



**Annual
Comprehensive
Financial
Report**
Fiscal Year Ended June 30, 2023

Ashland
VIRGINIA

TOWN OF ASHLAND, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2023

Prepared by:

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TOWN OF ASHLAND, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
Year Ended June 30, 2023

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INTRODUCTORY SECTION

November 14, 2023

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, 2023, 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, American Rescue Plan 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 7,750 for 2023, a 6.3 percent increase over the 2013 Census figure of 7,289. 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 Hanover County and its School Board; Randolph- Macon College, a private coeducational college of approximately 1,500 students, and Walmart (which are all located within the Town); Amazon Fulfillment Services; 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

Over the past fiscal year, visitor traffic has continued to increase downtown with record high numbers of attendees at events such as Train Day and Light Up the Tracks. Hotel occupancy rates in Town and the region are back to pre-pandemic levels. Investment has continued in the Rt. 54 service corridor. 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 was able to sell the former Apple Garden Inn site, which will be developed to house a Dash-In and Splash-In carwash. They also created new grant programs to incentivize revitalization of Rt. 1 businesses and creating of recreational related businesses.

The Department of Motor Vehicles, Heritage Insurance, XtraSuite Salon, Buddy's Home Furnishings, Re-Awaken Spa and Carytown Tobacco all opened over the past year and a half in the Ashland-Hanover Shopping Center. The Dairy Queen closed, and the site is still vacant. 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 FY2023, North Richmond Industrial Park Phase II was started, this will add another 300,000 square feet of space for lease. Nayar Healthcare, a home hospice care center opened in FY2023.

Shopping Centers	Total SF	Available SF	Occupancy
Ashland - Hanover	213,858	2,000	99%
Ashland Junction	141,700	43,054	70%
Ashland Town Center	58,036	11,000	81%
Ashland Square	30,560	2,000	93%
Total	444,154	58,054	87%

Twenty-four commercial certificates of occupancy (COs) were issued during the fiscal year, a decrease of five from FY2022. Thirty-two certificates of occupancy were issued for residential units during the year, which is 21 less than FY2022. This decrease can be attributed to a slowdown in the COs for the Lauradell development. Fifty-four new business licenses were approved in FY2023, an increase of four from FY2022. Some of the “new” licenses came from existing businesses that had not previously been licensed as we continue efforts to ensure compliance.

Prospects for the Future

Our regional economy was able to rebound from impacts from the pandemic. Overall, existing businesses and industries are positioned to continue the trend of positive overall activity. Looking to the future we should work to prepare our local economy and finances to deal with the potential impacts of higher interest rates and limits from financial institutions on commercial lending. Staffing limitations and wages (workforce) will be something we continue to work on as well. 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 assisting in its development.

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 enhance Financial Guidelines. In particular, the Debt and Cash Management Guideline were strengthened to ensure financing decisions are made within the context of the Town's ability to pay. In addition, the goal of the Reserve Funds Management Guideline is 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, 2022. 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-five consecutive years (fiscal years ended 1987 - 2022). 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

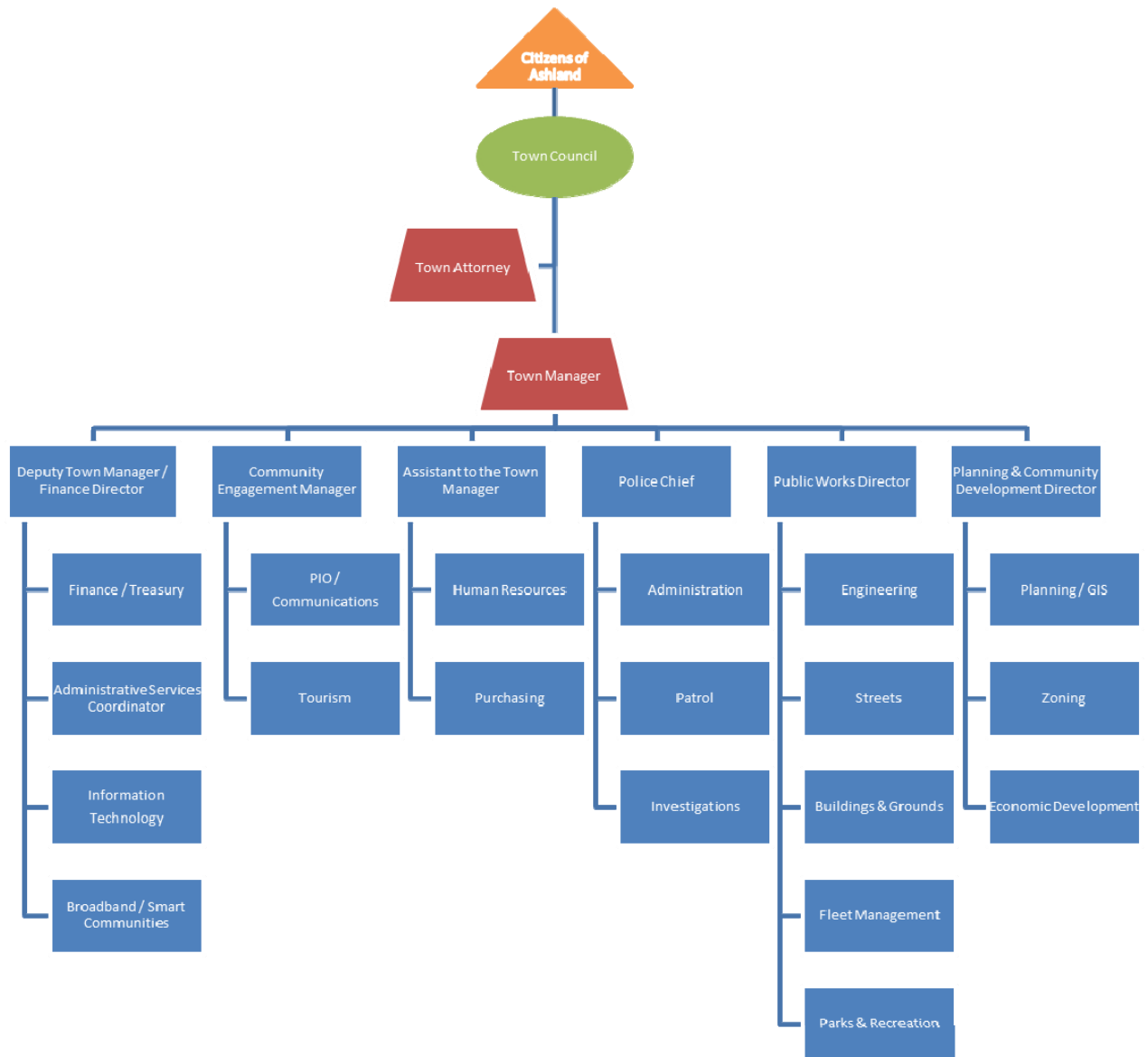
MEMBERS OF COUNCIL

Kathleen Abbott	Anita Barnhart	Daniel McGraw
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OTHER OFFICIALS

Joshua Farrar	Town Manager
Terry Stone	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, 2022

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, 2023, 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, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 70-79, 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 GAAS, 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 GAAS. 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 14, 2023 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.

P. B. Mares, LLP

Harrisonburg, Virginia
November 14, 2023

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, 2023. 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 Plan 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 2023. 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 \$35,822,955 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, 2023 and 2022**

	Governmental Activities		Increase	%
	2023	2022	(Decrease)	Change
Current and other assets	\$ 17,825,284	\$ 15,122,467	\$ 2,702,817	17.9%
Capital assets, net	32,026,299	30,563,288	1,463,011	4.8%
Total assets	49,851,583	45,685,755	4,165,828	9.1%
Total deferred outflows of resources	1,334,915	1,387,869	(52,954)	(3.8%)
Current liabilities	5,048,583	3,903,996	1,144,587	29.3%
Noncurrent liabilities	9,308,630	8,429,110	879,520	10.4%
Total liabilities	14,357,213	12,333,106	2,024,107	16.4%
Total deferred inflows of resources	1,006,330	2,709,050	(1,702,720)	(62.9%)
Net position:				
Net investment in capital assets	24,782,869	22,928,857	1,854,012	8.1%
Restricted	924,046	-	924,046	100.0%
Unrestricted	10,116,040	9,102,611	1,013,429	11.1%
Total net position	\$ 35,822,955	\$ 32,031,468	\$ 3,791,487	11.8%

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The Town's Net Position increased by \$3,791,487 during the current fiscal year. Several local taxes produced revenues in excess of expectation, including the meals tax, business license, personal property tax, lodging and interest on deposits revenue. 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, 2023 and 2022

	Governmental Activities		Increase	%
	2023	2022	(Decrease)	Change
Revenues:				
Program revenues:				
Charges for services	\$ 403,865	\$ 334,057	\$ 69,808	20.9%
Operating grants and contributions	3,374,332	2,174,944	1,199,388	55.1%
Capital grants and contributions	1,554,736	1,660,611	(105,875)	(6.4%)
General revenues:				
General property taxes	1,826,902	1,645,054	181,848	11.1%
Other local taxes	7,609,660	7,053,113	556,547	7.9%
Grants and contributions not restricted	492,551	446,862	45,689	10.2%
Other	550,987	(18,522)	569,509	(3074.8%)
Total revenues	15,813,033	13,296,119	2,516,914	18.9%
Expenses:				
General government administration	2,730,245	2,093,754	636,491	30.4%
Public safety	3,298,087	3,219,482	78,605	2.4%
Public works	4,195,055	3,719,798	475,257	12.8%
Parks, recreation and cultural	634,991	446,226	188,765	42.3%
Community development	1,009,239	1,625,321	(616,082)	(37.9%)
Interest	153,929	158,131	(4,202)	100.0%
Total expenses	12,021,546	11,262,712	758,834	6.7%
Change in net position	3,791,487	2,033,407	1,758,080	86.5%
Net Position, beginning	32,031,468	29,998,061	2,033,407	6.8%
Net Position, ending	\$ 35,822,955	\$ 32,031,468	\$ 3,791,487	11.8%

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 \$12,361,334, an increase of \$1,984,191 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 \$1,078,781 below budget in the General Fund. The non-major Central Virginia Transit Authority Fund had no expenditures while obtaining local taxes of over \$340,000.

The General Fund ended the fiscal year with fund balances totaling \$6,902,571, all 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 over \$2.8 million were received to support Town operations as well. The Town's largest expenditures are in the areas of public safety at \$3.1 million and public works at just over \$3.3 million in FY23. The General Fund produced an increase in fund balance of \$742,245 due to strong local tax performance coupled with expenditures savings, some of which was due to position vacancies in public safety.

