



**Annual**  
**Comprehensive**  
**Financial**  
**Report**  
Fiscal Year Ended June 30, 2024

**Ashland**  
**VIRGINIA**

# **TOWN OF ASHLAND, VIRGINIA**

## **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2024**

Prepared by:

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**TOWN OF ASHLAND, VIRGINIA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**Year Ended June 30, 2024**

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## **INTRODUCTORY SECTION**

October 24, 2024

The Honorable Members of Town Council and Citizens of the Town of Ashland, Virginia  
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, 2024, is submitted herewith as required by the Code of Virginia. This report was prepared by the Finance Department in accordance with accounting principles generally accepted in the United States of America (GAAP) as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB).

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

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

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

## History and Description of Government

Ashland, the only incorporated town in Hanover County, is located approximately fifteen miles north of Richmond, Virginia. Interstate 95, a major north-south highway, is located in the eastern portion of Ashland. The U.S. Census Bureau estimated Ashland's population to be 7,822 for 2024, a 7.3 percent increase over the 2014 Census figure of 7,287. The total population of Hanover County in 2020 was estimated by the U.S. Census Bureau to be 106,538, an increase of 6.7 percent from the 2010 estimate. Ashland's population represented approximately 7.1 percent of Hanover's 2020 estimated population.

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

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

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

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

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

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

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

### Significant Local Events

Over the past fiscal year, visitor traffic has continued to increase downtown with record high numbers of attendees at events such as Train Day and Light Up the Tracks. Hotel occupancy rates in Town and the region are back to pre-pandemic levels. Investment has continued in the Rt. 54 service corridor with the addition of Popeyes and Five Guys in FY2024. Also, construction began on a Dunkin Donuts.

The Ashland Economic Development Authority was able to sell the former Apple Garden Inn site in FY2023 and the site was developed to house a Dash-In and Splash-In carwash in FY2024. They also continued grant programs to incentivize the enhancement of Rt. 1 business properties. The EDA now offers an Outdoor Recreation Grant in conjunction with the Fall Line Trail to encourage the development of recreational related businesses that support outdoor activities.

The Ashland Junction shopping center is currently in a lease agreement with Harbor Freight in a portion of the former Food Lion location since they did not renew their lease. Available industrial buildings in the Town of Ashland continue to be limited.

Shopping Centers	Total SF	Available SF	Occupancy
Ashland - Hanover	213,858	2,000	99%
Ashland Junction	141,700	3,600	97.5%
Ashland Town Center	58,036	11,000	81%
Ashland Square	30,560	2,000	93%
<b>Total</b>	<b>444,154</b>	<b>58,054</b>	<b>87%</b>

Thirteen commercial certificates of occupancy (COs) were issued during the fiscal year, a decrease of 11 from FY2023. Thirty-four certificates of occupancy were issued for residential units during the year, which is 2 more than FY2023. The residential permits are consistent with the previous year. Thirty-seven new business licenses were approved in FY2024, a decrease of seventeen from FY2023. Some of the “new” licenses came from existing businesses that had not previously been licensed as we continue efforts to ensure compliance.

#### Prospects for the Future

Our regional economy was able to rebound from impacts from the pandemic. Overall, existing businesses and industries are positioned to continue the trend of positive overall activity. Looking to the future we should work to prepare our local economy and finances to deal with the potential impacts of higher interest rates and limits from financial institutions on commercial lending. Staffing limitations and wages (workforce) will be something we continue to work on as well. We are well positioned to see continued growth in the Town over the next year. There is solid interest in the Town’s current vacant industrial properties. Holland Technology Park remains one of the best opportunities for development on the east coast, and the Town remains committed to assisting in its development.

## Financial Information

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

The Economic Development Authority of the Town of Ashland is a discretely presented component unit and reported separately in the financial statements to emphasize that it is legally separate from the primary government and to differentiate its financial position, and results of operations from those of the primary government. Legals services are provided by Brendan Hefty, PC with Hefty, Wiley & Gore as of January 2024.

## Accounting System, Policies and Budgetary Control

The Town implemented the Munis general ledger and payroll systems during the fiscal year. The Munis system was relied upon to complete the audit.

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

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

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

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

### Independent Audit

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

### Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Ashland for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. The Town of Ashland has received a Certificate of Achievement for the last thirty-five consecutive years (fiscal years ended 1987 - 2023). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

Acknowledgments

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

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

Respectfully submitted,



**Joshua S. Farrar**

**TOWN MANAGER**

# **TOWN OF ASHLAND, VIRGINIA**

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

### ***OFFICIALS***

Steve Trivett	Mayor
John Hodges	Vice-Mayor

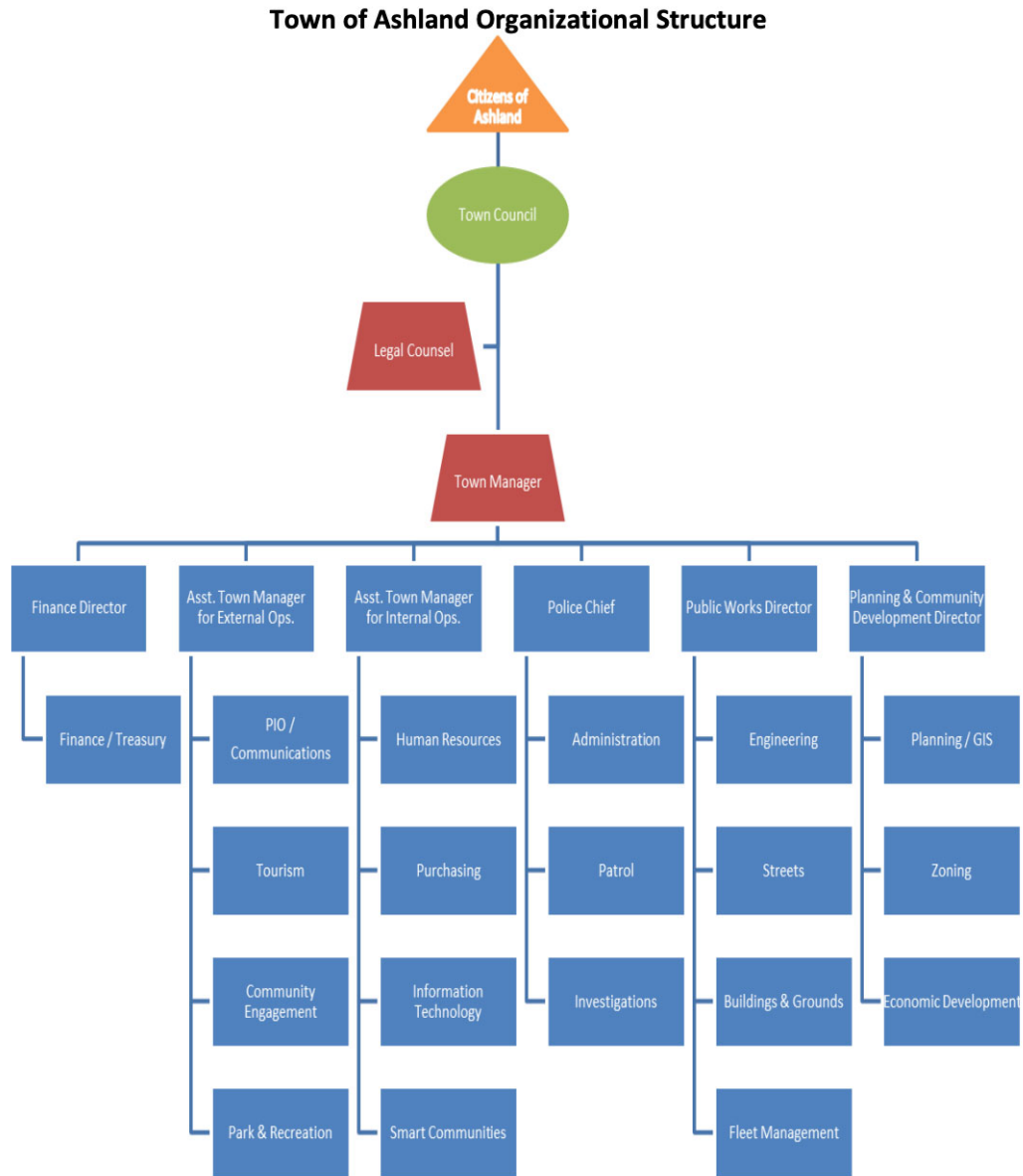
### ***MEMBERS OF COUNCIL***

Pamela Sopall	Anita Barnhart	Daniel McGraw
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### ***OTHER OFFICIALS***

Joshua Farrar	Town Manager
Terry Stone	Director of Finance
Doug Goodman	Clerk of the Council
Andrew McRoberts	Town Attorney

## Town of Ashland Organizational Structure





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Town of Ashland  
Virginia**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2023

*Christopher P. Morill*

Executive Director/CEO

## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, each major fund, the aggregate discretely presented component unit and remaining fund information, and the budgetary comparison of the General Fund and American Rescue Plan Fund of the Town of Ashland, Virginia (Town), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate discretely presented component unit and remaining fund information, and the budgetary comparison of the General Fund and the American Rescue Plan Fund of the Town of Ashland, Virginia, as of June 30, 2024, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

#### *Responsibilities of Management for the Financial Statements*

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information on pages 4-9 and 63-71, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, supplementary information, and supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Expenditures of Federal Awards, supplementary information, and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2024 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town's internal control over financial reporting and compliance.

*PBmares, LLP*

Harrisonburg, Virginia  
October 24, 2024

## **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, 2024. Please read it in conjunction with the transmittal letter at the front of this report and with the Town's basic financial statements, which follow this section.

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

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

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

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

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

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

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

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

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

## OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town's financial position improved throughout the course of fiscal year 2024. 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 \$40,058,797 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, 2024 and 2023**

	Governmental Activities		Increase	%
	2024	2023	(Decrease)	Change
Current and other assets	\$ 18,525,321	\$ 17,825,284	\$ 700,037	3.9%
Capital assets, net	32,854,665	32,026,299	828,366	2.6%
<b>Total assets</b>	<b>51,379,986</b>	<b>49,851,583</b>	<b>1,528,403</b>	<b>3.1%</b>
<b>Total deferred outflows of resources</b>	<b>1,994,129</b>	<b>1,334,915</b>	<b>659,214</b>	<b>49.4%</b>
Current liabilities	2,811,040	5,048,583	(2,237,543)	(44.3%)
Noncurrent liabilities	8,442,663	9,308,630	(865,967)	(9.3%)
<b>Total liabilities</b>	<b>11,253,703</b>	<b>14,357,213</b>	<b>(3,103,510)</b>	<b>(21.6%)</b>
<b>Total deferred inflows of resources</b>	<b>2,061,615</b>	<b>1,006,330</b>	<b>1,055,285</b>	<b>104.9%</b>
Net position:				
Net investment in capital assets	25,962,416	24,782,869	1,179,547	4.8%
Restricted	1,321,176	924,046	397,130	100.0%
Unrestricted	12,775,205	10,116,040	2,659,165	26.3%
<b>Total net position</b>	<b>\$ 40,058,797</b>	<b>\$ 35,822,955</b>	<b>\$ 4,235,842</b>	<b>11.8%</b>

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The Town's Net Position increased by \$4,235,842 during the current fiscal year. Several local taxes produced revenues in excess of expectation, including the meals tax, business license, personal property tax, lodging and interest on deposits revenue. Almost all general government functional areas achieved results well within budgeted levels. Finally, the Central Virginia Transportation Authority had sizable local tax receipts without any expenses, further contributing to growth in net position. The following table summarizes the Town's Statements of Changes in Net Position:

### Summary Statements of Changes in Net Position Years Ended June 30, 2024 and 2023

	Governmental Activities		Increase	%
	2024	2023	(Decrease)	Change
Revenues:				
Program revenues:				
Charges for services	\$ 615,122	\$ 403,865	\$ 211,257	52.3%
Operating grants and contributions	1,363,740	3,374,332	(2,010,592)	(59.6%)
Capital grants and contributions	3,712,879	1,554,736	2,158,143	138.8%
General revenues:				
General property taxes	1,839,729	1,826,902	12,827	0.7%
Other local taxes	8,091,234	7,609,660	481,574	6.3%
Grants and contributions not restricted	487,416	492,551	(5,135)	(1.0%)
Other	1,494,551	550,987	943,564	171.2%
<b>Total revenues</b>	<b>17,604,671</b>	<b>15,813,033</b>	<b>1,791,638</b>	<b>11.3%</b>
Expenses:				
General government administration	2,927,376	2,730,245	197,131	7.2%
Public safety	3,749,363	3,298,087	451,276	13.7%
Public works	4,816,264	4,195,055	621,209	14.8%
Parks, recreation and cultural	600,974	634,991	(34,017)	(5.4%)
Community development	1,129,500	1,009,239	120,261	11.9%
Interest	145,352	153,929	(8,577)	100.0%
<b>Total expenses</b>	<b>13,368,829</b>	<b>12,021,546</b>	<b>1,347,283</b>	<b>11.2%</b>
<b>Change in net position</b>	<b>4,235,842</b>	<b>3,791,487</b>	<b>444,355</b>	<b>11.7%</b>
Net Position, beginning	35,822,955	32,031,468	3,791,487	11.8%
Net Position, ending	<u>\$ 40,058,797</u>	<u>\$ 35,822,955</u>	<u>\$ 4,235,842</u>	11.8%

## FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

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

As of the end of the current fiscal year, the Town's governmental funds reported fund balances of \$15,215,788, an increase of \$2,854,454 in comparison with the prior year. The contributing factors for growth in fund balance are consistent with those leading to increase in net position in the government-wide financials. Local taxes performed well and above the Town's expectation in several areas, and departmental expenditures were contained by more than \$1,299,007 below budget in the General Fund. The non-major Central Virginia Transit Authority Fund had no expenditures while obtaining local taxes of over \$397,000.

The General Fund ended the fiscal year with fund balances totaling \$8,354,990, all of which is reported as unassigned fund balance. Major revenues of the General Fund consist of general property and other local taxes. Intergovernmental revenues of over \$3.0 million were received to support Town operations as well. The Town's largest expenditures are in the areas of public safety at \$3.4 million and public works at just over \$3.9 million in FY24. The General Fund produced an increase in fund balance of \$1,452,419 due to strong local tax performance coupled with expenditures savings, some of which was due to position vacancies in public safety.

The Town's Capital Projects Fund accounts for major general public improvements. At the end of the current fiscal year, the fund balance was \$5,421,011, all of which was committed for current or future capital projects. Significant activities of the Capital Projects Fund included receipt of just over \$1.0 million of funds from the General Fund to support capital projects such as continuing the Town's efforts to improve drainage and stormwater quality throughout Ashland in line with state and federal regulations and the improvement of parks and recreation facilities with the acquisition of additional park land and enhancement of existing park facilities. Other capital outlay expenditures include new vehicular equipment, sidewalk and curbing projects, and funding economic development projects.

The Town's American Rescue Plan Fund accounts for receipt and expenditure of the federal government funds associated with the COVID-19 Coronavirus State and Local Fiscal Recovery Funds. This fund reports an increase in fund balance of \$5,000 at the end of the current fiscal year due to the impact of an unrecognized gain on investments related to unspent grant funds. Significant activities of the fund included recognition of approximately \$2.4 million in federal government receipts and expenditure of grant funds to fund four positions on a variety of government programs, community support programs, and capital investment to include new accounting software, stormwater management projects, land for a future park, park improvements, and refuse collection.

Non-major governmental funds held fund balances of \$1,321,176 at the end of the fiscal year, all of which were restricted for public works projects. The increase in fund balance of \$397,130 was directly associated with the receipt of taxes by the Central Virginia Transportation Authority Fund.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

There was a minimal change in revenues and expenditures between the original and final General Fund budget. During the year, revenues outperformed budgetary estimates by \$1,436,042. Local taxes such as the sales, business license, meals and lodging taxes all surpassed the conservative revenue estimates established amidst the uncertainty of the economic recovery from the pandemic. Expenditures were less than budgetary estimates in almost every categorical area by a total of \$1,299,007. Budgetary savings occurred as a result of vacancies in the Police, Public Works and Community Development departments. Other positive expenditure performance was the result of conscious cost saving measures by Town department leaders in reaction to the pandemic.

