Comprehensive Annual Financial Report

Fiscal Year Ended

June 30, 2019

TOWN OF ASHLAND, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2019

Prepared by:

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TOWN OF ASHLAND, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2019

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INTRODUCTORY SECTION

Town of Ashland

Finance Department
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November 14, 2019

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

Dear Members of Town Council:

Introduction

The Comprehensive Annual Financial Report of the Town of Ashland, Virginia for the fiscal year ended June 30, 2019, is submitted herewith as required by the *Code of Virginia*. This report was prepared by the Finance Office in accordance with accounting principles generally accepted in the United States of America (GAAP) as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB).

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

Included in these financial statements is the General Fund, Capital Projects Fund, 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 7,840 for 2018, an 18.45 percent increase over the 2010 Census figure of 6,619. The total population of Hanover County in 2019 was estimated by the Hanover County Planning Department to be 111,325 an increase of one percent from the 2018 estimate. Ashland's population represented approximately 7.0 percent of Hanover's 2019 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 and Clerk of Council. The assessment of real estate is by the County Assessor while the Commissioner of Revenue of Hanover County, who is elected by the voters, handles assessments of personal property.

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

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

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

Significant Local Events

FY2019 was another strong year for the Town's economy, as our trend of decreasing vacancy rates and modest development activity continued, again keeping in pace with the Richmond region. Against the backdrop of a retail industry in retrenchment, the Ashland retail market has remained strong, with our three major shopping centers increasing their occupancy percentages for a second straight year. Our large office and commercial sites around Town have also performed well, with near-record low vacancy rates. The Downtown district continues to shine, with virtually full occupancy and a thriving retail district that continues to diversify and evolve to meet consumer trends.

Shopping Centers	**Total SF**	**Available SF**	**Occupancy**
Ashland - Hanover	238,191	22,400	91%
Ashland Junction	141,700	41,000	71%
Ashland Town Center	58,036	0	100%
Total	437,927	63,400	86%

One particularly exciting new development was the reopening of the Ashland Theater in February of 2019, following extensive renovations and improvements to the physical building. With an exciting blend of live talent and movie screenings, it is our expectation that this theater will continue to attract an audience from the wider Richmond region who would otherwise not have visited downtown Ashland.

Construction continued on the KM Hotel project near the interchange of Interstate 95 and England Street, and we expect this Tru Hotel by Hilton to open early in 2020. This was the first of what we hope will be many projects which redevelop underutilized spaces in the Interstate 95 area, and allow us to offer updated amenities to the traveling public. A new Panera Bread Company restaurant opened a few blocks west on England Street in July, also on a portion of a site that once housed only a dilapidated hotel. Across the street Panera Bread, the formerly vacant former Ruby Tuesday building was purchased by a local restaurateur in September of 2018, and reopened as Marco's Italian Grill. Together these represent a net increase of two quality restaurants in our critical interstate commercial corridor, both located on sites which were vacant only a year ago.

Commercial building activity was minimal during FY2019, with several new businesses occupying space in existing buildings and few new buildings coming online. Twelve commercial certificates of occupancy (COs) were issued during the year, a decrease of three as compared to FY2018. COs are only necessary when a change of use in an existing building occurs or for new construction, and FY2019's Commercial CO figure primarily came from tenant up-fits for new uses in existing buildings.

Forty-nine new business licenses were approved in FY2019, an improvement of nine from FY2018. Commercial activity remained steady in the downtown area with any closures being replaced by new businesses. Demand remains high for available space.

Most residential construction consisted of new homes on infill lots. Twelve certificates of occupancy were issued for residential units during the year, which is two more than approved in FY18. The 148 lot Lauradell Subdivision has begun construction. Hanover County continues to cluster residential development immediately around the Town to the north and east.

Prospects for the Future

As the national economy remains strong, and with our regional economy reflecting many of the same patterns, we expect to see continued growth in the Town over the next year. Growth opportunities are available with sufficient space available for redevelopment around the Interstate 95 interchange, as well as the undeveloped Holland-Axselle property, and East Ashland. Regardless of whether these sites are developed in the near term, existing businesses and industries are positioned to provide sufficient growth over the coming year to continue the trend of positive overall activity.

Financial Information

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

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

Accounting System, Policies and Budgetary Control

In developing and evaluating the Town's accounting system, consideration is given to the adequacy of the Town's internal control structure. The internal control structure is designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of

reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

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

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

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

Independent Audit

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

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Ashland for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. The Town of Ashland has received a Certificate of Achievement for the last thirty-two consecutive years (fiscal years ended 1987 - 2018). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

Acknowledgments

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

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

Respectfully submitted,

Joshua S. Farrar
Town Manager

TOWN OF ASHLAND, VIRGINIA

Directory of Principal Officials

OFFICIALS

Steve Trivett	Mayor
John Hodges	Vice-Mayor

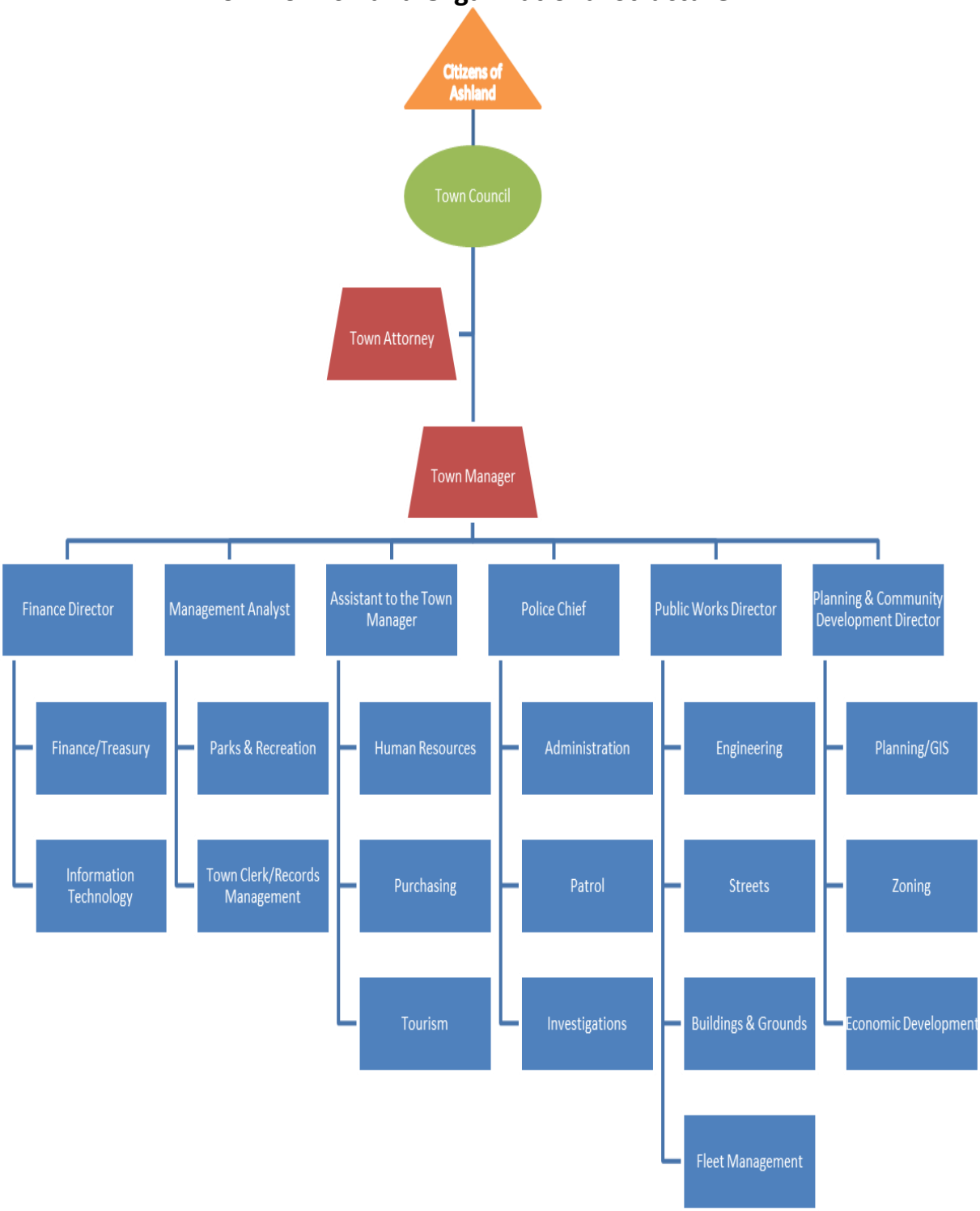
MEMBERS OF COUNCIL

Kathleen K. Abbott	Dr. George F. Spagna	Daniel McGraw

OTHER OFFICIALS

Joshua S. Farrar	Town Manager
Matthew Reynal	Clerk of the Council
Andrea G. Erard	Town Attorney

Town of Ashland Organizational Structure



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Ashland

Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

PBMares SM

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, the remaining fund information, and the budgetary comparison of the General Fund of the Town of Ashland, Virginia (Town), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the remaining fund information of the Town, as of June 30, 2019, and the respective changes in financial position and the budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis and the required supplementary information on pages 4-9 and 65-74, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying schedules listed in the table of contents as supplementary information, supplemental schedules, introductory section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2019 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

PBMares, LLP

Harrisonburg, Virginia
November 14, 2019

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, 2019. Please read it in conjunction with the transmittal letter at the front of this report and with the Town's basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Government-Wide Financial Statements

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $27,807,941 (net position).

- Long-term obligations of the Town comprised of bonds payable, compensated absences, net pension liability and net other postemployment benefits liability increased by $8,309,869 during the current fiscal year mainly due to issuance of long-term debt of $8.9 million in fiscal year 2019

Fund Financial Statements

The governmental funds, on a current financial resource basis, reported revenues and other financing sources greater than expenditures and other financing uses by $6,466,141.

- As of the close of the current fiscal year, the Town's funds reported ending fund balances of $15,306,859, an increase of $6,466,141 in comparison with the prior year.

- Debt issuance of $8.9 million reported in the governmental funds as an other financing source contributed significantly to this increase.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $5,152,149, or approximately 51.9% of total General Fund expenditures and other uses.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

1. Government-wide financial statements;

2. Fund financial statements; and

3. Notes to the financial statements.

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

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.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

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

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

The government-wide financial statements include not only the Town of Ashland, Virginia itself (known as the primary government), but also a legally separate economic development authority for which the Town is financially accountable. Financial information for the component unit is reported separately from the financial information presented for the primary government.

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $27,807,941 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, 2019 and 2018

	Governmental Activities		Increase	%
	2019	2018	(Decrease)	Change
Current and other assets	**$ 16,235,188**	$ 9,634,658	$ 6,600,530	68.5%
Capital assets, net	**22,686,863**	20,109,355	2,577,508	12.8%
Total assets	**38,922,051**	29,744,013	9,178,038	30.9%
Total deferred outflows of resources	**516,466**	403,397	113,069	28.0%
Current liabilities	**1,132,566**	628,321	504,245	80.3%
Noncurrent liabilities	**10,239,007**	2,246,400	7,992,607	355.8%
Total liabilities	**11,371,573**	2,874,721	8,496,852	295.6%
Total deferred inflows of resources	**259,003**	367,501	(108,498)	(29.5%)
Net position:				
Net investment in capital assets	**14,253,863**	20,109,355	(5,855,492)	(29.1%)
Restricted	**7,837,126**	-	7,837,126	100.0%
Unrestricted	**5,716,952**	6,795,833	(1,078,881)	(15.9%)
Total net position	**$ 27,807,941**	$ 26,905,188	$ 902,753	3.4%

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The Town's Net Position increased by $902,753 during the current fiscal year. This increase is largely due to increases in local tax revenue collections and a favorable variance between budgeted and actual expenditures in the Town's General Fund and Capital Projects Fund. The following table summarizes the Town's Statements of Changes in Net Position:

Summary Statements of Changes in Net Position
Years Ended June 30, 2019 and 2018

	Governmental Activities		Increase	%
	2019	2018	(Decrease)	Change
Revenues:				
Program revenues:				
Charges for services	**$ 224,530**	$ 219,306	$ 5,224	2.4%
Operating grants and contributions	**659,510**	1,027,265	(367,755)	(35.8%)
Capital grants and contributions	**1,680,931**	1,507,468	173,463	11.5%
General revenues:				
General property taxes	**1,388,607**	1,286,830	101,777	7.9%
Other local taxes	**5,681,089**	4,868,638	812,451	16.7%
Grants and contributions not restricted	**475,970**	469,203	6,767	1.4%
Other	**427,030**	174,941	252,089	144.1%
Total revenues	**10,537,667**	9,553,651	984,016	10.3%
Expenses:				
General government administration	**1,509,269**	1,233,279	275,990	22.4%
Public safety	**2,840,035**	2,624,360	215,675	8.2%
Public works	**4,056,907**	3,493,673	563,234	16.1%
Parks, recreation and cultural	**295,826**	182,363	113,463	62.2%
Community development	**502,565**	543,118	(40,553)	(7.5%)
Interest	**430,312**	-	430,312	100.0%
Total expenses	**9,634,914**	8,076,793	1,558,121	19.3%
Change in net position	**902,753**	1,476,858	(574,105)	(38.9%)
Net Position, beginning, as restated*	**26,905,188**	25,428,330	1,476,858	5.8%
Net Position, ending	**$ 27,807,941**	$ 26,905,188	$ 902,753	3.4%

* Beginning net position in fiscal year 2018 was restated for the implementation of GASB Statement No. 75.

