



Town of Abingdon

Annual Financial Report

June 30, 2024

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INTRODUCTORY SECTION

TOWN OF ABINGDON, VIRGINIA

TOWN OFFICIALS

TOWN COUNCIL

Amanda Pillion Mayor
Dwayne Anderson Vice-Mayor
Derek Webb
Donna Quetsch
Wayne Austin

TOWN OFFICERS

Mike Cochran Town Manager
Mayana Rice Assistant Town Manager & Director of Community Development
Tammy Baldwin Treasurer
Kim Kingsley Town Clerk/Deputy Treasurer
Steve Trotman Director of Finance
Tonya Triplett Director of Economic Development/Tourism
Jon Holbrook Police Chief
Tim Estes, Sr. Fire Department Chief
Mike Surret Director of Public Works
Kyle Pollard Director of Recreation
C.J. McGlothlin Director of Information Technology
Katie Garrett Human Resources Administrator
Rick Statzer Building Official

TOWN LEGAL COUNSEL

Cameron Bell, Counsel

FINANCIAL SECTION

Independent Auditor's Report

To the Honorable Members of the Town Council
Town of Abingdon, Virginia
Abingdon, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Abingdon, Virginia (the "Town") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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



Responsibilities of Management for the Financial Statements

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


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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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



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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management, and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

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



Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2024 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Bristol, Tennessee
November 20, 2024

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF ABINGDON, VIRGINIA

STATEMENT OF NET POSITION

June 30, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents (Note 3)	\$ 15,668,587	\$ 1,852,013	\$ 17,520,600
Receivables: (Note 4)			
Taxes, net	1,462,929	-	1,462,929
Accounts, net	256,874	915,817	1,172,691
Other	566,889	-	566,889
Prepaid expenses	97,778	-	97,778
Due from other governmental units (Note 5)	256,381	-	256,381
Internal balances (Note 6)	36,614	(36,614)	-
Inventory	4,905	-	4,905
Restricted assets:			
Cash (Note 3)	108,848	338,378	447,226
Capital assets, non-depreciable (Note 8)	11,740,049	1,013,221	12,753,270
Capital assets, depreciable, net (Note 8)	32,408,819	9,503,424	41,912,243
Right-of-use asset, net (Note 8)	319,007	-	319,007
Subscription right-of-use asset, net (Note 8)	228,405	-	228,405
Total assets	63,156,085	13,586,239	76,742,324
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions (Note 14)	636,296	21,237	657,533
Deferred outflows related to other postemployment benefits (Note 14)	459,234	7,479	466,713
Total deferred outflows of resources	1,095,530	28,716	1,124,246
LIABILITIES			
Accounts payable	522,391	50,777	573,168
Accrued liabilities and wages	344,409	9,289	353,698
Construction bond deposit	11,050	-	11,050
Unearned revenue	3,808,866	-	3,808,866
Payable from restricted assets:			
Deposits	-	338,250	338,250
Police seizure deposits	2,308	-	2,308
Accrued interest	191,657	4,514	196,171
Long-term liabilities:			
Net pension liability (Note 14)	1,305,715	43,580	1,349,295
Net other postemployment benefit liability (Note 14)	1,608,445	34,435	1,642,880
Due within one year (Note 9)	1,104,887	734,433	1,839,320
Due in more than one year (Note 9)	13,406,351	2,153,811	15,560,162
Total liabilities	22,306,079	3,369,089	25,675,168
DEFERRED INFLOWS OF RESOURCES			
Property taxes (Note 4)	1,209,407	-	1,209,407
Deferred inflows related to pension (Note 14)	1,031,857	34,439	1,066,296
Deferred inflows related to other postemployment benefits (Note 14)	801,819	18,524	820,343
Total deferred inflows of resources	3,043,083	52,963	3,096,046
NET POSITION			
Net investment in capital assets	30,731,997	7,631,872	38,363,869
Restricted	167,211	-	167,211
Unrestricted	8,003,245	2,561,031	10,564,276
Total net position	\$ 38,902,453	\$ 10,192,903	\$ 49,095,356

TOWN OF ABINGDON, VIRGINIA

STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary Government:							
Governmental activities:							
General government	\$ 3,605,909	\$ -	\$ -	\$ -	\$ (3,605,909)	\$ -	\$ (3,605,909)
Public safety	3,794,414	3,452	593,973	-	(3,196,989)	-	(3,196,989)
Public works	5,418,889	1,216,308	2,311,155	2,147,810	256,384	-	256,384
Health and welfare	1,764	-	-	-	(1,764)	-	(1,764)
Parks, recreation, and cultural	1,321,996	461,756	67,077	11,485	(781,678)	-	(781,678)
Community development	1,741,850	792	22,224	-	(1,718,834)	-	(1,718,834)
Interest on long-term debt	375,342	-	-	-	(375,342)	-	(375,342)
Non-departmental	250,879	10,847	-	-	(240,032)	-	(240,032)
Total governmental activities	16,511,043	1,693,155	2,994,429	2,159,295	(9,664,164)	-	(9,664,164)
Business-type activities:							
Sewer	3,796,476	4,293,288	-	-	-	496,812	496,812
Total business-type activities	3,796,476	4,293,288	-	-	-	496,812	496,812
Total primary government	\$ 20,307,519	\$ 5,986,443	\$ 2,994,429	\$ 2,159,295	(9,664,164)	496,812	(9,167,352)
General revenues:							
Current property taxes					2,584,030	-	2,584,030
Other property taxes					908,622	-	908,622
Local sales and use tax					740,764	-	740,764
Utility tax					83,773	-	83,773
Business license tax					1,132,287	-	1,132,287
Franchise license tax					50,926	-	50,926
Communication taxes					78,985	-	78,985
Motor vehicle license					161,056	-	161,056
Bank stock tax					789,437	-	789,437
Cigarette tax					226,947	-	226,947
Hotel and motel room tax					1,427,102	-	1,427,102
Restaurant food tax					4,507,070	-	4,507,070
Unrestricted investment earnings					801,165	81,656	882,821
Other					1,707,966	-	1,707,966
Total general revenues					15,200,130	81,656	15,281,786
Change in net position					5,535,966	578,468	6,114,434
Net position – July 1					33,366,487	9,614,435	42,980,922
Net position – June 30					\$ 38,902,453	\$ 10,192,903	\$ 49,095,356

The Notes to Financial Statements are an integral part of this statement.

FUND
FINANCIAL STATEMENTS

TOWN OF ABINGDON, VIRGINIA

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2024

	General Fund	American Rescue Plan Act Fund	Capital Projects Fund	Nonmajor Cemetery Fund	Total
ASSETS					
Cash and cash equivalents	\$ 11,663,725	\$ 4,004,862	\$ -	\$ -	\$ 15,668,587
Receivables, net:					
Taxes	1,462,929	-	-	-	1,462,929
Accounts	256,874	-	-	-	256,874
Other	566,889	-	-	-	566,889
Prepaid items	97,778	-	-	-	97,778
Due from other funds	36,614	-	-	-	36,614
Due from other governmental units	256,381	-	-	-	256,381
Inventory	4,905	-	-	-	4,905
Restricted assets:					
Cash	106,293	-	-	2,555	108,848
Total assets	<u>\$ 14,452,388</u>	<u>\$ 4,004,862</u>	<u>\$ -</u>	<u>\$ 2,555</u>	<u>\$ 18,459,805</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 420,233	\$ 87,427	\$ -	\$ 14,731	\$ 522,391
Accrued payroll and related liabilities	344,409	-	-	-	344,409
Construction bond deposit	11,050	-	-	-	11,050
Unearned revenue	-	3,808,866	-	-	3,808,866
Police seizure deposits	2,308	-	-	-	2,308
Total liabilities	<u>778,000</u>	<u>3,896,293</u>	<u>-</u>	<u>14,731</u>	<u>4,689,024</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue (Note 4)	1,431,002	-	-	-	1,431,002
Total deferred inflows of resources	<u>1,431,002</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,431,002</u>
FUND BALANCES (Note 10)					
Nonspendable	102,683	-	-	-	102,683
Restricted	179,387	-	-	(12,176)	167,211
Assigned	1,000,000	108,569	-	-	1,108,569
Unassigned	10,961,316	-	-	-	10,961,316
Total fund balances	<u>12,243,386</u>	<u>108,569</u>	<u>-</u>	<u>(12,176)</u>	<u>12,339,779</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,452,388</u>	<u>\$ 4,004,862</u>	<u>\$ -</u>	<u>\$ 2,555</u>	<u>\$ 18,459,805</u>

The Notes to Financial Statements are an integral part of this statement.

