



FY25
ANNUAL
COMPREHENSIVE
FINANCIAL REPORT

Fiscal year ended June 30, 2025

TOWN OF ASHLAND, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2025

Prepared by:

Department of Finance
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TOWN OF ASHLAND, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
Year Ended June 30, 2025

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INTRODUCTORY SECTION

November 24, 2025

The Honorable Members of Town Council and Citizens of the Town of Ashland, Virginia

Dear Members of Town Council:

Introduction

The Annual Comprehensive Financial Report of the Town of Ashland, Virginia for the fiscal year ended June 30, 2025, 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.

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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 7,822 for 2024, a 7.3 percent increase over the 2014 Census figure of 7,287. 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, building inspections, water and sewer service, fire and emergency medical services, health and human services, libraries, and the Sheriff's Department.

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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 Public Schools, Randolph-Macon College, a private coeducational college of approximately 1,800 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 businesses 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. Several new shops have opened in the downtown and staff led the creation of two promotional programs: Buzz Bucks and the Arts & Antiques Passport Program. Hotel occupancy rates in the Town and the region have steadily increased year over year between 4-7 percent. FY2025 saw the closure of the KFC and Wendy's in the Rt. 54 corridor as well as the commencement of demolition of the Ashland Inn and Suites building. It is anticipated that new construction and businesses will fill these spaces in FY2026. Construction began on Phase I of the England Street Streetscape Project as well as the Rt. 1 Arbor Oak to Ashcake construction project. The Town was excited to celebrate the ribbon cutting on the completion of the first phase of the Fall Line Trail, a 43-mile regional trail, in Ashland.

A Harbor Freight opened in a portion of the former Food Lion space and Around the Table expanded their footprint at the Ashland Junction Shopping Center. Phase II of the North Richmond Industrial Park was completed and filled. Available industrial buildings in the Town of Ashland continue to be limited. Construction of the Flagstop Carwash commenced, and it is anticipated to have an opening in FY2026.

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The Ashland Economic Development Authority approved several grants through the fiscal year and completed the update to their Economic Development Strategic Plan. They began work on updating their grant offerings to align with the Strategic Plan. The Planning Commission approved the rezoning of the Ironhorse Datacenter project.

Thirty-seven commercial certificates of occupancy (COs) were issued during the fiscal year, which is an increase of 24 from FY2024. Sixty-five COs were issued for residential units during the year, which is 31 more than FY2024. Seventy-three new business licenses were issued, an increase of 36 from FY2024. 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

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 as well as continued inflation and tariffs, which have already impacted the profit margins and ability to operate for many of our businesses. Staffing limitations and wages (workforce) will be something we continue to monitor as well. We are well positioned to see continued growth in the Town over the next year. In particular with the expected new openings planned for FY2026 along Rt. 54 and Rt. 1.

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.

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Accounting System, Policies and Budgetary Control

The Town uses Tyler Munis for general ledger, accounts payable, and payroll processing. 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 department 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.

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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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024. 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 annual comprehensive 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-six consecutive years (fiscal years ended 1987 - 2024). 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 the 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

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TOWN OF ASHLAND, VIRGINIA

Directory of Principal Officials

OFFICIALS

Steve Trivett	Mayor
Anita Barnhart	Vice-Mayor

MEMBERS OF COUNCIL

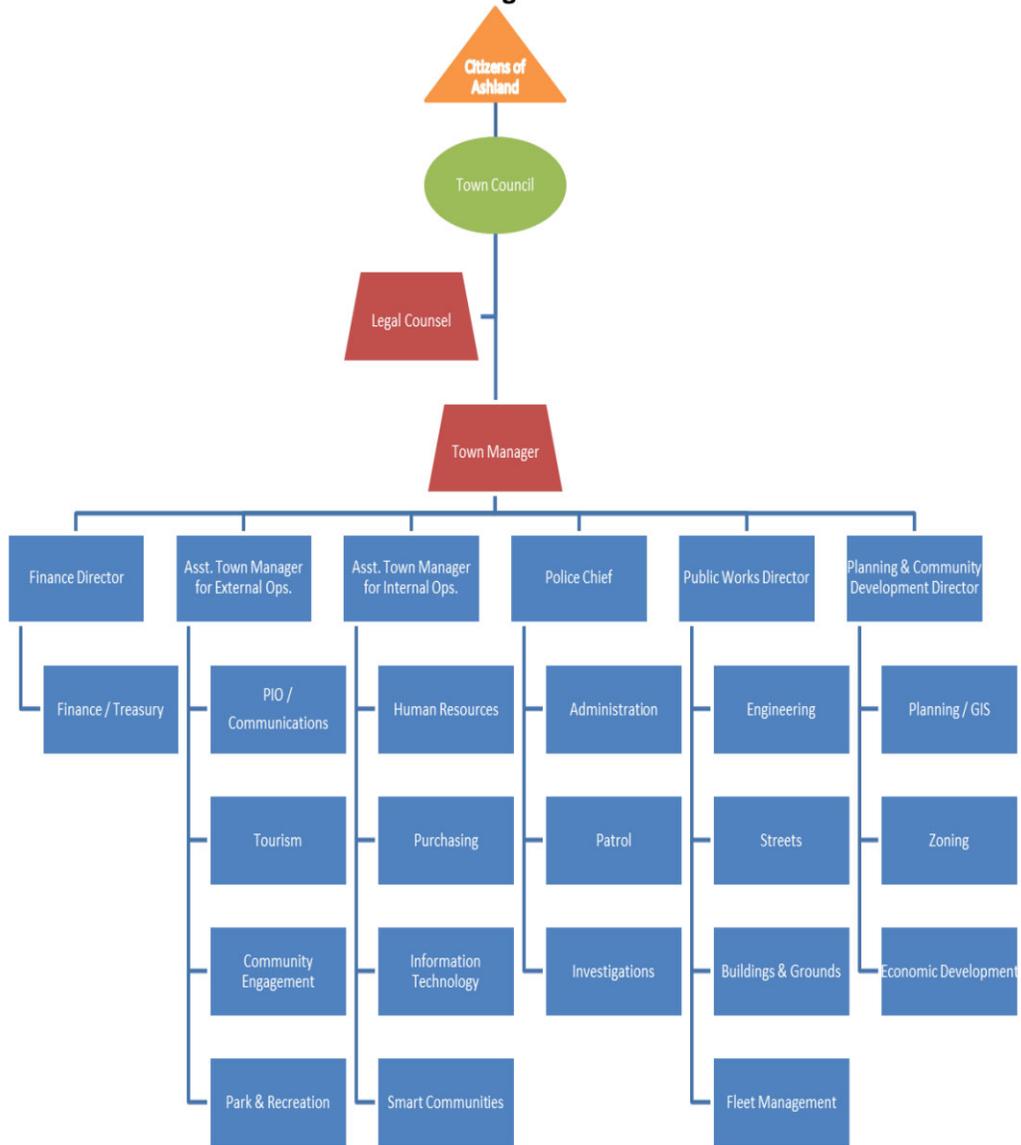
Pamela Sopall	John Hodges	Daniel McGraw
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OTHER OFFICIALS

Joshua Farrar	Town Manager
Robyn Shugart	Director of Finance
Doug Goodman	Clerk of the Council
Andrew McRoberts	Town Attorney

Town of Ashland Organizational Structure

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, 2024

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 accompanying 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, 2025, 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 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, 2025, 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 (*Government Auditing Standards*); 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.

Emphasis of Matter

As described in Note 15 to the financial statements, in fiscal year 2025, the Town adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 62-70, 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 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 supplementary information and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

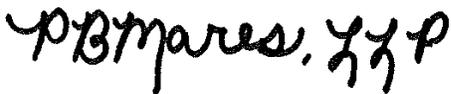
Other Information

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 24, 2025 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.



Harrisonburg, Virginia
November 24, 2025

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, 2025. 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. The Town also has one nonmajor governmental fund – the Central Virginia Transportation Authority 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 2025. 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 \$43,882,053 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, 2025 and 2024

	Governmental Activities		Increase (Decrease)	%
	2025	2024		
Current and other assets	\$ 19,073,967	\$ 18,525,321	\$ 548,646	3.0%
Capital assets, net	34,708,389	32,854,665	1,853,724	5.6%
Total assets	53,782,356	51,379,986	2,402,370	4.7%
Total deferred outflows of resources	1,419,286	1,994,129	(574,843)	(28.8%)
Current liabilities	1,845,669	2,811,040	(965,371)	(34.3%)
Noncurrent liabilities	8,302,922	8,442,663	(139,741)	(1.7%)
Total liabilities	10,148,591	11,253,703	(1,105,112)	(9.8%)
Total deferred inflows of resources	1,170,998	2,061,615	(890,617)	(43.2%)
Net position:				
Net investment in capital assets	28,091,545	25,962,416	2,129,129	8.2%
Restricted	1,644,332	1,321,176	323,156	24.5%
Unrestricted	14,146,176	12,775,205	1,370,971	10.7%
Total net position	\$ 43,882,053	\$ 40,058,797	\$ 3,823,256	9.5%

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The Town's Net Position increased by \$3,955,324 during the current fiscal year. Several local taxes produced revenues in excess of expectation, including the meals tax, business license, personal property tax, bank stock, and interest on deposits revenue. Almost all general government functional areas achieved results well within budgeted levels. The following table summarizes the Town's Statements of Changes in Net Position:

Summary Statements of Changes in Net Position Years Ended June 30, 2025 and 2024

	Governmental Activities		Increase (Decrease)	% Change
	2025	2024		
Revenues:				
Program revenues:				
Charges for services	\$ 638,459	\$ 615,122	\$ 23,337	3.8%
Operating grants and contributions	1,135,834	1,363,740	(227,906)	(16.7%)
Capital grants and contributions	3,346,390	3,712,879	(366,489)	(9.9%)
General revenues:				
General property taxes	2,014,479	1,839,729	174,750	9.5%
Other local taxes	8,428,817	8,091,234	337,583	4.2%
Grants and contributions not restricted	481,337	487,416	(6,079)	(1.2%)
Other	1,163,086	1,494,551	(331,465)	(22.2%)
Total revenues	17,208,402	17,604,671	(396,269)	(2.3%)
Expenses:				
General government administration	2,952,047	2,927,376	24,671	0.8%
Public safety	3,939,736	3,749,363	190,373	5.1%
Public works	4,365,140	4,816,264	(451,124)	(9.4%)
Parks, recreation and cultural	511,092	600,974	(89,882)	(15.0%)
Community development	1,347,691	1,129,500	218,191	19.3%
Interest	137,372	145,352	(7,980)	(5.5%)
Total expenses	13,253,078	13,368,829	(115,751)	(0.9%)
Change in net position	3,955,324	4,235,842	(280,518)	(6.6%)
Net Position, beginning, as previously stated	40,058,797	35,822,955	4,235,842	11.8%
Restatement for adoption of GASB Statement No. 101	(132,068)	-	(132,068)	
Net position, beginning of year, as restated	39,926,729	35,822,955	4,103,774	
Net Position, ending	\$ 43,882,053	\$ 40,058,797	\$ 3,823,256	9.5%

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 \$16,666,786, an increase of \$1,450,998 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 \$871,717 below budget in the General Fund.

The General Fund ended the fiscal year with fund balances totaling \$8,745,359, 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 approximately \$3.1 million were received to support Town operations as well. The Town's largest expenditures are in the areas of public safety at \$3.8 million and public works at just over \$4.2 million in FY25. The General Fund produced an increase in fund balance of \$390,369 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 \$6,382,259, all of which was committed for current or future capital projects. Significant activities of the Capital Projects Fund included receipt of just over \$1.5 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. Significant activities of the fund included recognition of approximately \$1.7 million in federal government receipts and expenditure of grant funds to fund four positions on a variety of government programs, community support programs, and capital investment to include new accounting software, stormwater management projects, land for a future park, park improvements, and refuse collection.

Non-major governmental funds held fund balances of \$1,420,557 at the end of the fiscal year, all of which were restricted for public works projects. The increase in fund balance of \$99,381 was due to the receipt of taxes by the Central Virginia Transportation Authority Fund in excess of current year expenditures.

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 \$1,095,048. Local taxes such as the sales, business license, and meals all surpassed the conservative revenue estimates established. Expenditures were less than budgetary estimates in almost every categorical area by a total of \$871,717. Budgetary savings occurred as a result of vacancies in the Police and Public Works Department. Other positive expenditure performance was the result of conscious cost saving measures by Town department leaders.