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

Capital Assets: The Town's investment in capital assets for its governmental operations as of June 30, 2024, totaled \$32,854,665 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings and improvements, machinery and equipment, infrastructure, intangible right-to-use assets and construction in progress. Significant capital asset activities during the year included land acquisition, stormwater infrastructure, vehicular equipment purchases and sidewalk and curbing improvements. There were capital asset disposals of \$127,911 of machinery and equipment during the year.

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

Long-term Obligations: At the end of the current fiscal year, the Town had total long-term obligations of \$7,342,254, comprised of its noncurrent liabilities of \$6,834,404 as well as the current portion of bonds, lease liabilities, subscription liabilities and compensated absences.

During the current fiscal year, the Town's long-term obligations overall decreased by \$321,103. The change was the net effect of the continued pay down of general obligation bonds, subscription, and lease liabilities. Additionally, there was a decrease in the net OPEB liability primarily due to an employer benefit contribution change. As of the fiscal year-end, the Town had a lease liability of \$12,792 and subscription liability of \$120,463. Additional information on the Town's long-term obligations can be found in Notes 8, 10, and 12 of this report.

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

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

- Considerable economic uncertainty persisted regarding the recovery from the COVID-19 pandemic. Local tax revenue estimates were conservatively established in light of this uncertainty, given the Town's reliance on meals and lodging taxes. The local economy performed well during this time, leading to stronger than anticipated performance in the area of local taxes. The Town benefits from travel on nearby Interstate 95 which brings significant activity to the area. In addition to greater economic activity, the local consumer tax revenue sources likely increased due to inflationary pressures, particularly the increased cost of wages borne by local employers.
- One hundred and seventy-four building permits were issued in fiscal year 2024 compared to one hundred and eighty-eight building permits issued in fiscal year 2023. Commercial development continued at a brisk pace with the redevelopment of existing retail and construction of new industrial development.

The fiscal year 2025 budget increased by approximately 7.3% compared to the Town's amended budget for fiscal year 2024. The larger transfer to the Capital Projects Fund is primarily focused on connectivity projects, such as sidewalk construction and downtown streetscape rehabilitation, and stormwater management projects. The new economic uncertainty due to national and international factors, particularly inflationary pressure, a tight labor market, and supply chain disruptions, has continued the challenge of forecasting revenues. The Town is continuing its monthly revenue reporting and forecasts with an intent to amend the budget as needed.

## **REQUESTS FOR INFORMATION**

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

## **BASIC FINANCIAL STATEMENTS**

# TOWN OF ASHLAND, VIRGINIA

## STATEMENT OF NET POSITION

June 30, 2024

	Primary Government Governmental Activities	Component Unit Development Authority
<b>ASSETS</b>		
Cash and cash equivalents	\$ 12,681,716	\$ 430,245
Investments	2,106,507	-
Restricted cash and cash equivalents	802,503	-
Restricted investments	1,477,789	-
Receivables, net:		
Property taxes	440,870	-
Other accounts	549,496	-
Due from primary government	-	69,405
Due from other governments	402,415	-
Capital assets:		
Land	3,704,422	-
Buildings and improvements	15,065,255	-
Machinery and equipment	5,045,794	-
Infrastructure	24,949,123	-
Intangible right-to-use lease machinery and equipment	39,653	-
Intangible right-to-use subscription assets	140,807	-
Software	193,410	-
Construction in progress	961,504	-
Less: accumulated depreciation and amortization	(17,245,303)	-
Net other postemployment benefits asset	64,025	-
<b>Total assets</b>	<b>51,379,986</b>	<b>499,650</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charge on refunding	62,729	-
Other postemployment benefit related	293,873	-
Pension related	1,637,527	-
<b>Total deferred outflows of resources</b>	<b>1,994,129</b>	<b>-</b>
<b>LIABILITIES</b>		
Accounts and deposits payable	443,072	69,405
Accrued payroll and benefits	123,230	-
Accrued interest	11,177	-
Unearned revenue	2,068,896	-
Performance bonds payable	95,260	-
Due to component unit	69,405	-
Noncurrent liabilities:		
Due within one year:		
Bonds payable	422,000	-
Compensated absences	46,900	-
Lease liability	7,288	-
Subscription liability	31,662	-
Due in more than one year:		
Bonds payable	6,318,000	-
Compensated absences	422,099	-
Lease liability	5,504	-
Subscription liability	88,801	-
Net other postemployment benefits liability	205,682	-
Net pension liability	894,727	-
<b>Total liabilities</b>	<b>11,253,703</b>	<b>69,405</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property taxes collected in advance	28,405	-
Other postemployment benefit related	624,986	-
Pension related	1,408,224	-
<b>Total deferred inflows of resources</b>	<b>2,061,615</b>	<b>-</b>
<b>NET POSITION</b>		
Net investment in capital assets	25,962,416	-
Restricted for:		
Public works	1,321,176	-
Unrestricted	12,775,205	430,245
<b>Total net position</b>	<b>\$ 40,058,797</b>	<b>\$ 430,245</b>

See Notes to Financial Statements.

# TOWN OF ASHLAND, VIRGINIA

## STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

Entity/Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
					Governmental Activities	Economic Development Authority
<b>Primary Government:</b>						
Governmental activities:						
General government administration	\$ 2,927,376	\$ 250,443	\$ 341,351	\$ 123,234	\$ (2,212,348)	\$ -
Public safety	3,749,363	180,072	256,326	236,384	(3,076,581)	-
Public works	4,816,264	2,381	723,131	2,667,363	(1,423,389)	-
Parks, recreation and cultural	600,974	182,226	38,294	394,498	14,044	-
Community development	1,129,500	-	4,638	291,400	(833,462)	-
Interest	145,352	-	-	-	(145,352)	-
<b>Total governmental activities</b>	<b>13,368,829</b>	<b>615,122</b>	<b>1,363,740</b>	<b>3,712,879</b>	<b>(7,677,088)</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 13,368,829</b>	<b>\$ 615,122</b>	<b>\$ 1,363,740</b>	<b>\$ 3,712,879</b>	<b>(7,677,088)</b>	<b>-</b>
<b>Component Unit:</b>						
Economic Development Authority	\$ 936,781	\$ -	\$ 257,995	\$ -	-	(678,786)
<b>Total component unit</b>	<b>\$ 936,781</b>	<b>\$ -</b>	<b>\$ 257,995</b>	<b>\$ -</b>	<b>-</b>	<b>(678,786)</b>
<b>General Revenues:</b>						
Taxes:						
General property taxes					1,839,729	-
Other local taxes:						
Meals					3,797,679	-
Transient occupancy					1,174,212	-
Business license					631,948	-
Local sales and use					1,315,820	-
Other					1,171,575	-
Intergovernmental, non-categorical aid					487,416	-
Use of money and property					1,365,587	15,932
Miscellaneous					128,964	19,628
<b>Total general revenues</b>					<b>11,912,930</b>	<b>35,560</b>
<b>Change in net position</b>					<b>4,235,842</b>	<b>(643,226)</b>
Net Position, beginning					<b>35,822,955</b>	<b>1,073,471</b>
Net Position, ending					<b>\$ 40,058,797</b>	<b>\$ 430,245</b>

See Notes to Financial Statements.

# TOWN OF ASHLAND, VIRGINIA

## BALANCE SHEET GOVERNMENTAL FUNDS June 30, 2024

	General	Capital Projects	American Rescue Plan	Nonmajor Governmental Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 5,971,702	\$ 5,461,237	\$ -	\$ 1,248,777	\$ 12,681,716
Investments	2,106,507	-	-	-	2,106,507
Restricted cash and cash equivalents	-	-	802,503	-	802,503
Restricted investments	-	-	1,477,789	-	1,477,789
Receivables, net:					
Property taxes	440,870	-	-	-	440,870
Other accounts	549,371	125	-	-	549,496
Due from other governments	288,382	41,373	261	72,399	402,415
<b>Total assets</b>	<b>\$ 9,356,832</b>	<b>\$ 5,502,735</b>	<b>\$ 2,280,553</b>	<b>\$ 1,321,176</b>	<b>\$ 18,461,296</b>
<b>LIABILITIES</b>					
Accounts and deposits payable	\$ 270,078	\$ 81,724	\$ 91,270	\$ -	\$ 443,072
Accrued payroll and benefits	121,454	-	1,776	-	123,230
Performance bonds payable	95,260	-	-	-	95,260
Unearned revenue	-	-	2,068,896	-	2,068,896
Due to component unit	69,405	-	-	-	69,405
<b>Total liabilities</b>	<b>556,197</b>	<b>81,724</b>	<b>2,161,942</b>	<b>-</b>	<b>2,799,863</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property taxes collected in advance	28,405	-	-	-	28,405
Unavailable revenue - property taxes	417,240	-	-	-	417,240
<b>Total deferred inflows of resources</b>	<b>445,645</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>445,645</b>
<b>FUND BALANCES</b>					
Restricted for:					
ARPA	-	-	118,611	-	118,611
Public works	-	-	-	1,321,176	1,321,176
Committed:					
Capital projects	-	5,421,011	-	-	5,421,011
Unassigned	8,354,990	-	-	-	8,354,990
<b>Total fund balances</b>	<b>8,354,990</b>	<b>5,421,011</b>	<b>118,611</b>	<b>1,321,176</b>	<b>15,215,788</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 9,356,832</b>	<b>\$ 5,502,735</b>	<b>\$ 2,280,553</b>	<b>\$ 1,321,176</b>	<b>\$ 18,461,296</b>

## TOWN OF ASHLAND, VIRGINIA

### RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2024

	Governmental Funds
Total fund balances - governmental funds	\$ 15,215,788
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	
Governmental capital assets	\$ 50,099,968
Less: accumulated depreciation and amortization	<u>(17,245,303)</u>
Net capital assets	32,854,665
Net other postemployment benefits asset	64,025
Deferred outflows of resources - charge on refunding, pension plan, and other postemployment plans represent a consumption of net position that applies to a future period and is not recognized as deferred outflows of resources in the governmental funds.	1,994,129
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.	417,240
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	
General obligation bonds	(6,740,000)
Leases liability	(12,792)
Subscription liability	(120,463)
Net other postemployment benefits liability	(205,682)
Net pension liability	(894,727)
Compensated absences	(468,999)
Accrued interest	<u>(11,177)</u>
	(8,453,840)
Deferred inflows of resources - pension plan and other postemployment plans represent an acquisition of net position that applies to a future period and is not recognized as deferred inflows of resources in the governmental funds.	<u>(2,033,210)</u>
<b>Net position of governmental activities</b>	<b><u>\$ 40,058,797</u></b>

# TOWN OF ASHLAND, VIRGINIA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS Year Ended June 30, 2024

	General	Capital Projects	American Rescue Plan	Nonmajor Governmental Fund	Total Governmental Funds
Revenues:					
General property taxes	\$ 1,829,344	\$ -	\$ -	\$ -	\$ 1,829,344
Other local taxes	7,694,104	-	-	397,130	8,091,234
Permits, privilege fees and regulatory licenses	319,288	20,987	-	-	340,275
Fines and forfeitures	87,540	-	-	-	87,540
Use of money and property	442,381	923,206	-	-	1,365,587
Charges for services	182,226	1,625	-	-	183,851
Miscellaneous	124,853	4,111	-	-	128,964
Recovered costs	3,456	-	-	-	3,456
Intergovernmental	3,036,849	104,444	2,421,002	-	5,562,295
<b>Total revenues</b>	<b>13,720,041</b>	<b>1,054,373</b>	<b>2,421,002</b>	<b>397,130</b>	<b>17,592,546</b>
Expenditures:					
Current:					
General government administration	2,172,690	-	336,062	-	2,508,752
Public safety	3,419,312	-	156,997	-	3,576,309
Public works	3,926,720	-	5,600	-	3,932,320
Parks, recreation and cultural	220,215	-	-	-	220,215
Community development	866,494	-	-	-	866,494
Capital outlay	-	1,116,055	1,917,256	-	3,033,311
Debt service:					
Principal	459,162	-	-	-	459,162
Interest	141,529	-	-	-	141,529
<b>Total expenditures</b>	<b>11,206,122</b>	<b>1,116,055</b>	<b>2,415,915</b>	<b>-</b>	<b>14,738,092</b>
<b>Revenues over (under) expenditures</b>	<b>2,513,919</b>	<b>(61,682)</b>	<b>5,087</b>	<b>397,130</b>	<b>2,854,454</b>
Other financing sources (uses):					
Transfers in (out)	(1,061,500)	1,061,500	-	-	-
<b>Total other financing sources (uses), net</b>	<b>(1,061,500)</b>	<b>1,061,500</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>1,452,419</b>	<b>999,818</b>	<b>5,087</b>	<b>397,130</b>	<b>2,854,454</b>
Fund balances, beginning	6,902,571	4,421,193	113,524	924,046	12,361,334
Fund balances, ending	\$ 8,354,990	\$ 5,421,011	\$ 118,611	\$ 1,321,176	\$ 15,215,788

# 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, 2024

		Governmental Funds
Net change in fund balances - total governmental funds		\$ 2,854,454
Reconciliation of amounts reported for governmental activities in the Statement of Activities:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period.		
Expenditures for capital assets	\$ 2,289,223	
Less: depreciation and amortization expense	<u>(1,457,507)</u>	
Excess of capital outlays over depreciation and amortization		831,716
The net effect of transactions involving capital assets (i.e. disposals, donations, and transfers) is to decrease net position		(3,350)
Revenues in the Statement of Activities that do not provide current financial resources and are not reported as revenues in the governmental funds.		
Unavailable revenue	10,385	
OPEB non-employer contributions from the Commonwealth	<u>1,740</u>	
		12,125
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Subscriptions remeasurement	(40,118)	
Principal repayments:		
General obligation bonds	413,000	
Subscription liability	36,607	
Lease liability	<u>9,555</u>	
		419,044
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Accrued interest	685	
Amortization of deferred charges on refunding	(4,508)	
Changes in OPEB liabilities and related deferred outflows and inflows of resources	123,994	
Change in pension liabilities and related deferred outflows and inflows of resources	100,623	
Compensated absences	<u>(98,941)</u>	
		<u>121,853</u>
<b>Change in net position of governmental activities</b>		<u><u>\$ 4,235,842</u></u>

# TOWN OF ASHLAND, VIRGINIA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND Year Ended June 30, 2024

	General Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
General property taxes	\$ 1,681,000	\$ 1,681,000	\$ 1,829,344	\$ 148,344
Other local taxes	7,080,000	7,080,000	7,694,104	614,104
Permits, privilege fees and regulatory licenses	269,020	269,020	319,288	50,268
Fines and forfeitures	80,500	80,500	87,540	7,040
Use of money and property	85,000	85,000	442,381	357,381
Charges for services	100,000	100,000	182,226	82,226
Miscellaneous	44,900	44,900	124,853	79,953
Recovered costs	3,500	3,500	3,456	(44)
Intergovernmental	2,914,631	2,940,079	3,036,849	96,770
<b>Total revenues</b>	<b>12,258,551</b>	<b>12,283,999</b>	<b>13,720,041</b>	<b>1,436,042</b>
Expenditures:				
Current:				
General government administration	2,275,681	2,353,027	2,172,690	(180,337)
Public safety	3,949,309	3,949,309	3,419,312	(529,997)
Public works	3,924,853	4,094,085	3,926,720	(167,365)
Parks, recreation and cultural	249,819	249,819	220,215	(29,604)
Community development	913,333	913,333	866,494	(46,839)
Nondepartmental	394,320	394,320	-	(394,320)
Debt service:				
Principal	413,000	413,000	459,162	46,162
Interest	138,236	138,236	141,529	3,293
<b>Total expenditures</b>	<b>12,258,551</b>	<b>12,505,129</b>	<b>11,206,122</b>	<b>(1,299,007)</b>
<b>Revenues over (under) expenditures</b>	<b>-</b>	<b>(221,130)</b>	<b>2,513,919</b>	<b>2,735,049</b>
Other financing uses:				
Transfers out	-	-	(1,061,500)	(1,061,500)
<b>Total other financing uses</b>	<b>-</b>	<b>-</b>	<b>(1,061,500)</b>	<b>(1,061,500)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ (221,130)</b>	<b>1,452,419</b>	<b>\$ 1,673,549</b>
Fund balance, beginning			<u>6,902,571</u>	
Fund balance, ending			<u>\$ 8,354,990</u>	