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, unreserved 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 $15,306,859, an increase of $6,466,141 in comparison with the prior year. The most significant impact on this change in fund balance was issuance of long-term debt of $8.9 million to fund capital projects where most expenditures will occur in subsequent fiscal years. Therefore, a significant component of fund balance is restricted. Approximately 33.7% of the total fund balance constitutes unassigned General Fund balance, which is available for spending at the Town's discretion.

The Town's Capital Projects Fund accounts for all major general public improvements. At the end of the current fiscal year, the fund balance was $10,154,710, all of which was restricted or committed for current or future capital projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

The changes in revenues and expenditures between the original and final General Fund budget were minimal at a $50,000 reduction in the Transfer to Capital Projects Fund and a corresponding increase in expenditures to fund various items. There was no change in the total General Fund budget in fiscal year 2019.

During the year, revenues exceeded budgetary estimates by $486,050. A number of local taxes exceeded their revenue estimates including the sales, consumer utility, business license, meals and bank franchise taxes. Expenditures were less than budgetary estimates by $551,330. Debt service was conservatively budgeted in the adoption of the FY19 budget since the debt had not yet been issued. Vacancies in the public works department also resulted in budgetary savings.

CAPITAL ASSET AND LONG-TERM OBLIGATIONS

Capital assets - The Town's investment in capital assets for its governmental operations as of June 30, 2019 amounted to $22,686,863 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings and improvements, machinery and equipment, and infrastructure.

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 $10,239,007.

During the current fiscal year, the Town's long-term obligations increased by $7,992,607. The increase was mainly due to the issuance of $8.9 million in long term debt, offset by principal payments on that debt and a decrease in the net pension liability. The net other postemployment benefits liability increased slightly.

Additional information on the Town's long-term obligations can be found in Notes 7, 9, 11 and 12 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following factors were considered in preparing the Town's budget for the 2020 fiscal year:

- The unemployment rate for the County of Hanover, which includes the Town of Ashland, was 2.6% at June 30, 2019. The Commonwealth of Virginia's unemployment rate was 3% as of the same date.

- Inflationary trends in the region compare favorably to national indexes.

- The Town is expected to continue to experience modest economic growth with continued positive performance in its local tax revenues.

The fiscal year 2020 budget decreased by approximately 18% compared to the Town's amended budget for fiscal year 2019. For many years the town has been saving towards large capital projects; and with construction beginning capital outlays follow.

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, 101 Thompson Street, Ashland, Virginia, 23005.

BASIC FINANCIAL STATEMENTS

TOWN OF ASHLAND, VIRGINIA

STATEMENT OF NET POSITION
June 30, 2019

	Primary Government	Component Unit
	Governmental Activities	Economic Development Authority
ASSETS		
Cash, cash equivalents and temporary cash investments	$ 7,467,004	$ 280,547
Restricted cash, cash equivalents and temporary cash investments	7,837,126	-
Receivables, net:		
Property taxes	278,264	-
Other accounts	396,590	-
Due from other governments	256,204	-
Capital assets:		
Land	2,542,575	-
Buildings and improvements	6,374,078	-
Machinery and equipment	3,554,923	-
Infrastructure	20,429,446	-
Software	193,410	-
Construction in progress	1,335,191	-
Less: accumulated depreciation and amortization	(11,742,760)	-
Total assets	38,922,051	280,547
DEFERRED OUTFLOWS OF RESOURCES		
Other postemployment benefit plans	166,675	-
Pension plan	349,791	-
Total deferred outflows of resources	516,466	-
LIABILITIES		
Accounts and deposits payable	435,138	-
Accrued payroll and benefits	137,634	-
Due to other governments	756	-
Accrued interest	126,846	-
Unearned revenue	22,180	-
Performance bond payable	55,066	-
Noncurrent liabilities:		
Due within one year:		
Bonds payable	316,000	-
Compensated absences	38,946	-
Due in more than one year:		
Bonds payable	8,117,000	-
Compensated absences	350,512	-
Net other postemployment benefits liability	1,143,700	-
Net pension liability	627,795	-
Total liabilities	11,371,573	-
DEFERRED INFLOWS OF RESOURCES		
Other postemployment benefit plans	28,000	-
Pension plan	231,003	-
Total deferred inflows of resources	259,003	-
NET POSITION		
Net investment in capital assets	14,253,863	-
Restricted	7,837,126	-
Unrestricted	5,716,952	280,547
Total net position	$ 27,807,941	$ 280,547

See Notes to Financial Statements.

TOWN OF ASHLAND, VIRGINIA

STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

Entity/Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Component Unit: Economic Development Authority
Primary Government:						
Governmental activities:						
General government administration	$ 1,509,269	$ -	$ -	$ -	$ (1,509,269)	$ -
Public safety	2,840,035	129,622	212,387	-	(2,498,026)	-
Public works	4,056,907	2,402	442,623	1,500,138	(2,111,744)	-
Parks, recreation and cultural	295,826	92,506	-	110,022	(93,298)	-
Community development	502,565	-	4,500	70,771	(427,294)	-
Interest	430,312	-	-	-	(430,312)	-
Total governmental activities	9,634,914	224,530	659,510	1,680,931	(7,069,943)	-
Total primary government	$ 9,634,914	$ 224,530	$ 659,510	$ 1,680,931	(7,069,943)	-
Component Unit:						
Economic Development Authority	$ 10,454	$ -	$ 4,250	$ -	-	(6,204)
Total component unit	$ 10,454	$ -	$ 4,250	$ -	-	(6,204)
General Revenues:						
Taxes:						
General property taxes					1,388,607	-
Contributions from Primary Government					-	10,000
Other local taxes:						
Meals					2,805,264	-
Transient occupancy					787,839	-
Business license					527,836	-
Local sales and use					576,532	-
Other					983,618	-
Intergovernmental, non-categorical aid					475,970	-
Use of money and property					375,538	1,429
Miscellaneous					51,492	-
Total general revenues					7,972,696	11,429
Change in net position					902,753	5,225
Net Position, beginning					26,905,188	275,322
Net Position, ending					$ 27,807,941	$ 280,547

See Notes to Financial Statements.

TOWN OF ASHLAND, VIRGINIA

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash, cash equivalents and temporary cash investments	$ 6,506,113	$ 960,891	$ 7,467,004
Restricted cash, cash equivalents and temporary cash investments	-	7,837,126	7,837,126
Receivables, net:			
Property taxes	278,264	-	278,264
Other accounts	396,590	-	396,590
Due from other funds	-	1,482,700	1,482,700
Due from other governments	165,832	90,372	256,204
Total assets	$ 7,346,799	$ 10,371,089	$ 17,717,888
LIABILITIES			
Accounts and deposits payable	$ 219,515	$ 215,623	$ 435,138
Accrued payroll and benefits	137,634	-	137,634
Due to other governments	-	756	756
Performance bonds payable	55,066	-	55,066
Unearned revenue	22,180	-	22,180
Due to other funds	1,482,700	-	1,482,700
Total liabilities	1,917,095	216,379	2,133,474
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	277,555	-	277,555
Total deferred inflows of resources	277,555	-	277,555
FUND BALANCES			
Restricted	-	7,837,126	7,837,126
Committed:			
Capital projects	-	2,317,584	2,317,584
Unassigned	5,152,149	-	5,152,149
Total fund balances	5,152,149	10,154,710	15,306,859
Total liabilities, deferred inflows of resources and fund balances	$ 7,346,799	$ 10,371,089	$ 17,717,888

See Notes to Financial Statements.

TOWN OF ASHLAND, VIRGINIA

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2019

		Governmental Funds
Total fund balances - governmental funds		$ 15,306,859
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	$ 34,429,623	
Less: accumulated depreciation and amortization	(11,742,760)	
Net capital assets		22,686,863
Deferred outflows of resources - 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.		516,466
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.		277,555
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	(8,433,000)	
Net other postemployment benefits liability	(1,143,700)	
Net pension liability	(627,795)	
Compensated absences	(389,458)	
Accrued interest	(126,846)	
		(10,720,799)
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.		(259,003)
Net position of governmental activities		$ 27,807,941

See Notes to Financial Statements.

TOWN OF ASHLAND, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2019

	General	Capital Projects	Total Governmental Funds
Revenues:			
General property taxes	$ 1,314,355	$ -	$ 1,314,355
Other local taxes	5,681,089	-	5,681,089
Permits, privilege fees and regulatory licenses	20,780	5,688	26,468
Fines and forfeitures	102,644	-	102,644
Use of money and property	143,896	231,642	375,538
Charges for services	92,506	-	92,506
Miscellaneous	69,567	-	69,567
Recovered costs	2,912	-	2,912
Intergovernmental	2,453,273	363,138	2,816,411
Total revenues	9,881,022	600,468	10,481,490
Expenditures:			
Current:			
General government administration	1,250,653	-	1,250,653
Public safety	2,821,461	-	2,821,461
Public works	3,043,223	-	3,043,223
Parks, recreation and cultural	196,015	-	196,015
Community development	510,010	-	510,010
Capital projects	-	4,323,521	4,323,521
Debt service			
Principal	467,000	-	467,000
Interest and fiscal charges	153,506	-	153,506
Bond issuance costs	-	149,960	149,960
Total expenditures	8,441,868	4,473,481	12,915,349
Revenues over (under) expenditures	1,439,154	(3,873,013)	(2,433,859)
Other financing sources (uses):			
Transfers in (out)	(1,482,700)	1,482,700	-
Bond proceeds	-	8,900,000	8,900,000
Total other financing sources (uses)	(1,482,700)	10,382,700	8,900,000
Net change in fund balances	(43,546)	6,509,687	6,466,141
Fund balances, beginning	5,195,695	3,645,023	8,840,718
Fund balances, ending	$ 5,152,149	$ 10,154,710	$ 15,306,859

See Notes to Financial Statements.

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, 2019

		Governmental Funds
Net change in fund balances - total governmental funds		$ 6,466,141
Reconciliation of amounts reported for governmental activities in the Statement of Activities:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period.		
Expenditures for capital assets	$ 3,873,150	
Less: depreciation and amortization expense	(1,006,271)	
Excess of capital outlays over depreciation and amortization		2,866,879
The net effect of transactions involving capital assets (i.e. disposals, donations, and transfers) is to decrease net position		(289,371)
Revenues in the Statement of Activities that do not provide current financial resources and are not reported as revenues in the governmental funds.		74,252
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.		
Issuance of debt:		
General obligation debt		(8,900,000)
Principal repayments:		
General obligation bonds		467,000
Deferred outflows of resources - pension and OPEB plan contributions subsequent to measurement date		344,784
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	(126,846)	
OPEB expense	75,649	
Pension expense	(63,121)	
Compensated absences	(12,614)	
		(126,932)
Change in net position of governmental activities		$ 902,753

See Notes to Financial Statements.

TOWN OF ASHLAND, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
Year Ended June 30, 2019

	General Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Over
	Original	Final	Amounts	(Under)
Revenues:				
General property taxes	$ 1,343,278	$ 1,343,278	$ 1,314,355	$ (28,923)
Other local taxes	5,318,000	5,318,000	5,681,089	363,089
Permits, privilege fees and regulatory licenses	25,500	25,500	20,780	(4,720)
Fines and forfeitures	96,000	96,000	102,644	6,644
Use of money and property	67,773	67,773	143,896	76,123
Charges for services	89,000	89,000	92,506	3,506
Miscellaneous	30,350	30,350	69,567	39,217
Recovered costs	2,950	2,950	2,912	(38)
Intergovernmental	2,422,121	2,422,121	2,453,273	31,152
Total revenues	9,394,972	9,394,972	9,881,022	486,050
Expenditures:				
Current:				
General government administration	1,167,340	1,217,340	1,250,653	33,313
Public safety	2,744,097	2,744,097	2,821,461	77,364
Public works	3,288,980	3,288,980	3,043,223	(245,757)
Parks, recreation and cultural	231,026	231,026	196,015	(35,011)
Community development	588,881	588,881	510,010	(78,871)
Nondepartmental	175,000	175,000	-	(175,000)
Debt service:				
Principal	261,756	261,756	467,000	205,244
Interest	486,118	486,118	153,506	(332,612)
Total expenditures	8,943,198	8,993,198	8,441,868	(551,330)
Revenues over expenditures	451,774	401,774	1,439,154	1,037,380
Other financing uses:				
Transfers out	(1,532,700)	(1,482,700)	(1,482,700)	-
Total other financing uses	(1,532,700)	(1,482,700)	(1,482,700)	-
Net change in fund balance	$ (1,080,926)	$ (1,080,926)	(43,546)	$ 1,037,380
Fund balance, beginning			5,195,695	
Fund balance, ending			$ 5,152,149	

See Notes to Financial Statements.

