



**Annual**  
**Comprehensive**  
**Financial**  
**Report**  
Fiscal Year Ended June 30, 2021

**Ashland**  
**VIRGINIA**

# **TOWN OF ASHLAND, VIRGINIA**

## **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2021**

Prepared by:

Department of Finance  
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**TOWN OF ASHLAND, VIRGINIA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**Year Ended June 30, 2021**

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## **INTRODUCTORY SECTION**

October 28, 2021

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

Dear Members of Town Council:

Introduction

The Annual Comprehensive Financial Report of the Town of Ashland, Virginia for the fiscal year ended June 30, 2021, is submitted herewith as required by the Code of Virginia. This report was prepared by the Finance Office 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, Other Nonmajor Governmental Funds, and the Other Postemployment Benefits Trust Fund. These funds are included in the financial statements because they meet the control and dependence criteria. The Town adopts budgets, has taxing authority, is obligated for debts, and must finance any deficits that occur in these funds.

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

History and Description of Government

Ashland, the only incorporated town in Hanover County, is located approximately fifteen miles north of Richmond, Virginia. Interstate 95, a major north-south highway, is located in the eastern portion of Ashland. The U.S. Census Bureau estimated Ashland's population to be 7,979 for 2021, a 10.43 percent increase over the 2011 Census figure of 7,225. The total population of Hanover County in 2020 was estimated by the Hanover County Planning Department to be 109,979, an increase of one percent from the 2019 estimate. Ashland's population represented approximately 7.3 percent of Hanover's 2020 estimated population.

804-798-9219 121 THOMPSON ST. P.O. BOX 1600 ASHLAND, VA 23005

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

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

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

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

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

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

Most of the employers in the Town are retail, service, or government related. The major employers within the immediate area include the Hanover County and its School Board; Randolph- Macon College, a private coeducational college of approximately 1,200 students, and the Walmart (which are all located within the Town); Produce Source Partners; Acosta Sales & Marketing; Tyson's; Commonwealth of Virginia. A large number of citizens are also employed by business in the Hanover Airpark, just south of Ashland, the City of Richmond, and Henrico County.



### Significant Local Events

While the COVID pandemic has had a significant impact on businesses of all sizes across the country, Ashland has been fortunate to not have lost many businesses to COVID closures. We have even seen investment in many of our business. The businesses have struggled to find employees to meet demand, and the supply chain has impacted some of our larger industries, including car dealerships. We are still waiting to see the full impacts of the pandemic on office buildings with the transition to work-from-home continuing.

Downtown has struggled with reduced visitor traffic, but we are succeeding with the support of citizens shopping and eating locally. The visitor traffic did pick up during the summer. There has been great success with events such as Fourth Fridays and a summer concert series. Casa Herradura, a Mexican restaurant, filled a vacant spot on England Street. Several other restaurants in town opened or expanded during FY2021.

The Ashland Economic Development Authority purchased the blighted former Apple Garden Inn property. This investment will allow the building to be demolished and marketed for a restaurant or hotel development during FY2022. The EDA and the Town of Ashland have made significant investments in local businesses through the use of CARES and Community Development Block Grant funds. They assisted by providing grants for safety purchases, patio heaters, rent, and technical assistance.

Gordmans remained closed this past year but is expected to open back up as a new retail store in FY2022, this will significantly reduce the vacancy rate in the Ashland-Hanover shopping center. The former Food Lion space is still being leased by Food Lion, but not being operated as such in the Ashland Junction center.

| Shopping Centers    | Total SF       | Available SF  | Occupancy  |
|---------------------|----------------|---------------|------------|
| Ashland - Hanover   | 213,858        | 53,901        | 75%        |
| Ashland Junction    | 141,700        | 41,454        | 71%        |
| Ashland Town Center | 58,036         | 0             | 100%       |
| Ashland Square      | 30,560         | 3,000         | 90%        |
| <b>Total</b>        | <b>444,154</b> | <b>98,355</b> | <b>78%</b> |

Twenty-two commercial certificates of occupancy (COs) were issued during the year, an increase of fourteen from FY2020. Fifty certificates of occupancy were issued for residential units during the year, which is 48 more than FY2020. Forty-three new business licenses were approved in FY2021, an increase of nine from FY2020.

#### Prospects for the Future

As the national economy continues to rebound from the pandemic, our regional economy reflects the same positive trends. We are well positioned to see continued growth in the Town over the next year. There is solid interest for the Town's current vacant retail properties, with a focus on Downtown. Growth opportunities are available for redevelopment around the Interstate 95 interchange, with welcomed turnover of legacy restaurants. The Holland-Axselle property remains one of the best opportunities for development on the east coast, and the Town remains committed to assist in its development. Overall, existing businesses and industries are positioned to provide exceptional growth over the coming year and continue the trend of positive overall activity evident in the first eight months of the fiscal year.

#### Financial Information

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

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

#### Accounting System, Policies and Budgetary Control

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

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

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

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

#### Independent Audit

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

#### Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Ashland for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both GAAP and applicable legal requirements.

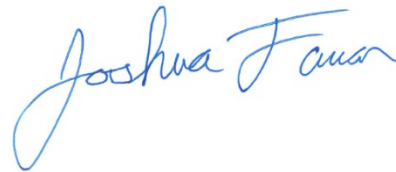
A Certificate of Achievement is valid for a period of one year only. The Town of Ashland has received a Certificate of Achievement for the last thirty-three consecutive years (fiscal years ended 1987 - 2020). We believe our current report continues to conform to the Certificate of Achievement program 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 Office. We would like to express our appreciation to all those who assisted in and contributed to the preparation of this report.

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

Respectfully submitted,



**Joshua S. Farrar**

TOWN MANAGER

# **TOWN OF ASHLAND, VIRGINIA**

## ***Directory of Principal Officials***

### ***OFFICIALS***

|               |            |
|---------------|------------|
| Steve Trivett | Mayor      |
| John Hodges   | Vice-Mayor |

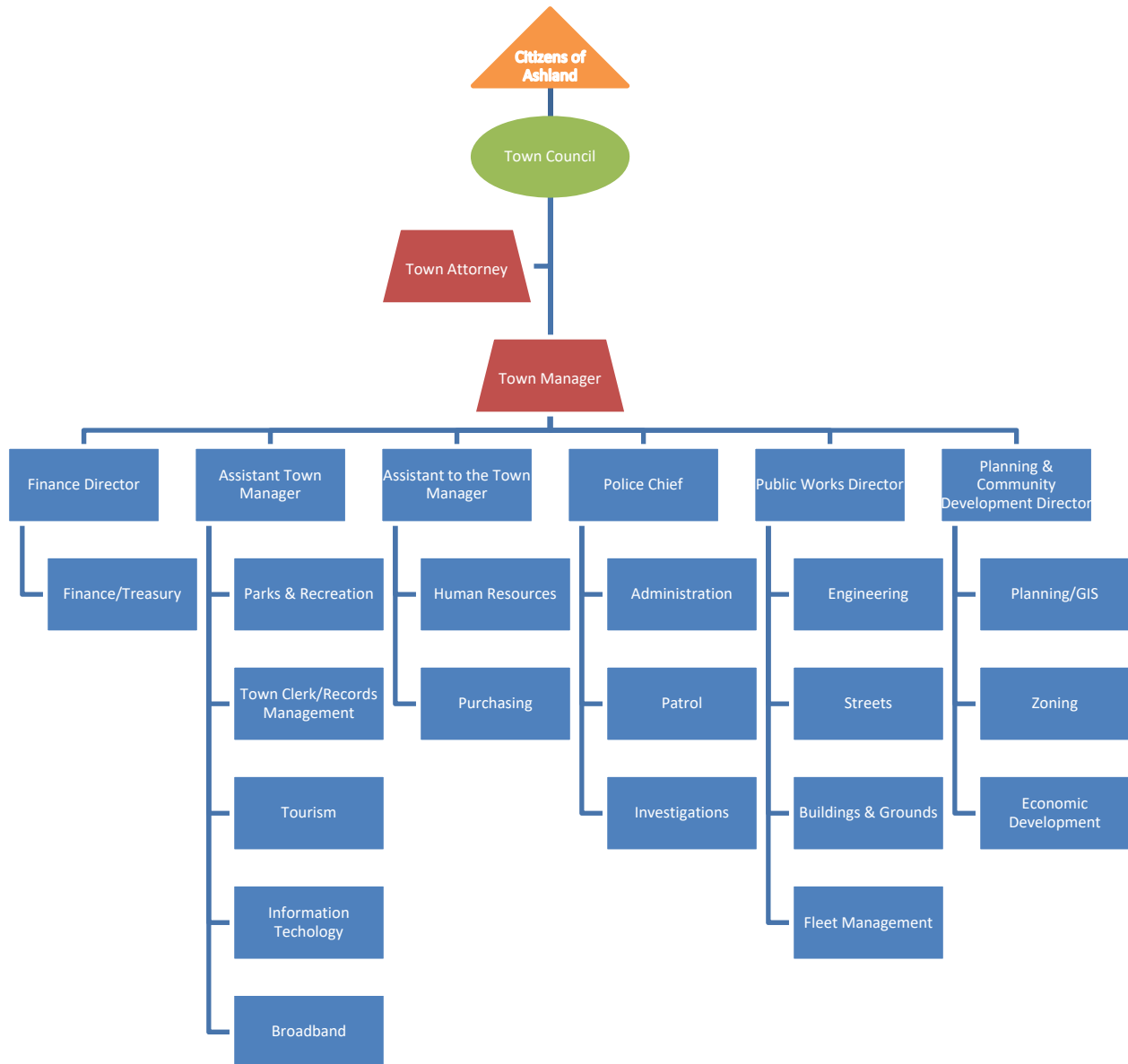
### ***MEMBERS OF COUNCIL***

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

### ***OTHER OFFICIALS***

|                    |                      |
|--------------------|----------------------|
| Joshua Farrar      | Town Manager         |
| Cliff Goldsborough | Director of Finance  |
| Matthew Reynal     | Clerk of the Council |
| Andrea Erard       | Town Attorney        |

## Town of Ashland Organizational Structure





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Town of Ashland  
Virginia**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morill*

Executive Director/CEO

## **FINANCIAL SECTION**





## **INDEPENDENT AUDITOR'S REPORT**

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

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

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 of the Town of Ashland, Virginia (Town), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinions

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, and the aggregate discretely presented component unit and remaining fund information of the Town, as of June 30, 2021, and the respective changes in financial position and the budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis and the required supplementary information on pages 4-9 and 66-75, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the accompanying schedules listed in the table of contents as supplementary information, supplemental schedules, introductory section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards, supplementary information, and supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, supplementary information, and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2021 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 the Town's internal control over financial reporting and compliance.

*PBMares, LLP*

Harrisonburg, Virginia  
October 28, 2021

## **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, 2021. 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.

### **FINANCIAL HIGHLIGHTS**

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

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$29,998,061 (net position). Total assets increased by \$3,693,010 during the year as impacted by investment in capital assets and receipt of the Town's first tranche of American Rescue Plan Act funds.
- Total liabilities of the Town, comprised primarily of unearned revenue, bonds payable, compensated absences, net pension liability and net other postemployment benefits liability, increased by \$3,131,638 during the current fiscal year, mainly due to the deferral of revenue related to the aforementioned federal funding.

#### **Fund Financial Statements**

The governmental funds, on a current financial resource basis, reported revenues and other financing sources less than expenditures and other financing uses of \$1,799,256.

- As of the close of the current fiscal year, the Town's funds reported ending fund balances of \$9,237,210, a decrease of 16% in comparison with the prior year. While there was positive change in fund balance in the General Fund, there was a decline in the Capital Projects Fund related to the expenditure of bond proceeds recorded in a prior year on current year projects.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,742,500, or approximately 55% of total General Fund expenditures and transfers out. This exceeds the Town's policy goal of 30% of total General Fund expenditures or \$3 million, whichever is greater.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is 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.

## OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, police protection, street maintenance, sanitation, building and grounds maintenance, recreation, and community development.

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. 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.

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 more narrow 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 two major governmental funds - the General Fund and the Capital Projects 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

As noted earlier, 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 \$29,998,061 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, 2021 and 2020                      |                         |                      |                   |              |  |
|   | Governmental Activities |                      | Increase          | %            |  |
|   | 2021                    | 2020                 | (Decrease)        | Change       |  |
| Current and other assets                    | \$ 14,193,484           | \$ 12,999,683        | \$ 1,193,801      | 9.2%         |  |
| Capital assets, net                         | 30,453,477              | 27,954,268           | 2,499,209         | 8.9%         |  |
| <b>Total assets</b>                         | <b>44,646,961</b>       | <b>40,953,951</b>    | <b>3,693,010</b>  | <b>9.0%</b>  |  |
| <b>Total deferred outflows of resources</b> | <b>1,531,925</b>        | <b>1,179,146</b>     | <b>352,779</b>    | <b>29.9%</b> |  |
| Current liabilities                         | 4,662,201               | 2,042,621            | 2,619,580         | 128.2%       |  |
| Noncurrent liabilities                      | 11,078,362              | 10,566,304           | 512,058           | 4.8%         |  |
| <b>Total liabilities</b>                    | <b>15,740,563</b>       | <b>12,608,925</b>    | <b>3,131,638</b>  | <b>24.8%</b> |  |
| <b>Total deferred inflows of resources</b>  | <b>440,262</b>          | <b>410,111</b>       | <b>30,151</b>     | <b>7.4%</b>  |  |
| Net position:                               |                         |                      |                   |              |  |
| Net investment in capital assets            | 22,573,786              | 23,169,700           | (595,914)         | (2.6%)       |  |
| Unrestricted                                | 7,424,275               | 5,944,361            | 1,479,914         | 24.9%        |  |
| <b>Total net position</b>                   | <b>\$ 29,998,061</b>    | <b>\$ 29,114,061</b> | <b>\$ 884,000</b> | <b>3.0%</b>  |  |

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The Town's Net Position increased by \$884,000 during the current fiscal year. This increase is largely due to increases in local tax revenue collections and a favorable variance between budgeted and actual expenditures in the Town's General Fund and Capital Projects Fund. Several local taxes generated revenues surpassing expected levels, contributing to this increase in net position. At the end of the current fiscal year, consumer tax collection was on pace to return to pre-COVID-19 levels within a few months. Since the onset of COVID-19, each department significantly limited spending, while continuing to offer high levels of service. Net position was also bolstered as a result of spending below budgeted levels in all expenditure categories. The following table summarizes the Town's Statements of Changes in Net Position:

### Summary Statements of Changes in Net Position Years Ended June 30, 2021 and 2020

|   | Governmental Activities |                   | Increase         | %              |
|---|-------------------------|-------------------|------------------|----------------|
|   | 2021                    | 2020              | (Decrease)       | Change         |
| Revenues:                               |                         |                   |                  |                |
| Program revenues:                       |                         |                   |                  |                |
| Charges for services                    | \$ 251,512              | \$ 203,017        | \$ 48,495        | 23.9%          |
| Operating grants and contributions      | 2,370,049               | 757,679           | 1,612,370        | 212.8%         |
| Capital grants and contributions        | 1,832,543               | 2,227,545         | (395,002)        | (17.7%)        |
| General revenues:                       |                         |                   |                  |                |
| General property taxes                  | 1,487,399               | 1,470,532         | 16,867           | 1.1%           |
| Other local taxes                       | 5,747,003               | 5,287,866         | 459,137          | 8.7%           |
| Grants and contributions not restricted | 441,489                 | 455,668           | (14,179)         | (3.1%)         |
| Other                                   | 114,029                 | 363,351           | (249,322)        | (68.6%)        |
| <b>Total revenues</b>                   | <b>12,244,024</b>       | <b>10,765,658</b> | <b>1,478,366</b> | <b>13.7%</b>   |
| Expenses:                               |                         |                   |                  |                |
| General government administration       | 3,250,812               | 1,490,864         | 1,759,948        | 118.0%         |
| Public safety                           | 2,995,402               | 3,080,155         | (84,753)         | (2.8%)         |
| Public works                            | 3,668,228               | 3,883,359         | (215,131)        | (5.5%)         |
| Parks, recreation and cultural          | 291,727                 | 289,294           | 2,433            | 0.8%           |
| Community development                   | 987,948                 | 518,466           | 469,482          | 90.6%          |
| Interest                                | 165,907                 | 197,400           | (31,493)         | 100.0%         |
| <b>Total expenses</b>                   | <b>11,360,024</b>       | <b>9,459,538</b>  | <b>1,900,486</b> | <b>20.1%</b>   |
| <b>Change in net position</b>           | <b>884,000</b>          | <b>1,306,120</b>  | <b>(422,120)</b> | <b>(32.3%)</b> |
| Net Position, beginning                 | 29,114,061              | 27,807,941        | 1,306,120        | 4.7%           |
| Net Position, ending                    | \$ 29,998,061           | \$ 29,114,061     | \$ 884,000       | 3.0%           |

## **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 \$9,237,210, a decrease of \$1,799,256 in comparison with the prior year. A midyear budget amendment to provide for general government activities increased expenditures, and a number of large capital projects made substantial progress in the fiscal year which used available funds. The midyear budget amendment included a transfer of \$585,000 to the Economic Development Authority for the purchase of a dilapidated lodging property with the intent of demolishing the existing structure to improve the site's economic prospects for development.

The Town's Capital Projects Fund accounts for all major general public improvements. At the end of the current fiscal year, the fund balance was \$3,255,512, all of which was committed for current or future capital projects.

Non-major governmental funds held fund balances of \$239,558 at the end of the fiscal year.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The changes in revenues and expenditures between the original and final General Fund budget were directly related to the COVID-19 pandemic and associated public safety shutdown. Tax collections were directly affected by the most significant economic downturn of this century. In reaction to economic conditions, the Town significantly slowed spending in order to mitigate the budgetary impact.

During the year, revenues outperformed budgetary estimates by \$1,470,060. Local taxes such as the sales, meals and lodging taxes all surpassed the conservative revenue estimates established amidst the uncertainty of the economic impact of the pandemic. Expenditures were less than budgetary estimates in all categorical areas by a total of \$1,048,073. The variance was due to staffing vacancies in the Police Department and frozen positions in Public Works. Other positive expenditure performance was the result of conscious cost saving measures by Town department leaders in reaction to the pandemic.

## **CAPITAL ASSET AND LONG-TERM OBLIGATIONS**

Capital assets - The Town's investment in capital assets for its governmental operations as of June 30, 2021, totaled \$30,453,477 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings and improvements, machinery and equipment, infrastructure and construction in progress. At the end of the current fiscal year, the Town transitioned to its new Town Hall and demolished the former structure, completing a four-year construction project.

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



## **CAPITAL ASSET AND LONG-TERM OBLIGATIONS (Continued)**

Long-term obligations - At the end of the current fiscal year, the Town had total long-term obligations of \$11,513,246, comprised of its noncurrent liabilities of \$11,078,362 as well as the current portion of bonds payable and compensated absences.

During the current fiscal year, the Town's long-term obligations increased by \$519,001. Though the net OPEB liability declined and bonds payable decreased in accordance with the payment of principal, there was an increase in the net pension liability that more than offset the reductions. Additional information on the Town's long-term obligations can be found in Notes 7, 9, and 11 of this report.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

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

- Considerable economic uncertainty persisted regarding the COVID-19 pandemic. Local tax revenue estimates were conservatively established in light of this uncertainty, given the Town's reliance on meals and lodging taxes. The local economy performed well during this time, leading to stronger than anticipated performance in the area of local taxes. The Town benefits from travel on nearby Interstate 95 which brings significant activity to the area.
- One hundred forty-nine building permits were issued in fiscal year 2021 compared to one hundred twenty building permits issued in fiscal year 2020. Residential development, including the new Lauradell neighborhood, continued throughout the year with regular increases by the developer to the entry-level cost of the neighborhood's homes.
- The unemployment rate for the County of Hanover, which includes the Town of Ashland, was 3.6% at June 30, 2021. The Commonwealth of Virginia's unemployment rate was 4.3% as of the same date.

The fiscal year 2022 budget decreased by approximately 11.9 % compared to the Town's amended budget for fiscal year 2021 due to the receipt of federal CARES Act funds in fiscal year 2021 and conservative revenue forecasting in fiscal year 2022. The uncertainty of the economic recovery due to state and national factors, such as future health-related restrictions, a tight labor market, and supply chain disruptions, has heightened the challenge of forecasting revenues. The Town has instituted 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, 2021

|  | Primary<br>Government      | Component<br>Unit        |
|--|----------------------------|--------------------------|
|  | Governmental<br>Activities | Development<br>Authority |
| <b>ASSETS</b>  |                            |                          |
| Cash, cash equivalents and temporary cash investments            | \$ 3,104,124               | \$ 111,346               |
| Investments  | 5,771,973                  | -                        |
| Restricted cash, cash equivalents and temporary cash investments | 4,085,278                  | -                        |
| Receivables, net:  |                            |                          |
| Property taxes   | 286,366                    | -                        |
| Other accounts   | 379,276                    | -                        |
| Due from other governments                                       | 566,467                    | -                        |
| Capital assets:  |                            |                          |
| Land   | 2,613,724                  | -                        |
| Buildings and improvements                                       | 14,295,407                 | -                        |
| Machinery and equipment  | 3,859,367                  | -                        |
| Infrastructure   | 23,011,679                 | -                        |
| Software   | 193,410                    | -                        |
| Construction in progress   | 137,753                    | -                        |
| Less: accumulated depreciation and amortization                  | (13,657,863)               | -                        |
| Property held for sale   | -                          | 765,000                  |
| <b>Total assets</b>  | <b>44,646,961</b>          | <b>876,346</b>           |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                            |                            |                          |
| Deferred charge on refunding                                     | 76,253                     | -                        |
| Other postemployment benefit plans                               | 339,394                    | -                        |
| Pension plan   | 1,116,278                  | -                        |
| <b>Total deferred outflows of resources</b>                      | <b>1,531,925</b>           | <b>-</b>                 |
| <b>LIABILITIES</b>   |                            |                          |
| Accounts and deposits payable                                    | 318,748                    | -                        |
| Accrued payroll and benefits                                     | 130,427                    | -                        |
| Accrued interest   | 13,194                     | -                        |
| Unearned revenue   | 4,085,222                  | -                        |
| Performance bonds payable  | 114,610                    | -                        |
| Noncurrent liabilities:  |                            |                          |
| Due within one year:   |                            |                          |
| Bonds payable  | 397,000                    | -                        |
| Compensated absences   | 37,884                     | -                        |
| Due in more than one year:                                       |                            |                          |
| Bonds payable  | 7,559,000                  | -                        |
| Compensated absences   | 340,957                    | -                        |
| Net other postemployment benefits liability                      | 739,056                    | -                        |
| Net pension liability  | 2,004,465                  | -                        |
| <b>Total liabilities</b>   | <b>15,740,563</b>          | <b>-</b>                 |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                             |                            |                          |
| Property taxes collected in advance                              | 21,796                     | -                        |
| Other postemployment benefit plans                               | 389,200                    | -                        |
| Pension plan   | 29,266                     | -                        |
| <b>Total deferred inflows of resources</b>                       | <b>440,262</b>             | <b>-</b>                 |
| <b>NET POSITION</b>  |                            |                          |
| Net investment in capital assets                                 | 22,573,786                 | -                        |
| Unrestricted   | 7,424,275                  | 876,346                  |
| <b>Total net position</b>  | <b>\$ 29,998,061</b>       | <b>\$ 876,346</b>        |

See Notes to Financial Statements.