TOWN OF ABINGDON, VIRGINIA

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

June 30, 2024

Total fund balances – governmental funds	\$ 12,339,779
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.	44,696,280
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	221,595
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds and notes payable, net of premiums and discounts	(13,964,283)
Accrued interest payable	(191,657)
Compensated absences	(546,955)
Financial statement elements related to other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources for employer contributions	70,327
Other deferred outflows of resources related to other postemployment benefits	388,907
Deferred inflows of resources related to other postemployment benefits	(801,819)
Net other postemployment benefit liability	(1,608,445)
Financial statement elements related to pensions are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources for employer contributions	571,400
Other deferred outflows of resources related to pensions	64,896
Deferred inflows of resources related to pensions	(1,031,857)
Net pension liability	<u>(1,305,715)</u>
Net position of governmental activities	<u><u>\$ 38,902,453</u></u>

TOWN OF ABINGDON, VIRGINIA

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

Year Ended June 30, 2024

	General Fund	American Rescue Plan Act Fund	Capital Projects Fund	Nonmajor Cemetery Fund	Total
REVENUES					
General property taxes	\$ 2,573,300	\$ -	\$ -	\$ -	\$ 2,573,300
Other local taxes	10,106,969	-	-	-	10,106,969
Permits, privilege fees, and regulatory licenses	187,163	-	-	-	187,163
Fines and forfeitures	114,786	-	-	-	114,786
Revenue from use of money and property	529,186	271,946	-	33	801,165
Charges for services	1,693,155	-	-	-	1,693,155
Miscellaneous	311,336	-	-	-	311,336
Intergovernmental	3,397,477	1,756,247	-	-	5,153,724
Total revenues	18,913,372	2,028,193	-	33	20,941,598
EXPENDITURES					
Current:					
General government administration	4,075,651	-	-	-	4,075,651
Public safety	3,820,181	-	-	-	3,820,181
Public works	6,187,241	187,919	-	-	6,375,160
Health and welfare	1,764	-	-	-	1,764
Parks, recreation, and cultural	1,916,163	1,568,328	626,213	-	4,110,704
Community development	479,268	-	-	-	479,268
Non-departmental	250,879	-	-	-	250,879
Debt service:					
Principal	1,151,169	-	-	-	1,151,169
Interest	448,283	-	-	-	448,283
Total expenditures	18,330,599	1,756,247	626,213	-	20,713,059
Excess (deficiency) of revenues over (under) expenditures	582,773	271,946	(626,213)	33	228,539
OTHER FINANCING SOURCES (USES)					
Sale of property	5,486	-	-	-	5,486
Insurance recoveries	1,054,795	-	-	-	1,054,795
Issuance of debt	517,292	-	-	-	517,292
Non-governmental grants	34,400	-	-	-	34,400
Transfers in (out) (Note 6)	(236,800)	(365,000)	626,213	(24,413)	-
Total other financing sources (uses)	1,375,173	(365,000)	626,213	(24,413)	1,611,973
Net change in fund balance	1,957,946	(93,054)	-	(24,380)	1,840,512
FUND BALANCE – JULY 1	10,285,440	201,623	-	12,204	10,499,267
FUND BALANCE – JUNE 30	\$ 12,243,386	\$ 108,569	\$ -	\$ (12,176)	\$ 12,339,779

TOWN OF ABINGDON, VIRGINIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2024**

Net change in fund balance – total governmental funds	\$ 1,840,512
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Amounts reported for governmental activities in the Statement of Activities are different because:

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 as depreciation expense.

Capital outlay, right-of-use lease, and right-of-use subscription assets	\$ 4,520,239	
Depreciation and amortization expense	(2,121,378)	
		2,398,861

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

	10,730
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The issuance of long-term debt (i.e. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Amortization of premiums	56,195	
Principal repayments:		
General obligation debt, lease, and SBITA	1,151,169	
Proceeds from debt, lease, and SBITA activity	(517,292)	
		690,072

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	16,746	
Compensated absences	(65,360)	
		(48,614)

Governmental funds report other post-employment benefits contributions as expenditures. However, in the Statement of Activities, the cost of other post-employment benefits earned net of employee contributions is reported as other post-employment benefits expense.

Employer other post-employment benefits contributions	70,327	
Other post-employment benefits expense	(89,560)	
		(19,233)

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Employer pension contributions	571,400	
Pension expense	92,238	
		663,638

Total change in net position – governmental activities	\$ 5,535,966
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TOWN OF ABINGDON, VIRGINIA

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
General property taxes	\$ 2,673,840	\$ 2,673,840	\$ 2,573,300	\$ (100,540)
Other local taxes	9,485,200	9,485,200	10,106,969	621,769
Permits, privilege fees, and regulatory licenses	88,000	88,000	187,163	99,163
Fines and forfeitures	96,750	96,750	114,786	18,036
Revenue from use of money and property	426,611	426,611	529,186	102,575
Charges for services	1,461,030	1,461,030	1,693,155	232,125
Miscellaneous	230,400	240,400	311,336	70,936
Intergovernmental	4,248,371	4,264,220	3,397,477	(866,743)
Total revenues	18,710,202	18,736,051	18,913,372	177,321
EXPENDITURES				
General government:				
Legislative	74,575	74,575	42,798	31,777
General and financial administration	3,676,123	3,706,471	4,032,853	(326,382)
Total general government	3,750,698	3,781,046	4,075,651	(294,605)
Public safety:				
Police	2,934,909	2,964,053	2,946,431	17,622
Fire	745,907	1,764,764	705,114	1,059,650
Building inspections	184,437	186,542	168,636	17,906
Total public safety	3,865,253	4,915,359	3,820,181	1,095,178
Public works:				
Maintenance of highways, streets, bridges, and sidewalks	5,284,176	5,307,546	4,337,019	970,527
Sanitation and waste removal	510,283	512,442	420,558	91,884
Maintenance of general buildings and grounds	1,532,741	1,580,107	1,429,664	150,443
Total public works	7,327,200	7,400,095	6,187,241	1,212,854

(Continued)

TOWN OF ABINGDON, VIRGINIA

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
EXPENDITURES (Continued)				
Health and welfare	\$ 5,600	\$ 5,600	\$ 1,764	\$ 3,836
Parks, recreation, and cultural	1,966,673	2,144,134	1,916,163	227,971
Community development	564,059	569,348	479,268	90,080
Non-departmental	151,524	257,373	250,879	6,494
Debt service:				
Principal	1,151,169	1,151,169	1,151,169	-
Interest	333,061	333,061	448,283	(115,222)
Total debt service	1,484,230	1,484,230	1,599,452	(115,222)
Total expenditures	19,115,237	20,557,185	18,330,599	2,226,586
OTHER FINANCING SOURCES (USES)				
Sale of property	10,000	10,000	5,486	(4,514)
Insurance recoveries	-	1,000,000	1,054,795	54,795
Issuance of debt	-	-	517,292	517,292
Premium on debt proceeds	204,000	-	-	-
Non-governmental grants	-	14,000	34,400	20,400
Transfers in	1,349,115	1,955,214	389,413	(1,565,801)
Transfers out	(1,158,080)	(1,158,080)	(626,213)	531,867
Total other financing sources (uses)	405,035	1,821,134	1,375,173	(445,961)
Net change in fund balance	\$ -	\$ -	\$ 1,957,946	\$ 1,957,946

TOWN OF ABINGDON, VIRGINIA

STATEMENT OF NET POSITION – PROPRIETARY FUND
June 30, 2024

	Sewer Fund
ASSETS	
Cash and cash equivalents	\$ 1,852,013
Receivables, net:	
Accounts	915,817
Restricted assets:	
Cash	338,378
Capital assets, non-depreciable	1,013,221
Capital assets, depreciable, net	9,503,424
Total assets	<u>13,622,853</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	21,237
Deferred outflows related to other postemployment benefits	7,479
Total deferred outflows of resources	<u>28,716</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	50,777
Accrued wages and liabilities	9,289
Payable from restricted assets:	
Customer deposits	338,250
Accrued interest	4,514
Due to other funds	36,614
Long-term liabilities due within one year	734,433
Total current liabilities	<u>1,173,877</u>
NONCURRENT LIABILITIES	
Net pension liability	43,580
Net other postemployment benefit liability	34,435
Long-term liabilities due in more than one year	2,153,811
Total noncurrent liabilities	<u>2,231,826</u>
Total liabilities	<u>3,405,703</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	34,439
Deferred inflows related to other postemployment benefits	18,524
Total deferred inflows of resources	<u>52,963</u>
NET POSITION	
Net investment in capital assets	7,631,872
Unrestricted	2,561,031
Total net position	<u><u>\$ 10,192,903</u></u>

TOWN OF ABINGDON, VIRGINIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION – PROPRIETARY FUND

Year Ended June 30, 2024

	<u>Sewer Fund</u>
OPERATING REVENUES	
Sewer service charges	\$ 3,926,726
Solid waste charges	131,822
Sewer connection charges	77,432
Miscellaneous	<u>157,308</u>
Total operating revenues	<u>4,293,288</u>
OPERATING EXPENSES	
Personnel and contractual services	3,068,936
Other charges	230,274
Depreciation	<u>495,281</u>
Total operating expenses	<u>3,794,491</u>
Operating income	<u>498,797</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest income	81,656
Interest expense	<u>(1,985)</u>
Total non-operating revenues (expenses)	<u>79,671</u>
Change in net position	<u>578,468</u>
NET POSITION – JULY 1	<u>9,614,435</u>
NET POSITION – JUNE 30	<u><u>\$ 10,192,903</u></u>

TOWN OF ABINGDON, VIRGINIA

STATEMENT OF CASH FLOWS – PROPRIETARY FUND
Year Ended June 30, 2024

	Sewer Fund
OPERATING ACTIVITIES	
Cash received from customers	\$ 4,086,208
Cash payments to suppliers for goods and services	(3,119,261)
Cash payments to employees for services	(160,693)
Receipts of customer deposits	7,250
Other operating receipts	87,808
	<hr/>
Net cash provided by operating activities	901,312
	<hr/>
CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital assets purchases	(577,527)
Interfund borrowings, net	(161,318)
Principal paid on long-term liabilities	(737,712)
Interest paid on long-term liabilities	(11,270)
	<hr/>
Net cash used in capital and related financing activities	(1,487,827)
	<hr/>
INVESTING ACTIVITIES	
Interest and dividends on investments	81,684
	<hr/>
Decrease in cash and cash equivalents	(504,831)
	<hr/>
CASH AND CASH EQUIVALENTS	
Beginning	2,695,222
	<hr/>
Ending	\$ 2,190,391
	<hr/>
RECONCILIATION TO EXHIBIT 8	
Cash and cash equivalents – unrestricted	\$ 1,852,013
Restricted assets:	
Cash	338,378
	<hr/>
	\$ 2,190,391
	<hr/>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 498,797
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	495,281
Pension and OPEB expense net of employer contributions	17,730
Change in assets and liabilities	
(Increase) decrease in:	
Receivables, net	(119,271)
(Decrease) increase in:	
Accounts payable	(3,295)
Customer deposits	7,250
Accrued wages and liabilities	4,061
Compensated absences	759
	<hr/>
Net cash provided by operating activities	\$ 901,312
	<hr/>
NONCASH INVESTING AND FINANCING ACTIVITIES	
Capital assets purchases included in accounts payable	241,009
	<hr/>
Total concash investing and financing activities	\$ 241,009
	<hr/>

The Notes to Financial Statements are an integral part of this statement.