CAPITAL ASSET AND LONG-TERM OBLIGATIONS

Capital Assets: The Town's investment in capital assets for its governmental operations as of June 30, 2025, totaled \$34,708,389 (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, stormwater infrastructure, vehicular equipment purchases and sidewalk and curbing improvements.

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 \$7,139,495, comprised of its noncurrent liabilities of \$6,609,192 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 decreased by \$334,827. The change was the net effect of the continued pay down of general obligation bonds, subscription, and lease liabilities. Additionally, there was a decrease in the net OPEB liability primarily due to an employer benefit contribution change. As of the fiscal year-end, the Town had a lease liability of \$23,600 and subscription liability of \$88,801. 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:

- Economic uncertainty continued in FY2025. 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 fifty-seven building permits were issued in fiscal year 2025 compared to one hundred and seventy-four building permits issued in fiscal year 2024. Commercial development continued at a brisk pace with the redevelopment of existing retail and construction of new industrial development.

The fiscal year 2026 budget decreased by approximately 6% compared to the Town's amended budget for fiscal year 2025. This is primarily due to spending down all of the remaining ARPA funds. 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. Economic uncertainty due to national and international factors, particularly inflationary pressure, a tight labor market, and Federal government changes 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, 2025

	Primary Governmental Activities	Component Unit Development Authority
ASSETS		
Cash and cash equivalents	\$ 12,694,005	\$ 357,334
Investments	3,771,830	-
Restricted cash and cash equivalents	553,074	-
Receivables, net:		
Property taxes	364,915	-
Other accounts	575,592	-
Due from primary government	-	69,761
Due from other governments	890,776	-
Net other postemployment benefits asset	223,775	-
Capital assets:		
Land	3,793,240	-
Buildings and improvements	15,141,666	-
Machinery and equipment	5,357,736	-
Infrastructure	26,987,242	-
Intangible right-to-use lease machinery and equipment	45,694	-
Intangible right-to-use subscription assets	109,862	-
Software	193,410	-
Construction in progress	1,845,372	-
Less: accumulated depreciation and amortization	(18,765,833)	-
Total assets	53,782,356	427,095
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	58,221	-
Other postemployment benefit related	227,163	-
Pension related	1,133,902	-
Total deferred outflows of resources	1,419,286	-
LIABILITIES		
Accounts and deposits payable	582,868	69,761
Accrued payroll and benefits	534,708	-
Accrued interest	10,477	-
Unearned revenue	339,673	-
Performance bonds payable	308,182	-
Due to component unit	69,761	-
Noncurrent liabilities:		
Due within one year:		
Bonds payable	430,000	-
Compensated absences	70,909	-
Lease liability	8,133	-
Subscription liability	21,261	-
Due in more than one year:		
Bonds payable	5,888,000	-
Compensated absences	638,185	-
Lease liability	15,467	-
Subscription liability	67,540	-
Net other postemployment benefits liability	190,599	-
Net pension liability	972,828	-
Total liabilities	10,148,591	69,761
DEFERRED INFLOWS OF RESOURCES		
Property taxes collected in advance	27,418	-
Other postemployment benefit related	532,984	-
Pension related	610,596	-
Total deferred inflows of resources	1,170,998	-
NET POSITION		
Net investment in capital assets	28,091,545	-
Restricted for:		
Community development	1,420,557	-
Net other postemployment benefits asset	223,775	-
Unrestricted	14,146,176	357,334
Total net position	\$ 43,882,053	\$ 357,334

See Notes to Financial Statements.

TOWN OF ASHLAND, VIRGINIA

STATEMENT OF ACTIVITIES

Year Ended June 30, 2025

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	\$ 2,952,047	\$ 253,027	\$ 194,165	\$ 28,881	\$ (2,475,974)	\$ -
Public safety	3,939,736	210,349	300,913	30,679	(3,397,795)	-
Public works	4,365,140	2,710	581,298	3,051,512	(729,620)	-
Parks, recreation and cultural	511,092	172,373	-	233,898	(104,821)	-
Community development	1,347,691	-	59,458	1,420	(1,286,813)	-
Interest	137,372	-	-	-	(137,372)	-
Total governmental activities	13,253,078	638,459	1,135,834	3,346,390	(8,132,395)	-
Total primary government	\$ 13,253,078	\$ 638,459	\$ 1,135,834	\$ 3,346,390	(8,132,395)	-
Component Unit:						
Economic Development Authority	\$ 260,285	\$ -	\$ -	\$ -	-	(260,285)
Total component unit	\$ 260,285	\$ -	\$ -	\$ -	-	(260,285)
General Revenues:						
Taxes:						
General property taxes					2,014,479	-
Other local taxes:						
Meals					3,942,150	-
Transient occupancy					1,180,704	-
Business license					653,162	-
Local sales and use					1,476,034	-
Other					1,176,767	-
Intergovernmental, non-categorical aid					481,337	-
Payments from the Town of Ashland					-	174,151
Use of money and property					639,596	13,223
Miscellaneous					523,490	-
Total general revenues					12,087,719	187,374
Change in net position					3,955,324	(72,911)
Net Position, beginning as previously reported					40,058,797	430,245
Restatement for GASB 101					(132,068)	-
Net Position, beginning as restated					39,926,729	430,245
Net Position, ending					\$ 43,882,053	\$ 357,334

TOWN OF ASHLAND, VIRGINIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025**

	General	Capital Projects	American Rescue Plan	Nonmajor Governmental Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 5,286,293	\$ 6,069,056	\$ -	\$ 1,338,656	\$ 12,694,005
Investments	3,771,830	-	-	-	3,771,830
Restricted cash and cash equivalents	-	-	553,074	-	553,074
Receivables, net:					
Property taxes	364,915	-	-	-	364,915
Other accounts	575,342	250	-	-	575,592
Due from other governments	251,258	557,617	-	81,901	890,776
Total assets	\$ 10,249,638	\$ 6,626,923	\$ 553,074	\$ 1,420,557	\$ 18,850,192
LIABILITIES					
Accounts and deposits payable	\$ 243,414	\$ 244,664	\$ 94,790	\$ -	\$ 582,868
Accrued payroll and benefits	534,708	-	-	-	534,708
Performance bonds payable	308,182	-	-	-	308,182
Unearned revenue	-	-	339,673	-	339,673
Due to component unit	69,761	-	-	-	69,761
Total liabilities	1,156,065	244,664	434,463	-	1,835,192
DEFERRED INFLOWS OF RESOURCES					
Property taxes collected in advance	27,418	-	-	-	27,418
Unavailable revenue - property taxes	320,796	-	-	-	320,796
Total deferred inflows of resources	348,214	-	-	-	348,214
FUND BALANCES					
Restricted for:					
ARPA	-	-	118,611	-	118,611
Community development	-	-	-	1,420,557	1,420,557
Committed:					
Capital projects	-	6,382,259	-	-	6,382,259
Unassigned	8,745,359	-	-	-	8,745,359
Total fund balances	8,745,359	6,382,259	118,611	1,420,557	16,666,786
Total liabilities, deferred inflows of resources and fund balances	\$ 10,249,638	\$ 6,626,923	\$ 553,074	\$ 1,420,557	\$ 18,850,192

TOWN OF ASHLAND, VIRGINIA

**RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2025**

	Governmental Funds
Total fund balances - governmental funds	\$ 16,666,786
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	\$ 53,474,222
Less: accumulated depreciation and amortization	<u>(18,765,833)</u>
Net capital assets	34,708,389
Net other postemployment benefits asset	223,775
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.	1,419,286
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.	320,796
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	(6,318,000)
Leases liability	(23,600)
Subscription liability	(88,801)
Net other postemployment benefits liability	(190,599)
Net pension liability	(972,828)
Compensated absences	(709,094)
Accrued interest	<u>(10,477)</u>
	(8,313,399)
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>(1,143,580)</u>
Net position of governmental activities	<u><u>\$ 43,882,053</u></u>

TOWN OF ASHLAND, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2025**

	General	Capital Projects	American Rescue Plan	Nonmajor Governmental Fund	Total Governmental Funds
Revenues:					
General property taxes	\$ 2,110,923	\$ -	\$ -	\$ -	\$ 2,110,923
Other local taxes	7,977,987	-	-	450,830	8,428,817
Permits, privilege fees and regulatory licenses	301,677	47,073	-	-	348,750
Fines and forfeitures	111,876	-	-	-	111,876
Use of money and property	431,555	208,041	-	-	639,596
Charges for services	172,373	1,500	-	-	173,873
Miscellaneous	105,675	417,815	-	-	523,490
Recovered costs	3,960	-	-	-	3,960
Intergovernmental	3,094,536	139,802	1,729,223	-	4,963,561
Total revenues	14,310,562	814,231	1,729,223	450,830	17,304,846
Expenditures:					
Current:					
General government administration	2,495,339	-	194,165	-	2,689,504
Public safety	3,798,447	-	-	-	3,798,447
Public works	4,240,847	-	38,240	-	4,279,087
Parks, recreation and cultural	299,944	-	-	-	299,944
Community development	920,217	-	30,000	351,449	1,301,666
Capital outlay	-	1,452,565	1,466,818	-	2,919,383
Debt service:					
Principal	452,233	-	-	-	452,233
Interest	133,564	-	-	-	133,564
Total expenditures	12,340,591	1,452,565	1,729,223	351,449	15,873,828
Revenues over (under) expenditures	1,969,971	(638,334)	-	99,381	1,431,018
Other financing sources (uses):					
Issuance of lease	-	19,980	-	-	19,980
Transfers in (out)	(1,579,602)	1,579,602	-	-	-
Total other financing sources (uses), net	(1,579,602)	1,599,582	-	-	19,980
Net change in fund balances	390,369	961,248	-	99,381	1,450,998
Fund balances, beginning	8,354,990	5,421,011	118,611	1,321,176	15,215,788
Fund balances, ending	\$ 8,745,359	\$ 6,382,259	\$ 118,611	\$ 1,420,557	\$ 16,666,786

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, 2025**

	Governmental Funds	
Net change in fund balances - total governmental funds	\$ 1,450,998	
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	\$ 3,419,139	
Less: depreciation and amortization expense	<u>(1,555,100)</u>	
Excess of capital outlays over depreciation and amortization		1,864,039
The net effect of transactions involving capital assets (i.e. disposals, donations, and transfers) is to decrease net position		(10,315)
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		(96,444)
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.		
Debt issued:		
Lease issuance	(19,980)	
Subscription remeasurement	10,601	
Principal repayments:		
General obligation bonds	422,000	
Subscription liability	21,061	
Lease liability	<u>9,172</u>	
		442,854
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	700	
Amortization of deferred charges on refunding	(4,508)	
Changes in OPEB liabilities and related deferred outflows and inflows of resources	200,125	
Change in pension liabilities and related deferred outflows and inflows of resources	215,902	
Compensated absences	<u>(108,027)</u>	
		<u>304,192</u>
Change in net position of governmental activities		<u><u>\$ 3,955,324</u></u>

TOWN OF ASHLAND, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
Year Ended June 30, 2025**

	General Fund			Variance with Final Budget Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
General property taxes	\$ 1,866,700	\$ 1,866,700	\$ 2,110,923	\$ 244,223
Other local taxes	7,640,500	7,640,500	7,977,987	337,487
Permits, privilege fees and regulatory licenses	282,100	282,100	301,677	19,577
Fines and forfeitures	81,500	81,500	111,876	30,376
Use of money and property	125,500	125,500	431,555	306,055
Charges for services	123,000	123,000	172,373	49,373
Miscellaneous	45,800	65,671	105,675	40,004
Recovered costs	3,200	3,200	3,960	760
Intergovernmental	3,013,486	3,027,343	3,094,536	67,193
Total revenues	13,181,786	13,215,514	14,310,562	1,095,048
Expenditures:				
Current:				
General government administration	2,554,839	2,576,855	2,495,339	(81,516)
Public safety	4,075,010	4,097,836	3,798,447	(299,389)
Public works	4,579,864	4,579,864	4,240,847	(339,017)
Parks, recreation and cultural	309,631	309,631	299,944	(9,687)
Community development	1,043,515	1,043,515	920,217	(123,298)
Nondepartmental	52,680	52,680	-	(52,680)
Debt service:				
Principal	422,000	422,000	452,233	30,233
Interest	129,927	129,927	133,564	3,637
Total expenditures	13,167,466	13,212,308	12,340,591	(871,717)
Revenues over expenditures	14,320	3,206	1,969,971	1,966,765
Other financing uses:				
Transfers out	(1,579,602)	(1,579,602)	(1,579,602)	-
Total other financing uses	(1,579,602)	(1,579,602)	(1,579,602)	-
Net change in fund balance	\$ (1,565,282)	\$ (1,576,396)	390,369	\$ 1,966,765
Fund balance, beginning			<u>8,354,990</u>	
Fund balance, ending			<u>\$ 8,745,359</u>	