# TOWN OF ASHLAND, VIRGINIA

## STATEMENT OF ACTIVITIES Year Ended June 30, 2021

| Entity/Functions/Programs              | Expenses             | Program Revenues        |  |  | Net (Expense) Revenue and<br>Changes in Net Position |                                      |
|--|----------------------|-------------------------|--|--|--|--------------------------------------|
|  |                      | Charges<br>for Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Primary Government                                   | Component Unit                       |
|  |                      |                         |  |  | Governmental<br>Activities                           | Economic<br>Development<br>Authority |
| Primary Government:                    |                      |                         |  |  |  |                                      |
| Governmental activities:               |                      |                         |  |  |  |                                      |
| General government administration      | \$ 3,250,812         | \$ -                    | \$ 1,276,328                             | \$ -                                   | \$ (1,974,484)                                       | \$ -                                 |
| Public safety                          | 2,995,402            | 146,196                 | 234,105                                  | -                                      | (2,615,101)  | -                                    |
| Public works                           | 3,668,228            | 438                     | 434,861                                  | 1,296,405                              | (1,936,524)  | -                                    |
| Parks, recreation and cultural         | 291,727              | 104,878                 | -  | 536,138                                | 349,289  | -                                    |
| Community development                  | 987,948              | -                       | 424,755                                  | -                                      | (563,193)  | -                                    |
| Interest                               | 165,907              | -                       | -  | -                                      | (165,907)  | -                                    |
| <b>Total governmental activities</b>   | <b>11,360,024</b>    | <b>251,512</b>          | <b>2,370,049</b>                         | <b>1,832,543</b>                       | <b>(6,905,920)</b>                                   | <b>-</b>                             |
| <b>Total primary government</b>        | <b>\$ 11,360,024</b> | <b>\$ 251,512</b>       | <b>\$ 2,370,049</b>                      | <b>\$ 1,832,543</b>                    | <b>(6,905,920)</b>                                   | <b>-</b>                             |
| Component Unit:                        |                      |                         |  |  |  |                                      |
| Economic Development Authority         | \$ 67,239            | \$ -                    | \$ 83,469                                | \$ 585,000                             | -  | 601,230                              |
| <b>Total component unit</b>            | <b>\$ 67,239</b>     | <b>\$ -</b>             | <b>\$ 83,469</b>                         | <b>\$ 585,000</b>                      | <b>-</b>   | <b>601,230</b>                       |
| General Revenues:                      |                      |                         |  |  |  |                                      |
| Taxes:                                 |                      |                         |  |  |  |                                      |
| General property taxes                 |                      |                         |  |  | 1,487,399  | -                                    |
| Other local taxes:                     |                      |                         |  |  |  |                                      |
| Meals                                  |                      |                         |  |  | 2,764,822  | -                                    |
| Transient occupancy                    |                      |                         |  |  | 636,875  | -                                    |
| Business license                       |                      |                         |  |  | 507,650  | -                                    |
| Local sales and use                    |                      |                         |  |  | 682,793  | -                                    |
| Other                                  |                      |                         |  |  | 1,154,863  | -                                    |
| Intergovernmental, non-categorical aid |                      |                         |  |  | 441,489  | -                                    |
| Use of money and property              |                      |                         |  |  | 33,296   | 1,334                                |
| Miscellaneous                          |                      |                         |  |  | 80,733   | -                                    |
| <b>Total general revenues</b>          |                      |                         |  |  | <b>7,789,920</b>                                     | <b>1,334</b>                         |
| <b>Change in net position</b>          |                      |                         |  |  | <b>884,000</b>                                       | <b>602,564</b>                       |
| Net Position, beginning                |                      |                         |  |  | 29,114,061   | 273,782                              |
| Net Position, ending                   |                      |                         |  |  | <b>\$ 29,998,061</b>                                 | <b>\$ 876,346</b>                    |

See Notes to Financial Statements.

# TOWN OF ASHLAND, VIRGINIA

## BALANCE SHEET GOVERNMENTAL FUNDS June 30, 2021

|   | General             | Capital<br>Projects | Special<br>Revenue -<br>American<br>Rescue Plan | Total<br>Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|---------------------|---------------------|---|--|--------------------------------|
| <b>ASSETS</b>   |                     |                     |   |  |                                |
| Cash, cash equivalents and temporary cash investments                     | \$ 1,091,473        | \$ 1,893,919        | \$ -  | \$ 185,047                                 | \$ 3,170,439                   |
| Investments   | 4,536,892           | 1,235,081           | -   | -  | 5,771,973                      |
| Restricted cash, cash equivalents and temporary cash investments          | -                   | 56                  | 4,085,222                                       | -  | 4,085,278                      |
| Receivables, net:   |                     |                     |   |  |                                |
| Property taxes  | 286,366             | -                   | -   | -  | 286,366                        |
| Other accounts  | 379,276             | -                   | -   | -  | 379,276                        |
| Due from other governments  | 174,929             | 254,078             | -   | 137,460                                    | 566,467                        |
| <b>Total assets</b>   | <b>\$ 6,468,936</b> | <b>\$ 3,383,134</b> | <b>\$ 4,085,222</b>                             | <b>\$ 322,507</b>                          | <b>\$ 14,259,799</b>           |
| <b>LIABILITIES</b>  |                     |                     |   |  |                                |
| Bank overdraft  | \$ -                | \$ -                | \$ -  | \$ 66,315                                  | \$ 66,315                      |
| Accounts and deposits payable   | 174,132             | 127,982             | -   | 16,634                                     | 318,748                        |
| Accrued payroll and benefits  | 130,427             | -                   | -   | -  | 130,427                        |
| Performance bonds payable   | 114,610             | -                   | -   | -  | 114,610                        |
| Unearned revenue  | -                   | -                   | 4,085,222                                       | -  | 4,085,222                      |
| <b>Total liabilities</b>  | <b>419,169</b>      | <b>127,982</b>      | <b>4,085,222</b>                                | <b>82,949</b>                              | <b>4,715,322</b>               |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                      |                     |                     |   |  |                                |
| Property taxes collected in advance                                       | 21,796              | -                   | -   | -  | 21,796                         |
| Unavailable revenue - property taxes                                      | 285,471             | -                   | -   | -  | 285,471                        |
| <b>Total deferred inflows of resources</b>                                | <b>307,267</b>      | <b>-</b>            | <b>-</b>  | <b>-</b>                                   | <b>307,267</b>                 |
| <b>FUND BALANCES</b>  |                     |                     |   |  |                                |
| Restricted for:   |                     |                     |   |  |                                |
| Capital projects  | -                   | 56                  | -   | -  | 56                             |
| Public works  | -                   | -                   | -   | 239,558                                    | 239,558                        |
| Committed:  |                     |                     |   |  |                                |
| Capital projects  | -                   | 3,255,096           | -   | -  | 3,255,096                      |
| Unassigned  | 5,742,500           | -                   | -   | -  | 5,742,500                      |
| <b>Total fund balances</b>  | <b>5,742,500</b>    | <b>3,255,152</b>    | <b>-</b>  | <b>239,558</b>                             | <b>9,237,210</b>               |
| <b>Total liabilities, deferred inflows of resources and fund balances</b> | <b>\$ 6,468,936</b> | <b>\$ 3,383,134</b> | <b>\$ 4,085,222</b>                             | <b>\$ 322,507</b>                          | <b>\$ 14,259,799</b>           |

## TOWN OF ASHLAND, VIRGINIA

### RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION June 30, 2021

|   | Governmental Funds          |
|---|-----------------------------|
| Total fund balances - governmental funds  | \$ 9,237,210                |
| Amounts reported for governmental activities in the<br>Statement of Net Position are different because:   |                             |
| Capital assets used in governmental activities<br>are not current financial resources and, therefore,<br>are not reported in the governmental funds.  |                             |
| Governmental capital assets   | \$ 44,111,340               |
| Less: accumulated depreciation and amortization   | <u>(13,657,863)</u>         |
| Net capital assets  | 30,453,477                  |
| Deferred outflows of resources - charge on refunding,<br>pension plan, and other postemployment plans represent a<br>consumption of net position that applies to a future period<br>and is not recognized as deferred outflows of resources in<br>the governmental funds. | 1,531,925                   |
| Other long-term assets are not available to pay for<br>current period expenditures and, therefore, are<br>reported as unavailable revenue in the<br>governmental funds.   | 285,471                     |
| Long-term liabilities are not due and payable in the<br>current period and, therefore, are not reported as<br>liabilities in the governmental funds.  |                             |
| General obligation bonds  | (7,956,000)                 |
| Net other postemployment benefits liability   | (739,056)                   |
| Net pension liability   | (2,004,465)                 |
| Compensated absences  | (378,841)                   |
| Accrued interest  | <u>(13,194)</u>             |
|   | (11,091,556)                |
| Deferred inflows of resources - pension plan and other<br>postemployment plans represent an acquisition of net<br>position that applies to a future period and is not recognized<br>as deferred inflows of resources in the governmental funds.                           | <u>(418,466)</u>            |
| <b>Net position of governmental activities</b>  | <u><u>\$ 29,998,061</u></u> |

# TOWN OF ASHLAND, VIRGINIA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS Year Ended June 30, 2021

|  | General             | Capital<br>Projects | Total<br>Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|---------------------|--|--------------------------------|
| Revenues:  |                     |                     |  |                                |
| General property taxes                           | \$ 1,535,142        | \$ -                | \$ -                                       | \$ 1,535,142                   |
| Other local taxes                                | 5,507,445           | -                   | 239,558                                    | 5,747,003                      |
| Permits, privilege fees and regulatory licenses  | 43,090              | 34,882              | -  | 77,972                         |
| Fines and forfeitures                            | 67,794              | -                   | -  | 67,794                         |
| Use of money and property                        | 26,213              | 7,083               | -  | 33,296                         |
| Charges for services                             | 104,878             | -                   | -  | 104,878                        |
| Miscellaneous                                    | 79,860              | 874                 | -  | 80,734                         |
| Recovered costs                                  | 868                 | -                   | -  | 868                            |
| Intergovernmental                                | 3,610,234           | 673,592             | 360,255                                    | 4,644,081                      |
| <b>Total revenues</b>                            | <b>10,975,524</b>   | <b>716,431</b>      | <b>599,813</b>                             | <b>12,291,768</b>              |
| Expenditures:                                    |                     |                     |  |                                |
| Current:   |                     |                     |  |                                |
| General government administration                | 2,969,382           | -                   | -  | 2,969,382                      |
| Public safety                                    | 2,811,178           | -                   | -  | 2,811,178                      |
| Public works                                     | 2,876,946           | -                   | -  | 2,876,946                      |
| Parks, recreation and cultural                   | 123,058             | -                   | -  | 123,058                        |
| Community development                            | 607,175             | -                   | 360,255                                    | 967,430                        |
| Capital outlay                                   | -                   | 3,791,986           | -  | 3,791,986                      |
| Debt service:                                    |                     |                     |  |                                |
| Principal  | 389,000             | -                   | -  | 389,000                        |
| Interest   | 162,044             | -                   | -  | 162,044                        |
| <b>Total expenditures</b>                        | <b>9,938,783</b>    | <b>3,791,986</b>    | <b>360,255</b>                             | <b>14,091,024</b>              |
| <b>Revenues over (under) expenditures</b>        | <b>1,036,741</b>    | <b>(3,075,555)</b>  | <b>239,558</b>                             | <b>(1,799,256)</b>             |
| Other financing sources (uses):                  |                     |                     |  |                                |
| Transfers in (out)                               | (511,446)           | 511,446             | -  | -                              |
| <b>Total other financing sources (uses), net</b> | <b>(511,446)</b>    | <b>511,446</b>      | <b>-</b>                                   | <b>-</b>                       |
| <b>Net change in fund balances</b>               | <b>525,295</b>      | <b>(2,564,109)</b>  | <b>239,558</b>                             | <b>(1,799,256)</b>             |
| Fund balances, beginning                         | 5,217,205           | 5,819,261           | -  | 11,036,466                     |
| Fund balances, ending                            | <u>\$ 5,742,500</u> | <u>\$ 3,255,152</u> | <u>\$ 239,558</u>                          | <u>\$ 9,237,210</u>            |

# TOWN OF ASHLAND, VIRGINIA

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES Year Ended June 30, 2021

|   | Governmental Funds       |
|---|--------------------------|
| Net change in fund balances - total governmental funds  | \$ (1,799,256)           |
| Reconciliation of amounts reported for governmental activities<br>in the Statement of Activities:   |                          |
| Governmental funds report capital outlays as expenditures.<br>However, in the Statement of Activities, the cost of those<br>assets is allocated over their estimated useful lives and<br>reported as depreciation and amortization expense. This<br>is the amount by which capital outlays exceeded<br>depreciation and amortization in the current period. |                          |
| Expenditures for capital assets   | \$ 3,795,239             |
| Less: depreciation and amortization expense   | <u>(1,217,439)</u>       |
| Excess of capital outlays over depreciation and amortization  | 2,577,800                |
| The net effect of transactions involving capital assets<br>(i.e. disposals, donations, and transfers) is to decrease net position   | (78,591)                 |
| Revenues in the Statement of Activities that do not provide<br>current financial resources and are not reported as revenues<br>in the governmental funds.   | (47,743)                 |
| Debt proceeds provide current financial resources to<br>governmental funds, but issuing debt increases long-term<br>liabilities in the Statement of Net Position. Repayment<br>of principal is an expenditure in the governmental funds,<br>but the repayment reduces long-term liabilities in the<br>Statement of Net Position.                            |                          |
| Principal repayments:   |                          |
| General obligation bonds  | 389,000                  |
| Deferred outflows of resources - pension and OPEB plan<br>contributions subsequent to measurement date  | 350,055                  |
| Some expenses reported in the Statement of Activities<br>do not require the use of current financial resources and,<br>therefore, are not reported as expenditures in<br>governmental funds.  |                          |
| Accrued interest  | 645                      |
| Amortization of deferred charges on refunding   | (4,508)                  |
| Changes in OPEB liabilities and related deferred outflows and inflows of resources  | 135,375                  |
| Change in pension liabilities and related deferred outflows and inflows of resources  | (649,341)                |
| Compensated absences  | <u>10,564</u>            |
|   | <u>(507,265)</u>         |
| <b>Change in net position of governmental activities</b>  | <u><u>\$ 884,000</u></u> |



# TOWN OF ASHLAND, VIRGINIA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND Year Ended June 30, 2021

|   | General Fund          |                       |                   | Variance with<br>Final Budget<br>Over<br>(Under) |
|---|-----------------------|-----------------------|-------------------|--|
|   | Budgeted Amounts      |                       | Actual<br>Amounts |  |
|   | Original              | Final                 |                   |  |
| Revenues:                                       |                       |                       |                   |  |
| General property taxes                          | \$ 1,430,100          | \$ 1,430,100          | \$ 1,535,142      | \$ 105,042                                       |
| Other local taxes                               | 4,271,914             | 4,271,914             | 5,507,445         | 1,235,531  |
| Permits, privilege fees and regulatory licenses | 21,500                | 21,500                | 43,090            | 21,590   |
| Fines and forfeitures                           | 71,100                | 71,100                | 67,794            | (3,306)  |
| Use of money and property                       | 74,200                | 74,200                | 26,213            | (47,987)   |
| Charges for services                            | 112,200               | 112,200               | 104,878           | (7,322)  |
| Miscellaneous                                   | 39,300                | 39,300                | 79,860            | 40,560   |
| Recovered costs                                 | 2,950                 | 2,950                 | 868               | (2,082)  |
| Intergovernmental                               | 2,401,530             | 3,482,200             | 3,610,234         | 128,034  |
| <b>Total revenues</b>                           | <b>8,424,794</b>      | <b>9,505,464</b>      | <b>10,975,524</b> | <b>1,470,060</b>                                 |
| Expenditures:                                   |                       |                       |                   |  |
| Current:  |                       |                       |                   |  |
| General government administration               | 1,524,123             | 3,189,793             | 2,969,382         | (220,411)  |
| Public safety                                   | 2,964,722             | 2,964,722             | 2,811,178         | (153,544)  |
| Public works                                    | 3,344,151             | 3,344,151             | 2,876,946         | (467,205)  |
| Parks, recreation and cultural                  | 233,019               | 233,019               | 123,058           | (109,961)  |
| Community development                           | 600,444               | 650,444               | 607,175           | (43,269)   |
| Nondepartmental                                 | 53,532                | 53,532                | -                 | (53,532)   |
| Debt service:                                   |                       |                       |                   |  |
| Principal                                       | 389,000               | 389,000               | 389,000           | -  |
| Interest  | 162,195               | 162,195               | 162,044           | (151)  |
| <b>Total expenditures</b>                       | <b>9,271,186</b>      | <b>10,986,856</b>     | <b>9,938,783</b>  | <b>(1,048,073)</b>                               |
| <b>Revenues over (under) expenditures</b>       | <b>(846,392)</b>      | <b>(1,481,392)</b>    | <b>1,036,741</b>  | <b>2,518,133</b>                                 |
| Other financing uses:                           |                       |                       |                   |  |
| Transfers out                                   | (511,446)             | (511,446)             | (511,446)         | -  |
| <b>Total other financing uses</b>               | <b>(511,446)</b>      | <b>(511,446)</b>      | <b>(511,446)</b>  | <b>-</b>   |
| <b>Net change in fund balance</b>               | <b>\$ (1,357,838)</b> | <b>\$ (1,992,838)</b> | <b>525,295</b>    | <b>\$ 2,518,133</b>                              |
| Fund balance, beginning                         |                       |                       | 5,217,205         |  |
| Fund balance, ending                            |                       |                       | \$ 5,742,500      |  |

**TOWN OF ASHLAND, VIRGINIA**

**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
**June 30, 2021**

|  | OPEB<br>Trust Fund         |
|--|----------------------------|
| <hr/>  |                            |
| <b>ASSETS</b>  |                            |
| Cash, cash equivalents, and temporary cash investments | <u>\$ 2,323,178</u>        |
| <b>Total assets</b>                                    | <u>2,323,178</u>           |
| <br><b>NET POSITION</b>                                |                            |
| Restricted for other postemployment benefits (OPEB)    | <u><u>\$ 2,323,178</u></u> |

# TOWN OF ASHLAND, VIRGINIA

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

### FIDUCIARY FUND

Year Ended June 30, 2021

|  | OPEB<br>Trust Fund |
|--|--------------------|
| Additions:                                     |                    |
| Contributions:                                 |                    |
| Employer                                       | \$ 137,895         |
| Plan members                                   | 104,397            |
| <b>Total contributions</b>                     | <b>242,292</b>     |
| Investment income:                             |                    |
| From investment activities:                    |                    |
| Interest and dividends earned on investments   | 880                |
| Net increase in fair value of investments      | 509,982            |
| <b>Total income from investment activities</b> | <b>510,862</b>     |
| <b>Total additions</b>                         | <b>753,154</b>     |
| Deductions:                                    |                    |
| Administrative fees                            | 2,405              |
| Benefits paid                                  | 104,397            |
| <b>Total deductions</b>                        | <b>106,802</b>     |
| <b>Change in net position</b>                  | <b>646,352</b>     |
| Net position, beginning                        | 1,676,826          |
| Net position, ending                           | \$ 2,323,178       |

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### 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.

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, 2021. 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, 2021 as a discretely presented component unit.

#### Jointly Governed Organizations

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

## TOWN OF ASHLAND, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### A. Reporting Entity (Continued)

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

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

Pamunkey Regional Jail Authority: The Pamunkey Regional Jail Authority (Jail Authority) is a political subdivision of the Commonwealth of Virginia. The participating jurisdictions of the Jail Authority are the Counties of Caroline and Hanover and the Town of Ashland. The Jail Authority is governed by a five-member board comprised of two members each from the Counties of Caroline and Hanover and one from the Town of Ashland. Management and accountability for fiscal matters rest with the Jail Authority. The County of Hanover serves as fiscal agent for the Jail Authority; however, the board formulates and approves its own budget. The Town of Ashland does not bear any direct or indirect liabilities for the operation of the Jail Authority and has no equity interest in it. The purpose of the Jail Authority is to maintain and operate a regional jail facility to meet the needs of the participating jurisdictions for jail facilities. The participating jurisdictions have entered into a Service Agreement which is a long-term contract which regulates usage of the Jail and establishes payment terms applicable to participating jurisdictions. Under the Service Agreement, the Town is obligated to commit all of its prisoners to the Jail at a per diem rate to be determined annually by the Jail. Hanover County has agreed to pay the per diem rate for all prisoners of the Town and, therefore, the Town made no contributions in fiscal year 2021. Complete financial statements for the Jail can be obtained from the office of the Pamunkey Regional Jail Authority.