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 1. Summary of Significant Accounting Policies

Reporting entity

The Town of Abingdon, Virginia (the “Town”) is a municipality governed by an elected five-member council. The accompanying financial statements present all activities of the Town; the Town has determined that it has no component units. The Town is the primary government of the reporting entity.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type* activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the modified *accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within 45 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as compensated absences and claims and judgments, are recorded only when payment is due.

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement focus, basis of accounting, and financial statement presentation (Continued)

Property taxes, franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 45 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the Town, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the Town.

Licenses, permits, fines, and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state, and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditures. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

- *General Fund* – is the Town’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- *Capital Projects Fund* – accounts for the construction of capital assets, which are financed from various sources other than special assessment debt.
- *American Rescue Plan Act Fund* – is used to account for funds received under the American Rescue Plan Act.

The Town reports the following major proprietary fund:

- *Sewer Fund* – accounts for activities related to a sewer treatment system and derives the majority of its revenue through user charges and fees.

Additionally, the Town reports the following fund types and individual nonmajor funds:

- *Permanent Funds* – account for resources that are legally restricted to the extent that only earnings, not principal may be used for purposes that support specific programs.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government’s sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement focus, basis of accounting, and financial statement presentation (Continued)

Amounts reported as *program revenues* included 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Sewer Fund are charges to customers for sales and services. The Sewer Fund also recognizes operating revenue for the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

Change in accounting principle

During 2024, the Town adopted GASB Statement No. 96, Subscription-Based Information Technology Arrangements (GASB 96), which requires recognition of certain right-of-use assets and liabilities for subscription arrangements, using the full retrospective approach. The adoption did not have an impact to net position as of July 1, 2023. The adoption of GASB 96 resulted in additional disclosures (Note 8 and 9).

Deposits and investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Interfund receivables and payables

Activity between the funds are representative of lending/borrowing arrangements outstanding at the end of the fiscal year and are referred to as "advances to/from other funds." All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Inventory

Inventory is valued at cost and accounted for under the consumption method. Cost is recorded as an expense at the time the inventory item is used. Inventory in the General Fund consists of fuel.

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 1. Summary of Significant Accounting Policies (Continued)

Property taxes

Property is assessed at its value on January 1st. Property taxes attach as an enforceable lien on property as of January 1st. Real estate taxes are payable in two installments, one in May and one in November. Personal property taxes are due and collectible annually in November. The Town bills and collects its own taxes.

Capital assets

Capital assets, which include property, buildings, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statement. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 for machinery and equipment, \$25,000 for land, and \$100,000 for buildings, and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend lives is not capitalized.

Major outlays for capital assets and improvements are capitalized as the projects are constructed.

Depreciation for fixed assets has been provided over the following estimated useful lives using the straight-line method:

Buildings and improvements	40 years
Infrastructure and improvements	40 years
Vehicles	5-10 years
Furniture and equipment	5-10 years

Lease assets are amortized over the shorter of the lease term or useful life of the underlying asset. In leases where a purchase option is reasonably certain of being exercised, the asset is amortized over the useful life, unless the underlying asset is non-depreciable in which the leased asset is not amortized.

Subscription-based information technology arrangements assets are amortized over the subscription term, which includes renewal periods that are reasonably certain to be exercised.

Compensated absences

The Town has a policy to allow the accumulation and vesting of limited amounts of paid leave and sick leave until termination or retirement. Amounts for leaves are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds when the amounts are due for payment.

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 1. Summary of Significant Accounting Policies (Continued)

Long-term debt

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

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the period incurred. 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.

Fund balances

Fund balance is divided into five classifications based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources in the governmental funds. The following classifications describe the relative strength of the spending constraints:

- *Non-spendable* – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Town has classified prepaid items and inventory as being nonspendable as these items are not expected to be converted to cash within the next year. The Town also includes the long-term amount of interfund loans, if applicable.
- *Restricted* – includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Town Council. These amounts cannot be used for any other purpose unless the Town Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- *Assigned* – includes amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Town Council or through the Town Council delegating this responsibility to the Town's Finance Director as approved by this fund balance policy.
- *Unassigned* – includes the residual fund balance for the general fund. The unassigned classification amounts are available for any purpose. Positive unassigned amounts are reported in the general fund only. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 1. Summary of Significant Accounting Policies (Continued)

Minimum unassigned fund balance policy

The Town will maintain a minimum unassigned fund balance at the close of each fiscal year equal to the greater of \$5,000,000 or 35% of general governmental revenue (excluding intergovernmental revenues).

Resource flow policy

The Town would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Encumbrances and commitments

The Town utilizes encumbrance accounting in its governmental funds. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which a purchase order, contract, or other commitment is issued. Generally, all unencumbered appropriations lapse at year-end, except those for capital projects. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year. Open encumbrances at fiscal year-end are included in restricted, committed, or assigned fund balance, as appropriate.

Net position

Net position is the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is divided into three components:

- Net investment in capital assets consists of historical cost of capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, constructions, or improvement of those assets.
- Restricted - consists of assets that are restricted by the Town's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on share revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted - all other net position is reported in this category.

Deferred outflows/inflows of resources

The Town reports deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and is not recognized as an outflow of resources (expense) until the applicable period. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until a future period.

Employer pension and other postemployment benefit (OPEB) contributions made after the liability measurement date of June 30, 2023, and prior to the reporting date of June 30, 2024, have been reported as deferred outflows of resources in the Statement of Net Position as of June 30, 2024. This will be applied to the net pension and OPEB liabilities in the next fiscal year.

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 1. Summary of Significant Accounting Policies (Continued)

Deferred outflows/inflows of resources (Continued)

Differences between the projected and actual pension and OPEB earnings as of the actuarial measurement date of June 30, 2023, have been reported as a deferred inflow/outflow of resources. This difference will be recognized in pension and OPEB expense over a closed five-year period.

Differences between expected and actual experience for economic/demographic factors, as well as changes in actuarial assumptions in the measurement of the total pension or OPEB liability. This difference will be recognized in pension or OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred inflow or outflow as appropriate.

Changes in proportion and differences between employer contributions and proportionate share of employer contributions in the Virginia Retirement System's or OPEB cost-sharing pool plans. This difference is deferred and recognized in expense over the average remaining service life of the employees who are subject to the plan, and may be reported as a deferred outflow or inflow as appropriate.

The Town additionally reports unavailable/unearned revenue from property taxes and other receivables not collected within 45 days of year-end and property taxes levied to fund future years. These amounts are deferred and recognized as an inflow of resources in the period they are earned.

Unearned Revenue

Unearned revenue represents amounts for which asset recognition criteria have been met but for which revenue recognition criteria have not been met. Unearned consists of unspent federal awards.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Pensions

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

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 1. Summary of Significant Accounting Policies (Continued)

Other postemployment benefits (OPEB)

Local health

The Town's local health insurance OPEB plan is a single-employer defined benefit OPEB plan administered by the Town. No assets are accumulated in a trust that meets the criteria under the provisions of Governmental Accounting Standards Board (GASB) Statement 75.

Health insurance credit program

The VRS Health Insurance Credit (HIC) Program is a multiple-employer, agent-defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. The HIC Program was established pursuant to §51.1-1400 et. seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended.

Group life insurance program

The VRS Group Life Insurance (GLI) Program is a multiple-employer, cost-sharing plan. It provides coverage to state employees, teacher, and employees of participating political subdivisions. The GLI Program was established pursuant to §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 Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers.

Line of duty act program

The VRS Line of Duty Act (LODA) Program is a multiple-employer, cost-sharing plan. The LODA Program was established pursuant to §9.1-400 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 LODA Program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members.

For purposes of measuring the net HIC, GLI Program and LODA Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the HIC, GLI and LODA Programs OPEB, and HIC, Group Life Insurance and LODA Programs OPEB expense, information about the fiduciary net position of the HIC, VRS GLI and LODA programs OPEB and the additions to/deductions from VRS HIC, GLI and LODA Programs 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.

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 1. Summary of Significant Accounting Policies (Continued)

Leases

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

- The Town uses an estimated incremental borrowing rate as the discount rate for the lease.
- The lease term includes the noncancellable periods of the lease. Lease receipts and payments are included in the measurement of the lease receivable or liability, respectively, and are composed of fixed payments.
- The Town monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure if certain changes occur that are expected to significantly affect the amount of the lease receivable or liability.

Right-of-use lease asset and related lease liability

The Town is a lessee for noncancellable leases of buildings and equipment. The Town recognized an intangible right-to-use asset (lease asset) and a related lease liability on the financial statements. At the commencement of a lease, the Town initially measures a lease liability at the present value of payments expected to be made during the lease period. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain direct costs. Subsequent to the initial measurement and recognition, the lease asset is amortized on a straight-line basis over its useful life.

Lease assets are reported separately and lease liabilities are reported with long-term debt in the statement of net position.

Subscription Arrangements

The Town enters into subscription-based information technology arrangements to access software and technology services over defined service periods ranging from 17 to 60 months. These arrangements involve payments made to vendors for access to software applications, cloud computing services, and other technology resources.

The Town recognizes an intangible asset and a corresponding subscription liability when a subscription-based information technology arrangement meets the criteria for a right-to-use subscription asset. Initial measurement includes the upfront payments, implementation costs, and any directly attributable costs necessary to make the asset ready for use. The intangible asset is amortized over the subscription term, which includes renewal periods that are reasonably certain to be exercised.