The Town's Capital Projects Fund accounts for major general public improvements. At the end of the current fiscal year, the fund balance was \$4,421,193, all of which was committed for current or future capital projects. Significant activities of the Capital Projects Fund included receipt of nearly \$2.0 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 improvement of parks and recreation facilities with the acquisition of additional park land and enhancement of existing park facilities. Other capital outlay expenditures include new vehicular equipment, sidewalk and curbing projects, and funding economic development projects.

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 an increase in fund balance of \$160,045 at the end of the current fiscal year due to the impact of an unrecognized gain on investments related to unspent grant funds. Significant activities of the fund included recognition of nearly \$2.5 million in federal government receipts and expenditure of grant funds to fund four positions on a variety of government programs and capital investment to include downtown wifi, new accounting software, stormwater management projects, and land for a future park.

Non-major governmental funds held fund balances of \$924,046 at the end of the fiscal year, all of which were restricted for public works projects. The increase in fund balance of \$341,857 was directly associated with the receipt of taxes by the Central Virginia Transportation Authority Fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

There was a minimal change in revenues and expenditures between the original and final General Fund budget. During the year, revenues outperformed budgetary estimates by \$1,559,035. 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. Expenditures were less than budgetary estimates in almost every categorical area by a total of \$1,078,781. 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, 2023, totaled \$32,026,299 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings and improvements, machinery and equipment, infrastructure, intangible right-to-use assets and construction in progress. Significant capital asset activities during the year included land acquisition, vehicular equipment purchases and sidewalk and curbing improvements. There were capital asset disposals of \$270,055 of machinery and equipment 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 \$7,662,357, comprised of its noncurrent liabilities of \$7,166,187 as well as the current portion of bonds, lease liabilities, subscription liabilities and compensated absences.

During the current fiscal year, the Town's long-term obligations overall increased by \$879,520. The change was the net effect of the change in net pension asset to a liability and the recognition of subscription liabilities. As of the fiscal year-end, the Town had a lease liability of \$22,347. The Town reported a net pension liability at year end. There was an increase in the net OPEB liability primarily due to an employer benefit contribution change and bonds payable decreased in accordance with the payment of principal. Following the implementation of GASB 96, the Town reports subscription liabilities totaling \$116,952. 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 and eighty-eight building permits were issued in fiscal year 2023 compared to one hundred seventeen building permits issued in fiscal year 2022. Commercial development continued at a brisk pace with the redevelopment of existing retail and construction of new industrial development.

The fiscal year 2024 budget decreased by approximately 0.1% compared to the Town's amended budget for fiscal year 2023. The larger transfer to the Capital Projects Fund is primarily focused on connectivity projects, such as sidewalk construction and downtown streetscape rehabilitation, and stormwater management projects. 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, 2023

	Primary Government Governmental Activities	Component Unit Development Authority
ASSETS		
Cash and cash equivalents	\$ 10,165,518	\$ 109,594
Investments	1,925,303	-
Restricted investments	4,469,624	-
Receivables, net:		
Property taxes	415,940	-
Other accounts	589,633	-
Due from primary government	-	34,450
Due from other governments	259,266	-
Capital assets:		
Land	3,578,375	-
Buildings and improvements	15,061,360	-
Machinery and equipment	4,569,820	-
Infrastructure	24,032,072	-
Intangible right-to-use lease machinery and equipment	39,653	-
Intangible right-to-use subscription assets	152,579	-
Software	193,410	-
Construction in progress	401,721	-
Less: accumulated depreciation and amortization	(16,002,691)	-
Property held for sale	-	963,877
Total assets	49,851,583	1,107,921
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	67,237	-
Other postemployment benefit related	376,871	-
Pension related	890,807	-
Total deferred outflows of resources	1,334,915	-
LIABILITIES		
Accounts and deposits payable	293,196	34,450
Accrued payroll and benefits	117,943	-
Due to other governments	588	-
Accrued interest	11,862	-
Unearned revenue	4,374,074	-
Performance bonds payable	216,470	-
Due to component unit	34,450	-
Noncurrent liabilities:		
Due within one year:		
Bonds payable	413,000	-
Compensated absences	37,006	-
Lease liability	9,556	-
Subscription liability	36,608	-
Due in more than one year:		
Bonds payable	6,740,000	-
Compensated absences	333,052	-
Lease liability	12,791	-
Subscription liability	80,344	-
Net other postemployment benefits liability	564,537	-
Net pension liability	1,081,736	-
Total liabilities	14,357,213	34,450
DEFERRED INFLOWS OF RESOURCES		
Property taxes collected in advance	20,374	-
Other postemployment benefit related	410,838	-
Pension related	575,118	-
Total deferred inflows of resources	1,006,330	-
NET POSITION		
Net investment in capital assets	24,782,869	-
Restricted for:		
Public works	924,046	-
Unrestricted	10,116,040	1,073,471
Total net position	\$ 35,822,955	\$ 1,073,471

See Notes to Financial Statements.

TOWN OF ASHLAND, VIRGINIA

STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

Entity/Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
					Governmental Activities	Economic Development Authority
Primary Government:						
Governmental activities:						
General government administration	\$ 2,730,245	\$ -	\$ 1,022,279	\$ -	\$ (1,707,966)	\$ -
Public safety	3,298,087	266,885	340,486	11,240	(2,679,476)	-
Public works	4,195,055	20,932	1,068,752	1,543,496	(1,561,875)	-
Parks, recreation and cultural	634,991	116,048	552,576	-	33,633	-
Community development	1,009,239	-	390,239	-	(619,000)	-
Interest	153,929	-	-	-	(153,929)	-
Total governmental activities	12,021,546	403,865	3,374,332	1,554,736	(6,688,613)	-
Total primary government	\$ 12,021,546	\$ 403,865	\$ 3,374,332	\$ 1,554,736	(6,688,613)	-
Component Unit:						
Economic Development Authority	\$ 193,426	\$ -	\$ 160,603	\$ -	-	(32,823)
Total component unit	\$ 193,426	\$ -	\$ 160,603	\$ -	-	(32,823)
General Revenues:						
Taxes:						
General property taxes					1,826,902	-
Other local taxes:						
Meals					3,679,186	-
Transient occupancy					1,177,237	-
Business license					646,625	-
Local sales and use					1,109,442	-
Other					997,170	-
Intergovernmental, non-categorical aid					492,551	-
Use of money and property					419,927	63
Miscellaneous					131,060	-
Total general revenues					10,480,100	63
Change in net position					3,791,487	(32,760)
Net Position, beginning					32,031,468	1,106,231
Net Position, ending					\$ 35,822,955	\$ 1,073,471

See Notes to Financial Statements.

TOWN OF ASHLAND, VIRGINIA

BALANCE SHEET GOVERNMENTAL FUNDS June 30, 2023

	General	Capital Projects	American Rescue Plan	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 4,674,141	\$ 4,422,197	\$ 162,340	\$ 906,840	\$ 10,165,518
Investments	1,925,303	-	-	-	1,925,303
Restricted investments	-	-	4,469,624	-	4,469,624
Receivables, net:					
Property taxes	415,940	-	-	-	415,940
Other accounts	589,508	125	-	-	589,633
Due from other governments	182,054	17,830	-	59,382	259,266
Total assets	\$ 7,786,946	\$ 4,440,152	\$ 4,631,964	\$ 966,222	\$ 17,825,284
LIABILITIES					
Accounts and deposits payable	\$ 93,765	\$ 18,371	\$ 181,060	\$ -	\$ 293,196
Accrued payroll and benefits	112,461	-	5,482	-	117,943
Due to other governments	-	588	-	-	588
Performance bonds payable	216,470	-	-	-	216,470
Unearned revenue	-	-	4,331,898	42,176	4,374,074
Due to component unit	34,450	-	-	-	34,450
Total liabilities	457,146	18,959	4,518,440	42,176	5,036,721
DEFERRED INFLOWS OF RESOURCES					
Property taxes collected in advance	20,374	-	-	-	20,374
Unavailable revenue - property taxes	406,855	-	-	-	406,855
Total deferred inflows of resources	427,229	-	-	-	427,229
FUND BALANCES					
Restricted for:					
ARPA	-	-	113,524	-	113,524
Public works	-	-	-	924,046	924,046
Committed:					
Capital projects	-	4,421,193	-	-	4,421,193
Unassigned	6,902,571	-	-	-	6,902,571
Total fund balances	6,902,571	4,421,193	113,524	924,046	12,361,334
Total liabilities, deferred inflows of resources and fund balances	\$ 7,786,946	\$ 4,440,152	\$ 4,631,964	\$ 966,222	\$ 17,825,284

TOWN OF ASHLAND, VIRGINIA

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION June 30, 2023

	Governmental Funds
Total fund balances - governmental funds	\$ 12,361,334
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	\$ 48,028,990
Less: accumulated depreciation and amortization	<u>(16,002,691)</u>
Net capital assets	32,026,299
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.	1,334,915
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.	406,855
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	(7,153,000)
Leases liability	(22,347)
Subscription liability	(116,952)
Net other postemployment benefits liability	(564,537)
Net pension liability	(1,081,736)
Compensated absences	(370,058)
Accrued interest	<u>(11,862)</u>
	(9,320,492)
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>(985,956)</u>
Net position of governmental activities	<u>\$ 35,822,955</u>

TOWN OF ASHLAND, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS Year Ended June 30, 2023

	General	Capital Projects	American Rescue Plan	Total Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
General property taxes	\$ 1,787,583	\$ -	\$ -	\$ -	\$ 1,787,583
Other local taxes	7,267,803	-	-	341,857	7,609,660
Permits, privilege fees and regulatory licenses	67,140	81,838	-	-	148,978
Fines and forfeitures	117,207	-	-	-	117,207
Use of money and property	119,063	140,818	160,046	-	419,927
Charges for services	116,048	-	-	-	116,048
Miscellaneous	117,686	13,374	-	-	131,060
Recovered costs	3,346	18,286	-	-	21,632
Intergovernmental	2,830,020	45,282	2,541,207	-	5,416,509
Total revenues	12,425,896	299,598	2,701,253	341,857	15,768,604
Expenditures:					
Current:					
General government administration	1,703,916	-	718,920	-	2,422,836
Public safety	3,095,827	-	-	-	3,095,827
Public works	3,352,231	-	53,977	-	3,406,208
Parks, recreation and cultural	171,093	-	277,088	-	448,181
Community development	716,599	-	249,880	-	966,479
Capital outlay	-	1,602,480	1,241,343	-	2,843,823
Debt service:					
Principal	450,965	-	-	-	450,965
Interest	150,094	-	-	-	150,094
Total expenditures	9,640,725	1,602,480	2,541,208	-	13,784,413
Revenues over (under) expenditures	2,785,171	(1,302,882)	160,045	341,857	1,984,191
Other financing sources (uses):					
Transfers in (out)	(2,042,926)	2,042,926	-	-	-
Total other financing sources (uses), net	(2,042,926)	2,042,926	-	-	-
Net change in fund balances	742,245	740,044	160,045	341,857	1,984,191
Fund balances, beginning	6,160,326	3,681,149	(46,521)	582,189	10,377,143
Fund balances, ending	<u>\$ 6,902,571</u>	<u>\$ 4,421,193</u>	<u>\$ 113,524</u>	<u>\$ 924,046</u>	<u>\$ 12,361,334</u>