TOWN OF ASHLAND, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – AMERICAN RESCUE PLAN FUND
Year Ended June 30, 2025**

	American Rescue Plan Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Revenue from the federal government:	\$ -	\$ -	\$ 1,729,223	\$ 1,729,223
Total revenues	-	-	1,729,223	1,729,223
Expenditures:				
General government administration	183,671	178,899	194,165	15,266
Public safety	2,000	38,240	38,240	-
Community development	30,000	30,000	30,000	-
Capital outlay	1,589,266	1,831,432	1,466,818	(364,614)
Total expenditures	1,804,937	2,078,571	1,729,223	(349,348)
Revenues under expenditures	(1,804,937)	(2,078,571)	-	2,078,571
Net change in fund balance	(1,804,937)	(2,078,571)	-	2,078,571
Fund balance, beginning	1,788,307	2,061,941	118,611	(1,943,330)
Fund balance, ending	\$ (16,630)	\$ (16,630)	\$ 118,611	\$ 135,241

TOWN OF ASHLAND, VIRGINIA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUND

June 30, 2025

	OPEB Trust Fund
<hr/>	
ASSETS	
Cash and cash equivalents	\$ 3,069,489
	<hr/>
Total assets	3,069,489
	<hr/>
NET POSITION	
Restricted for other postemployment benefits (OPEB)	\$ 3,069,489
	<hr/> <hr/>

TOWN OF ASHLAND, VIRGINIA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
Year Ended June 30, 2025**

	OPEB Trust Fund
Additions:	
Contributions:	
Employer	\$ 62,020
Plan members	<u>85,072</u>
Total contributions	<u>147,092</u>
Investment income:	
From investment activities:	
Interest and dividends earned on investments	1,548
Net increase in fair value of investments	<u>243,131</u>
Total income from investment activities	<u>244,679</u>
Total additions	<u>391,771</u>
Deductions:	
Administrative fees	3,070
Benefits paid	<u>85,072</u>
Total deductions	<u>88,142</u>
Change in net position	303,629
Net position, beginning	<u>2,765,860</u>
Net position, ending	<u>\$ 3,069,489</u>

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. During the current year, the Town adopted GASB Statement No. 101, *Compensated Absences* and No. 102, *Certain Risk Disclosures*, that were effective for fiscal year 2025. As required by GAAP, these financial statements present the activities of the Town and its component unit.

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, 2025. 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, 2025 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 2025. 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. Any remaining governmental funds are aggregated and reported as nonmajor governmental funds. Currently the Town only reports the Central Virginia Transportation Authority fund as part of its 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, Capital Projects Fund, and the American Rescue Plan Act 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, 2025, 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. The Town has no impaired capital assets.

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	5 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 lease 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, 2025, the Town did not have any lessor agreements as described above.

5) Subscription-based information technology arrangements (SBITAs)

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.

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.

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)

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.

7) Compensated Absences

The Town permits employees to accumulate earned but unused vacation and sick leave benefits. In accordance with GASB Statement No. 101, liabilities for compensated absences are recognized for:

- Leave that has not been used, if it is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid or settled.
- Leave that has been used but not yet paid or settled.

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 (Continued)

The Town does not recognize a liability for sick leave balances that are not expected to be paid or settled, such as those forfeited upon separation from service. However, under GASB 101, the Town evaluates historical usage patterns and employment policies to determine the portion of sick leave that is more likely than not to be used.

Employees may earn up to 256 hours of vacation annually, depending on years of service, and may accumulate up to 344 hours. Vacation leave is considered more likely than not to be used or paid and is therefore recognized as a liability.

The Town uses the LIFO (Last-In, First-Out) flows assumption for compensated absences. Under this method, it is assumed that employees use the most recently earned leave first.

In the government-wide fund financial statements, all compensated absences are accrued when incurred. In governmental fund financial statements, expenditures are recognized only when the liability has matured, such as through employee resignation or 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;

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)

- *Committed fund balance* – amounts that can be used only for specific purposes determined by a formal action of the Town’s highest level of decision-making authority. The Town Council is the highest level of decision-making authority that can, by adoption of an ordinance, prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation;
- *Assigned fund balance* – amounts constrained by the Town's intent but are neither restricted or committed; and
- *Unassigned fund balance* – residual balance of the General Fund that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

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 24, 2025, 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 \$9,031,486, 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 \$3,771,830, 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's OPEB trust fund is a participant in the Virginia Pooled OPEB Trust (VACo/VML Pooled OPEB Trust). The Trust is an irrevocable trust offered to local governments and authorities and is governed by a Board of Trustees consisting of local officials participating in the Trust. Funds of participating jurisdictions are pooled and are invested in the name of the Virginia Pooled OPEB Trust. The reported value of the pool is measured at the Net Asset Value per share of the investments and can be redeemed on demand for use against qualified OPEB benefit costs. The Board of Trustees of the Virginia Pooled OPEB Trust has adopted an investment policy to achieve a compound annualized total rate of return over a market cycle, including current income and capital appreciation, in excess of 5.0 percent after inflation, in a manner consistent with prudent risk-taking. Investment decisions for the funds' assets are made by the Board of Trustees. The Board of Trustees establishes investment objectives, risk tolerance and asset allocation policies in light of the purpose of the Fund, market and economic conditions, and generally prevailing prudent investment practices. In addition, they will oversee adherence to the investment policy.

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Investment Policy (continued): The Board of Trustees review, monitor, and evaluate the performance of the investments and its investment advisors in light of available investment opportunities, market conditions, and publicly available indices for the generally accepted evaluation and measurement of such performance. Specific investment information for the Virginia Pooled OPEB Trust can be obtained by writing to VML/VACo Finance Program, 919 East Main Street Suite 1100, 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.

Investment Type	Fair Value	1 - 5 Years
LGIP Extended Maturity	\$ 3,771,830	\$ 3,771,830
Total	\$ 3,771,830	\$ 3,771,830

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, 2025:

- 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, except for its investments in the LGIP portfolio and the State Street money market fund, which are stated at amortized cost.
- 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, 2025 for the Town, including the allowance for uncollectible accounts, are as follows:

	Governmental Funds
Property taxes	\$ 546,483
Other accounts	575,592
Gross receivables	1,122,075
Less allowance for uncollectable accounts (property taxes)	(181,568)
Net receivables	\$ 940,507

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
<hr/>	
General Fund:	
Other local governments:	
County of Hanover:	
Local sales and use taxes	\$ 187,789
Fines and forfeitures	20,039
	<hr/>
	207,828
Commonwealth of Virginia:	
Communications sales and use taxes	28,723
Automobile rental tax	14,707
	<hr/>
	43,430
	<hr/>
Total General Fund	251,258
	<hr/>
CVTA Special Revenue Fund:	
Commonwealth of Virginia:	
Central Virginia Transit Authority	81,901
	<hr/>
Total CVTA Special Revenue Fund	81,901
	<hr/>
Capital Projects Fund:	
Other local governments:	
County of Hanover:	
England Street Waterline Project	417,815
	<hr/>
Commonwealth of Virginia:	
Virginia Department of Environmental Quality	139,802
	<hr/>
Total Capital Projects Fund	557,617
	<hr/>
Total due from other governments	\$ 890,776
	<hr/> <hr/>

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets

Capital asset activities for the year ended June 30, 2025 are as follows:

	Beginning Balance				Ending Balance
	June 30, 2024	Additions	Deletions	Transfers	June 30, 2025
Primary Government:					
Capital assets not being depreciated or amortized:					
Land	\$ 3,704,422	\$ -	\$ -	\$ 88,818	\$ 3,793,240
Construction in progress	961,504	2,010,524	-	(1,126,656)	1,845,372
Total capital assets not being depreciated or amortized	4,665,926	2,010,524	-	(1,037,838)	5,638,612
Capital assets being depreciated or amortized:					
Buildings and improvements	15,065,255	76,411	-	-	15,141,666
Machinery and equipment	5,045,794	278,297	-	33,645	5,357,736
Infrastructure	24,949,123	1,033,926	-	1,004,193	26,987,242
Software	193,410	-	-	-	193,410
Intangible right-to-use subscription assets	140,807	-	(30,945)	-	109,862
Intangible right-to-use lease machinery and equipment	39,653	19,981	(13,940)	-	45,694
Total capital assets being depreciated or amortized	45,434,042	1,408,615	(44,885)	1,037,838	47,835,610
Less accumulated depreciation or amortization for:					
Buildings and improvements	(3,364,286)	(394,324)	-	-	(3,758,610)
Machinery and equipment	(3,452,257)	(422,767)	-	-	(3,875,024)
Infrastructure	(10,187,431)	(706,939)	-	-	(10,894,370)
Software	(193,411)	-	-	-	(193,411)
Intangible right-to-use subscription assets	(20,630)	(21,972)	20,630	-	(21,972)
Intangible right-to-use lease machinery and equipment	(27,288)	(9,098)	13,940	-	(22,446)
Total accumulated depreciation or amortization	(17,245,303)	(1,555,100)	34,570	-	(18,765,833)
Total capital assets being depreciated or amortized, net	28,188,739	(146,485)	(10,315)	1,037,838	29,069,777
Governmental activities capital assets, net	\$ 32,854,665	\$ 1,864,039	\$ (10,315)	\$ -	\$ 34,708,389

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	\$ 225,704
Public safety	265,593
Public works	817,428
Parks, recreation and cultural	204,034
Community development	42,341
Total depreciation and amortization expense - governmental activities	<u><u>\$ 1,555,100</u></u>

Note 6. Interfund Transfers

Interfund transfers for the year ended June 30, 2025 consisted of the following:

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ 1,579,602
Capital Projects Fund	1,579,602	-
Total	<u><u>\$ 1,579,602</u></u>	<u><u>\$ 1,579,602</u></u>

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, 2025:

	Beginning Balance *	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 6,740,000	\$ -	\$ (422,000)	\$ 6,318,000	\$ 430,000
Compensated absences payable	601,067	108,027	-	709,094	70,909
Subscription liability	120,463	-	(31,662)	88,801	21,261
Lease liability	12,792	19,980	(9,172)	23,600	8,133
Governmental activities long-term liabilities	<u><u>\$ 7,474,322</u></u>	<u><u>\$ 128,007</u></u>	<u><u>\$ (462,834)</u></u>	<u><u>\$ 7,139,495</u></u>	<u><u>\$ 530,303</u></u>

* Beginning balance was restated with the implementation of GASB 101. See Note 15.

*As of June 30, 2025, the increase in the liability is a net change for the year. The increase includes new accruals for sick leave based on historical usage in compliance with GASB Statement No. 101.

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Obligations (Continued)

\$8,623,000 general obligation bond issued to refund the Series 2018 general obligation bond, due in annual principal installments ranging from \$430,000 to \$546,000 through December 2037, plus interest payable semi-annually at 1.99%.	<u>\$ 6,318,000</u>
Total General Obligation Bonds	<u><u>\$ 6,318,000</u></u>

Leases Liabilities

During the current fiscal year, the Town had a five-year lease agreement as lessee for equipment. As of June 30, 2025, the value of the lease liability was \$23,600. The Town is required to make monthly principal and interest payments ranging from \$342 to \$409. The leases have an interest rate ranging from 2.3% to 2.58%. The equipment have a five-year estimated useful life. The value of the intangible right-to-use lease assets as of the end of the current fiscal year was \$45,694 and had accumulated amortization of \$22,446.