The Town monitors for events or changes in circumstances that require a reassessment of its subscription arrangements. When a reassessment results in the remeasurement of a subscription liability, a corresponding adjustment is made to the carrying amount of the corresponding right-of-use subscription asset.

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 1. Summary of Significant Accounting Policies (Continued)

Prepaid Items

Prepaid items consist primarily of membership dues incurred for periods in a subsequent fiscal year. Prepaid items are accounted for using the consumption method.

The payments are recorded as expenditures in the fiscal year related to the coverage period.

Note 2. Stewardship, Compliance, and Accountability

Budgetary information

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

1. Prior to March 30, the Town Manager submits to the Town Council, a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. Appropriations are funded in the aggregate and not limited by department or category. The appropriations for each category can be revised only by the Town Council. The Town Manager is authorized to transfer budgeted amounts within governmental departments.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
6. All budgets are adopted on a basis consistent with GAAP.
7. Appropriations lapse on June 30 for all the Town units except for the Capital Projects Funds, which carry unexpended balances into the following year on a continuing appropriation basis.
8. All budget data presented in the accompanying financial statements is the revised budget as of June 30, 2024.

Note 3. Deposits and Investments

Deposits

All cash of the Town is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the *Code of Virginia*, and covered by Federal Deposit Insurance Corporation (FDIC). 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.

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 3. Deposits and Investments (Continued)

Investments

Investment policy

In accordance with the Code of Virginia and other applicable law, including regulations, the Town's investment policy permits investments in U.S. Government obligations, obligations of the Commonwealth of Virginia or political subdivisions thereof, prime quality commercial paper, and certain corporate notes, bankers' acceptances, repurchase agreements, negotiable certificates of deposit, bank deposit notes, mutual funds that invest exclusively in securities specifically permitted under the Policy, the State Treasurer's State Non-Arbitrage Program (SNAP, a pooled investment fund), the State Treasurer's Local Government Investment Pool (the Virginia LGIP), the Virginia Investment Pool (VIP), and the Virginia Municipal League's Stable Net Asset Value pool. These funds are not registered with the SEC but are overseen by the Treasurer of Virginia and the State Treasury Board. The carrying value of the Town's position in the pools is the same as the value of the pool shares and is reported within the guidelines of GASB Statement 79.

Credit risk

As required by state statute, the Town requires that commercial paper have a short-term debt rating of no less than "A-1" (or equivalent) from a nationally recognized statistical rating organization.

Concentration of credit risk

Deposits and investments held by any single issuer that exceeded 5% are as follows:

First Bank & Trust	29.19%
VIP	70.79%

Custodial credit risk

As required by the *Code of Virginia*, all security holdings with maturities over 30 days may not be held in safekeeping with the "counterparty" to the investment transaction. As of June 30, 2024, all of the Town's investments are held in a bank's trust department in the Town's name.

Deposits and investments consist of the following:

Cash on hand	\$ 2,788
Deposits	5,245,434
VIP	<u>12,719,604</u>
	<u>\$ 17,967,826</u>

The above items are reflected in the Statement of Net Position as follows:

Cash and cash equivalents	\$ 17,520,600
Restricted cash and cash equivalents	<u>447,226</u>
	<u>\$ 17,967,826</u>

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 4. Receivables

Receivables at June 30 are as follows:

	Governmental Activities	Business-Type Activities
Receivables:		
Taxes	\$ 1,608,731	\$ -
Accounts	281,040	977,994
Other	566,889	-
	<u>2,456,660</u>	<u>977,994</u>
Less:		
Allowance for uncollectibles	<u>(169,968)</u>	<u>(62,177)</u>
Net total receivables	<u>\$ 2,286,692</u>	<u>\$ 915,817</u>

The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to \$232,145 at June 30, 2024, and is composed of the following:

General Fund:	
Allowance for uncollectible property taxes	\$ 145,802
Allowance for uncollectible garbage fees	24,166
	<u>\$ 169,968</u>
Sewer Fund:	
Allowance for uncollectible sewer fee billings	<u>\$ 62,177</u>

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds and governmental activities also defer inflows for resources that have not yet been earned. At June 30, the components of deferred inflows of resources were as follows:

	General Fund	Governmental Activities
Property taxes receivable	\$ 1,431,002	\$ 1,209,407
	<u>\$ 1,431,002</u>	<u>\$ 1,209,407</u>

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 5. Due from Other Governmental Units

Due from other governments consists of the following:

Commonwealth of Virginia:	
Virginia Department of Transportation	\$ 172,570
Local sales tax	64,413
Department of Motor Vehicles	<u>16,912</u>
Total Commonwealth of Virginia	253,895
County and Other:	
Court Fines-County	<u>2,486</u>
Total due from other governmental units	<u><u>\$ 256,381</u></u>

Note 6. Interfund Obligations

Interfund balances consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund		\$ 36,614
	Sewer Fund	<u>(36,614)</u>
		<u><u>\$ -</u></u>

Interfund obligations from the Sewer Fund to the General Fund represent contributions to support the Town's operations. The General Fund and Sewer Fund maintain independent operating bank accounts.

Interfund transfers consist of the following:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Capital Project Fund		\$ 626,213
	General Fund	(626,213)
General Fund		389,413
	ARPA Fund	(365,000)
	Cemetery Fund	<u>(24,413)</u>
		<u><u>\$ -</u></u>

Transfer was made from the General Fund to the Capital Project Fund to provide funding for capital projects. Transfer was made from the ARPA Fund to the General Fund to provide funding for the purchase of three police vehicles and a recirculation tank for the splash pad at the meadows sports complex. Transfer was made from the Cemetery Fund to the General Fund to provide funding for the roof replacement of the historic cabin located in Sinking Spring Cemetery.

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 7. Capital Asset Depreciation

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 185,131
Public safety	386,615
Public works	477,970
Parks, recreation, and cultural	958,324
Community development	<u>113,338</u>
Total depreciation expense – governmental activities	<u>\$ 2,121,378</u>
Business-type activities:	
Sewer	<u>\$ 495,281</u>

Note 8. Capital Assets

The following is a summary of changes in capital assets:

<u>Governmental Activities</u>	<u>Beginning Balance*</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, non-depreciable:				
Land	\$ 9,403,323	\$ 120,592	\$ -	\$ 9,523,915
Construction in progress	<u>994,346</u>	<u>1,588,045</u>	<u>366,257</u>	<u>2,216,134</u>
Total capital assets, non-depreciable	<u>10,397,669</u>	<u>1,708,637</u>	<u>366,257</u>	<u>11,740,049</u>
Capital assets, depreciable:				
Buildings and improvements	15,163,713	133,101	-	15,296,814
Infrastructure/improvements	22,465,409	1,038,282	-	23,503,691
Vehicles	4,245,765	421,739	26,288	4,641,216
Furniture and equipment	<u>6,457,111</u>	<u>1,062,359</u>	<u>17,050</u>	<u>7,502,420</u>
Total capital assets, depreciable	<u>48,331,998</u>	<u>2,655,481</u>	<u>43,338</u>	<u>50,944,141</u>
Less: accumulated depreciation:				
Buildings and improvements	7,038,144	392,661	-	7,430,805
Infrastructure/improvements	3,411,602	724,691	-	4,136,293
Vehicles	3,112,419	247,744	26,288	3,333,875
Furniture and equipment	<u>3,112,879</u>	<u>538,520</u>	<u>17,050</u>	<u>3,634,349</u>
Total accumulated depreciation	<u>16,675,044</u>	<u>1,903,616</u>	<u>43,338</u>	<u>18,535,322</u>
Total capital assets, depreciable, net	<u>31,656,954</u>	<u>751,865</u>	<u>-</u>	<u>32,408,819</u>
Right-of-use lease assets:				
Equipment	513,196	232,527	97,730	647,993
Less: accumulated amortization	<u>(270,400)</u>	<u>(156,316)</u>	<u>(97,730)</u>	<u>(328,986)</u>
Lease assets, net	<u>242,796</u>	<u>76,211</u>	<u>-</u>	<u>319,007</u>

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 8. Capital Assets (Continued)

<u>Governmental Activities</u>	<u>Beginning Balance*</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Subscription right-of-use asset:				
Software – general administration	-	289,851	6,631	283,220
Less: accumulated amortization	-	(61,446)	(6,631)	(54,815)
Subscription assets, net	-	228,405	-	228,405
Net capital assets	<u>\$ 42,297,419</u>	<u>\$ 2,765,118</u>	<u>\$ 366,257</u>	<u>\$ 44,696,280</u>

* Certain beginning balances were reclassified between categories with no change to overall grand total.