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

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

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

##### **Basis of Presentation**

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

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

The Town reports the following major governmental funds:

##### General Fund

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

##### Capital Projects Fund

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

##### Special Revenue Fund – American Rescue Plan

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

The Town also reports the following fund type:

##### Fiduciary Fund

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

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

#### C. Budgetary Data

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

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

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

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### C. Budgetary Data (Continued)

- 2) Public hearings are conducted to obtain citizen comments.
- 3) Prior to July 1, the budget is legally enacted through passage of an Appropriations Resolution.
- 4) The Appropriations Resolution places legal restrictions on expenditures at the department or category level for the General Fund and the Capital Projects fund. The appropriation for each department or category can be revised only by the Town Council. The Town Manager is authorized to transfer budgeted amounts within general government departments.
- 5) All budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
- 6) Appropriations lapse on June 30 every year.
- 7) All budgetary data presented in the accompanying financial statements is the revised budget as of June 30, 2021, 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.

The major Special Revenue Fund – the America Rescue Plan did not have a legally adopted budget for fiscal year 2021 because it had no revenues or expenditures.

#### 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. The Town also has short-term investments in the Virginia State Non-Arbitrage Program.

###### *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 Cash and Cash Equivalents*

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



# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

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

##### 2) Property Taxes

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

|           | Real<br>Property                 | Personal<br>Property             |
|-----------|----------------------------------|----------------------------------|
| Levy      | January 1                        | January 1                        |
| Due date  | January 15 of the following year | January 15 of the following year |
| Lien date | February 16                      | February 16                      |

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

The Town bills and collects its own property taxes.

##### 3) Capital Assets

Capital assets, which include property, equipment, infrastructure, and intangible assets, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets and infrastructure are defined by the Town as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

The Town's intangible assets include 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  |
| Infrastructure             | 20 - 40 years |
| Software                   | 5 years       |

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### 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) 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, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenditure) until then. The Town has several items that qualify for reporting in this category and they relate to the pension plan and other postemployment benefits (OPEB) plans. See Notes 9 and 11 for details regarding these items.

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

##### 5) Compensated Absences

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

##### 6) Long-Term Obligations

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

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### 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)

##### 6) Long-Term Obligations (Continued)

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

##### 7) Fund Balance

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

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

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

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

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### 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)

##### 8) 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.

##### 9) 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.

##### 10) Other Postemployment Benefits (OPEB)

###### *Retiree Healthcare Plan*

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

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

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### 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)

##### 10) Other Postemployment Benefits (OPEB) (Continued)

###### *Group Life Insurance Program*

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

#### E. Use of Estimates

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

#### F. Subsequent Events

The Town has evaluated subsequent events through October 28, 2021, the date on which the financial statements were available to be issued.

## TOWN OF ASHLAND, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 2. Deposits and Investments

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

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

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

The Town has investments in the LGIP. The LGIP is a professionally managed money market fund which invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 of the *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The Town’s investments in the LGIP, totaling \$2,602,392, 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 \$3,169,581, 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.

The Town has investments in the SNAP totaling \$56. The SNAP is a specialized commingled investment program that operates in compliance with GASB Statement No. 79. The Town’s investments in SNAP are stated at amortized cost. The SNAP has been assigned an “AAAm” rating by Standard & Poor’s.

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

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

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

## TOWN OF ASHLAND, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 2. Deposits and Investments (Continued)

| Investment Type        | Fair Value          | 1 - 5 Years         |
|------------------------|---------------------|---------------------|
| LGIP Extended Maturity | \$ 3,169,581        | \$ 3,169,581        |
| <b>Total</b>           | <b>\$ 3,169,581</b> | <b>\$ 3,169,581</b> |

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 Level 3 inputs are significant unobservable inputs.

The Town has the following recurring fair value measurements as of June 30, 2021:

- LGIP Extended Maturity is valued using significant other observable inputs (Level 2 input).
- 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, 2021 for the Town, including the allowance for uncollectible accounts, are as follows:

|  |                   |
|--|-------------------|
|  | General Fund      |
| Property taxes   | \$ 390,068        |
| Other accounts   | 379,276           |
| <b>Gross receivables</b>                                   | <b>769,344</b>    |
| Less allowance for uncollectable accounts (property taxes) | (103,702)         |
| <b>Net receivables</b>                                     | <b>\$ 665,642</b> |

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

## TOWN OF ASHLAND, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 4. Due from Other Governments

Due from other governments includes the following:

|   | Primary<br>Government  |
|---|------------------------|
| General Fund:   |                        |
| Other local governments:                                    |                        |
| County of Hanover:  |                        |
| Local sales and use taxes                                   | \$ 122,710             |
| Fines and forfeitures                                       | 8,745                  |
|   | <hr/> 131,455          |
| Commonwealth of Virginia:                                   |                        |
| Communications sales and use taxes                          | 31,511                 |
| Mobile home titling tax                                     | 1,647                  |
| Automobile rental tax                                       | 10,316                 |
|   | <hr/> 43,474           |
| <b>Total General Fund</b>                                   | <hr/> 174,929          |
| Capital Projects Fund:                                      |                        |
| Commonwealth of Virginia:                                   |                        |
| Regional Surface Transportation Program                     | 50,816                 |
| Federal government:   |                        |
| Categorical aid:  |                        |
| Regional Surface Transportation Program                     | 203,262                |
| <b>Total Capital Projects Fund</b>                          | <hr/> 254,078          |
| Nonmajor Special Revenue Funds:                             |                        |
| Community Development Block Grant Fund:                     |                        |
| Federal government:   |                        |
| Community Development Block Grant                           | 82,949                 |
| <b>Total Community Development Block Grant Fund</b>         | <hr/> 82,949           |
| Central Virginia Transportation Authority Fund:             |                        |
| Commonwealth of Virginia:                                   |                        |
| Central Virginia Transportation Authority                   | 54,511                 |
| <b>Total Central Virginia Transportation Authority Fund</b> | <hr/> 54,511           |
| <b>Total Nonmajor Special Revenue Funds</b>                 | <hr/> 137,460          |
| <b>Total due from other governments</b>                     | <hr/> <hr/> \$ 566,467 |



# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 5. Capital Assets

Capital asset activities for the year ended June 30, 2021 are as follows:

|   | Beginning<br>Balance<br>June 30, 2020 | Additions          | Deletions        | Transfers           | Ending<br>Balance<br>June 30, 2021 |
|---|---------------------------------------|--------------------|------------------|---------------------|------------------------------------|
| Primary Government:   |                                       |                    |                  |                     |                                    |
| Capital assets not being depreciated<br>or amortized:               |                                       |                    |                  |                     |                                    |
| Land  | \$ 2,613,724                          | \$ -               | \$ -             | \$ -                | \$ 2,613,724                       |
| Construction in progress  | 6,937,602                             | 3,636,058          | (78,591)         | (10,357,316)        | 137,753                            |
| <b>Total capital assets not being<br/>depreciated or amortized</b>  | <b>9,551,326</b>                      | <b>3,636,058</b>   | <b>(78,591)</b>  | <b>(10,357,316)</b> | <b>2,751,477</b>                   |
| Capital assets being depreciated<br>or amortized:                   |                                       |                    |                  |                     |                                    |
| Buildings and improvements  | 6,374,078                             | -                  | -                | 7,921,329           | 14,295,407                         |
| Machinery and equipment   | 3,797,651                             | 133,921            | (119,406)        | 47,201              | 3,859,367                          |
| Infrastructure  | 20,597,633                            | 25,260             | -                | 2,388,786           | 23,011,679                         |
| Software  | 193,410                               | -                  | -                | -                   | 193,410                            |
| <b>Total capital assets being<br/>depreciated or amortized</b>      | <b>30,962,772</b>                     | <b>159,181</b>     | <b>(119,406)</b> | <b>10,357,316</b>   | <b>41,359,863</b>                  |
| Less accumulated depreciation<br>or amortization for:               |                                       |                    |                  |                     |                                    |
| Buildings and improvements  | (1,895,846)                           | (374,737)          | -                | -                   | (2,270,583)                        |
| Machinery and equipment   | (2,744,930)                           | (260,021)          | 119,406          | -                   | (2,885,545)                        |
| Infrastructure  | (7,725,643)                           | (582,681)          | -                | -                   | (8,308,324)                        |
| Software  | (193,411)                             | -                  | -                | -                   | (193,411)                          |
| <b>Total accumulated depreciation<br/>or amortization</b>           | <b>(12,559,830)</b>                   | <b>(1,217,439)</b> | <b>119,406</b>   | <b>-</b>            | <b>(13,657,863)</b>                |
| <b>Total capital assets being<br/>depreciated or amortized, net</b> | <b>18,402,942</b>                     | <b>(1,058,258)</b> | <b>-</b>         | <b>10,357,316</b>   | <b>27,702,000</b>                  |
| Governmental activities capital<br>assets, net                      | \$ 27,954,268                         | \$ 2,577,800       | \$ (78,591)      | \$ -                | \$ 30,453,477                      |

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

|  |                     |
|--|---------------------|
| Governmental activities:   |                     |
| General government administration  | \$ 231,165          |
| Public safety  | 114,382             |
| Public works   | 697,246             |
| Parks, recreation and cultural   | 168,669             |
| Community development  | 5,977               |
| <b>Total depreciation and amortization expense -<br/>governmental activities</b> | <b>\$ 1,217,439</b> |

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 6. Interfund Transfers

Interfund transfers for the year ended June 30, 2021 consisted of the following:

| Fund                  | Transfers In      | Transfers Out     |
|-----------------------|-------------------|-------------------|
| General Fund          | \$ -              | \$ 511,446        |
| Capital Projects Fund | 511,446           | -                 |
| <b>Total</b>          | <b>\$ 511,446</b> | <b>\$ 511,446</b> |

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, 2021:

|  | Beginning<br>Balance | Increases         | Decreases           | Ending<br>Balance   | Due Within<br>One Year |
|--|----------------------|-------------------|---------------------|---------------------|------------------------|
| Governmental activities:                                 |                      |                   |                     |                     |                        |
| Bonds payable:   |                      |                   |                     |                     |                        |
| General obligation bonds                                 | \$ 8,345,000         | \$ -              | \$ (389,000)        | \$ 7,956,000        | \$ 397,000             |
| Compensated absences payable                             | 389,405              | 349,206           | (359,770)           | 378,841             | 37,884                 |
| <b>Governmental activities<br/>long-term liabilities</b> | <b>\$ 8,734,405</b>  | <b>\$ 349,206</b> | <b>\$ (748,770)</b> | <b>\$ 8,334,841</b> | <b>\$ 434,884</b>      |

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

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

| Year(s) Ending June 30, | General Obligation Bonds |                     |
|-------------------------|--------------------------|---------------------|
|                         | Principal                | Interest            |
| 2022                    | \$ 397,000               | \$ 154,374          |
| 2023                    | 406,000                  | 146,384             |
| 2024                    | 413,000                  | 138,235             |
| 2025                    | 422,000                  | 129,927             |
| 2026                    | 430,000                  | 121,450             |
| 2027 - 2031             | 2,283,000                | 474,088             |
| 2032 - 2036             | 2,523,000                | 235,148             |
| 2037 - 2038             | 1,082,000                | 21,631              |
|                         | <b>\$ 7,956,000</b>      | <b>\$ 1,421,237</b> |

## TOWN OF ASHLAND, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### **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 \$397,000 to \$546,000 through December 2037, plus interest payable semi-annually at 1.99%. | <u>\$ 7,956,000</u>               |
| <b>Total General Obligation Bonds</b>   | <b><u><u>\$ 7,956,000</u></u></b> |

#### **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

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### Note 9. Pension Plan

Name of Plan: Virginia Retirement System (VRS)

Identification of Plan: Agent Multiple-Employer Pension Plan

Administering Entity: Virginia Retirement System (System)

#### A. Plan Description

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

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

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

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 9. Pension Plan (Continued)

#### A. Plan Description (Continued)

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

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 9. Pension Plan (Continued)

#### A. Plan Description (Continued)

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

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 9. Pension Plan (Continued)

#### A. Plan Description (Continued)

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

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 9. Pension Plan (Continued)

#### A. Plan Description (Continued)

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



# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 9. Pension Plan (Continued)

#### A. Plan Description (Continued)

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

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 9. Pension Plan (Continued)

#### A. Plan Description (Continued)

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

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 9. Pension Plan (Continued)

#### A. Plan Description (Continued)

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

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 9. Pension Plan (Continued)

#### A. Plan Description (Continued)

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

#### B. Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

|  | Number |
|--|--------|
| Inactive members or their beneficiaries currently receiving benefits | 56     |
| Inactive members:  |        |
| Vested   | 19     |
| Non-vested   | 21     |
| Active elsewhere in VRS  | 46     |
| <b>Total inactive members</b>  | 86     |
| Active members   | 63     |
| <b>Total covered employees</b>                                       | 205    |

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### 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, 2021 was 10.39% of covered compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$331,930 and \$336,998 for the years ended June 30, 2021 and 2020, respectively.

#### D. Net Pension Liability

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, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019 rolled forward to the measurement date of June 30, 2020.

#### **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, 2019, 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, 2020.

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

\*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension benefits.

## TOWN OF ASHLAND, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 9. Pension Plan (Continued)

##### D. Net Pension Liability (Continued)

###### Actuarial Assumptions – General Employees (Continued)

- Mortality Rates: 15% of deaths are assumed to be service-related.
- Pre-retirement: RP-2014 Employee Rates at age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.
  - Post-retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.
  - Post-disablement: RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

|   |  |
|---|--|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Update to a more current mortality table – RP-2014 projected to 2020                               |
| Retirement Rates  | Lowered rates at older ages and changed final retirement from 70 to 75                             |
| Withdrawal Rates  | Adjusted rates to better fit experience at each year age and service through nine years of service |
| Disability Rates  | Lowered rates  |
| Salary Scale  | No change  |
| Line of Duty Disability   | Increase rate from 14% to 15%  |
| Discount Rate   | Decrease rate from 7.00% to 6.75%  |

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 9. Pension Plan (Continued)

#### D. Net Pension Liability (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, 2019, 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, 2020.

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

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

|                     |   |
|---------------------|---|
| Mortality Rates:    | 45% of deaths are assumed to be service related.  |
| – Pre-retirement:   | RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.   |
| – Post-retirement:  | RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years. |
| – Post-disablement: | RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.  |

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

|   |  |
|---|--|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Update to a more current mortality table – RP-2014 projected to 2020                               |
| Retirement Rates  | Increased age 50 rates, and lowered rates at older ages  |
| Withdrawal Rates  | Adjusted rates to better fit experience at each year age and service through nine years of service |
| Disability Rates  | Adjusted rates to better fit experience  |
| Salary Scale  | No change  |
| Line of Duty Disability   | Decrease rate from 60% to 45%  |
| Discount Rate   | Decrease rate from 7.00% to 6.75%  |

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 9. Pension Plan (Continued)

#### D. Net Pension Liability (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<br>Target Asset<br>Allocation | Arithmetic<br>Long-Term<br>Expected<br>Rate of Return | Weighted<br>Average<br>Long-Term<br>Expected<br>Rate of Return* |
|--------------------------------------|---|---|---|
| Public Equity                        | 34.00%                                  | 4.65%   | 1.58%   |
| Fixed Income                         | 15.00%                                  | 46.00%  | 0.07%   |
| Credit Strategies                    | 14.00%                                  | 5.38%   | 0.75%   |
| Real Assets                          | 14.00%                                  | 5.01%   | 0.70%   |
| Private Equity                       | 14.00%                                  | 8.34%   | 1.17%   |
| MAPS - Multi-Asset Public Strategies | 6.00%                                   | 3.04%   | 0.18%   |
| PIP - Private Investment Partnership | 3.00%                                   | 6.49%   | 0.19%   |
| <b>Total</b>                         | <b>100.00%</b>                          |   | <b>4.64%</b>  |
|                                      | Inflation                               |   | <b>2.50%</b>  |
|                                      |   |   | <b>7.14%</b>  |

\* The above allocation provides a one-year return of 7.14%. 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. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.



# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 9. Pension Plan (Continued)

#### D. Net Pension Liability (Continued)

##### Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever was greater. From July 1, 2020 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

|  | Increase (Decrease)        |                                |                          |
|--|----------------------------|--------------------------------|--------------------------|
|  | Total Pension<br>Liability | Plan Fiduciary<br>Net Position | Net Pension<br>Liability |
| Balances at June 30, 2019  | \$ 17,139,309              | \$ 16,119,769                  | \$ 1,019,540             |
| Changes for the Year:  |                            |                                |                          |
| Service cost   | 457,195                    | -                              | 457,195                  |
| Interest   | 1,130,844                  | -                              | 1,130,844                |
| Difference between expected and<br>actual experience             | 261,112                    | -                              | 261,112                  |
| Contributions – employer   | -                          | 336,998                        | (336,998)                |
| Contributions – employee   | -                          | 231,109                        | (231,109)                |
| Net investment income  | -                          | 306,938                        | (306,938)                |
| Benefit payments, including refunds<br>of employee contributions | (772,120)                  | (772,120)                      | -                        |
| Administrative expense   | -                          | (10,453)                       | 10,453                   |
| Other changes  | -                          | (366)                          | 366                      |
| <b>Net changes</b>   | <b>1,077,031</b>           | <b>92,106</b>                  | <b>984,925</b>           |
| Balances at June 30, 2020  | \$ 18,216,340              | \$ 16,211,875                  | \$ 2,004,465             |

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 9. Pension Plan (Continued)

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

##### Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Town, using the discount rate of 6.75%, as well as what the Town's net pension liability 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<br>(5.75%) | Current<br>Discount Rate<br>(6.75%) | 1% Increase<br>(7.75%) |
|--------------------------------------|------------------------|-------------------------------------|------------------------|
| Town's net pension liability (asset) | \$ 4,427,727           | \$ 2,004,465                        | \$ (1,916)             |

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

For the year ended June 30, 2021, the Town recognized pension expense of \$648,693. The Town also reported deferred outflows of resources and deferred inflows of resources from the following sources:

|   | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience                                  | \$ 162,579                           | \$ (29,266)                         |
| Change in assumption  | 139,422                              | -                                   |
| Net difference between projected and actual earnings on<br>pension plan investments | 482,347                              | -                                   |
| Employer contributions subsequent to the measurement date                           | 331,930                              | -                                   |
| <b>Total</b>  | <b>\$ 1,116,278</b>                  | <b>\$ (29,266)</b>                  |

The \$331,930 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending June 30, | Amount            |
|----------------------|-------------------|
| 2022                 | \$ 223,104        |
| 2023                 | 214,311           |
| 2024                 | 162,888           |
| 2025                 | 154,779           |
|                      | <b>\$ 755,082</b> |

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### 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 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at [varetire.org/pdf/publications/2020-annualreport.pdf](http://varetire.org/pdf/publications/2020-annualreport.pdf), or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

### Note 10. Trust for Other Postemployment Benefits

The Town has established an irrevocable trust pursuant to Section 15.2-1544 of the *Code of Virginia*, as amended, for the purpose of accumulating and investing assets to fund Other Postemployment Benefits and to participate in the Virginia Pooled OPEB Trust Fund and has established a Local Finance Board to become a Participating Employer in the Trust Fund. The Trust Fund provides administrative, custodial and investment services to the Participating Employers in the Trust Fund. For the fiscal year ended June 30, 2021, the Town and plan members contributed \$242,292 to the Trust Fund. Administrative expenses allocated to the Trust Fund during the fiscal year ended June 30, 2021 totaled \$2,405. 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, 2021, the two plans had the following balances reported in the government-wide financial statements:

|                         | Net<br>OPEB<br>Liability | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources | OPEB<br>Expense   |
|-------------------------|--------------------------|--------------------------------------|-------------------------------------|-------------------|
| Retiree Healthcare Plan | \$ 449,846               | \$ 276,425                           | \$ 375,346                          | \$ 96,390         |
| Group Life Insurance    | 289,210                  | 62,969                               | 13,854                              | 10,788            |
|                         | <u>\$ 739,056</u>        | <u>\$ 339,394</u>                    | <u>\$ 389,200</u>                   | <u>\$ 107,178</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. The Town allows retirees who are eligible to retire with a pension benefit from the System and have at least 15 years of full-time service with the Town to remain on their health insurance plan once they retire. Health benefits include medical, dental and vision coverage. Any amendments to the plan must be approved by Town Council.

## TOWN OF ASHLAND, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 11. Other Postemployment Benefits (Continued)

##### 1. Retiree Healthcare Plan

###### A. Plan Description (Continued)

| RETIREE HEALTHCARE PLAN PROVISIONS  |
|---|
| <p><b><i>Eligible Employees</i></b><br/>A Town of Ashland retiree, eligible for postretirement medical coverage, is defined as a full-time employee who retires directly from the Town and is eligible to receive an early or regular retirement benefit from the VRS. Employees applying for early or regular retirement are eligible to continue participation in the Town sponsored Retiree Healthcare plan.</p>   |
| <p><b><i>Retirement Eligibility</i></b><br/>Employees may retire under the VRS with an unreduced pension benefit under the following age and service requirements:</p> <ul style="list-style-type: none"><li>• Plan 1 eligible employees<ul style="list-style-type: none"><li>○ Age 50 and 30 years of service</li><li>○ Age 65 and 5 years of service</li></ul></li><li>• Plan 2 and Hybrid plan eligible employees<ul style="list-style-type: none"><li>○ Normal Social Security retirement age and at least 5 years of service, or, when your age and your years of service equal 90</li></ul></li></ul>   |
| <p><b><i>Benefit Amounts</i></b><br/>The Town will provide a premium credit toward a retiree's health insurance premium at a rate of \$35.00 plus \$3.00 for each year of service per month. To be eligible for this premium credit, the retiree must have a minimum of 15 years of service with the Town and must be enrolled in the Town sponsored health insurance at the time of retirement. If an employee retires with 25 years of service to the Town, and is enrolled in the Town sponsored health insurance plan, the Town will pay the entire health insurance premium for the retiree. This premium credit is only for the retiree, it is not applicable to the premium charges for any covered family members. At age 65 retirees must enroll in Medicare as their primary insurer and may transition to the Town sponsored Medicare Supplement plan if they so desire. Premium credits would apply to the Medicare Supplement plan as described above.</p> |
| <p><b><i>Reduction in Benefit Amounts</i></b><br/>Plan 1 eligible employees may retire with a reduced pension benefit at age 50 and 10 years of service or age 55 and 5 years of service. Plan 2 and Hybrid eligible employees may retire with a reduced pension benefit at age 60 with 5 years of service.</p>   |
| <p><b><i>Death of a Retiree</i></b><br/>Upon the death of a retiree, the surviving spouse may retain health insurance coverage if they pay the entire cost of the premium. Survivors of active employees are not eligible for postretirement benefits, even if the deceased active was eligible to retire at the time of death.</p>   |

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 11. Other Postemployment Benefits (Continued)

#### 1. Retiree Healthcare Plan

##### B. Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms:

|  | Number    |
|--|-----------|
| Inactive employees or beneficiaries currently receiving benefit payments | 18        |
| Active employees   | 61        |
| <b>Total</b>   | <b>79</b> |

##### 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, 2021, the Town's average contribution rate was 7.22 percent of covered-employee payroll. Employees are not required to contribute to the plan.

