521,371	2,763,886	2,417,448	2,754,039	2,564,971	3,188,241	4,454,104	4,169,612
Net (expense) revenue:										
Governmental activities	(5,854,356)	(5,356,954)	(5,117,890)	(4,732,280)	(5,367,940)	(5,322,754)	(7,069,943)	(6,271,297)	(6,905,920)	(7,093,100)
Total primary government net expense	(5,854,356)	(5,356,954)	(5,117,890)	(4,732,280)	(5,367,940)	(5,322,754)	(7,069,943)	(6,271,297)	(6,905,920)	(7,093,100)

TOWN OF ASHLAND, VIRGINIA

Table 2
Page 2

CHANGES IN NET POSITION / ASSETS

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

	Fiscal Year June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General revenues:										
Governmental activities:										
Taxes:										
General property	\$ 1,056,984	\$ 981,908	\$ 1,076,547	\$ 1,122,986	\$ 1,281,426	\$ 1,286,830	\$ 1,388,607	\$ 1,470,532	\$ 1,487,399	\$ 1,645,054
Local sales and use	438,114	460,355	489,115	512,488	514,697	556,749	576,532	615,528	682,793	1,105,095
Business license	500,256	478,934	465,772	571,835	536,950	533,639	527,836	532,600	507,650	598,121
Transient occupancy	446,241	584,443	609,619	650,631	671,630	710,034	787,839	641,204	636,875	1,136,471
Meals	1,814,498	1,850,129	1,945,952	2,103,102	2,188,430	2,211,273	2,805,264	2,641,703	2,764,822	3,282,837
Other	806,048	805,006	782,742	828,969	863,083	856,943	983,618	856,831	1,154,863	930,589
Use of money and property	27,630	23,519	25,428	41,498	74,880	123,987	375,538	250,878	33,296	(63,731)
Miscellaneous	563,133	396,238	127,030	14,955	66,982	50,954	51,492	112,473	80,733	45,209
Intergovernmental, non-categorical aid	521,302	522,807	491,787	485,613	492,071	469,203	475,970	455,668	441,489	446,862
Total governmental activities	6,174,206	6,103,339	6,013,992	6,332,077	6,690,149	6,799,612	7,972,696	7,577,417	7,789,920	9,126,507
Total primary government	6,174,206	6,103,339	6,013,992	6,332,077	6,690,149	6,799,612	7,972,696	7,577,417	7,789,920	9,126,507
Changes in net position/assets:										
Governmental activities	319,850	746,385	896,102	1,599,797	1,322,209	1,476,858	902,753	1,306,120	884,000	2,033,407
Total primary government	\$ 319,850	\$ 746,385	\$ 896,102	\$ 1,599,797	\$ 1,322,209	\$ 1,476,858	\$ 902,753	\$ 1,306,120	\$ 884,000	\$ 2,033,407

Note:

- (1) Net (expense) revenue is the difference between the expenses and program revenues. This difference indicates the degree to which a function or program is supported with its own fees and program-specific grants versus its reliance upon funding from taxes and other general revenues. Numbers in a parenthesis are net expenses indicating that expenses were greater than program revenues and, therefore, general revenues were needed to finance that function or program. Numbers without parentheses are net revenues, demonstrating that program revenues were more than sufficient to cover expenses.

FUND BALANCES, GOVERNMENTAL FUNDS**Last Ten Fiscal Years***(modified accrual basis of accounting)***(Unaudited)**

		Fiscal Year June 30,				
		2013	2014	2015	2016	2017
General Fund:						
Unassigned		\$ 4,857,433	\$ 5,207,596	\$ 5,228,516	\$ 5,510,285	\$ 5,458,019
Total General Fund		\$ 4,857,433	\$ 5,207,596	\$ 5,228,516	\$ 5,510,285	\$ 5,458,019
All Other Governmental Funds:						
Committed		\$ 2,626,208	\$ 2,715,601	\$ 3,223,307	\$ 3,322,448	\$ 3,743,563
Total all other governmental funds		\$ 2,626,208	\$ 2,715,601	\$ 3,223,307	\$ 3,322,448	\$ 3,743,563
		Fiscal Year June 30,				
		2018	2019	2020	2021	2022
General Fund:						
Nonspendable		\$ -	\$ -	\$ -	\$ -	\$ 1,716
Unassigned		5,195,695	5,152,149	5,217,205	5,742,500	6,158,610
Total General Fund		\$ 5,195,695	\$ 5,152,149	\$ 5,217,205	\$ 5,742,500	\$ 6,160,326
All Other Governmental Funds:						
Restricted		\$ -	\$ 7,837,126	\$ 3,479,671	\$ 239,614	\$ 582,189
Committed		3,645,023	2,317,584	2,339,590	3,255,096	3,681,149
Unassigned		-	-	-	-	(46,521)
Total all other governmental funds		\$ 3,645,023	\$ 10,154,710	\$ 5,819,261	\$ 3,494,710	\$ 4,216,817