<u>Business-Type Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, non-depreciable:				
Land	\$ 25,010	\$ -	\$ -	\$ 25,010
Construction in progress	684,971	303,240	-	988,211
Total capital assets, non-depreciable	709,981	303,240	-	1,013,221
Capital assets, depreciable:				
Buildings and improvements	173,928	-	-	173,928
Plant	23,220,736	60,000	-	23,280,736
Distribution and collection lines	6,817,140	91,278	-	6,908,418
Vehicles	1,002,442	-	-	1,002,442
Furniture and equipment	2,100,119	123,009	-	2,223,128
Total capital assets, depreciable	33,314,365	274,287	-	33,588,652
Less: accumulated depreciation:				
Buildings and improvements	121,597	3,480	-	125,077
Plant	16,754,910	259,925	-	17,014,835
Distribution and collection lines	4,123,799	102,802	-	4,226,601
Vehicles	972,064	21,481	-	993,545
Furniture and equipment	1,617,577	107,593	-	1,725,170
Total accumulated depreciation	23,589,947	495,281	-	24,085,228
Total capital assets, depreciable, net	9,724,418	(220,994)	-	9,503,424
Net capital assets	<u>\$ 10,434,399</u>	<u>\$ 82,246</u>	<u>\$ -</u>	<u>\$ 10,516,645</u>

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 9. Long-Term Debt

Changes in long-term liabilities consist of the following:

	Beginning Balance*	Increases	Decreases	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
General obligation bonds	\$ 13,319,414	\$ -	\$ 843,900	\$ 12,475,514	\$ 709,650
Bond premiums	948,952	-	56,195	892,757	-
Notes payable	157,686	-	96,605	61,081	61,081
Lease liabilities	228,303	232,791	147,552	313,542	107,528
Subscription liabilities	-	284,501	63,112	221,389	62,541
Compensated absences	481,595	431,276	365,916	546,955	164,087
	<u>\$ 15,135,950</u>	<u>\$ 948,568</u>	<u>\$ 1,573,280</u>	<u>\$ 14,511,238</u>	<u>\$ 1,104,887</u>
<u>Business-Type Activities</u>					
General obligation bonds	\$ 3,585,161	\$ -	\$ 719,050	\$ 2,866,111	\$ 712,300
Bond premiums	8,636	-	8,636	-	-
Notes payable	37,324	-	18,662	18,662	18,662
Compensated absences	2,712	6,626	5,867	3,471	3,471
	<u>\$ 3,633,833</u>	<u>\$ 6,626</u>	<u>\$ 752,215</u>	<u>\$ 2,888,244</u>	<u>\$ 734,433</u>

* Certain beginning balances were reclassified between categories with no change to overall grand total.

Governmental activities

General obligation bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities of the primary government. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. The outstanding balance at year-end is a reflection of the total amount drawn as of June 30, 2024.

General Obligation Bonds	Original Issue Amount	Interest Rate	Annual Principal Requirements	Total Outstanding
General Obligation Refunding Bonds 2019	\$ 7,500,000	2.89 %	\$ 282,000 – 485,000	\$ 6,928,000
General Obligation Refunding Bonds 2020	7,620,000	3.00-5.00	167,125 – 425,975	5,547,514
				<u>\$ 12,475,514</u>

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 9. Long-Term Debt (Continued)

Governmental activities (Continued)

Notes payable – direct borrowings

The Town entered into a collateralized loan agreement with First Bank and Trust Company on January 28, 2020. The note was for technology upgrades and is collateralized by funds held in account at First Bank and Trust. Principal installments of \$37,681 are due annually until maturity at January 2024. The interest rate on the loan is 1.40% and interest payments are due semi-annually beginning July 2020 for the life of the loan.

The Town entered into a loan agreement with Republic First National on July 23, 2014. The note was to purchase a 2014 Pierce PUC Pumper. Principal and interest installments are due annually beginning July 15, 2014, and continuing until maturity on July 15, 2024.

The Town entered into a collateralized loan agreement with Community First National Bank on September 1, 2021. The note was to purchase Rescue Tools (Cutter, Spreader, & Ram) and is collateralized by same. Principal and interest installments are due annually beginning September 1, 2021, and continuing until maturity on September 1, 2024.

The Town purchases various types of equipment and facilities under other financing agreements. Following is the detail of these for the governmental activities:

<u>Other Financing</u>	<u>Original Issue Amount</u>	<u>Interest Rate</u>	<u>Annual Principal Requirements</u>	<u>Total Outstanding</u>
Fire Truck	\$ 558,827	3.50%	\$ 41,184 – 54,655	\$ 54,655
Fire Rescue Tools	25,207	4.19%	6,695 – 5,919	6,426
				<u>\$ 61,081</u>

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 9. Long-Term Debt (Continued)

Governmental activities (Continued)

Lease liabilities

<u>Lease Date</u>	<u>Description</u>	<u>Lease Term (Months)</u>	<u>Annual Payments</u>	<u>Interest Rate</u>	<u>Lease Liability</u>	<u>ROU Asset</u>	<u>ROU Accumulated Amortization</u>	<u>*Net ROU Asset</u>
7/5/2022	Canon Prograf Plotter	36	\$ 3,852	2.0400%	\$ 3,809	\$ 11,216	\$ (7,436)	\$ 3,780
7/1/2021	Lexmark M5255	44	840	0.8930	555	3,015	(2,437)	578
5/17/2022	Various Xerox & Lexmark Printers/Copiers	60	23,472	1.9800	64,612	111,819	(47,461)	64,358
7/1/2021	Xerox AltaLink C8045	31	3,288	0.7270	-	-	-	-
7/1/2021	Xerox C405 & Xerox C605	42	2,568	0.8930	1,281	8,852	(7,498)	1,354
7/1/2021	Xerox C8045 & Xerox C405	38	6,384	0.7270	1,062	19,973	(18,872)	1,101
7/1/2021	Xerox C8045	37	3,108	0.7270	774	9,489	(9,022)	467
7/1/2021	Xerox C8145	51	3,780	0.8930	4,697	15,771	(11,133)	4,638
7/1/2021	Xerox Versalink C505	48	1,284	0.8930	1,272	5,022	(3,725)	1,297
7/1/2021	Xerox Versalink C505	30	840	0.7270	-	-	-	-
7/1/2021	Xerox Versalink C605	33	1,668	0.7270	-	-	-	-
7/1/2021	Xerox Versalink C605	33	1,548	0.7270	-	-	-	-
8/10/2021	2021 John Deere -Z950M Ztrak Mower	36	2,788	0.00	-	8,363	(8,061)	302
7/1/2021	2021 John Deere 2920 M Gas	35	2,320	0.7270	-	-	-	-
8/1/2023	2023 Toro Z Master 5000 60"	36	3,828	2.6600	7,741	11,038	(3,373)	7,665
8/1/2023	2023 Toro Z Master 5000 60"	36	3,828	2.6600	7,741	11,038	(3,373)	7,665
8/17/2022	2022 Toro Grandstand 48" Mower	36	2,897	1.8900	2,843	8,529	(5,323)	3,206
2/14/2022	2022 Toro Z 60" Mowers	36	5,857	1.7780	-	23,123	(18,348)	4,775
7/1/2021	2018 Chevy Silverado	24	477	0.5140	-	-	-	-

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 9. Long-Term Debt (Continued)

Governmental activities (Continued)

Lease liabilities (Continued)

<u>Lease Date</u>	<u>Description</u>	<u>Lease Term (Months)</u>	<u>Annual Payments</u>	<u>Interest Rate</u>	<u>Lease Liability</u>	<u>ROU Asset</u>	<u>ROU Accumulated Amortization</u>	<u>*Net ROU Asset</u>
	2018 Chevy Silverado 3500							
7/1/2021	HD	24	6,504	0.5140	-	-	-	-
7/1/2021	2018 Ford F350	24	6,048	0.5140	-	-	-	-
7/1/2021	2019 Ford F250	26	3,684	0.5140	-	-	-	-
7/1/2021	2019 Ford F250	39	4,308	0.7270	1,077	13,846	(12,555)	1,291
7/1/2021	2019 Ford F350	26	4,452	0.5140	-	-	-	-
7/1/2021	2019 Ford F350	27	4,476	0.5140	-	-	-	-
7/1/2021	2019 Ford F350	27	4,476	0.5140	-	-	-	-
7/1/2021	2019 Ford F350	39	4,860	0.7270	1,213	15,596	(14,060)	1,536
7/1/2021	2019 Ford F350	39	4,860	0.7270	1,213	15,596	(14,060)	1,536
7/1/2021	2019 Ford F350	39	4,860	0.7270	1,213	15,596	(14,060)	1,536
7/1/2021	2019 Ford F350	39	4,860	0.7270	1,213	15,596	(14,060)	1,536
7/1/2021	2019 Ford F350	39	4,860	0.7270	1,213	15,596	(14,060)	1,536
7/1/2021	2019 Nissan Frontier	43	3,756	0.8930	2,183	13,242	(11,061)	2,181
7/1/2021	2019 Ram 1500 Classic	37	3,312	0.7270	275	10,082	(9,619)	463
7/1/2021	2019 Ram 1500 Classic	37	3,312	0.7270	275	10,085	(9,760)	325
7/1/2021	2019 Ram 1500 Classic	41	3,528	0.7270	1,470	11,928	(10,448)	1,480
7/1/2021	2020 Ford F150	51	576	0.8930	715	2,399	(1,662)	737
7/1/2021	2020 Ford F150	51	576	0.8930	721	2,420	(1,676)	744
7/1/2021	2021 Ram ProMaster 2500	54	5,832	1.0590	8,670	25,609	(16,854)	8,755
12/2/2021	2021 Dodge Durango	60	2,520	1.1770	5,988	12,215	(6,304)	5,911

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 9. Long-Term Debt (Continued)

Governmental activities (Continued)

Lease liabilities (Continued)

<u>Lease Date</u>	<u>Description</u>	<u>Lease Term (Months)</u>	<u>Annual Payments</u>	<u>Interest Rate</u>	<u>Lease Liability</u>	<u>ROU Asset</u>	<u>ROU Accumulated Amortization</u>	<u>*Net ROU Asset</u>
8/10/2023	2022 Ram Classic 274 VMX 2023	60	7,584	2.6600	30,189	36,323	(6,403)	29,920
1/11/2023	Chevrolet Equinox 2023 Ford	60	2,256	2.5800	7,700	10,486	(3,054)	7,432
10/6/2023	F250 XL 2023 Ford	60	3,624	3.4500	14,588	16,907	(2,455)	14,452
9/20/2023	Transit Connect 2024 Chevy	60	5,748	2.6600	23,080	27,103	(4,205)	22,898
11/9/2023	Silverado 2500 HD 2024 Chevy	60	9,060	0.000	40,019	45,850	(5,838)	40,012
11/9/2023	Silverado 2500 HD 2024 Chevy	60	9,060	3.4500	37,070	42,135	(5,365)	36,770
11/9/2023	Silverado 2500 HD	60	9,060	3.4500	37,070	42,135	(5,365)	36,770
					<u>\$ 313,542</u>	<u>\$ 647,993</u>	<u>\$ (328,986)</u>	<u>\$ 319,007</u>

*Items with a zero balances were completed as of June 30, 2024.