##### D. Net Retiree Healthcare OPEB Liability

The Town's net Retiree Healthcare OPEB liability of \$449,846 was measured as of June 30, 2021, 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, 2019.

##### E. Actuarial Assumptions

The total Retiree Healthcare Plan OPEB liability was based on an actuarial valuation as of July 1, 2019, using the Entry Age Normal actuarial cost method and the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

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

##### *Mortality Rates – General Employees*

The following mortality assumptions were chosen to match the mortality assumptions used in the June 30, 2016 Annual Financial Statement for the Virginia Retirement System.

Pre-Commencement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males set back one year, 85% of rates; females set back one year.

Post-Commencement: RP-2014 Employee Rates to age 49, Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward one year; females set back one year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement: RP-2014 Disability Mortality Rates projected with scale BB to 2020; males 115% of rates; females 130% of rates.

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 11. Other Postemployment Benefits (Continued)

#### 1. Retiree Healthcare Plan

#### E. Actuarial Assumptions (Continued)

##### *Mortality Rates – Public Safety Employees*

Pre-Commencement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward one year.

Post-Commencement: RP-2014 Employee Rates to age 49, Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward one year with 1.0% increase compounded from ages 70 to 90; females set forward three years.

Post-Disablement: RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward two years; unisex using 100% male.

#### F. Changes in the Net Retiree Healthcare OPEB Liability

|                          | Increase (Decrease)            |                                       |                                    |
|--------------------------|--------------------------------|---------------------------------------|------------------------------------|
|                          | Total OPEB<br>Liability<br>(a) | Plan Fiduciary<br>Net Position<br>(b) | Net OPEB<br>Liability<br>(a) - (b) |
| Balance at June 30, 2020 | \$ 2,634,308                   | \$ 1,676,826                          | \$ 957,482                         |
| Changes for the year:    |                                |                                       |                                    |
| Service cost             | 70,631                         | -                                     | 70,631                             |
| Interest                 | 172,482                        | -                                     | 172,482                            |
| Benefit payments         | (104,397)                      | (104,397)                             | -                                  |
| Employer contributions   | -                              | 242,292                               | (242,292)                          |
| Net investment income    | -                              | 510,863                               | (510,863)                          |
| Administrative expenses  | -                              | (2,406)                               | 2,406                              |
| <b>Net changes</b>       | <b>138,716</b>                 | <b>646,352</b>                        | <b>(507,636)</b>                   |
| Balance at June 30, 2021 | \$ 2,773,024                   | \$ 2,323,178                          | \$ 449,846                         |

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 11. Other Postemployment Benefits (Continued)

#### 1. Retiree Healthcare Plan

##### 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 |
|-----------------------------------|-------------------|---|--|
| Core Fixed Income                 | 21.00%            | 0.83%   | 0.76%  |
| Large Cap US Equities             | 26.00%            | 3.93%   | 2.74%  |
| Small Cap US Equities             | 10.00%            | 5.09%   | 3.08%  |
| Developed Foreign Equities        | 13.00%            | 5.73%   | 4.16%  |
| Emerging Market Equities          | 5.00%             | 7.51%   | 4.70%  |
| Real Estate (REITS)               | 7.00%             | 3.89%   | 3.18%  |
| Private Equities                  | 5.00%             | 8.99%   | 5.19%  |
| Commodities                       | 3.00%             | 2.29%   | 0.68%  |
| Hedge Funds / Absolute Return     | 10.00%            | 2.71%   | 2.20%  |
|                                   | <u>100.00%</u>    |   |  |
| Assumed Inflation                 |                   | 2.40%   | 2.40%  |
| Portfolio Real Mean Return        |                   | 3.93%   | 3.27%  |
| Portfolio Nominal Mean Return     |                   | 6.33%   | 5.74%  |
| Portfolio Standard Deviation      |                   |   | 11.60%   |
| Long-Term Expected Rate of Return |                   |   | 6.50%  |

##### H. Discount Rate

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

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 11. Other Postemployment Benefits (Continued)

#### 1. Retiree Healthcare Plan

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

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

|                        | 1% Decrease<br>(5.50%) | Current Discount<br>Rate<br>(6.50%) | 1% Increase<br>(7.50%) |
|------------------------|------------------------|-------------------------------------|------------------------|
| Total OPEB Liability   | \$ 3,138,554           | \$ 2,773,024                        | \$ 2,465,190           |
| Fiduciary Net Position | 2,323,178              | 2,323,178                           | 2,323,178              |
| Net OPEB Liability     | <u>\$ 815,376</u>      | <u>\$ 449,846</u>                   | <u>\$ 142,012</u>      |

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

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

|                        | 1% Decrease      | Current Medical<br>Trend Rate | 1% Increase       |
|------------------------|------------------|-------------------------------|-------------------|
| Total OPEB Liability   | \$ 2,396,076     | \$ 2,773,024                  | \$ 3,235,760      |
| Fiduciary Net Position | 2,323,178        | 2,323,178                     | 2,323,178         |
| Net OPEB Liability     | <u>\$ 72,898</u> | <u>\$ 449,846</u>             | <u>\$ 912,582</u> |

##### K. OPEB Plan Fiduciary Net Position

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

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

For the year ended June 30, 2021, the Town recognized Retiree Healthcare OPEB expense of \$96,390. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to the Retiree Healthcare OPEB from the following sources:

|   | Deferred<br>Outflows of<br>Resources | Deferred Inflows<br>of Resources |
|---|--------------------------------------|----------------------------------|
| Differences between expected and actual experience                                  | \$ 187,221                           | \$ -                             |
| Changes of assumptions  | 89,204                               | (93,598)                         |
| Net difference between projected and actual earnings on<br>OPEB program investments | -                                    | (281,748)                        |
| <b>Total</b>  | <u>\$ 276,425</u>                    | <u>\$ (375,346)</u>              |



## TOWN OF ASHLAND, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 11. Other Postemployment Benefits (Continued)

##### 1. Retiree Healthcare Plan

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

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

| Year Ending June 30, | Amount             |
|----------------------|--------------------|
| 2022                 | \$ (35,800)        |
| 2023                 | (29,702)           |
| 2024                 | (35,222)           |
| 2025                 | (45,668)           |
| 2026                 | 28,148             |
| Thereafter           | 19,323             |
| <b>Total</b>         | <b>\$ (98,921)</b> |

##### 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. 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

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### Note 11. Other Postemployment Benefits (Continued)

#### 2. Group Life Insurance Program

##### 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><b><i>Eligible Employees</i></b><br/>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><b><i>Benefit Amounts</i></b><br/>The benefits payable under the GLI have several components.</p> <ul style="list-style-type: none"><li>• Natural Death Benefit – The natural death benefit is equal to the employee’s covered compensation rounded to the next highest thousand and then doubled.</li><li>• Accidental Death Benefit – The accidental death benefit is double the natural death benefit.</li><li>• 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"><li>○ Accidental dismemberment benefit</li><li>○ Safety belt benefit</li><li>○ Repatriation benefit</li><li>○ Felonious assault benefit</li><li>○ Accelerated death benefit option</li></ul></li></ul> |
| <p><b><i>Reduction in Benefit Amounts</i></b><br/>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><b><i>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</i></b><br/>For covered members with at least 30 years of service credit, there is a minimum benefit payable under GLI. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,616 as of June 30, 2021.</p>  |

## TOWN OF ASHLAND, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 11. Other Postemployment Benefits (Continued)**

##### ***2. Group Life Insurance Program***

###### **B. Contributions**

The contribution requirements for the GLI are governed by Sections 51.1-506 and 51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI from the Town were \$18,125 and \$18,324 for the years ended June 30, 2021 and 2020, 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, 2021, the Town's reported liability for its proportionate share of the net GLI OPEB liabilities was \$289,210. The net GLI OPEB liability was measured as of June 30, 2020 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, 2019, and rolled forward to the measurement date of June 30, 2020. The covered employers' proportion of the net GLI OPEB liability was based on the covered employer's actuarially determined employer contributions to the GLI for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the Town's portion was 0.01733% as compared to 0.01738% at June 30, 2019.

For the year ended June 30, 2021, the Town recognized GLI OPEB expense of \$10,788. 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

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#### Note 11. Other Postemployment Benefits (Continued)

##### 2. Group Life Insurance Program

##### 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, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

|   | Deferred<br>Outflows of<br>Resources | Deferred Inflows<br>of Resources |
|---|--------------------------------------|----------------------------------|
| Differences between expected and actual experience                                      | \$ 18,550                            | \$ (2,598)                       |
| Net difference between projected and actual earnings on<br>GLI OPEB program investments | 8,688                                | -                                |
| Change in assumptions   | 14,464                               | (6,039)                          |
| Changes in proportionate share  | 3,142                                | (5,217)                          |
| Employer contributions subsequent to the measurement date                               | 18,125                               | -                                |
| <b>Total</b>  | <b>\$ 62,969</b>                     | <b>\$ (13,854)</b>               |

The \$18,125 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, 2022. 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           |
|----------------------|------------------|
| 2022                 | \$ 4,115         |
| 2023                 | 6,568            |
| 2024                 | 9,178            |
| 2025                 | 9,007            |
| 2026                 | 1,985            |
| Thereafter           | 137              |
| <b>Total</b>         | <b>\$ 30,990</b> |

## TOWN OF ASHLAND, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 11. Other Postemployment Benefits (Continued)

##### 2. Group Life Insurance Program

###### D. Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020.

|  |   |
|--|---|
| 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* |

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities.

###### *Mortality Rates – General Employees*

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement: RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

|   |   |
|---|---|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table – RP-2014 projected to 2020                                       |
| Retirement Rates  | Lowered retirement rates at older ages and extended final retirement age from 70 to 75                      |
| Withdrawal Rates  | Adjusted termination rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates  | Adjusted rates to better match experience   |
| Salary Scale  | No change   |
| Line of Duty Disability   | Increased rate from 14% to 25%  |
| Discount Rate   | Decrease rate from 7.00% to 6.75%   |

## TOWN OF ASHLAND, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

#### Note 11. Other Postemployment Benefits (Continued)

##### 2. Group Life Insurance Program

#### D. Actuarial Assumptions (Continued)

##### *Mortality Rates – Hazardous Duty Employees*

*Pre-Retirement:* RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward one year.

*Post-Retirement:* RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward one year with 1.0% increase compounded from ages 70 to 90; females set forward three years.

*Post-Disablement:* RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward two years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

|   |   |
|---|---|
| Mortality Rates<br>(pre-retirement, post-retirement<br>healthy, and disabled) | Updated to a more current mortality table – RP-2014<br>projected to 2020            |
| Retirement Rates  | Increased age 50 rates and lowered rates at older ages                              |
| Withdrawal Rates  | Adjusted termination rates to better fit experience at each age<br>and service year |
| Disability Rates  | Adjusted rates to better match experience   |
| Salary Scale  | No change   |
| Line of Duty Disability   | Decreased rate from 60% to 45%  |
| Discount Rate   | Decrease rate from 7.00% to 6.75%   |

#### 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, 2020, NOL amounts (in thousands) for the GLI are as follows (in thousands):

|                               | Group Life<br>Insurance OPEB<br>Program |
|-------------------------------|---|
| Total GLI OPEB liability      | \$ 3,523,937                            |
| Plan fiduciary net position   | 1,855,102                               |
| <b>GLI net OPEB liability</b> | <b>\$ 1,668,835</b>                     |

Plan fiduciary net position as a percentage of the total GLI OPEB liability 52.64%

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

##### 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<br>Target Asset<br>Allocation | Arithmetic Long-<br>Term Expected<br>Rate of Return | Weighted<br>Average Long-<br>Term Expected<br>Rate of Return* |
|--------------------------------------|---|---|---|
| Public Equity                        | 34.00%                                  | 4.65%   | 1.58%   |
| Fixed Income                         | 15.00%                                  | 0.46%   | 0.07%   |
| Credit Strategies                    | 14.00%                                  | 5.38%   | 0.75%   |
| Real Assets                          | 14.00%                                  | 5.01%   | 0.70%   |
| Private Equity                       | 14.00%                                  | 8.34%   | 1.17%   |
| MAPS - Multi-Asset Public Strategies | 6.00%                                   | 3.04%   | 0.18%   |
| PIP - Private Investment Partnership | 3.00%                                   | 6.49%   | 0.19%   |
| <b>Total</b>                         | <b>100.00%</b>                          |   | <b>4.64%</b>  |
|                                      | Inflation                               |   | <b>2.50%</b>  |
|                                      |   |   | <b>7.14%</b>  |

\* Expected arithmetic nominal return

\* The above allocation provides a one-year return of 7.14%. 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. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

## TOWN OF ASHLAND, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 11. Other Postemployment Benefits (Continued)

##### 2. Group Life Insurance Program

###### 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 member contributions will be made per the VRS guidance 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. Through the fiscal year ending June 30, 2020, the rate contributed by the participating employers for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2020 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<br>(5.75%) | Current Discount<br>Rate<br>(6.75%) | 1% Increase<br>(7.75%) |
|------|------------------------|-------------------------------------|------------------------|
| Town | \$ 380,188             | \$ 289,210                          | \$ 215,326             |

###### I. GLI Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at [varetire.org/pdf/publications/2020-annual-report.pdf](http://varetire.org/pdf/publications/2020-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

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#### **Note 12. Pending GASB Statements**

At June 30, 2021, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the Town. The statements which might impact the Town are as follows:

GASB Statement No. 87, *Leases*, will increase the usefulness of the financial statements by requiring reporting of certain lease assets and liabilities and deferred inflows of resources for leases that previously were classified as operating leases. Statement No. 87 will be effective for fiscal years beginning after June 15, 2021.

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

GASB Statement No. 92, *Omnibus 2020*, will improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics, including intra-entity transfers, the effective date of No. 87, *Leases*, the applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits, the applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements, measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition, reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, terminology used to refer to derivative instruments. Statement No. 92 will be effective for fiscal years beginning after June 15, 2021.

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

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

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

## TOWN OF ASHLAND, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 12. Pending GASB Statements (Continued)**

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, will increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Statement No. 97 will be effective for fiscal years beginning after June 15, 2021.

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

#### **Note 13. Contingencies**

##### Federal and State-Assisted Programs

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

#### **Note 14. Abatements**

The Town, through the Economic Development Authority, provides an I-95 Corridor Hotel Incentive grant and I-95 Corridor Restaurant Incentive grant to local developers who complete projects that promote economic development within the Town. Such grants are in accordance with Virginia Code Section 15.2-4905. Eligible projects are expected to improve economic viability and the appearance of properties in and around the I-95 exchange. In addition, such projects are expected to provide additional tax revenue and services that will benefit the community. The transient occupancy and meals taxes generated from the development fund the grants. Payments to developers are based on taxes collected during the fiscal year. Grants of \$36,433 were provided during the year ended June 30, 2021, represented 50% of the taxes generated from projects.

## **REQUIRED SUPPLEMENTARY INFORMATION**

# TOWN OF ASHLAND, VIRGINIA

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

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

### Note to Schedule:

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

## TOWN OF ASHLAND, VIRGINIA

### SCHEDULE OF TOWN CONTRIBUTIONS – VIRGINIA RETIREMENT SYSTEM

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

**Note to Schedule:**

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

## TOWN OF ASHLAND, VIRGINIA

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION VIRGINIA RETIREMENT SYSTEM Year Ended June 30, 2021

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#### 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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

##### Non-Hazardous Duty

|  |  |
|--|--|
| Mortality Rates<br>(Pre-retirement, post-retirement healthy, and disabled) | Update to a more current mortality table – RP-2014 projected to 2020                               |
| Retirement Rates   | Lowered rates at older ages and changed final retirement from 70 to 75                             |
| Withdrawal Rates   | Adjusted rates to better fit experience at each year age and service through nine years of service |
| Disability Rates   | Lowered rates  |
| Salary Scale   | No change  |
| Line of Duty Disability  | Increase rate from 14% to 15%  |
| Discount Rate  | Decrease 7.00% to 6.75%  |

##### Hazardous Duty

|  |  |
|--|--|
| Mortality Rates<br>(Pre-retirement, post-retirement healthy, and disabled) | Update to a more current mortality table – RP-2014 projected to 2020                               |
| Retirement Rates   | Increased age 50 rates, and lowered rates at older ages  |
| Withdrawal Rates   | Adjusted rates to better fit experience at each year age and service through nine years of service |
| Disability Rates   | Adjusted rates to better fit experience  |
| Salary Scale   | No change  |
| Line of Duty Disability  | Decrease rate from 60% to 45%  |
| Discount Rate  | Decrease rate from 7.00% to 6.75%  |

## TOWN OF ASHLAND, VIRGINIA

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION VIRGINIA RETIREMENT SYSTEM Year Ended June 30, 2021

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#### Note 3. Contractually Required Contributions

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

Methods and assumptions used to determine contribution rates:

##### Non-Hazardous Duty

|                   |   |
|-------------------|---|
| Mortality Rates:  | 15% of deaths are assumed to be service related.  |
| Pre-retirement:   | RP-2014 Employee Rates at age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.                                      |
| Post-retirement:  | RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90. |
| Post-disablement: | RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.  |

##### Hazardous Duty

|                   |   |
|-------------------|---|
| Mortality Rates:  | 45% of deaths are assumed to be service related.  |
| Pre-retirement:   | RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.   |
| Post-retirement:  | RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years. |
| Post-disablement: | RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.  |

# TOWN OF ASHLAND, VIRGINIA

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

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

### 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         |
| Contractually required contribution (CRC)        | \$ 200,514           | \$ 212,868   | \$ 237,401   | \$ 242,292   |
| Contributions in relation to the CRC             | 200,514              | 212,868      | 237,401      | 242,292      |
| Contribution deficiency (excess)                 | \$ -                 | \$ -         | \$ -         | \$ -         |
| Employer's covered payroll                       | \$ 3,356,524         | \$ 3,407,808 | \$ 3,523,846 | \$ 3,356,391 |
| Contributions as a percentage of covered payroll | 5.97%                | 6.25%        | 6.74%        | 7.22%        |

### 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       |
| Employer's proportion of the net GLI OPEB liability  | 0.01730%             | 0.01765%   | 0.01738%   | 0.01733%   |
| Employer's proportionate share of the net GLI OPEB liability   | \$ 260,000           | \$ 269,000 | \$ 282,818 | \$ 289,210 |
| Employer's covered payroll   | 3,191,793            | 3,356,524  | 3,407,808  | 3,523,846  |
| Employer's proportionate share of the net GLI OPEB liability<br>as a percentage of its covered payroll | 8.16%                | 8.01%      | 8.30%      | 8.21%      |
| Plan fiduciary net position as a percentage of the total GLI<br>OPEB liability                         | 48.86%               | 51.22%     | 52.00%     | 52.64%     |

### 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, |              |              |              |              |              |              |              |              |              |
|--|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  | 2012                 | 2013         | 2014         | 2015         | 2016         | 2017         | 2018         | 2019         | 2020         | 2021         |
| Contractually required contribution (CRC)        | \$ 12,117            | \$ 15,013    | \$ 15,733    | \$ 16,064    | \$ 16,739    | \$ 16,597    | \$ 17,454    | \$ 17,721    | \$ 18,324    | \$ 18,125    |
| Contributions in relation to the CRC             | 12,117               | 15,013       | 15,733       | 16,064       | 16,739       | 16,597       | 17,454       | 17,721       | 18,324       | 18,125       |
| Contribution deficiency (excess)                 | \$ -                 | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| Employer's covered payroll                       | \$ 2,753,755         | \$ 2,832,720 | \$ 2,968,496 | \$ 3,030,874 | \$ 3,158,341 | \$ 3,191,793 | \$ 3,356,524 | \$ 3,407,808 | \$ 3,523,846 | \$ 3,356,391 |
| Contributions as a percentage of covered payroll | 0.44%                | 0.53%        | 0.53%        | 0.53%        | 0.53%        | 0.52%        | 0.52%        | 0.52%        | 0.52%        | 0.54%        |

## TOWN OF ASHLAND, VIRGINIA

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OTHER POSTEMPLOYMENT BENEFITS Year Ended June 30, 2021

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#### 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.