# TOWN OF ASHLAND, VIRGINIA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – AMERICAN RESCUE PLAN FUND Year Ended June 30, 2024

	American Rescue Plan Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Revenue from the federal government:	\$ 4,941,449	\$ 4,427,014	\$ 2,421,002	\$ (2,006,012)
<b>Total revenues</b>	4,941,449	4,427,014	2,421,002	(2,006,012)
Expenditures:				
General government administration	586,514	464,119	336,062	(128,057)
Public works	365,000	231,997	156,997	(75,000)
Public safety	25,296	27,146	5,600	(21,546)
Community development	270,480	30,000	-	(30,000)
Capital outlay	3,694,159	3,673,752	1,917,256	(1,756,496)
<b>Total expenditures</b>	4,941,449	4,427,014	2,415,915	(2,011,099)
<b>Revenues over expenditures</b>	-	-	5,087	5,087
<b>Net change in fund balance</b>	-	-	5,087	5,087
Fund balance, beginning	113,524	113,524	113,524	-
Fund balance, ending	\$ 113,524	\$ 113,524	\$ 118,611	\$ 5,087

**TOWN OF ASHLAND, VIRGINIA**

**STATEMENT OF FIDUCIARY NET POSITION**

**FIDUCIARY FUND**

**June 30, 2024**

	OPEB Trust Fund
<hr/>	
<b>ASSETS</b>	
Cash and cash equivalents	<u>\$ 2,765,860</u>
<b>Total assets</b>	<u>2,765,860</u>
<b>NET POSITION</b>	
Restricted for other postemployment benefits (OPEB)	<u><u>\$ 2,765,860</u></u>

## TOWN OF ASHLAND, VIRGINIA

### STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUND Year Ended June 30, 2024

	OPEB Trust Fund
Additions:	
Contributions:	
Employer	\$ 60,214
Plan members	76,815
<b>Total contributions</b>	<b>137,029</b>
Investment income:	
From investment activities:	
Interest and dividends earned on investments	1,227
Net increase in fair value of investments	233,242
<b>Total income from investment activities</b>	<b>234,469</b>
<b>Total additions, net</b>	<b>371,498</b>
Deductions:	
Administrative fees	2,925
Benefits paid	76,815
<b>Total deductions</b>	<b>79,740</b>
<b>Change in net position</b>	<b>291,758</b>
Net position, beginning	2,474,102
Net position, ending	\$ 2,765,860

# 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. During the current year, the Town adopted GASB Statement No. 99, *Omnibus 2022*, and GASB Statement No. 100, *Accounting Changes and Error Corrections*, that were effective for fiscal year 2024. As required by GAAP, these financial statements present the activities of the Town and its component units.

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

Blended component units, although legally separate entities, are, in substance, part of the Town’s operations and functions as an integral part of the primary government, so data from these units would be combined with data of the Town. The Town has no blended component units at June 30, 2024. 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, 2024 as a discretely presented component unit.

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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

#### A. Reporting Entity (Continued)

##### Jointly Governed Organizations

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

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

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

Pamunkey Regional Jail Authority: The Pamunkey Regional Jail Authority (Jail Authority) is a political subdivision of the Commonwealth of Virginia. The participating jurisdictions of the Jail Authority are the Counties of Caroline and Hanover and the Town of Ashland. The Jail Authority is governed by a five-member board comprised of two members each from the Counties of Caroline and Hanover and one from the Town of Ashland. Management and accountability for fiscal matters rest with the Jail Authority. The County of Hanover serves as fiscal agent for the Jail Authority; however, the board formulates and approves its own budget. The Town of Ashland does not bear any direct or indirect liabilities for the operation of the Jail Authority and has no equity interest in it. The purpose of the Jail Authority is to maintain and operate a regional jail facility to meet the needs of the participating jurisdictions for jail facilities. The participating jurisdictions have entered into a Service Agreement which is a long-term contract which regulates usage of the Jail and establishes payment terms applicable to participating jurisdictions. Under the Service Agreement, the Town is obligated to commit all of its prisoners to the Jail at a per diem rate to be determined annually by the Jail. Hanover County has agreed to pay the per diem rate for all prisoners of the Town and, therefore, the Town made no contributions in fiscal year 2024. Complete financial statements for the Jail can be obtained from the office of the Pamunkey Regional Jail Authority.

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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

#### A. Reporting Entity (Continued)

##### Jointly Governed Organizations (Continued)

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

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

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

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

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

The Town reports the following major governmental funds:

##### General Fund

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

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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

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

##### Capital Projects Fund

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

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

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

The Town also reports the following fund type:

##### Fiduciary Fund

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

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

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

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

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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

#### C. Budgetary Data

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

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

- 1) On or before May 1, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
- 2) Public hearings are conducted to obtain citizen comments.
- 3) Prior to July 1, the budget is legally enacted through passage of an Appropriations Resolution.
- 4) The Appropriations Resolution places legal restrictions on expenditures at the department or category level for the General Fund, Capital Projects Fund, and the American Rescue Plan Act Fund. The appropriation for each department or category can be revised only by the Town Council. The Town Manager is authorized to transfer budgeted amounts within general government departments.
- 5) All budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
- 6) Appropriations lapse on June 30 every year.
- 7) All budgetary data presented in the accompanying financial statements is the revised budget as of June 30, 2024, as adopted, appropriated and legally amended.
- 8) The expenditure budget is enacted through an annual appropriations ordinance. If budget amendments exceed 1% of the original adopted budget, the Town Council may legally amend the budget only by following procedures used in the adoption of the original budget. There was one budget amendment during the year that exceeded 1% of the original budget.

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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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

##### 1) Deposits and Investments

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

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

###### *Investments*

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

###### *Restricted Investments*

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

##### 2) Property Taxes

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

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due date	February 5 of the following year	February 5 of the following year
Lien date	February 16	February 16

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

The Town bills and collects its own property taxes.

##### 3) Capital Assets

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

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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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)

##### 3) Capital Assets (Continued)

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

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

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

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

Buildings and improvements	10 – 40 years
Machinery and equipment	5 – 10 years
Right-to-use lease equipment	5 years
Infrastructure	20 – 40 years
Right-to-use subscription assets	2 – 6 years
Software	5 years

##### 4) Leases

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

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

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

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

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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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) Leases (Continued)

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

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

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

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

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

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

At June 30, 2024, the Town did not have any lessor agreements as described above.

##### 5) Subscription-based information technology arrangements (SBITAs)

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

# 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)

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

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

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

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

##### 6) Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expenditure) until then. The Town has several items that qualify for reporting in this category and they relate to a deferred charge on refunding, the pension plan and other postemployment benefits (OPEB) plans. See Notes 10 and 12 for details regarding these items.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Town has several types of items that qualify for reporting in this category. Accordingly, one item, unavailable revenue, which arises under the modified accrual basis of accounting, is reported only in the governmental funds Balance Sheet. The governmental funds report unavailable revenue from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The remaining items relate to the pension plan and OPEB plans. See Notes 10 and 12 for details regarding these items.

# 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)

##### 7) Compensated Absences

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

##### 8) Long-Term Obligations

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

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

##### 9) Fund Balance

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

- *Nonspendable fund balance* – amounts that are not in spendable form or are required to be maintained intact;
- *Restricted fund balance* – amounts constrained to specific purposes by their providers (such as grantors, creditors, or laws and regulations of other governments), or by law through constitutional provisions, or by enabling legislation;
- *Committed fund balance* – amounts that can be used only for specific purposes determined by a formal action of the Town’s highest level of decision-making authority. The Town Council is the highest level of decision-making authority that can, by adoption of an ordinance, prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation;

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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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)

##### 9) Fund Balance (Continued)

- *Assigned fund balance* – amounts constrained by the Town's intent but are neither restricted or committed; and
- *Unassigned fund balance* – residual balance of the General Fund that has not been restricted, committed, or assigned to specific purposes within the General Fund.

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

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

##### 10) Net Position

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

##### 11) Pensions

The Virginia Retirement System (VRS) Political Subdivision Retirement Plan (the Town's retirement plan) is a multi-employer, agent plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town's retirement plan and the additions to/deductions from the Town's retirement plan fiduciary net position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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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)

##### 12) Other Postemployment Benefits (OPEB)

###### *Retiree Healthcare Plan*

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

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

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

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

#### E. Use of Estimates

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

#### F. Subsequent Events

The Town has evaluated subsequent events through October 24, 2024, 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 \$8,611,921, 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 \$3,584,296, which is stated at fair value and classified as investments. The LGIP Extended Maturity has been assigned an “AAAF/S1” rating by Standard & Poor’s. The maturity of the LGIP Extended Maturity is greater than one year.

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

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

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

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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

Investment Type	Fair Value	1 - 5 Years
LGIP Extended Maturity	\$ 3,584,296	\$ 3,584,296
<b>Total</b>	<b>\$ 3,584,296</b>	<b>\$ 3,584,296</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 may include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, or model driven valuations; and Level 3 inputs are significant unobservable inputs.

The Town has the following recurring fair value measurements as of June 30, 2024:

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

### Note 3. Receivables

Receivables at June 30, 2024 for the Town, including the allowance for uncollectible accounts, are as follows:

	Governmental Funds
Property taxes	\$ 594,376
Other accounts	549,496
<b>Gross receivables</b>	<b>1,143,872</b>
Less allowance for uncollectable accounts (property taxes)	(153,506)
<b>Net receivables</b>	<b>\$ 990,366</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

### Note 4. Due from Other Governments

Due from other governments includes the following:

	Primary Government
General Fund:	
Other local governments:	
County of Hanover:	
Local sales and use taxes	\$ 230,785
Fines and forfeitures	6,044
	<u>236,829</u>
Commonwealth of Virginia:	
Communications sales and use taxes	28,676
Automobile rental tax	16,653
Byrne justice assistance grant	6,224
	<u>51,553</u>
<b>Total General Fund</b>	<u>288,382</u>
ARPA Fund:	
Federal government:	
Department of justice	261
<b>Total American Rescue Plan Fund</b>	<u>261</u>
CVTA Special Revenue Fund:	
Commonwealth of Virginia:	
Central Virginia Transit Authority	72,399
<b>Total CVTA Special Revenue Fund</b>	<u>72,399</u>
Capital Projects Fund:	
Commonwealth of Virginia:	
Stormwater management fee	1,053
Virginia department of transportation capital projects fund	40,320
<b>Total Capital Projects Fund</b>	<u>41,373</u>
<b>Total due from other governments</b>	<u><u>\$ 402,415</u></u>

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 5. Capital Assets

Capital asset activities for the year ended June 30, 2024 are as follows:

	Beginning Balance June 30, 2023	Additions	Deletions	Transfers	Ending Balance June 30, 2024
Primary Government:					
Capital assets not being depreciated or amortized:					
Land	\$ 3,578,375	\$ 126,047	\$ -	\$ -	\$ 3,704,422
Construction in progress	401,721	1,200,943	-	(641,160)	961,504
<b>Total capital assets not being depreciated or amortized</b>	<b>3,980,096</b>	<b>1,326,990</b>	<b>-</b>	<b>(641,160)</b>	<b>4,665,926</b>
Capital assets being depreciated or amortized:					
Buildings and improvements	15,061,360	40,601	(36,706)	-	15,065,255
Machinery and equipment	4,569,820	603,885	(127,911)	-	5,045,794
Infrastructure	24,032,072	275,891	-	641,160	24,949,123
Software	193,410	-	-	-	193,410
Intangible right-to-use subscription assets	152,579	41,856	(53,628)	-	140,807
Intangible right-to-use lease machinery and equipment	39,653	-	-	-	39,653
<b>Total capital assets being depreciated or amortized</b>	<b>44,048,894</b>	<b>962,233</b>	<b>(218,245)</b>	<b>641,160</b>	<b>45,434,042</b>
Less accumulated depreciation or amortization for:					
Buildings and improvements	(3,015,995)	(384,997)	36,706	-	(3,364,286)
Machinery and equipment	(3,210,310)	(366,508)	124,561	-	(3,452,257)
Infrastructure	(9,528,038)	(659,393)	-	-	(10,187,431)
Software	(193,411)	-	-	-	(193,411)
Intangible right-to-use subscription assets	(37,129)	(37,129)	53,628	-	(20,630)
Intangible right-to-use lease machinery and equipment	(17,808)	(9,480)	-	-	(27,288)
<b>Total accumulated depreciation or amortization</b>	<b>(16,002,691)</b>	<b>(1,457,507)</b>	<b>214,895</b>	<b>-</b>	<b>(17,245,303)</b>
<b>Total capital assets being depreciated or amortized, net</b>	<b>28,046,203</b>	<b>(495,274)</b>	<b>(3,350)</b>	<b>641,160</b>	<b>28,188,739</b>
Governmental activities capital assets, net	\$ 32,026,299	\$ 831,716	\$ (3,350)	\$ -	\$ 32,854,665

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 5. Capital Assets (Continued)

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

Governmental activities:

General government administration	\$	237,378
Public safety		233,469
Public works		739,085
Parks, recreation and cultural		206,471
Community development		41,104
<b>Total depreciation and amortization expense - governmental activities</b>	<b>\$</b>	<b>1,457,507</b>

### Note 6. Due To/From Other Funds

Interfund balances as of June 30, 2024 are as follows:

Fund	Due From	Due To
Economic Development Authority	\$ 69,405	\$ -
General Fund	-	69,405
<b>Total</b>	<b>\$ 69,405</b>	<b>\$ 69,405</b>

The interfund balance from the Economic Development Authority to the General Fund was related to the Hotel and Restaurant incentive grant programs.

### Note 7. Interfund Transfers

Interfund transfers for the year ended June 30, 2024 consisted of the following:

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ 1,061,500
Capital Projects Fund	1,061,500	-
<b>Total</b>	<b>\$ 1,061,500</b>	<b>\$ 1,061,500</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.

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 8. Long-Term Obligations

The following is a summary of long-term liability activity for the year ended June 30, 2024:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 7,153,000	\$ -	\$ (413,000)	\$ 6,740,000	\$ 422,000
Compensated absences payable	370,058	509,845	(410,904)	468,999	46,900
Subscription liability	116,952	40,118	(36,607)	120,463	31,662
Lease liability	22,347	-	(9,555)	12,792	7,288
<b>Governmental activities long-term liabilities</b>	<b>\$ 7,662,357</b>	<b>\$ 549,963</b>	<b>\$ (870,066)</b>	<b>\$ 7,342,254</b>	<b>\$ 507,850</b>

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

\$8,623,000 general obligation bond issued to refund the Series 2018 general obligation bond, due in annual principal installments ranging from \$422,000 to \$546,000 through December 2037, plus interest payable semi-annually at 1.99%.

\$ 6,740,000

#### Total General Obligation Bonds

\$ 6,740,000

### Leases Liabilities

During the current fiscal year, the Town had a five-year lease agreement as lessee for equipment. As of June 30, 2024, the value of the lease liability was \$12,792. The Town is required to make monthly principal and interest payments ranging from \$152 to \$409. The leases have an interest rate of 2.3%. The equipment have a five-year estimated useful life. The value of the intangible right-to-use lease assets as of the end of the current fiscal year was \$39,653 and had accumulated amortization of \$27,288.