Subscription liabilities

<u>SBITA Date</u>	<u>Description</u>	<u>SBITA Term (Months)</u>	<u>Annual Payments</u>	<u>Interest Rate</u>	<u>SBITA Liability</u>	<u>ROU Asset</u>	<u>ROU Accumulated Amortization</u>	<u>Net ROU Asset</u>
7/1/2023	DebtBook Edmunds	36	\$ 11,000	2.8500%	\$ 23,957	\$ 34,957	\$ (11,652)	\$ 23,305
7/1/2023	Viewpoint Motorola	36	3,500	2.8500	6,712	10,712	(3,571)	7,141
9/1/2023	Body Cams & Cloud Service	60	50,156	2.6600	190,720	237,551	(39,592)	197,959
					<u>\$ 221,389</u>	<u>\$ 283,220</u>	<u>\$ (54,815)</u>	<u>\$ 228,405</u>

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 9. Long-Term Debt (Continued)

Governmental activities (Continued)

The annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending June 30,	Governmental Activities							
	General Obligation Bonds		Notes		Lease Liabilities		Subscription Liabilities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 709,650	\$ 401,199	\$ 61,081	\$ 2,238	\$ 107,528	\$ 5,815	\$ 62,541	\$ 3,115
2026	731,975	376,132	-	-	80,227	3,949	62,400	4,256
2027	645,475	350,261	-	-	65,382	2,256	47,591	2,565
2028	674,575	327,949	-	-	44,491	967	48,857	1,300
2029	502,125	304,585	-	-	15,914	84	-	-
2030-2034	2,752,350	1,277,759	-	-	-	-	-	-
2035-2039	3,188,925	848,311	-	-	-	-	-	-
2040-2044	2,684,150	352,488	-	-	-	-	-	-
2045-2049	586,289	31,405	-	-	-	-	-	-
	<u>\$ 12,475,514</u>	<u>\$ 4,270,089</u>	<u>\$ 61,081</u>	<u>\$ 2,238</u>	<u>\$ 313,542</u>	<u>\$ 13,071</u>	<u>\$ 221,389</u>	<u>\$ 11,236</u>

Business-type activities

General obligation bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities of the primary government. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. The outstanding balance at year-end is a reflection of the total amount drawn as of June 30, 2024.

General Obligation Bonds	Original Issue Amount	Interest Rate	Annual Principal Requirements	Total Outstanding
General Obligation Refunding Bonds 2020	\$ 7,620,000	3.00-5.00%	7,875 – 26,100	\$ 257,486
2004 VRA Bond	9,798,168	0.00	597,530	816,035
2011 VRA Bond	1,908,392	0.00	95,420	1,792,590
				<u>\$ 2,866,111</u>

Notes payable-direct borrowings

The Town entered into a loan agreement with First Bank and Trust Company on October 21, 2019. The note was for sewer equipment and is collateralized with the equipment (2020 Kenworth). Principal installments of \$18,662 are due annually beginning August 2020 until maturity at August 21, 2024. The interest rate on the loan is 2.75% and interest payments are due semi-annually for the life of the loan.

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 9. Long-Term Debt (Continued)

Business-type activities (Continued)

The annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending June 30,	Notes		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2025	\$ 18,662	\$ 261	\$ 712,300	\$ 9,470
2026	-	-	712,975	8,696
2027	-	-	708,475	7,895
2028	-	-	111,845	7,274
2029	-	-	103,295	6,617
2030-2034	-	-	382,585	28,650
2035-2039	-	-	51,075	21,584
2040-2044	-	-	59,850	12,722
2045-2049	-	-	23,711	5,395
	<u>\$ 18,662</u>	<u>\$ 261</u>	<u>\$ 2,866,111</u>	<u>\$ 108,303</u>

Note 10. Fund Balances – Governmental Funds

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints are presented below:

	General Fund	American Rescue Plan Act Fund	Capital Projects Fund	NonMajor Cemetery Fund	Total Governmental Funds
Nonspendable:					
Prepays	\$ 97,778	\$ -	\$ -	\$ -	\$ 97,778
Inventory	4,905	-	-	-	4,905
Total non-spendable	102,683	-	-	-	102,683
Restricted:					
Public works	160,372	-	-	-	1,160,372
Parks, recreation, and cultural	11,051	-	-	(12,176)	(1,125)
Public safety	7,964	-	-	-	7,964
Total restricted	179,387	-	-	(12,176)	1,167,211
Assigned	1,000,000	108,569	-	-	108,569
Unassigned	10,961,316	-	-	-	10,961,316
	<u>\$ 12,243,386</u>	<u>\$ 108,569</u>	<u>\$ -</u>	<u>\$ (12,176)</u>	<u>\$ 12,339,779</u>

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 10. Fund Balances – Governmental Funds (Continued)

At June 30, 2024, the Cemetery Fund had a deficit in fund balance of \$12,176. This deficit is anticipated to be recovered through future transfers of funds from the Town general fund.

Note 11. Defined Benefit Pension Plan

Plan description

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

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

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

Employees covered by benefit terms

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

	<u>Number</u>
Retirees and Beneficiaries	<u>89</u>
Inactive members:	
Vested	39
Non-vested	58
Active elsewhere in VRS	<u>52</u>
Total inactive members	149
Active members	<u>90</u>
Total covered employees	<u><u>328</u></u>

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 11. Defined Benefit Pension Plan (Continued)

Contributions

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

The Town's contractually required contribution rate for the year ended June 30, 2024, was 11.35% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$590,471 and \$509,745 for the years ended June 30, 2024 and June 30, 2023, respectively.

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 the Town, the net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022, rolled forward to the measurement date of June 30, 2023.

Actuarial assumptions – general employees

The total pension liability for general employees and public safety employees with hazardous duty benefits in the Town's retirement plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Inflation	2.50%
General employees-salary increases, including inflation	3.50% – 5.35%
Public safety employees with hazardous duty benefits-salary increases, including inflation	3.50% – 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service-related. Public Safety Employees – 45% to 70% of deaths are assumed to be service-related. Mortality is projected using the applicable Pub-2010 Mortality Table with various setbacks or set forwards for both males and females.

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 11. Defined Benefit Pension Plan (Continued)

Actuarial assumptions – general employees (Continued)

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

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Updated mortality table; adjusted retirement rates; adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; no change to disability rates; no change to salary scale; no change to line of duty disability; and no change to discount rate.

Public Safety Employees – Largest 10 – Hazardous Duty and All Others (Non 10 Largest): Updated mortality table; adjusted retirement rate to better fit experience and increased final retirement age to 70; decreased rates of withdrawal; no change to disability rates; no changes to salary scale; no change to line of duty disability; and no change to discount rate.

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 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
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00	2.56	0.38
Credit Strategies	14.00	5.60	0.78
Real Assets	14.00	5.02	0.70
Private Equity	16.00	9.17	1.47
MAPS – Multi-Asset Public Strategies	4.00	4.50	0.18
PIP – Private Investment Partnership	2.00	7.18	0.14
Cash	1.00	1.20	0.01
Total	100.00%		5.75%
Inflation			2.50%
*Expected arithmetic nominal return			8.25%

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 11. Defined Benefit Pension Plan (Continued)

Long-term expected rate of return (Continued)

- * The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that system member contributions will be made per the VRS statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; Political Subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in fiscal year 2012 or 100% of the actuarially determined employer contribution rate from June 30, 2022, actuarial valuations, whichever was greater. From July 1, 2023, on, participating employers are assumed 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.

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 11. Defined Benefit Pension Plan (Continued)

Changes in net pension liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2022	\$ 26,022,020	\$ 24,003,507	\$ 2,018,513
Changes for the year:			
Service cost	450,046	-	450,046
Interest	1,740,786	-	1,740,786
Changes of assumptions	-	-	-
Differences between expected and actual experience	(629,787)	-	(629,787)
Contributions – employer	-	509,745	(509,745)
Contributions – employee	-	202,862	(202,862)
Net investment income (loss)	-	1,532,499	(1,532,499)
Benefit payments, including refunds of employee contributions	(1,365,294)	(1,365,294)	-
Administrative expenses	-	(15,459)	15,459
Other changes	-	616	(616)
Net changes	195,751	864,969	(669,218)
Balances at June 30, 2023	\$ 26,217,771	\$ 24,868,476	\$ 1,349,295

Sensitivity of the net pension liability to changes in the discount rate

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Plan's net pension liability (asset)	\$ 4,977,280	\$ 1,349,295	\$ (1,430,481)

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 11. Defined Benefit Pension Plan (Continued)

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

For the year ended June 30, 2024, the Town recognized pension income of \$69,424. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,159	\$ 676,073
Change in assumptions	64,903	-
Net difference between projected and actual earnings on pension plan investments	-	390,223
Employer contributions subsequent to measurement date	590,471	-
	<u>\$ 657,533</u>	<u>\$ 1,066,296</u>

The \$590,471 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 fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30,	Effect on Pension Expense
2025	\$ (784,080)
2026	(573,830)
2027	345,635
2028	13,041
2029	-
Thereafter	-
Total	<u>\$ (999,234)</u>

Pension plan data

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

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 11. Defined Benefit Pension Plan (Continued)

Payables to the pension plan

At June 30, 2024, approximately \$68,577 was payable to the Virginia Retirement System for the legally required contributions related to June 2024 payroll.