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

<u>Year(s) Ending June 30,</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 430,000	\$ 121,450
2027	439,000	112,803
2028	447,000	103,987
2029	456,000	95,003
2030	466,000	85,829
2031 - 2035	2,474,000	284,869
2036 - 2038	1,606,000	48,377
	<u>\$ 6,318,000</u>	<u>\$ 852,318</u>

<u>Year Ending June 30,</u>	<u>Leases</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 8,133	\$ 499
2027	5,155	336
2028	4,045	218
2029	4,151	113
2030	2,116	16
	<u>\$ 23,600</u>	<u>\$ 1,182</u>

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Obligations (Continued)

Subscription liabilities

During the current fiscal year, the Town had a subscription agreement for software for five years. As of June 30, 2025, the value of the subscription liability was \$88,801. The Town is required to make annual principal and interest payments of \$23,827. The subscription has an interest rate of 2.89%. The subscription has an estimated useful life of five years. The value of the intangible right-to-use subscription asset as of the end of the current fiscal year was \$109,862 and had accumulated amortization of \$21,972.

Year Ending June 30,	Subscriptions	
	Principal	Interest
2026	\$ 21,261	\$ 2,566
2027	21,875	1,952
2028	22,507	1,320
2029	23,158	669
	<u>\$ 88,801</u>	<u>\$ 6,507</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 \$13.4 million at June 1, 2025 (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 available at:

- <https://www.varetire.org/members/benefits/defined-benefit/plan1.asp>,
- <https://www.varetire.org/members/benefits/defined-benefit/plan2.asp>,
- <https://www.varetirement.org/hybrid.html>.

B. Employees Covered by Benefit Terms

As of the June 30, 2023, actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>71</u>
Inactive members:	
Vested	22
Non-vested	33
Active elsewhere in VRS	<u>41</u>
Total inactive members	<u>96</u>
Active members	<u>56</u>
Total covered employees	<u><u>223</u></u>

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, 2025 was 13.86% of covered compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

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 \$675,994 and \$569,836 for the years ended June 30, 2025 and 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$5,931 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$11,633 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$1,261,954 for the year ended June 30, 2025.

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, 2024. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of June 30, 2023 rolled forward to the measurement date of June 30, 2024.

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, 2023, 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, 2024.

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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 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. 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, 2023, 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, 2024.

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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 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 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	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	(3.00%)	3.50%	(0.11%)
Total	100.00%		7.07%
		* Expected arithmetic nominal return	7.07%

* The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). 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 7.10%, including expected inflation of 2.50%.

On June 15, 2023, the VRS Board elected a long-term rate of 6.75%, which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, 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. For the year ended June 30, 2024, the employer contribution rate is 100% of the actuarially determined employer contribution rate from the June 30, 2023, actuarial valuations. From July 1, 2024, 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
Balances at June 30, 2023	\$ 21,549,910	\$ 20,655,183	\$ 894,727
Changes for the Year:			
Service cost	570,255	-	570,255
Interest	1,458,003	-	1,458,003
Difference between expected and actual experience	818,465	-	818,465
Contributions – employer	-	569,836	(569,836)
Contributions – employee	-	208,933	(208,933)
Net investment income	-	2,002,509	(2,002,509)
Benefit payments, including refunds of employee contributions	(1,040,239)	(1,040,239)	-
Administrative expense	-	(13,076)	13,076
Other changes	-	420	(420)
Net changes	1,806,484	1,728,383	78,101
Balances at June 30, 2024	\$ 23,356,394	\$ 22,383,566	\$ 972,828

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)	\$ 3,948,983	\$ 972,828	\$ (1,444,429)

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

For the year ended June 30, 2025, the Town recognized pension expense of \$460,092. At June 30, 2025, 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	\$ 457,908	\$ (28,872)
Net difference between projected and actual earnings on pension plan investments	-	(581,724)
Employer contributions subsequent to the measurement date	675,994	-
Total	\$ 1,133,902	\$ (610,596)

The \$675,994 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, 2026. 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
2026	\$ (170,541)
2027	255,340
2028	(113,979)
2029	(123,508)
	<u>\$ (152,688)</u>

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 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at varetire.org/media/shared/pdf/publications/2024-annual-report.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, 2025, the Town and plan members contributed \$147,092 to the Trust Fund. Administrative expenses allocated to the Trust Fund during the fiscal year ended June 30, 2025 totaled \$3,070. 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, 2025, the two plans had the following balances reported in the government-wide financial statements:

	Net OPEB Liability (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense (Credit)
Retiree Healthcare Plan	\$ (223,775)	\$ 166,225	\$ 496,337	\$ (33,499)
Group Life Insurance	190,599	60,938	36,647	3,552
	<u>\$ (33,176)</u>	<u>\$ 227,163</u>	<u>\$ 532,984</u>	<u>\$ (29,947)</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
<p><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.</p>
<p><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.</p>
<p><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. New Benefit Provisions: Effective July 1, 2023, the Town also provides an additional \$15 per month to be used towards the purchase of supplemental prescription drug, dental, or vision plan. <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. New Benefit Provisions: Effective July 1, 2023, the Town provides monthly contributions equal to \$50, plus an additional \$5 for each year of Town service. Retirees are responsible for the excess of their total premium cost over the Town’s contribution.</p>
<p><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.</p>
<p><i>Death Benefit</i> The plan does not include a pre-retirement death benefit.</p>
<p><i>Withdrawal Benefit</i> The plan does not include a withdrawal benefit.</p>
<p><i>Benefit Service</i> Benefit service is credited from the date of hire with the Town.</p>

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

	<u>Number</u>
Inactive employees or beneficiaries currently receiving benefit payments	18
Active employees	<u>54</u>
Total	<u><u>72</u></u>

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, 2025, the Town’s average contribution rate was 3.77 percent of covered-employee payroll. Employees are not required to contribute to the plan.

D. Net Retiree Healthcare OPEB Asset

The Town’s net Retiree Healthcare OPEB asset of \$(223,775) was measured as of June 30, 2025, 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, 2023.

E. Actuarial Assumptions

The total Retiree Healthcare Plan OPEB liability was based on an actuarial valuation as of July 1, 2023, 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: 5.5% graded down to 3.9% over 50 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 (Asset)

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balance at June 30, 2024	\$ 2,701,835	\$ 2,765,860	\$ (64,025)
Changes for the year:			
Service cost	52,632	-	52,632
Interest	176,319	-	176,319
Benefit payments	(85,072)	(85,072)	-
Employer contributions	-	147,092	(147,092)
Net investment income	-	244,679	(244,679)
Administrative expenses	-	(3,070)	3,070
Net changes	143,879	303,629	(159,750)
Balance at June 30, 2025	\$ 2,845,714	\$ 3,069,489	\$ (223,775)

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%	2.35%	2.20%
US Large Cap US Equities	21.00%	5.39%	3.78%
US Small Cap US Equities	10.00%	6.80%	4.22%
Foreign Developed Equities	13.00%	6.61%	4.79%
Emerging Market Equities	5.00%	8.78%	5.73%
Private Real Estate Property	15.00%	5.99%	4.57%
Private Equities	10.00%	10.43%	6.22%
Hedge Funds / Absolute Return	6.00%	2.49%	1.95%
	100.00%		
Assumed Inflation - Mean		2.28%	2.28%
Assumed Inflation - Standard Deviation		1.47%	1.47%
Portfolio Real Mean Return		5.67%	4.74%
Portfolio Nominal Mean Return		7.95%	7.13%
Portfolio Standard Deviation			13.32%
Long-Term Expected Rate of Return			6.50%

H. Discount Rate

The discount rate used to measure the total OPEB liability (asset) 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 (asset).

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 (Asset) to Changes in the Discount Rate

The following presents the net OPEB liability (asset) of the Town, as well as what the Town’s net OPEB liability (asset) 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	\$ 3,211,132	\$ 2,845,714	\$ 2,538,595
Fiduciary Net Position	3,069,489	3,069,489	3,069,489
Net OPEB Liability (Asset)	<u>\$ 141,643</u>	<u>\$ (223,775)</u>	<u>\$ (530,894)</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 (asset) of the Town, as well as what the Town’s net OPEB liability (asset) 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	\$ 2,488,011	\$ 2,845,714	\$ 3,280,132
Fiduciary Net Position	3,069,489	3,069,489	3,069,489
Net OPEB Liability (Asset)	<u>\$ (581,478)</u>	<u>\$ (223,775)</u>	<u>\$ 210,643</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 Credit and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the Town recognized Retiree Healthcare OPEB credit of \$(33,499). At June 30, 2025, 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	\$ 68,353	\$ (416,176)
Changes of assumptions	97,872	(50,959)
Net difference between projected and actual earnings on OPEB program investments	-	(29,202)
Total	<u>\$ 166,225</u>	<u>\$ (496,337)</u>

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits (Continued)

1. Retiree Healthcare Plan (Continued)

L. Retiree Healthcare OPEB Credit 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:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ (11,712)
2027	(101,447)
2028	(106,971)
2029	(70,069)
2030	<u>(39,913)</u>
Total	<u><u>\$ (330,112)</u></u>

2. Group Life Insurance Program

A. Plan Description

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

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

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits (Continued)

2. Group Life Insurance Program (Continued)

A. Plan Description (Continued)

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

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
<p><i>Eligible Employees</i> 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> 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> 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> 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 \$9,532 as of June 30, 2025.</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 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% X 60%) and the employer component was 0.47% (1.18% 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, 2025 was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. 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 \$22,923 and \$23,519 for the years ended June 30, 2025 and 2024, respectively.

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

At June 30, 2025, the Town's reported liability for its proportionate share of the net GLI OPEB liabilities was \$190,599. The net GLI OPEB liability was measured as of June 30, 2024 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, 2023, and rolled forward to the measurement date of June 30, 2024. The covered employers' proportion of the net GLI OPEB liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the Town's portion was 0.01708% as compared to 0.01715% at June 30, 2023.

For the year ended June 30, 2025, the Town recognized GLI OPEB expense of \$3,552. 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, 2025, 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	\$ 30,062	\$ (4,656)
Net difference between projected and actual earnings on GLI OPEB program investments	-	(16,066)
Change in assumptions	1,086	(9,446)
Changes in proportionate share	6,867	(6,479)
Employer contributions subsequent to the measurement date	22,923	-
Total	\$ 60,938	\$ (36,647)

The \$22,923 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, 2026. 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
2026	\$ (9,397)
2027	2,801
2028	2,392
2029	2,738
2030	2,834
Total	\$ 1,368

D. Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2023, 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, 2024.

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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 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. 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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 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

E. 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, 2024, NOL amounts (in thousands) for the GLI are as follows (in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB liability	\$ 4,196,055
Plan fiduciary net position	<u>3,080,133</u>
GLI net OPEB liability	<u>\$ 1,115,922</u>

Plan fiduciary net position as a percentage of the total GLI OPEB liability 73.41%

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)

F. 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	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	(3.00%)	3.50%	(0.11%)
Total	100.00%		7.07%

* Expected arithmetic nominal return

7.07%

* The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). 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 7.10%, including expected inflation of 2.50%.

On June 15, 2023, the VRS Board elected a long-term rate of 6.75%, which is roughly the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, 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)

G. 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, 2024, 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 113% of the actuarially determined contribution rate. From July 1, 2024 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.

H. 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	\$ 296,407	\$ 190,599	\$ 105,121

I. GLI Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2024-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, 2025, GASB had issued statements not yet implemented by the Town. The statements which might impact the Town are as follows:

GASB Statement No. 103, *Financial Reporting Model Improvements*, provides guidance to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. Statement 103 will be effective for the Town beginning with its year ending June 30, 2026.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, provides users of government financial statements with essential information about certain types of capital assets. This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

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 \$236,832 were provided during the year ended June 30, 2025, represented 50% of the taxes generated from projects.

TOWN OF ASHLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 15. Change in Accounting Principle

In fiscal year 2025, the Town implemented GASB Statement No. 101, *Compensated Absences*, as a change in accounting principle. Statement 101 requires recognizing a liability for compensated absences, including certain amounts not previously accrued, and related salary-based payments. The standard has been applied retroactively, resulting in a restatement of beginning net position as show below.

Net position, end of year, as previously reported	\$ 40,058,797
Implementation of GASB Statement No. 101, <i>Compensated Absences</i>	(132,068)
Net position, June 30, 2024, as restated	<u>\$ 39,926,729</u>

Note 16. Subsequent Events

In June 2025, the Town was awarded a \$421,200 grant from the U.S. Department of Transportation Federal Railroad Administration for an At-Grade Crossing Study. This grant does require a local match of \$105,300. There was no activity on the grant prior to June 30, 2025, therefore it is disclosed but not recorded in the accompanying financial statements.