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, 2023

	Governmental Funds	
Net change in fund balances - total governmental funds	\$	1,984,191
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	\$	2,685,415
Less: depreciation and amortization expense		(1,374,983)
Excess of capital outlays over depreciation and amortization		1,310,432
Revenues in the Statement of Activities that do not provide current financial resources and are not reported as revenues in the governmental funds.		
Unavailable revenue		39,319
OPEB non-employer contributions from the Commonwealth		5,108
		44,427
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		406,000
Subscription liability		35,627
Lease liability		9,338
		450,965
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		673
Amortization of deferred charges on refunding		(4,508)
Changes in OPEB liabilities and related deferred outflows and inflows of resources		9,619
Change in pension liabilities and related deferred outflows and inflows of resources		(1,241)
Compensated absences		(3,071)
		1,472
Change in net position of governmental activities	\$	3,791,487

TOWN OF ASHLAND, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND Year Ended June 30, 2023

	General Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
General property taxes	\$ 1,554,000	\$ 1,554,000	\$ 1,787,583	\$ 233,583
Other local taxes	6,565,120	6,565,120	7,267,803	702,683
Permits, privilege fees and regulatory licenses	28,300	28,300	67,140	38,840
Fines and forfeitures	71,000	71,000	117,207	46,207
Use of money and property	31,000	31,000	119,063	88,063
Charges for services	99,000	99,000	116,048	17,048
Miscellaneous	48,350	48,350	117,686	69,336
Recovered costs	4,500	4,500	3,346	(1,154)
Intergovernmental	2,445,591	2,465,591	2,830,020	364,429
Total revenues	10,846,861	10,866,861	12,425,896	1,559,035
Expenditures:				
Current:				
General government administration	1,815,925	1,871,725	1,703,916	(167,809)
Public safety	3,535,829	3,535,829	3,095,827	(440,002)
Public works	3,591,536	3,660,536	3,352,231	(308,305)
Parks, recreation and cultural	237,745	250,745	171,093	(79,652)
Community development	791,494	791,494	716,599	(74,895)
Nondepartmental	56,792	56,792	-	(56,792)
Debt service:				
Principal	406,000	406,000	450,965	44,965
Interest	146,385	146,385	150,094	3,709
Total expenditures	10,581,706	10,719,506	9,640,725	(1,078,781)
Revenues over expenditures	265,155	147,355	2,785,171	2,637,816
Other financing uses:				
Transfers out	(2,042,926)	(2,042,926)	(2,042,926)	-
Total other financing uses	(2,042,926)	(2,042,926)	(2,042,926)	-
Net change in fund balance	\$ (1,777,771)	\$ (1,895,571)	742,245	\$ 2,637,816
Fund balance, beginning			6,160,326	
Fund balance, ending			\$ 6,902,571	

TOWN OF ASHLAND, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – AMERICAN RESCUE PLAN FUND Year Ended June 30, 2023

	American Rescue Plan Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Revenue from the federal government:	\$ -	\$ -	\$ 2,541,207	\$ 2,541,207
Revenue from use of money	-	-	160,046	160,046
Total revenues	-	-	2,701,253	2,701,253
Expenditures:				
General government administration	4,092,756	3,691,881	718,920	(2,972,961)
Public safety	120,001	722,081	53,977	(668,104)
Parks, recreation and cultural	10,000	276,138	277,088	275,488
Community development	368,280	368,280	249,880	(118,400)
Capital outlay	2,064,000	2,100,530	1,241,343	(859,187)
Total expenditures	6,655,037	7,158,910	2,541,208	(4,343,164)
Revenues over (under) expenditures	(6,655,037)	(7,158,910)	160,045	7,044,417
Net change in fund balance	(6,655,037)	(7,158,910)	160,045	7,044,417
Fund balance, beginning	-	-	(46,521)	(46,521)
Fund balance, ending	\$ (6,655,037)	\$ (7,158,910)	\$ 113,524	\$ 6,997,896

TOWN OF ASHLAND, VIRGINIA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUND

June 30, 2023

	OPEB Trust Fund
<hr/>	
ASSETS	
Cash and cash equivalents	<u>\$ 2,474,102</u>
Total assets	<u>2,474,102</u>
 NET POSITION	
Restricted for other postemployment benefits (OPEB)	<u><u>\$ 2,474,102</u></u>

TOWN OF ASHLAND, VIRGINIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUND Year Ended June 30, 2023

	OPEB Trust Fund
Additions:	
Contributions:	
Employer	\$ 69,614
Plan members	89,048
Total contributions	158,662
Investment income:	
From investment activities:	
Interest and dividends earned on investments	1,024
Net increase in fair value of investments	171,686
Total income from investment activities	172,710
Total additions, net	331,372
Deductions:	
Administrative fees	2,846
Benefits paid	89,048
Total deductions	91,894
Change in net position	239,478
Net position, beginning	2,234,624
Net position, ending	\$ 2,474,102

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. 91, *Conduit Debt Obligations*, GASB Statement No. 93, *Replacement of Interbank Offered Rates*, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)* and certain requirements of GASB Statement No. 99, *Omnibus 2022*, that were effective for fiscal year 2023. 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, 2023. 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, 2023 as a discretely presented component unit.

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

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.

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 2023. Complete financial statements for the Jail can be obtained from the office of the Pamunkey Regional Jail Authority.

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Jointly Governed Organizations (Continued)

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.

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.

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)

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.

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.

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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.
- 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, 2023, 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.

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

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.

2) Property Taxes

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

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due date	February 5 of the following year	February 5 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 and subscription assets, the measurement of which is discussed in Note 1.D.4 and 1.D.5). Donated capital assets and subscriptions are recorded at acquisition value at the date of donation.

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)

3) Capital Assets (Continued)

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 and subscription 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 lease equipment	5 years
Infrastructure	20 – 40 years
Right-to-use subscription assets	2 – 6 years
Software	5 years

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 (lease assets) in the government-wide financial statements. The Town recognizes lease 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 lease 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 lease 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 it 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.

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)

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.

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

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 it uses 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 June 30, 2023, the Town did not have any lessor agreements as described above.

5) Subscription-based information technology arrangements (SBITAs)

The Town adopted GASB Statement No. 96 on July 1, 2022.

For new or modified contracts, the Town determines whether the contract is a SBITA. If a contract is determined to be, or contain, a SBITA with a non-cancellable term in excess of 12 months (including any options to extend or terminate the subscription when exercise is reasonably certain), the Town records a subscription asset and subscription obligation which is calculated based on the value of the discounted future subscription payments over the term of the subscription. If the interest rate implicit in the subscription is not readily determinable, the Town will use the applicable incremental borrowing rate in the calculation of the present value of the subscription payments.

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) Subscription-based information technology arrangements (SBITAs) (Continued)

The Town recognizes a subscription liability and subscription asset on the Statement of Net Position. Subscriptions with an initial, non-cancellable term of 12 months or less are not recorded on the Statement of Net Position and expense is recognized as incurred over the subscription term.

At the commencement of a SBITA, the Town measures the subscription liability at the present value of payments expected to be made during the subscription term and then reduces the liability by the principal portion of the subscription payments made. The subscription asset is measured at the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs, then amortized on a straight-line basis over the subscription term.

Subscription payments are apportioned between interest expense and principal based on an amortization schedule calculated using the effective interest method.

6) 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 assets 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 assets 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.

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) 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.

8) 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.

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.

9) 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;

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) Fund Balance (Continued)

- *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.

10) 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.

11) 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.

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)

12) 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.

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 14, 2023, 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 \$8,153,875, 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 \$3,403,092, 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	\$ 3,403,092	\$ 3,403,092
Total	\$ 3,403,092	\$ 3,403,092

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, 2023:

- 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, 2023 for the Town, including the allowance for uncollectible accounts, are as follows:

	General Fund
Property taxes	\$ 566,844
Other accounts	589,508
Gross receivables	1,156,352
Less allowance for uncollectable accounts (property taxes)	(150,904)
Net receivables	\$ 1,005,448

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	\$ 127,856
Fines and forfeitures	9,004
	<u>136,860</u>
Commonwealth of Virginia:	
Communications sales and use taxes	29,109
Automobile rental tax	16,085
	<u>45,194</u>
Total General Fund	<u>182,054</u>
Capital Projects Fund:	
Commonwealth of Virginia:	
Comm Flood Prot Fund	17,830
	<u>17,830</u>
Total Capital Projects Fund	<u>17,830</u>
Nonmajor Special Revenue Funds:	
Central Virginia Transportation Authority Fund:	
Commonwealth of Virginia:	
Central Virginia Transportation Authority	59,382
	<u>59,382</u>
Total Central Virginia Transportation Authority Fund	<u>59,382</u>
Total Nonmajor Special Revenue Funds	<u>59,382</u>
Total due from other governments	<u><u>\$ 259,266</u></u>

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets

Capital asset activities for the year ended June 30, 2023 are as follows:

	* Beginning Balance June 30, 2022	Additions	Deletions	Transfers	Ending Balance June 30, 2023
Primary Government:					
Capital assets not being depreciated or amortized:					
Land	\$ 2,613,724	\$ 302,810	\$ -	\$ 661,841	\$ 3,578,375
Construction in progress	418,658	1,439,137	-	(1,456,074)	401,721
Total capital assets not being depreciated or amortized	3,032,382	1,741,947	-	(794,233)	3,980,096
Capital assets being depreciated or amortized:					
Buildings and improvements	14,508,880	48,284	-	504,196	15,061,360
Machinery and equipment	4,424,839	405,511	(270,055)	9,525	4,569,820
Infrastructure	23,261,887	489,673	-	280,512	24,032,072
Software	193,410	-	-	-	193,410
Intangible right-to-use subscription assets	152,579	-	-	-	152,579
Intangible right-to-use lease machinery and equipment	39,653	-	-	-	39,653
Total capital assets being depreciated or amortized	42,581,248	943,468	(270,055)	794,233	44,048,894
Less accumulated depreciation or amortization for:					
Buildings and improvements	(2,632,594)	(383,401)	-	-	(3,015,995)
Machinery and equipment	(3,166,099)	(314,266)	270,055	-	(3,210,310)
Infrastructure	(8,897,332)	(630,706)	-	-	(9,528,038)
Software	(193,411)	-	-	-	(193,411)
Intangible right-to-use subscription assets	-	(37,129)	-	-	(37,129)
Intangible right-to-use lease machinery and equipment	(8,327)	(9,481)	-	-	(17,808)
Total accumulated depreciation or amortization	(14,897,763)	(1,374,983)	270,055	-	(16,002,691)
Total capital assets being depreciated or amortized, net	27,683,485	(431,515)	-	794,233	28,046,203
Governmental activities capital assets, net	\$ 30,715,867	\$ 1,310,432	\$ -	\$ -	\$ 32,026,299

*The beginning balance was restated for recording of right-to-use subscription assets as of July 1 in accordance with GASB 96, *Subscription-based information technology arrangements*.