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 8. Long-Term Obligations (Continued)

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

Year(s) Ending June 30,	General Obligation Bonds	
	Principal	Interest
2025	\$ 422,000	\$ 129,927
2026	430,000	121,450
2027	439,000	112,803
2028	447,000	103,987
2029	456,000	95,003
2030 - 2034	2,425,000	333,614
2035 - 2038	2,121,000	85,461
	<u>\$ 6,740,000</u>	<u>\$ 982,245</u>

Year Ending June 30,	Leases	
	Principal	Interest
2025	\$ 7,288	\$ 213
2026	4,291	77
2027	1,213	15
	<u>\$ 12,792</u>	<u>\$ 305</u>

### Subscription liabilities

During the current fiscal year, the Town had subscription agreements for software ranging from two to six years. In the current year, the Town performed a remeasurement on a subscription agreement which resulted in an increase in the intangible right-to-use subscription asset in the amount of \$41,856. Additionally, the remeasurement resulted in an increase in the subscription liability in the amount of \$40,118. As of June 30, 2024, the value of the subscription liability was \$120,463. The Town is required to make annual principal and interest payments ranging from \$10,898 to \$24,236. The subscriptions have interest rates ranging from 2.89% to 2.80%. The subscriptions have an estimated useful life ranging from two to six years. The value of the intangible right-to-use subscription assets as of the end of the current fiscal year was \$140,807 and had accumulated amortization of \$20,630.

Year Ending June 30,	Subscriptions	
	Principal	Interest
2025	\$ 31,662	\$ 4,041
2026	21,261	2,566
2027	21,875	1,952
2028	22,507	1,320
2029	23,158	669
	<u>\$ 120,463</u>	<u>\$ 10,548</u>

## TOWN OF ASHLAND, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 8. Long-Term Obligations (Continued)**

##### Conduit Debt Obligation

The EDA is empowered by the Commonwealth of Virginia to issue Industrial Revenue Bonds (IRBs) on behalf of businesses relocating to or expanding their operations with the Town. Principal and interest on the IRBs are paid entirely by the businesses. Neither the EDA nor the Town guarantees the repayment of principal or interest to the bondholders. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. The outstanding principal on these IRBs totaled approximately \$14.9 million at December 31, 2023 (most recent balance available).

#### **Note 9. 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 10. Pension Plan

Name of Plan: Virginia Retirement System (VRS)

Identification of Plan: Agent Multiple-Employer Pension Plan

Administering Entity: Virginia Retirement System (System)

#### A. Plan Description

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

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

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

#### B. Employees Covered by Benefit Terms

As of the June 30, 2022, actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	73
Inactive members:	
Vested	19
Non-vested	26
Active elsewhere in VRS	43
<b>Total inactive members</b>	88
Active members	59
<b>Total covered employees</b>	220

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 10. 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, 2024 was 12.99% of covered compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$569,836 and \$526,195 for the years ended June 30, 2024 and 2023, respectively.

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

The Town's net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For political subdivisions, the net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of June 30, 2022 rolled forward to the measurement date of June 30, 2023.

#### **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, 2022, 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, 2023.

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

## TOWN OF ASHLAND, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 10. Pension Plan (Continued)

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

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

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 10. Pension Plan (Continued)

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

##### Actuarial Assumptions – Public Safety Employees

The total pension liability for Public Safety employees in the Town's retirement plan was based on an actuarial valuation as of June 30, 2022, 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, 2023.

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

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

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 10. Pension Plan (Continued)

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

##### Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
<b>Total</b>	<b>100.00%</b>		<b>5.75%</b>
	Inflation		<b>2.50%</b>
			<b>8.25%</b>

\* The above allocation provides a one-year expected return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

On June 15, 2023, the VRS Board elected a long-term rate of 6.75%, which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 10. Pension Plan (Continued)

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

##### Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022, actuarial valuations, whichever was greater. From July 1, 2023 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2022	\$ 20,729,493	\$ 19,647,757	\$ 1,081,736
Changes for the Year:			
Service cost	533,133	-	533,133
Interest	1,402,539	-	1,402,539
Difference between expected and actual experience	(146,716)	-	(146,716)
Contributions – employer	-	526,195	(526,195)
Contributions – employee	-	192,130	(192,130)
Net investment income	-	1,269,723	(1,269,723)
Benefit payments, including refunds of employee contributions	(968,539)	(968,539)	-
Administrative expense	-	(12,594)	12,594
Other changes	-	511	(511)
<b>Net changes</b>	<b>820,417</b>	<b>1,007,426</b>	<b>(187,009)</b>
Balances at June 30, 2023	\$ 21,549,910	\$ 20,655,183	\$ 894,727

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 10. Pension Plan (Continued)

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

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Town's net pension liability (asset)	\$ 3,973,082	\$ 894,727	\$ (1,507,987)

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

For the year ended June 30, 2024, the Town recognized pension expense of \$469,213. At June 30, 2024, the Town also reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 58,898	\$ (87,794)
Change in assumption	1,008,793	-
Net difference between projected and actual earnings on pension plan investments	-	(1,320,430)
Employer contributions subsequent to the measurement date	569,836	-
<b>Total</b>	<b>\$ 1,637,527</b>	<b>\$ (1,408,224)</b>

The \$569,836 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ending June 30,	Amount
2025	\$ (223,966)
2026	(407,591)
2027	281,496
2028	9,528
	<b>\$ (340,533)</b>

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 10. Pension Plan (Continued)

#### G. Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2023 Comprehensive Annual Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at [varetire.org/pdf/publications/2023-annualreport.pdf](http://varetire.org/pdf/publications/2023-annualreport.pdf), or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

### Note 11. 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, 2024, the Town and plan members contributed \$137,029 to the Trust Fund. Administrative expenses allocated to the Trust Fund during the fiscal year ended June 30, 2024 totaled \$2,925. 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 12. 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, 2024, the two plans had the following balances reported in the government-wide financial statements:

	Net OPEB Liability (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Retiree Healthcare Plan	\$ (64,025)	\$ 236,152	\$ 587,105	\$ 27,993
Group Life Insurance	205,682	57,721	37,881	8,561
	<u>\$ 141,657</u>	<u>\$ 293,873</u>	<u>\$ 624,986</u>	<u>\$ 36,554</u>

Detailed disclosures for each plan follow.

#### 1. *Retiree Healthcare Plan*

##### A. Plan Description

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

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 12. Other Postemployment Benefits (Continued)

#### 1. Retiree Healthcare Plan (Continued)

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

SUMMARY OF BENEFIT PROVISIONS
<b><i>Health Plan Eligibility</i></b> Participants in the Town's OPEB plan must have 15 or more years of full-time service with the Town at retirement to be eligible for retiree health benefits. Participants must also retire directly from active employment and elect to receive their benefits immediately.
<b><i>Health Plan Benefits</i></b> Retiree health benefits include medical, dental and vision. Coverage is for retirees and their eligible spouses and dependents. Coverage is for the life of the retiree and their dependent spouse.  Retirees under age 65 may choose either the Key Advantage 250 or Key Advantage Expanded option with preventive/comprehensive dental. Once they attain age 65, they must enroll in a Medicare supplement plan to continue health coverage.
<b><i>Retiree and Employer Contributions</i></b> <i>Retirees with 25 or More Years of Service with the Town:</i> For non-Medicare eligible retirees, the Town provides a contribution equal to the retiree-only premium of the plan they elect. This contribution is provided until the earlier of the retiree's death or attainment of Medicare eligibility.  For Medicare-eligible retirees, the Town provides a contribution equal to 100% of the retirees Medicare premium. This contribution is provided for the life of the retiree.  New Benefit Provisions: Effective July 1, 2023, the Town also provides an additional \$15 per month to be used towards the purchase of supplemental prescription drug, dental, or vision plan.  <i>Retirees with Less than 25 Years of Service with the Town:</i> The Town provides a monthly contribution equal to \$35, plus an additional \$3 for each year of service with the Town. This contribution is provided for the life of the retiree.  New Benefit Provisions: Effective July 1, 2023, the Town provides monthly contributions equal to \$50, plus an additional \$5 for each year of Town service.  Retirees are responsible for the excess of their total premium cost over the Town's contribution.
<b><i>Disability Retirement Benefit</i></b> Disabled retirees having 15 or more years of full-time service with the Town are eligible for the same level of health benefits as other retirees.
<b><i>Death Benefit</i></b> The plan does not include a pre-retirement death benefit.
<b><i>Withdrawal Benefit</i></b> The plan does not include a withdrawal benefit.
<b><i>Benefit Service</i></b> Benefit service is credited from the date of hire with the Town.

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 12. Other Postemployment Benefits (Continued)

#### 1. *Retiree Healthcare Plan (Continued)*

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

As of the July 1, 2023 actuarial valuation, the following employees were covered by the benefit terms:

	Number
Inactive employees or beneficiaries currently receiving benefit payments	18
Active employees	54
<b>Total</b>	<b>72</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, 2024, the Town's average contribution rate was 5.00 percent of covered-employee payroll. Employees are not required to contribute to the plan.

##### D. Net Retiree Healthcare OPEB Asset

The Town's net Retiree Healthcare OPEB asset of \$(64,025) was measured as of June 30, 2024, and the total Retiree Healthcare OPEB liability used to calculate the net Retiree Healthcare OPEB liability was determined by an actuarial valuation as of July 1, 2023.

##### E. Actuarial Assumptions

The total Retiree Healthcare Plan OPEB liability was based on an actuarial valuation as of July 1, 2023, using the Entry Age Normal actuarial cost method and the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Payroll growth	3.00% per annum
Discount rate	6.50% per annum
Healthcare cost trend rates	Medical and Stop Loss: 6.2% graded down to 3.9% over 50 years

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

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

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

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

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

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

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 12. Other Postemployment Benefits (Continued)

#### 1. Retiree Healthcare Plan (Continued)

##### E. Actuarial Assumptions (Continued)

###### *Mortality Rates – General Employees (Continued)*

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

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

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

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

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

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

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

##### F. Changes in the Net Retiree Healthcare OPEB Liability (Asset)

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
	(a)	(b)	(a) - (b)
Balance at June 30, 2023	\$ 2,836,592	\$ 2,474,102	\$ 362,490
Changes for the year:			
Service cost	62,124	-	62,124
Interest	185,959	-	185,959
Difference between expected and actual experience	(349,276)	-	(349,276)
Changes in assumptions	43,251	-	43,251
Benefit payments	(76,815)	(76,815)	-
Employer contributions	-	137,029	(137,029)
Net investment income	-	234,469	(234,469)
Administrative expenses	-	(2,925)	2,925
<b>Net changes</b>	<b>(134,757)</b>	<b>291,758</b>	<b>(426,515)</b>
Balance at June 30, 2024	\$ 2,701,835	\$ 2,765,860	\$ (64,025)

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 12. Other Postemployment Benefits (Continued)

#### 1. Retiree Healthcare Plan (Continued)

##### G. Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
US Core Fixed Income	20.00%	2.21%	2.08%
US Large Cap US Equities	21.00%	5.38%	3.80%
US Small Cap US Equities	10.00%	6.94%	4.39%
Foreign Developed Equities	13.00%	6.92%	5.13%
Emerging Market Equities	5.00%	9.59%	6.21%
Private Real Estate Property	15.00%	5.14%	3.91%
Private Equities	10.00%	10.46%	6.25%
Hedge Funds / Absolute Return	6.00%	2.69%	1.94%
	<u>100.00%</u>		
Assumed Inflation - Mean		2.31%	2.30%
Assumed Inflation - Standard Deviation		1.44%	1.44%
Portfolio Real Mean Return		5.62%	4.71%
Portfolio Nominal Mean Return		7.93%	7.12%
Portfolio Standard Deviation			13.16%
Long-Term Expected Rate of Return			6.50%

##### H. Discount Rate

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

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 12. Other Postemployment Benefits (Continued)

#### 1. Retiree Healthcare Plan (Continued)

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

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

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Total OPEB Liability	\$ 3,059,161	\$ 2,701,835	\$ 2,402,154
Fiduciary Net Position	2,765,860	2,765,860	2,765,860
Net OPEB Liability (Asset)	<u>\$ 293,301</u>	<u>\$ (64,025)</u>	<u>\$ (363,706)</u>

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

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

	1% Decrease	Current Medical Trend Rate	1% Increase
Total OPEB Liability	\$ 2,374,269	\$ 2,701,835	\$ 3,098,880
Fiduciary Net Position	2,765,860	2,765,860	2,765,860
Net OPEB Liability (Asset)	<u>\$ (391,591)</u>	<u>\$ (64,025)</u>	<u>\$ 333,020</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, 2024, the Town recognized Retiree Healthcare OPEB expense of \$27,993. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to the Retiree Healthcare OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 98,070	\$ (516,248)
Changes of assumptions	138,082	(70,754)
Net difference between projected and actual earnings on OPEB program investments	-	(103)
<b>Total</b>	<u>\$ 236,152</u>	<u>\$ (587,105)</u>

## TOWN OF ASHLAND, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 12. Other Postemployment Benefits (Continued)

##### 1. *Retiree Healthcare Plan (Continued)*

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

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

Year Ending June 30,	Amount
2025	\$ (72,590)
2026	1,225
2027	(88,510)
2028	(94,034)
2029	(57,131)
Thereafter	(39,913)
<b>Total</b>	<b>\$ (350,953)</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. The plan is a cost-sharing multiple-employer defined benefit plan. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 12. Other Postemployment Benefits (Continued)

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

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

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

<b>GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS</b>
<p><b><i>Eligible Employees</i></b></p> <p>The GLI was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program.</p> <p>Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.</p>
<p><b><i>Benefit Amounts</i></b></p> <p>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>○ Seatbelt 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></p> <p>The benefit amounts provided to members covered under the GLI are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>
<p><b><i>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</i></b></p> <p>For covered members with at least 30 years of service credit, there is a minimum benefit payable under GLI. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,254 as of June 30, 2024.</p>

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 12. Other Postemployment Benefits (Continued)

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

##### B. Contributions

The contribution requirements for the GLI are governed by Sections 51.1-506 and 51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2024 was 0.54% of covered employee compensation. This rate was the final approved General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI from the Town were \$23,519 and \$21,812 for the years ended June 30, 2024 and 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution. Our proportionate share is reflected in the statement of activities as following, General government administration for \$202, Public Safety for \$799, Public Works for \$601, and Community development for \$138 and on page 15 totaling \$1,740.

##### 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, 2024, the Town's reported liability for its proportionate share of the net GLI OPEB liabilities was \$205,682. The net GLI OPEB liability was measured as of June 30, 2023 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, 2022, and rolled forward to the measurement date of June 30, 2023. The covered employers' proportion of the net GLI OPEB liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the Town's portion was 0.01715% as compared to 0.01678% at June 30, 2022.

For the year ended June 30, 2024, the Town recognized GLI OPEB expense of \$8,561. Since there was a change in the proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 12. Other Postemployment Benefits (Continued)

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

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

At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20,543	\$ (6,244)
Net difference between projected and actual earnings on GLI OPEB program investments	-	(8,265)
Change in assumptions	4,397	(14,250)
Changes in proportionate share	9,262	(9,122)
Employer contributions subsequent to the measurement date	23,519	-
<b>Total</b>	<b>\$ 57,721</b>	<b>\$ (37,881)</b>

The \$23,519 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, 2025. 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
2025	\$ (2,427)
2026	(9,375)
2027	2,871
2028	2,450
2029	2,802
<b>Total</b>	<b>\$ (3,679)</b>

#### D. Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2022, 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, 2023.

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

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 12. Other Postemployment Benefits (Continued)

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

##### D. Actuarial Assumptions (Continued)

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

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

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

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

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

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

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

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

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

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

# TOWN OF ASHLAND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

### Note 12. Other Postemployment Benefits (Continued)

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

##### D. Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2021, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

##### E. Net GLI OPEB Liability

The net OPEB liability (NOL) for the GLI represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2023, NOL amounts (in thousands) for the GLI are as follows (in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB liability	\$ 3,907,052
Plan fiduciary net position	<u>2,707,739</u>
<b>GLI net OPEB liability</b>	<b><u>\$ 1,199,313</u></b>

Plan fiduciary net position as a percentage of the total GLI OPEB liability 69.30%

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 12. Other Postemployment Benefits (Continued)

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

##### F. Long-Term Expected Rate of Return

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long- Term Expected Rate of Return	Weighted Average Long- Term Expected Rate of Return*
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
<b>Total</b>	<b>100.00%</b>		<b>5.75%</b>
	Inflation		<b>2.50%</b>
			<b>8.25%</b>

\* The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

On June 15, 2023, the VRS Board elected a long-term rate of 6.75%, which is roughly the 45<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

## TOWN OF ASHLAND, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 12. Other Postemployment Benefits (Continued)

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

###### G. Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2023, the rate contributed by the participating employers for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Town	\$ 304,885	\$ 205,682	\$ 125,476

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

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at [varetire.org/pdf/publications/2023-annual-report.pdf](http://varetire.org/pdf/publications/2023-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 13. Pending GASB Statements**

At June 30, 2024, GASB had issued statements not yet implemented by the Town. The statements which might impact the Town are as follows:

GASB Statement No. 101, *Compensated Absences*, is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Statement 101 will be effective for fiscal years beginning after December 15, 2023.