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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Pension Liability										
Service cost	\$ 422,045	\$ 423,410	\$ 439,647	\$ 433,809	\$ 421,206	\$ 457,195	\$ 467,560	\$ 483,369	\$ 533,133	\$ 570,255
Interest	919,423	930,643	985,287	1,043,033	1,090,109	1,130,844	1,192,201	1,324,274	1,402,539	1,458,003
Difference between expected and actual experience	(664,104)	(12,340)	71,604	(121,573)	(109,450)	261,112	18,207	242,958	(146,716)	818,465
Assumption changes	-	-	(50,661)	-	521,400	-	805,999	-	-	-
Benefit payments, including refunds of employee contributions	(502,233)	(531,917)	(590,249)	(651,629)	(713,877)	(772,120)	(1,108,197)	(913,218)	(968,539)	(1,040,239)
Net change in total pension liability	175,131	809,796	855,628	703,640	1,209,388	1,077,031	1,375,770	1,137,383	820,417	1,806,484
Total pension liability - beginning	13,385,726	13,560,857	14,370,653	15,226,281	15,929,921	17,139,309	18,216,340	19,592,110	20,729,493	21,549,910
Total pension liability - ending (a)	\$ 13,560,857	\$ 14,370,653	\$ 15,226,281	\$ 15,929,921	\$ 17,139,309	\$ 18,216,340	\$ 19,592,110	\$ 20,729,493	\$ 21,549,910	\$ 23,356,394
Plan Fiduciary Net Position										
Contributions - employer	\$ 399,899	\$ 414,669	\$ 326,438	\$ 338,777	\$ 326,545	\$ 336,998	\$ 331,930	\$ 358,637	\$ 526,195	\$ 569,836
Contributions - employee	153,253	156,949	182,391	182,941	192,298	231,109	256,190	174,887	192,130	208,933
Net investment income (loss)	557,131	225,268	1,578,406	1,064,626	1,023,406	306,938	4,377,468	(19,092)	1,269,723	2,002,509
Benefit payments, including refunds of employee contributions	(502,233)	(531,917)	(590,249)	(651,629)	(713,877)	(772,120)	(1,108,197)	(913,218)	(968,539)	(1,040,239)
Administrative expense	(7,463)	(7,775)	(9,029)	(9,126)	(10,085)	(10,453)	(11,072)	(12,525)	(12,594)	(13,076)
Other	(117)	(94)	(1,405)	(950)	(644)	(366)	412	462	511	420
Net change in plan fiduciary net position	600,470	257,100	1,486,552	924,639	817,643	92,106	3,846,731	(410,849)	1,007,426	1,728,383
Plan fiduciary net position - beginning	12,033,365	12,633,835	12,890,935	14,377,487	15,302,126	16,119,769	16,211,875	20,058,606	19,647,757	20,655,183
Plan fiduciary net position - ending (b)	\$ 12,633,835	\$ 12,890,935	\$ 14,377,487	\$ 15,302,126	\$ 16,119,769	\$ 16,211,875	\$ 20,058,606	\$ 19,647,757	\$ 20,655,183	\$ 22,383,566
The Town's net pension liability (asset) - ending (a) - (b)	\$ 927,022	\$ 1,479,718	\$ 848,794	\$ 627,795	\$ 1,019,540	\$ 2,004,465	\$ (466,496)	\$ 1,081,736	\$ 894,727	\$ 972,828
Plan fiduciary net position as a percentage of the total pension liability (asset)	93.16%	89.70%	94.43%	96.06%	94.05%	89.00%	102.38%	94.78%	95.85%	95.83%
Covered payroll	\$ 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	\$ 4,385,953
The Town's net pension liability (asset) as a percentage of covered payroll	30.51%	46.96%	26.76%	19.07%	30.88%	58.83%	-14.60%	31.34%	23.30%	22.18%

TOWN OF ASHLAND, VIRGINIA

SCHEDULE OF TOWN CONTRIBUTIONS – VIRGINIA RETIREMENT SYSTEM

	Fiscal Year June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contribution (CRC)	\$ 414,669	\$ 326,438	\$ 338,777	\$ 326,545	\$ 336,998	\$ 331,930	\$ 358,637	\$ 526,195	\$ 569,836	\$ 675,994
Contributions in relation to the CRC	414,669	326,438	338,777	326,545	336,998	331,930	358,637	526,195	569,836	675,994
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 3,150,980	\$ 3,172,381	\$ 3,292,293	\$ 3,301,769	\$ 3,407,462	\$ 3,194,706	\$ 3,451,752	\$ 3,840,839	\$ 4,385,953	\$ 4,877,299
Contributions as a percentage of covered payroll	13.16%	10.29%	10.29%	9.89%	9.89%	10.39%	10.39%	13.70%	12.99%	13.86%

TOWN OF ASHLAND, VIRGINIA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
VIRGINIA RETIREMENT SYSTEM
Year Ended June 30, 2025**

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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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

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

	Fiscal Year June 30,							
	2018	2019	2020	2021	2022	2023	2024	2025
Total OPEB Liability								
Service cost	\$ 56,594	\$ 60,556	\$ 72,288	\$ 70,631	\$ 60,932	\$ 60,836	\$ 62,124	\$ 52,632
Interest	139,876	148,086	171,449	172,482	181,142	164,694	185,959	176,319
Effect of plan changes	-	-	-	-	-	84,601	-	-
Difference between expected and actual experience	-	-	246,655	-	(365,948)	-	(349,276)	-
Changes of assumptions	-	146,141	(123,312)	-	(36,541)	98,758	43,251	-
Benefit payments, including refunds of employee contributions	(85,314)	(80,868)	(101,401)	(104,397)	(95,858)	(89,048)	(76,815)	(85,072)
Net change in total OPEB liability	111,156	273,915	265,679	138,716	(256,273)	319,841	(134,757)	143,879
Total OPEB liability - beginning	1,983,558	2,094,714	2,368,629	2,634,308	2,773,024	2,516,751	2,836,592	2,701,835
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>	<u>\$ 2,701,835</u>	<u>\$ 2,845,714</u>
Plan Fiduciary Net Position								
Contributions - employer	\$ 200,514	\$ 212,868	\$ 237,401	\$ 242,292	\$ 238,975	\$ 158,662	\$ 137,029	\$ 147,092
Net investment income	109,538	67,596	49,161	510,863	(228,671)	172,130	234,469	244,679
Benefit payments, including refunds of employee contributions	(85,314)	(80,868)	(101,401)	(104,397)	(95,858)	(89,048)	(76,815)	(85,072)
Administrative expense	(1,770)	(1,935)	(2,264)	(2,406)	(3,001)	(2,265)	(2,925)	(3,070)
Net change in plan fiduciary net position	222,968	197,661	182,897	646,352	(88,555)	239,479	291,758	303,629
Plan fiduciary net position - beginning	1,073,300	1,296,268	1,493,929	1,676,826	2,323,178	2,234,623	2,474,102	2,765,860
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>	<u>\$ 2,765,860</u>	<u>\$ 3,069,489</u>
The Town's net OPEB liability (asset) - 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>	<u>\$ (64,025)</u>	<u>\$ (223,775)</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%	102.37%	107.86%
Covered payroll	\$ 3,356,524	\$ 3,407,808	\$ 3,523,846	\$ 3,356,391	\$ 3,490,926	\$ 3,170,436	\$ 3,903,155	\$ 3,903,155
The Town's net OPEB liability (asset) as a percentage of covered payroll	23.79%	25.67%	27.17%	13.40%	8.08%	11.43%	-1.64%	-5.73%

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	2024	2025
Contractually required contribution (CRC)	\$ 200,514	\$ 212,868	\$ 237,401	\$ 242,292	\$ 238,975	\$ 158,662	\$ 137,029	\$ 147,092
Contributions in relation to the CRC	200,514	212,868	237,401	242,292	238,975	158,662	137,029	147,092
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	\$ 3,903,155	\$ 3,903,155
Contributions as a percentage of covered payroll	5.97%	6.25%	6.74%	7.22%	6.85%	5.00%	3.51%	3.77%

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	2023	2024
Employer's proportion of the net GLI OPEB liability	0.01730%	0.01765%	0.01738%	0.01733%	0.01626%	0.01678%	0.01715%	0.01708%
Employer's proportionate share of the net GLI OPEB liability	\$ 260,000	\$ 269,000	\$ 282,818	\$ 289,210	\$ 189,310	\$ 202,047	\$ 205,682	\$ 190,599
Employer's covered payroll	3,191,793	3,356,524	3,407,808	3,523,846	3,356,391	3,490,926	4,039,259	4,355,370
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%	5.09%	4.38%
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%	69.30%	73.41%

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,										
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Contractually required contribution (CRC)	\$ 16,739	\$ 16,597	\$ 17,454	\$ 17,721	\$ 18,324	\$ 18,125	\$ 18,851	\$ 21,812	\$ 23,519	\$ 22,923	
Contributions in relation to the CRC	16,739	16,597	17,454	17,721	18,324	18,125	18,851	21,812	23,519	22,923	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Employer's covered payroll	\$ 3,158,341	\$ 3,191,793	\$ 3,356,524	\$ 3,407,808	\$ 3,523,846	\$ 3,356,391	\$ 3,490,926	\$ 4,039,259	\$ 4,355,370	\$ 4,877,299	
Contributions as a percentage of covered payroll	0.53%	0.52%	0.52%	0.52%	0.52%	0.54%	0.54%	0.54%	0.54%	0.47%	

TOWN OF ASHLAND, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OTHER POSTEMPLOYMENT BENEFITS Year Ended June 30, 2025

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, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. 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, 2025**

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – CENTRAL VIRGINIA TRANSPORTATION AUTHORITY FUND
Year Ended June 30, 2025**

	Central Virginia Transportation Authority Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Other local taxes	\$ 1,439,046	\$ 1,439,046	\$ 450,830	\$ (988,216)
Total revenues	1,439,046	1,439,046	450,830	(988,216)
Expenditures:				
Other expenses	1,814,046	1,439,046	351,449	(1,087,597)
Total expenditures	1,814,046	1,439,046	351,449	(1,087,597)
Revenues over (under) expenditures	(375,000)	-	99,381	99,381
Net change in fund balance	(375,000)	-	99,381	99,381
Fund balance, beginning	-	-	1,321,176	1,321,176
Fund balance, ending	\$ (375,000)	\$ -	\$ 1,420,557	\$ 1,420,557

TOWN OF ASHLAND, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – CAPITAL PROJECTS FUND
Year Ended June 30, 2025**

	Capital Projects Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Use of money	\$ 50,000	\$ 50,000	\$ 208,041	\$ 158,041
Charges for services	1,400	1,400	1,500	100
Permits, privilege fees and regulatory licenses	21,998	21,998	47,073	25,075
Miscellaneous	500,000	500,000	417,815	(82,185)
Intergovernmental	209,366	209,366	139,802	(69,564)
Total revenues	782,764	782,764	814,231	31,467
Expenditures:				
Capital outlay	6,045,107	6,801,957	1,452,565	(5,349,392)
Total expenditures	6,045,107	6,801,957	1,452,565	(5,349,392)
Revenues under expenditures	(5,262,343)	(6,019,193)	(638,334)	5,380,859
Other financing sources:				
Issuance of lease	-	-	19,980	19,980
Transfers in	1,579,602	1,579,602	1,579,602	-
Total other financing sources	1,579,602	1,579,602	1,599,582	19,980
Net change in fund balance	(3,682,741)	(4,439,591)	961,248	5,400,839
Fund balance, beginning	4,153,218	4,439,591	5,421,011	981,420
Fund balance, ending	\$ 470,477	\$ -	\$ 6,382,259	\$ 6,382,259

TOWN OF ASHLAND, VIRGINIA

**STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT – ECONOMIC DEVELOPMENT
AUTHORITY**

June 30, 2025

	Economic Development Authority
<hr/>	
ASSETS	
Cash and cash equivalents	\$ 357,334
Due from primary government	<u>69,761</u>
Total assets	<u>427,095</u>
LIABILITIES	
Accounts payable	<u>69,761</u>
Total liabilities	<u>69,761</u>
NET POSITION	
Unrestricted	<u>357,334</u>
Total net position	<u><u>\$ 357,334</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, 2025

	Economic Development Authority
Operating expenses:	
EDA supplies and expenses	\$ 260,285
Total operating expenses	<u>260,285</u>
Operating loss	<u>(260,285)</u>
Nonoperating revenue:	
Contributions from the Primary Government	174,151
Interest earnings	<u>13,223</u>
Total nonoperating revenue	<u>187,374</u>
Change in net position	(72,911)
Total net position, beginning	<u>430,245</u>
Total net position, ending	<u><u>\$ 357,334</u></u>