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

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

Governmental activities:	
General government administration	\$ 237,379
Public safety	206,126
Public works	711,033
Parks, recreation and cultural	185,914
Community development	34,531
Total depreciation and amortization expense - governmental activities	\$ 1,374,983

Note 6. Interfund Transfers

Interfund transfers for the year ended June 30, 2023 consisted of the following:

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ 2,042,926
Capital Projects Fund	2,042,926	-
Total	\$ 2,042,926	\$ 2,042,926

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, 2023:

	* Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 7,559,000	\$ -	\$ (406,000)	\$ 7,153,000	\$ 413,000
Compensated absences payable	366,987	415,389	(412,318)	370,058	37,006
Subscription liability	152,579	-	(35,627)	116,952	36,608
Lease liability	31,685	-	(9,338)	22,347	9,556
Governmental activities long-term liabilities	\$ 8,110,251	\$ 415,389	\$ (863,283)	\$ 7,662,357	\$ 496,170

*The beginning balance was restated for recording of subscriptions payable as of July 1 in accordance with GASB 96, Subscription-based information technology arrangements.

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Obligations (Continued)

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 \$413,000 to \$546,000 through December 2037, plus interest payable semi-annually at 1.99%.	\$ 7,153,000
Total General Obligation Bonds	\$ 7,153,000

Leases Liabilities

During the current fiscal year, the Town had a five-year lease agreements as lessee for equipment. As of June 30, 2023, the value of the lease liability was \$22,347. The Town is required to make monthly principal and interest payments ranging from \$152 to \$409. The leases have an interest rate of 2.3%. The equipment have a five-year estimated useful life. The value of the intangible right-to-use leased assets as of the end of the current fiscal year was \$39,653 and had accumulated amortization of \$17,808.

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

Year(s) Ending June 30,	General Obligation Bonds	
	Principal	Interest
2024	\$ 413,000	\$ 138,235
2025	422,000	129,927
2026	430,000	121,450
2027	439,000	112,803
2028	447,000	103,987
2029 - 2033	2,376,000	381,384
2034 - 2038	2,626,000	132,693
	\$ 7,153,000	\$ 1,120,479

Year Ending June 30,	Leases	
	Principal	Interest
2024	\$ 9,556	\$ 421
2025	7,288	213
2026	4,291	77
2027	1,212	15
	\$ 22,347	\$ 726

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Obligations (Continued)

Subscription liabilities

During the current fiscal year, the Town had subscription agreements for software ranging from two to six years. In accordance with the implementation of GASB Statement 96, an initial subscription liability was recorded in the amount of \$152,579 during the current fiscal year. As of June 30, 2023, the value of the subscription liability was \$116,952. The Town is required to make monthly principal and interest payments ranging from \$10,246 to \$18,588. The subscriptions have interest rates ranging from 2.93% to 2.62%. The subscriptions have an estimated useful life ranging from two to six years. The value of the intangible right-to-use subscription assets as of the end of the current fiscal year was \$152,579 and had accumulated amortization of \$37,129.

Year Ending June 30,	Subscriptions	
	Principal	Interest
2024	\$ 36,608	\$ 3,125
2025	27,369	2,117
2026	17,205	1,383
2027	17,655	934
2028	18,115	473
	<u>\$ 116,952</u>	<u>\$ 8,032</u>

Conduit Debt Obligation

The EDA is empowered by the Commonwealth of Virginia to issue Industrial Revenue Bonds (IRBs) on behalf of businesses relocating to or expanding their operations with the Town. Principal and interest on the IRBs are paid entirely by the businesses. Neither the EDA nor the Town guarantees the repayment of principal or interest to the bondholders. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. The outstanding principal on these IRBs totaled approximately \$40.5 million at December 31, 2022 (most recent balance available).

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 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:

PLAN 1	PLAN 2	HYBRID 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 employees.*• 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) <i>Exceptions to COLA Effective Dates (continued):</i> <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, 2021, actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	69
Inactive members:	
Vested	17
Non-vested	27
Active elsewhere in VRS	39
Total inactive members	83
Active members	59
Total covered employees	211

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, 2023 was 13.70% of covered compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

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 \$526,195 and \$358,637 for the years ended June 30, 2023 and 2022, 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, 2022. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of June 30, 2021 rolled forward to the measurement date of June 30, 2022.

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, 2021, 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, 2022.

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, 2021 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, 2021, 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, 2022.

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, 2021 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%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
	Inflation		2.50%
			7.83%

* The above allocation provides a one-year expected return of 7.83%. 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 6.72%, 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, 2023, 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, 2021, actuarial valuations, whichever was greater. From July 1, 2022 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, 2021	\$ 19,592,110	\$ 20,058,606	\$ (466,496)
Changes for the Year:			
Service cost	483,369	-	483,369
Interest	1,324,274	-	1,324,274
Difference between expected and actual experience	242,958	-	242,958
Contributions – employer	-	358,637	(358,637)
Contributions – employee	-	174,887	(174,887)
Net investment income	-	(19,092)	19,092
Benefit payments, including refunds of employee contributions	(913,218)	(913,218)	-
Administrative expense	-	(12,525)	12,525
Other changes	-	462	(462)
Net changes	1,137,383	(410,849)	1,548,232
Balances at June 30, 2022	\$ 20,729,493	\$ 19,647,757	\$ 1,081,736

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)	\$ 3,904,708	\$ 1,081,736	\$ (1,223,605)

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

For the year ended June 30, 2023, the Town recognized pension expense of \$527,436. At June 30, 2023, 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	\$ 155,649	\$ -
Change in assumption	208,963	-
Net difference between projected and actual earnings on pension plan investments	-	(575,118)
Employer contributions subsequent to the measurement date	526,195	-
Total	\$ 890,807	\$ (575,118)

The \$526,195 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, 2024. 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
2024	\$ 80,351
2025	(174,574)
2026	(388,249)
2027	271,966
	\$ (210,506)

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 2022 Comprehensive Annual Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2022-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, 2023, the Town and plan members contributed \$158,662 to the Trust Fund. Administrative expenses allocated to the Trust Fund during the fiscal year ended June 30, 2023 totaled \$2,846. 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, 2023, 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	\$ 362,490	\$ 324,119	\$ 357,593	\$ 167,061
Group Life Insurance	202,047	52,752	53,245	4,655
	<u>\$ 564,537</u>	<u>\$ 376,871</u>	<u>\$ 410,838</u>	<u>\$ 171,716</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 or 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, 2023, the Town's average contribution rate was 5.00 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 \$362,490 was measured as of June 30, 2023, 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, 2022	\$ 2,516,751	\$ 2,234,623	\$ 282,128
Changes for the year:			
Service cost	60,836	-	60,836
Interest	164,694	-	164,694
Difference between expected and actual experience	84,601	-	84,601
Changes in assumptions	98,758	-	98,758
Benefit payments	(89,048)	(89,048)	-
Employer contributions	-	158,662	(158,662)
Net investment income	-	172,130	(172,130)
Administrative expenses	-	(2,265)	2,265
Net changes	319,841	239,479	80,362
Balance at June 30, 2023	\$ 2,836,592	\$ 2,474,102	\$ 362,490

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	20.00%	2.27%	2.13%
US Large Cap US Equities	21.00%	5.64%	4.09%
US Small Cap US Equities	10.00%	7.25%	4.67%
Foreign Developed Equities	13.00%	6.90%	5.15%
Emerging Market Equities	5.00%	9.58%	6.20%
Private Real Estate Property	15.00%	4.86%	3.70%
Private Equities	10.00%	10.74%	6.54%
Hedge Funds / Absolute Return	6.00%	4.42%	3.48%
	<u>100.00%</u>		
Assumed Inflation - Mean		2.33%	2.33%
Assumed Inflation - Standard Deviation		1.41%	1.41%
Portfolio Real Mean Return		5.81%	4.90%
Portfolio Nominal Mean Return		8.14%	7.34%
Portfolio Standard Deviation			13.07%
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	\$ 3,200,689	\$ 2,836,592	\$ 2,529,719
Fiduciary Net Position	2,474,102	2,474,102	2,474,102
Net OPEB Liability	<u>\$ 726,587</u>	<u>\$ 362,490</u>	<u>\$ 55,617</u>

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	\$ 2,471,633	\$ 2,836,592	\$ 3,282,772
Fiduciary Net Position	2,474,102	2,474,102	2,474,102
Net OPEB Liability (Asset)	<u>\$ (2,469)</u>	<u>\$ 362,490</u>	<u>\$ 808,670</u>

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, 2023, the Town recognized Retiree Healthcare OPEB expense of \$167,061. At June 30, 2023, 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	\$ 127,787	\$ (267,044)
Changes of assumptions	135,041	(90,549)
Net difference between projected and actual earnings on OPEB program investments	61,291	-
Total	<u>\$ 324,119</u>	<u>\$ (357,593)</u>

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
2024	\$ (3,072)
2025	(13,518)
2026	60,297
2027	(29,438)
2028	(34,964)
Thereafter	(12,779)
Total	\$ (33,474)

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 \$8,984 as of June 30, 2023.</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, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 \$21,812 and \$18,851 for the years ended June 30, 2023 and 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance plan. This special payment was authorized by a Budget Amendment included in Chapter 1 of the 2022 Appropriation Act.

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, 2023, the Town's reported liability for its proportionate share of the net GLI OPEB liabilities was \$202,047. The net GLI OPEB liability was measured as of June 30, 2022 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, 2021, and rolled forward to the measurement date of June 30, 2022. 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, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the Town's portion was 0.01678% as compared to 0.01626% at June 30, 2021.