TOWN OF ASHLAND, VIRGINIA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2019

	OPEB Trust Fund
ASSETS	
Cash, cash equivalents, and temporary cash investments	$ 1,493,930
Total assets	1,493,930
NET POSITION	
Restricted for other postemployment benefits (OPEB)	$ 1,493,930

See Notes to Financial Statements.

TOWN OF ASHLAND, VIRGINIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
Year Ended June 30, 2019

	OPEB Trust Fund
Additions:	
Contributions:	
Employer	$ 132,000
Plan members	38,301
Total contributions	170,301
Investment income:	
From investment activities:	
Interest and dividends earned on investments	556
Net increase in fair value of investments	67,039
Total income from investment activities	67,595
Total additions	237,896
Deductions:	
Administrative fees	1,933
Benefits paid	38,301
Total deductions	40,234
Change in net position	197,662
Net position, beginning	1,296,268
Net position, ending	$ 1,493,930

See Notes to Financial Statements.

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

In determining how to define the financial reporting entity, management considered all potential component units using the standards prescribed under GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, an Amendment of GASB Statements No. 14 and 34.* 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, 2019. 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, 2019 as a discretely presented component unit.

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 2019. Complete financial statements for the Jail can be obtained from the office of the Pamunkey Regional Jail Authority.

Note 1. Summary of Significant Accounting Policies (Continued)

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

Basis of Presentation

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

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

The Town reports the following major governmental funds:

General Fund

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

Capital Projects Fund

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

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.

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

C. Budgetary Data

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

C. Budgetary Data (Continued)

2) Public hearings are conducted to obtain citizen comments.

3) Prior to July 1, the budget is legally enacted through passage of an Appropriations Resolution.

4) The Appropriations Resolution places legal restrictions on expenditures at the department or category level for the General Fund and the Capital Projects fund. The appropriation for each department or category can be revised only by the Town Council. The Town Manager is authorized to transfer budgeted amounts within general government departments.

5) All budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

6) Appropriations lapse on June 30 every year.

7) All budgetary data presented in the accompanying financial statements is the revised budget as of June 30, 2019, as adopted, appropriated and legally amended.

8) The expenditure budget is enacted through an annual appropriations ordinance. If budget amendments exceed 1% of the original adopted budget, the Town Council may legally amend the budget only by following procedures used in the adoption of the original budget. There was one budget amendment during the year that exceeded 1% of the original budget.

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

1) Deposits and Investments

Cash and Cash Equivalents

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

Investments

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

Restricted Cash and Cash Equivalents

A portion of the Capital Project Fund's cash balance is restricted due to unspent bond proceeds.

Note 1. Summary of Significant Accounting Policies (Continued)

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

2) Property Taxes

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

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

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

The Town bills and collects its own property taxes.

3) Capital Assets

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

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

As allowed by GASB standards, the Town has elected not to capitalize infrastructure already in place as of June 30, 2003. Effective July 1, 2003, the Town is capitalizing all infrastructure additions that meet the aforementioned capitalization requirements.

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

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

Buildings and improvements	10 - 40 years
Machinery and equipment	5 - 10 years
Infrastructure	20 - 40 years
Software	5 years

Note 1. Summary of Significant Accounting Policies (Continued)

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

4) Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenditure) until then. The Town has several items that qualify for reporting in this category and they relate to the pension plan and other postemployment benefits (OPEB) plans. See Notes 9, 11, 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 position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Town has several types of items that qualify for reporting in this category. Accordingly, one item, unavailable revenue, which arises under the modified accrual basis of accounting, is reported only in the governmental funds Balance Sheet. The governmental funds report unavailable revenue from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The remaining items relate to the pension plan and OPEB plans. See Notes 9, 11, and 12 for details regarding these items.

5) Compensated Absences

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

6) Long-Term Obligations

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

6) Long-Term Obligations (Continued)

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

7) Fund Balance

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

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

8) Net Position

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

9) Pensions

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 net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

10) Other Postemployment Benefits (OPEB)

Retiree Healthcare Plan

The Town of Ashland Retiree Healthcare Plan (TARHP) is an agent multiple 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.

Note 1. Summary of Significant Accounting Policies (Continued)

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

10) Other Postemployment Benefits (OPEB) (Continued)

Group Life Insurance Program

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

E. Use of Estimates

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

F. Subsequent Events

The Town has evaluated subsequent events through November 14, 2019, the date on which the financial statements were available to be issued. See Note 15 for additional detail.

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 $3,055,336, are stated at amortized cost and classified as cash and cash equivalents. The LGIP has been assigned an "AAAm" rating by Standard & Poors. The maturity of the LGIP is less than one year. The Town also has investments in an LGIP Extended Maturity portfolio, totaling $3,090,787, which is stated at fair value and classified as investments. The LGIP Extended Maturity has been assigned an "AAAf/S1" rating by Standard & Poor's. The maturity of the LGIP Extended Maturity is greater than one year.

The Town has investments in the SNAP totaling $7,837,126. The SNAP is a specialized commingled investment program that operates in compliance with GASB Statement No. 79. The Town's investments in SNAP are stated at amortized cost. The SNAP has been assigned a AAAm rating by Standard & Poor's.

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

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

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

Note 2. Deposits and Investments (Continued)

Investment Type	Fair Value	1 - 5 Years
LGIP Extended Maturity	$ 3,090,787	$ 3,090,787
Total	$ 3,090,787	$ 3,090,787

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

The Town has the following recurring fair value measurements as of June 30, 2019:

- LGIP Extended Maturity of $3,090,787 are valued using quoted market prices (Level 1 input).
- Investments held by the VML/VACO Pooled OPEB Trust. Refer to the Trust Fund's separate financial report for further information and required disclosures.

Note 3. Receivables, Unavailable and Unearned Revenues

Receivables at June 30, 2019 for the Town, including the allowance for uncollectible accounts, are as follows:

	General Fund
Property taxes	$ 356,821
Other accounts	396,590
Gross receivables	753,411
Less allowance for uncollectable accounts (property taxes)	(78,557)
Net receivables	$ 674,854

The Town determines its allowance for uncollectible accounts using historical collection data and specific account analysis. The total allowance for uncollectible accounts amounted to $78,557 as of June 30, 2019.

Note 3. Receivables, Unavailable and Unearned Revenues (Continued)

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current year, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable	$ 277,555	$ -
Prepaid 2019-2020 taxes	-	22,180
	$ 277,555	$ 22,180

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	$ 104,556
Fines and forfeitures	13,826
	118,382
Commonwealth of Virginia:	
Communications sales and use taxes	36,967
Automobile rental tax	10,483
	47,450
Total General Fund	165,832
Capital Projects Fund:	
Commonwealth of Virginia:	
Stormwater Local Assistance Fund	19,727
Federal government:	
Categorical aid:	
Regional Surface Transportation Program	63,720
National Fish & Wildlife Grant	6,925
Total Capital Projects Fund	90,372
Total due from other governments	$ 256,204

Note 5. Capital Assets

Capital asset activities for the year ended June 30, 2019 are as follows:

	Beginning Balance July 1, 2018	Additions	Deletions	Transfers	Ending Balance June 30, 2019
Primary Government:					
Capital assets not being depreciated or amortized:					
Land	$ 2,542,575	$ -	$ -	$ -	$ 2,542,575
Construction in progress	2,529,549	3,251,149	-	(4,445,507)	1,335,191
Total capital assets not being depreciated or amortized	5,072,124	3,251,149	-	(4,445,507)	3,877,766
Capital assets being depreciated or amortized:					
Buildings and improvements	2,484,695	12,575	-	3,876,808	6,374,078
Machinery and equipment	3,153,502	469,285	(69,298)	1,434	3,554,923
Infrastructure	20,211,213	140,141	(489,173)	567,265	20,429,446
Software	193,410	-	-	-	193,410
Total capital assets being depreciated or amortized	26,042,820	622,001	(558,471)	4,445,507	30,551,857
Less accumulated depreciation or amortization for:					
Buildings and improvements	(1,542,438)	(176,704)	-	-	(1,719,142)
Machinery and equipment	(2,397,970)	(301,045)	61,201	-	(2,637,814)
Infrastructure	(6,914,370)	(507,222)	207,899	-	(7,213,693)
Software	(150,811)	(21,300)	-	-	(172,111)
Total accumulated depreciation or amortization	(11,005,589)	(1,006,271)	269,100	-	(11,742,760)
Total capital assets being depreciated or amortized, net	15,037,231	(384,270)	(289,371)	4,445,507	18,809,097
Governmental activities capital assets, net	$ 20,109,355	$ 2,866,879	$ (289,371)	$ -	$ 22,686,863

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

Governmental activities:	
General government administration	$ 27,239
Public safety	160,483
Public works	691,198
Parks, recreation and cultural	121,374
Community development	5,977
Total depreciation and amortization expense - governmental activities	$ 1,006,271

Note 6. Interfund Transfers/Receivables/Payables

Interfund transfers for the year ended June 30, 2019 consisted of the following:

Fund	Due to/ Transfers In	Due from/ Transfers Out
General Fund	$ -	$ 1,482,700
Capital Projects Fund	1,482,700	-
Total	$ 1,482,700	$ 1,482,700

The transfer from the General Fund to the Capital Projects Fund was due to the timing of transfers for capital projects to be completed by the Town.

Note 7. Long-Term Obligations

The following is a summary of long-term liability activity for the year ended June 30, 2019:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	$ -	$ 8,900,000	$ (467,000)	$ 8,433,000	$ 316,000
Compensated absences payable	376,844	130,284	(117,670)	389,458	38,946
Governmental activities long-term liabilities	$ 376,844	$ 9,030,284	$ (584,670)	$ 8,822,458	$ 354,946

At June 30, 2019, the Town had a legal debt margin of $88,147,094.

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

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

	General Obligation Bonds	
Year(s) Ending June 30,	Principal	Interest
2020	$ 316,000	$ 304,431
2021	328,000	293,024
2022	340,000	281,183
2023	352,000	268,910
2024	365,000	256,202
2025-2029	2,031,000	1,073,614
2030-2034	2,426,000	679,546
2035-2038	2,275,000	208,947
	$ 8,433,000	$ 3,365,857

Note 7. Long-Term Obligations (Continued)

$8,900,000 general obligation bond for the construction of a new Town Hall building as well as renovations to the Carter Park pool issued August 2018, due in annual installments ranging from $316,000 to $599,000 through February 2038, plus interest payable semi-annually at 3.61%.	$ 8,433,000
Total General Obligation Bonds	$ 8,433,000

Note 8. Risk Management

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

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

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

Note 9. Pension Plan

Name of Plan: Virginia Retirement System (VRS)

Identification of Plan: Agent Multiple-Employer Pension Plan

Administering Entity: Virginia Retirement System (System)

A. Plan Description

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

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

Plan 1	Plan 2	Hybrid Retirement Plan
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.	**About Plan 2** Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
		About the Hybrid Retirement Plan (Continued) • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013 and they have not taken a refund.	**Eligible Members** Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	**Eligible Members** Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • Political subdivision employees.* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.
Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.	**Hybrid Opt-In Election** Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.	
The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.	The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.	
If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	
Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees. Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

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

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.	**Vesting** Same as Plan 1.	**Vesting** **Defined Benefit Component** Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. **Defined Contribution Component** Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** **Defined Benefit Component** See definition under Plan 1. **Defined Contribution Component** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.	**Service Retirement Multiplier** Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.	**Service Retirement Multiplier** **Defined Benefit Component** The retirement multiplier for the defined benefit component is 1.0%. For members that opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.
Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.	**Political subdivision hazardous duty employees:** Same as Plan 1.	**Political subdivision hazardous duty employees:** Not applicable. **Defined Contribution Component** Not applicable.

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Normal Retirement Age Age 65. **Political subdivisions hazardous duty employees:** Age 60.	**Normal Retirement Age** Normal Social Security retirement age. **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Normal Retirement Age** **Defined Benefit Component** Same as Plan 2. **Political subdivisions hazardous duty employees:** Not applicable. **Defined Contribution Component** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service. **Political subdivisions hazardous duty employees:** Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.	**Earliest Unreduced Retirement Eligibility** Normal Social Security retirement age and have at least 5 years (60 months) of creditable service or when their age and service equal 90. **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Earliest Unreduced Retirement Eligibility** **Defined Benefit Component** Normal Social Security retirement age and have at least 5 years (60 months) of creditable service or when their age and service equal 90. **Political subdivisions hazardous duty employees:** Not applicable. **Defined Contribution Component** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service. **Political subdivisions hazardous duty employees:** Age 50 with at least five years of creditable service.	**Earliest Reduced Retirement Eligibility** Age 60 with at least five years (60 months) of creditable service. **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Earliest Reduced Retirement Eligibility** **Defined Benefit Component** Age 60 with at least five years (60 months) of creditable service. **Political subdivisions hazardous duty employees:** Not applicable. **Defined Contribution Component** Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.	**Cost-of-Living Adjustment (COLA) in Retirement** The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%) up to a maximum COLA of 3%.	**Cost-of-Living Adjustment (COLA) in Retirement** **Defined Benefit Component** Same as Plan 2. **Defined Contribution Component** Not applicable.
Eligibility: For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.	**Eligibility:** Same as Plan 1.	**Eligibility:** Same as Plan 1 and Plan 2.
Exceptions to COLA Effective Dates: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).	**Exceptions to COLA Effective Dates:** Same as Plan 1.	**Exceptions to COLA Effective Dates:** Same as Plan 1 and Plan 2.