TOWN OF ASHLAND, VIRGINIA

Table 4
Page 1

CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues:										
General property taxes	\$ 971,843	\$ 1,027,076	\$ 1,116,629	\$ 1,105,818	\$ 1,244,228	\$ 1,268,412	\$ 1,314,355	\$ 1,414,873	\$ 1,535,142	\$ 1,562,989
Other local taxes	4,005,157	4,178,867	4,293,200	4,667,025	4,774,790	4,868,638	5,681,089	5,287,866	5,747,003	7,053,113
Permits, privilege fees and regulatory licenses	46,392	36,833	43,851	38,432	42,532	33,626	26,468	42,653	77,972	90,769
Fines and forfeitures	113,461	114,293	123,379	125,570	109,888	91,173	102,644	83,875	67,794	69,009
Use of money and property	27,630	23,519	25,428	41,498	74,880	123,987	375,538	250,878	33,296	(63,731)
Charges for services	50,577	56,855	53,893	58,911	71,010	70,725	92,506	45,464	104,878	119,651
Miscellaneous	563,133	396,238	127,030	14,955	66,982	117,159	69,567	112,473	80,734	45,209
Recovered costs	20,537	19,963	14,506	4,406	2,827	23,782	2,912	31,025	868	54,628
Intergovernmental:	2,297,005	2,511,615	2,690,329	3,022,180	2,683,262	3,003,936	2,816,411	3,369,743	4,644,081	4,282,417
Total revenues	8,095,735	8,365,259	8,488,245	9,078,795	9,070,399	9,601,438	10,481,490	10,638,850	12,291,768	13,214,054
Expenditures:										
General government administration	944,518	945,908	1,039,415	1,033,711	1,052,604	1,226,121	1,250,653	1,519,480	2,969,382	1,921,924
Public safety	2,318,596	2,608,009	2,577,099	2,587,098	2,648,090	2,729,370	2,821,461	2,909,810	2,811,178	3,174,119
Public works	2,688,144	2,597,852	2,800,297	2,730,645	3,008,375	3,123,426	3,043,223	3,061,123	2,876,946	3,153,688
Parks, recreation and cultural	142,935	144,852	143,928	123,743	150,089	149,799	196,015	146,572	123,058	277,557
Community development	507,332	491,261	494,581	505,697	560,180	581,561	510,010	509,955	967,430	1,547,120
Capital outlay	1,100,272	1,137,821	904,299	1,716,991	1,282,212	2,152,025	4,323,521	6,211,158	3,791,986	1,440,463
Debt service:										
Principal	39,958	-	-	-	-	-	467,000	278,000	389,000	404,968
Interest and fiscal charges	571	-	-	-	-	-	153,506	306,838	162,044	154,282
Bond issuance costs	-	-	-	-	-	-	149,960	156,307	-	-
Total expenditures	7,742,326	7,925,703	7,959,619	8,697,885	8,701,550	9,962,302	12,915,349	15,099,243	14,091,024	12,074,121
Revenues over (under) expenditures	353,409	439,556	528,626	380,910	368,849	(360,864)	(2,433,859)	(4,460,393)	(1,799,256)	1,139,933
Other financing sources (uses):										
Transfers in	705,000	787,500	1,005,408	1,135,000	1,420,000	1,414,276	1,482,700	858,094	-	-
Transfers out	(705,000)	(787,500)	(1,005,408)	(1,135,000)	(1,420,000)	(1,414,276)	(1,482,700)	(858,094)	-	-
Bond proceeds	-	-	-	-	-	-	8,900,000	8,623,000	-	-
Payments to refunded bond escrow agent	-	-	-	-	-	-	-	(8,433,000)	-	-
Total other financing sources, net	-	-	-	-	-	-	8,900,000	190,000	-	-
Net change in fund balances	\$ 353,409	\$ 439,556	\$ 528,626	\$ 380,910	\$ 368,849	\$ (360,864)	\$ 6,466,141	\$ (4,270,393)	\$ (1,799,256)	\$ 1,139,933