For the year ended June 30, 2023, the Town recognized GLI OPEB expense of \$4,655. 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, 2023, 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	\$ 16,000	\$ (8,106)
Net difference between projected and actual earnings on GLI OPEB program investments	-	(12,625)
Change in assumptions	7,536	(19,680)
Changes in proportionate share	7,404	(12,834)
Employer contributions subsequent to the measurement date	21,812	-
Total	\$ 52,752	\$ (53,245)

The \$21,812 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, 2024. 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
2024	\$ (4,969)
2025	(5,143)
2026	(11,939)
2027	50
2028	(304)
Total	\$ (22,305)

D. Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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, 2021 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, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2021, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2020. 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, 2022, NOL amounts (in thousands) for the GLI are as follows (in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB liability	\$ 3,672,085
Plan fiduciary net position	<u>2,467,989</u>
GLI net OPEB liability	<u>\$ 1,204,096</u>

Plan fiduciary net position as a percentage of the total GLI OPEB liability 67.21%

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%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
	Inflation		2.50%
			7.83%

* The above allocation provides a one-year return of 7.83%. 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 6.72%, 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, 2022, 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, 2022 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	\$ 294,003	\$ 202,047	\$ 127,735

H. GLI Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2022-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, 2023, 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. 99, *Omnibus 2022*, will enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Certain requirements of Statement 99 will be effective for fiscal years beginning after June 15, 2023.

GASB Statement No. 100, *Accounting Changes and Error Corrections*, is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Statement 100 will be effective for fiscal years beginning after June 15, 2023.

GASB Statement No. 101, *Compensated Absences*, is 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 fiscal years beginning after December 15, 2023.

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 \$123,349 were provided during the year ended June 30, 2023, represented 50% of the taxes generated from projects.

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 15. Subsequent Events

On August 11, 2023, the EDA closed on the sale of property at 99 South Carter Road where Apple Garden Inn was formerly located. The sale price was \$1.0 million with \$682,156 of proceeds to the Town net of closing costs and retainage by the Economic Development Authority in the amount of \$250,000 plus a proportion of the sale price overage.

On November 13, 2023, the Town purchased 0.66 acre Lot 1 of Pleasant Street Subdivision for \$120,000. The lot will be used as park property.

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	2022	
Total Pension Liability										
Service cost	\$ 370,012	\$ 422,045	\$ 423,410	\$ 439,647	\$ 433,809	\$ 421,206	\$ 457,195	\$ 467,560	\$ 483,369	
Interest	868,776	919,423	930,643	985,287	1,043,033	1,090,109	1,130,844	1,192,201	1,324,274	
Difference between expected and actual experience	-	(664,104)	(12,340)	71,604	(121,573)	(109,450)	261,112	18,207	242,958	
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)	(913,218)	
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	1,137,383	
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	19,592,110	
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>	<u>\$ 20,729,493</u>	
Plan Fiduciary Net Position										
Contributions - employer	\$ 393,953	\$ 399,899	\$ 414,669	\$ 326,438	\$ 338,777	\$ 326,545	\$ 336,998	\$ 331,930	\$ 358,637	
Contributions - employee	191,125	153,253	156,949	182,391	182,941	192,298	231,109	256,190	174,887	
Net investment income (loss)	1,640,891	557,131	225,268	1,578,406	1,064,626	1,023,406	306,938	4,377,468	(19,092)	
Benefit payments, including refunds of employee contributions	(528,309)	(502,233)	(531,917)	(590,249)	(651,629)	(713,877)	(772,120)	(1,108,197)	(913,218)	
Administrative expense	(8,708)	(7,463)	(7,775)	(9,029)	(9,126)	(10,085)	(10,453)	(11,072)	(12,525)	
Other	86	(117)	(94)	(1,405)	(950)	(644)	(366)	412	462	
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	(410,849)	
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	20,058,606	
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>	<u>\$ 19,647,757</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>	<u>\$ 1,081,736</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%	94.78%	
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	
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%	31.34%	

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

TOWN OF ASHLAND, VIRGINIA

SCHEDULE OF TOWN CONTRIBUTIONS – VIRGINIA RETIREMENT SYSTEM

	Fiscal Year June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contribution (CRC)	\$ 393,953	\$ 399,899	\$ 414,669	\$ 326,438	\$ 338,777	\$ 326,545	\$ 336,998	\$ 331,930	\$ 358,637	\$ 526,195
Contributions in relation to the CRC	393,953	399,899	414,669	326,438	338,777	326,545	336,998	331,930	358,637	526,195
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	\$3,840,839
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%	13.70%

TOWN OF ASHLAND, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION VIRGINIA RETIREMENT SYSTEM Year Ended June 30, 2023

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, 2021 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, 2023

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	2023
Total OPEB Liability						
Service cost	\$ 56,594	\$ 60,556	\$ 72,288	\$ 70,631	\$ 60,932	\$ 60,836
Interest	139,876	148,086	171,449	172,482	181,142	164,694
Effect of plan changes	-	-	-	-	-	84,601
Difference between expected and actual experience	-	-	246,655	-	(365,948)	-
Changes of assumptions	-	146,141	(123,312)	-	(36,541)	98,758
Benefit payments, including refunds of employee contributions	(85,314)	(80,868)	(101,401)	(104,397)	(95,858)	(89,048)
Net change in total OPEB liability	111,156	273,915	265,679	138,716	(256,273)	319,841
Total OPEB liability - beginning	1,983,558	2,094,714	2,368,629	2,634,308	2,773,024	2,516,751
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>	<u>\$ 2,836,592</u>
Plan Fiduciary Net Position						
Contributions - employer	\$ 200,514	\$ 212,868	\$ 237,401	\$ 242,292	\$ 238,975	\$ 158,662
Net investment income	109,538	67,596	49,161	510,863	(228,671)	172,130
Benefit payments, including refunds of employee contributions	(85,314)	(80,868)	(101,401)	(104,397)	(95,858)	(89,048)
Administrative expense	(1,770)	(1,935)	(2,264)	(2,406)	(3,001)	(2,265)
Net change in plan fiduciary net position	222,968	197,661	182,897	646,352	(88,555)	239,479
Plan fiduciary net position - beginning	1,073,300	1,296,268	1,493,929	1,676,826	2,323,178	2,234,623
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>	<u>\$ 2,474,102</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>	<u>\$ 362,490</u>
Plan fiduciary net position as a percentage of the total OPEB liability	61.88%	63.07%	63.65%	83.78%	88.79%	87.22%
Covered payroll	\$ 3,356,524	\$ 3,407,808	\$ 3,523,846	\$ 3,356,391	\$ 3,490,926	\$ 3,170,436
The Town's net OPEB liability as a percentage of covered payroll	23.79%	25.67%	27.17%	13.40%	8.08%	11.43%

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	2023
Contractually required contribution (CRC)	\$ 200,514	\$ 212,868	\$ 237,401	\$ 242,292	\$ 238,975	\$ 158,662
Contributions in relation to the CRC	200,514	212,868	237,401	242,292	238,975	158,662
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$3,356,524	\$ 3,407,808	\$ 3,523,846	\$ 3,356,391	\$ 3,490,926	\$ 3,170,436
Contributions as a percentage of covered payroll	5.97%	6.25%	6.74%	7.22%	6.85%	5.00%

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	2022
Employer's proportion of the net GLI OPEB liability	0.01730%	0.01765%	0.01738%	0.01733%	0.01626%	0.01678%
Employer's proportionate share of the net GLI OPEB liability	\$ 260,000	\$ 269,000	\$ 282,818	\$ 289,210	\$ 189,310	\$ 202,047
Employer's covered payroll	3,191,793	3,356,524	3,407,808	3,523,846	3,356,391	3,490,926
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%	5.79%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%	51.22%	52.00%	52.64%	67.45%	67.21%

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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contribution (CRC)	\$ 15,733	\$ 16,064	\$ 16,739	\$ 16,597	\$ 17,454	\$ 17,721	\$ 18,324	\$ 18,125	\$ 18,851	\$ 21,812
Contributions in relation to the CRC	15,733	16,064	16,739	16,597	17,454	17,721	18,324	18,125	18,851	21,812
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 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	\$ 4,039,259
Contributions as a percentage of covered payroll	0.53%	0.53%	0.53%	0.52%	0.52%	0.52%	0.52%	0.54%	0.54%	0.54%

TOWN OF ASHLAND, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OTHER POSTEMPLOYMENT BENEFITS Year Ended June 30, 2023

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, 2021, 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, 2023

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, 2023

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Community Development Block Grant	Central Virginia Transportation Authority	
ASSETS			
Cash and cash equivalents	\$ 42,176	\$ 864,664	\$ 906,840
Due from other governments	-	59,382	59,382
Total assets	\$ 42,176	\$ 924,046	\$ 966,222
LIABILITIES			
Unearned revenue	\$ 42,176	\$ -	\$ 42,176
Total liabilities	42,176	-	42,176
FUND BALANCE			
Restricted for:			
Public works	-	924,046	924,046
Total fund balance	-	924,046	924,046
Total liabilities and fund balance	\$ 42,176	\$ 924,046	\$ 966,222

TOWN OF ASHLAND, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS

June 30, 2023

	Special Revenue Funds		Total
	Community Development Block Grant	Central Virginia Transportation Authority	Nonmajor Governmental Funds
Revenues:			
Other local taxes	\$ -	\$ 341,857	\$ 341,857
Total revenues	-	341,857	341,857
Net change in fund balance	-	341,857	341,857
Fund balance, beginning	-	582,189	582,189
Fund balance, ending	\$ -	\$ 924,046	\$ 924,046

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, 2023

	Central Virginia Transportation Authority Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Other local taxes	\$ 340,000	\$ 340,000	\$ 341,857	\$ 1,857
Total revenues	340,000	340,000	341,857	1,857
Net change in fund balance	340,000	340,000	341,857	1,857
Fund balance, beginning	582,189	582,189	582,189	-
Fund balance, ending	\$ 922,189	\$ 922,189	\$ 924,046	\$ 1,857

TOWN OF ASHLAND, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
CAPITAL PROJECTS FUND
Year Ended June 30, 2023**