GASB Statement No. 102, *Certain Risk Disclosures*, requires the Town to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires the Town to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If the Town determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. Statement 102 will be effective for the Town beginning with its year ending June 30, 2025.

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

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

### **Note 14. 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.

## **TOWN OF ASHLAND, VIRGINIA**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 15. 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 \$239,631 were provided during the year ended June 30, 2024, 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 (ASSET) AND RELATED RATIOS – VIRGINIA RETIREMENT SYSTEM

	Fiscal Year June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Total Pension Liability</b>										
Service cost	\$ 370,012	\$ 422,045	\$ 423,410	\$ 439,647	\$ 433,809	\$ 421,206	\$ 457,195	\$ 467,560	\$ 483,369	\$ 533,133
Interest	868,776	919,423	930,643	985,287	1,043,033	1,090,109	1,130,844	1,192,201	1,324,274	1,402,539
Difference between expected and actual experience	-	(664,104)	(12,340)	71,604	(121,573)	(109,450)	261,112	18,207	242,958	(146,716)
Assumption changes	-	-	-	(50,661)	-	521,400	-	805,999	-	-
Benefit payments, including refunds of employee contributions	(528,309)	(502,233)	(531,917)	(590,249)	(651,629)	(713,877)	(772,120)	(1,108,197)	(913,218)	(968,539)
<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>	<b>1,375,770</b>	<b>1,137,383</b>	<b>820,417</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	18,216,340	19,592,110	20,729,493
Total pension liability - ending (a)	\$ 13,385,726	\$ 13,560,857	\$ 14,370,653	\$ 15,226,281	\$ 15,929,921	\$ 17,139,309	\$ 18,216,340	\$ 19,592,110	\$ 20,729,493	\$ 21,549,910
<b>Plan Fiduciary Net Position</b>										
Contributions - employer	\$ 393,953	\$ 399,899	\$ 414,669	\$ 326,438	\$ 338,777	\$ 326,545	\$ 336,998	\$ 331,930	\$ 358,637	\$ 526,195
Contributions - employee	191,125	153,253	156,949	182,391	182,941	192,298	231,109	256,190	174,887	192,130
Net investment income (loss)	1,640,891	557,131	225,268	1,578,406	1,064,626	1,023,406	306,938	4,377,468	(19,092)	1,269,723
Benefit payments, including refunds of employee contributions	(528,309)	(502,233)	(531,917)	(590,249)	(651,629)	(713,877)	(772,120)	(1,108,197)	(913,218)	(968,539)
Administrative expense	(8,708)	(7,463)	(7,775)	(9,029)	(9,126)	(10,085)	(10,453)	(11,072)	(12,525)	(12,594)
Other	86	(117)	(94)	(1,405)	(950)	(644)	(366)	412	462	511
<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>	<b>3,846,731</b>	<b>(410,849)</b>	<b>1,007,426</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	16,211,875	20,058,606	19,647,757
Plan fiduciary net position - ending (b)	\$ 12,033,365	\$ 12,633,835	\$ 12,890,935	\$ 14,377,487	\$ 15,302,126	\$ 16,119,769	\$ 16,211,875	\$ 20,058,606	\$ 19,647,757	\$ 20,655,183
The Town's net pension liability (asset) - ending (a) - (b)	\$ 1,352,361	\$ 927,022	\$ 1,479,718	\$ 848,794	\$ 627,795	\$ 1,019,540	\$ 2,004,465	\$ (466,496)	\$ 1,081,736	\$ 894,727
Plan fiduciary net position as a percentage of the total pension liability (asset)	89.90%	93.16%	89.70%	94.43%	96.06%	94.05%	89.00%	102.38%	94.78%	95.85%
Covered payroll	\$ 3,068,170	\$ 3,038,746	\$ 3,150,980	\$ 3,172,381	\$ 3,292,293	\$ 3,301,769	\$ 3,407,462	\$ 3,194,706	\$ 3,451,752	\$ 3,840,839
The Town's net pension liability (asset) as a percentage of covered payroll	44.08%	30.51%	46.96%	26.76%	19.07%	30.88%	58.83%	-14.60%	31.34%	23.30%

# TOWN OF ASHLAND, VIRGINIA

## SCHEDULE OF TOWN CONTRIBUTIONS – VIRGINIA RETIREMENT SYSTEM

	Fiscal Year June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution (CRC)	\$ 399,899	\$ 414,669	\$ 326,438	\$ 338,777	\$ 326,545	\$ 336,998	\$ 331,930	\$ 358,637	\$ 526,195	\$ 569,836
Contributions in relation to the CRC	399,899	414,669	326,438	338,777	326,545	336,998	331,930	358,637	526,195	569,836
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$3,038,746	\$3,150,980	\$3,172,381	\$3,292,293	\$3,301,769	\$3,407,462	\$3,194,706	\$3,451,752	\$3,840,839	\$4,385,953
Contributions as a percentage of covered payroll	13.16%	13.16%	10.29%	10.29%	9.89%	9.89%	10.39%	10.39%	13.70%	12.99%

## TOWN OF ASHLAND, VIRGINIA

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION VIRGINIA RETIREMENT SYSTEM Year Ended June 30, 2024

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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, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

##### Non-Hazardous Duty

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

##### Hazardous Duty

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

# TOWN OF ASHLAND, VIRGINIA

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

	Fiscal Year June 30,						
	2018	2019	2020	2021	2022	2023	2024
Total OPEB Liability							
Service cost	\$ 56,594	\$ 60,556	\$ 72,288	\$ 70,631	\$ 60,932	\$ 60,836	\$ 62,124
Interest	139,876	148,086	171,449	172,482	181,142	164,694	185,959
Effect of plan changes	-	-	-	-	-	84,601	-
Difference between expected and actual experience	-	-	246,655	-	(365,948)	-	(349,276)
Changes of assumptions	-	146,141	(123,312)	-	(36,541)	98,758	43,251
Benefit payments, including refunds of employee contributions	(85,314)	(80,868)	(101,401)	(104,397)	(95,858)	(89,048)	(76,815)
<b>Net change in total OPEB liability</b>	<b>111,156</b>	<b>273,915</b>	<b>265,679</b>	<b>138,716</b>	<b>(256,273)</b>	<b>319,841</b>	<b>(134,757)</b>
Total OPEB liability - beginning	1,983,558	2,094,714	2,368,629	2,634,308	2,773,024	2,516,751	2,836,592
Total OPEB liability - ending (a)	<u>\$ 2,094,714</u>	<u>\$ 2,368,629</u>	<u>\$ 2,634,308</u>	<u>\$ 2,773,024</u>	<u>\$ 2,516,751</u>	<u>\$ 2,836,592</u>	<u>\$ 2,701,835</u>
Plan Fiduciary Net Position							
Contributions - employer	\$ 200,514	\$ 212,868	\$ 237,401	\$ 242,292	\$ 238,975	\$ 158,662	\$ 137,029
Net investment income	109,538	67,596	49,161	510,863	(228,671)	172,130	234,469
Benefit payments, including refunds of employee contributions	(85,314)	(80,868)	(101,401)	(104,397)	(95,858)	(89,048)	(76,815)
Administrative expense	(1,770)	(1,935)	(2,264)	(2,406)	(3,001)	(2,265)	(2,925)
<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>	<b>(88,555)</b>	<b>239,479</b>	<b>291,758</b>
Plan fiduciary net position - beginning	1,073,300	1,296,268	1,493,929	1,676,826	2,323,178	2,234,623	2,474,102
Plan fiduciary net position - ending (b)	<u>\$ 1,296,268</u>	<u>\$ 1,493,929</u>	<u>\$ 1,676,826</u>	<u>\$ 2,323,178</u>	<u>\$ 2,234,623</u>	<u>\$ 2,474,102</u>	<u>\$ 2,765,860</u>
The Town's net OPEB liability (asset) - ending (a) - (b)	<u>\$ 798,446</u>	<u>\$ 874,700</u>	<u>\$ 957,482</u>	<u>\$ 449,846</u>	<u>\$ 282,128</u>	<u>\$ 362,490</u>	<u>\$ (64,025)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	61.88%	63.07%	63.65%	83.78%	88.79%	87.22%	102.37%
Covered payroll	\$ 3,356,524	\$ 3,407,808	\$ 3,523,846	\$ 3,356,391	\$ 3,490,926	\$ 3,170,436	\$ 3,903,155
The Town's net OPEB liability (asset) as a percentage of covered payroll	23.79%	25.67%	27.17%	13.40%	8.08%	11.43%	-1.64%

### Note to Schedule:

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

# TOWN OF ASHLAND, VIRGINIA

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

	Fiscal Year June 30,						
	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution (CRC)	\$ 200,514	\$ 212,868	\$ 237,401	\$ 242,292	\$ 238,975	\$ 158,662	\$ 137,029
Contributions in relation to the CRC	200,514	212,868	237,401	242,292	238,975	158,662	137,029
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 3,356,524	\$ 3,407,808	\$ 3,523,846	\$ 3,356,391	\$ 3,490,926	\$ 3,170,436	\$ 3,903,155
Contributions as a percentage of covered payroll	5.97%	6.25%	6.74%	7.22%	6.85%	5.00%	3.51%

### Note to Schedule:

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

# TOWN OF ASHLAND, VIRGINIA

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

	Fiscal year June 30,						
	2017	2018	2019	2020	2021	2022	2023
Employer's proportion of the net GLI OPEB liability	0.01730%	0.01765%	0.01738%	0.01733%	0.01626%	0.01678%	0.01715%
Employer's proportionate share of the net GLI OPEB liability	\$ 260,000	\$ 269,000	\$ 282,818	\$ 289,210	\$ 189,310	\$ 202,047	\$ 205,682
Employer's covered payroll	3,191,793	3,356,524	3,407,808	3,523,846	3,356,391	3,490,926	4,039,259
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	8.16%	8.01%	8.30%	8.21%	5.64%	5.79%	5.09%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%	51.22%	52.00%	52.64%	67.45%	67.21%	69.30%

### 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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution (CRC)	\$ 16,064	\$ 16,739	\$ 16,597	\$ 17,454	\$ 17,721	\$ 18,324	\$ 18,125	\$ 18,851	\$ 21,812	\$ 23,519
Contributions in relation to the CRC	16,064	16,739	16,597	17,454	17,721	18,324	18,125	18,851	21,812	23,519
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 3,030,874	\$ 3,158,341	\$ 3,191,793	\$ 3,356,524	\$ 3,407,808	\$ 3,523,846	\$ 3,356,391	\$ 3,490,926	\$ 4,039,259	\$ 4,355,370
Contributions as a percentage of covered payroll	0.53%	0.53%	0.52%	0.52%	0.52%	0.52%	0.54%	0.54%	0.54%	0.54%

## TOWN OF ASHLAND, VIRGINIA

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OTHER POSTEMPLOYMENT BENEFITS Year Ended June 30, 2024

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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.

#### 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, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

##### *General Employees*

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

## TOWN OF ASHLAND, VIRGINIA

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OTHER POSTEMPLOYMENT BENEFITS Year Ended June 30, 2024

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

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

##### *Hazardous Duty Employees*

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

## **SUPPLEMENTARY INFORMATION**

# TOWN OF ASHLAND, VIRGINIA

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – CENTRAL VIRGINIA TRANSPORTATION AUTHORITY FUND Year Ended June 30, 2024

	Central Virginia Transportation Authority Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Other local taxes	\$ 340,000	\$ 340,000	\$ 397,130	\$ 57,130
<b>Total revenues</b>	340,000	340,000	397,130	57,130
Expenditures:				
Other expenses	1,255,189	1,185,047	-	(1,185,047)
<b>Total expenditures</b>	1,255,189	1,185,047	-	(1,185,047)
<b>Revenues over(under) expenditures</b>	(915,189)	(845,047)	397,130	57,130
<b>Net change in fund balance</b>	(915,189)	(845,047)	397,130	57,130
Fund balance, beginning	924,046	924,046	924,046	-
Fund balance, ending	\$ 8,857	\$ 78,999	\$ 1,321,176	\$ 57,130

# TOWN OF ASHLAND, VIRGINIA

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – CAPITAL PROJECTS FUND Year Ended June 30, 2024

	Capital Projects Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Use of money	\$ 40,000	\$ 40,000	\$ 227,121	\$ 187,121
Use of Property	650,000	650,000	696,085	46,085
Charges for services	1,500	1,500	1,625	125
Permits, privilege fees and regulatory licenses	20,000	20,000	20,987	987
Miscellaneous	3,000	3,000	4,111	1,111
Intergovernmental	158,922	276,307	104,444	(171,863)
<b>Total revenues</b>	<b>873,422</b>	<b>990,807</b>	<b>1,054,373</b>	<b>63,566</b>
Expenditures:				
Capital outlay	5,373,941	5,663,501	1,116,055	(4,547,446)
<b>Total expenditures</b>	<b>5,373,941</b>	<b>5,663,501</b>	<b>1,116,055</b>	<b>(4,547,446)</b>
<b>Revenues under expenditures</b>	<b>(4,500,519)</b>	<b>(4,672,694)</b>	<b>(61,682)</b>	<b>4,611,012</b>
Other financing sources:				
Transfers in	1,061,500	1,061,500	1,061,500	-
<b>Total other financing sources</b>	<b>1,061,500</b>	<b>1,061,500</b>	<b>1,061,500</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(3,439,019)</b>	<b>(3,611,194)</b>	<b>999,818</b>	<b>4,611,012</b>
Fund balance, beginning	4,421,193	4,421,193	4,421,193	-
Fund balance, ending	\$ 982,174	\$ 809,999	\$ 5,421,011	\$ 4,611,012

**TOWN OF ASHLAND, VIRGINIA**

**STATEMENT OF NET POSITION**

**DISCRETELY PRESENTED COMPONENT UNIT – ECONOMIC DEVELOPMENT**

**AUTHORITY**

**June 30, 2024**

	Economic Development Authority
<b>ASSETS</b>	
Cash and cash equivalents	\$ 430,245
Due from primary government	<u>69,405</u>
<b>Total assets</b>	<u><u>\$ 499,650</u></u>
<b>LIABILITIES</b>	
Accounts payable	<u>\$ 69,405</u>
<b>Total liabilities</b>	<u>69,405</u>
<b>NET POSITION</b>	
Unrestricted	<u>430,245</u>
<b>Total net position</b>	<u><u>\$ 430,245</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, 2024

	Economic Development Authority
Operating expenses:	
Payment to primary government	\$ 682,156
EDA supplies and expenses	254,625
	<hr/>
<b>Total operating expenses</b>	936,781
	<hr/>
<b>Operating loss</b>	(936,781)
	<hr/>
Nonoperating revenue:	
Gain of disposal of asset	19,628
Operating contributions	257,995
Interest earnings	15,932
	<hr/>
<b>Total nonoperating revenue</b>	293,555
	<hr/>
<b>Change in net position</b>	(643,226)
	<hr/>
Total net position, beginning	1,073,471
	<hr/>
Total net position, ending	\$ 430,245
	<hr/>

# TOWN OF ASHLAND, VIRGINIA

## STATEMENT OF CASH FLOWS

### DISCRETELY PRESENTED COMPONENT UNIT – ECONOMIC DEVELOPMENT AUTHORITY

Year Ended June 30, 2024

	Economic Development Authority
Cash Flows From Operating Activities:	
Payments for operating activities	<u>\$ (936,781)</u>
<b>Net cash used in operating activities</b>	<u>(936,781)</u>
Cash Flows From Noncapital Financing Activities:	
Operating contributions	<u>257,995</u>
<b>Net cash provided by noncapital financing activities</b>	<u>257,995</u>
Cash Flows From Investing Activities:	
Interest received	15,932
Proceeds from property held for sale	<u>983,505</u>
<b>Net cash provided by investing activities</b>	<u>999,437</u>
<b>Increase in cash and cash equivalents</b>	320,651
Cash, cash equivalents and temporary cash investments:	
Beginning	<u>109,594</u>
Ending	<u><u>\$ 430,245</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (936,781)
Increase in due from primary government	(34,955)
Increase in accounts payable	<u>34,955</u>
<b>Net cash used in operating activities</b>	<u><u>\$ (936,781)</u></u>