TOWN OF ASHLAND, VIRGINIA

Table 4
Page 2

CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt service as a percentage of noncapital expenditures:										
Total debt service	\$ 40,529	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 620,506	\$ 584,838	\$ 551,044	\$ 559,250
Total expenditures	\$ 7,742,326	\$ 7,925,703	\$ 7,959,619	\$ 8,697,885	\$ 8,701,550	\$ 9,962,302	\$ 12,915,349	\$ 15,099,243	\$ 14,091,024	\$ 12,074,121
Less: capital outlay	(505,190)	(864,221)	(881,368)	(1,628,699)	(1,592,926)	(2,306,292)	(3,873,150)	(6,292,627)	(3,795,239)	(1,310,058)
Noncapital expenditures	\$ 7,237,136	\$ 7,061,482	\$ 7,078,251	\$ 7,069,186	\$ 7,108,624	\$ 7,656,010	\$ 9,042,199	\$ 8,806,616	\$ 10,295,785	\$ 10,764,063
Debt service as a percentage of noncapital expenditures	0.56%	0.00%	0.00%	0.00%	0.00%	0.00%	6.86%	6.64%	5.35%	5.20%

TAX REVENUES BY SOURCE – GOVERNMENTAL FUNDS

Last Ten Fiscal Years

*(modified accrual basis of accounting)***(Unaudited)**

Fiscal Year June 30,	Property ⁽¹⁾	Local Sales and Use ⁽²⁾	Consumer Utility	Consumption	Business License	Motor Vehicle	Bank Stock	Cigarette	Transient Occupancy	Meals	Totals
2013	\$ 934,390	\$ 438,114	\$ 124,085	\$ 38,992	\$ 500,256	\$ 124,961	\$ 214,712	\$ 303,298	\$ 446,241	\$ 1,814,498	\$ 4,939,547
2014	989,035	460,355	127,593	39,967	478,934	129,015	255,722	252,709	584,443	1,850,129	5,167,902
2015	1,082,166	489,115	139,098	47,471	465,772	122,891	239,065	234,217	609,619	1,945,952	5,375,366
2016	1,074,549	512,488	151,681	34,977	571,835	113,031	276,377	252,903	650,631	2,103,102	5,741,574
2017	1,212,945	514,697	147,463	43,876	536,950	113,965	307,840	249,939	671,630	2,188,430	5,987,735
2018	1,236,109	556,749	159,915	54,693	533,639	111,207	310,687	220,441	710,034	2,211,273	6,104,747
2019	1,290,548	576,532	161,034	47,200	527,836	118,455	407,590	249,339	787,839	2,805,264	6,971,637
2020	1,361,326	615,528	169,973	37,893	532,600	126,807	289,779	232,379	641,204	2,641,703	6,649,192
2021	1,461,407	922,351	167,240	39,919	507,650	133,412	375,283	199,451	636,875	2,764,822	7,208,410
2022	1,503,232	1,105,095	163,017	45,905	598,121	112,199	387,526	221,942	1,136,471	3,282,837	8,556,345
Change 2013-2022	60.88%	152.24%	31.38%	17.73%	19.56%	-10.21%	80.49%	-26.82%	154.68%	80.92%	73.22%

Notes:

(1) Property tax revenue does not include penalties and interest collected on delinquent tax collections.

(2) During fiscal year 2021, the Town began receiving local sales tax from the Central Virginia Transportation Authority.

TOWN OF ASHLAND, VIRGINIA

Table 6

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY Last Ten Fiscal Years (Unaudited)