	Capital Projects Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Use of money	\$ 1,200	\$ 1,200	\$ 140,818	\$ 139,618
Permits, privilege fees and regulatory licenses	7,500	7,500	81,838	74,338
Recovered costs	2,500	2,500	18,286	15,786
Miscellaneous	1,500	1,500	13,374	11,874
Intergovernmental	-	-	45,282	45,282
Total revenues	12,700	12,700	299,598	286,898
Expenditures:				
Capital outlay	5,156,296	5,815,479	1,602,480	(4,212,999)
Total expenditures	5,156,296	5,815,479	1,602,480	(4,212,999)
Revenues under expenditures	(5,143,596)	(5,802,779)	(1,302,882)	4,499,897
Other financing sources:				
Transfers in	2,042,926	2,042,926	2,042,926	-
Total other financing sources	2,042,926	2,042,926	2,042,926	-
Net change in fund balance	(3,100,670)	(3,759,853)	740,044	4,499,897
Fund balance, beginning	3,681,149	3,681,149	3,681,149	-
Fund balance, ending	\$ 580,479	\$ (78,704)	\$ 4,421,193	\$ 4,499,897

TOWN OF ASHLAND, VIRGINIA

STATEMENT OF NET POSITION

DISCRETELY PRESENTED COMPONENT UNIT – ECONOMIC DEVELOPMENT

AUTHORITY

June 30, 2023

	Economic Development Authority
ASSETS	
Cash and cash equivalents	\$ 109,594
Due from primary government	34,450
Property held for sale	<u>963,877</u>
Total assets	<u><u>\$ 1,107,921</u></u>
LIABILITIES	
Accounts payable	<u>\$ 34,450</u>
Total liabilities	<u>34,450</u>
NET POSITION	
Unrestricted	<u>1,073,471</u>
Total net position	<u><u>\$ 1,073,471</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, 2023

	Economic Development Authority
Operating expenses:	
Other supplies and expenses	\$ 193,426
Total operating expenses	<u>193,426</u>
Operating loss	<u>(193,426)</u>
Nonoperating revenue:	
Operating contributions	160,603
Interest earnings	<u>63</u>
Total nonoperating revenue	<u>160,666</u>
Change in net position	(32,760)
Total net position, beginning	<u>1,106,231</u>
Total net position, ending	<u><u>\$ 1,073,471</u></u>

TOWN OF ASHLAND, VIRGINIA

STATEMENT OF CASH FLOWS

DISCRETELY PRESENTED COMPONENT UNIT – ECONOMIC DEVELOPMENT AUTHORITY

Year Ended June 30, 2023

	Economic Development Authority
Cash Flows From Operating Activities:	
Payments for operating activities	<u>\$ (193,426)</u>
Net cash used in operating activities	<u>(193,426)</u>
Cash Flows From Noncapital Financing Activities:	
Operating contributions	<u>160,603</u>
Net cash provided by noncapital financing activities	<u>160,603</u>
Cash Flows From Investing Activities:	
Interest received	<u>63</u>
Net cash provided by investing activities	<u>63</u>
Decrease in cash and cash equivalents	(32,760)
Cash, cash equivalents and temporary cash investments:	
Beginning	<u>142,354</u>
Ending	<u><u>\$ 109,594</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (193,426)
Decrease in due from primary government	3,562
Decrease in accounts payable	<u>(3,562)</u>
Net cash used in operating activities	<u><u>\$ (193,426)</u></u>

SUPPLEMENTAL SCHEDULES

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2023**

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	\$ 975,000	\$ 975,000	\$ 1,006,017	\$ 31,017
Real and personal public service corporation property taxes	43,000	43,000	47,051	4,051
Personal property taxes	485,000	485,000	629,144	144,144
Mobile home taxes	1,000	1,000	1,039	39
Machinery and tools taxes	15,000	15,000	23,619	8,619
Penalties	20,000	20,000	53,273	33,273
Interest	15,000	15,000	27,440	12,440
Total general property taxes	1,554,000	1,554,000	1,787,583	233,583
Other local taxes:				
Local sales and use taxes	755,000	755,000	767,585	12,585
Consumer utility taxes	160,000	160,000	193,318	33,318
Consumption taxes	40,000	40,000	55,291	15,291
Business license taxes	525,000	525,000	646,625	121,625
Motor vehicle taxes	120,000	120,000	128,214	8,214
Cigarette taxes	215,000	215,000	207,346	(7,654)
Bank stock taxes	350,000	350,000	413,001	63,001
Meals taxes	3,300,000	3,300,000	3,679,186	379,186
Transient occupancy taxes	1,100,000	1,100,000	1,177,237	77,237
Concession stand sales taxes	120	120	-	(120)
Total other local taxes	6,565,120	6,565,120	7,267,803	702,683
Permits, privilege fees and regulatory licenses:				
Permits and other licenses	28,300	28,300	67,140	38,840
Fines and forfeitures	71,000	71,000	117,207	46,207
Use of money and property:				
Revenue from use of money	10,000	10,000	94,928	84,928
Revenue from use of property	21,000	21,000	24,135	3,135
Total use of money and property	31,000	31,000	119,063	88,063
Charges for services:				
Parks and recreation	99,000	99,000	116,048	17,048
Miscellaneous	48,350	48,350	117,686	69,336
Recovered costs:				
Randolph Macon College	4,000	4,000	2,646	(1,354)
Other	500	500	700	200
Total recovered costs	4,500	4,500	3,346	(1,154)
Total revenue from local sources	8,401,270	8,401,270	9,595,876	1,194,606

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2023**

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	\$ 2,000	\$ 2,000	\$ 4,230	\$ 2,230
Moped, ATV, off road bike sales tax	-	-	9,840	9,840
Auto rental taxes	112,000	112,000	166,926	54,926
Communication sales and use taxes	200,000	200,000	189,329	(10,671)
Personal property tax relief	111,774	111,774	111,774	-
Rolling stock taxes	10,200	10,200	10,452	252
Total non-categorical aid	435,974	435,974	492,551	56,577
Categorical aid:				
DJCP law enforcement assistance	183,856	183,856	202,145	18,289
Fire programs	27,500	27,500	30,352	2,852
Litter control	3,500	3,500	6,629	3,129
Arts grant	4,050	4,050	4,050	-
Street and highway maintenance	1,782,761	1,782,761	2,057,994	275,233
Community Flood Protection training	-	-	4,146	4,146
VTC WanderLove	-	20,000	18,226	(1,774)
Total categorical aid	2,001,667	2,021,667	2,323,542	301,875
Total revenue from the Commonwealth	2,437,641	2,457,641	2,816,093	358,452
Revenue from the federal government:				
Categorical aid:				
Bulletproof vest grant	3,000	3,000	2,237	(763)
Local law enforcement block grant	4,500	4,500	11,240	6,740
Arts grant	450	450	450	-
Total revenue from the federal government	7,950	7,950	13,927	5,977
Total intergovernmental revenue	2,445,591	2,465,591	2,830,020	364,429
Total General Fund	\$ 10,846,861	\$ 10,866,861	\$ 12,425,896	\$ 1,559,035

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2023**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
Special Revenue Funds:				
Central Virginia Transportation Authority Fund:				
Revenue from local sources:				
Other local taxes	\$ 340,000	\$ 340,000	\$ 341,857	\$ 1,857
Total revenue from local sources	340,000	340,000	341,857	1,857
Total Central Virginia Transportation Authority Fund	340,000	340,000	341,857	1,857
American Rescue Plan Fund:				
Revenue from the federal government:				
ARPA funding	-	-	2,541,207	2,541,207
Total revenue from the federal government	-	-	2,541,207	2,541,207
Use of money and property:				
Revenue from use of money	-	-	160,046	160,046
Total use of money	-	-	160,046	160,046
Total American Rescue Plan Fund	-	-	2,701,253	2,701,253
Total Special Revenue Funds	\$ 340,000	\$ 340,000	\$ 3,043,110	\$ 2,703,110
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money	\$ 1,200	\$ 1,200	\$ 140,818	\$ 139,618
Permits, privilege fees and regulatory licenses:				
Stormwater management permits	7,500	7,500	81,838	74,338
Recovered costs	2,500	2,500	18,286	15,786
Miscellaneous	1,500	1,500	13,374	11,874
Total revenue from local sources	12,700	12,700	254,316	241,616
Intergovernmental:				
Categorical aid:				
Community Flood Protection	-	-	45,282	45,282
Total categorical aid	-	-	45,282	45,282
Total revenue from the Commonwealth	-	-	45,282	45,282
Total intergovernmental revenue	-	-	45,282	45,282
Total Capital Projects Fund	\$ 12,700	\$ 12,700	\$ 299,598	\$ 286,898
Grand Total Revenues - Primary Government	\$ 11,199,561	\$ 11,219,561	\$ 15,768,604	\$ 4,549,043

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2023**

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	\$ 250,208	\$ 273,208	\$ 251,695	\$ (21,513)
General and financial administration:				
Town manager	653,279	653,279	599,864	(53,415)
Tourism	262,922	295,722	264,833	(30,889)
Treasurer	392,016	392,016	368,889	(23,127)
Information technology	257,500	257,500	218,635	(38,865)
Total general and financial administration	1,565,717	1,598,517	1,452,221	(146,296)
Total general government administration	1,815,925	1,871,725	1,703,916	(167,809)
Public safety:				
Law enforcement and traffic control:				
Police	3,494,586	3,494,586	3,054,905	(439,681)
Fire and rescue services:				
Fire department	36,243	36,243	35,922	(321)
Ambulance and rescue services	5,000	5,000	5,000	-
Total fire and rescue services	41,243	41,243	40,922	(321)
Total public safety	3,535,829	3,535,829	3,095,827	(440,002)
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Engineering/administration	848,303	917,303	854,788	(62,515)
Street maintenance	1,767,352	1,767,352	1,741,227	(26,125)
Storm drainage	69,000	69,000	44,272	(24,728)
Snow and ice removal	41,500	15,500	1,121	(14,379)
Traffic engineering	62,200	62,200	35,544	(26,656)
Streetlights	56,000	56,000	58,009	2,009
Total maintenance of highways, streets, bridges and sidewalks	2,844,355	2,887,355	2,734,961	(152,394)
Sanitation and waste removal:				
Refuse collection and disposal	297,000	323,000	179,265	(143,735)
Maintenance of general buildings and grounds:				
General properties	261,241	261,241	256,602	(4,639)
Vehicle maintenance	188,940	188,940	181,403	(7,537)
Total public works	3,591,536	3,660,536	3,352,231	(308,305)
Parks, recreation and cultural:				
Supervision of parks and recreation	237,745	250,745	171,093	(79,652)
Total parks, recreation and cultural	237,745	250,745	171,093	(79,652)
Community development:				
Planning and zoning	523,442	523,442	490,480	(32,962)
Economic development	268,052	268,052	226,119	(41,933)
Total community development	791,494	791,494	716,599	(74,895)
Nondepartmental:				
Contribution to fund OPEB	56,792	56,792	-	(56,792)
Total nondepartmental	56,792	56,792	-	(56,792)
Debt service:				
Principal	406,000	406,000	450,965	44,965
Interest	146,385	146,385	150,094	3,709
Total debt service	552,385	552,385	601,059	48,674
Total General Fund	\$ 10,581,706	\$ 10,719,506	\$ 9,640,725	\$ (1,078,781)