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Cost-of-Living Adjustment (COLA) in Retirement (Continued) **Exceptions to COLA Effective Dates (continued):** • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.		
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.	**Disability Coverage** Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service regardless of when it was earned, purchased or granted.	**Disability Coverage** Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	**Purchase of Prior Service** Same as Plan 1.	**Purchase of Prior Service** **Defined Benefit Component** Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service. **Defined Contribution Component** Not applicable.

B. Employees Covered by Benefit Terms

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	52
Inactive members:	
Vested	20
Non-vested	20
Active elsewhere in VRS	43
Total inactive members	83
Active members	61
Total covered employees	196

Note 9. Pension Plan (Continued)

C. Contributions

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

The Town's contractually required contribution rate for the year ended June 30, 2019 was 9.89% of covered compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

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 $327,063 and $338,777 for the years ended June 30, 2019 and 2018, respectively.

D. Net Pension Liability

The Town's net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For political subdivisions, the net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2017 rolled forward to the measurement date of June 30, 2018.

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, 2017, 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, 2018.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension benefits.

Note 9. Pension Plan (Continued)

D. Net Pension Liability (Continued)

Actuarial Assumptions – General Employees (Continued)

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Note 9. Pension Plan (Continued)

D. Net Pension Liability (Continued)

Actuarial Assumptions – Public Safety Employees

The total pension liability for Public Safety employees in the Town's retirement plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.50%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Note 9. Pension Plan (Continued)

D. Net Pension Liability (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		* Expected arithmetic nominal return	7.30%

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

Note 9. Pension Plan (Continued)

D. Net Pension Liability (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015, actuarial valuations, whichever was greater. From July 1, 2018 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

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2017	$ 15,226,281	$ 14,377,487	$ 848,794
Changes for the Year:			
Service cost	433,809	-	433,809
Interest	1,043,033	-	1,043,033
Difference between expected and actual experience	(121,573)	-	(121,573)
Contributions – employer	-	338,777	(338,777)
Contributions – employee	-	182,941	(182,941)
Net investment income	-	1,064,626	(1,064,626)
Benefit payments, including refunds of employee contributions	(651,629)	(651,629)	-
Administrative expense	-	(9,126)	9,126
Other changes	-	(950)	950
Net changes	703,640	924,639	(220,999)
Balances at June 30, 2018	$ 15,929,921	$ 15,302,126	$ 627,795

Note 9. Pension Plan (Continued)

E. Changes in the Net Pension Liability (Continued)

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

The following presents the net pension liability of the Town, using the discount rate of 7.00%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Town's net pension liability (asset)	$ 2,782,553	$ 627,795	$ (1,154,659)

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

For the year ended June 30, 2019, the Town recognized pension expense of $63,121. 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	$ 22,728	$ 78,317
Changes of assumptions	-	16,081
Net difference between projected and actual earnings on pension plan investments	-	136,605
Employer contributions subsequent to the measurement date	327,063	-
Total	$ 349,791	$ 231,003

The $327,063 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, 2020.

Note 9. Pension Plan (Continued)

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

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

Year Ending June 30,	Amount
2020	$ 3,359
2021	(50,540)
2022	(148,472)
2023	(12,622)
	$ (208,275)

G. Pension Plan Data

Detailed information about the pension plan's fiduciary net position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report. A copy of the 2018 VRS CAFR may be downloaded from the VRS website at https://employers.varetire.org/pdf/publications/2018-annual-report.pdf, or by writing to the System's VRS Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

Note 10. Trust for Other Postemployment Benefits

The Town has established an irrevocable trust pursuant to Section 15.2-1544 of the *Code of Virginia*, as amended, for the purpose of accumulating and investing assets to fund Other Postemployment Benefits and to participate in the Virginia Pooled OPEB Trust Fund and has established a Local Finance Board to become a Participating Employer in the Trust Fund. The Trust Fund provides administrative, custodial and investment services to the Participating Employers in the Trust Fund. For the fiscal year ended June 30, 2019, the Town and plan members contributed $170,301 to the Trust Fund. Administrative expenses allocated to the Trust Fund during the fiscal year ended June 30, 2019 totaled $1,933. The Trust Fund issues a separate report, which can be obtained by writing to VML/VACO Finance Program, 1108 East Main Street, Richmond, Virginia 23219.

Note 11. Other Postemployment Benefits – Retiree Healthcare Plan

A. Plan Description

Other postemployment benefits provided by the Town include an agent multiple employer defined benefit retiree health insurance premium plan. The Town allows retirees who are eligible to retire with a pension benefit from the System and have at least 15 years of full-time service with the Town to remain on their health insurance plan once they retire. Health benefits include medical, dental and vision coverage. Any amendments to the plan must be approved by Town Council.

Note 11. Other Postemployment Benefits – Retiree Healthcare Plan (Continued)

A. Plan Description (Continued)

RETIREE HEALTHCARE PLAN PROVISIONS
Eligible Employees A Town of Ashland retiree, eligible for postretirement medical coverage, is defined as a full-time employee who retires directly from the Town and is eligible to receive an early or regular retirement benefit from the VRS. Employees applying for early or regular retirement are eligible to continue participation in the Town sponsored Retiree Healthcare plan.

Retirement Eligibility
Employees may retire under the VRS with an unreduced pension benefit under the following age and service requirements:
• Plan 1 eligible employees
  o Age 50 and 30 years of service
  o Age 65 and 5 years of service
• Plan 2 and Hybrid plan eligible employees
  o Normal Social Security retirement age and at least 5 years of service, or, when your age and your years of service equal 90

Benefit Amounts The Town will provide a premium credit toward a retiree's health insurance premium at a rate of $35.00 plus $3.00 for each year of service per month. To be eligible for this premium credit, the retiree must have a minimum of 15 years of service with the Town and must be enrolled in the Town sponsored health insurance at the time of retirement. If an employee retires with 25 years of service to the Town, and is enrolled in the Town sponsored health insurance plan, the Town will pay the entire health insurance premium for the retiree. This premium credit is only for the retiree, it is not applicable to the premium charges for any covered family members. At age 65 retirees must enroll in Medicare as their primary insurer and may transition to the Town sponsored Medicare Supplement plan if they so desire. Premium credits would apply to the Medicare Supplement plan as described above.
Reduction in Benefit Amounts Plan 1 eligible employees may retire with a reduced pension benefit at age 50 and 10 years of service or age 55 and 5 years of service. Plan 2 and Hybrid eligible employees may retire with a reduced pension benefit at age 60 with 5 years of service.
Death of a Retiree Upon the death of a retiree, the surviving spouse may retain health insurance coverage if they pay the entire cost of the premium. Survivors of active employees are not eligible for postretirement benefits, even if the deceased active was eligible to retire at the time of death.

Note 11. Other Postemployment Benefits – Retiree Healthcare Plan (Continued)

B. Employees Covered by Benefit Terms

At June 30, 2019, the following employees were covered by the benefit terms:

	Number
Inactive employees or beneficiaries currently receiving benefit payments	12
Active employees	60
Total	72

C. Contributions

The contributions to the OPEB Trust Fund are established by and may be amended by Town Council. The contributions are typically based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits. For the year ended June 30, 2019, the Town's average contribution rate was 6.44 percent of covered-employee payroll. Employees are not required to contribute to the plan.

D. Net Retiree Healthcare OPEB Liability

The Town's net Retiree Healthcare OPEB liability of $874,700 was measured as of June 30, 2019, 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, 2017.

E. Actuarial Assumptions

The total Retiree Healthcare Plan OPEB liability was based on an actuarial valuation as of July 1, 2017, using the Entry Age Normal actuarial cost method and the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

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

Mortality Rates – General Employees

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

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

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

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

Note 11. Other Postemployment Benefits – Retiree Healthcare Plan (Continued)

E. Actuarial Assumptions (Continued)

Mortality Rates – Public Safety Employees

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

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

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

F. Changes in the Net Retiree Healthcare OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2018	$ 2,094,714	$ 1,296,268	$ 798,446
Changes for the year:			
Service cost	60,556	-	60,556
Interest	148,086	-	148,086
Changes in assumptions	146,141	-	146,141
Benefit payments	(80,868)	(80,868)	-
Employer contributions	-	212,868	(212,868)
Net investment income	-	67,596	(67,596)
Administrative expenses	-	(1,935)	1,935
Net changes	273,915	197,661	76,254
Balance at June 30, 2019	$ 2,368,629	$ 1,493,929	$ 874,700

Note 11. Other Postemployment Benefits – 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 Geomeric Real Rate of Return
Core Fixed Income	19.60%	2.13%	2.02%
High Yield Bonds	1.40%	4.00%	3.54%
Large Cap US Equities	26.00%	4.90%	3.76%
Small Cap US Equities	10.00%	5.89%	4.11%
Developed Foreign Equities	13.00%	6.09%	4.59%
Emerging Market Equities	5.00%	8.14%	5.33%
Private Equity	5.00%	9.37%	5.57%
Hedge Funds / Absolute Return	10.00%	1.91%	1.66%
Real Estate (REITS)	7.00%	3.84%	3.13%
Commodities	3.00%	3.01%	1.42%
	100.00%		
	Inflation		2.60%
	Portfolio Real Mean Return		3.95%
	Portfolio Nominal Mean Return		6.65%
	Portfolio Standard Deviation		10.85%
	Long-Term Expected Rate of Return		**6.50%**

H. Discount Rate

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

Note 11. Other Postemployment Benefits – Retiree Healthcare Plan (Continued)

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

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

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Total OPEB Liability	$ 2,703,737	$ 2,368,629	$ 2,088,704
Fiduciary Net Position	1,493,929	1,493,929	1,493,929
Net OPEB Liability	$ 1,209,808	$ 874,700	$ 594,775

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

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

	1% Decrease	Current Medical Trend Rate	1% Increase
Total OPEB Liability	$ 2,030,284	$ 2,368,629	$ 2,788,601
Fiduciary Net Position	1,493,929	1,493,929	1,493,929
Net OPEB Liability	$ 536,355	$ 874,700	$ 1,294,672

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, 2019, the Town recognized Retiree Healthcare OPEB expense of $133,765. For the year ended June 30, 2019, the Town reported deferred outflows of resources to the Retiree Healthcare OPEB plan of $130,954, relating to differences between projected and actual earnings on OPEB plan investments.

Note 11. Other Postemployment Benefits – 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
2020	$	18,402
2021		18,402
2022		18,403
2023		24,501
2024		18,979
Thereafter		32,267
Total	$	130,954

Note 12. Other Postemployment Benefits – Group Life Insurance Program

A. Plan Description

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

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

Note 12. Other Postemployment Benefits – Group Life Insurance Program (Continued)

A. Plan Description (Continued)

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

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
Eligible Employees The GLI was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program. 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.

Benefit Amounts
The benefits payable under the GLI have several components.
• Natural Death Benefit – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
• Accidental Death Benefit – The accidental death benefit is double the natural death benefit.
• Other Benefit Provisions – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:
  o Accidental dismemberment benefit
  o Safety belt benefit
  o Repatriation benefit
  o Felonious assault benefit
  o Accelerated death benefit option

Reduction in Benefit Amounts 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.
Minimum Benefit Amount and Cost-of-Living Adjustment (COLA) For covered members with at least 30 years of creditable service, there is a minimum benefit payable under GLI. The minimum benefit was set at $8,000 by statute. This amount is increased annually based on the VRS Plan 2 COLA and was increased to $8,279 effective July 1, 2018.

Note 12. Other Postemployment Benefits – 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 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% 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, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 $17,721 and $17,454 for the years ended June 30, 2019 and 2018, respectively.

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

At June 30, 2019, the Town's reported liability for its proportionate share of the net GLI OPEB liabilities was $269,000.

The net GLI OPEB liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the net GLI OPEB liability was determined by an actuarial valuation as of that date. The covered employers' proportion of the net GLI OPEB liability was based on the covered employer's actuarially determined employer contributions to the GLI for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, comparisons of the Town's proportions to June 30, 2017 were as follows:

	2018	2017
Town	0.01765%	0.01730%

For the year ended June 30, 2019, the Town employees recognized GLI OPEB expense of $2,000. 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.