Fiscal Year June 30,	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Public Service Real Estate	Public Service Personal Property	Total Taxable Assessed Value	Percent Growth	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value	Combined Total Direct Tax Rate
2013	\$ 712,071,800	\$ 54,050,955	\$ 2,186,100	\$ 2,617,210	\$ 27,647,987	\$ 81,291	\$ 798,655,343	-1.73%	\$ 798,655,343	100.00%	\$ 1.70
2014	709,453,800	54,210,340	1,834,200	1,966,935	33,400,523	47,159	800,912,957	0.28%	800,912,957	100.00%	1.70
2015	728,714,300	66,026,805	2,120,935	3,568,060	46,684,917	42,521	847,157,538	5.77%	847,157,538	100.00%	1.70
2016	738,808,300	67,632,225	1,910,545	2,732,370	39,927,467	29,593	851,040,500	0.46%	851,040,500	100.00%	1.70
2017	777,354,000	80,086,500	1,862,295	1,937,540	42,848,148	24,046	904,112,529	6.24%	904,112,529	100.00%	1.70
2018	791,683,200	81,053,135	1,614,000	2,425,790	42,294,461	5,728	919,076,314	1.66%	919,076,314	100.00%	1.70
2019	836,998,100	81,785,526	1,824,504	1,854,082	44,472,835	86,298	967,021,345	5.22%	967,021,345	100.00%	1.71
2020	853,601,025	82,532,613	1,757,594	2,177,239	41,359,721	91,979	981,520,171	1.50%	981,520,171	100.00%	1.71
2021	955,740,688	76,456,802	1,746,538	2,554,659	43,932,037	74,675	1,080,505,399	10.08%	1,080,505,399	100.00%	1.71
2022	963,392,699	96,215,177	1,837,874	3,224,262	45,732,474	87,525	1,110,490,011	2.78%	1,110,490,011	100.00%	1.71

Notes:

- (1) Real and personal property tax assessments are made by the Commissioner of the Revenue for the County of Hanover, Virginia for current use of the County and Town property. Real and personal property taxes of public service corporations are assessed by the State Corporation Commission.
- (2) Town assesses taxes at 100% of total assessed value.
- (3) Reassessments effective January 1, 2014, 2018 and 2022.

TOWN OF ASHLAND, VIRGINIA

Table 7

DIRECT AND OVERLAPPING PROPERTY TAX RATES Last Ten Fiscal Years (Unaudited)

Fiscal Year June 30,	Direct Tax Rates - Town					Overlapping Tax Rates - County						Tax Rates - Total Direct and Overlapping Rates						
	Real Property	Personal Property	Mobile Homes	Machinery and Tools	Total Direct Rate	Real Property	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital	Total Overlapping Rate	Real Property	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital	Total	
2013	\$ 0.09	\$ 0.77	\$ 0.07	\$ 0.77	\$ 1.70	\$ 0.81	\$ 3.57	\$ 0.81	\$ 3.57	\$ 1.90	\$ 10.66	\$ 0.90	\$ 4.34	\$ 0.88	\$ 4.34	\$ 1.90	\$ 12.36	
2014	0.09	0.77	0.07	0.77	1.70	0.81	3.57	0.81	3.57	1.90	10.66	0.90	4.34	0.88	4.34	1.90	12.36	
2015	0.09	0.77	0.07	0.77	1.70	0.81	3.57	0.81	3.57	1.90	10.66	0.90	4.34	0.88	4.34	1.90	12.36	
2016	0.09	0.77	0.07	0.77	1.70	0.81	3.57	0.81	3.57	1.90	10.66	0.90	4.34	0.88	4.34	1.90	12.36	
2017	0.09	0.77	0.07	0.77	1.70	0.81	3.57	0.81	3.57	1.90	10.66	0.90	4.34	0.88	4.34	1.90	12.36	
2018	0.09	0.77	0.07	0.77	1.70	0.81	3.57	0.81	3.57	1.90	10.66	0.90	4.34	0.88	4.34	1.90	12.36	
2019	0.10	0.77	0.07	0.77	1.71	0.81	3.57	0.81	3.57	1.90	10.66	0.91	4.34	0.88	4.34	1.90	12.37	
2020	0.10	0.77	0.07	0.77	1.71	0.81	3.57	0.81	3.57	1.90	10.66	0.91	4.34	0.88	4.34	1.90	12.37	
2021	0.10	0.77	0.07	0.77	1.71	0.81	3.57	0.81	3.57	1.90	10.66	0.91	4.34	0.88	4.34	1.90	12.37	
2022	0.10	0.77	0.07	0.77	1.71	0.81	3.57	0.81	3.57	1.90	10.66	0.91	4.34	0.88	4.34	1.90	12.37	

Notes:

(1) These rates are per \$100 of assessed value.

(2) The Commonwealth of Virginia has no limitations on local tax rates.

(3) Real property taxes are due annually by January 15 and become delinquent thereafter.

(4) No discounts are allowed for early payment.