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2023**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
Special Revenue Funds:				
American Rescue Plan Fund:				
General government administration	\$ 3,842,756	\$ 3,368,730	\$ 718,920	\$ (2,649,810)
Capital outlay	250,000	323,151	302,810	(20,341)
Total general government administration	4,092,756	3,691,881	1,021,730	(2,670,151)
Capital outlay	1,935,000	1,957,846	545,825	(1,412,021)
Total public works	1,935,000	1,957,846	545,825	(1,412,021)
Public Safety	120,001	722,081	53,977	(668,104)
Total public safety	120,001	722,081	53,977	(668,104)
Parks, recreation and cultural	10,000	1,600	277,088	275,488
Capital outlay	-	274,538	275,488	950
Total parks, recreation and cultural	10,000	276,138	552,576	276,438
Community development	368,280	368,280	249,880	(118,400)
Capital outlay	129,000	142,684	117,220	(25,464)
Total community development	497,280	510,964	367,100	(143,864)
Total American Rescue Plan Fund	6,655,037	7,158,910	2,541,208	(4,617,702)
Total Special Revenue Funds	\$ 6,655,037	\$ 7,158,910	\$ 2,541,208	\$ (4,617,702)
Capital Projects Fund:				
Capital outlay:				
Sidewalks and curbing	\$ 383,214	\$ 496,725	\$ 156,407	\$ (340,318)
Ashland Theatre	25,000	17,604	-	(17,604)
Drainage improvements	172,105	171,783	-	(171,783)
Stormwater management program	500,000	500,000	-	(500,000)
Downtown campus maintenance	61,707	61,209	36,673	(24,536)
Public works facilities	93,275	93,275	-	(93,275)
Traffic safety improvements	101,468	101,468	50,794	(50,674)
Hill Carter Parkway North	50,000	50,000	-	(50,000)
Public works vehicle replacement	243,695	245,178	227,651	(17,527)
Park equipment replacement	75,000	75,000	-	(75,000)
Public works facilities maintenance	33,405	33,405	-	(33,405)
Downtown sidewalks	811,012	811,012	-	(811,012)
Trails	120,000	115,250	896	(114,354)
Dejarnette Park	15,000	15,000	-	(15,000)
Pavilion	-	228,370	225,228	(3,142)
S. Taylor Street park maintenance	20,033	20,033	-	(20,033)
Pool renovation	5,000	20,000	-	(20,000)
Economic development incentive	125,000	125,000	-	(125,000)
Carter Park	105,872	105,872	94,866	(11,006)
Skateboard Park	50,000	50,000	-	(50,000)
Trail on N.Center Street	75,000	75,000	-	(75,000)
Pufferbelly Park maintenance	14,063	14,063	-	(14,063)
Gateway and wayfinding	15,541	15,541	6,055	(9,486)
Contingencies	275,320	275,320	-	(275,320)
Police vehicle replacement	162,700	163,189	136,809	(26,380)
Ashland PD capital	40,000	40,000	-	(40,000)
Police Department building maintenance	20,806	27,025	-	(27,025)
Town Hall improvements	477,537	156,581	18,014	(138,567)
Visitor center ADA improvements	22,912	22,912	7,460	(15,452)
Trolley line trail	40,000	40,000	-	(40,000)
CPF Development Expenditure	12,000	12,000	12,000	-
Park Acquisition Fund	-	600,000	561,841	(38,159)
Public art	20,000	20,000	-	(20,000)
Commercial Corridor Beautification	60,000	60,000	7,410	(52,590)
Community flood preparedness	48,041	76,074	60,376	(15,698)
Strategic property acquisition	600,000	600,000	-	(600,000)
Town Farm Park	100,000	100,000	-	(100,000)
Vaughan Road	50,000	50,000	-	(50,000)
Broadband / Fiber Optics	131,590	131,590	-	(131,590)
Total Capital Projects Fund	\$ 5,156,296	\$ 5,815,479	\$ 1,602,480	\$ (4,212,999)
Grand Total Expenditures - Primary Government	\$ 22,393,039	\$ 23,693,895	\$ 13,784,413	\$ (9,909,482)

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,									
	2014 (1)	2015	2016	2017 (2)	2018	2019	2020	2021	2022	2023
Governmental activities:										
Net investment in capital assets	\$ 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	\$ 24,782,869
Restricted	-	-	-	-	-	-	-	-	582,189	924,046
Unrestricted	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	10,116,040
Total governmental activities net assets										
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>	<u>\$ 35,822,955</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

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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Primary government:										
Expenses:										
Governmental activities:										
General government administration	\$ 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	\$ 2,730,245
Public safety	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	3,298,087
Public works	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	4,195,055
Parks, recreation and cultural	193,899	176,107	154,582	187,282	182,363	295,826	289,294	291,727	446,226	634,991
Community development	503,721	521,005	493,109	586,557	543,118	502,565	518,466	987,948	1,625,321	1,009,239
Interest	-	-	-	-	-	430,312	197,400	165,907	158,131	153,929
Total governmental activities	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	12,021,546
Total primary government expenses	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	12,021,546
Program revenues:										
Governmental activities:										
Charges for services:										
Public safety	168,009	180,092	164,557	152,900	125,364	129,622	127,063	146,196	162,343	266,885
Public works	3,080	1,644	3,851	2,347	23,217	2,402	30,490	438	52,063	20,932
Parks, recreation and cultural	56,855	53,893	58,911	71,010	70,725	92,506	45,464	104,878	119,651	116,048
Operating grants and contributions	605,249	612,856	640,232	654,146	1,027,265	659,510	757,679	2,370,049	2,174,944	3,374,332
Capital grants and contributions	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	1,554,736
Total governmental activities	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	5,332,933
Total primary government program revenues	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	5,332,933
Net (expense) revenue:										
Governmental activities	(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)	(6,688,613)
Total primary government net expense	(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)	(6,688,613)

TOWN OF ASHLAND, VIRGINIA

Table 2
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CHANGES IN NET POSITION / ASSETS

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

	Fiscal Year June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General revenues:										
Governmental activities:										
Taxes:										
General property	\$ 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	\$ 1,826,902
Local sales and use	460,355	489,115	512,488	514,697	556,749	576,532	615,528	682,793	1,105,095	1,109,442
Business license	478,934	465,772	571,835	536,950	533,639	527,836	532,600	507,650	598,121	646,625
Transient occupancy	584,443	609,619	650,631	671,630	710,034	787,839	641,204	636,875	1,136,471	1,177,237
Meals	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	3,679,186
Other	805,006	782,742	828,969	863,083	856,943	983,618	856,831	1,154,863	930,589	997,170
Use of money and property	23,519	25,428	41,498	74,880	123,987	375,538	250,878	33,296	(63,731)	419,927
Miscellaneous	396,238	127,030	14,955	66,982	50,954	51,492	112,473	80,733	45,209	131,060
Intergovernmental, non-categorical aid	522,807	491,787	485,613	492,071	469,203	475,970	455,668	441,489	446,862	492,551
Total governmental activities	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	10,480,100
Total primary government	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	10,480,100
Changes in net position/assets:										
Governmental activities	746,385	896,102	1,599,797	1,322,209	1,476,858	902,753	1,306,120	884,000	2,033,407	3,791,487
Total primary government	\$ 746,385	\$ 896,102	\$ 1,599,797	\$ 1,322,209	\$ 1,476,858	\$ 902,753	\$ 1,306,120	\$ 884,000	\$ 2,033,407	\$ 3,791,487

Note:

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,				
		2014	2015	2016	2017	2018
General Fund:						
Unassigned		\$ 5,207,596	\$ 5,228,516	\$ 5,510,285	\$ 5,458,019	\$ 5,195,695
Total General Fund		\$ 5,207,596	\$ 5,228,516	\$ 5,510,285	\$ 5,458,019	\$ 5,195,695
All Other Governmental Funds:						
Committed		\$ 2,715,601	\$ 3,223,307	\$ 3,322,448	\$ 3,743,563	\$ 3,645,023
Total all other governmental funds		\$ 2,715,601	\$ 3,223,307	\$ 3,322,448	\$ 3,743,563	\$ 3,645,023

		Fiscal Year June 30,				
		2019	2020	2021	2022	2023
General Fund:						
Nonspendable		\$ -	\$ -	\$ -	\$ 1,716	\$ -
Unassigned		5,152,149	5,217,205	5,742,500	6,158,610	6,902,571
Total General Fund		\$ 5,152,149	\$ 5,217,205	\$ 5,742,500	\$ 6,160,326	\$ 6,902,571
All Other Governmental Funds:						
Restricted		\$ 7,837,126	\$ 3,479,671	\$ 239,614	\$ 582,189	\$ 1,037,570
Committed		2,317,584	2,339,590	3,255,096	3,681,149	4,421,193
Unassigned		-	-	-	(46,521)	-
Total all other governmental funds		\$ 10,154,710	\$ 5,819,261	\$ 3,494,710	\$ 4,216,817	\$ 5,458,763

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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
General property taxes	\$ 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	\$ 1,787,583
Other local taxes	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	7,609,660
Permits, privilege fees and regulatory licenses	36,833	43,851	38,432	42,532	33,626	26,468	42,653	77,972	90,769	148,978
Fines and forfeitures	114,293	123,379	125,570	109,888	91,173	102,644	83,875	67,794	69,009	117,207
Use of money and property	23,519	25,428	41,498	74,880	123,987	375,538	250,878	33,296	(63,731)	419,927
Charges for services	56,855	53,893	58,911	71,010	70,725	92,506	45,464	104,878	119,651	116,048
Miscellaneous	396,238	127,030	14,955	66,982	117,159	69,567	112,473	80,734	45,209	131,060
Recovered costs	19,963	14,506	4,406	2,827	23,782	2,912	31,025	868	54,628	21,632
Intergovernmental:	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	5,416,509
Total revenues	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	15,768,604
Expenditures:										
General government administration	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	2,422,836
Public safety	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	3,095,827
Public works	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	3,406,208
Parks, recreation and cultural	144,852	143,928	123,743	150,089	149,799	196,015	146,572	123,058	277,557	448,181
Community development	491,261	494,581	505,697	560,180	581,561	510,010	509,955	967,430	1,547,120	966,479
Capital outlay	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	2,843,823
Debt service:										
Principal	-	-	-	-	-	467,000	278,000	389,000	404,968	450,965
Interest and fiscal charges	-	-	-	-	-	153,506	306,838	162,044	154,282	150,094
Bond issuance costs	-	-	-	-	-	149,960	156,307	-	-	-
Total expenditures	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	13,784,413
Revenues over (under) expenditures	439,556	528,626	380,910	368,849	(360,864)	(2,433,859)	(4,460,393)	(1,799,256)	1,139,933	1,984,191
Other financing sources (uses):										
Transfers in	787,500	1,005,408	1,135,000	1,420,000	1,414,276	1,482,700	858,094	-	-	-
Transfers out	(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	\$ 439,556	\$ 528,626	\$ 380,910	\$ 368,849	\$ (360,864)	\$ 6,466,141	\$ (4,270,393)	\$ (1,799,256)	\$ 1,139,933	\$ 1,984,191