## **SUPPLEMENTAL SCHEDULES**

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2024**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real estate taxes	\$ 1,020,000	\$ 1,020,000	\$ 1,075,623	\$ 55,623
Real and personal public service corporation property taxes	47,000	47,000	53,106	6,106
Personal property taxes	543,000	543,000	611,255	68,255
Personal property taxes delinquent	-	-	10,463	10,463
Mobile home taxes	1,000	1,000	1,188	188
Mobile home taxes delinquent	-	-	30	30
Machinery and tools taxes	24,000	24,000	10,828	(13,172)
Penalties	28,000	28,000	43,274	15,274
Interest	18,000	18,000	23,577	5,577
<b>Total general property taxes</b>	<b>1,681,000</b>	<b>1,681,000</b>	<b>1,829,344</b>	<b>148,344</b>
Other local taxes:				
Local sales and use taxes	800,000	800,000	918,690	118,690
Consumer utility taxes	290,000	290,000	419,824	129,824
Consumption taxes	40,000	40,000	47,042	7,042
Business license taxes	560,000	560,000	631,948	71,948
Motor vehicle taxes	-	-	16,840	16,840
Cigarette taxes	360,000	360,000	255,545	(104,455)
Bank stock taxes	370,000	370,000	432,324	62,324
Meals taxes	3,440,000	3,440,000	3,797,679	357,679
Transient occupancy taxes	1,220,000	1,220,000	1,174,212	(45,788)
<b>Total other local taxes</b>	<b>7,080,000</b>	<b>7,080,000</b>	<b>7,694,104</b>	<b>614,104</b>
Permits, privilege fees and regulatory licenses:				
Tourism fees	234,820	234,820	248,818	13,998
Permits and other licenses	34,200	34,200	70,470	36,270
<b>Total Permits, privilege fees and regulator licenses</b>	<b>269,020</b>	<b>269,020</b>	<b>319,288</b>	<b>50,268</b>
Fines and forfeitures	80,500	80,500	87,540	7,040
Use of money and property:				
Revenue from use of money	60,000	60,000	412,128	352,128
Revenue from use of property	25,000	25,000	30,253	5,253
<b>Total use of money and property</b>	<b>85,000</b>	<b>85,000</b>	<b>442,381</b>	<b>357,381</b>
Charges for services:				
Parks and recreation	100,000	100,000	182,226	82,226
Miscellaneous	44,900	44,900	124,853	79,953
Recovered costs	3,500	3,500	3,456	(44)
<b>Total revenue from local sources</b>	<b>9,343,920</b>	<b>9,343,920</b>	<b>10,683,192</b>	<b>1,339,272</b>

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2024**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Mobile home titling taxes	\$ 2,000	\$ 2,000	\$ 1,650	\$ (350)
Moped, ATV, off road bike sales tax	2,000	2,000	6,800	4,800
Auto rental taxes	120,000	120,000	174,347	54,347
Communication sales and use taxes	190,000	190,000	179,686	(10,314)
Personal property tax relief	111,774	111,774	111,774	-
Rolling stock taxes	11,000	11,000	13,159	2,159
<b>Total non-categorical aid</b>	<b>436,774</b>	<b>436,774</b>	<b>487,416</b>	<b>50,642</b>
Categorical aid:				
Fire programs	28,000	28,000	34,061	6,061
VA Dept of forestry	-	-	17,965	17,965
Litter control	3,500	3,500	5,368	1,868
Arts grant	4,050	4,050	4,050	-
DEQ local support	-	-	20,329	20,329
Street and highway maintenance	2,215,212	2,240,660	2,240,660	-
DJCP grant for law enforcement	202,145	202,145	212,613	10,468
VTC WanderLove	20,000	20,000	-	(20,000)
<b>Total categorical aid</b>	<b>2,472,907</b>	<b>2,498,355</b>	<b>2,535,046</b>	<b>36,691</b>
<b>Total revenue from the Commonwealth</b>	<b>2,909,681</b>	<b>2,935,129</b>	<b>3,022,462</b>	<b>87,333</b>
Revenue from the federal government:				
Categorical aid:				
Bulletproof vest grant	-	-	3,253	3,253
Justice assistance grant	4,500	4,500	10,684	6,184
Arts grant	450	450	450	-
<b>Total revenue from the federal government</b>	<b>4,950</b>	<b>4,950</b>	<b>14,387</b>	<b>9,437</b>
<b>Total intergovernmental revenue</b>	<b>2,914,631</b>	<b>2,940,079</b>	<b>3,036,849</b>	<b>96,770</b>
<b>Total General Fund</b>	<b>\$ 12,258,551</b>	<b>\$ 12,283,999</b>	<b>\$ 13,720,041</b>	<b>\$ 1,436,042</b>

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2024**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Final Budget Over (Under)
	Original	Final		
Primary Government:				
Special Revenue Funds:				
Central Virginia Transportation Authority Fund:				
Revenue from local sources:				
Other local taxes	\$ 340,000	\$ 340,000	\$ 397,130	\$ 57,130
<b>Total revenue from local sources</b>	<b>340,000</b>	<b>340,000</b>	<b>397,130</b>	<b>57,130</b>
<b>Total Central Virginia Transportation Authority Fund</b>	<b>340,000</b>	<b>340,000</b>	<b>397,130</b>	<b>57,130</b>
American Rescue Plan Fund:				
Revenue from the federal government:				
ARPA funding	4,941,449	4,427,014	2,421,002	(2,006,012)
<b>Total revenue from the federal government</b>	<b>4,941,449</b>	<b>4,427,014</b>	<b>2,421,002</b>	<b>(2,006,012)</b>
<b>Total American Rescue Plan Fund</b>	<b>4,941,449</b>	<b>4,427,014</b>	<b>2,421,002</b>	<b>(2,006,012)</b>
<b>Total Special Revenue Funds</b>	<b>\$ 5,281,449</b>	<b>\$ 4,767,014</b>	<b>\$ 2,818,132</b>	<b>\$ (1,948,882)</b>
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money	\$ 40,000	\$ 40,000	\$ 227,121	\$ 187,121
Revenue from use of property	650,000	650,000	696,085	46,085
Charges for services	1,500	1,500	1,625	125
Miscellaneous	3,000	3,000	4,111	1,111
Permits, privilege fees and regulatory licenses:				
Stormwater management permits	20,000	20,000	20,987	987
<b>Total revenue from local sources</b>	<b>714,500</b>	<b>714,500</b>	<b>949,929</b>	<b>235,429</b>
Intergovernmental:				
Categorical aid:				
Mechumps Creek grant	58,647	58,647	-	(58,647)
Maple St Swale	100,275	100,275	-	(100,275)
VA Dept of Forestry	-	13,265	-	(13,265)
Resiliency plan	-	-	324	324
Chesapeake Bay Grant	-	104,120	104,120	-
<b>Total categorical aid</b>	<b>158,922</b>	<b>276,307</b>	<b>104,444</b>	<b>(171,863)</b>
<b>Total revenue from the Commonwealth</b>	<b>158,922</b>	<b>276,307</b>	<b>104,444</b>	<b>(171,863)</b>
<b>Total intergovernmental revenue</b>	<b>158,922</b>	<b>276,307</b>	<b>104,444</b>	<b>(171,863)</b>
<b>Total Capital Projects Fund</b>	<b>\$ 873,422</b>	<b>\$ 990,807</b>	<b>\$ 1,054,373</b>	<b>\$ 63,566</b>
<b>Grand Total Revenues - Primary Government</b>	<b>\$ 18,413,422</b>	<b>\$ 18,041,820</b>	<b>\$ 17,592,546</b>	<b>\$ (449,274)</b>

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2024**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
Town Council	\$ 238,110	\$ 238,110	\$ 217,062	\$ (21,048)
General and financial administration:				
Town manager	697,541	739,541	734,608	(4,933)
Tourism	608,965	608,965	585,163	(23,802)
Treasurer	449,315	449,315	381,959	(67,356)
Information technology	227,000	262,346	220,379	(41,967)
Municipal broadband	51,500	51,500	33,519	(17,981)
Board of elections	3,250	3,250	-	(3,250)
<b>Total general and financial administration</b>	<b>2,037,571</b>	<b>2,114,917</b>	<b>1,955,628</b>	<b>(159,289)</b>
<b>Total general government administration</b>	<b>2,275,681</b>	<b>2,353,027</b>	<b>2,172,690</b>	<b>(180,337)</b>
Public safety:				
Law enforcement and traffic control:				
Police	3,909,428	3,909,428	3,373,370	(536,058)
Fire and rescue services:				
Fire department	34,881	34,881	40,942	6,061
Ambulance and rescue services	5,000	5,000	5,000	-
<b>Total fire and rescue services</b>	<b>39,881</b>	<b>39,881</b>	<b>45,942</b>	<b>6,061</b>
<b>Total public safety</b>	<b>3,949,309</b>	<b>3,949,309</b>	<b>3,419,312</b>	<b>(529,997)</b>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Engineering/administration	933,535	933,535	963,879	30,344
Street maintenance	1,970,943	2,140,175	1,890,307	(249,868)
Storm drainage	69,000	69,000	80,523	11,523
Brush and leaf	23,000	23,000	22,395	(605)
Snow and ice removal	41,500	41,500	17,794	(23,706)
Traffic engineering	62,200	62,200	62,062	(138)
Streetlights	63,000	63,000	61,127	(1,873)
<b>Total maintenance of highways, streets, bridges and sidewalks</b>	<b>3,163,178</b>	<b>3,332,410</b>	<b>3,098,087</b>	<b>(234,323)</b>
Sanitation and waste removal:				
Refuse collection and disposal	238,000	238,000	306,979	68,979
Maintenance of general buildings and grounds:				
General properties	316,629	316,629	343,226	26,597
Vehicle maintenance	207,046	207,046	178,428	(28,618)
<b>Total public works</b>	<b>3,924,853</b>	<b>4,094,085</b>	<b>3,926,720</b>	<b>(167,365)</b>
Parks, recreation and cultural:				
Supervision of parks and recreation	249,819	249,819	220,215	(29,604)
<b>Total parks, recreation and cultural</b>	<b>249,819</b>	<b>249,819</b>	<b>220,215</b>	<b>(29,604)</b>
Community development:				
Planning and zoning	578,492	578,492	481,035	(97,457)
Economic development	334,841	334,841	385,459	50,618
<b>Total community development</b>	<b>913,333</b>	<b>913,333</b>	<b>866,494</b>	<b>(46,839)</b>
Nondepartmental:				
Revenue stabilization line	336,820	336,820	-	(336,820)
Contribution to fund OPEB	57,500	57,500	-	(57,500)
<b>Total nondepartmental</b>	<b>394,320</b>	<b>394,320</b>	<b>-</b>	<b>(394,320)</b>
Debt service:				
Principal	413,000	413,000	459,162	46,162
Interest	138,236	138,236	141,529	3,293
<b>Total debt service</b>	<b>551,236</b>	<b>551,236</b>	<b>600,691</b>	<b>49,455</b>
<b>Total General Fund</b>	<b>\$ 12,258,551</b>	<b>\$ 12,505,129</b>	<b>\$ 11,206,122</b>	<b>\$ (1,299,007)</b>

# **SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL GOVERNMENTAL FUNDS Year Ended June 30, 2024**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
Special Revenue Funds:				
Central Virginia Transportation Authority Fund:				
Community development:				
England Streetscape	\$ 575,000	\$ 575,000	\$ -	\$ (575,000)
Vaughan Road	480,189	480,189	-	(480,189)
Other	200,000	129,858	-	(129,858)
Total community development	1,255,189	1,185,047	-	(1,185,047)
<b>Total Central Virginia Transportation Authority Fund</b>	1,255,189	1,185,047	-	(1,185,047)
American Rescue Plan Fund:				
General government administration	586,514	464,119	336,062	(128,057)
Capital outlay	205,684	177,516	123,234	(54,282)
<b>Total general government administration</b>	792,198	641,635	459,296	(182,339)
Public Works	365,000	231,997	156,997	(75,000)
Capital outlay	2,373,964	1,962,625	882,424	(1,080,201)
<b>Total public works</b>	2,738,964	2,194,622	1,039,421	(1,155,201)
Public Safety	25,296	27,146	5,600	(21,546)
Capital outlay	110,034	259,216	225,700	(33,516)
<b>Total public safety</b>	135,330	286,362	231,300	(55,062)
Capital outlay	559,137	694,832	394,498	(300,334)
<b>Total parks, recreation and cultural</b>	559,137	694,832	394,498	(300,334)
Community development	270,480	30,000	-	(30,000)
Capital outlay	445,340	579,563	291,400	(288,163)
<b>Total community development</b>	715,820	609,563	291,400	(318,163)
<b>Total American Rescue Plan Fund</b>	4,941,449	4,427,014	2,415,915	(2,011,099)
<b>Total Special Revenue Funds</b>	\$ 6,196,638	\$ 5,612,061	\$ 2,415,915	\$ (3,196,146)
Capital Projects Fund:				
Capital outlay:				
Sidewalks, curb and gutter	\$ 596,724	\$ 640,318	\$ 284,399	\$ (355,919)
Ashland Theatre maintenance	25,208	32,604	11,519	(21,085)
Drainage improvement	171,783	171,783	-	(171,783)
Stormwater management program	580,000	580,000	-	(580,000)
Route 1 & Route 54 reconstruction	-	-	5,040	5,040
Downtown campus maintenance fund	97,031	74,536	11,850	(62,686)
Downtown Streetscape	811,012	811,012	-	(811,012)
Public works facilities	103,275	103,275	-	(103,275)
Traffic system improvement	111,468	105,674	54,158	(51,516)
Hill Carter Parkway North	50,000	50,000	-	(50,000)
Public works vehicle replacement	171,051	187,527	133,149	(54,378)
Park equipment replacement	75,000	115,000	19,772	(95,228)
Park Property acquisition	(15,698)	38,159	-	(38,159)
Public works facilities maintenance	43,405	43,405	33,255	(10,150)
Trails CPF	115,250	114,354	2,810	(111,544)
Dejarnette Park maintenance	15,000	15,000	450	(14,550)
S. Taylor Street park maintenance	20,033	20,033	-	(20,033)
Carter Park pool maintenance	20,000	20,000	9,679	(10,321)
Economic development fund	125,000	125,000	-	(125,000)
Carter Park maintenance	5,872	11,006	-	(11,006)
Skateboard Park maintenance	125,000	125,000	100,732	(24,268)
Fall Line trail	38,195	38,195	-	(38,195)
North Ashland Park	150,000	150,000	4,574	(145,426)
Heritage Park maintenance	75,000	75,000	-	(75,000)
Kiwanis Pufferbelly Park maintenance	14,063	14,063	-	(14,063)
Gateway and wayfinding signage	15,541	9,486	13,575	4,089
CPF Contingency	275,320	275,320	-	(275,320)
Police vehicle replacement	161,309	161,380	148,022	(13,358)
Police capital expenditures	85,000	85,000	-	(85,000)
Police Department building maintenance	32,026	32,025	1,980	(30,045)
Town Hall construction	141,581	138,567	25,672	(112,895)
Entertainment Facility	4,370	3,142	-	(3,142)
Visitor center ADA project	22,912	15,452	-	(15,452)
Public art	30,000	30,000	-	(30,000)
Commercial Corridor Beautification	75,000	127,590	122,336	(5,254)
Community flood prepare fund	15,698	15,698	15,698	-
Strategic property acquisition	650,000	650,000	-	(650,000)
Long term rail planning	1,000	1,000	-	(1,000)
SLAF Maple St Swale	100,275	100,275	-	(100,275)
Stormwater - CBTG	-	104,120	104,120	-
Stormwater - VDOF	-	13,265	13,265	-
SLAF Stoney Run	58,647	58,647	-	(58,647)
Vaughan Rd extension overpass	50,000	50,000	-	(50,000)
Municipal Broadband construction	131,590	131,590	-	(131,590)
<b>Total Capital Projects Fund</b>	\$ 5,373,941	\$ 5,663,501	\$ 1,116,055	\$ (4,547,446)
<b>Grand Total Expenditures - Primary Government</b>	\$ 23,829,130	\$ 23,780,691	\$ 14,738,092	\$ (9,042,599)