(5) Residents of incorporated towns in the Commonwealth of Virginia are subject to real property and personal property taxes levied by the town and the county where they reside.

OTHER TAX RATES
Last Ten Fiscal Years
(Unaudited)

Fiscal Year June 30,	Transient Occupancy	Meals	Cigarette
2013	5%	5%	\$ 0.19
2014	7%	5%	0.22
2015	7%	5%	0.22
2016	7%	5%	0.22
2017	7%	5%	0.22
2018	7%	5%	0.22
2019	8%	6%	0.22
2020	8%	6%	0.22
2021	8%	6%	0.22
2022	8%	6%	0.22

TOWN OF ASHLAND, VIRGINIA

Table 9

PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago
(Unaudited)

Taxpayer	Type Business	Fiscal Year June 30, 2022			Fiscal Year June 30, 2013		
		Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value ⁽¹⁾	2012 Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value ⁽¹⁾
Virginia Electric & Power Company	Utility	\$ 18,622,209	1	1.72%	\$ 13,002,779	2	1.76%
CLF Ashland, LLC	Distribution Center	17,878,500	2	1.65%	-		0.00%
Ashland Apartment Associates, LP	Apartments	17,022,500	3	1.58%	11,597,700	3	1.57%
Republic National Distribution	Commercial	16,413,400	4	1.52%	-		0.00%
FNRP Ashland, LLC	Shopping Center	16,377,600	5	1.52%	13,631,900	1	1.84%
Verizon Virginia, Inc	Communication / Public Service	16,043,650	6	1.48%	7,451,063	6	1.01%
Sedgefield Mobile Home Associates	Mobile Home Community	12,983,700	7	1.20%	9,054,100	5	1.22%
Wal-Mart Real Estate Bus. Trust	Shopping Center	11,751,400	8	1.09%	10,822,400	4	1.46%
EC Real Estate	Industrial	6,445,500	9	0.60%	-		0.00%
Ashland Partners, Inc.	Apartments	6,221,300	10	0.58%	-		0.00%
Ashland Junction, LLC	Shopping Center				7,415,500	7	1.00%
Ashland Hi, LLC	Commercial				6,751,000	8	0.91%
Concrete Pipe and Products	Commercial				5,850,300	9	0.79%
Shreeji Swami Hospitality, LLC	Hotel				5,387,700	10	0.73%
Total		\$ 139,759,759		12.94%	\$ 90,964,442		12.29%

Notes:

Source: Commissioner of Revenue.

(1) Total real estate and public service corporation real estate assessments, as noted on Table 6, are \$1,009,125,173 in fiscal year 2022 and \$739,719,787 in fiscal year 2013.

PRINCIPAL MEALS TAXPAYERS
Current Year and Nine Years Ago
(Unaudited)

Taxpayer	Fiscal Year June 30,	
	2022 Rank	2013 Rank
Chick-Fil-A	1	-
Cracker Barrel	2	1
WAWA	3	-
Starbucks	4	9
Panera	5	-
McDonalds - 201 S. Washington Highway	6	2
McDonalds - 103 S. Carter Road	7	3
CookOut	8	-
Sports Page Grille	9	-
Applebee's	10	4
Wendy's		5
Ponderosa		6
Hardees		7
Ruby Tuesday		8
Ironhorse Restaurant		10
Total Meals Tax	<u>\$ 3,282,837</u>	<u>\$ 1,814,498</u>

Notes:

- (1) The Meals Tax Rate was 5% for fiscal year 2013 and 6% for fiscal year 2022.
- (2) Per State code, meals tax remittances for individual businesses are protected information and, therefore, dollar masked in this report.

REAL PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
(Unaudited)

Fiscal Year June 30,	Taxes Levied	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	\$ 1,102,865	\$ 1,040,735	94.37%	\$ 62,130	\$ 1,102,865	100.00%
2014	1,101,560	1,034,947	93.95%	34,100	1,069,047	97.05%
2015	1,234,382	1,124,746	91.12%	29,681	1,154,427	93.52%
2016	1,249,733	1,180,570	94.47%	-	1,180,570	94.47%
2017	1,481,259	1,374,986	92.83%	-	1,374,986	92.83%
2018	1,395,165	1,297,554	93.00%	47,871	1,345,425	96.43%
2019	1,630,369	1,484,512	91.05%	47,479	1,531,991	93.97%
2020	1,681,179	1,610,873	95.82%	62,146	1,673,019	99.51%
2021	1,759,207	1,451,151	82.49%	46,607	1,497,758	85.14%
2022	1,684,042	1,481,627	87.98%	-	1,481,627	87.98%

Note:

(1) Source: Commissioner of Revenue.

RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(Unaudited)

Fiscal Year June 30,	Governmental Activities		Total Primary Government	Percentage of Per Capita Personal Income	Net Debt Per Capita
	General Obligation Bonds	Leases Payable			
2013	\$ -	\$ -	\$ -	0.00%	\$ -
2014	-	-	-	0.00%	-
2015	-	-	-	0.00%	-
2016	-	-	-	0.00%	-
2017	-	-	-	0.00%	-
2018	-	-	-	0.00%	-
2019	8,433,000	-	8,433,000	4.18%	1,076
2020	8,345,000	-	8,345,000	4.06%	1,060
2021	7,956,000	-	7,956,000	3.87%	997
2022	7,559,000	31,685	7,590,685	3.84%	1,002

Notes:

- (1) Details regarding the Town's outstanding debt may be found in the notes to the basic financial statements.
- (2) Population and personal income data can be found in Table 17.
- (3) There was no General Obligation Debt outstanding for fiscal years ended 2013 through 2018.

**RATIOS OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA**

Last Ten Fiscal Years

(Unaudited)

Fiscal Year June 30,	Gross Bonded Debt	Less: Debt of Hanover	Town Debt	Ratio of Net General Obligation Debt to Assessed Value	Gross Bonded Debt Per Capita
2013	\$ -	\$ -	\$ -	0.00%	\$ -
2014	-	-	-	0.00%	-
2015	-	-	-	0.00%	-
2016	-	-	-	0.00%	-
2017	-	-	-	0.00%	-
2018	-	-	-	0.00%	-
2019	8,433,000	-	8,433,000	0.86%	1,076
2020	8,345,000	-	8,345,000	0.77%	1,060
2021	7,956,000	-	7,956,000	0.72%	997
2022	7,559,000	-	7,559,000	0.68%	998

Notes:

- (1) Population and personal income data can be found in Table 17.
- (2) See Table 6 for property value data.
- (3) There was no General Obligation Debt outstanding for fiscal years ended 2013 through 2018.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**Year Ended June 30, 2022****(Unaudited)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
County of Hanover, Virginia	\$ 64,193,320	6.89%	\$ 4,420,262
Town Direct Debt			<u>7,559,000</u>
Total direct and overlapping debt			<u><u>\$ 11,979,262</u></u>

Note:

- (1) Overlapping debt is not bonded debt of the Town on either a direct or contingent basis, but represents the share of debt of overlapping governmental entities which the residents of the Town are obligated to pay through direct tax levies and charges for services of these respective governmental entities. The debt of County of Hanover, Virginia is a direct general obligation debt of the County which provides facilities that benefit all County residents including those of incorporated towns. The Town's portion of overlapping debt from the County is prorated based on the Town's relative share of assessed property values.

LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Legal debt margin	\$ 73,971,979	\$ 74,285,432	\$ 77,539,922	\$ 77,873,577	\$ 82,020,215	\$ 83,397,766	\$ 85,360,103	\$ 89,496,075	\$ 95,574,069	\$ 96,339,270
Total net debt applicable to limit	-	-	-	-	-	-	8,433,000	8,345,000	7,956,000	7,559,000
Available legal debt margin	\$ 73,971,979	\$ 74,285,432	\$ 77,539,922	\$ 77,873,577	\$ 82,020,215	\$ 83,397,766	\$ 76,927,103	\$ 81,151,075	\$ 87,618,069	\$ 88,780,270
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	9.88%	9.32%	8.32%	7.85%
Legal debt margin calculation for fiscal year 2022:										
Assessed value of real estate	<u>\$ 963,392,699</u>									
Debt limit (10% of assessed value)	\$ 96,339,270									
Debt applicable to limit:										
Net direct debt outstanding	<u>7,559,000</u>									
Available legal debt margin	<u>\$ 88,780,270</u>									

Note:

- (1) Section 15.1-176 of 1950 *Code of Virginia* , as amended, limits to 10% the assessed valuation of the real estate subject to taxation as the amount of debt which can be issued by the Town. Debt includes any bonds or other interest bearing obligations including existing indebtedness.