Note 12. Other Postemployment Benefits – 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, 2019, 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	$ 13,000	$ (5,000)
Net difference between projected and actual earnings on GLI OPEB program investments	-	(9,000)
Change in assumptions	-	(11,000)
Changes in proportion	5,000	(3,000)
	17,721	-
Total	$ 35,721	$ (28,000)

The $17,721 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, 2020. 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
2020	$ (4,000)
2021	(4,000)
2022	(4,000)
2023	-
2024	2,000
Total	$ (10,000)

Note 12. Other Postemployment Benefits – Group Life Insurance Program (Continued)

D. Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including inflation:	
Teachers	3.5%-5.95%
Locality – general employees	3.5%-5.35%
Locality – hazardous duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of the OPEB liabilities.

Mortality Rates – General Employees

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

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

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Note 12. Other Postemployment Benefits – Group Life Insurance Program (Continued)

D. Actuarial Assumptions (Continued)

Mortality Rates – Hazardous Duty Employees

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

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

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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, 2018, NOL amounts (in thousands) for the GLI are as follows (in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB liability	$ 3,113,508
Plan fiduciary net position	1,594,773
Employers' net GLI OPEB liability	$ 1,518,735
Plan fiduciary net position as a percentage of the total GLI OPEB liability	51.22%

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.

Note 12. Other Postemployment Benefits – 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)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
	Inflation		2.50%
	* Expected arithmetic nominal return		7.30%

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

G. Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the participating employers for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2018 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.

Note 12. Other Postemployment Benefits – Group Life Insurance Program (Continued)

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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Town	$ 351,000	$ 269,000	$ 202,000

I. GLI Fiduciary Net Position

Detailed information about the GLI's fiduciary net position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia, 23218-2500.

Note 13. Pending GASB Statements

At June 30, 2019, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the Town. The statements which might impact the Town are as follows:

GASB Statement No. 84, *Fiduciary Activities*, will improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Statement No. 84 will be effective for fiscal years beginning after December 15, 2018.

GASB Statement No. 87, *Leases*, will increase the usefulness of the Company's financial statements by requiring reporting of certain lease assets and liabilities and deferred inflows of resources for leases that previously were classified as operating leases. Statement No. 87 will be effective for fiscal years beginning after December 15, 2019.

Note 13. Pending GASB Statements (Continued)

GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*, will improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. Statement No. 90 will be effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 91, *Conduit Debt Obligation*, will provide a single method of reporting conduit debt obligations by issuer and eliminate diversity in practice associate with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Statement No. 91 will be effective for the fiscal years beginning after December 15, 2020.

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

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.

Note 15. Subsequent Events

On August 20, 2019, the Town approved a resolution to authorize the refinancing of the general obligation bond of up to $8,675,000, with an interest rate of 1.99%. This will allow the town to save an estimated $1.3 million over the remaining life of the bond, which equates to nearly 13% present value savings.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF ASHLAND, VIRGINIA

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

	Fiscal Year June 30,				
	2014	2015	2016	2017	2018
Total Pension Liability					
Service cost	$ 370,012	$ 422,045	$ 423,410	$ 439,647	$ 433,809
Interest	868,776	919,423	930,643	985,287	1,043,033
Difference between expected and actual experience	-	(664,104)	(12,340)	71,604	(121,573)
Changes of assumptions	-	-	-	(50,661)	-
Benefit payments, including refunds of employee contributions	(528,309)	(502,233)	(531,917)	(590,249)	(651,629)
Net change in total pension liability	710,479	175,131	809,796	855,628	703,640
Total pension liability - beginning	12,675,247	13,385,726	13,560,857	14,370,653	15,226,281
Total pension liability - ending (a)	$ 13,385,726	$ 13,560,857	$ 14,370,653	$ 15,226,281	$ 15,929,921
Plan Fiduciary Net Position					
Contributions - employer	$ 393,953	$ 399,899	$ 414,669	$ 326,438	$ 338,777
Contributions - employee	191,125	153,253	156,949	182,391	182,941
Net investment income	1,640,891	557,131	225,268	1,578,406	1,064,626
Benefit payments, including refunds of employee contributions	(528,309)	(502,233)	(531,917)	(590,249)	(651,629)
Administrative expense	(8,708)	(7,463)	(7,775)	(9,029)	(9,126)
Other	86	(117)	(94)	(1,405)	(950)
Net change in plan fiduciary net position	1,689,038	600,470	257,100	1,486,552	924,639
Plan fiduciary net position - beginning	10,344,327	12,033,365	12,633,835	12,890,935	14,377,487
Plan fiduciary net position - ending (b)	$ 12,033,365	$ 12,633,835	$ 12,890,935	$ 14,377,487	$ 15,302,126
The Town's net pension liability - ending (a) - (b)	$ 1,352,361	$ 927,022	$ 1,479,718	$ 848,794	$ 627,795
Plan fiduciary net position as a percentage of the total pension liability	89.90%	93.16%	89.70%	94.43%	96.06%
Covered payroll	$ 3,068,170	$ 3,038,746	$ 3,150,980	$ 3,172,381	$ 3,292,293
The Town's net pension liability as a percentage of covered payroll	44.08%	30.51%	46.96%	26.76%	19.07%

Note to Schedule:

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

TOWN OF ASHLAND, VIRGINIA

SCHEDULE OF TOWN CONTRIBUTIONS – VIRGINIA RETIREMENT SYSTEM

	Fiscal Year June 30,					
	2014	2015	2016	2017	2018	2019
Contractually required contribution (CRC)	$ 393,953	$ 399,899	$ 414,669	$ 326,438	$ 338,777	$ 327,063
Contributions in relation to the CRC	393,953	399,899	414,669	326,438	338,777	327,063
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered-employee payroll	$ 3,068,170	$ 3,038,746	$ 3,150,980	$ 3,172,381	$ 3,292,293	$ 3,307,007
Contributions as a percentage of covered-employee payroll	12.84%	13.16%	13.16%	10.29%	10.29%	9.89%

Note to Schedule:

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
VIRGINIA RETIREMENT SYSTEM
Year Ended June 30, 2019

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 following changes in actuarial assumptions were made effective June 30, 2017 based on the most recent experience study of the System for the four-year period ended June 30, 2016:

Non-Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through nine years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 20%

Hazardous Duty

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

Note 3. Contractually Required Contributions

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

Methods and assumptions used to determine contribution rates:

Non-Hazardous Duty

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

Hazardous Duty

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

TOWN OF ASHLAND, VIRGINIA

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

	Fiscal Year June 30,	
	2018	2019
Total OPEB Liability		
Service cost	$ 56,594	$ 60,556
Interest	139,876	148,086
Changes of assumptions	-	146,141
Benefit payments, including refunds of employee contributions	(85,314)	(80,868)
Net change in total OPEB liability	111,156	273,915
Total OPEB liability - beginning	1,983,558	2,094,714
Total OPEB liability - ending (a)	$ 2,094,714	$ 2,368,629
Plan Fiduciary Net Position		
Contributions - employer	$ 200,514	$ 212,868
Net investment income	109,538	67,596
Benefit payments, including refunds of employee contributions	(85,314)	(80,868)
Administrative expense	(1,770)	(1,935)
Net change in plan fiduciary net position	222,968	197,661
Plan fiduciary net position - beginning	1,073,300	1,296,268
Plan fiduciary net position - ending (b)	$ 1,296,268	$ 1,493,929
The Town's net OPEB liability - ending (a) - (b)	$ 798,446	$ 874,700
Plan fiduciary net position as a percentage of the total OPEB liability	61.88%	63.07%
Covered payroll	$ 3,356,524	$ 3,407,808
The Town's net OPEB liability as a percentage of covered payroll	23.79%	28.60%

Note to Schedule:

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

TOWN OF ASHLAND, VIRGINIA

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

	Fiscal Year June 30, 2018	Fiscal Year June 30, 2019
Contractually required contribution (CRC)	$ 200,514	$ 212,868
Contributions in relation to the CRC	200,514	212,868
Contribution deficiency (excess)	$ -	$ -
Employer's covered payroll	$ 3,356,524	$ 3,407,808
Contributions as a percentage of covered payroll	5.97%	6.25%

See Notes to Required Supplementary Information – OPEB.

TOWN OF ASHLAND, VIRGINIA

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

	Fiscal Year June 30,	
	2017	2018
Employer's proportion of the net GLI OPEB liability	0.01730%	0.01765%
Employer's proportionate share of the net GLI OPEB liability	$ 260,000	$ 269,000
Employer's covered payroll	3,191,793	3,356,524
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	8.16%	8.01%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%	51.22%

See Notes to Required Supplementary Information – OPEB.

TOWN OF ASHLAND, VIRGINIA

SCHEDULE OF EMPLOYER CONTRIBUTIONS – OPEB GROUP LIFE INSURANCE PROGRAM

	Fiscal Year June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Contractually required contribution (CRC)	$ 10,374	$ 12,129	$ 12,117	$ 15,013	$ 15,733	$ 16,064	$ 16,739	$ 16,597	$ 17,454	$ 17,721
Contributions in relation to the CRC	10,374	12,129	12,117	15,013	15,733	16,064	16,739	16,597	17,454	17,721
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered payroll	$ 2,190,152	$ 2,756,822	$ 2,753,755	$ 2,832,720	$ 2,968,496	$ 3,030,874	$ 3,158,341	$ 3,191,793	$ 3,356,524	$ 3,407,808
Contributons as a percentage of covered payroll	0.47%	0.44%	0.44%	0.53%	0.53%	0.53%	0.53%	0.52%	0.52%	0.52%

See Notes to Required Supplementary Information – OPEB.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS
Year Ended June 30, 2019

Note 1. Retiree Healthcare Plan

Changes of Benefit Terms

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

Changes of Assumptions

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following is the discount rate used for the period presented:

2019	6.50%

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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the Virginia Retirement System for the four-year period ended June 30, 2016:

General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Note 2. Group Life Insurance Program (Continued)

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

Hazardous Duty Employees

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

SUPPLEMENTARY INFORMATION

TOWN OF ASHLAND, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – CAPITAL PROJECTS FUND
Year Ended June 30, 2019

	Capital Projects Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Over
	Original	Final	Amounts	(Under)
Revenues:				
Use of money	$ 50,000	$ 50,000	$ 231,642	$ 181,642
Permits, privilege fees and regulatory licenses	8,727	8,727	5,688	(3,039)
Recovered costs	-	7,925	-	(7,925)
Intergovernmental	1,179,181	1,179,181	363,138	(816,043)
Total revenues	1,237,908	1,245,833	600,468	(645,365)
Expenditures:				
Capital projects	14,058,694	14,852,319	4,323,521	(10,528,798)
Bond issuance costs	-	-	149,960	149,960
Total expenditures	14,058,694	14,852,319	4,473,481	(10,378,838)
Revenues under expenditures	(12,820,786)	(13,606,486)	(3,873,013)	9,733,473
Other financing sources:				
Bond proceeds	8,750,000	8,750,000	8,900,000	150,000
Transfers in	1,532,700	1,482,700	1,482,700	-
Total other financing sources	10,282,700	10,232,700	10,382,700	150,000
Net change in fund balance	(2,538,086)	(3,373,786)	6,509,687	9,883,473
Fund balance, beginning	2,538,086	3,373,786	3,645,023	271,237
Fund balance, ending	$ -	$ -	$ 10,154,710	$ 10,154,710

SUPPLEMENTAL SCHEDULES

SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2019

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Over (Under)
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real estate taxes	$ 818,278	$ 818,278	$ 791,505	$ (26,773)
Real and personal public service corporation property taxes	38,000	38,000	44,151	6,151
Personal property taxes	440,000	440,000	443,000	3,000
Mobile home taxes	1,000	1,000	1,066	66
Machinery and tools taxes	15,000	15,000	10,826	(4,174)
Penalties	18,000	18,000	13,750	(4,250)
Interest	13,000	13,000	10,057	(2,943)
Total general property taxes	1,343,278	1,343,278	1,314,355	(28,923)
Other local taxes:				
Local sales and use taxes	545,000	545,000	576,532	31,532
Consumer utility taxes	115,000	115,000	161,034	46,034
Consumption taxes	36,000	36,000	47,200	11,200
Business license taxes	505,000	505,000	527,836	22,836
Motor vehicle taxes	115,000	115,000	118,455	3,455
Cigarette taxes	235,000	235,000	249,339	14,339
Bank stock taxes	285,000	285,000	407,590	122,590
Meals taxes	2,670,000	2,670,000	2,805,264	135,264
Transient occupancy taxes	812,000	812,000	787,839	(24,161)
Total other local taxes	5,318,000	5,318,000	5,681,089	363,089
Permits, privilege fees and regulatory licenses:				
Permits and other licenses	25,500	25,500	20,780	(4,720)
Fines and forfeitures	96,000	96,000	102,644	6,644
Use of money and property:				
Revenue from use of money	50,000	50,000	123,366	73,366
Revenue from use of property	17,773	17,773	20,530	2,757
Total use of money and property	67,773	67,773	143,896	76,123
Charges for services:				
Parks and recreation	89,000	89,000	92,506	3,506
Miscellaneous	30,350	30,350	69,567	39,217
Recovered costs:				
Randolph Macon College	2,500	2,500	2,402	(98)
Other	450	450	510	60
Total recovered costs	2,950	2,950	2,912	(38)
Total revenue from local sources	6,972,851	6,972,851	7,427,749	454,898

SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2019

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Over (Under)
Primary Government:				
General Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Mobile home titling taxes	$ 540	$ 540	$ -	$ (540)
Auto rental taxes	100,000	100,000	122,418	22,418
Communication sales and use taxes	260,000	260,000	231,609	(28,391)
Personal property tax relief	111,774	111,774	111,774	-
Rolling stock taxes	10,075	10,075	10,169	94
Total non-categorical aid	482,389	482,389	475,970	(6,419)
Categorical aid:				
DJCP law enforcement assistance	170,644	170,644	176,956	6,312
Fire programs	24,750	24,750	25,008	258
Litter control	3,158	3,158	3,359	201
Arts grant	4,500	4,500	4,500	-
Street and highway maintenance	1,723,180	1,723,180	1,757,057	33,877
Total categorical aid	1,926,232	1,926,232	1,966,880	40,648
Total revenue from the Commonwealth	2,408,621	2,408,621	2,442,850	34,229
Revenue from the federal government:				
Categorical aid:				
Bulletproof vest grant	3,000	3,000	4,520	1,520
Transportation safety	6,000	6,000	5,903	(97)
Local law enforcement block grant	4,500	4,500	-	(4,500)
Total revenue from the federal government	13,500	13,500	10,423	(3,077)
Total intergovernmental revenue	2,422,121	2,422,121	2,453,273	31,152
Total General Fund	$ 9,394,972	$ 9,394,972	$ 9,881,022	$ 486,050

SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2019

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Over (Under)
Primary Government:				
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money	$ 50,000	$ 50,000	$ 231,642	$ 181,642
Permits, privilege fees and regulatory licenses:				
Stormwater management permits	8,727	8,727	5,688	(3,039)
Recovered costs	-	7,925	-	(7,925)
Total revenue from local sources	58,727	66,652	237,330	170,678
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Industrial revitalization	-	-	70,771	70,771
RSTP trolley line trail grant	-	-	3,259	3,259
Stormwater local assistance fund	-	-	97,576	97,576
Total categorical aid	-	-	171,606	171,606
Total revenue from the Commonwealth	-	-	171,606	171,606
Revenue from the federal government:				
Categorical aid:				
RSTP trolley line trail grant	1,179,181	1,179,181	106,763	(1,072,418)
National fish and wildlife grant	-	-	84,769	84,769
Total revenue from the federal government	1,179,181	1,179,181	191,532	(987,649)
Total intergovernmental revenue	1,179,181	1,179,181	363,138	(816,043)
Total Capital Projects Fund	$ 1,237,908	$ 1,245,833	$ 600,468	$ (645,365)
Grand Total Revenues - Primary Government	$ 10,632,880	$ 10,640,805	$ 10,481,490	$ (159,315)

SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL GOVERNMENTAL FUNDS
Year Ended June 30, 2019

Entity, Fund, Function, Activity and Elements	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Over (Under)
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
Town Council	$ 54,326	$ 104,326	$ 96,738	$ (7,588)
General and financial administration:				
Town manager	485,058	485,058	525,481	40,423
Tourism	181,426	181,426	177,592	(3,834)
Treasurer	262,350	262,350	284,879	22,529
Information technology	184,180	184,180	165,963	(18,217)
Total general and financial administration	1,113,014	1,113,014	1,153,915	40,901
Total general government administration	1,167,340	1,217,340	1,250,653	33,313
Public safety:				
Law enforcement and traffic control:				
Police	2,709,347	2,709,347	2,786,453	77,106
Fire and rescue services:				
Fire department	29,750	29,750	30,008	258
Ambulance and rescue services	5,000	5,000	5,000	-
Total fire and rescue services	34,750	34,750	35,008	258
Total public safety	2,744,097	2,744,097	2,821,461	77,364
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Engineering/administration	730,545	730,545	743,034	12,489
Street maintenance	1,742,406	1,742,406	1,507,508	(234,898)
Storm drainage	56,000	56,000	36,173	(19,827)
Snow and ice removal	50,000	50,000	38,428	(11,572)
Traffic engineering	69,000	69,000	99,249	30,249
Streetlights	56,000	56,000	53,505	(2,495)
Total maintenance of highways, streets, bridges and sidewalks	2,703,951	2,703,951	2,477,897	(226,054)
Sanitation and waste removal:				
Refuse collection and disposal	228,000	228,000	218,836	(9,164)
Maintenance of general buildings and grounds:				
General properties	218,623	218,623	202,909	(15,714)
Vehicle maintenance	138,406	138,406	143,581	5,175
Total public works	3,288,980	3,288,980	3,043,223	(245,757)

SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL GOVERNMENTAL FUNDS
Year Ended June 30, 2019

Entity, Fund, Function, Activity and Elements	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Over (Under)
Primary Government:				
General Fund:				
Parks, recreation and cultural:				
Supervision of parks and recreation	$ 231,026	$ 231,026	$ 196,015	$ (35,011)
Community development:				
Planning and zoning	445,804	445,804	396,842	(48,962)
Economic development	143,077	143,077	113,168	(29,909)
Total community development	588,881	588,881	510,010	(78,871)
Nondepartmental:				
Contribution to fund OPEB	175,000	175,000	-	(175,000)
Total nondepartmental	175,000	175,000	-	(175,000)
Debt service:				
Principal	261,756	261,756	467,000	205,244
Interest	486,118	486,118	153,506	(332,612)
Total debt service	747,874	747,874	620,506	(127,368)
Total General Fund	$ 8,943,198	$ 8,993,198	$ 8,441,868	$ (551,330)
Capital Projects Fund:				
Capital outlay:				
Residential streets improvement program	$ 150,199	$ 150,199	$ -	$ (150,199)
Sidewalks and curbing	283,830	366,096	170,091	(196,005)
Ashland Theatre	100,000	29,260	2,409	(26,851)
Drainage improvements	177,034	73,132	-	(73,132)
Stormwater management program	278,745	278,736	-	(278,736)
Route 1 / Route 54 intersection improvements	450,000	450,000	450,000	-
Downtown campus maintenance	25,000	25,000	6,710	(18,290)
Public works facilities	140,784	170,202	76,365	(93,837)
Mechumps Creek Restoration, Phase II	-	198,236	195,143	(3,093)
Transportation 2040 Master Plan	80,488	110,488	97,450	(13,038)
Public works vehicle replacement	329,723	333,452	254,808	(78,644)
Park equipment replacement	55,000	55,000	-	(55,000)
Public works facilities maintenance	25,000	25,004	-	(25,004)
Downtown sidewalks	208,638	205,673	43,108	(162,565)
Trails	60,000	60,000	-	(60,000)
Dejarnette Park	5,000	5,000	-	(5,000)
Pavilion	-	8,000	-	(8,000)
S. Taylor Street park maintenance	7,033	7,033	-	(7,033)
Pool renovation	1,598,983	1,532,984	1,698,826	165,842
Economic development incentive	125,000	125,000	-	(125,000)
Carter Park	17,207	20,707	-	(20,707)
Skateboard Park	7,847	7,499	-	(7,499)
Pufferbelly Park maintenance	16,591	16,591	20,937	4,346
Gateway and wayfinding	-	4,261	-	(4,261)
Contingencies	284,459	319,459	-	(319,459)
Police vehicle replacement	104,720	155,510	153,492	(2,018)
Ashland PD capital	40,000	40,000	40,000	-
Police Department building maintenance	28,562	26,945	19,590	(7,355)
Town Hall improvements	8,000,000	8,111,153	486,914	(7,624,239)
Visitor center ADA improvements	25,000	25,000	788	(24,212)
Trolley line trail	1,179,181	1,275,831	159,701	(1,116,130)
Theatre renovation - equipment	-	451,010	-	(451,010)
Theatre renovation - building construction	50,000	(249,142)	201,781	450,923
I-95 interchange landscape entrance	20,000	-	-	-
Railroad crossing improvements	41,670	-	-	-
Broadband / Fiber Optics	143,000	439,000	245,408	(193,592)
Debt service:				
Bond issuance costs	-	-	149,960	149,960
Total Capital Projects Fund	$ 14,058,694	$ 14,852,319	$ 4,473,481	$ (10,378,838)
Grand Total Expenditures - Primary Government	$ 23,001,892	$ 23,845,517	$ 12,915,349	$ (10,930,168)

STATISTICAL SECTION

TOWN OF ASHLAND, VIRGINIA

STATISTICAL SECTION
TABLE OF CONTENTS

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

Contents	Tables
Financial Trends	
These tables contain trend information to help the reader understand how the Town's financial performance and financial well being have changed over time.	1 – 4
Revenue Capacity	
These tables contain information to help the reader assess the Town's most significant local revenue sources, the property tax, as well as other revenue sources.	5 – 11
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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
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These tables offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.	16 – 17
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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 comprehensive annual 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,									
	2010	2011	2012	2013	2014 (1)	2015	2016	2017	2018	2019
Governmental activities:										
Net investment in capital assets	$ 16,675,804	$ 17,152,529	$ 16,895,598	$ 16,744,175	$ 17,097,569	$ 17,276,925	$ 18,045,551	$ 18,752,219	$ 20,109,355	$ 14,253,863
Restricted	-	-	-	-	-	-	-	-	-	7,837,126
Unrestricted	7,077,987	6,689,174	6,996,858	7,468,131	7,861,122	6,640,901	7,472,072	8,087,613	6,795,833	5,716,952
Total governmental activities net assets	$ 23,753,791	$ 23,841,703	$ 23,892,456							
Total governmental activities net position				$ 24,212,306	$ 24,958,691	$ 23,917,826	$ 25,517,623	$ 26,839,832	$ 26,905,188	$ 27,807,941
					(1)			(2)		

Note:

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

(2) June 30, 2017 net position was restated for the implementation of GASB Statements 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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Primary government:										
Expenses:										
Governmental activities:										
General government administration	$ 1,079,252	$ 1,144,531	$ 989,332	$ 967,749	$ 974,966	$ 1,028,107	$ 1,003,493	$ 1,043,210	$ 1,233,279	$ 1,509,269
Public safety	2,315,497	2,395,351	2,413,532	2,410,269	2,650,596	2,609,198	2,574,264	2,741,517	2,624,360	2,840,035
Public works	2,915,958	2,876,909	3,367,934	3,777,614	3,480,524	3,304,844	3,270,718	3,226,822	3,493,673	4,056,907
Health and welfare	5,950	(3,089)	-	-	-	-	-	-	-	-
Parks, recreation and cultural	176,640	196,264	202,295	196,080	193,899	176,107	154,582	187,282	182,363	295,826
Community development	465,452	435,808	460,829	508,743	503,721	521,005	493,109	586,557	543,118	502,565
Interest	3,460	2,351	751	571	-	-	-	-	-	430,312
Total governmental activities	6,962,209	7,048,125	7,434,673	7,861,026	7,803,706	7,639,261	7,496,166	7,785,388	8,076,793	9,634,914
Total primary government expenses	6,962,209	7,048,125	7,434,673	7,861,026	7,803,706	7,639,261	7,496,166	7,785,388	8,076,793	9,634,914
Program revenues:										
Governmental activities:										
Charges for services:										
Public safety	182,895	182,576	220,380	178,349	168,009	180,092	164,557	152,900	125,364	129,622
Public works	-	-	2,152	2,041	3,080	1,644	3,851	2,347	23,217	2,402
Parks, recreation and cultural	53,789	63,284	66,347	50,577	56,855	53,893	58,911	71,010	70,725	92,506
Operating grants and contributions	1,576,377	1,628,978	580,068	657,038	605,249	612,856	640,232	654,146	1,027,265	659,510
Capital grants and contributions	-	-	1,152,183	1,118,665	1,613,559	1,672,886	1,896,335	1,537,045	1,507,468	1,680,931
Total governmental activities	1,813,061	1,874,838	2,021,130	2,006,670	2,446,752	2,521,371	2,763,886	2,417,448	2,754,039	2,564,971
Total primary government program revenues	1,813,061	1,874,838	2,021,130	2,006,670	2,446,752	2,521,371	2,763,886	2,417,448	2,754,039	2,564,971
Net (expense) revenue:										
Governmental activities	(5,149,148)	(5,173,287)	(5,413,543)	(5,854,356)	(5,356,954)	(5,117,890)	(4,732,280)	(5,367,940)	(5,322,754)	(7,069,943)
Total primary government net expense	(5,149,148)	(5,173,287)	(5,413,543)	(5,854,356)	(5,356,954)	(5,117,890)	(4,732,280)	(5,367,940)	(5,322,754)	(7,069,943)