##### *Changes of Assumptions*

The following changes in actuarial assumptions from the July 1, 2017 valuation were made effective July 1, 2019:

|                          |  |
|--------------------------|--|
| Age-Related Claims Costs | Monthly medical costs for retirees increased compared to the prior valuation.            |
| Healthcare Trend Rates   | Lowered trend assumption rates, and determined ultimate rates starting in earlier years. |

#### 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, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

##### *General Employees*

|   |  |
|---|--|
| Mortality Rates<br>(pre-retirement, post-retirement<br>healthy, and disabled) | Updated to a more current mortality table – RP-2014 projected to 2020                  |
| Retirement Rates  | Lowered retirement rates at older ages and extended final retirement age from 70 to 75 |
| Withdrawal Rates  | Adjusted termination rates to better fit experience at each age and service year       |
| Disability Rates  | Lowered disability rates   |
| Salary Scale  | No change  |
| Line of Duty Disability   | Increased rate from 14% to 15%   |
| Discount Rate   | Decrease rate from 7.00% to 6.75%  |

## TOWN OF ASHLAND, VIRGINIA

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OTHER POSTEMPLOYMENT BENEFITS Year Ended June 30, 2021

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#### Note 2. Group Life Insurance Program (Continued)

##### *Changes of Assumptions (Continued)*

##### *Hazardous Duty Employees*

|   |   |
|---|---|
| Mortality Rates<br>(pre-retirement, post-retirement<br>healthy, and disabled) | Updated to a more current mortality table – RP-2014 projected to<br>2020            |
| Retirement Rates  | Increased age 50 rates and lowered rates at older ages                              |
| Withdrawal Rates  | Adjusted termination rates to better fit experience at each age and<br>service year |
| Disability Rates  | Adjusted rates to better match experience   |
| Salary Scale  | No change   |
| Line of Duty Disability   | Decreased rate from 60% to 45%  |
| Discount Rate   | Decrease rate from 7.00% to 6.75%   |

## **SUPPLEMENTARY INFORMATION**

**TOWN OF ASHLAND, VIRGINIA****COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS****June 30, 2021**

|   | <u>Special Revenue Funds</u>                     |  | <u>Total</u>                               |
|---|--|--|--|
|   | <u>Community<br/>Development<br/>Block Grant</u> | <u>Central Virginia<br/>Transportation<br/>Authority</u> | <u>Nonmajor<br/>Governmental<br/>Funds</u> |
| <b>ASSETS</b>                             |  |  |  |
| Cash and cash equivalents                 | \$ -   | \$ 185,047   | \$ 185,047                                 |
| Due from other governments                | 82,949   | 54,511   | 137,460                                    |
| <b>Total assets</b>                       | <b>\$ 82,949</b>                                 | <b>\$ 239,558</b>  | <b>\$ 322,507</b>                          |
| <b>LIABILITIES</b>                        |  |  |  |
| Bank overdraft                            | \$ 66,315  | \$ -   | \$ 66,315                                  |
| Accounts payable                          | 16,634   | -  | 16,634                                     |
| <b>Total liabilities</b>                  | <b>82,949</b>                                    | <b>-</b>   | <b>82,949</b>                              |
| <b>FUND BALANCE</b>                       |  |  |  |
| Restricted for:                           |  |  |  |
| Public works                              | -  | 239,558  | 239,558                                    |
| <b>Total fund balance</b>                 | <b>-</b>   | <b>239,558</b>   | <b>239,558</b>                             |
| <b>Total liabilities and fund balance</b> | <b>\$ 82,949</b>                                 | <b>\$ 239,558</b>  | <b>\$ 322,507</b>                          |

**TOWN OF ASHLAND, VIRGINIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES – NONMAJOR GOVERNMENTAL FUNDS  
Year Ended June 30, 2021**

|                                   | Special Revenue Funds                   |   | Total<br>Nonmajor<br>Governmental<br>Funds |
|-----------------------------------|---|---|--|
|                                   | Community<br>Development<br>Block Grant | Central Virginia<br>Transportation<br>Authority |  |
| Revenues:                         |   |   |  |
| Other local taxes                 | \$ -                                    | \$ 239,558                                      | \$ 239,558                                 |
| Intergovernmental                 | 360,255                                 | -   | 360,255                                    |
| <b>Total revenues</b>             | <b>360,255</b>                          | <b>239,558</b>                                  | <b>599,813</b>                             |
| Expenditures:                     |   |   |  |
| Current:                          |   |   |  |
| Community development             | 360,255                                 | -   | 360,255                                    |
| <b>Total expenditures</b>         | <b>360,255</b>                          | <b>-</b>  | <b>360,255</b>                             |
| <b>Net change in fund balance</b> | <b>-</b>                                | <b>239,558</b>                                  | <b>239,558</b>                             |
| Fund balance, beginning           | -                                       | -   | -  |
| Fund balance, ending              | \$ -                                    | \$ 239,558                                      | \$ 239,558                                 |



**TOWN OF ASHLAND, VIRGINIA**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL – COMMUNITY DEVELOPMENT BLOCK GRANT FUND  
Year Ended June 30, 2021**

|                                   | Community Development Block Grant Fund |            |                   |  |
|-----------------------------------|--|------------|-------------------|--|
|                                   | Budgeted Amounts                       |            | Actual<br>Amounts | Variance with<br>Final Budget<br>Over<br>(Under) |
|                                   | Original                               | Final      |                   |  |
| Revenues:                         |  |            |                   |  |
| Intergovernmental                 | \$ -                                   | \$ 460,000 | \$ 360,255        | \$ (99,745)                                      |
| <b>Total revenues</b>             | -                                      | 460,000    | 360,255           | (99,745)   |
| Expenditures:                     |  |            |                   |  |
| Community development             | -                                      | 460,000    | 360,255           | (99,745)   |
| <b>Total expenditures</b>         | -                                      | 460,000    | 360,255           | (99,745)   |
| <b>Revenues over expenditures</b> | -                                      | -          | -                 | -  |
| <b>Net change in fund balance</b> | -                                      | -          | -                 | -  |
| Fund balance, beginning           | -                                      | -          | -                 | -  |
| Fund balance, ending              | \$ -                                   | \$ -       | \$ -              | \$ -   |

# 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, 2021

|                                       | Central Virginia Transportation Authority Fund |       |                   |  |
|---------------------------------------|--|-------|-------------------|--|
|                                       | Budgeted Amounts                               |       | Actual<br>Amounts | Variance with<br>Final Budget<br>Over<br>(Under) |
|                                       | Original                                       | Final |                   |  |
| Revenues:                             |  |       |                   |  |
| Other local taxes                     | \$ -   | \$ -  | \$ 239,558        | \$ 239,558                                       |
| <b>Total revenues</b>                 | -  | -     | 239,558           | 239,558  |
| <br><b>Revenues over expenditures</b> | -  | -     | 239,558           | 239,558  |
| <br><b>Net change in fund balance</b> | -  | -     | 239,558           | 239,558  |
| Fund balance, beginning               | -  | -     | -                 | -  |
| Fund balance, ending                  | \$ -   | \$ -  | \$ 239,558        | \$ 239,558                                       |

# TOWN OF ASHLAND, VIRGINIA

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – CAPITAL PROJECTS FUND Year Ended June 30, 2021

|   | Capital Projects Fund |                    |                    |  |
|---|-----------------------|--------------------|--------------------|--|
|   | Budgeted Amounts      |                    | Actual<br>Amounts  | Variance with<br>Final Budget<br>Over<br>(Under) |
|   | Original              | Final              |                    |  |
| Revenues:                                       |                       |                    |                    |  |
| Use of money                                    | \$ 135,000            | \$ 135,000         | \$ 7,083           | \$ (127,917)                                     |
| Permits, privilege fees and regulatory licenses | 6,877                 | 6,877              | 34,882             | 28,005   |
| Recovered costs                                 | 3,000                 | 3,000              | -                  | (3,000)  |
| Miscellaneous                                   | 1,500                 | 1,500              | 874                | (626)  |
| Intergovernmental                               | 424,355               | 787,066            | 673,592            | (113,474)  |
| <b>Total revenues</b>                           | <b>570,732</b>        | <b>933,443</b>     | <b>716,431</b>     | <b>(217,012)</b>                                 |
| Expenditures:                                   |                       |                    |                    |  |
| Capital outlay                                  | 6,303,257             | 6,539,656          | 3,791,986          | (2,747,670)                                      |
| <b>Total expenditures</b>                       | <b>6,303,257</b>      | <b>6,539,656</b>   | <b>3,791,986</b>   | <b>(2,747,670)</b>                               |
| <b>Revenues under expenditures</b>              | <b>(5,732,525)</b>    | <b>(5,606,213)</b> | <b>(3,075,555)</b> | <b>2,530,658</b>                                 |
| Other financing sources:                        |                       |                    |                    |  |
| Transfers in                                    | 511,446               | 511,446            | 511,446            | -  |
| <b>Total other financing sources</b>            | <b>511,446</b>        | <b>511,446</b>     | <b>511,446</b>     | <b>-</b>   |
| <b>Net change in fund balance</b>               | <b>(5,221,079)</b>    | <b>(5,094,767)</b> | <b>(2,564,109)</b> | <b>2,530,658</b>                                 |
| Fund balance, beginning                         | 5,221,079             | 5,094,767          | 5,819,261          | 724,494  |
| Fund balance, ending                            | \$ -                  | \$ -               | \$ 3,255,152       | \$ 3,255,152                                     |

**TOWN OF ASHLAND, VIRGINIA**

**STATEMENT OF NET POSITION  
DISCRETELY PRESENTED COMPONENT UNIT – ECONOMIC DEVELOPMENT  
AUTHORITY  
June 30, 2021**

|   | Economic<br>Development<br>Authority |
|---|--------------------------------------|
| <hr/>   |                                      |
| <b>ASSETS</b>   |                                      |
| Cash, cash equivalents and temporary cash investments | \$ 111,346                           |
| Property held for sale                                | <u>765,000</u>                       |
| <b>Total assets</b>                                   | <u><u>\$ 876,346</u></u>             |
| <br>  |                                      |
| <b>NET POSITION</b>                                   |                                      |
| Unrestricted  | <u>\$ 876,346</u>                    |
| <b>Total net position</b>                             | <u><u>\$ 876,346</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, 2021**

|                                   | Economic<br>Development<br>Authority |
|-----------------------------------|--------------------------------------|
| Operating expenses:               |                                      |
| Other supplies and expenses       | \$ 67,239                            |
| <b>Total operating expenses</b>   | <b>67,239</b>                        |
| <b>Operating loss</b>             | <b>(67,239)</b>                      |
| Nonoperating revenue:             |                                      |
| Capital contributions             | 585,000                              |
| Operating contributions           | 83,469                               |
| Interest earnings                 | 1,334                                |
| <b>Total nonoperating revenue</b> | <b>669,803</b>                       |
| <b>Change in net position</b>     | <b>602,564</b>                       |
| Total net position, beginning     | 273,782                              |
| Total net position, ending        | \$ 876,346                           |

# TOWN OF ASHLAND, VIRGINIA

## STATEMENT OF CASH FLOWS

### DISCRETELY PRESENTED COMPONENT UNIT – ECONOMIC DEVELOPMENT

#### AUTHORITY

Year Ended June 30, 2021

|  | Economic<br>Development<br>Authority |
|--|--------------------------------------|
| Cash Flows From Operating Activities:                                      |                                      |
| Payments for operating activities  | <u>\$ (67,239)</u>                   |
| <b>Net cash used in operating activities</b>                               | <u>(67,239)</u>                      |
| Cash Flows From Noncapital Financing Activities:                           |                                      |
| Operating contributions  | <u>83,469</u>                        |
| <b>Net cash provided by noncapital financing activities</b>                | <u>83,469</u>                        |
| Cash Flows from Capital and Related Financing Activities                   |                                      |
| Capital contributions  | <u>585,000</u>                       |
| <b>Net cash provided by capital and related financing activities</b>       | <u>585,000</u>                       |
| Cash Flows From Investing Activities:                                      |                                      |
| Interest received  | 1,334                                |
| Purchase of property held for sale   | <u>(765,000)</u>                     |
| <b>Net cash used in investing activities</b>                               | <u>(763,666)</u>                     |
| <b>Decrease in cash and cash equivalents</b>                               | (162,436)                            |
| Cash, cash equivalents and temporary cash investments:                     |                                      |
| Beginning  | <u>273,782</u>                       |
| Ending   | <u><u>\$ 111,346</u></u>             |
| Reconciliation of operating loss to net cash used in operating activities: |                                      |
| Operating loss   | <u>\$ (67,239)</u>                   |
| <b>Net cash used in operating activities</b>                               | <u><u>\$ (67,239)</u></u>            |

## **SUPPLEMENTAL SCHEDULES**

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2021**

| Entity, Fund, Major and Minor Revenue Source                | Budgeted Amounts |                  | Actual<br>Amounts | Variance with<br>Final Budget<br>Over<br>(Under) |
|---|------------------|------------------|-------------------|--|
|   | Original         | Final            |                   |  |
| Primary Government:   |                  |                  |                   |  |
| General Fund:   |                  |                  |                   |  |
| Revenue from local sources:                                 |                  |                  |                   |  |
| General property taxes:                                     |                  |                  |                   |  |
| Real estate taxes   | \$ 900,000       | \$ 900,000       | \$ 928,339        | \$ 28,339  |
| Real and personal public service corporation property taxes | 43,000           | 43,000           | 40,172            | (2,828)  |
| Personal property taxes                                     | 440,000          | 440,000          | 475,707           | 35,707   |
| Mobile home taxes   | 1,100            | 1,100            | 1,206             | 106  |
| Machinery and tools taxes                                   | 16,000           | 16,000           | 15,983            | (17)   |
| Penalties   | 15,000           | 15,000           | 41,422            | 26,422   |
| Interest  | 15,000           | 15,000           | 32,313            | 17,313   |
| <b>Total general property taxes</b>                         | <b>1,430,100</b> | <b>1,430,100</b> | <b>1,535,142</b>  | <b>105,042</b>                                   |
| Other local taxes:  |                  |                  |                   |  |
| Local sales and use taxes                                   | 485,385          | 485,385          | 682,793           | 197,408  |
| Consumer utility taxes                                      | 150,000          | 150,000          | 167,240           | 17,240   |
| Consumption taxes   | 50,000           | 50,000           | 39,919            | (10,081)   |
| Business license taxes                                      | 482,000          | 482,000          | 507,650           | 25,650   |
| Motor vehicle taxes   | 112,000          | 112,000          | 133,412           | 21,412   |
| Cigarette taxes   | 220,000          | 220,000          | 199,451           | (20,549)   |
| Bank stock taxes  | 350,000          | 350,000          | 375,283           | 25,283   |
| Meals taxes   | 1,890,000        | 1,890,000        | 2,764,822         | 874,822  |
| Transient occupancy taxes                                   | 532,200          | 532,200          | 636,875           | 104,675  |
| Concession stand sales taxes                                | 329              | 329              | -                 | (329)  |
| <b>Total other local taxes</b>                              | <b>4,271,914</b> | <b>4,271,914</b> | <b>5,507,445</b>  | <b>1,235,531</b>                                 |
| Permits, privilege fees and regulatory licenses:            |                  |                  |                   |  |
| Permits and other licenses                                  | 21,500           | 21,500           | 43,090            | 21,590   |
| Fines and forfeitures                                       | 71,100           | 71,100           | 67,794            | (3,306)  |
| Use of money and property:                                  |                  |                  |                   |  |
| Revenue from use of money                                   | 55,000           | 55,000           | 6,118             | (48,882)   |
| Revenue from use of property                                | 19,200           | 19,200           | 20,095            | 895  |
| <b>Total use of money and property</b>                      | <b>74,200</b>    | <b>74,200</b>    | <b>26,213</b>     | <b>(47,987)</b>                                  |
| Charges for services:                                       |                  |                  |                   |  |
| Parks and recreation  | 112,200          | 112,200          | 104,878           | (7,322)  |
| Miscellaneous   | 39,300           | 39,300           | 79,860            | 40,560   |
| Recovered costs:  |                  |                  |                   |  |
| Randolph Macon College                                      | 2,500            | 2,500            | 438               | (2,062)  |
| Other   | 450              | 450              | 430               | (20)   |
| <b>Total recovered costs</b>                                | <b>2,950</b>     | <b>2,950</b>     | <b>868</b>        | <b>(2,082)</b>                                   |
| <b>Total revenue from local sources</b>                     | <b>6,023,264</b> | <b>6,023,264</b> | <b>7,365,290</b>  | <b>1,342,026</b>                                 |



**SCHEDULE OF REVENUES – BUDGET AND ACTUAL  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2021**

| Entity, Fund, Major and Minor Revenue Source     | Budgeted Amounts    |                     | Actual<br>Amounts    | Variance with<br>Final Budget<br>Over<br>(Under) |
|--|---------------------|---------------------|----------------------|--|
|  | Original            | Final               |                      |  |
| Primary Government:                              |                     |                     |                      |  |
| General Fund:                                    |                     |                     |                      |  |
| Intergovernmental:                               |                     |                     |                      |  |
| Revenue from the Commonwealth:                   |                     |                     |                      |  |
| Non-categorical aid:                             |                     |                     |                      |  |
| Mobile home titling taxes                        | \$ 2,000            | \$ 2,000            | \$ 1,932             | \$ (68)  |
| Auto rental taxes                                | 110,000             | 110,000             | 102,768              | (7,232)  |
| Communication sales and use taxes                | 230,000             | 230,000             | 202,877              | (27,123)   |
| Personal property tax relief                     | 111,774             | 111,774             | 111,774              | -  |
| Rolling stock taxes                              | 10,000              | 10,000              | 10,186               | 186  |
| Games of skill tax                               | -                   | -                   | 11,952               | 11,952   |
| <b>Total non-categorical aid</b>                 | <b>463,774</b>      | <b>463,774</b>      | <b>441,489</b>       | <b>(22,285)</b>                                  |
| Categorical aid:                                 |                     |                     |                      |  |
| DJCP law enforcement assistance                  | 176,956             | 176,956             | 200,667              | 23,711   |
| Fire programs                                    | 26,315              | 26,315              | 27,535               | 1,220  |
| Litter control                                   | 3,200               | 3,200               | 3,041                | (159)  |
| Arts grant                                       | 4,500               | 4,500               | 4,050                | (450)  |
| Street and highway maintenance                   | 1,711,035           | 1,711,035           | 1,715,280            | 4,245  |
| Brownfield restoration                           | -                   | -                   | 50,000               | 50,000   |
| VTC WanderLove                                   | -                   | -                   | 10,000               | 10,000   |
| License plate grant                              | 3,000               | 3,000               | 3,000                | -  |
| <b>Total categorical aid</b>                     | <b>1,925,006</b>    | <b>1,925,006</b>    | <b>2,013,573</b>     | <b>88,567</b>                                    |
| <b>Total revenue from the Commonwealth</b>       | <b>2,388,780</b>    | <b>2,388,780</b>    | <b>2,455,062</b>     | <b>66,282</b>                                    |
| Revenue from the federal government:             |                     |                     |                      |  |
| Categorical aid:                                 |                     |                     |                      |  |
| Bulletproof vest grant                           | 3,000               | 3,000               | 339                  | (2,661)  |
| Transportation safety grant                      | 5,500               | 5,500               | 5,564                | 64   |
| Local law enforcement block grant                | 4,250               | 4,250               | -                    | (4,250)  |
| CARES funding                                    | -                   | 1,080,670           | 1,148,819            | 68,149   |
| Arts grant                                       | -                   | -                   | 450                  | 450  |
| <b>Total revenue from the federal government</b> | <b>12,750</b>       | <b>1,093,420</b>    | <b>1,155,172</b>     | <b>61,752</b>                                    |
| <b>Total intergovernmental revenue</b>           | <b>2,401,530</b>    | <b>3,482,200</b>    | <b>3,610,234</b>     | <b>128,034</b>                                   |
| <b>Total General Fund</b>                        | <b>\$ 8,424,794</b> | <b>\$ 9,505,464</b> | <b>\$ 10,975,524</b> | <b>\$ 1,470,060</b>                              |

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2021**

| Entity, Fund, Major and Minor Revenue Source                | Budgeted Amounts |               | Actual<br>Amounts | Variance with<br>Final Budget<br>Over<br>(Under) |
|---|------------------|---------------|-------------------|--|
|   | Original         | Final         |                   |  |
| Primary Government:   |                  |               |                   |  |
| Special Revenue Funds:                                      |                  |               |                   |  |
| Community Development Block Grant Fund:                     |                  |               |                   |  |
| Intergovernmental:  |                  |               |                   |  |
| Revenue from the federal government:                        |                  |               |                   |  |
| Categorical aid:  |                  |               |                   |  |
| Community development block grant                           | \$ -             | \$ 460,000    | \$ 360,255        | \$ (99,745)                                      |
| <b>Total intergovernmental</b>                              | -                | 460,000       | 360,255           | (99,745)   |
| <b>Total Community Development Block Grant Fund</b>         | -                | 460,000       | 360,255           | (99,745)   |
| Central Virginia Transportation Authority Fund:             |                  |               |                   |  |
| Revenue from local sources:                                 |                  |               |                   |  |
| Other local taxes   | -                | -             | 239,558           | 239,558  |
| <b>Total revenue from local sources</b>                     | -                | -             | 239,558           | 239,558  |
| <b>Total Central Virginia Transportation Authority Fund</b> | -                | -             | 239,558           | 239,558  |
| <b>Total Special Revenue Funds</b>                          | \$ -             | \$ 460,000    | \$ 599,813        | \$ 139,813                                       |
| Capital Projects Fund:                                      |                  |               |                   |  |
| Revenue from local sources:                                 |                  |               |                   |  |
| Revenue from use of money                                   | \$ 135,000       | \$ 135,000    | \$ 7,083          | \$ (127,917)                                     |
| Permits, privilege fees and regulatory licenses:            |                  |               |                   |  |
| Stormwater management permits                               | 6,877            | 6,877         | 34,882            | 28,005   |
| Recovered costs   | 3,000            | 3,000         | -                 | (3,000)  |
| Miscellaneous   | 1,500            | 1,500         | 874               | (626)  |
| <b>Total revenue from local sources</b>                     | 146,377          | 146,377       | 42,839            | (103,538)  |
| Intergovernmental:  |                  |               |                   |  |
| Revenue from the Commonwealth:                              |                  |               |                   |  |
| Categorical aid:  |                  |               |                   |  |
| RSTP trolley line trail grant                               | 16,974           | 26,424        | 43,927            | 17,503   |
| Chesapeake Bay Grant  | -                | -             | 9,945             | 9,945  |
| <b>Total categorical aid</b>                                | 16,974           | 26,424        | 53,872            | 27,448   |
| <b>Total revenue from the Commonwealth</b>                  | 16,974           | 26,424        | 53,872            | 27,448   |
| Revenue from the federal government:                        |                  |               |                   |  |
| Categorical aid:  |                  |               |                   |  |
| RSTP trolley line trail grant                               | 407,381          | 634,183       | 492,211           | (141,972)  |
| CARES funding   | -                | 126,459       | 127,509           | 1,050  |
| <b>Total revenue from the federal government</b>            | 407,381          | 760,642       | 619,720           | (140,922)  |
| <b>Total intergovernmental revenue</b>                      | 424,355          | 787,066       | 673,592           | (113,474)  |
| <b>Total Capital Projects Fund</b>                          | \$ 570,732       | \$ 933,443    | \$ 716,431        | \$ (217,012)                                     |
| <b>Grand Total Revenues - Primary Government</b>            | \$ 8,995,526     | \$ 10,898,907 | \$ 12,291,768     | \$ 1,392,861                                     |