TOWN OF ASHLAND, VIRGINIA

**STATEMENT OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNIT – ECONOMIC DEVELOPMENT
AUTHORITY**

Year Ended June 30, 2025

	Economic Development Authority
<hr/>	
Cash Flows From Operating Activities:	
Payments for operating activities	\$ (260,285)
	<hr/>
Net cash used in operating activities	(260,285)
	<hr/>
Cash Flows From Noncapital and related Financing Activities:	
Contributions from Primary Government	174,151
	<hr/>
Net cash provided by noncapital financing activities	174,151
	<hr/>
Cash Flows From Investing Activities:	
Interest received	13,223
	<hr/>
Net cash provided by investing activities	13,223
	<hr/>
Decrease in cash and cash equivalents	(72,911)
	<hr/>
Cash, cash equivalents and temporary cash investments:	
Beginning	430,245
	<hr/>
Ending	\$ 357,334
	<hr/> <hr/>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (260,285)
Increase in due from primary government	(35,311)
Increase in accounts payable	35,311
	<hr/>
Net cash used in operating activities	\$ (260,285)
	<hr/> <hr/>

SUPPLEMENTAL SCHEDULES

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2025**

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	\$ 1,102,500	\$ 1,102,500	\$ 1,214,594	\$ 112,094
Real and personal public service corporation property taxes	53,000	53,000	53,504	504
Personal property taxes	650,000	650,000	744,339	94,339
Personal property taxes delinquent	-	-	2,190	2,190
Mobile home taxes	1,200	1,200	1,156	(44)
Machinery and tools taxes	20,000	20,000	18,860	(1,140)
Penalties	25,000	25,000	52,862	27,862
Interest	15,000	15,000	23,418	8,418
Total general property taxes	1,866,700	1,866,700	2,110,923	244,223
Other local taxes:				
Local sales and use taxes	975,000	975,000	1,025,204	50,204
Consumer utility taxes	275,000	275,000	433,162	158,162
Consumption taxes	40,000	40,000	51,053	11,053
Business license taxes	650,000	650,000	653,162	3,162
Motor vehicle taxes	500	500	3,931	3,431
Cigarette taxes	210,000	210,000	248,936	38,936
Bank stock taxes	400,000	400,000	439,685	39,685
Meals taxes	3,850,000	3,850,000	3,942,150	92,150
Transient occupancy taxes	1,240,000	1,240,000	1,180,704	(59,296)
Total other local taxes	7,640,500	7,640,500	7,977,987	337,487
Permits, privilege fees and regulatory licenses:				
Tourism fees	248,000	248,000	251,527	3,527
Permits and other licenses	34,100	34,100	50,150	16,050
Total Permits, privilege fees and regulator licenses	282,100	282,100	301,677	19,577
Fines and forfeitures	81,500	81,500	111,876	30,376
Use of money and property:				
Revenue from use of money	100,000	100,000	399,058	299,058
Revenue from use of property	25,500	25,500	32,497	6,997
Total use of money and property	125,500	125,500	431,555	306,055
Charges for services:				
Parks and recreation	123,000	123,000	172,373	49,373
Miscellaneous	45,800	65,671	105,675	40,004
Recovered costs	3,200	3,200	3,960	760
Total revenue from local sources	10,168,300	10,188,171	11,216,026	1,027,855

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2025**

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	\$ 3,500	\$ 3,500	\$ -	\$ (3,500)
Moped, ATV, off road bike sales tax	9,000	9,000	4,244	(4,756)
Auto rental taxes	180,000	180,000	173,881	(6,119)
Communication sales and use taxes	190,000	190,000	178,797	(11,203)
Personal property tax relief	111,774	111,774	111,774	-
Rolling stock taxes	12,000	12,000	12,641	641
Total non-categorical aid	506,274	506,274	481,337	(24,937)
Categorical aid:				
Fire programs	35,000	35,000	38,770	3,770
Litter control	5,368	5,368	5,994	626
Arts grant	4,050	4,050	4,050	-
Street and highway maintenance	2,240,660	2,240,660	2,301,217	60,557
DJCP grant for law enforcement	212,613	212,613	220,224	7,611
VTC WanderLove	-	-	24,958	24,958
Total categorical aid	2,497,691	2,497,691	2,595,213	97,522
Total revenue from the Commonwealth	3,003,965	3,003,965	3,076,550	72,585
Revenue from the federal government:				
Categorical aid:				
Bulletproof vest grant	2,847	2,847	3,679	832
Justice assistance grant	6,224	20,081	13,857	(6,224)
Arts grant	450	450	450	-
Total revenue from the federal government	9,521	23,378	17,986	(5,392)
Total intergovernmental revenue	3,013,486	3,027,343	3,094,536	67,193
Total General Fund	\$ 13,181,786	\$ 13,215,514	\$ 14,310,562	\$ 1,095,048

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2025**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Final Budget Over (Under)
	Original	Final		
Primary Government:				
Special Revenue Funds:				
Central Virginia Transportation Authority Fund:				
Revenue from local sources:				
Other local taxes	\$ 1,439,046	\$ 1,439,046	\$ 450,830	\$ (988,216)
Total revenue from local sources	1,439,046	1,439,046	450,830	(988,216)
Total Central Virginia Transportation Authority Fund	1,439,046	1,439,046	450,830	(988,216)
American Rescue Plan Fund:				
Revenue from the federal government:				
ARPA funding	-	-	1,729,223	1,729,223
Total revenue from the federal government	-	-	1,729,223	1,729,223
Total American Rescue Plan Fund	-	-	1,729,223	1,729,223
Total Special Revenue Funds	\$ 1,439,046	\$ 1,439,046	\$ 2,180,053	\$ 741,007
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money	\$ 50,000	\$ 50,000	\$ 208,041	\$ 158,041
Charges for services	1,400	1,400	1,500	100
Miscellaneous	500,000	500,000	417,815	(82,185)
Permits, privilege fees and regulatory licenses:				
Stormwater management permits	21,998	21,998	47,073	25,075
Total revenue from local sources	573,398	573,398	674,429	101,031
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Mechumps Creek grant	175,941	175,941	41,474	(134,467)
Maple St Swale grant	33,425	33,425	98,328	64,903
Total categorical aid	209,366	209,366	139,802	(69,564)
Total revenue from the Commonwealth	209,366	209,366	139,802	(69,564)
Total intergovernmental revenue	209,366	209,366	139,802	(69,564)
Total Capital Projects Fund	\$ 782,764	\$ 782,764	\$ 814,231	\$ 31,467
Grand Total Revenues - Primary Government	\$ 15,403,596	\$ 15,437,324	\$ 17,304,846	\$ 1,867,522

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2025**

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	\$ 251,947	\$ 251,947	\$ 246,308	\$ (5,639)
General and financial administration:				
Town manager	888,508	888,508	821,033	(67,475)
Tourism	614,936	614,936	564,265	(50,671)
Treasurer	439,569	439,569	496,720	57,151
Information technology	312,179	334,195	332,469	(1,726)
Municipal broadband	46,600	46,600	34,544	(12,056)
Board of elections	1,100	1,100	-	(1,100)
Total general and financial administration	2,302,892	2,324,908	2,249,031	(75,877)
Total general government administration	2,554,839	2,576,855	2,495,339	(81,516)
Public safety:				
Law enforcement and traffic control:				
Police	4,029,195	4,052,021	3,748,862	(303,159)
Fire and rescue services:				
Fire department	40,815	40,815	44,585	3,770
Ambulance and rescue services	5,000	5,000	5,000	-
Total fire and rescue services	45,815	45,815	49,585	3,770
Total public safety	4,075,010	4,097,836	3,798,447	(299,389)
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Engineering/administration	954,290	954,290	960,112	5,822
Street maintenance	2,223,043	2,223,043	2,120,406	(102,637)
Storm drainage	69,000	69,000	35,212	(33,788)
Brush and leaf	42,000	42,000	11,051	(30,949)
Snow and ice removal	41,500	41,500	21,671	(19,829)
Traffic engineering	64,700	64,700	24,914	(39,786)
Streetlights	64,500	64,500	58,719	(5,781)
Total maintenance of highways, streets, bridges and sidewalks	3,459,033	3,459,033	3,232,085	(226,948)
Sanitation and waste removal:				
Refuse collection and disposal	476,000	476,000	463,967	(12,033)
Maintenance of general buildings and grounds:				
General properties	427,101	427,101	389,176	(37,925)
Vehicle maintenance	217,730	217,730	155,619	(62,111)
Total public works	4,579,864	4,579,864	4,240,847	(339,017)
Parks, recreation and cultural:				
Supervision of parks and recreation	309,631	309,631	299,944	(9,687)
Total parks, recreation and cultural	309,631	309,631	299,944	(9,687)
Community development:				
Planning and zoning	661,633	661,633	531,705	(129,928)
Economic development	381,882	381,882	388,512	6,630
Total community development	1,043,515	1,043,515	920,217	(123,298)
Nondepartmental:				
OPEB contributions	52,680	52,680	-	(52,680)
Total nondepartmental	52,680	52,680	-	(52,680)
Debt service:				
Principal	422,000	422,000	452,233	30,233
Interest	129,927	129,927	133,564	3,637
Total debt service	551,927	551,927	585,797	33,870
Total General Fund	\$ 13,167,466	\$ 13,212,308	\$ 12,340,591	\$ (871,717)

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2025**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
Special Revenue Funds:				
Central Virginia Transportation Authority Fund:				
Community development:				
England Streetscape	\$ 75,000	\$ 75,000	\$ -	\$ (75,000)
Sidewalks, curb, and gutter	75,000	-	-	-
Road paving	300,000	300,000	300,000	-
Route 1 & Archie Cannon	600,000	600,000	51,449	(548,551)
Other	764,046	464,046	-	(464,046)
Total community development	1,814,046	1,439,046	351,449	(1,087,597)
Total Central Virginia Transportation Authority Fund	1,814,046	1,439,046	351,449	(1,087,597)
American Rescue Plan Fund:				
General government administration	183,671	178,899	194,165	15,266
Capital outlay	6,500	54,282	28,881	(25,401)
Total general government administration	190,171	233,181	223,046	(10,135)
Capital outlay	1,079,196	1,160,831	1,185,797	24,966
Total public works	1,079,196	1,160,831	1,185,797	24,966
Public Safety	2,000	38,240	38,240	-
Capital outlay	1,500	16,822	16,822	-
Total public safety	3,500	55,062	55,062	-
Capital outlay	211,500	311,334	233,898	(77,436)
Total parks, recreation and cultural	211,500	311,334	233,898	(77,436)
Community development	30,000	30,000	30,000	-
Capital outlay	290,570	288,163	1,420	(286,743)
Total community development	320,570	318,163	31,420	(286,743)
Total American Rescue Plan Fund	1,804,937	2,078,571	1,729,223	(349,348)
Total Special Revenue Funds	\$ 3,618,983	\$ 3,517,617	\$ 2,080,672	\$ (1,436,945)
Capital Projects Fund:				
Capital outlay:				
Sidewalks, curb and gutter	\$ 624,680	\$ 655,919	\$ -	\$ (655,919)
Residential Improvement Program	50,000	50,000	-	(50,000)
I-95 Interchange Landscape	10,000	10,000	-	(10,000)
Ashland Theatre maintenance	47,604	36,085	8,075	(28,010)
Drainage improvement	271,783	271,783	-	(271,783)
Stormwater management program	680,000	680,000	15,886	(664,114)
Downtown campus maintenance fund	74,536	82,686	30,156	(52,530)
Downtown Streetscape	811,012	811,012	213,960	(597,052)
Public works facilities	113,275	113,275	6,735	(106,540)
Traffic system improvement	115,674	106,516	34,761	(71,755)
Hill Carter Parkway North	50,000	50,000	-	(50,000)
Public works vehicle replacement	244,377	244,377	109,680	(134,697)
Park equipment replacement	150,000	150,228	-	(150,228)
Park Property acquisition	38,159	38,159	-	(38,159)
Public works facilities maintenance	26,740	25,150	19,694	(5,456)
Trails CPF	164,354	161,544	97,778	(63,766)
Dejarnette Park maintenance	20,000	22,550	-	(22,550)
S. Taylor Street park maintenance	68,533	70,033	-	(70,033)
Economic development fund	125,000	125,000	-	(125,000)
Carter Park maintenance	20,006	30,327	-	(30,327)
Skateboard Park maintenance	24,268	24,268	-	(24,268)
Fall Line trail	58,195	58,195	2,060	(56,135)
North Ashland Park	250,000	245,426	-	(245,426)
Heritage Park maintenance	50,000	100,000	81,832	(18,168)
Kiwanis Pufferbelly Park maintenance	20,063	20,063	-	(20,063)
Gateway and wayfinding signage	15,000	10,911	9,109	(1,802)
CPF Contingency	275,320	275,320	-	(275,320)
Police vehicle replacement	165,000	178,358	144,758	(33,600)
Police capital expenditures	160,000	160,000	349	(159,651)
Police Department building maintenance	140,025	140,045	58,294	(81,751)
Entertainment Facility	3,142	3,142	-	(3,142)
Visitor center ADA project	15,452	15,452	-	(15,452)
Public art	50,000	80,000	850	(79,150)
Commercial Corridor Beautification	5,255	5,255	-	(5,255)
Community flood prepare fund	15,698	-	-	-
Strategic property acquisition	650,000	650,000	-	(650,000)
Long term rail planning	51,000	51,000	-	(51,000)
SLAF Maple St Swale	33,425	133,700	131,307	(2,393)
Stormwater - CBTG	-	-	756	756
SLAF Stoney Run	175,941	234,588	43,657	(190,931)
Vaughan Rd extension overpass	50,000	50,000	5,072	(44,928)
Utility Betterment England Street	-	500,000	417,815	(82,185)
Canon Copier Lease	-	-	19,981	19,981
Municipal Broadband construction	131,590	131,590	-	(131,590)
Total Capital Projects Fund	\$ 6,045,107	\$ 6,801,957	\$ 1,452,565	\$ (5,349,392)
Grand Total Expenditures - Primary Government	\$ 22,831,556	\$ 23,531,882	\$ 15,873,828	\$ (7,658,054)