## 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
<b>Financial Trends</b> 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> 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> 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> 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
<b>Operating Information</b> These tables contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.	18 – 20

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

**TOWN OF ASHLAND, VIRGINIA**

**Table 1**

**NET POSITION / ASSETS BY COMPONENT**

**Last Ten Fiscal Years**

*(accrual basis of accounting)*

**(Unaudited)**

	Fiscal Year June 30,									
	2015	2016	2017 (1)	2018	2019	2020	2021	2022	2023	2024
Governmental activities:										
Net investment in capital assets	\$ 17,276,925	\$ 18,045,551	\$ 18,752,219	\$ 20,109,355	\$ 22,090,989	\$ 23,169,700	\$ 22,573,786	\$ 22,928,857	\$ 24,782,869	\$ 25,962,416
Restricted	-	-	-	-	-	-	-	582,189	924,046	1,321,176
Unrestricted	6,640,901	7,472,072	8,087,613	6,795,833	5,716,952	5,944,361	7,424,275	8,520,422	10,116,040	12,775,205
<b>Total governmental activities net position</b>	<b>\$ 23,917,826</b>	<b>\$ 25,517,623</b>	<b>\$ 26,839,832</b>	<b>\$ 26,905,188</b>	<b>\$ 27,807,941</b>	<b>\$ 29,114,061</b>	<b>\$ 29,998,061</b>	<b>\$ 32,031,468</b>	<b>\$ 35,822,955</b>	<b>\$ 40,058,797</b>

Note:

(1) 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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Primary government:										
Expenses:										
Governmental activities:										
General government administration	\$ 1,028,107	\$ 1,003,493	\$ 1,043,210	\$ 1,233,279	\$ 1,509,269	\$ 1,490,864	\$ 3,250,812	\$ 2,093,754	\$ 2,730,245	\$ 2,927,376
Public safety	2,609,198	2,574,264	2,741,517	2,624,360	2,840,035	3,080,155	2,995,402	3,219,482	3,298,087	3,749,363
Public works	3,304,844	3,270,718	3,226,822	3,493,673	4,056,907	3,883,359	3,668,228	3,719,798	4,195,055	4,816,264
Parks, recreation and cultural	176,107	154,582	187,282	182,363	295,826	289,294	291,727	446,226	634,991	600,974
Community development	521,005	493,109	586,557	543,118	502,565	518,466	987,948	1,625,321	1,009,239	1,129,500
Interest	-	-	-	-	430,312	197,400	165,907	158,131	153,929	145,352
<b>Total governmental activities</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>11,262,712</b>	<b>12,021,546</b>	<b>13,368,829</b>
<b>Total primary government expenses</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>11,262,712</b>	<b>12,021,546</b>	<b>13,368,829</b>
Program revenues:										
Governmental activities:										
Charges for services:										
General government administration	-	-	-	-	-	-	-	-	-	250,443
Public safety	180,092	164,557	152,900	125,364	129,622	127,063	146,196	162,343	266,885	180,072
Public works	1,644	3,851	2,347	23,217	2,402	30,490	438	52,063	20,932	2,381
Parks, recreation and cultural	53,893	58,911	71,010	70,725	92,506	45,464	104,878	119,651	116,048	182,226
Operating grants and contributions	612,856	640,232	654,146	1,027,265	659,510	757,679	2,370,049	2,174,944	3,374,332	1,363,740
Capital grants and contributions	1,672,886	1,896,335	1,537,045	1,507,468	1,680,931	2,227,545	1,832,543	1,660,611	1,554,736	3,712,879
<b>Total governmental activities</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>4,169,612</b>	<b>5,332,933</b>	<b>5,691,741</b>
<b>Total primary government program revenues</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>4,169,612</b>	<b>5,332,933</b>	<b>5,691,741</b>
Net (expense) revenue:										
Governmental activities	(5,117,890)	(4,732,280)	(5,367,940)	(5,322,754)	(7,069,943)	(6,271,297)	(6,905,920)	(7,093,100)	(6,688,613)	(7,677,088)
<b>Total primary government net expense</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>	<b>(7,093,100)</b>	<b>(6,688,613)</b>	<b>(7,677,088)</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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General revenues:										
Governmental activities:										
Taxes:										
General property	\$ 1,076,547	\$ 1,122,986	\$ 1,281,426	\$ 1,286,830	\$ 1,388,607	\$ 1,470,532	\$ 1,487,399	\$ 1,645,054	\$ 1,826,902	\$ 1,839,729
Local sales and use	489,115	512,488	514,697	556,749	576,532	615,528	682,793	1,105,095	1,109,442	1,315,820
Business license	465,772	571,835	536,950	533,639	527,836	532,600	507,650	598,121	646,625	631,948
Transient occupancy	609,619	650,631	671,630	710,034	787,839	641,204	636,875	1,136,471	1,177,237	1,174,212
Meals	1,945,952	2,103,102	2,188,430	2,211,273	2,805,264	2,641,703	2,764,822	3,282,837	3,679,186	3,797,679
Other	782,742	828,969	863,083	856,943	983,618	856,831	1,154,863	930,589	997,170	1,171,575
Use of money and property	25,428	41,498	74,880	123,987	375,538	250,878	33,296	(63,731)	419,927	1,365,587
Miscellaneous	127,030	14,955	66,982	50,954	51,492	112,473	80,733	45,209	131,060	128,964
Intergovernmental, non-categorical aid	491,787	485,613	492,071	469,203	475,970	455,668	441,489	446,862	492,551	487,416
<b>Total governmental activities</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>9,126,507</b>	<b>10,480,100</b>	<b>11,912,930</b>
<b>Total primary government</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>9,126,507</b>	<b>10,480,100</b>	<b>11,912,930</b>
Changes in net position/assets:										
Governmental activities	896,102	1,599,797	1,322,209	1,476,858	902,753	1,306,120	884,000	2,033,407	3,791,487	4,235,842
<b>Total primary government</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>	<b>\$ 2,033,407</b>	<b>\$ 3,791,487</b>	<b>\$ 4,235,842</b>

Note:

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

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

	Fiscal Year June 30,				
	2015	2016	2017	2018	2019
General Fund:					
Unassigned	\$ 5,228,516	\$ 5,510,285	\$ 5,458,019	\$ 5,195,695	\$ 5,152,149
<b>Total General Fund</b>	<b>\$ 5,228,516</b>	<b>\$ 5,510,285</b>	<b>\$ 5,458,019</b>	<b>\$ 5,195,695</b>	<b>\$ 5,152,149</b>
All Other Governmental Funds:					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 7,837,126
Committed	3,223,307	3,322,448	3,743,563	3,645,023	2,317,584
<b>Total all other governmental funds</b>	<b>\$ 3,223,307</b>	<b>\$ 3,322,448</b>	<b>\$ 3,743,563</b>	<b>\$ 3,645,023</b>	<b>\$ 10,154,710</b>

	Fiscal Year June 30,				
	2020	2021	2022	2023	2024
General Fund:					
Nonspendable	\$ -	\$ -	\$ 1,716	\$ -	\$ -
Unassigned	5,217,205	5,742,500	6,158,610	6,902,571	8,354,990
<b>Total General Fund</b>	<b>\$ 5,217,205</b>	<b>\$ 5,742,500</b>	<b>\$ 6,160,326</b>	<b>\$ 6,902,571</b>	<b>\$ 8,354,990</b>
All Other Governmental Funds:					
Restricted	\$ 3,479,671	\$ 239,614	\$ 582,189	\$ 1,037,570	\$ 1,439,787
Committed	2,339,590	3,255,096	3,681,149	4,421,193	5,421,011
Unassigned	-	-	(46,521)	-	-
<b>Total all other governmental funds</b>	<b>\$ 5,819,261</b>	<b>\$ 3,494,710</b>	<b>\$ 4,216,817</b>	<b>\$ 5,458,763</b>	<b>\$ 6,860,798</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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues:										
General property taxes	\$ 1,116,629	\$ 1,105,818	\$ 1,244,228	\$ 1,268,412	\$ 1,314,355	\$ 1,414,873	\$ 1,535,142	\$ 1,562,989	\$ 1,787,583	\$ 1,829,344
Other local taxes	4,293,200	4,667,025	4,774,790	4,868,638	5,681,089	5,287,866	5,747,003	7,053,113	7,609,660	8,091,234
Permits, privilege fees and regulatory licenses	43,851	38,432	42,532	33,626	26,468	42,653	77,972	90,769	148,978	340,275
Fines and forfeitures	123,379	125,570	109,888	91,173	102,644	83,875	67,794	69,009	117,207	87,540
Use of money and property	25,428	41,498	74,880	123,987	375,538	250,878	33,296	(63,731)	419,927	1,365,587
Charges for services	53,893	58,911	71,010	70,725	92,506	45,464	104,878	119,651	116,048	183,851
Miscellaneous	127,030	14,955	66,982	117,159	69,567	112,473	80,734	45,209	131,060	128,964
Recovered costs	14,506	4,406	2,827	23,782	2,912	31,025	868	54,628	21,632	3,456
Intergovernmental:	2,690,329	3,022,180	2,683,262	3,003,936	2,816,411	3,369,743	4,644,081	4,282,417	5,416,509	5,562,295
<b>Total revenues</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>	<b>13,214,054</b>	<b>15,768,604</b>	<b>17,592,546</b>
Expenditures:										
General government administration	1,039,415	1,033,711	1,052,604	1,226,121	1,250,653	1,519,480	2,969,382	1,921,924	2,422,836	2,508,752
Public safety	2,577,099	2,587,098	2,648,090	2,729,370	2,821,461	2,909,810	2,811,178	3,174,119	3,095,827	3,576,309
Public works	2,800,297	2,730,645	3,008,375	3,123,426	3,043,223	3,061,123	2,876,946	3,153,688	3,406,208	3,932,320
Parks, recreation and cultural	143,928	123,743	150,089	149,799	196,015	146,572	123,058	277,557	448,181	220,215
Community development	494,581	505,697	560,180	581,561	510,010	509,955	967,430	1,547,120	966,479	866,494
Capital outlay	904,299	1,716,991	1,282,212	2,152,025	4,323,521	6,211,158	3,791,986	1,440,463	2,843,823	3,033,311
Debt service:										
Principal	-	-	-	-	467,000	278,000	389,000	404,968	450,965	459,162
Interest and fiscal charges	-	-	-	-	153,506	306,838	162,044	154,282	150,094	141,529
Bond issuance costs	-	-	-	-	149,960	156,307	-	-	-	-
<b>Total expenditures</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>12,074,121</b>	<b>13,784,413</b>	<b>14,738,092</b>
<b>Revenues over (under) expenditures</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>	<b>1,139,933</b>	<b>1,984,191</b>	<b>2,854,454</b>
Other financing sources (uses):										
Transfers in	1,005,408	1,135,000	1,420,000	1,414,276	1,482,700	858,094	-	-	-	-
Transfers out	(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>8,900,000</b>	<b>190,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</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>	<b>\$ 1,139,933</b>	<b>\$ 1,984,191</b>	<b>\$ 2,854,454</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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Debt service as a percentage of noncapital expenditures:										
<b>Total debt service</b>	\$ -	\$ -	\$ -	\$ -	\$ 620,506	\$ 584,838	\$ 551,044	\$ 559,250	\$ 601,059	\$ 600,691
Total expenditures	\$ 7,959,619	\$ 8,697,885	\$ 8,701,550	\$ 9,962,302	\$ 12,915,349	\$ 15,099,243	\$ 14,091,024	\$ 12,074,121	\$ 13,784,413	\$ 14,738,092
Less: capital outlay	(881,368)	(1,628,699)	(1,592,926)	(2,306,292)	(3,873,150)	(6,292,627)	(3,795,239)	(1,310,058)	(2,685,415)	(2,289,223)
<b>Noncapital expenditures</b>	<b>\$ 7,078,251</b>	<b>\$ 7,069,186</b>	<b>\$ 7,108,624</b>	<b>\$ 7,656,010</b>	<b>\$ 9,042,199</b>	<b>\$ 8,806,616</b>	<b>\$ 10,295,785</b>	<b>\$ 10,764,063</b>	<b>\$ 11,098,998</b>	<b>\$ 12,448,869</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>6.86%</b>	<b>6.64%</b>	<b>5.35%</b>	<b>5.20%</b>	<b>5.42%</b>	<b>4.83%</b>

**TOWN OF ASHLAND, VIRGINIA**

**Table 5**

**TAX REVENUES BY SOURCE – GOVERNMENTAL FUNDS**

**Last Ten Fiscal Years**

*(modified accrual basis of accounting)*

**(Unaudited)**

Fiscal Year June 30,	Property <sup>(1)</sup>	Local Sales and Use <sup>(2)</sup>	Consumer Utility	Consumption	Business License	Motor Vehicle	Bank Stock	Cigarette	Transient Occupancy	Meals	Totals
2015	\$ 1,082,166	\$ 489,115	\$ 139,098	\$ 47,471	\$ 465,772	\$ 122,891	\$ 239,065	\$ 234,217	\$ 609,619	\$ 1,945,952	\$ 5,375,366
2016	1,074,549	512,488	151,681	34,977	571,835	113,031	276,377	252,903	650,631	2,103,102	5,741,574
2017	1,212,945	514,697	147,463	43,876	536,950	113,965	307,840	249,939	671,630	2,188,430	5,987,735
2018	1,236,109	556,749	159,915	54,693	533,639	111,207	310,687	220,441	710,034	2,211,273	6,104,747
2019	1,290,548	576,532	161,034	47,200	527,836	118,455	407,590	249,339	787,839	2,805,264	6,971,637
2020	1,361,326	615,528	169,973	37,893	532,600	126,807	289,779	232,379	641,204	2,641,703	6,649,192
2021	1,461,407	922,351	167,240	39,919	507,650	133,412	375,283	199,451	636,875	2,764,822	7,208,410
2022	1,503,232	1,105,095	163,017	45,905	598,121	112,199	387,526	221,942	1,136,471	3,282,837	8,556,345
2023	1,706,870	1,109,442	193,318	55,291	646,625	128,214	413,001	207,346	1,177,237	3,679,186	9,316,530
2024	1,762,493	1,315,820	419,824	47,042	631,948	16,840	432,324	255,545	1,174,212	3,797,679	9,853,727
Change 2015-2024	62.87%	169.02%	201.82%	-0.90%	35.68%	-86.30%	80.84%	9.11%	92.61%	95.16%	83.31%

Notes:

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

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

# TOWN OF ASHLAND, VIRGINIA

Table 6

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

Fiscal Year June 30,	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Public Service Real Estate	Public Service Personal Property	Total Taxable Assessed Value	Percent Growth	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value	Combined Total Direct Tax Rate
2015	\$ 728,714,300	\$ 66,026,805	\$ 2,120,935	\$ 3,568,060	\$ 46,684,917	\$ 42,521	\$ 847,157,538	5.77%	\$ 847,157,538	100.00%	\$ 1.70
2016	738,808,300	67,632,225	1,910,545	2,732,370	39,927,467	29,593	851,040,500	0.46%	851,040,500	100.00%	1.70
2017	777,354,000	80,086,500	1,862,295	1,937,540	42,848,148	24,046	904,112,529	6.24%	904,112,529	100.00%	1.70
2018	791,683,200	81,053,135	1,614,000	2,425,790	42,294,461	5,728	919,076,314	1.66%	919,076,314	100.00%	1.70
2019	836,998,100	81,785,526	1,824,504	1,854,082	44,472,835	86,298	967,021,345	5.22%	967,021,345	100.00%	1.71
2020	853,601,025	82,532,613	1,757,594	2,177,239	41,359,721	91,979	981,520,171	1.50%	981,520,171	100.00%	1.71
2021	955,740,688	76,456,802	1,746,538	2,554,659	43,932,037	74,675	1,080,505,399	10.08%	1,080,505,399	100.00%	1.71
2022	963,392,699	96,215,177	1,837,874	3,224,262	45,732,474	87,525	1,110,490,011	2.78%	1,110,490,011	100.00%	1.71
2023	1,003,526,388	105,512,311	1,979,750	3,268,825	47,007,209	69,498	1,161,363,981	4.58%	1,161,363,981	100.00%	1.71
2024	1,080,293,049	134,139,735	2,005,684	4,695,018	52,895,687	57,422	1,274,086,595	9.71%	1,274,086,595	100.00%	1.57