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General revenues:										
Governmental activities:										
Taxes:										
General property	$ 1,112,194	$ 960,473	$ 925,815	$ 1,056,984	$ 981,908	$ 1,076,547	$ 1,122,986	$ 1,281,426	$ 1,286,830	$ 1,388,607
Local sales and use	318,926	338,717	353,643	438,114	460,355	489,115	512,488	514,697	556,749	576,532
Business license	441,166	434,134	434,888	500,256	478,934	465,772	571,835	536,950	533,639	527,836
Transient occupancy	480,558	451,943	456,153	446,241	584,443	609,619	650,631	671,630	710,034	787,839
Meals	1,764,723	1,769,105	1,824,826	1,814,498	1,850,129	1,945,952	2,103,102	2,188,430	2,211,273	2,805,264
Other	1,141,773	824,267	852,914	806,048	805,006	782,742	828,969	863,083	856,943	983,618
Use of money and property	32,426	27,958	23,517	27,630	23,519	25,428	41,498	74,880	123,987	375,538
Miscellaneous	(15,008)	(17,371)	75,201	563,133	396,238	127,030	14,955	66,982	50,954	51,492
Intergovernmental, non-categorical aid	195,482	486,050	517,339	521,302	522,807	491,787	485,613	492,071	469,203	475,970
Total governmental activities	5,472,240	5,275,276	5,464,296	6,174,206	6,103,339	6,013,992	6,332,077	6,690,149	6,799,612	7,972,696
Total primary government	5,472,240	5,275,276	5,464,296	6,174,206	6,103,339	6,013,992	6,332,077	6,690,149	6,799,612	7,972,696
Changes in net position/assets:										
Governmental activities	323,092	101,989	50,753	319,850	746,385	896,102	1,599,797	1,322,209	1,476,858	902,753
Total primary government	$ 323,092	$ 101,989	$ 50,753	$ 319,850	$ 746,385	$ 896,102	$ 1,599,797	$ 1,322,209	$ 1,476,858	$ 902,753

Note:

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

TOWN OF ASHLAND, VIRGINIA **Table 3**

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

	Fiscal Year June 30,				
	2010	2011	2012	2013	2014
General Fund:					
Unreserved	$ 4,914,679	$ -	$ -	$ -	$ -
Unassigned	-	4,806,186	4,722,404	4,857,433	5,207,596
Total General Fund	$ 4,914,679	$ 4,806,186	$ 4,722,404	$ 4,857,433	$ 5,207,596
All Other Governmental Funds:					
Reserved	$ 2,392,999	$ -	$ -	$ -	$ -
Committed	-	1,962,268	2,407,828	2,626,208	2,715,601
Total all other governmental funds	$ 2,392,999	$ 1,962,268	$ 2,407,828	$ 2,626,208	$ 2,715,601

	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
Total General Fund	$ 5,228,516	$ 5,510,285	$ 5,458,019	$ 5,195,695	$ 5,152,149
All Other Governmental Funds:					
Restricted	$ -	$ -	$ -	$ -	$ 7,837,126
Committed	3,223,307	3,322,448	3,743,563	3,645,023	2,317,584
Total all other governmental funds	$ 3,223,307	$ 3,322,448	$ 3,743,563	$ 3,645,023	$ 10,154,710

Note:

(1) In fiscal year 2011, the Town implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* which effectively changed the classifications used to report fund balances. The terms reserved and unreserved are no longer used to describe fund balance. Fund balance is now classified as nonspendable, restricted, committed, assigned, or unassigned.

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
General property taxes	$ 979,608	$ 974,627	$ 962,153	$ 971,843	$ 1,027,076	$ 1,116,629	$ 1,105,818	$ 1,244,228	$ 1,268,412	$ 1,314,355
Other local taxes	4,147,146	3,818,166	3,922,424	4,005,157	4,178,867	4,293,200	4,667,025	4,774,790	4,868,638	5,681,089
Permits, privilege fees and regulatory licenses	47,854	37,309	58,518	46,392	36,833	43,851	38,432	42,532	33,626	26,468
Fines and forfeitures	135,041	145,267	144,895	113,461	114,293	123,379	125,570	109,888	91,173	102,644
Use of money and property	32,426	27,958	23,517	27,630	23,519	25,428	41,498	74,880	123,987	375,538
Charges for services	53,789	63,284	66,347	50,577	56,855	53,893	58,911	71,010	70,725	92,506
Miscellaneous	(15,008)	(17,371)	75,201	563,133	396,238	127,030	14,955	66,982	117,159	69,567
Recovered costs	55,946	29,543	19,751	20,537	19,963	14,506	4,406	2,827	23,782	2,912
Intergovernmental:										
Commonwealth	1,724,707	2,090,328	2,161,129	2,191,523	2,245,864	2,301,495	2,769,718	2,598,402	2,856,703	2,614,456
Federal	47,152	24,700	87,829	105,482	265,751	388,834	252,462	84,860	147,233	201,955
Total revenues	7,208,661	7,193,811	7,521,764	8,095,735	8,365,259	8,488,245	9,078,795	9,070,399	9,601,438	10,481,490
Expenditures:										
General government administration	1,031,702	1,038,230	926,453	944,518	945,908	1,039,415	1,033,711	1,052,604	1,226,121	1,250,653
Public safety	2,188,271	2,184,073	2,253,606	2,318,596	2,608,009	2,577,099	2,587,098	2,648,090	2,729,370	2,821,461
Public works	2,358,561	2,365,844	2,676,727	2,688,144	2,597,852	2,800,297	2,730,645	3,008,375	3,123,426	3,043,223
Parks, recreation and cultural	117,621	137,974	131,565	142,935	144,852	143,928	123,743	150,089	149,799	196,015
Community development	451,049	410,881	446,579	507,332	491,261	494,581	505,697	560,180	581,561	510,010
Nondepartmental	-	128,400	160,069	-	-	-	-	-	-	-
Capital projects	150,646	1,361,105	524,312	1,100,272	1,137,821	904,299	1,716,991	1,282,212	2,152,025	4,323,521
Debt service:										
Principal	37,034	38,984	38,983	39,958	-	-	-	-	-	467,000
Interest and fiscal charges	3,902	2,815	1,692	571	-	-	-	-	-	153,506
Bond issuance costs	-	-	-	-	-	-	-	-	-	149,960
Total expenditures	6,338,786	7,668,306	7,159,986	7,742,326	7,925,703	7,959,619	8,697,885	8,701,550	9,962,302	12,915,349
Revenues over (under) expenditures	869,875	(474,495)	361,778	353,409	439,556	528,626	380,910	368,849	(360,864)	(2,433,859)
Other financing sources (uses):										
Transfers in	410,000	901,167	966,998	705,000	787,500	1,005,408	1,135,000	1,420,000	1,414,276	1,482,700
Transfers out	(410,000)	(901,167)	(966,998)	(705,000)	(787,500)	(1,005,408)	(1,135,000)	(1,420,000)	(1,414,276)	(1,482,700)
Bond proceeds	-	-	-	-	-	-	-	-	-	8,900,000
Total other financing sources, net	-	-	-	-	-	-	-	-	-	8,900,000
Net change in fund balances	$ 869,875	$ (474,495)	$ 361,778	$ 353,409	$ 439,556	$ 528,626	$ 380,910	$ 368,849	$ (360,864)	$ 6,466,141

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt service as a percentage of noncapital expenditures:										
Total debt service	$ 40,936	$ 41,799	$ 40,675	$ 40,529	$ -	$ -	$ -	$ -	$ -	$ 620,506
Total expenditures	$ 6,338,786	$ 7,668,306	$ 7,159,986	$ 7,742,326	$ 7,925,703	$ 7,959,619	$ 8,697,885	$ 8,701,550	$ 9,962,302	$ 12,915,349
Less: capital outlay	(150,646)	(1,145,407)	(346,148)	(505,190)	(864,221)	(881,368)	(1,628,699)	(1,592,926)	(2,306,292)	(3,873,150)
Noncapital expenditures	$ 6,188,140	$ 6,522,899	$ 6,813,838	$ 7,237,136	$ 7,061,482	$ 7,078,251	$ 7,069,186	$ 7,108,624	$ 7,656,010	$ 9,042,199
Debt service as a percentage of noncapital expenditures	0.66%	0.64%	0.60%	0.56%	0.00%	0.00%	0.00%	0.00%	0.00%	6.86%

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 [1]	Local Sales and Use	Consumer Utility	Consumption	Communications [2][3]	Business License	Motor Vehicle	Bank Stock	Cigarette	Transient Occupancy	Meals	Totals
2010	$ 954,557	$ 318,926	$ 146,860	$ 33,899	$ 286,484	$ 441,166	$ 127,049	$ 204,290	$ 343,191	$ 480,558	$ 1,764,723	$ 5,101,703
2011	949,713	338,717	112,095	44,451	-	434,134	123,063	235,104	309,554	451,943	1,769,105	4,767,879
2012	935,109	353,643	116,526	39,055	-	434,888	116,645	213,271	367,417	456,153	1,824,826	4,857,533
2013	934,390	438,114	124,085	38,992	-	500,256	124,961	214,712	303,298	446,241	1,814,498	4,939,547
2014	989,035	460,355	127,593	39,967	-	478,934	129,015	255,722	252,709	584,443	1,850,129	5,167,902
2015	1,082,166	489,115	139,098	47,471	-	465,772	122,891	239,065	234,217	609,619	1,945,952	5,375,366
2016	1,074,549	512,488	151,681	34,977	-	571,835	113,031	276,377	252,903	650,631	2,103,102	5,741,574
2017	1,212,945	514,697	147,463	43,876	-	536,950	113,965	307,840	249,939	671,630	2,188,430	5,987,735
2018	1,236,109	556,749	159,915	54,693	-	533,639	111,207	310,687	220,441	710,034	2,211,273	6,104,747
2019	1,290,548	576,532	161,034	47,200	-	527,836	118,455	407,590	249,339	787,839	2,805,264	6,971,637
Change 2010-2019	35.20%	80.77%	9.65%	39.24%	-100.00%	19.65%	-6.76%	99.52%	-27.35%	63.94%	58.96%	36.65%

Notes:

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

(2) Beginning January 1, 2007, the Commonwealth of Virginia began collecting Consumer Utility and Cable Franchise taxes on behalf of the Town. This revenue is shown as Communication Sales and Use through June 30, 2010.

(3) In fiscal year 2011, the Town implemented the Auditor of Public Accounts' requirement that communication sales and use tax be reported as non-categorical state aid instead of other local taxes as described in Note 2.

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 [1]	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
2010	$ 716,419,003	$ 53,651,879	$ 2,532,915	$ 2,502,665	$ 29,286,101	$ 2,426,266	$ 806,818,829	2.35%	$ 806,818,829	100.00%	$ 1.72
2011	723,174,800	51,532,330	2,339,545	2,738,555	27,303,212	163,500	807,251,942	0.05%	807,251,942	100.00%	1.70
2012	727,199,100	50,773,355	2,265,115	3,044,170	29,305,939	133,790	812,721,469	0.68%	812,721,469	100.00%	1.70
2013	712,071,800	54,050,955	2,186,100	2,617,210	27,647,987	81,291	798,655,343	-1.73%	798,655,343	100.00%	1.70
2014	709,453,800	54,210,340	1,834,200	1,966,935	33,400,523	47,159	800,912,957	0.28%	800,912,957	100.00%	1.70
2015	728,714,300	66,026,805	2,120,935	3,568,060	46,684,917	42,521	847,157,538	5.77%	847,157,538	100.00%	1.70
2016	738,808,300	67,632,225	1,910,545	2,732,370	39,927,467	29,593	851,040,500	0.46%	851,040,500	100.00%	1.70
2017	777,354,000	80,086,500	1,862,295	1,937,540	42,848,148	24,046	904,112,529	6.24%	904,112,529	100.00%	1.70
2018	791,683,200	81,053,135	1,614,000	2,425,790	42,294,461	5,728	919,076,314	1.66%	919,076,314	100.00%	1.70
2019	836,998,100	85,660,112	1,824,504	1,854,082	44,472,835	86,298	970,895,931	5.64%	970,895,931	100.00%	1.71

Notes:

(1) Real and personal property tax assessments are made by the Commissioner of the Revenue for the County of Hanover, Virginia for current use of the County and Town property. Real and personal property taxes of public service corporations are assessed by the State Corporation Commission.

(2) Town assesses taxes at 100% of total assessed value.

(3) Reassessments effective January 1, 2010, 2014, and 2018.