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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt service as a percentage of noncapital expenditures:										
Total debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 620,506	\$ 584,838	\$ 551,044	\$ 559,250	\$ 601,059
Total expenditures	\$ 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	\$ 13,784,413
Less: capital outlay	(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)	(2,685,415)
Noncapital expenditures	\$ 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	\$ 11,098,998
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	6.86%	6.64%	5.35%	5.20%	5.42%

TAX REVENUES BY SOURCE – GOVERNMENTAL FUNDS

Last Ten Fiscal Years

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

Fiscal Year		Local	Consumer		Business	Motor	Bank		Transient		Totals
June 30,	Property ⁽¹⁾	Sales and Use ⁽²⁾	Utility	Consumption	License	Vehicle	Stock	Cigarette	Occupancy	Meals	
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
2023	1,706,870	1,109,442	193,318	55,291	646,625	128,214	413,001	207,346	1,177,237	3,679,186	9,316,530
Change 2014-2023	72.58%	141.00%	51.51%	38.34%	35.01%	-0.62%	61.50%	-17.95%	101.43%	98.86%	80.28%

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
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
2023	1,003,526,388	105,512,311	1,979,750	3,268,825	47,007,209	69,498	1,161,363,981	4.58%	1,161,363,981	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	
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	
2023	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
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
2023	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, 2023			Fiscal Year June 30, 2014		
		Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value ⁽¹⁾	2013 Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value ⁽¹⁾
CLF Ashland, LLC	Distribution Center	\$ 20,500,900	1	1.95%	\$ -		
SMP Ashland SPE LLC	Apartments	19,092,800	2	1.82%	-		
Republic National Distribution	Commercial	19,073,800	3	1.82%	-		
Virginia Electric & Power Company	Utility	18,753,126	4	1.79%	13,650,926	1	1.84%
Verizon Virginia, Inc	Communication / Public Service	17,086,881	5	1.63%	12,174,606	3	1.64%
FNRP Ashland LLC	Shopping Center	16,608,000	6	1.58%	13,631,900	2	1.84%
Sedgefield Mobile Home Associates	Mobile Home Community	14,015,300	7	1.33%	10,187,500	6	1.37%
Wal-Mart Real Estate Bus. Trust	Shopping Center	11,990,500	8	1.14%	10,822,400	5	1.46%
Ashland Partners Inc	Apartments	7,765,600	9	0.74%	-		
LRC - Ashland Woods LP	Apartments	6,669,400	10	0.63%	-		
Ashland Town Square	Apartments	-			11,597,700	4	1.56%
Ashland Junction, LLC	Shopping Center	-			7,415,500	7	1.00%
Ashland HI, LLC	Commercial	-			6,751,000	8	0.91%
Concrete Pipe & Products	Commercial	-			5,850,300	9	0.79%
JL Culpepper & Company, Inc.	Commercial	-			5,495,700	10	0.74%
Total		\$ 151,556,307		14.43%	\$ 97,577,532		13.15%

Notes:

Source: Commissioner of Revenue.

(1) Total real estate and public service corporation real estate assessments, as noted on Table 6, are \$1,050,533,597 in fiscal year 2023 and \$742,854,323 in fiscal year 2014.

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

Taxpayer	Fiscal Year June 30,	
	2023 Rank	2014 Rank
Chick-Fil-A	1	1
Cracker Barrel	2	2
McDonalds - 103 S. Carter Road	3	3
WAWA	4	-
McDonalds - 201 S. Washington Highway	5	4
Starbucks	6	6
Panera	7	-
CookOut	8	-
Iron Horse Restaurant	9	-
Applebee's	10	5
Total Meals Tax	<u>\$ 3,679,186</u>	<u>\$ 1,850,129</u>

Notes:

- (1) The Meals Tax Rate was 5% for fiscal year 2014 and 6% for fiscal year 2023.
- (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
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%
2023	1,817,991	1,601,220	88.08%	33,941	1,635,161	89.94%

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	Subscription Liabilities	Lease Liabilities			
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
2023	7,153,000	116,952	22,347	7,292,299	3.67%	964

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 2014 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
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
2023	7,153,000	-	7,153,000	0.62%	946

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 2014 through 2018.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**Year Ended June 30, 2023****(Unaudited)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
County of Hanover, Virginia	\$ 96,964,251	6.55%	\$ 6,349,519
Town Direct Debt			<u>7,153,000</u>
Total direct and overlapping debt			<u><u>\$ 13,502,519</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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Legal debt margin	\$ 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	\$ 100,352,639
Total net debt applicable to limit	-	-	-	-	-	8,433,000	8,345,000	7,956,000	7,559,000	7,153,000
Available legal debt margin	<u>\$ 74,285,432</u>	<u>\$ 77,539,922</u>	<u>\$ 77,873,577</u>	<u>\$ 82,020,215</u>	<u>\$ 83,397,766</u>	<u>\$ 76,927,103</u>	<u>\$ 81,151,075</u>	<u>\$ 87,618,069</u>	<u>\$ 88,780,270</u>	<u>\$ 93,199,639</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	9.88%	9.32%	8.32%	7.85%	7.13%

Legal debt margin calculation for fiscal year 2023:

Assessed value of real estate	<u>\$ 1,003,526,388</u>
Debt limit (10% of assessed value)	\$ 100,352,639
Debt applicable to limit:	
Net direct debt outstanding	<u>7,153,000</u>
Available legal debt margin	<u>\$ 93,199,639</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)

Employer	Type of Business	2023			2014		
		Employees	Rank	Percentage of Total County Employment ⁽²⁾	Employees	Rank	Percentage of Total County Employment ⁽²⁾
Hanover County School Board	Educational Services	2,520	1	4.2%	2,462	1	4.7%
Amazon Fulfillment Services	Administrative and Support Services	1,000 and over	2	3.3%	n/a	n/a	n/a
Bon Secours Memorial Regional Medical	Hospital/Medical	1,000 and over	3	3.3%	1,000 and over	2	3.8%
Kings Dominion (Paramount Parks Inc)	Entertainment	1,000 and over	4	3.3%	1,000 and over	3	3.8%
County of Hanover	Government	1,253	5	2.1%	1,045	3	2.0%
RMC Events	Administrative and Support Services	500-999	6	1.2%	n/a	n/a	n/a
Supervalu Distribution Center (2021) /							
Richfood (2012)	Merchant Wholesales, Nondurable Goods	500-999	7	1.2%	500-999	8	1.4%
Wal-Mart Stores	General Merchandise Retailers	500-999	8	1.2%	500-999	6	1.4%
Tyson Farms	Food Manufacturing	500-999	9	1.2%	500-999	5	1.4%
Owens & Minor Medical Inc	Management of Companies Enterprises	500-999	10	1.2%	n/a	n/a	n/a
Acosta Sales & Marketing	Wholesale Electronic Markets & Agents	500-999	n/a		500-999	7	1.4%
	Wholesale Electronic Markets &						
Sales Mark	Agents	500-999	n/a		500-999	9	1.4%
Randolph-Macon College	Educational Services	500-999	n/a		250-499	10	0.7%
				22.2%			
Total County Employment ⁽³⁾		60,172			52,406		

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⁾
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%
2023	7,565	26,277	198,785,505	30.5	16,743	2.6%

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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government administration	6	6	6	6	6	6	6	6	5	6
Public safety:										
Police department	27	28	28	28	28	28	27	27	27	30
Public works:										
Maintenance	23	23	24	24	24	24	24	22	23	24
Community development:										
Planning	5	5	5	5	5	5	5	3	4	5
Total	61	62	63	63	63	63	62	58	59	65

Note:

(1) Source: Individual Town departments.

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

Function/Program	Fiscal Year June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public safety:										
Building inspections:										
Total building permits	96	133	171	134	161	125	120	149	117	188

Note:

(1) Source: Individual Town departments.

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Fiscal Years

(Unaudited)

Function/Program	Fiscal Year June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government:										
Vehicles	2	3	3	3	3	3	2	2	2	2
Public safety:										
Police department:										
Patrol units	30	29	25	28	28	28	27	29	33	36
Other vehicles	7	8	10	11	11	9	7	7	7	7
Public works:										
General maintenance:										
Trucks/vehicles	24	25	28	32	33	32	35	35	35	35
Equipment	17	18	18	16	18	18	19	18	20	20
Parks and recreation:										
Parks acreage	23.60	23.60	23.60	23.60	23.60	23.60	27.50	27.50	27.50	34.00
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, 2023

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 JUSTICE:				
Direct Payments:				
Bulletproof Vest Partnership Program	16.607	Not Provided	\$ -	\$ 2,237
Pass-through Payments:				
State of Virginia:				
Local Law Enforcement Block Grant	16.607	530	-	11,240
Total U.S. Department of Justice			-	13,477
U.S. DEPARTMENT OF THE TREASURY:				
Pass-through Payments:				
State of Virginia:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	162	242,080	2,541,207
Total U.S. Department of the Treasury			242,080	2,541,207
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			\$ 242,080	\$ 2,555,134

TOWN OF ASHLAND, VIRGINIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2023

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, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the 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, 2023, 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 14, 2023.

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 deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not 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.

PB Mares, LLP

Harrisonburg, Virginia
November 14, 2023

**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, 2023. 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, 2023.

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 (GAAS); 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 GAAS, *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 GAAS, *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 14, 2023

TOWN OF ASHLAND, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

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 weakness(es) identified?

_____ Yes

√ No

Significant deficiency(ies) identified?

_____ Yes

√ None Reported

Noncompliance material to financial statements noted?

_____ Yes

√ No

Federal Awards

Internal control over major federal program:

Material weakness(es) identified?

_____ Yes

√ No

Significant deficiency(ies) 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, 2023

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.