TOWN OF ASHLAND, VIRGINIA

Table 16

PRINCIPAL EMPLOYERS ⁽¹⁾ Current Year and Nine Years Ago (Unaudited)

		2022			2013		
Employer	Type of Business	Employees	Rank	Percentage of Total County Employment ⁽²⁾	Employees	Rank	Percentage of Total County Employment ⁽²⁾
Hanover County Schools	Education	2,511	1	4.4%	2,532	1	4.6%
Amazon Fulfillment Services	Administrative and Support Services	1,000 and over	2	3.5%	n/a		
Bon Secours Memorial Regional Medical Center	Hospital / Medical Center	1,000 and over	3	3.5%	1,000 and over	2	3.6%
County of Hanover	Government	1,232	4	2.2%	1,090	3	2.0%
Regional Marketing Concepts Inc	Management of Companies Enterprises	500-999	5	1.3%	n/a		
Tyson Farms	Food Manufacturing	500-999	6	1.3%	500-999	5	1.4%
Wal-Mart Stores	Retail	500-999	7	1.3%	250-499	8	0.7%
Owens & Minor Medical Inc	Physicians Equip & Supls-Mfrs	500-999	8		n/a		
FedEx Ground	Couriers and Messengers	500-999	9	0.7%	n/a		
Supervalu Distribution Center (2021)	Food Distributor	250-499	10	0.7%	500-999	6	1.4%
Randolph-Macon College	Education		n/a	0.7%	500-999	4	1.4%
Kings Dominion (Paramount Parks)	Entertainment		n/a		500-999	7	1.4%
Crossmark Inc	Wholesale Electronic Markets and Agents and Brokers		n/a		250-499	9	0.7%
Morris Alper LLC	Wholesale Electronic Markets and Agents and Brokers		n/a		250-499	10	0.7%
				19.6%			
Total County Employment ⁽³⁾		56,895			55,076		

Notes:

(1) Sources: County and Schools employment levels provided by the Hanover County Department of Finance and Management Services, Budget Division. Other data provided by the Virginia Employment Commission (VEC). Data unique to the Town is not available and as noted above, has been provided by the County of Hanover. The most recent year for which this data is available is 2021.

(2) Employment ranges for the private sector are as published by the VEC to ensure confidentiality. Percentages are based on the midpoint of the employment range.

(3) VEC Annual not Seasonally Adjusted Labor Force.

TOWN OF ASHLAND, VIRGINIA

Table 17

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Calendar Years

(Unaudited)

Year	Population ⁽¹⁾	Per Capita Personal Income ⁽¹⁾	Personal Income ⁽²⁾	Median Age ⁽³⁾	County of Hanover	
					School Enrollment ⁽⁴⁾	Unemployment Rate ⁽⁵⁾
2013	7,289	\$ 22,932	\$ 167,151,348	34.6	17,942	5.4%
2014	7,287	23,301	169,794,387	35.9	17,952	5.0%
2015	7,503	22,684	170,198,052	35.0	17,734	4.4%
2016	7,503	23,273	174,617,319	34.8	17,776	3.4%
2017	7,649	23,930	183,040,570	33.2	17,751	3.5%
2018	7,796	25,718	200,497,528	32.8	17,671	2.9%
2019	7,840	25,718	201,629,120	32.8	17,462	2.6%
2020	7,875	26,080	205,380,000	32.8	17,273	3.1%
2021	7,979	25,791	205,786,389	33.2	16,519	3.9%
2022	7,573	26,113	197,753,749	32.4	16,415	3.2%

Notes:

(1) United States Bureau of the Census.

(2) Computation of per capita personal income multiplied by population.

(3) County of Hanover's planning department.

(4) Hanover County School Board.

(5) U.S. Bureau of Labor Statistics.

FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION / PROGRAMS**Last Ten Fiscal Years****(Unaudited)**

Function/Program	Fiscal Year June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government administration	6	6	6	6	6	6	6	6	6	5
Public safety:										
Police department	27	27	28	28	28	28	28	27	27	27
Public works:										
Maintenance	22	23	23	24	24	24	24	24	22	23
Community development:										
Planning	5	5	5	5	5	5	5	5	3	4
Total	60	61	62	63	63	63	63	62	58	59

Note:

(1) Source: Individual Town departments.

OPERATING INDICATORS BY FUNCTION / PROGRAMS
Last Ten Fiscal Years
(Unaudited)

Function/Program	Fiscal Year June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public safety:										
Building inspections:										
Total building permits	103	96	133	171	134	161	125	120	149	117

Note:

(1) Source: Individual Town departments.