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.

NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year June 30,									
	2016	2017 (1)	2018	2019	2020	2021	2022	2023	2024 (2)	2025
Governmental activities:										
Net investment in capital assets	\$ 18,045,551	\$ 18,752,219	\$ 20,109,355	\$ 22,090,989	\$ 23,169,700	\$ 22,573,786	\$ 22,928,857	\$ 24,782,869	\$ 25,962,416	\$ 28,091,545
Restricted	-	-	-	-	-	-	582,189	924,046	1,321,176	1,644,332
Unrestricted	7,472,072	8,087,613	6,795,833	5,716,952	5,944,361	7,424,275	8,520,422	10,116,040	12,775,205	14,146,176
Total governmental activities net position	\$ 25,517,623	\$ 26,839,832	\$ 26,905,188	\$ 27,807,941	\$ 29,114,061	\$ 29,998,061	\$ 32,031,468	\$ 35,822,955	\$ 40,058,797	\$ 43,882,053

Notes:

- (1) June 30, 2017 net position was restated for the implementation of GASB Statement No. 75 which reduced net position by \$1,411,502.
- (2) June 30, 2024 net position was restated for the implementation of GASB Statement No. 101 which reduced net position by \$132,068.

TOWN OF ASHLAND, VIRGINIA

CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Primary government:										
Expenses:										
Governmental activities:										
General government administration	\$ 1,003,493	\$ 1,043,210	\$ 1,233,279	\$ 1,509,269	\$ 1,490,864	\$ 3,250,812	\$ 2,093,754	\$ 2,730,245	\$ 2,927,376	\$ 2,952,047
Public safety	2,574,264	2,741,517	2,624,360	2,840,035	3,080,155	2,995,402	3,219,482	3,298,087	3,749,363	3,939,736
Public works	3,270,718	3,226,822	3,493,673	4,056,907	3,883,359	3,668,228	3,719,798	4,195,055	4,816,264	4,365,140
Parks, recreation and cultural	154,582	187,282	182,363	295,826	289,294	291,727	446,226	634,991	600,974	511,092
Community development	493,109	586,557	543,118	502,565	518,466	987,948	1,625,321	1,009,239	1,129,500	1,347,691
Interest	-	-	-	430,312	197,400	165,907	158,131	153,929	145,352	137,372
Total governmental activities	7,496,166	7,785,388	8,076,793	9,634,914	9,459,538	11,360,024	11,262,712	12,021,546	13,368,829	13,253,078
Total primary government expenses	7,496,166	7,785,388	8,076,793	9,634,914	9,459,538	11,360,024	11,262,712	12,021,546	13,368,829	13,253,078
Program revenues:										
Governmental activities:										
Charges for services:										
General government administration	-	-	-	-	-	-	-	-	250,443	253,027
Public safety	164,557	152,900	125,364	129,622	127,063	146,196	162,343	266,885	180,072	210,349
Public works	3,851	2,347	23,217	2,402	30,490	438	52,063	20,932	2,381	2,710
Parks, recreation and cultural	58,911	71,010	70,725	92,506	45,464	104,878	119,651	116,048	182,226	172,373
Operating grants and contributions	640,232	654,146	1,027,265	659,510	757,679	2,370,049	2,174,944	3,374,332	1,363,740	1,135,834
Capital grants and contributions	1,896,335	1,537,045	1,507,468	1,680,931	2,227,545	1,832,543	1,660,611	1,554,736	3,712,879	3,346,390
Total governmental activities	2,763,886	2,417,448	2,754,039	2,564,971	3,188,241	4,454,104	4,169,612	5,332,933	5,691,741	5,120,683
Total primary government program revenues	2,763,886	2,417,448	2,754,039	2,564,971	3,188,241	4,454,104	4,169,612	5,332,933	5,691,741	5,120,683
Net (expense) revenue:										
Governmental activities	(4,732,280)	(5,367,940)	(5,322,754)	(7,069,943)	(6,271,297)	(6,905,920)	(7,093,100)	(6,688,613)	(7,677,088)	(8,132,395)
Total primary government net expense	(4,732,280)	(5,367,940)	(5,322,754)	(7,069,943)	(6,271,297)	(6,905,920)	(7,093,100)	(6,688,613)	(7,677,088)	(8,132,395)

CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General revenues:										
Governmental activities:										
Taxes:										
General property	\$ 1,122,986	\$ 1,281,426	\$ 1,286,830	\$ 1,388,607	\$ 1,470,532	\$ 1,487,399	\$ 1,645,054	\$ 1,826,902	\$ 1,839,729	\$ 2,014,479
Local sales and use	512,488	514,697	556,749	576,532	615,528	682,793	1,105,095	1,109,442	1,315,820	1,476,034
Business license	571,835	536,950	533,639	527,836	532,600	507,650	598,121	646,625	631,948	653,162
Transient occupancy	650,631	671,630	710,034	787,839	641,204	636,875	1,136,471	1,177,237	1,174,212	1,180,704
Meals	2,103,102	2,188,430	2,211,273	2,805,264	2,641,703	2,764,822	3,282,837	3,679,186	3,797,679	3,942,150
Other	828,969	863,083	856,943	983,618	856,831	1,154,863	930,589	997,170	1,171,575	1,176,767
Use of money and property	41,498	74,880	123,987	375,538	250,878	33,296	(63,731)	419,927	1,365,587	639,596
Miscellaneous	14,955	66,982	50,954	51,492	112,473	80,733	45,209	131,060	128,964	523,490
Intergovernmental, non-categorical aid	485,613	492,071	469,203	475,970	455,668	441,489	446,862	492,551	487,416	481,337
Total governmental activities	6,332,077	6,690,149	6,799,612	7,972,696	7,577,417	7,789,920	9,126,507	10,480,100	11,912,930	12,087,719
Total primary government	6,332,077	6,690,149	6,799,612	7,972,696	7,577,417	7,789,920	9,126,507	10,480,100	11,912,930	12,087,719
Changes in net position/assets:										
Governmental activities	1,599,797	1,322,209	1,476,858	902,753	1,306,120	884,000	2,033,407	3,791,487	4,235,842	3,955,324
Total primary government	\$ 1,599,797	\$ 1,322,209	\$ 1,476,858	\$ 902,753	\$ 1,306,120	\$ 884,000	\$ 2,033,407	\$ 3,791,487	\$ 4,235,842	\$ 3,955,324

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,				
	2016	2017	2018	2019	2020
General Fund:					
Unassigned	\$ 5,510,285	\$ 5,458,019	\$ 5,195,695	\$ 5,152,149	\$ 5,217,205
Total General Fund	\$ 5,510,285	\$ 5,458,019	\$ 5,195,695	\$ 5,152,149	\$ 5,217,205
All Other Governmental Funds:					
Reserved	\$ -	\$ -	\$ -	\$ 7,837,126	\$ -
Restricted	-	-	-	-	3,479,671
Committed	3,322,448	3,743,563	3,645,023	2,317,584	2,339,590
Total all other governmental funds	\$ 3,322,448	\$ 3,743,563	\$ 3,645,023	\$ 10,154,710	\$ 5,819,261
	Fiscal Year June 30,				
	2021	2022	2023	2024	2025
General Fund:					
Nonspendable	\$ -	\$ 1,716	\$ -	\$ -	\$ -
Unassigned	5,742,500	6,158,610	6,902,571	8,354,990	8,745,359
Total General Fund	\$ 5,742,500	\$ 6,160,326	\$ 6,902,571	\$ 8,354,990	\$ 8,745,359
All Other Governmental Funds:					
Restricted	\$ 239,614	\$ 582,189	\$ 1,037,570	\$ 1,439,787	\$ 1,539,168
Committed	3,255,096	3,681,149	4,421,193	5,421,011	6,382,259
Unassigned	-	(46,521)	-	-	-
Total all other governmental funds	\$ 3,494,710	\$ 4,216,817	\$ 5,458,763	\$ 6,860,798	\$ 7,921,427

CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues:										
General property taxes	\$ 1,105,818	\$ 1,244,228	\$ 1,268,412	\$ 1,314,355	\$ 1,414,873	\$ 1,535,142	\$ 1,562,989	\$ 1,787,583	\$ 1,829,344	\$ 2,110,923
Other local taxes	4,667,025	4,774,790	4,868,638	5,681,089	5,287,866	5,747,003	7,053,113	7,609,660	8,091,234	8,428,817
Permits, privilege fees and regulatory licenses	38,432	42,532	33,626	26,468	42,653	77,972	90,769	148,978	340,275	348,750
Fines and forfeitures	125,570	109,888	91,173	102,644	83,875	67,794	69,009	117,207	87,540	111,876
Use of money and property	41,498	74,880	123,987	375,538	250,878	33,296	(63,731)	419,927	1,365,587	639,596
Charges for services	58,911	71,010	70,725	92,506	45,464	104,878	119,651	116,048	183,851	173,873
Miscellaneous	14,955	66,982	117,159	69,567	112,473	80,734	45,209	131,060	128,964	523,490
Recovered costs	4,406	2,827	23,782	2,912	31,025	868	54,628	21,632	3,456	3,960
Intergovernmental:	3,022,180	2,683,262	3,003,936	2,816,411	3,369,743	4,644,081	4,282,417	5,416,509	5,562,295	4,963,561
Total revenues	9,078,795	9,070,399	9,601,438	10,481,490	10,638,850	12,291,768	13,214,054	15,768,604	17,592,546	17,304,846
Expenditures:										
General government administration	1,033,711	1,052,604	1,226,121	1,250,653	1,519,480	2,969,382	1,921,924	2,422,836	2,508,752	2,689,504
Public safety	2,587,098	2,648,090	2,729,370	2,821,461	2,909,810	2,811,178	3,174,119	3,095,827	3,576,309	3,798,447
Public works	2,730,645	3,008,375	3,123,426	3,043,223	3,061,123	2,876,946	3,153,688	3,406,208	3,932,320	4,279,087
Parks, recreation and cultural	123,743	150,089	149,799	196,015	146,572	123,058	277,557	448,181	220,215	299,944
Community development	505,697	560,180	581,561	510,010	509,955	967,430	1,547,120	966,479	866,494	1,301,666
Capital outlay	1,716,991	1,282,212	2,152,025	4,323,521	6,211,158	3,791,986	1,440,463	2,843,823	3,033,311	2,919,383
Debt service:										
Principal	-	-	-	467,000	278,000	389,000	404,968	450,965	459,162	452,233
Interest and fiscal charges	-	-	-	153,506	306,838	162,044	154,282	150,094	141,529	133,564
Bond issuance costs	-	-	-	149,960	156,307	-	-	-	-	-
Total expenditures	8,697,885	8,701,550	9,962,302	12,915,349	15,099,243	14,091,024	12,074,121	13,784,413	14,738,092	15,873,828
Revenues over (under) expenditures	380,910	368,849	(360,864)	(2,433,859)	(4,460,393)	(1,799,256)	1,139,933	1,984,191	2,854,454	1,431,018
Other financing sources (uses):										
Transfers in	1,135,000	1,420,000	1,414,276	1,482,700	858,094	-	-	-	-	-
Transfers out	(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)	-	-	-	-	-
Issuance of lease	-	-	-	-	-	-	-	-	-	19,980
Total other financing sources, net	-	-	-	8,900,000	190,000	-	-	-	-	19,980
Net change in fund balances	\$ 380,910	\$ 368,849	\$ (360,864)	\$ 6,466,141	\$ (4,270,393)	\$ (1,799,256)	\$ 1,139,933	\$ 1,984,191	\$ 2,854,454	\$ 1,450,998