Note 12. Other Post-Employment Benefits Liability (OPEB)-Locality Plan

Plan description

The Town provides post-employment medical coverage for retired employees through a single-employer defined benefit OPEB plan. The Town may change, add, or delete coverage as they deem appropriate with the approval of the Town Council. The plan does not grant retirees vested health benefits. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits provided

The Town provides post-employment medical coverage benefits for retired employees who are eligible for retirement benefits and meet one of the following requirements:

- Attain the age of 50 with at least 10 years of service with the Town.
- Attain the age of 55 with at least 5 year of service with the Town.

In addition, employees must meet one of the following VRS retirement eligibility requirements in order to be eligible for benefits:

General Employees Plan 1

Plan 1 includes all members vested as of January 1, 2013.

- Attain age 50 with at least 10 years of service with VRS for reduced pension benefit, or
- Attain age 55 with at least 5 years of service with VRS for a reduced pension benefit, or
- Attain age 65 with at least 5 years of service with VRS for an unreduced pension benefit, or
- Attain age 50 with at least 30 years of service with VRS for an unreduced pension benefit.

General Employees Plan 2 and Hybrid Plan

Plan 2 includes all members not vested as of January 1, 2013, and members hired on or after July 1, 2010. The Hybrid Plan includes members hired on or after January 1, 2014, or by member election.

- Attain age 60 with at least 5 years of service with VRS for a reduced pension benefit, or
- Attain 90 points (age plus service) with VRS for an unreduced pension benefit, or
- Attain Social Security Normal Retirement Age with at least 5 years of service with VRS for an unreduced pension benefit.

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 12. Other Post-Employment Benefits Liability (OPEB)-Locality Plan (Continued)

Public Safety Employees Plan 1 and Plan 2

Plan 1 includes members hired prior to January 1, 2014, while Plan 2 includes members hired on or after January 1, 2014. There is no Hybrid Plan for Virginia Law Officers.

- Attain age 50 with at least 5 years of service with VRS for reduced pension benefits, or
- Attain age 60 with at least 5 years of service with VRS for an unreduced pension benefit, or
- Attain age 50 with at least 25 years of service with VRS for an unreduced pension benefit.

Employees covered by benefit terms

At July 1, 2022, the following employees were covered by the benefit terms:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	-
Total inactive members	-
Active members	92
Total covered employees	<u>92</u>

Total OPEB liability

The Town's Total OPEB Liability of \$678,850 was measured as of June 30, 2024, and was determined by an actuarial valuation as of July 1, 2022.

Actuarial assumptions and other inputs

The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.93%
Inflation	2.50%
Salary increases	3.50 – 5.35%
Healthcare cost trend rates	4.90% in 2020, then graded to 4.10% through fiscal year 2073
Retirees' share of benefit-related costs	100% of projected health insurance premiums for retirees
Actuarial cost method	Entry Age Normal

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 12. Other Post-Employment Benefits Liability (OPEB)-Locality Plan (Continued)

Actuarial assumptions and other inputs (Continued)

Mortality rates:

- Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males 85% of rates; females set forward 1 year. 25% of deaths are assumed to be service-related.
- 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 with 1.5% increase compounded from ages 70 to 85; females set back 1 year.
- Post-Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the July 1, 2022 valuation are predominantly consistent with those used in the June 30, 2024 valuation of the Virginia Retirement System (General Employees Assumptions, Plan 1, Plan 2, and Hybrid Plan).

Changes in total OPEB liability

	Total OPEB Liability
Balance at June 30, 2023	\$ 606,813
Changes for the year:	
Service cost	73,066
Interest	24,707
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(19,731)
Benefit payments	(6,005)
Net changes	72,037
Balance at June 30, 2024	\$ 678,850

Changes of assumptions and other inputs reflect a change in the discount rate from 3.65% in 2023 to 3.93% in 2024.

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 12. Other Post-Employment Benefits Liability (OPEB)-Locality Plan (Continued)

Sensitivity of the total OPEB liability to changes in the discount rates

The following presents the Town's total OPEB liability calculated using the discount rate of 3.93%. It also presents what the Town's OPEB liability would be if it were calculated used a discount rate on percentage point lower (2.93%) and one percentage point higher (4.93%) than the current rate:

	1.00% Decrease (2.93%)	Current Discount Rate (3.93%)	1.00% Increase (4.93%)
Total OPEB liability	\$ 752,279	\$ 678,850	\$ 613,399

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the Town's total OPEB liability using the current healthcare cost trend rates. It also presents what the Town's Total OPEB liability would be if it were calculated using healthcare trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1.00% Decrease in Trend Rate	Current Trend Rate	1.00% Increase in Trend Rate
Total OPEB liability	\$ 576,336	\$ 678,850	\$ 802,918

OPEB expense and deferred outflows of resources and deferred inflows of resources related to pensions

For the year ended June 30, 2024, the Town recognized OPEB expense of \$15,971. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 355,872
Changes in assumptions	40,575	83,961
	<u>\$ 40,575</u>	<u>\$ 439,833</u>

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 12. Other Post-Employment Benefits Liability (OPEB)-Locality Plan (Continued)

OPEB expense and deferred outflows of resources and deferred inflows of resources related to pensions
(Continued)

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

Year Ending June 30,	Reduction to Pension Expense
2025	\$ (77,072)
2026	(77,072)
2027	(94,526)
2028	(94,526)
2029	(56,062)
Thereafter	-
	<u>\$ (399,258)</u>

Note 13. Other Post-Employment Benefits Liability – Virginia Retirement System Plans

In addition to their participation in the pension plans offered through the VRS, the Town of Abingdon also participates in various cost-sharing and agent multi-employer other postemployment benefit plans, described as follows:

Plan descriptions

Group Life Insurance Program

All full-time, salaried permanent employees of political subdivisions are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment.

In addition to the Basic Group Life Insurance Benefit, members are also eligible to elect additional coverage for themselves, as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from 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 Program OPEB.

Specific information for the GLI is available at <https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp>

The GLI is administered by the VRS along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. This plan is considered a multiple-employer, cost-sharing plan.

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 13. Other Post-Employment Benefits Liability – Virginia Retirement System Plans (Continued)

Plan descriptions (Continued)

General Employee Health Insurance Credit Program

The General Employee Health Insurance Credit Program (HIC) is available for all full-time, salaried employees of local government entities other than Teachers. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death. The General Employee HIC OPEB plan is considered a multi-employer agent-defined benefit plan.

Specific information about the HIC OPEB plan is available at <https://www.varetire.org/retirees/insurance/healthinscredit/index>.

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

	Number
Inactive members or their beneficiaries currently receiving benefits	22
Inactive members:	
Vested	7
Non-vested	-
Active elsewhere in VRS	52
Total inactive members	59
Active members	90
Total covered employees	171

Line of Duty Act Program

All paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the VRS are automatically covered by the Line of Duty Act Program (LODA). As required by statute, the VRS is responsible for managing the assets of the program. Participating employers made contributions to the program beginning in fiscal year 2012. The employer contributions are determined by the VRS actuary using anticipated program costs and the number of covered individuals associated with all participating employers. The LODA is considered a multiple-employer, cost-sharing plan.

Specific information about the LODA is available at <https://www.valoda.org/>.

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 13. Other Post-Employment Benefits Liability – Virginia Retirement System Plans (Continued)

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2021. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program

Governed by:	<i>Code of Virginia 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.</i>
Total rate:	1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2024 Contribution	\$ 28,165
June 30, 2023 Contribution	\$ 23,985

In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution.

General Employee Health Insurance Credit Program

Governed by:	<i>Code of Virginia 51.1-1400 and may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly.</i>
Total rate:	1.12% of covered employee compensation.
June 30, 2024 Contribution	\$ 23,925
June 30, 2023 Contribution	\$ 20,432

Line of Duty Act Program

Governed by:	<i>Code of Virginia 9-1-400.1 and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly.</i>
Total rate:	\$830 per covered full-time-equivalent employee. Based on pay-as-you-go funding rate.
June 30, 2024 Contribution	\$ 19,920
June 30, 2023 Contribution	\$ 19,092

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 13. Other Post-Employment Benefits Liability – Virginia Retirement System Plans (Continued)

OPEB liabilities, OPEB expense and deferred inflows and outflows of resources related to OPEB

The net OPEB liabilities were measured as of June 30, 2023, and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by actuarial valuations performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the net OPEB liabilities, except for LODA, were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. LODA proportion was determined based on pay-as-you-go employer contributions instead of actuarially determined contributions.

Group Life Insurance Program

June 30, 2024 proportionate share of liability	\$ 226,191
June 30, 2023 proportion	0.01886%
June 30, 2022 proportion	0.01953%
June 30, 2024 benefit	\$ (16,839)

Line of Duty Act Program

June 30, 2024 proportionate share of liability	\$ 576,734
June 30, 2023 proportion	0.14386%
June 30, 2022 proportion	0.14165%
June 30, 2024 expense	\$ 80,738

Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense above was related to deferred amount from changes in proportion.

General Employee Health Insurance Credit

Changes in net OPEB liability of the General Health Insurance Credit Program were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances at June 30, 2022	\$ 237,711	\$ 27,528	\$ 210,183
Changes for the year:			
Service cost	2,445	-	2,445
Interest	15,853	-	15,853
Differences between expected and actual experience	(44,984)	-	(44,984)

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 13. Other Post-Employment Benefits Liability – Virginia Retirement System Plans (Continued)

General Employee Health Insurance Credit (Continued)

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Contributions – employer	\$ -	\$ 20,432	\$ (20,432)
Contributions – employee	-	-	-
Net investment income	-	1,555	(1,555)
Benefit payments, including refunds of employee contributions	(10,599)	(10,599)	-
Administrative expenses	-	(31)	31
Changes in assumptions	-	-	-
Other changes	-	436	(436)
Net changes	(37,285)	11,793	(49,078)
Balances at June 30, 2023	<u>\$ 200,426</u>	<u>\$ 39,321</u>	<u>\$ 161,105</u>

In addition, for the year ended June 30, 2024, the Town recognized OPEB expense of \$33,277 related to General Employee Health Insurance Credit Program.