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2021**

| Entity, Fund, Function, Activity and Elements                        | Budgeted Amounts |                  | Actual<br>Amounts | Variance with<br>Final Budget<br>Over<br>(Under) |
|--|------------------|------------------|-------------------|--|
|  | Original         | Final            |                   |  |
| Primary Government:  |                  |                  |                   |  |
| General Fund:  |                  |                  |                   |  |
| General government administration:                                   |                  |                  |                   |  |
| Legislative:   |                  |                  |                   |  |
| Town Council   | \$ 128,360       | \$ 713,360       | \$ 708,573        | \$ (4,787)                                       |
| General and financial administration:                                |                  |                  |                   |  |
| Town manager   | 632,077          | 1,712,747        | 1,575,236         | (137,511)  |
| Tourism  | 206,883          | 206,883          | 178,126           | (28,757)   |
| Treasurer  | 309,915          | 309,915          | 306,334           | (3,581)  |
| Information technology   | 246,888          | 246,888          | 201,113           | (45,775)   |
| <b>Total general and financial administration</b>                    | <b>1,395,763</b> | <b>2,476,433</b> | <b>2,260,809</b>  | <b>(215,624)</b>                                 |
| <b>Total general government administration</b>                       | <b>1,524,123</b> | <b>3,189,793</b> | <b>2,969,382</b>  | <b>(220,411)</b>                                 |
| Public safety:   |                  |                  |                   |  |
| Law enforcement and traffic control:                                 |                  |                  |                   |  |
| Police   | 2,928,407        | 2,928,407        | 2,773,643         | (154,764)  |
| Fire and rescue services:  |                  |                  |                   |  |
| Fire department  | 31,315           | 31,315           | 32,535            | 1,220  |
| Ambulance and rescue services  | 5,000            | 5,000            | 5,000             | -  |
| <b>Total fire and rescue services</b>                                | <b>36,315</b>    | <b>36,315</b>    | <b>37,535</b>     | <b>1,220</b>                                     |
| <b>Total public safety</b>   | <b>2,964,722</b> | <b>2,964,722</b> | <b>2,811,178</b>  | <b>(153,544)</b>                                 |
| Public works:  |                  |                  |                   |  |
| Maintenance of highways, streets, bridges and sidewalks:             |                  |                  |                   |  |
| Engineering/administration   | 745,825          | 745,825          | 752,947           | 7,122  |
| Street maintenance   | 1,736,236        | 1,736,236        | 1,318,205         | (418,031)  |
| Storm drainage   | 59,000           | 59,000           | 83,897            | 24,897   |
| Snow and ice removal   | 41,500           | 41,500           | 12,044            | (29,456)   |
| Traffic engineering  | 55,200           | 55,200           | 36,647            | (18,553)   |
| Streetlights   | 56,000           | 56,000           | 50,123            | (5,877)  |
| <b>Total maintenance of highways, streets, bridges and sidewalks</b> | <b>2,693,761</b> | <b>2,693,761</b> | <b>2,253,863</b>  | <b>(439,898)</b>                                 |
| Sanitation and waste removal:  |                  |                  |                   |  |
| Refuse collection and disposal                                       | 276,767          | 276,767          | 276,517           | (250)  |
| Maintenance of general buildings and grounds:                        |                  |                  |                   |  |
| General properties   | 211,779          | 211,779          | 203,785           | (7,994)  |
| Vehicle maintenance  | 161,844          | 161,844          | 142,781           | (19,063)   |
| <b>Total public works</b>  | <b>3,344,151</b> | <b>3,344,151</b> | <b>2,876,946</b>  | <b>(467,205)</b>                                 |

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2021**

| Entity, Fund, Function, Activity and Elements        | Budgeted Amounts     |                      | Actual<br>Amounts    | Variance with<br>Final Budget<br>Over (Under) |
|--|----------------------|----------------------|----------------------|---|
|  | Original             | Final                |                      |   |
| Primary Government:                                  |                      |                      |                      |   |
| General Fund:  |                      |                      |                      |   |
| Parks, recreation and cultural:                      |                      |                      |                      |   |
| Supervision of parks and recreation                  | \$ 233,019           | \$ 233,019           | \$ 123,058           | \$ (109,961)                                  |
| Community development:                               |                      |                      |                      |   |
| Planning and zoning                                  | 473,109              | 473,109              | 444,756              | (28,353)                                      |
| Economic development                                 | 127,335              | 177,335              | 162,419              | (14,916)                                      |
| <b>Total community development</b>                   | <b>600,444</b>       | <b>650,444</b>       | <b>607,175</b>       | <b>(43,269)</b>                               |
| Nondepartmental:                                     |                      |                      |                      |   |
| Contribution to fund OPEB                            | 53,532               | 53,532               | -                    | (53,532)                                      |
| <b>Total nondepartmental</b>                         | <b>53,532</b>        | <b>53,532</b>        | <b>-</b>             | <b>(53,532)</b>                               |
| Debt service:  |                      |                      |                      |   |
| Principal  | 389,000              | 389,000              | 389,000              | -   |
| Interest   | 162,195              | 162,195              | 162,044              | (151)   |
| <b>Total debt service</b>                            | <b>551,195</b>       | <b>551,195</b>       | <b>551,044</b>       | <b>(151)</b>                                  |
| <b>Total General Fund</b>                            | <b>\$ 9,271,186</b>  | <b>\$ 10,986,856</b> | <b>\$ 9,938,783</b>  | <b>\$ (1,048,073)</b>                         |
| Special Revenue Funds:                               |                      |                      |                      |   |
| Community Development Block Grant Fund:              |                      |                      |                      |   |
| Community development:                               |                      |                      |                      |   |
| Rent assistance                                      | \$ -                 | \$ 320,000           | \$ 282,064           | \$ (37,936)                                   |
| Safety   | -                    | 100,000              | 52,927               | (47,073)                                      |
| Administration                                       | -                    | 20,000               | 1,264                | (18,736)                                      |
| Technical assistance                                 | -                    | 20,000               | 24,000               | 4,000   |
| <b>Total Community Development Block Grant Fund</b>  | <b>-</b>             | <b>460,000</b>       | <b>360,255</b>       | <b>(99,745)</b>                               |
| <b>Total Special Revenue Funds</b>                   | <b>\$ -</b>          | <b>\$ 460,000</b>    | <b>\$ 360,255</b>    | <b>\$ (99,745)</b>                            |
| Capital Projects Fund:                               |                      |                      |                      |   |
| Capital outlay:                                      |                      |                      |                      |   |
| Residential streets improvement program              | \$ 175,199           | \$ 175,199           | \$ -                 | \$ (175,199)                                  |
| Sidewalks and curbing                                | 129,334              | 237,987              | 79,774               | (158,213)                                     |
| Ashland Theatre                                      | 51,851               | 51,851               | 4,619                | (47,232)                                      |
| Drainage improvements                                | 151,225              | 152,075              | 63,716               | (88,359)                                      |
| Stormwater management program                        | 367,681              | 367,681              | 49,990               | (317,691)                                     |
| Downtown campus maintenance                          | 23,290               | 23,290               | 11,583               | (11,707)                                      |
| Public works facilities                              | 68,882               | 93,275               | -                    | (93,275)                                      |
| Traffic safety improvements                          | 75,513               | 76,520               | 40,222               | (36,298)                                      |
| Public works vehicle replacement                     | 194,124              | 177,374              | -                    | (177,374)                                     |
| Public works facilities maintenance                  | 33,004               | 33,405               | -                    | (33,405)                                      |
| Downtown sidewalks                                   | 210,012              | 211,012              | -                    | (211,012)                                     |
| Trails   | 70,000               | 70,000               | -                    | (70,000)                                      |
| Dejarnette Park                                      | 5,000                | 5,000                | -                    | (5,000)                                       |
| Pavilion   | 8,000                | 8,000                | -                    | (8,000)                                       |
| S. Taylor Street park maintenance                    | 7,033                | 7,033                | -                    | (7,033)                                       |
| Economic development incentive                       | 125,000              | 125,000              | -                    | (125,000)                                     |
| Carter Park  | 3,709                | 15,872               | -                    | (15,872)                                      |
| Skateboard Park                                      | 7,499                | 7,499                | 7,499                | -   |
| Pufferbelly Park maintenance                         | 4,063                | 4,063                | -                    | (4,063)                                       |
| Gateway and wayfinding                               | 4,261                | 4,261                | 3,720                | (541)   |
| Contingencies  | 374,544              | 275,319              | -                    | (275,319)                                     |
| Police vehicle replacement                           | 128,603              | 124,715              | 14,530               | (110,185)                                     |
| Ashland PD capital                                   | 36,082               | 36,082               | 36,082               | -   |
| Police Department building maintenance               | 12,854               | 9,190                | -                    | (9,190)                                       |
| Town Hall improvements                               | 3,521,998            | 3,150,761            | 2,545,224            | (605,537)                                     |
| Visitor center ADA improvements                      | 21,549               | 24,212               | 1,300                | (22,912)                                      |
| Trolley line trail                                   | 424,355              | 660,607              | 552,944              | (107,663)                                     |
| Covid-19 improvements                                | -                    | 126,459              | 126,459              | -   |
| Broadband / Fiber Optics                             | 68,592               | 285,914              | 254,324              | (31,590)                                      |
| <b>Total Capital Projects Fund</b>                   | <b>\$ 6,303,257</b>  | <b>\$ 6,539,656</b>  | <b>\$ 3,791,986</b>  | <b>\$ (2,747,670)</b>                         |
| <b>Grand Total Expenditures - Primary Government</b> | <b>\$ 15,574,443</b> | <b>\$ 17,526,512</b> | <b>\$ 13,730,769</b> | <b>\$ (3,795,743)</b>                         |

## **STATISTICAL SECTION**

# TOWN OF ASHLAND, VIRGINIA

## STATISTICAL SECTION TABLE OF CONTENTS

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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  |
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| <b>Financial Trends</b><br>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   |
| <b>Revenue Capacity</b><br>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  |
| <b>Debt Capacity</b><br>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 |
| <b>Demographic and Economic Information</b><br>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 |
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**Sources:** Unless otherwise noted, the information in these tables is derived from the annual comprehensive financial report for the relevant year.

**TOWN OF ASHLAND, VIRGINIA**

**Table 1**

**NET POSITION / ASSETS BY COMPONENT**

**Last Ten Fiscal Years**

*(accrual basis of accounting)*

**(Unaudited)**

|   | Fiscal Year June 30, |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2012                 | 2013                 | 2014 (1)             | 2015                 | 2016                 | 2017                 | 2018                 | 2019                 | 2020                 | 2021                 |
| Governmental activities:                          |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Net investment in capital assets                  | \$ 16,895,598        | \$ 16,744,175        | \$ 17,097,569        | \$ 17,276,925        | \$ 18,045,551        | \$ 18,752,219        | \$ 20,109,355        | \$ 22,090,989        | \$ 23,169,700        | \$ 22,573,786        |
| Unrestricted                                      | 6,996,858            | 7,468,131            | 7,861,122            | 6,640,901            | 7,472,072            | 8,087,613            | 6,795,833            | 5,716,952            | 5,944,361            | 7,424,275            |
| <b>Total governmental activities net assets</b>   | <u>\$ 23,892,456</u> | <u>\$ 24,212,306</u> |                      |                      |                      |                      |                      |                      |                      |                      |
| <b>Total governmental activities net position</b> |                      |                      | <u>\$ 24,958,691</u> | <u>\$ 23,917,826</u> | <u>\$ 25,517,623</u> | <u>\$ 26,839,832</u> | <u>\$ 26,905,188</u> | <u>\$ 27,807,941</u> | <u>\$ 29,114,061</u> | <u>\$ 29,998,061</u> |
|   |                      |                      | (1)                  |                      | (2)                  |                      |                      |                      |                      |                      |

Note:

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

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

TOWN OF ASHLAND, VIRGINIA

Table 2  
Page 1

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

|  | Fiscal Year June 30, |                    |                    |                    |                    |                    |                    |                    |                    |                    |
|--|----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|  | 2012                 | 2013               | 2014               | 2015               | 2016               | 2017               | 2018               | 2019               | 2020               | 2021               |
| Primary government:                              |                      |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Expenses:  |                      |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Governmental activities:                         |                      |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| General government administration                | \$ 989,332           | \$ 967,749         | \$ 974,966         | \$ 1,028,107       | \$ 1,003,493       | \$ 1,043,210       | \$ 1,233,279       | \$ 1,509,269       | \$ 1,490,864       | \$ 3,250,812       |
| Public safety                                    | 2,413,532            | 2,410,269          | 2,650,596          | 2,609,198          | 2,574,264          | 2,741,517          | 2,624,360          | 2,840,035          | 3,080,155          | 2,995,402          |
| Public works                                     | 3,367,934            | 3,777,614          | 3,480,524          | 3,304,844          | 3,270,718          | 3,226,822          | 3,493,673          | 4,056,907          | 3,883,359          | 3,668,228          |
| Parks, recreation and cultural                   | 202,295              | 196,080            | 193,899            | 176,107            | 154,582            | 187,282            | 182,363            | 295,826            | 289,294            | 291,727            |
| Community development                            | 460,829              | 508,743            | 503,721            | 521,005            | 493,109            | 586,557            | 543,118            | 502,565            | 518,466            | 987,948            |
| Interest   | 751                  | 571                | -                  | -                  | -                  | -                  | -                  | 430,312            | 197,400            | 165,907            |
| <b>Total governmental activities</b>             | <b>7,434,673</b>     | <b>7,861,026</b>   | <b>7,803,706</b>   | <b>7,639,261</b>   | <b>7,496,166</b>   | <b>7,785,388</b>   | <b>8,076,793</b>   | <b>9,634,914</b>   | <b>9,459,538</b>   | <b>11,360,024</b>  |
| <b>Total primary government expenses</b>         | <b>7,434,673</b>     | <b>7,861,026</b>   | <b>7,803,706</b>   | <b>7,639,261</b>   | <b>7,496,166</b>   | <b>7,785,388</b>   | <b>8,076,793</b>   | <b>9,634,914</b>   | <b>9,459,538</b>   | <b>11,360,024</b>  |
| Program revenues:                                |                      |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Governmental activities:                         |                      |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Charges for services:                            |                      |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Public safety                                    | 220,380              | 178,349            | 168,009            | 180,092            | 164,557            | 152,900            | 125,364            | 129,622            | 127,063            | 146,196            |
| Public works                                     | 2,152                | 2,041              | 3,080              | 1,644              | 3,851              | 2,347              | 23,217             | 2,402              | 30,490             | 438                |
| Parks, recreation and cultural                   | 66,347               | 50,577             | 56,855             | 53,893             | 58,911             | 71,010             | 70,725             | 92,506             | 45,464             | 104,878            |
| Operating grants and contributions               | 580,068              | 657,038            | 605,249            | 612,856            | 640,232            | 654,146            | 1,027,265          | 659,510            | 757,679            | 2,370,049          |
| Capital grants and contributions                 | 1,152,183            | 1,118,665          | 1,613,559          | 1,672,886          | 1,896,335          | 1,537,045          | 1,507,468          | 1,680,931          | 2,227,545          | 1,832,543          |
| <b>Total governmental activities</b>             | <b>2,021,130</b>     | <b>2,006,670</b>   | <b>2,446,752</b>   | <b>2,521,371</b>   | <b>2,763,886</b>   | <b>2,417,448</b>   | <b>2,754,039</b>   | <b>2,564,971</b>   | <b>3,188,241</b>   | <b>4,454,104</b>   |
| <b>Total primary government program revenues</b> | <b>2,021,130</b>     | <b>2,006,670</b>   | <b>2,446,752</b>   | <b>2,521,371</b>   | <b>2,763,886</b>   | <b>2,417,448</b>   | <b>2,754,039</b>   | <b>2,564,971</b>   | <b>3,188,241</b>   | <b>4,454,104</b>   |
| Net (expense) revenue:                           |                      |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Governmental activities                          | (5,413,543)          | (5,854,356)        | (5,356,954)        | (5,117,890)        | (4,732,280)        | (5,367,940)        | (5,322,754)        | (7,069,943)        | (6,271,297)        | (6,905,920)        |
| <b>Total primary government net expense</b>      | <b>(5,413,543)</b>   | <b>(5,854,356)</b> | <b>(5,356,954)</b> | <b>(5,117,890)</b> | <b>(4,732,280)</b> | <b>(5,367,940)</b> | <b>(5,322,754)</b> | <b>(7,069,943)</b> | <b>(6,271,297)</b> | <b>(6,905,920)</b> |



# TOWN OF ASHLAND, VIRGINIA

**Table 2**  
**Page 2**

## CHANGES IN NET POSITION / ASSETS

### Last Ten Fiscal Years

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

|  | Fiscal Year June 30, |                   |                   |                   |                     |                     |                     |                   |                     |                   |
|--|----------------------|-------------------|-------------------|-------------------|---------------------|---------------------|---------------------|-------------------|---------------------|-------------------|
|  | 2012                 | 2013              | 2014              | 2015              | 2016                | 2017                | 2018                | 2019              | 2020                | 2021              |
| General revenues:                      |                      |                   |                   |                   |                     |                     |                     |                   |                     |                   |
| Governmental activities:               |                      |                   |                   |                   |                     |                     |                     |                   |                     |                   |
| Taxes:                                 |                      |                   |                   |                   |                     |                     |                     |                   |                     |                   |
| General property                       | \$ 925,815           | \$ 1,056,984      | \$ 981,908        | \$ 1,076,547      | \$ 1,122,986        | \$ 1,281,426        | \$ 1,286,830        | \$ 1,388,607      | \$ 1,470,532        | \$ 1,487,399      |
| Local sales and use                    | 353,643              | 438,114           | 460,355           | 489,115           | 512,488             | 514,697             | 556,749             | 576,532           | 615,528             | 682,793           |
| Business license                       | 434,888              | 500,256           | 478,934           | 465,772           | 571,835             | 536,950             | 533,639             | 527,836           | 532,600             | 507,650           |
| Transient occupancy                    | 456,153              | 446,241           | 584,443           | 609,619           | 650,631             | 671,630             | 710,034             | 787,839           | 641,204             | 636,875           |
| Meals                                  | 1,824,826            | 1,814,498         | 1,850,129         | 1,945,952         | 2,103,102           | 2,188,430           | 2,211,273           | 2,805,264         | 2,641,703           | 2,764,822         |
| Other                                  | 852,914              | 806,048           | 805,006           | 782,742           | 828,969             | 863,083             | 856,943             | 983,618           | 856,831             | 1,154,863         |
| Use of money and property              | 23,517               | 27,630            | 23,519            | 25,428            | 41,498              | 74,880              | 123,987             | 375,538           | 250,878             | 33,296            |
| Miscellaneous                          | 75,201               | 563,133           | 396,238           | 127,030           | 14,955              | 66,982              | 50,954              | 51,492            | 112,473             | 80,733            |
| Intergovernmental, non-categorical aid | 517,339              | 521,302           | 522,807           | 491,787           | 485,613             | 492,071             | 469,203             | 475,970           | 455,668             | 441,489           |
| <b>Total governmental activities</b>   | <b>5,464,296</b>     | <b>6,174,206</b>  | <b>6,103,339</b>  | <b>6,013,992</b>  | <b>6,332,077</b>    | <b>6,690,149</b>    | <b>6,799,612</b>    | <b>7,972,696</b>  | <b>7,577,417</b>    | <b>7,789,920</b>  |
| <b>Total primary government</b>        | <b>5,464,296</b>     | <b>6,174,206</b>  | <b>6,103,339</b>  | <b>6,013,992</b>  | <b>6,332,077</b>    | <b>6,690,149</b>    | <b>6,799,612</b>    | <b>7,972,696</b>  | <b>7,577,417</b>    | <b>7,789,920</b>  |
| Changes in net position/assets:        |                      |                   |                   |                   |                     |                     |                     |                   |                     |                   |
| Governmental activities                | 50,753               | 319,850           | 746,385           | 896,102           | 1,599,797           | 1,322,209           | 1,476,858           | 902,753           | 1,306,120           | 884,000           |
| <b>Total primary government</b>        | <b>\$ 50,753</b>     | <b>\$ 319,850</b> | <b>\$ 746,385</b> | <b>\$ 896,102</b> | <b>\$ 1,599,797</b> | <b>\$ 1,322,209</b> | <b>\$ 1,476,858</b> | <b>\$ 902,753</b> | <b>\$ 1,306,120</b> | <b>\$ 884,000</b> |

Note:

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

## TOWN OF ASHLAND, VIRGINIA

Table 3

## FUND BALANCES, GOVERNMENTAL FUNDS

## Last Ten Fiscal Years

*(modified accrual basis of accounting)*

(Unaudited)

|   | Fiscal Year June 30, |                     |                      |                     |                     |
|---|----------------------|---------------------|----------------------|---------------------|---------------------|
|   | 2012                 | 2013                | 2014                 | 2015                | 2016                |
| General Fund:                             |                      |                     |                      |                     |                     |
| Unassigned                                | \$ 4,722,404         | \$ 4,857,433        | \$ 5,207,596         | \$ 5,228,516        | \$ 5,510,285        |
| <b>Total General Fund</b>                 | <b>\$ 4,722,404</b>  | <b>\$ 4,857,433</b> | <b>\$ 5,207,596</b>  | <b>\$ 5,228,516</b> | <b>\$ 5,510,285</b> |
| All Other Governmental Funds:             |                      |                     |                      |                     |                     |
| Committed                                 | \$ 2,407,828         | \$ 2,626,208        | \$ 2,715,601         | \$ 3,223,307        | \$ 3,322,448        |
| <b>Total all other governmental funds</b> | <b>\$ 2,407,828</b>  | <b>\$ 2,626,208</b> | <b>\$ 2,715,601</b>  | <b>\$ 3,223,307</b> | <b>\$ 3,322,448</b> |
|   |                      |                     |                      |                     |                     |
|   | Fiscal Year June 30, |                     |                      |                     |                     |
|   | 2017                 | 2018                | 2019                 | 2020                | 2021                |
| General Fund:                             |                      |                     |                      |                     |                     |
| Unassigned                                | \$ 5,458,019         | \$ 5,195,695        | \$ 5,152,149         | \$ 5,217,205        | \$ 5,742,500        |
| <b>Total General Fund</b>                 | <b>\$ 5,458,019</b>  | <b>\$ 5,195,695</b> | <b>\$ 5,152,149</b>  | <b>\$ 5,217,205</b> | <b>\$ 5,742,500</b> |
| All Other Governmental Funds:             |                      |                     |                      |                     |                     |
| Restricted                                | \$ -                 | \$ -                | \$ 7,837,126         | \$ 3,479,671        | \$ 239,614          |
| Committed                                 | 3,743,563            | 3,645,023           | 2,317,584            | 2,339,590           | 3,255,096           |
| <b>Total all other governmental funds</b> | <b>\$ 3,743,563</b>  | <b>\$ 3,645,023</b> | <b>\$ 10,154,710</b> | <b>\$ 5,819,261</b> | <b>\$ 3,494,710</b> |