TOWN OF ASHLAND, VIRGINIA

Table 7

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

	Direct Tax Rates - Town					Overlapping Tax Rates - County						Tax Rates - Total Direct and Overlapping Rates					
Fiscal Year June 30,	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
2010	$ 0.09	$ 0.77	$ 0.09	$ 0.77	$ 1.72	$ 0.81	$ 3.57	$ 0.81	$ 3.57	$ 1.90	$ 10.66	$ 0.90	$ 4.34	$ 0.90	$ 4.34	$ 1.90	$ 12.38
2011	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
2012	0.09	0.77	0.07	0.77	1.70	0.81	3.57	0.81	3.57	1.90	10.66	0.90	4.34	0.88	4.34	1.90	12.36
2013	0.09	0.77	0.07	0.77	1.70	0.81	3.57	0.81	3.57	1.90	10.66	0.90	4.34	0.88	4.34	1.90	12.36
2014	0.09	0.77	0.07	0.77	1.70	0.81	3.57	0.81	3.57	1.90	10.66	0.90	4.34	0.88	4.34	1.90	12.36
2015	0.09	0.77	0.07	0.77	1.70	0.81	3.57	0.81	3.57	1.90	10.66	0.90	4.34	0.88	4.34	1.90	12.36
2016	0.09	0.77	0.07	0.77	1.70	0.81	3.57	0.81	3.57	1.90	10.66	0.90	4.34	0.88	4.34	1.90	12.36
2017	0.09	0.77	0.07	0.77	1.70	0.81	3.57	0.81	3.57	1.90	10.66	0.90	4.34	0.88	4.34	1.90	12.36
2018	0.09	0.77	0.07	0.77	1.70	0.81	3.57	0.81	3.57	1.90	10.66	0.90	4.34	0.88	4.34	1.90	12.36
2019	0.10	0.77	0.07	0.77	1.71	0.81	3.57	0.81	3.57	1.90	10.66	0.91	4.34	0.88	4.34	1.90	12.37

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.

TOWN OF ASHLAND, VIRGINIA **Table 8**

OTHER TAX RATES
Last Ten Fiscal Years
(Unaudited)

Fiscal Year June 30,	Transient Occupancy	Meals	Cigarette
2010	5%	5%	$ 0.19
2011	5%	5%	0.19
2012	5%	5%	0.19
2013	5%	5%	0.19
2014	7%	5%	0.22
2015	7%	5%	0.22
2016	7%	5%	0.22
2017	7%	5%	0.22
2018	7%	5%	0.22
2019	8%	6%	0.22

TOWN OF ASHLAND, VIRGINIA **Table 9**

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

		Fiscal Year June 30, 2019			Fiscal Year June 30, 2010		
Taxpayer	Type Business	2019 Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value [1]	2010 Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
CLF Ashland, LLC	Distribution Center	$17,542,800	1	2.10%	$ -	-	1.47%
Republic National Distribution	Commercial	15,757,000	2	1.89%	10,524,557	-	1.73%
Ashland Hanover LLC	Shopping Center	14,307,900	3	1.72%	-	1	0.00%
Ashland Town Square, LLC	Apartments	14,194,300	4	1.70%	9,029,700	5	1.49%
Wal-Mart Real Estate Bus. Trust	Shopping Center	10,981,200	5	1.32%	-	4	1.87%
Sedgefield Mobile Home Associates	Mobile Home Community	10,187,500	6	1.22%	13,416,100	6	1.26%
Ashland Junction, LLC	Shopping Center	6,948,800	7	0.83%	9,356,600	7	1.30%
Ashland Hi, LLC	Commercial	6,867,200	8	0.82%	8,471,500	8	1.18%
Concrete Pipe & Precast, LLC	Commercial	6,461,700	9	0.77%	7,805,800	-	1.09%
Culpepper, J L, & Co., Inc.	Commercial	6,015,200	10	0.72%	-	-	
Total		$109,263,600		13.10%	$ 58,604,257		11.39%

Notes:

(1) Source: Commissioner of Revenue.

(2) Total real estate assessment as noted on Table 6 is $881,470,935.

TOWN OF ASHLAND, VIRGINIA **Table 10**

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

	Fiscal Year June 30,	
	2019	2010
Taxpayer	Rank	Rank
Chick-Fil-A	1	-
Cracker Barrel	2	1
McDonalds - 103 S. Carter Road	3	2
McDonalds - 201 S. Washington Highway	4	4
Starbuck's	5	22
Applebee's	6	-
Sports Page Grille	7	5
Cook Out	8	-
El Azteca	9	10
The Iron Horse	10	13
Total Meals Tax	$ 2,806,019	$ 1,851,445

Notes:

(1) The Meals Tax Rate was 5% for fiscal year 2010 and 6% for fiscal year 2019.

(2) Per State code, meals tax remittances for individual businesses are protected information and, therefore, masked in this report.

TOWN OF ASHLAND, VIRGINIA **Table 11**

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

		Collected Within the Fiscal Year of the Levy			Total Collections to Date	
Fiscal Year June 30,	Taxes Levied	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2010	$ 995,263	$ 954,557	95.91%	$ 25,946	$ 980,503	98.52%
2011	1,102,965	1,068,780	96.90%	7,833	1,076,613	97.61%
2012	1,083,742	1,046,884	96.60%	16,850	1,063,734	98.15%
2013	1,102,865	1,040,735	94.37%	62,130	1,102,865	100.00%
2014	1,101,560	1,034,947	93.95%	34,100	1,069,047	97.05%
2015	1,234,382	1,124,746	91.12%	29,681	1,154,427	93.52%
2016	1,249,733	1,180,570	94.47%	-	1,180,570	94.47%
2017	1,481,259	1,374,986	92.83%	-	1,374,986	92.83%
2018	1,395,165	1,297,554	93.00%	47,871	1,345,425	96.43%
2019	1,630,369	1,484,512	91.05%	47,479	1,531,991	93.97%

Note:

(1) Source: Commissioner of Revenue.

TOWN OF ASHLAND, VIRGINIA **Table 12**

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

Fiscal Year June 30,	Governmental Activities General Obligation Bonds	Total Primary Government	Percentage of Per Capita Personal Income	Net Debt Per Capita
2010	$ 117,925	$ 117,925	0.11%	$ 18
2011	78,941	78,941	0.05%	11
2012	39,958	39,958	0.03%	6
2013	-	-	0.00%	-
2014	-	-	0.00%	-
2015	-	-	0.00%	-
2016	-	-	0.00%	-
2017	-	-	0.00%	-
2018	-	-	0.00%	-
2019	8,433,000	8,433,000	4.18%	1,076

Notes:

(1) Details regarding the Town's outstanding debt may be found in the notes to the basic financial statements.

(2) Population and personal income data can be found in Table 17.

(3) There was no General Obligation Debt outstanding for fiscal years ended 2013 through 2018.

TOWN OF ASHLAND, VIRGINIA **Table 13**

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
2010	$ 605,000	$ 487,075	$ 117,925	0.01%	$ 74
2011	405,000	326,059	78,941	0.01%	45
2012	205,000	165,042	39,958	0.00%	23
2013	-	-	-	0.00%	-
2014	-	-	-	0.00%	-
2015	-	-	-	0.00%	-
2016	-	-	-	0.00%	-
2017	-	-	-	0.00%	-
2018	-	-	-	0.00%	-
2019	8,433,000	-	8,433,000	0.87%	1,076

Notes:

(1) Population and personal income data can be found in Table 17.

(2) See Table 6 for property value data.

(3) There was no General Obligation Debt outstanding for fiscal years ended 2013 through 2018.

TOWN OF ASHLAND, VIRGINIA **Table 14**

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
Year Ended June 30, 2019
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
County of Hanover, Virginia	$ 87,974,629	5.46%	$ 4,803,415
Town Direct Debt			8,433,000
Total direct and overlapping debt			$ 13,236,415

Note:

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

TOWN OF ASHLAND, VIRGINIA

Table 15

LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Legal debt margin	$ 74,570,480	$ 80,725,194	$ 74,364,285	$ 73,971,979	$ 74,285,432	$ 77,539,922	$ 77,873,577	$ 82,020,215	$ 83,397,766	$ 88,147,094
Total net debt applicable to limit	117,925	78,941	39,958	-	-	-	-	-	-	8,433,000
Available legal debt margin	$ 74,452,555	$ 80,646,253	$ 74,324,327	$ 73,971,979	$ 74,285,432	$ 77,539,922	$ 77,873,577	$ 82,020,215	$ 83,397,766	$ 79,714,094
Total net debt applicable to the limit as a percentage of debt limit	0.16%	0.10%	0.05%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	9.57%

Legal debt margin calculation for fiscal year 2019:

Assessed value of real estate	$ 881,470,935
Debt limit (10% of assessed value)	$ 88,147,094
Debt applicable to limit:	
Net direct debt outstanding	8,433,000
Available legal debt margin	$ 79,714,094

Note:

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

TOWN OF ASHLAND, VIRGINIA **Table 16**

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

	2019			2010		
Employer	Employees	Rank	Percentage of Total County Employment [2]	Employees	Rank	Percentage of Total County Employment [2]
Hanover County Schools	2,491	1	4.3%	2,973	1	5.4%
Bon Secours Memorial Regional Medical	1,000 and over	2	3.4%	1,000 and over	2	3.7%
Kings Dominion	1,000 and over	3	3.4%	500-999	7	1.4%
County of Hanover	1,165	4	2.0%	1,183	3	2.2%
RMC Events	500-999	5	1.3%	-	n/a	-
Wal-Mart Stores	500-999	6	1.3%	500-999	8	1.4%
Owens & Minor Medical Inc	500-999	7	1.3%	-	n/a	-
Tyson Farms	500-999	8	1.3%	500-999	4	1.4%
Supervalu Distribution Center(2018)/RichFood(2009)	500-999	9	1.3%	500-999	5	1.4%
Sales Mark	500-999	10	1.3%	-	n/a	-
Randolph-Macon College		n/a		500-999	6.00	1.4%
Food Lion		n/a		250-499	9.00	0.7%
Bass Pro Shops Outdoor World		n/a		250-4999	10.00	0.7%
			20.9%			19.7%
Total County Employment [3]	58,367			55,834		

Notes:

(1) Sources: County and Schools employment levels provided by the Hanover County Department of Finance and Management Services, Budget Division. Other data provided by the Virginia Employment Commission (VEC). Data unique to the Town is not available and as noted above, has been provided by the County of Hanover. The most recent year for which this data is available is 2017.

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

(3) VEC Annual not Seasonally Adjusted Labor Force.

TOWN OF ASHLAND, VIRGINIA **Table 17**

DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years
(Unaudited)

Year	Population [1]	Per Capita Personal Income [1]	Personal Income [2]	Median Age [3]	County of Hanover School Enrollment [4]	County of Hanover Unemployment Rate [5]
2010	6,619	$ 16,932	$ 112,072,908	37.4	19,465	6.7%
2011	7,225	21,329	154,102,025	33.5	19,277	5.7%
2012	7,225	21,329	154,102,025	33.5	19,170	5.6%
2013	7,289	22,932	167,151,348	34.6	17,942	5.4%
2014	7,287	23,301	169,794,387	35.9	17,952	5.0%
2015	7,503	22,684	170,198,052	35.0	17,734	4.4%
2016	7,503	23,273	174,617,319	34.8	17,776	3.4%
2017	7,649	23,930	183,040,570	33.2	17,751	3.5%
2018	7,796	25,718	200,497,528	32.8	17,671	2.9%
2019	7,840	25,718	201,629,120	32.8	17,462	2.6%

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 for 2011 through 2019, Virginia Employment Commission for 2010.

TOWN OF ASHLAND, VIRGINIA **Table 18**

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

	Fiscal Year June 30,									
Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government administration	9	6	6	6	6	6	6	6	6	6
Public safety:										
Police department	24	27	27	27	27	28	28	28	28	28
Public works:										
Maintenance	22	22	22	22	23	23	24	24	24	24
Community development:										
Planning	3	5	5	5	5	5	5	5	5	5
Total	58	60	60	60	61	62	63	63	63	63

Note:

(1) Source: Individual Town departments.

TOWN OF ASHLAND, VIRGINIA **Table 19**

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

	Fiscal Year June 30,									
Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public safety:										
Building inspections:										
Total building permits	126	101	127	103	96	133	171	134	161	125

Note:

(1) Source: Individual Town departments.

TOWN OF ASHLAND, VIRGINIA **Table 20**

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

	Fiscal Year June 30,									
Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government:										
Vehicles	9	2	4	1	2	3	3	3	3	3
Public safety:										
Police department:										
Patrol units	27	33	25	28	30	29	25	28	28	28
Other vehicles	2	2	4	6	7	8	10	11	11	9
Public works:										
General maintenance:										
Trucks/vehicles	19	20	19	22	24	25	28	32	33	32
Equipment	87	28	21	17	17	18	18	16	18	18
Parks and recreation:										
Parks acreage	23.60	23.60	23.60	23.60	23.60	23.60	23.60	23.60	23.60	23.60
Swimming pools	1	1	1	1	1	1	1	1	1	1

Note:

(1) Source: Individual Town departments.

COMPLIANCE SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component unit, each major fund, the remaining fund information, and the budgetary comparison of the General Fund of the Town of Ashland, Virginia (Town), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 14, 2019.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Compliance and Other Matters

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

Purpose of this Report

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

PBMares, LLP

Harrisonburg, Virginia
November 14, 2019