TOWN OF ASHLAND, VIRGINIA

CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt service as a percentage of noncapital expenditures:										
Total debt service	\$ -	\$ -	\$ -	\$ 620,506	\$ 584,838	\$ 551,044	\$ 559,250	\$ 601,059	\$ 600,691	\$ 585,797
Total expenditures	\$ 8,697,885	\$ 8,701,550	\$ 9,962,302	\$ 12,915,349	\$ 15,099,243	\$ 14,091,024	\$ 12,074,121	\$ 13,784,413	\$ 14,738,092	\$ 15,873,828
Less: capital outlay	(1,628,699)	(1,592,926)	(2,306,292)	(3,873,150)	(6,292,627)	(3,795,239)	(1,310,058)	(2,685,415)	(2,289,223)	(3,419,139)
Noncapital expenditures	\$ 7,069,186	\$ 7,108,624	\$ 7,656,010	\$ 9,042,199	\$ 8,806,616	\$ 10,295,785	\$ 10,764,063	\$ 11,098,998	\$ 12,448,869	\$ 12,454,689
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	6.86%	6.64%	5.35%	5.20%	5.42%	4.83%	4.70%

TAX REVENUES BY SOURCE – GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

Fiscal Year June 30,	Property ⁽¹⁾	Local Sales and Use ⁽²⁾	Consumer Utility	Consumption	Business License	Motor Vehicle	Bank Stock	Cigarette	Transient Occupancy	Meals	Totals
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
2024	1,762,493	1,315,820	419,824	47,042	631,948	16,840	432,324	255,545	1,174,212	3,797,679	9,853,727
2025	2,034,643	1,476,034	433,162	51,053	653,162	3,931	439,685	248,936	1,180,704	3,942,150	10,463,460
Change 2016-2025	89.35%	188.01%	185.57%	45.96%	14.22%	-96.52%	59.09%	-1.57%	81.47%	87.44%	82.24%

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.

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
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
2024	1,080,293,049	134,139,735	2,005,684	4,695,018	52,895,687	57,422	1,274,086,595	9.71%	1,274,086,595	100.00%	1.57
2025	1,195,256,123	154,617,024	1,963,611	5,656,835	57,464,507	37,101	1,414,995,201	11.06%	1,414,995,201	100.00%	1.57

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, 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
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
2024	0.10	0.70	0.07	0.70	1.57	0.81	3.57	0.81	3.57	1.90	10.66	0.91	4.27	0.88	4.27	1.90	12.23
2025	0.10	0.70	0.07	0.70	1.57	0.81	3.57	0.81	3.57	1.90	10.66	0.91	4.27	0.88	4.27	1.90	12.23

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 (1)
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
2024	8%	6%	0.44
2025	8%	6%	0.44

Note:

(1) Per pack

TOWN OF ASHLAND, VIRGINIA

Table 9

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

Taxpayer	Type Business	Fiscal Year June 30, 2025			Fiscal Year June 30, 2016		
		Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value ⁽¹⁾	2015 Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value ⁽¹⁾
SMP Ashland SPE LLC	Apartments	\$ 25,755,400	1	2.06%	\$ -	-	-
Virginia Electric & Power Company	Utility	24,294,087	2	1.94%	15,919,364	2	2.04%
CLF Ashland, LLC	Distribution Center	23,342,900	3	1.86%	16,490,200	1	2.12%
Republic National Distribution	Commercial	21,480,700	4	1.71%	-	-	-
BZA Ashland LLC	Shopping Center	20,865,800	5	1.67%	-	-	-
Verizon Virginia, Inc	Communication / Public Service	16,910,064	6	1.35%	15,291,941	3	1.96%
Ashland Ventures LLC	Commercial	16,799,300	7	1.34%	-	-	-
Sedgefield Mobile Home Associates	Mobile Home Community	14,768,100	8	1.18%	10,187,500	7	1.31%
Wal-Mart Real Estate Bus. Trust	Shopping Center	13,808,800	9	1.10%	10,822,400	6	1.39%
Ashland Partners Inc	Apartments	9,384,900	10	0.75%	-	-	-
Ashland Hanover LLC	Shopping Center	-	-	-	13,716,500	4	1.76%
Ashland Town Square	Apartments	-	-	-	13,035,100	5	1.67%
Ashland Junction, LLC	Shopping Center	-	-	-	7,415,500	8	0.95%
Ashland HI, LLC	Commercial	-	-	-	6,751,000	9	0.87%
J.L. Culpepper & Co., Inc.	Commercial	-	-	-	5,495,700	10	0.71%
Total		\$ 187,410,051		14.96%	\$ 115,125,205		14.78%

Notes:

Source: Commissioner of Revenue.

(1) Total real estate and public service corporation real estate assessments, as noted on Table 6, are \$1,252,720,630 in fiscal year 2025 and \$778,735,767 in fiscal year 2016.

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

Taxpayer	Fiscal Year June 30,	
	2025 Rank	2016 Rank
Chick-Fil-A	1	1
Cracker Barrel	2	2
WAWA	3	-
McDonald's - 103 S. Carter Road	4	3
McDonald's - 201 S. Washington Highway	5	4
Starbucks	6	6
CookOut	7	-
Chipotle	8	-
Panera Bread	9	-
Panda Express	10	-
Applebee's	-	5
El Azteca	-	7
Ironhorse	-	8
Hardees	-	9
Ponderosa	-	10
Total Meals Tax	<u>\$ 3,942,150</u>	<u>\$ 2,083,031</u>

Notes:

- (1) The Meals Tax Rate was 5% for fiscal year 2016 and 6% for fiscal year 2025.
- (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
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%
2024	1,953,557	1,699,269	86.98%	10,118	1,709,387	87.50%
2025	2,197,450	1,976,624	89.95%	-	1,976,624	89.95%

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			
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
2024	6,740,000	120,463	12,792	6,873,255	2.67%	879
2025	6,318,000	88,801	23,600	6,430,401	2.40%	839

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 2016 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	Town Debt	Ratio of Net General Obligation Debt to Assessed Value	Gross Bonded Debt Per Capita
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
2024	6,740,000	6,740,000	0.53%	862
2025	6,318,000	6,318,000	0.45%	824

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 2016 through 2018.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
Year Ended June 30, 2025
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
County of Hanover, Virginia	\$ 151,078,688	6.55%	\$ 9,895,654
Town Direct Debt			<u>6,430,401</u>
Total direct and overlapping debt			<u><u>\$ 16,326,055</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,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Legal debt margin	\$ 77,873,577	\$ 82,020,215	\$ 83,397,766	\$ 85,360,103	\$ 89,496,075	\$ 95,574,069	\$ 96,339,270	\$ 100,352,639	\$ 108,029,305	\$ 119,525,612
Total net debt applicable to limit	-	-	-	8,433,000	8,345,000	7,956,000	7,590,685	7,292,299	6,873,255	6,318,000
Available legal debt margin	\$ 77,873,577	\$ 82,020,215	\$ 83,397,766	\$ 76,927,103	\$ 81,151,075	\$ 87,618,069	\$ 88,748,585	\$ 93,060,340	\$ 101,156,050	\$ 113,207,612
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	9.88%	9.32%	8.32%	7.88%	7.27%	6.36%	5.29%

Legal debt margin calculation for fiscal year 2025:

Assessed value of real estate	<u>\$ 1,195,256,123</u>
Debt limit (10% of assessed value)	\$ 119,525,612
Debt applicable to limit:	
Net direct debt outstanding	<u>6,318,000</u>
Available legal debt margin	<u>\$ 113,207,612</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.

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

Employer	Type of Business	2025			2016		
		Employees	Rank	Percentage of Total County Employment ⁽²⁾	Employees	Rank	Percentage of Total County Employment ⁽²⁾
Amazon Fulfillment Services	Administrative and Support Services	1,000 and over	1	3.3%	n/a	n/a	n/a
Hanover County School Board	Educational Services	2,590	2	4.2%	2,438	1	4.5%
Bon Secours Memorial Regional Medical Center of Hanover	Hospital/Medical	1,000 and over	3	3.3%	1,000 and over	2	3.7%
RMC Events	Government	1,294	4	2.1%	1,048	3	1.9%
Kings Dominion (Paramount Parks Inc)	Administrative and Support Services	1,000 and over	5	3.3%	n/a	n/a	n/a
Wal-Mart Stores	Amusement/Entertainment	500-999	6	1.2%	500-999	6	1.3%
Federal Express	General Merchandise Retailers	500-999	7	1.2%	500-999	4	1.4%
Wegmans	General Merchandise Retailers	500-999	8	1.2%	n/a	n/a	n/a
Virginia Department of Alcoholic Beverage Control	General Merchandise Retailers	500-999	9	1.2%	500-999	n/a	1.4%
Tyson Farms	Administration of Economic Programs	500-999	10	1.2%	n/a	n/a	n/a
Acosta Sales and Marketing	Food Manufacturing	n/a	n/a	n/a	500-999	5	1.4%
Supervalu Distribution Center	Wholesale Electronic Markets	n/a	n/a	n/a	500-999	7	1.4%
Sales Mark	Merchant Wholesalers, Nondurable Goods	n/a	n/a	n/a	500-999	8	1.4%
Randolph-Macon College	Professional, Scientific and Technical Services	n/a	n/a	n/a	250-499	9	0.7%
	Educational Services	n/a	n/a	n/a	250-499	10	0.7%
				<u>22.2%</u>			<u>19.8%</u>
Total County Employment ⁽³⁾		<u>61,302</u>			<u>54,255</u>		

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 2024.
- (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.

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⁾
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%
2024	7,822	32,934	257,609,748	30.7	16,544	2.7%
2025	7,667	34,985	268,229,995	31.0	16,467	3.4%

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,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General government administration	6	6	6	6	6	6	5	6	9	11
Public safety:										
Police department	28	28	28	28	27	27	27	30	31	31
Public works:										
Maintenance	24	24	24	24	24	22	23	24	24	24
Community development:										
Planning	5	5	5	5	5	3	4	5	5	5
Total	63	63	63	63	62	58	59	65	69	71

Note:

(1) Source: Individual Town departments.

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

Function/Program	Fiscal Year June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public safety:										
Building inspections:										
Total building permits	171	134	161	125	120	149	117	188	174	157

Note:

(1) Source: Individual Town departments.

CAPITAL ASSET STATISTICS BY FUNCTION
Last Ten Fiscal Years
(Unaudited)

Function/Program	Fiscal Year June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General government:										
Vehicles	3	3	3	3	2	2	2	2	2	2
Public safety:										
Police department:										
Patrol units	25	28	28	28	27	29	33	36	30	33
Other vehicles	10	11	11	9	7	7	7	7	6	6
Public works:										
General maintenance:										
Trucks/vehicles	28	32	33	32	35	35	35	35	34	36
Equipment	18	16	18	18	19	18	20	20	20	20
Parks and recreation:										
Parks acreage	23.60	23.60	23.60	23.60	27.50	27.50	27.50	34.00	34.60	34.60
Swimming pools	1	1	1	1	1	1	1	1	1	1

Note:

(1) Source: Individual Town departments.

COMPLIANCE SECTION

**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, 2025, 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 24, 2025.

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.

PBmares, LLP

Harrisonburg, Virginia
November 24, 2025