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Fiscal Years

(Unaudited)

Function/Program	Fiscal Year June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government:										
Vehicles	1	2	3	3	3	3	3	2	2	2
Public safety:										
Police department:										
Patrol units	28	30	29	25	28	28	28	27	29	33
Other vehicles	6	7	8	10	11	11	9	7	7	7
Public works:										
General maintenance:										
Trucks/vehicles	22	24	25	28	32	33	32	35	35	35
Equipment	17	17	18	18	16	18	18	19	18	20
Parks and recreation:										
Parks acreage	23.60	23.60	23.60	23.60	23.60	23.60	23.60	27.50	27.50	27.50
Swimming pools	1	1	1	1	1	1	1	1	1	1

Note:

(1) Source: Individual Town departments.

COMPLIANCE SECTION

TOWN OF ASHLAND, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2022

Federal Grantor/ Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number) / Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
CDBG - Entitlement Grants Cluster				
Pass-through Payments:				
Virginia Department of Housing and community Development:				
Virginia Community Development Block Grant Program	14.218	165	\$ -	\$ 490,965
Total CDBG - Entitlement Grants Cluster				490,965
Total U.S. Department of Housing and Urban Development				490,965
U.S. DEPARTMENT OF JUSTICE:				
Pass-through Payments:				
Bulletproof Vest Partnership Program	16.607	Not Provided	-	735
State of Virginia:				
Local Law Enforcement Block Grant	16.607	530	-	17,861
Total U.S. Department of Justice				18,596
U.S. DEPARTMENT OF TRANSPORTATION:				
Highway Planning and Construction Cluster:				
Pass-through Payment:				
Virginia Department of Transportation:				
Regional Surface Transportation Program	20.205	501	-	1,806
Total Highway Planning and Construction Cluster				1,806
Highway Safety Cluster:				
Pass-through Payment:				
Virginia Department of Motor Vehicles:				
State and Community Highway Safety	20.600	530	-	4,776
Total Highway Safety Cluster				4,776
Total U.S. Department of Transportation				6,582
U.S. DEPARTMENT OF THE TREASURY:				
Pass-through Payments:				
State of Virginia:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	162	-	1,297,339
Total U.S. Department of the Treasury				1,297,339
NATIONAL ENDOWMENT FOR THE HUMANITIES:				
Pass-through Payments:				
Virginia Commission for the Arts:				
Promotion of the Arts Partnership Agreements	45.025	148	-	450
Total National Endowment for the Humanities				450
Total Expenditures of Federal Awards				\$ 1,813,932

TOWN OF ASHLAND, VIRGINIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2022

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Town of Ashland, Virginia (Town) under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Town.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The Town has elected to not use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.



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

To the Honorable Mayor and Members of Council
Town of Ashland, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, each major fund, the aggregate discretely presented component unit and remaining fund information, and the budgetary comparison of the General Fund and the American Rescue Plan Fund of the Town of Ashland, Virginia (Town), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 2, 2022.

Report on Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "P. B. Mares, LLP". The signature is written in a cursive, stylized font.

Harrisonburg, Virginia
November 2, 2022



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

To the Honorable Mayor and Members of Council
Town of Ashland, Virginia

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Town of Ashland, Virginia's (Town) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Town's major federal program for the year ended June 30, 2022. The Town's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

PBmares, LLP

Harrisonburg, Virginia
November 2, 2022

TOWN OF ASHLAND, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

Section I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

Material weaknesses identified?

_____ Yes √ No

Significant deficiencies identified?

_____ Yes √ None Reported

Noncompliance material to financial statements noted?

_____ Yes √ No

Federal Awards

Internal control over major federal program:

Material weaknesses identified?

_____ Yes √ No

Significant deficiencies identified?

_____ Yes √ None Reported

Type of auditor's report issued on compliance for the major federal program: Unmodified

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

_____ Yes √ No

Identification of major federal program:

<u>Federal Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs \$750,000

Auditee qualified as low-risk auditee?

√ Yes _____ No

Section II. FINANCIAL STATEMENT FINDINGS

None.

Section III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.

TOWN OF ASHLAND, VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2022

The prior year single audit disclosed no findings in the Schedule of Findings and Questions Costs and no uncorrected or unresolved findings exist from prior audit's Summary Schedule of Prior Audit Findings.