TOWN OF ASHLAND, VIRGINIA

Table 4  
Page 1

CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

|   | Fiscal Year June 30, |                   |                   |                   |                   |                   |                     |                     |                       |                       |
|---|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|---------------------|-----------------------|-----------------------|
|   | 2012                 | 2013              | 2014              | 2015              | 2016              | 2017              | 2018                | 2019                | 2020                  | 2021                  |
| Revenues:                                       |                      |                   |                   |                   |                   |                   |                     |                     |                       |                       |
| General property taxes                          | \$ 962,153           | \$ 971,843        | \$ 1,027,076      | \$ 1,116,629      | \$ 1,105,818      | \$ 1,244,228      | \$ 1,268,412        | \$ 1,314,355        | \$ 1,414,873          | \$ 1,535,142          |
| Other local taxes                               | 3,922,424            | 4,005,157         | 4,178,867         | 4,293,200         | 4,667,025         | 4,774,790         | 4,868,638           | 5,681,089           | 5,287,866             | 5,747,003             |
| Permits, privilege fees and regulatory licenses | 58,518               | 46,392            | 36,833            | 43,851            | 38,432            | 42,532            | 33,626              | 26,468              | 42,653                | 77,972                |
| Fines and forfeitures                           | 144,895              | 113,461           | 114,293           | 123,379           | 125,570           | 109,888           | 91,173              | 102,644             | 83,875                | 67,794                |
| Use of money and property                       | 23,517               | 27,630            | 23,519            | 25,428            | 41,498            | 74,880            | 123,987             | 375,538             | 250,878               | 33,296                |
| Charges for services                            | 66,347               | 50,577            | 56,855            | 53,893            | 58,911            | 71,010            | 70,725              | 92,506              | 45,464                | 104,878               |
| Miscellaneous                                   | 75,201               | 563,133           | 396,238           | 127,030           | 14,955            | 66,982            | 117,159             | 69,567              | 112,473               | 80,734                |
| Recovered costs                                 | 19,751               | 20,537            | 19,963            | 14,506            | 4,406             | 2,827             | 23,782              | 2,912               | 31,025                | 868                   |
| Intergovernmental:                              | 2,248,958            | 2,297,005         | 2,511,615         | 2,690,329         | 3,022,180         | 2,683,262         | 3,003,936           | 2,816,411           | 3,369,743             | 4,644,081             |
| <b>Total revenues</b>                           | <b>7,521,764</b>     | <b>8,095,735</b>  | <b>8,365,259</b>  | <b>8,488,245</b>  | <b>9,078,795</b>  | <b>9,070,399</b>  | <b>9,601,438</b>    | <b>10,481,490</b>   | <b>10,638,850</b>     | <b>12,291,768</b>     |
| Expenditures:                                   |                      |                   |                   |                   |                   |                   |                     |                     |                       |                       |
| General government administration               | 926,453              | 944,518           | 945,908           | 1,039,415         | 1,033,711         | 1,052,604         | 1,226,121           | 1,250,653           | 1,519,480             | 2,969,382             |
| Public safety                                   | 2,253,606            | 2,318,596         | 2,608,009         | 2,577,099         | 2,587,098         | 2,648,090         | 2,729,370           | 2,821,461           | 2,909,810             | 2,811,178             |
| Public works                                    | 2,676,727            | 2,688,144         | 2,597,852         | 2,800,297         | 2,730,645         | 3,008,375         | 3,123,426           | 3,043,223           | 3,061,123             | 2,876,946             |
| Parks, recreation and cultural                  | 131,565              | 142,935           | 144,852           | 143,928           | 123,743           | 150,089           | 149,799             | 196,015             | 146,572               | 123,058               |
| Community development                           | 446,579              | 507,332           | 491,261           | 494,581           | 505,697           | 560,180           | 581,561             | 510,010             | 509,955               | 967,430               |
| Nondepartmental                                 | 160,069              | -                 | -                 | -                 | -                 | -                 | -                   | -                   | -                     | -                     |
| Capital outlay                                  | 524,312              | 1,100,272         | 1,137,821         | 904,299           | 1,716,991         | 1,282,212         | 2,152,025           | 4,323,521           | 6,211,158             | 3,791,986             |
| Debt service:                                   |                      |                   |                   |                   |                   |                   |                     |                     |                       |                       |
| Principal                                       | 38,983               | 39,958            | -                 | -                 | -                 | -                 | -                   | 467,000             | 278,000               | 389,000               |
| Interest and fiscal charges                     | 1,692                | 571               | -                 | -                 | -                 | -                 | -                   | 153,506             | 306,838               | 162,044               |
| Bond issuance costs                             | -                    | -                 | -                 | -                 | -                 | -                 | -                   | 149,960             | 156,307               | -                     |
| <b>Total expenditures</b>                       | <b>7,159,986</b>     | <b>7,742,326</b>  | <b>7,925,703</b>  | <b>7,959,619</b>  | <b>8,697,885</b>  | <b>8,701,550</b>  | <b>9,962,302</b>    | <b>12,915,349</b>   | <b>15,099,243</b>     | <b>14,091,024</b>     |
| <b>Revenues over (under) expenditures</b>       | <b>361,778</b>       | <b>353,409</b>    | <b>439,556</b>    | <b>528,626</b>    | <b>380,910</b>    | <b>368,849</b>    | <b>(360,864)</b>    | <b>(2,433,859)</b>  | <b>(4,460,393)</b>    | <b>(1,799,256)</b>    |
| Other financing sources (uses):                 |                      |                   |                   |                   |                   |                   |                     |                     |                       |                       |
| Transfers in                                    | 966,998              | 705,000           | 787,500           | 1,005,408         | 1,135,000         | 1,420,000         | 1,414,276           | 1,482,700           | 858,094               | -                     |
| Transfers out                                   | (966,998)            | (705,000)         | (787,500)         | (1,005,408)       | (1,135,000)       | (1,420,000)       | (1,414,276)         | (1,482,700)         | (858,094)             | -                     |
| Bond proceeds                                   | -                    | -                 | -                 | -                 | -                 | -                 | -                   | 8,900,000           | 8,623,000             | -                     |
| Payments to refunded bond escrow agent          | -                    | -                 | -                 | -                 | -                 | -                 | -                   | -                   | (8,433,000)           | -                     |
| <b>Total other financing sources, net</b>       | <b>-</b>             | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>-</b>            | <b>8,900,000</b>    | <b>190,000</b>        | <b>-</b>              |
| <b>Net change in fund balances</b>              | <b>\$ 361,778</b>    | <b>\$ 353,409</b> | <b>\$ 439,556</b> | <b>\$ 528,626</b> | <b>\$ 380,910</b> | <b>\$ 368,849</b> | <b>\$ (360,864)</b> | <b>\$ 6,466,141</b> | <b>\$ (4,270,393)</b> | <b>\$ (1,799,256)</b> |

**TOWN OF ASHLAND, VIRGINIA**

**Table 4**  
**Page 2**

**CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS**

**Last Ten Fiscal Years**

*(modified accrual basis of accounting)*

**(Unaudited)**

|  | Fiscal Year June 30, |              |              |              |              |              |              |               |               |               |
|--|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|
|  | 2012                 | 2013         | 2014         | 2015         | 2016         | 2017         | 2018         | 2019          | 2020          | 2021          |
| Debt service as a percentage of noncapital expenditures:       |                      |              |              |              |              |              |              |               |               |               |
| <b>Total debt service</b>                                      | \$ 40,675            | \$ 40,529    | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ 620,506    | \$ 584,838    | \$ 551,044    |
| Total expenditures   | \$ 7,159,986         | \$ 7,742,326 | \$ 7,925,703 | \$ 7,959,619 | \$ 8,697,885 | \$ 8,701,550 | \$ 9,962,302 | \$ 12,915,349 | \$ 15,099,243 | \$ 14,091,024 |
| Less: capital outlay   | (346,148)            | (505,190)    | (864,221)    | (881,368)    | (1,628,699)  | (1,592,926)  | (2,306,292)  | (3,873,150)   | (6,292,627)   | (3,795,239)   |
| <b>Noncapital expenditures</b>                                 | \$ 6,813,838         | \$ 7,237,136 | \$ 7,061,482 | \$ 7,078,251 | \$ 7,069,186 | \$ 7,108,624 | \$ 7,656,010 | \$ 9,042,199  | \$ 8,806,616  | \$ 10,295,785 |
| <b>Debt service as a percentage of noncapital expenditures</b> | 0.60%                | 0.56%        | 0.00%        | 0.00%        | 0.00%        | 0.00%        | 0.00%        | 6.86%         | 6.64%         | 5.35%         |

**TOWN OF ASHLAND, VIRGINIA**

**Table 5**

**TAX REVENUES BY SOURCE – GOVERNMENTAL FUNDS**

**Last Ten Fiscal Years**

*(modified accrual basis of accounting)*

**(Unaudited)**

| Fiscal Year<br>June 30, | Property <sup>(1)</sup> | Local<br>Sales<br>and Use <sup>(2)</sup> | Consumer<br>Utility | Consumption | Business<br>License | Motor<br>Vehicle | Bank<br>Stock | Cigarette  | Transient<br>Occupancy | Meals        | Totals       |
|-------------------------|-------------------------|--|---------------------|-------------|---------------------|------------------|---------------|------------|------------------------|--------------|--------------|
| 2012                    | \$ 935,109              | \$ 353,643                               | \$ 116,526          | \$ 39,055   | \$ 434,888          | \$ 116,645       | \$ 213,271    | \$ 367,417 | \$ 456,153             | \$ 1,824,826 | \$ 4,857,533 |
| 2013                    | 934,390                 | 438,114                                  | 124,085             | 38,992      | 500,256             | 124,961          | 214,712       | 303,298    | 446,241                | 1,814,498    | 4,939,547    |
| 2014                    | 989,035                 | 460,355                                  | 127,593             | 39,967      | 478,934             | 129,015          | 255,722       | 252,709    | 584,443                | 1,850,129    | 5,167,902    |
| 2015                    | 1,082,166               | 489,115                                  | 139,098             | 47,471      | 465,772             | 122,891          | 239,065       | 234,217    | 609,619                | 1,945,952    | 5,375,366    |
| 2016                    | 1,074,549               | 512,488                                  | 151,681             | 34,977      | 571,835             | 113,031          | 276,377       | 252,903    | 650,631                | 2,103,102    | 5,741,574    |
| 2017                    | 1,212,945               | 514,697                                  | 147,463             | 43,876      | 536,950             | 113,965          | 307,840       | 249,939    | 671,630                | 2,188,430    | 5,987,735    |
| 2018                    | 1,236,109               | 556,749                                  | 159,915             | 54,693      | 533,639             | 111,207          | 310,687       | 220,441    | 710,034                | 2,211,273    | 6,104,747    |
| 2019                    | 1,290,548               | 576,532                                  | 161,034             | 47,200      | 527,836             | 118,455          | 407,590       | 249,339    | 787,839                | 2,805,264    | 6,971,637    |
| 2020                    | 1,361,326               | 615,528                                  | 169,973             | 37,893      | 532,600             | 126,807          | 289,779       | 232,379    | 641,204                | 2,641,703    | 6,649,192    |
| 2021                    | 1,461,407               | 922,351                                  | 167,240             | 39,919      | 507,650             | 133,412          | 375,283       | 199,451    | 636,875                | 2,764,822    | 7,208,410    |
| Change<br>2012-2021     | 56.28%                  | 160.81%                                  | 43.52%              | 2.21%       | 16.73%              | 14.37%           | 75.97%        | -45.72%    | 39.62%                 | 51.51%       | 48.40%       |

Notes:

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

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

**TOWN OF ASHLAND, VIRGINIA**

**Table 6**

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

| Fiscal Year<br>June 30, | Real<br>Estate | Personal<br>Property | Mobile<br>Homes | Machinery<br>and<br>Tools | Public<br>Service<br>Real Estate | Public<br>Service<br>Personal<br>Property | Total Taxable<br>Assessed<br>Value | Percent<br>Growth | Estimated<br>Actual<br>Taxable<br>Value | Assessed<br>Value as a<br>Percentage of<br>Actual Value | Combined<br>Total Direct<br>Tax Rate |
|-------------------------|----------------|----------------------|-----------------|---------------------------|----------------------------------|---|------------------------------------|-------------------|---|---|--------------------------------------|
| 2012                    | \$ 727,199,100 | \$ 50,773,355        | \$ 2,265,115    | \$ 3,044,170              | \$ 29,305,939                    | \$ 133,790                                | \$ 812,721,469                     | 0.68%             | \$ 812,721,469                          | 100.00%   | \$ 1.70                              |
| 2013                    | 712,071,800    | 54,050,955           | 2,186,100       | 2,617,210                 | 27,647,987                       | 81,291                                    | 798,655,343                        | -1.73%            | 798,655,343                             | 100.00%   | 1.70                                 |
| 2014                    | 709,453,800    | 54,210,340           | 1,834,200       | 1,966,935                 | 33,400,523                       | 47,159                                    | 800,912,957                        | 0.28%             | 800,912,957                             | 100.00%   | 1.70                                 |
| 2015                    | 728,714,300    | 66,026,805           | 2,120,935       | 3,568,060                 | 46,684,917                       | 42,521                                    | 847,157,538                        | 5.77%             | 847,157,538                             | 100.00%   | 1.70                                 |
| 2016                    | 738,808,300    | 67,632,225           | 1,910,545       | 2,732,370                 | 39,927,467                       | 29,593                                    | 851,040,500                        | 0.46%             | 851,040,500                             | 100.00%   | 1.70                                 |
| 2017                    | 777,354,000    | 80,086,500           | 1,862,295       | 1,937,540                 | 42,848,148                       | 24,046                                    | 904,112,529                        | 6.24%             | 904,112,529                             | 100.00%   | 1.70                                 |
| 2018                    | 791,683,200    | 81,053,135           | 1,614,000       | 2,425,790                 | 42,294,461                       | 5,728                                     | 919,076,314                        | 1.66%             | 919,076,314                             | 100.00%   | 1.70                                 |
| 2019                    | 836,998,100    | 81,785,526           | 1,824,504       | 1,854,082                 | 44,472,835                       | 86,298                                    | 967,021,345                        | 5.22%             | 967,021,345                             | 100.00%   | 1.71                                 |
| 2020                    | 853,601,025    | 82,532,613           | 1,757,594       | 2,177,239                 | 41,359,721                       | 91,979                                    | 981,520,171                        | 1.50%             | 981,520,171                             | 100.00%   | 1.71                                 |
| 2021                    | 955,740,688    | 76,456,802           | 1,746,538       | 2,554,659                 | 43,932,037                       | 74,675                                    | 1,080,505,399                      | 10.08%            | 1,080,505,399                           | 100.00%   | 1.71                                 |

Notes:

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

# TOWN OF ASHLAND, VIRGINIA

Table 7

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

| Fiscal Year<br>June 30, | Direct Tax Rates - Town |                      |                 |                        |                         | Overlapping Tax Rates - County |                      |                 |                        |                       |                              | Tax Rates - Total Direct and Overlapping Rates |                      |                 |                        |                       |          |  |
|-------------------------|-------------------------|----------------------|-----------------|------------------------|-------------------------|--------------------------------|----------------------|-----------------|------------------------|-----------------------|------------------------------|--|----------------------|-----------------|------------------------|-----------------------|----------|--|
|                         | Real<br>Property        | Personal<br>Property | Mobile<br>Homes | Machinery<br>and Tools | Total<br>Direct<br>Rate | Real<br>Property               | Personal<br>Property | Mobile<br>Homes | Machinery<br>and Tools | Merchants'<br>Capital | Total<br>Overlapping<br>Rate | Real<br>Property                               | Personal<br>Property | Mobile<br>Homes | Machinery<br>and Tools | Merchants'<br>Capital | Total    |  |
| 2012                    | \$ 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 |  |
| 2013                    | 0.09                    | 0.77                 | 0.07            | 0.77                   | 1.70                    | 0.81                           | 3.57                 | 0.81            | 3.57                   | 1.90                  | 10.66                        | 0.90   | 4.34                 | 0.88            | 4.34                   | 1.90                  | 12.36    |  |
| 2014                    | 0.09                    | 0.77                 | 0.07            | 0.77                   | 1.70                    | 0.81                           | 3.57                 | 0.81            | 3.57                   | 1.90                  | 10.66                        | 0.90   | 4.34                 | 0.88            | 4.34                   | 1.90                  | 12.36    |  |
| 2015                    | 0.09                    | 0.77                 | 0.07            | 0.77                   | 1.70                    | 0.81                           | 3.57                 | 0.81            | 3.57                   | 1.90                  | 10.66                        | 0.90   | 4.34                 | 0.88            | 4.34                   | 1.90                  | 12.36    |  |
| 2016                    | 0.09                    | 0.77                 | 0.07            | 0.77                   | 1.70                    | 0.81                           | 3.57                 | 0.81            | 3.57                   | 1.90                  | 10.66                        | 0.90   | 4.34                 | 0.88            | 4.34                   | 1.90                  | 12.36    |  |
| 2017                    | 0.09                    | 0.77                 | 0.07            | 0.77                   | 1.70                    | 0.81                           | 3.57                 | 0.81            | 3.57                   | 1.90                  | 10.66                        | 0.90   | 4.34                 | 0.88            | 4.34                   | 1.90                  | 12.36    |  |
| 2018                    | 0.09                    | 0.77                 | 0.07            | 0.77                   | 1.70                    | 0.81                           | 3.57                 | 0.81            | 3.57                   | 1.90                  | 10.66                        | 0.90   | 4.34                 | 0.88            | 4.34                   | 1.90                  | 12.36    |  |
| 2019                    | 0.10                    | 0.77                 | 0.07            | 0.77                   | 1.71                    | 0.81                           | 3.57                 | 0.81            | 3.57                   | 1.90                  | 10.66                        | 0.91   | 4.34                 | 0.88            | 4.34                   | 1.90                  | 12.37    |  |
| 2020                    | 0.10                    | 0.77                 | 0.07            | 0.77                   | 1.71                    | 0.81                           | 3.57                 | 0.81            | 3.57                   | 1.90                  | 10.66                        | 0.91   | 4.34                 | 0.88            | 4.34                   | 1.90                  | 12.37    |  |
| 2021                    | 0.10                    | 0.77                 | 0.07            | 0.77                   | 1.71                    | 0.81                           | 3.57                 | 0.81            | 3.57                   | 1.90                  | 10.66                        | 0.91   | 4.34                 | 0.88            | 4.34                   | 1.90                  | 12.37    |  |

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<br>Occupancy | Meals | Cigarette |
|----------------------|------------------------|-------|-----------|
| 2012                 | 5%                     | 5%    | \$ 0.19   |
| 2013                 | 5%                     | 5%    | 0.19      |
| 2014                 | 7%                     | 5%    | 0.22      |
| 2015                 | 7%                     | 5%    | 0.22      |
| 2016                 | 7%                     | 5%    | 0.22      |
| 2017                 | 7%                     | 5%    | 0.22      |
| 2018                 | 7%                     | 5%    | 0.22      |
| 2019                 | 8%                     | 6%    | 0.22      |
| 2020                 | 8%                     | 6%    | 0.22      |
| 2021                 | 8%                     | 6%    | 0.22      |



**TOWN OF ASHLAND, VIRGINIA**

**Table 9**

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

| Taxpayer                          | Type<br>Business               | Fiscal Year June 30,<br>2021 |      |  | Fiscal Year June 30,<br>2012         |      |  |
|-----------------------------------|--------------------------------|------------------------------|------|--|--------------------------------------|------|--|
|                                   |                                | Taxable<br>Assessed<br>Value | Rank | Percentage of<br>Total Town<br>Taxable<br>Assessed<br>Value <sup>(1)</sup> | 2011<br>Taxable<br>Assessed<br>Value | Rank | Percentage of<br>Total Town<br>Taxable<br>Assessed<br>Value <sup>(1)</sup> |
| Virginia Electric & Power Company | Utility                        | \$ 18,292,366                | 1    | 1.69%  | \$ 12,410,772                        | 2    | 1.74%  |
| CLF Ashland, LLC                  | Distribution Center            | 17,878,500                   | 2    | 1.65%  |                                      |      |  |
| Ashland Town Square, LLC          | Apartments                     | 17,022,500                   | 3    | 1.58%  | 12,270,000                           | 3    | 1.72%  |
| Republic National Distribution    | Commercial                     | 16,413,400                   | 4    | 1.52%  |                                      |      |  |
| Ashland Hanover LLC               | Shopping Center                | 16,377,600                   | 5    | 1.52%  | 15,223,500                           | 1    | 2.14%  |
| Verizon Virginia, Inc.            | Communication / Public Service | 15,191,278                   | 6    | 1.41%  | 8,011,752                            | 6    | 1.13%  |
| Sedgefield Mobile Home Associates | Mobile Home Community          | 12,983,700                   | 7    | 1.20%  | 9,054,100                            | 5    | 1.27%  |
| Wal-Mart Real Estate Bus. Trust   | Shopping Center                | 11,751,400                   | 8    | 1.09%  | 9,710,800                            | 4    | 1.36%  |
| Ashland Hi, LLC                   | Commercial                     | 7,905,100                    | 9    | 0.73%  | 6,948,500                            | 8    | 0.98%  |
| Ashland Junction, LLC             | Shopping Center                | 5,897,500                    | 10   | 0.55%  | 7,025,200                            | 7    | 0.99%  |
| Concrete Pipe and Products        | Commercial                     | n/a                          |      |  | 6,095,800                            | 9    | 0.86%  |
| Shreej Swami Hospitality, LLC     | Hotel                          | n/a                          |      |  | 5,557,000                            | 10   | 0.78%  |
| <b>Total</b>                      |                                | <u>\$ 139,713,344</u>        |      | <u>12.93%</u>  | <u>\$ 92,307,424</u>                 |      | <u>12.97%</u>  |

Notes:

Source: Commissioner of Revenue.