Notes:

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

# TOWN OF ASHLAND, VIRGINIA

Table 7

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

Fiscal Year June 30,	Direct Tax Rates - Town					Overlapping Tax Rates - County						Tax Rates - Total Direct and Overlapping Rates						
	Real Property	Personal Property	Mobile Homes	Machinery and Tools	Total Direct Rate	Real Property	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital	Total Overlapping Rate	Real Property	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital	Total	
2015	\$ 0.09	\$ 0.77	\$ 0.07	\$ 0.77	\$ 1.70	\$ 0.81	\$ 3.57	\$ 0.81	\$ 3.57	\$ 1.90	\$ 10.66	\$ 0.90	\$ 4.34	\$ 0.88	\$ 4.34	\$ 1.90	\$ 12.36	
2016	0.09	0.77	0.07	0.77	1.70	0.81	3.57	0.81	3.57	1.90	10.66	0.90	4.34	0.88	4.34	1.90	12.36	
2017	0.09	0.77	0.07	0.77	1.70	0.81	3.57	0.81	3.57	1.90	10.66	0.90	4.34	0.88	4.34	1.90	12.36	
2018	0.09	0.77	0.07	0.77	1.70	0.81	3.57	0.81	3.57	1.90	10.66	0.90	4.34	0.88	4.34	1.90	12.36	
2019	0.10	0.77	0.07	0.77	1.71	0.81	3.57	0.81	3.57	1.90	10.66	0.91	4.34	0.88	4.34	1.90	12.37	
2020	0.10	0.77	0.07	0.77	1.71	0.81	3.57	0.81	3.57	1.90	10.66	0.91	4.34	0.88	4.34	1.90	12.37	
2021	0.10	0.77	0.07	0.77	1.71	0.81	3.57	0.81	3.57	1.90	10.66	0.91	4.34	0.88	4.34	1.90	12.37	
2022	0.10	0.77	0.07	0.77	1.71	0.81	3.57	0.81	3.57	1.90	10.66	0.91	4.34	0.88	4.34	1.90	12.37	
2023	0.10	0.77	0.07	0.77	1.71	0.81	3.57	0.81	3.57	1.90	10.66	0.91	4.34	0.88	4.34	1.90	12.37	
2024	0.10	0.70	0.07	0.70	1.57	0.81	3.57	0.81	3.57	1.90	10.66	0.91	4.27	0.88	4.27	1.90	12.23	

Notes:

- (1) These rates are per \$100 of assessed value.
- (2) The Commonwealth of Virginia has no limitations on local tax rates.
- (3) Real property taxes are due annually by January 15 and become delinquent thereafter.
- (4) No discounts are allowed for early payment.
- (5) Residents of incorporated towns in the Commonwealth of Virginia are subject to real property and personal property taxes levied by the town and the county where they reside.

**OTHER TAX RATES**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Fiscal Year June 30,	Transient Occupancy	Meals	Cigarette
2015	7%	5%	\$ 0.22
2016	7%	5%	0.22
2017	7%	5%	0.22
2018	7%	5%	0.22
2019	8%	6%	0.22
2020	8%	6%	0.22
2021	8%	6%	0.22
2022	8%	6%	0.22
2023	8%	6%	0.22
2024	8%	6%	0.44

**TOWN OF ASHLAND, VIRGINIA**

**Table 9**

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

Taxpayer	Type Business	Fiscal Year June 30, 2024			Fiscal Year June 30, 2015		
		Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value <sup>(1)</sup>	2014 Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value <sup>(1)</sup>
SMP Ashland SPE LLC	Apartments	\$ 25,740,700	1	2.27%	\$ -		
Virginia Electric & Power Company	Utility	22,234,865	2	1.96%	15,201,336	3	1.96%
BZA Ashland LLC	Shopping Center	20,865,800	3	1.84%			
CLF Ashland, LLC	Distribution Center	20,500,900	4	1.81%	16,490,200	1	2.13%
Republic National Distribution	Commercial	19,073,800	5	1.68%			
Verizon Virginia, Inc	Communication / Public Service	16,798,832	6	1.48%	15,404,527	2	1.99%
Ashland Ventures LLC	Commercial	14,942,000	7	1.32%			
Sedgefield Mobile Home Associates	Mobile Home Community	14,015,300	8	1.24%	10,187,500	8	1.31%
Wal-Mart Real Estate Bus. Trust	Shopping Center	11,990,500	9	1.06%	10,822,400	6	1.40%
Ashland Partners Inc	Apartments	9,514,500	10	0.84%			
Ashland Hanover LLC	Shopping Center				13,631,900	4	1.76%
Ashland Town Square	Apartments				13,035,100	5	1.68%
Virginia Natural Gas	Utility				10,302,595	7	1.33%
Ashland Junction, LLC	Shopping Center				7,415,500	9	0.96%
Ashland HI, LLC	Commercial				6,751,000	10	0.87%
<b>Total</b>		<u>\$ 175,677,197</u>		<u>15.50%</u>	<u>\$ 119,242,058</u>		<u>15.39%</u>

Notes:

Source: Commissioner of Revenue.

(1) Total real estate and public service corporation real estate assessments, as noted on Table 6, are \$1,133,188,736 in fiscal year 2024 and \$775,399,217 in fiscal year 2015.

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

Taxpayer	Fiscal Year June 30,	
	2024 Rank	2015 Rank
Chick-Fil-A	1	1
Cracker Barrel	2	2
WAWA	3	-
McDonalds - 103 S. Carter Road	4	3
McDonalds - 201 S. Washington Highway	5	5
Starbucks	6	6
CookOut	7	-
Panera Bread	8	0
Iron Horse Restaurant	9	7
Chipotle	10	-
Total Meals Tax	\$ 3,797,679	\$ 1,930,052

## Notes:

- (1) The Meals Tax Rate was 5% for fiscal year 2015 and 6% for fiscal year 2024.
- (2) Per State code, meals tax remittances for individual businesses are protected information and, therefore, dollar masked in this report.

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

Fiscal Year June 30,	Taxes Levied	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2015	\$ 1,234,382	\$ 1,124,746	91.12%	\$ 29,681	\$ 1,154,427	93.52%
2016	1,249,733	1,180,570	94.47%	-	1,180,570	94.47%
2017	1,481,259	1,374,986	92.83%	-	1,374,986	92.83%
2018	1,395,165	1,297,554	93.00%	47,871	1,345,425	96.43%
2019	1,630,369	1,484,512	91.05%	47,479	1,531,991	93.97%
2020	1,681,179	1,610,873	95.82%	62,146	1,673,019	99.51%
2021	1,759,207	1,451,151	82.49%	46,607	1,497,758	85.14%
2022	1,684,042	1,481,627	87.98%	-	1,481,627	87.98%
2023	1,817,991	1,601,220	88.08%	33,941	1,635,161	89.94%
2024	1,953,557	1,699,269	86.98%	10,118	1,709,387	87.50%

Note:

(1) Source: Commissioner of Revenue.

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

Fiscal Year June 30,	Governmental Activities			Total Primary Government	Percentage of Per Capita Personal Income	Net Debt Per Capita
	General Obligation Bonds	Subscription Liabilities	Lease Liabilities			
2015	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -
2016	-	-	-	-	0.00%	-
2017	-	-	-	-	0.00%	-
2018	-	-	-	-	0.00%	-
2019	8,433,000	-	-	8,433,000	4.18%	1,076
2020	8,345,000	-	-	8,345,000	4.06%	1,060
2021	7,956,000	-	-	7,956,000	3.87%	997
2022	7,559,000	-	31,685	7,590,685	3.84%	1,002
2023	7,153,000	116,952	22,347	7,292,299	3.67%	964
2024	6,740,000	120,463	12,792	6,873,255	2.67%	879

## 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 2015 through 2018.

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

**Last Ten Fiscal Years**

**(Unaudited)**

Fiscal Year June 30,	Gross Bonded Debt	Less: Debt of Hanover	Town Debt	Ratio of Net General Obligation Debt to Assessed Value	Gross Bonded Debt Per Capita
2015	\$ -	\$ -	\$ -	0.00%	\$ -
2016	-	-	-	0.00%	-
2017	-	-	-	0.00%	-
2018	-	-	-	0.00%	-
2019	8,433,000	-	8,433,000	0.86%	1,076
2020	8,345,000	-	8,345,000	0.77%	1,060
2021	7,956,000	-	7,956,000	0.72%	997
2022	7,559,000	-	7,559,000	0.68%	998
2023	7,153,000	-	7,153,000	0.62%	946
2024	6,740,000	-	6,740,000	0.53%	862

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 2015 through 2018.

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT****Year Ended June 30, 2024****(Unaudited)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
County of Hanover, Virginia	\$ 87,423,579	6.55%	\$ 5,726,244
Town Direct Debt			<u>6,873,255</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 12,599,499</u></u>

Note:

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

LEGAL DEBT MARGIN INFORMATION  
Last Ten Fiscal Years  
(Unaudited)

	Fiscal Year June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Legal debt margin	\$ 77,539,922	\$ 77,873,577	\$ 82,020,215	\$ 83,397,766	\$ 85,360,103	\$ 89,496,075	\$ 95,574,069	\$ 96,339,270	\$ 100,352,639	\$ 108,029,305
Total net debt applicable to limit	-	-	-	-	8,433,000	8,345,000	7,956,000	7,590,685	7,292,299	6,873,255
Available legal debt margin	<u>\$ 77,539,922</u>	<u>\$ 77,873,577</u>	<u>\$ 82,020,215</u>	<u>\$ 83,397,766</u>	<u>\$ 76,927,103</u>	<u>\$ 81,151,075</u>	<u>\$ 87,618,069</u>	<u>\$ 88,748,585</u>	<u>\$ 93,060,340</u>	<u>\$ 101,156,050</u>
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	0.00%	0.00%	0.00%	0.00%	9.88%	9.32%	8.32%	7.88%	7.27%	6.36%

Legal debt margin calculation for fiscal year 2024:

Assessed value of real estate	<u>\$ 1,080,293,049</u>
Debt limit (10% of assessed value)	\$ 108,029,305
Debt applicable to limit:	
Net direct debt outstanding	<u>6,873,255</u>
Available legal debt margin	<u>\$ 101,156,050</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.

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

Notes:

(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 Personal Income <sup>(1)</sup>	Personal Income <sup>(2)</sup>	Median Age <sup>(3)</sup>	County of Hanover	
					School Enrollment <sup>(4)</sup>	Unemployment Rate <sup>(5)</sup>
2015	7,503	\$ 22,684	\$ 170,198,052	35.0	17,734	4.4%
2016	7,503	23,273	174,617,319	34.8	17,776	3.4%
2017	7,649	23,930	183,040,570	33.2	17,751	3.5%
2018	7,796	25,718	200,497,528	32.8	17,671	2.9%
2019	7,840	25,718	201,629,120	32.8	17,462	2.6%
2020	7,875	26,080	205,380,000	32.8	17,273	3.1%
2021	7,979	25,791	205,786,389	33.2	16,519	3.9%
2022	7,573	26,113	197,753,749	32.4	16,415	3.2%
2023	7,565	26,277	198,785,505	30.5	16,743	2.6%
2024	7,822	32,934	257,609,748	31.0	16,544	2.7%

Notes:

(1) United States Bureau of the Census.

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

(3) County of Hanover's planning department.

(4) Hanover County School Board.

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

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

Function/Program	Fiscal Year June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General government administration	6	6	6	6	6	6	6	5	6	9
Public safety:										
Police department	28	28	28	28	28	27	27	27	30	31
Public works:										
Maintenance	23	24	24	24	24	24	22	23	24	24
Community development:										
Planning	5	5	5	5	5	5	3	4	5	5
<b>Total</b>	<b>62</b>	<b>63</b>	<b>63</b>	<b>63</b>	<b>63</b>	<b>62</b>	<b>58</b>	<b>59</b>	<b>65</b>	<b>69</b>

Note:

(1) Source: Individual Town departments.

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

Function/Program	Fiscal Year June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public safety:										
Building inspections:										
Total building permits	133	171	134	161	125	120	149	117	188	174

Note:

(1) Source: Individual Town departments.

## CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Fiscal Years

(Unaudited)

Function/Program	Fiscal Year June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General government:										
Vehicles	3	3	3	3	3	2	2	2	2	2
Public safety:										
Police department:										
Patrol units	29	25	28	28	28	27	29	33	36	30
Other vehicles	8	10	11	11	9	7	7	7	7	6
Public works:										
General maintenance:										
Trucks/vehicles	25	28	32	33	32	35	35	35	35	34
Equipment	18	18	16	18	18	19	18	20	20	20
Parks and recreation:										
Parks acreage	23.60	23.60	23.60	23.60	23.60	27.50	27.50	27.50	34.00	34.60
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, 2024

Federal Grantor/ Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number) / Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF JUSTICE:				
Direct Payments:				
Bulletproof Vest Partnership Program	16.607		\$ -	\$ 3,253
Pass-through Payments:				
State of Virginia:				
Local Law Enforcement Block Grant	16.607	530	-	10,684
<b>Total U.S. Department of Justice</b>			-	13,937
U.S. DEPARTMENT OF THE TREASURY:				
Pass-through Payments:				
State of Virginia:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	162	110,600	2,263,002
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	2023-ARPA	-	158,000
<b>Total U.S. Department of the Treasury</b>			110,600	2,421,002
NATIONAL ENDOWMENT FOR THE HUMANITIES:				
Pass-through Payments:				
Virginia Commission for the Arts:				
Promotion of the Arts Partnership Agreements	45.025	148	-	450
<b>Total National Endowment for the Humanities</b>			-	450
<b>Total Expenditures of Federal Awards</b>			\$ 110,600	\$ 2,435,389

## TOWN OF ASHLAND, VIRGINIA

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2024

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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, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Town.

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

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

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

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, each major fund, the aggregate discretely presented component unit and remaining fund information, and the budgetary comparison of the General Fund and the American Rescue Plan Fund of the Town of Ashland, Virginia (Town), as of and for the year ended June 30, 2024, 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 24, 2024.

**Report on Internal Control over Financial Reporting**

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

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

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

## Report on Compliance and Other Matters

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

## Purpose of this Report

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

*PBmares, LLP*

Harrisonburg, Virginia  
October 24, 2024

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

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

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

***Opinion on the Major Federal Program***

We have audited the Town of Ashland, Virginia's (Town) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Town's major federal program for the year ended June 30, 2024. The Town's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2024.

***Basis for Opinion on the Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

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

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

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

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

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

*PBmares, LLP*

Harrisonburg, Virginia  
October 24, 2024

**TOWN OF ASHLAND, VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2024**

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

*Financial Statements*

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

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ Yes

√ No

Significant deficiency(ies) identified?

\_\_\_\_\_ Yes

√ None Reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ Yes

√ No

*Federal Awards*

Internal control over major federal program:

Material weakness(es) identified?

\_\_\_\_\_ Yes

√ No

Significant deficiency(ies) identified?

\_\_\_\_\_ Yes

√ None Reported

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

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

\_\_\_\_\_ Yes

√ No

Identification of major federal program:

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

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

Auditee qualified as low-risk auditee?

√ Yes

\_\_\_\_\_ No

**Section II. FINANCIAL STATEMENT FINDINGS**

None.

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

None.

**TOWN OF ASHLAND, VIRGINIA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Year Ended June 30, 2024**

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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.