(1) Total real estate and public service corporation real estate assessments, as noted on Table 6, are \$999,672,725 in fiscal year 2021 and \$756,505,039 in fiscal year 2012.

**TOWN OF ASHLAND, VIRGINIA****Table 10****PRINCIPAL MEALS TAXPAYERS  
Current Year and Nine Years Ago  
(Unaudited)**

| Taxpayer                              | Fiscal Year<br>June 30, |                     |
|---------------------------------------|-------------------------|---------------------|
|                                       | 2021<br>Rank            | 2012<br>Rank        |
| Chick-Fil-A                           | 1                       | -                   |
| Starbucks                             | 2                       | -                   |
| Cracker Barrel                        | 3                       | 1                   |
| McDonalds - 103 S. Carter Road        | 4                       | 2                   |
| Panera Bread                          | 5                       | -                   |
| McDonalds - 201 S. Washington Highway | 6                       | 3                   |
| WAWA                                  | 7                       | -                   |
| CookOut                               | 8                       | -                   |
| Applebee's                            | 9                       | 4                   |
| Sports Page Grille                    | 10                      | -                   |
| Ponderosa                             | -                       | 5                   |
| Wendy's                               | -                       | 6                   |
| Hardee's                              | -                       | 7                   |
| Ruby Tuesday                          | -                       | 8                   |
| Ironhorse Restaurant                  | -                       | 9                   |
| KFC, Long John Silver's               | -                       | 10                  |
| Total Meals Tax                       | <u>\$ 2,764,822</u>     | <u>\$ 1,824,826</u> |

## Notes:

- (1) The Meals Tax Rate was 5% for fiscal year 2012 and 6% for fiscal year 2021.
- (2) Per State code, meals tax remittances for individual businesses are protected information and, therefore, masked in this report.

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

| Fiscal Year<br>June 30, | Taxes<br>Levied | Collected Within the<br>Fiscal Year of the Levy |                       | Collections in<br>Subsequent<br>Years | Total Collections to Date |                       |
|-------------------------|-----------------|---|-----------------------|---------------------------------------|---------------------------|-----------------------|
|                         |                 | Amount  | Percentage<br>of Levy |                                       | Amount                    | Percentage<br>of Levy |
| 2012                    | \$ 1,083,742    | \$ 1,046,884                                    | 96.60%                | \$ 16,850                             | \$ 1,063,734              | 98.15%                |
| 2013                    | 1,102,865       | 1,040,735                                       | 94.37%                | 62,130                                | 1,102,865                 | 100.00%               |
| 2014                    | 1,101,560       | 1,034,947                                       | 93.95%                | 34,100                                | 1,069,047                 | 97.05%                |
| 2015                    | 1,234,382       | 1,124,746                                       | 91.12%                | 29,681                                | 1,154,427                 | 93.52%                |
| 2016                    | 1,249,733       | 1,180,570                                       | 94.47%                | -                                     | 1,180,570                 | 94.47%                |
| 2017                    | 1,481,259       | 1,374,986                                       | 92.83%                | -                                     | 1,374,986                 | 92.83%                |
| 2018                    | 1,395,165       | 1,297,554                                       | 93.00%                | 47,871                                | 1,345,425                 | 96.43%                |
| 2019                    | 1,630,369       | 1,484,512                                       | 91.05%                | 47,479                                | 1,531,991                 | 93.97%                |
| 2020                    | 1,681,179       | 1,610,873                                       | 95.82%                | 62,146                                | 1,673,019                 | 99.51%                |
| 2021                    | 1,759,207       | 1,451,151                                       | 82.49%                | 46,607                                | 1,497,758                 | 85.14%                |

Note:

(1) Source: Commissioner of Revenue.

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

| Fiscal Year June 30, | Governmental<br>Activities<br>General<br>Obligation Bonds | Total<br>Primary<br>Government | Percentage of<br>Per Capita<br>Personal Income | Net Debt<br>Per Capita |
|----------------------|---|--------------------------------|--|------------------------|
| 2012                 | \$ 39,958   | \$ 39,958                      | 0.03%  | \$ 6                   |
| 2013                 | -   | -                              | 0.00%  | -                      |
| 2014                 | -   | -                              | 0.00%  | -                      |
| 2015                 | -   | -                              | 0.00%  | -                      |
| 2016                 | -   | -                              | 0.00%  | -                      |
| 2017                 | -   | -                              | 0.00%  | -                      |
| 2018                 | -   | -                              | 0.00%  | -                      |
| 2019                 | 8,433,000   | 8,433,000                      | 4.18%  | 1,076                  |
| 2020                 | 8,345,000   | 8,345,000                      | 4.06%  | 1,060                  |
| 2021                 | 7,956,000   | 7,956,000                      | 3.87%  | 997                    |

## Notes:

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

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

**Last Ten Fiscal Years  
(Unaudited)**

| Fiscal Year June 30, | Gross<br>Bonded Debt | Less: Debt<br>of Hanover | Town<br>Debt | Ratio of<br>Net General<br>Obligation Debt<br>to Assessed Value | Gross<br>Bonded Debt<br>Per Capita |
|----------------------|----------------------|--------------------------|--------------|---|------------------------------------|
| 2012                 | \$ 205,000           | \$ 165,042               | \$ 39,958    | 0.00%   | \$ 23                              |
| 2013                 | -                    | -                        | -            | 0.00%   | -                                  |
| 2014                 | -                    | -                        | -            | 0.00%   | -                                  |
| 2015                 | -                    | -                        | -            | 0.00%   | -                                  |
| 2016                 | -                    | -                        | -            | 0.00%   | -                                  |
| 2017                 | -                    | -                        | -            | 0.00%   | -                                  |
| 2018                 | -                    | -                        | -            | 0.00%   | -                                  |
| 2019                 | 8,433,000            | -                        | 8,433,000    | 0.87%   | 1,076                              |
| 2020                 | 8,345,000            | -                        | 8,345,000    | 0.85%   | 1,060                              |
| 2021                 | 7,956,000            | -                        | 7,956,000    | 0.74%   | 997                                |

Notes:

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

**TOWN OF ASHLAND, VIRGINIA**

**Table 14**

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

**Year Ended June 30, 2021**

**(Unaudited)**

| Governmental Unit                        | Debt<br>Outstanding | Estimated<br>Percentage<br>Applicable | Estimated<br>Share of<br>Overlapping<br>Debt |
|--|---------------------|---------------------------------------|--|
| County of Hanover, Virginia              | \$ 73,890,212       | 6.30%                                 | \$ 4,655,083                                 |
| Town Direct Debt                         |                     |                                       | <u>7,956,000</u>                             |
| <b>Total direct and overlapping debt</b> |                     |                                       | <u><u>\$ 12,611,083</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.

**TOWN OF ASHLAND, VIRGINIA**

**Table 15**

**LEGAL DEBT MARGIN INFORMATION  
Last Ten Fiscal Years  
(Unaudited)**

|   | 2012                  | 2013          | 2014          | 2015          | 2016          | 2017          | 2018          | 2019          | 2020          | 2021          |
|---|-----------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Legal debt margin   | \$ 74,364,285         | \$ 73,971,979 | \$ 74,285,432 | \$ 77,539,922 | \$ 77,873,577 | \$ 82,020,215 | \$ 83,397,766 | \$ 85,360,103 | \$ 89,496,075 | \$ 95,574,069 |
| Total net debt applicable to limit  | 39,958                | -             | -             | -             | -             | -             | -             | 8,433,000     | 8,345,000     | 7,956,000     |
| Available legal debt margin   | \$ 74,324,327         | \$ 73,971,979 | \$ 74,285,432 | \$ 77,539,922 | \$ 77,873,577 | \$ 82,020,215 | \$ 83,397,766 | \$ 76,927,103 | \$ 81,151,075 | \$ 87,618,069 |
| <b>Total net debt applicable to the limit as a percentage of debt limit</b> | 0.05%                 | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 9.88%         | 9.32%         | 8.32%         |
| Legal debt margin calculation for fiscal year 2021:                         |                       |               |               |               |               |               |               |               |               |               |
| Assessed value of real estate   | <u>\$ 955,740,688</u> |               |               |               |               |               |               |               |               |               |
| Debt limit (10% of assessed value)  | \$ 95,574,069         |               |               |               |               |               |               |               |               |               |
| Debt applicable to limit:   |                       |               |               |               |               |               |               |               |               |               |
| Net direct debt outstanding   | <u>7,956,000</u>      |               |               |               |               |               |               |               |               |               |
| Available legal debt margin   | <u>\$ 87,618,069</u>  |               |               |               |               |               |               |               |               |               |

Note:

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

**TOWN OF ASHLAND, VIRGINIA**

**Table 16**

**PRINCIPAL EMPLOYERS <sup>(1)</sup>  
Current Year and Nine Years Ago  
(Unaudited)**

| Employer  | Type of Business                    | 2020           |      |  | 2011           |      |  |
|---|-------------------------------------|----------------|------|--|----------------|------|--|
|   |                                     | Employees      | Rank | Percentage<br>of Total County<br>Employment <sup>(2)</sup> | Employees      | Rank | Percentage<br>of Total County<br>Employment <sup>(2)</sup> |
| Hanover County Schools                                  | Education                           | 2,523          | 1    | 4.4%   | 2,544          | 1    | 4.6%   |
| Amazon Fulfillment Services                             | Administrative and Support Services | 1,000 and over | 2    | 3.5%   | n/a            |      |  |
| Bon Secours Health Systems Inc.                         | Hospital / Medical Center           | 1,000 and over | 3    | 3.5%   | 1,000 and over | 2    | 3.6%   |
| County of Hanover                                       | Government                          | 1,233          | 4    | 2.1%   | 1,107          | 3    | 2.0%   |
| Tyson Farms   | Food Manufacturing                  | 500-999        | 5    | 1.3%   | 500-999        | 6    | 1.4%   |
| Wal-Mart Stores   | Retail                              | 500-999        | 6    | 1.3%   | 250-499        | 9    | 0.7%   |
| Owens & Minor Medical Inc.                              | Physicians Equip & Supls-Mfrs       | 500-999        | 7    | 1.3%   | n/a            |      |  |
| Supervalu Distribution Center<br>(2019) Richfood (2010) | Food Distributor                    | 250-499        | 8    | 0.6%   | 500-999        | 7    | 1.4%   |
| FedEx Ground  | Couriers and Messengers             | 250-499        | 9    | 0.6%   | n/a            |      |  |
| Food Lion   | Food and Beverage Stores            | 250-499        | 10   | 0.6%   | n/a            |      |  |
|   | Motion Picture and Sound            |                |      |  |                |      |  |
| New Caps LLC  | Recording Industries                |                | n/a  |  | 500-999        | 4    | 1.4%   |
| Randolph-Macon College                                  | Education                           |                | n/a  |  | 500-999        | 5    | 1.4%   |
| Kings Dominion  | Entertainment                       |                | n/a  |  | 500-999        | 8    | 1.4%   |
|   | Professional, Scientific and        |                |      |  |                |      |  |
| Sales Mark  | Technical Services                  |                | n/a  |  | 250-499        | 10   | 0.7%   |
|   |                                     |                |      | <u>19.2%</u>   |                |      | <u>18.6%</u>   |
| Total County Employment <sup>(3)</sup>                  |                                     | <u>57,934</u>  |      |  | <u>54,872</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 2020.

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

(3) VEC Annual not Seasonally Adjusted Labor Force.



**TOWN OF ASHLAND, VIRGINIA**

**Table 17**

**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten Calendar Years**  
**(Unaudited)**

| Year | Population <sup>(1)</sup> | Per Capita<br>Personal<br>Income <sup>(1)</sup> | Personal<br>Income <sup>(2)</sup> | Median<br>Age <sup>(3)</sup> | County of Hanover                   |                                     |
|------|---------------------------|---|-----------------------------------|------------------------------|-------------------------------------|-------------------------------------|
|      |                           |   |                                   |                              | School<br>Enrollment <sup>(4)</sup> | Unemployment<br>Rate <sup>(5)</sup> |
| 2012 | 7,225                     | \$ 21,329                                       | \$ 154,102,025                    | 33.5                         | 19,170                              | 5.6%                                |
| 2013 | 7,289                     | 22,932  | 167,151,348                       | 34.6                         | 17,942                              | 5.4%                                |
| 2014 | 7,287                     | 23,301  | 169,794,387                       | 35.9                         | 17,952                              | 5.0%                                |
| 2015 | 7,503                     | 22,684  | 170,198,052                       | 35.0                         | 17,734                              | 4.4%                                |
| 2016 | 7,503                     | 23,273  | 174,617,319                       | 34.8                         | 17,776                              | 3.4%                                |
| 2017 | 7,649                     | 23,930  | 183,040,570                       | 33.2                         | 17,751                              | 3.5%                                |
| 2018 | 7,796                     | 25,718  | 200,497,528                       | 32.8                         | 17,671                              | 2.9%                                |
| 2019 | 7,840                     | 25,718  | 201,629,120                       | 32.8                         | 17,462                              | 2.6%                                |
| 2020 | 7,875                     | 26,080  | 205,380,000                       | 32.8                         | 17,273                              | 3.1%                                |
| 2021 | 7,979                     | 25,791  | 205,786,389                       | 33.2                         | 16,519                              | 3.9%                                |

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.

**TOWN OF ASHLAND, VIRGINIA**

**Table 18**

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

| Function/Program                  | Fiscal Year June 30, |           |           |           |           |           |           |           |           |           |
|-----------------------------------|----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                   | 2012                 | 2013      | 2014      | 2015      | 2016      | 2017      | 2018      | 2019      | 2020      | 2021      |
| General government administration | 6                    | 6         | 6         | 6         | 6         | 6         | 6         | 6         | 6         | 6         |
| Public safety:                    |                      |           |           |           |           |           |           |           |           |           |
| Police department                 | 27                   | 27        | 27        | 28        | 28        | 28        | 28        | 28        | 27        | 27        |
| Public works:                     |                      |           |           |           |           |           |           |           |           |           |
| Maintenance                       | 22                   | 22        | 23        | 23        | 24        | 24        | 24        | 24        | 24        | 22        |
| Community development:            |                      |           |           |           |           |           |           |           |           |           |
| Planning                          | 5                    | 5         | 5         | 5         | 5         | 5         | 5         | 5         | 5         | 3         |
| <b>Total</b>                      | <b>60</b>            | <b>60</b> | <b>61</b> | <b>62</b> | <b>63</b> | <b>63</b> | <b>63</b> | <b>63</b> | <b>62</b> | <b>58</b> |

Note:

(1) Source: Individual Town departments.

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

| Function/Program       | Fiscal Year June 30, |      |      |      |      |      |      |      |      |      |
|------------------------|----------------------|------|------|------|------|------|------|------|------|------|
|                        | 2012                 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| Public safety:         |                      |      |      |      |      |      |      |      |      |      |
| Building inspections:  |                      |      |      |      |      |      |      |      |      |      |
| Total building permits | 127                  | 103  | 96   | 133  | 171  | 134  | 161  | 125  | 120  | 149  |

Note:

(1) Source: Individual Town departments.

**TOWN OF ASHLAND, VIRGINIA**

**Table 20**

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

| Function/Program      | Fiscal Year June 30, |       |       |       |       |       |       |       |       |       |
|-----------------------|----------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|                       | 2012                 | 2013  | 2014  | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  |
| General government:   |                      |       |       |       |       |       |       |       |       |       |
| Vehicles              | 4                    | 1     | 2     | 3     | 3     | 3     | 3     | 3     | 2     | 2     |
| Public safety:        |                      |       |       |       |       |       |       |       |       |       |
| Police department:    |                      |       |       |       |       |       |       |       |       |       |
| Patrol units          | 25                   | 28    | 30    | 29    | 25    | 28    | 28    | 28    | 27    | 29    |
| Other vehicles        | 4                    | 6     | 7     | 8     | 10    | 11    | 11    | 9     | 7     | 7     |
| Public works:         |                      |       |       |       |       |       |       |       |       |       |
| General maintenance:  |                      |       |       |       |       |       |       |       |       |       |
| Trucks/vehicles       | 19                   | 22    | 24    | 25    | 28    | 32    | 33    | 32    | 35    | 35    |
| Equipment             | 21                   | 17    | 17    | 18    | 18    | 16    | 18    | 18    | 19    | 18    |
| Parks and recreation: |                      |       |       |       |       |       |       |       |       |       |
| Parks acreage         | 23.60                | 23.60 | 23.60 | 23.60 | 23.60 | 23.60 | 23.60 | 23.60 | 27.50 | 27.50 |
| Swimming pools        | 1                    | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |

Note:

(1) Source: Individual Town departments.

## **COMPLIANCE SECTION**

# TOWN OF ASHLAND, VIRGINIA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2021

| Federal Grantor/ Pass - Through Grantor/<br>Program Title (Pass - Through Grantor's Number) / Cluster Title | Federal<br>Assistance<br>Listing<br>Number | Pass-through<br>Entity Identifying<br>Number | Provided to<br>Subrecipients | Total<br>Federal<br>Expenditures |
|---|--|--|------------------------------|----------------------------------|
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:   |  |  |                              |                                  |
| CDBG - Entitlement Grants Cluster   |  |  |                              |                                  |
| Pass-through Payments:  |  |  |                              |                                  |
| Virginia Department of Housing and community Development:   |  |  |                              |                                  |
| Virginia Community Development Block Grant Program  | 14.218                                     | Not Provided                                 | \$ -                         | \$ 360,255                       |
| Total CDBG - Entitlement Grants Cluster   |  |  |                              | 360,255                          |
| <b>Total U.S. Department of Housing and Urban Development</b>   |  |  |                              | <b>360,255</b>                   |
| U.S. DEPARTMENT OF JUSTICE:   |  |  |                              |                                  |
| Pass-through Payments:  |  |  |                              |                                  |
| Bulletproof Vest Partnership Program  | 16.607                                     |  | -                            | 339                              |
| <b>Total U.S. Department of Justice</b>   |  |  |                              | <b>339</b>                       |
| U.S. DEPARTMENT OF TRANSPORTATION:  |  |  |                              |                                  |
| Highway Planning and Construction Cluster:  |  |  |                              |                                  |
| Pass-through Payment:   |  |  |                              |                                  |
| Virginia Department of Transportation:  |  |  |                              |                                  |
| Highway Planning and Construction Cluster   | 20.205                                     | Not Provided                                 | -                            | 492,211                          |
| Total Highway Planning and Construction Cluster   |  |  |                              | 492,211                          |
| Highway Safety Cluster:   |  |  |                              |                                  |
| Pass-through Payment:   |  |  |                              |                                  |
| Virginia Department of Motor Vehicles:  |  |  |                              |                                  |
| State and Community Highway Safety  | 20.600                                     | Not Provided                                 | -                            | 5,564                            |
| Total Highway Safety Cluster  |  |  |                              | 5,564                            |
| <b>Total U.S. Department of Transportation</b>  |  |  |                              | <b>497,775</b>                   |
| U.S. DEPARTMENT OF THE TREASURY:  |  |  |                              |                                  |
| Pass-through Payments:  |  |  |                              |                                  |
| County of Hanover:  |  |  |                              |                                  |
| COVID-19 Coronavirus Relief Fund  | 21.019                                     | Not Provided                                 | -                            | 1,276,328                        |
| <b>Total U.S. Department of the Treasury</b>  |  |  |                              | <b>1,276,328</b>                 |
| NATIONAL ENDOWMENT FOR THE HUMANITIES:  |  |  |                              |                                  |
| Pass-through Payments:  |  |  |                              |                                  |
| Virginia Commission for the Arts  |  |  |                              |                                  |
| Promotion of the Arts Partnership Agreements  | 45.025                                     | Not Provided                                 | -                            | 450                              |
| <b>Total National Endowment for the Humanities</b>  |  |  |                              | <b>450</b>                       |
| <b>Total Expenditures of Federal Awards</b>   |  |  |                              | <b>\$ 2,135,147</b>              |

## **TOWN OF ASHLAND, VIRGINIA**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2021**

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#### **Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Town of Ashland, Virginia (Town) under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Town.

#### **Note 2. Summary of Significant Accounting Policies**

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

#### **Note 3. Indirect Cost Rate**

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, each major fund, the aggregate discretely presented component unit and remaining fund information, and the budgetary comparison of the General Fund of the Town of Ashland, Virginia (Town), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated October 28, 2021.

**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 and therefore, material weaknesses or significant deficiencies may exist that were not identified.



## **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.

*YB Mares, LLP*

Harrisonburg, Virginia  
October 28, 2021



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

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

**Report on Compliance for the Major Federal Program**

We have audited the Town of Ashland, Virginia's (Town) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on the Town's major federal program for the year ended June 30, 2021. The Town's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal program.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the Town's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Town's compliance.

## **Opinion on Each Major Federal Program**

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

## **Report on Internal Control over Compliance**

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Purpose of this Report**

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

*PBMares, LLP*

Harrisonburg, Virginia  
October 28, 2021

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2021**

---

**Section I. SUMMARY OF AUDITOR'S RESULTS***Financial Statements*

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

Internal control over financial reporting:

Material weaknesses identified?

\_\_\_\_\_ Yes    √ No

Significant deficiencies identified?

\_\_\_\_\_ Yes    √ None Reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ Yes    √ No

*Federal Awards*

Internal control over major program:

Material weaknesses identified?

\_\_\_\_\_ Yes    √ No

Significant deficiencies identified?

\_\_\_\_\_ Yes    √ None Reported

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

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

\_\_\_\_\_ Yes    √ No

Identification of major program:

| Federal Assistance<br>Listing Number | Name of Federal Program<br>or Cluster |
|--------------------------------------|---------------------------------------|
| 21.019                               | COVID-19 Coronavirus Relief Fund      |

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

Auditee qualified as low-risk auditee?

\_\_\_\_\_ Yes    √ No

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2021**

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**Section II. FINANCIAL STATEMENT FINDINGS**

None.

**Section III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

**TOWN OF ASHLAND, VIRGINIA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Year Ended June 30, 2021**

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