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

Group Life Insurance Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 22,591	\$ 6,866
Change in assumptions	4,835	15,671
Net difference between projected and actual earnings on OPEB plan investments	-	9,090
Changes in proportion	-	66,697
Employer contributions subsequent to the measurement date	28,165	-
	<u>\$ 55,591</u>	<u>\$ 98,324</u>

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 13. Other Post-Employment Benefits Liability – Virginia Retirement System Plans (Continued)

General Employee Health Insurance Credit (Continued)

General Employee Health Insurance Credit Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 107,311	\$ 34,547
Change in assumptions	3,078	824
Net difference between projected and actual earnings on OPEB plan investments	1,037	-
Employer contributions subsequent to the measurement date	<u>23,925</u>	<u>-</u>
	<u><u>\$ 135,351</u></u>	<u><u>\$ 35,371</u></u>

Line of Duty Act Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 30,764	\$ 108,598
Change in assumptions	128,099	118,926
Net difference between projected and actual earnings on OPEB plan investments	-	1,687
Changes in proportion	56,413	17,604
Employer contributions subsequent to the measurement date	<u>19,920</u>	<u>-</u>
	<u><u>\$ 235,196</u></u>	<u><u>\$ 246,815</u></u>

The deferred outflows of resources related to OPEB resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 13. Other Post-Employment Benefits Liability – Virginia Retirement System Plans (Continued)

General Employee Health Insurance Credit (Continued)

Group Life Insurance Program

Year Ending June 30,	Effect on OPEB Expense
2025	\$ (23,772)
2026	(27,537)
2027	(11,304)
2028	(9,122)
2029	837
Thereafter	-
	\$ (70,898)

General Employee Health Insurance Credit Program

Year Ending June 30,	Effect on OPEB Expense
2025	\$ 17,596
2026	17,574
2027	17,782
2028	18,444
2029	4,659
Thereafter	-
	\$ 76,055

Line of Duty Act Program

Year Ending June 30,	Effect on OPEB Expense
2025	\$ 585
2026	638
2027	1,837
2028	(212)
2029	(4,943)
Thereafter	(29,444)
	\$ (31,539)

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 13. Other Post-Employment Benefits Liability – Virginia Retirement System Plans (Continued)

Actuarial assumptions and other inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2022, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023:

Inflation	2.50%
Salary increases, including inflation:	
• Locality – general employees	3.50 – 5.35%
• Locality – hazardous duty employees	3.50 – 4.75%
Healthcare cost trend rates:	
• Under age 65	7.00 – 4.75%
• Ages 65 and older	5.25 – 4.75%
Investment rate of return, net of expenses, including inflation*	GLI & HIC 6.75%; LODA 3.86%

* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.86% was used since it approximates the risk-free rate of return.

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 11.

Net OPEB liabilities

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2023, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Group Life Insurance Program	Line of Duty Act Program
Total OPEB Liability	\$ 3,907,052	\$ 406,211
Plan fiduciary net position	2,707,739	5,311
Employers' net OPEB liability	1,199,313	400,900
Plan fiduciary net position as a percentage of total OPEB liability	69.30%	1.31%

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 13. Other Post-Employment Benefits Liability – Virginia Retirement System Plans (Continued)

Net OPEB liabilities (Continued)

The total liability is calculated by the VRS actuary and each plan's fiduciary net position is reported in the VRS financial statements. The net OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the VRS notes to the financial statements and required supplementary information.

Long-term expected rate of return

Group Life Insurance and Health Insurance Credit Program

The long-term expected rate of return on VRS 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 OPEB 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
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00	2.56	0.38
Credit Strategies	14.00	5.60	0.78
Real Assets	14.00	5.02	0.70
Private Equity	16.00	9.17	1.47
MAPS – Multi-Asset Public Strategies	4.00	4.50	0.18
PIP – Private Investment Partnership	2.00	7.18	0.14
Cash	1.00	1.20	0.01
	<u>100.00%</u>		<u>5.75%</u>
Inflation			<u>2.50%</u>
*Expected arithmetic nominal return			<u>8.25%</u>

*The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including inflation of 2.50%.

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 13. Other Post-Employment Benefits Liability – Virginia Retirement System Plans (Continued)

Long-term expected rate of return (Continued)

Line of Duty Act Program

The long-term expected rate of return on LODA Program OPEB investments was set at 3.86% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS pooled investments 6.75% assumption noted above. Instead, the assumed annual rate of return of 3.86% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Fidelity Fixed Income General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2023.

Discount rate

The discount rate used to measure the GLI and HIC OPEB liabilities was 6.75%. The discount rate used to measure the LODA OPEB liability was 3.86%. The projection of cash flows used to determine the discount rate assumed that System 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, 2023, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the VA General Assembly which was 113% of the actuarially determined contribution rate for GLI and 100% of the actuarially determined contribution rate for all other OPEB plans. From July 1, 2023, on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' 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 OPEB liability.

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net GLI OPEB liabilities using the discount rate (6.75% GLI & HIC/3.86% LODA), as well as what the Town's proportionate share of the net OPEB liabilities would be if it was calculated using a discount rate that is one percentage point lower (5.75% GLI & HIC/2.86% LODA) or one percentage point higher (7.75% GLI & HIC/4.86% LODA) than the current rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
GLI Net OPEB liability	\$ 335,285	\$ 226,191	\$ 137,987
HIC Net OPEB liability	\$ 185,500	\$ 161,105	\$ 140,780
	(2.86%)	(3.86%)	(4.86%)
LODA Net OPEB liability	\$ 646,656	\$ 576,734	\$ 517,581

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 13. Other Post-Employment Benefits Liability – Virginia Retirement System Plans (Continued)

Sensitivity of the LODA net OPEB liability to changes in the healthcare cost trend rates

Because the Line of Duty Act (LODA) Program contains provisions for the payment of health insurance premiums, the liabilities are also impacted by the healthcare cost trend rates. The following presents the LODA net OPEB liability of the Town using health care trend rate of 7.00% decreasing to 4.75%, as well as what the Town's LODA net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.00% decreasing to 3.75%) or one percentage point higher (8.00% decreasing to 5.75%) than the current healthcare cost trend rates:

	1.00% Decrease (6.00% Decreasing to 3.75%)	Current Healthcare Cost Trend Rates (7.00% Decreasing to 4.75%)	1.00% Increase (8.00% Decreasing to 5.75%)
LODA Net OPEB liability	\$ 489,090	\$ 576,734	\$ 685,338

OPEB plan fiduciary net position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (ACFR). A copy of the 2023 VRS ACFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the OPEB Plan

At June 30, 2024, the following amounts were payable to the Virginia Retirement System for the legally required contributions related to June 2024 payroll.

Group Life Insurance	\$ 5,811
General Employee HIC	1,995

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 14. Summary of Pension and Other Postemployment Benefit Elements

A summary of pension and other postemployment benefit (OPEB) related financial statement elements is as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
Deferred outflows of resources – related to pensions			
Deferred outflow – differences in expected/actual experience and change in assumptions			
VRS – defined benefit pension plan	\$ 64,896	\$ 2,166	\$ 67,062
Deferred outflow – contributions after the measurement date			
VRS – defined benefit pension plan	<u>571,400</u>	<u>19,071</u>	<u>590,471</u>
Total deferred outflow of resources – pensions	<u><u>\$ 636,296</u></u>	<u><u>\$ 21,237</u></u>	<u><u>\$ 657,533</u></u>
Deferred outflows of resources – OPEB			
Deferred outflow – differences in expected/actual experience and assumptions, change in proportion, and difference in projected and actual investment earnings			
VRS – LODA	\$ 215,276	\$ -	\$ 215,276
VRS – HIC – OPEB Program	107,827	3,599	111,426
VRS – GLI – OPEB Program	26,540	886	27,426
Local Health – Single Agent – defined benefit	39,264	1,311	40,575
Deferred outflow – contributions after the measurement date			
VRS – LODA – OPEB Program	19,920	-	19,920
VRS – HIC – OPEB Program	23,152	773	23,925
VRS – GLI – OPEB Program	<u>27,255</u>	<u>910</u>	<u>28,165</u>
Total deferred outflow of resources – OPEB	<u><u>\$ 459,234</u></u>	<u><u>\$ 7,479</u></u>	<u><u>\$ 466,713</u></u>
Net pension liability			
VRS – defined benefit pension plan	<u>\$ 1,305,715</u>	<u>\$ 43,580</u>	<u>\$ 1,349,295</u>
Total net pension liability	<u><u>\$ 1,305,715</u></u>	<u><u>\$ 43,580</u></u>	<u><u>\$ 1,349,295</u></u>

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 14. Summary of Pension and Other Postemployment Benefit Elements (Continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
Net OPEB liability			
Local health	\$ 656,924	\$ 21,926	\$ 678,850
VRS – LODA	576,734	-	576,734
VRS – HIC – OPEB Program	155,902	5,203	161,105
VRS – GLI	218,885	7,306	226,191
	<u>\$ 1,608,445</u>	<u>\$ 34,435</u>	<u>\$ 1,642,880</u>
Deferred inflows of resources – related to pensions			
Deferred inflow – differences in expected/actual experience and difference in projected and actual earnings on investments			
VRS – defined benefit pension plan	<u>\$ 1,031,857</u>	<u>\$ 34,439</u>	<u>\$ 1,066,296</u>
Deferred inflows of resources – OPEB			
Deferred inflows – differences in expected/actual experience, change in assumptions, changes in proportion, and difference in projected and actual earnings on investments			
VRS – LODA – Cost-Sharing- Multiple-Employer	\$ 246,815	\$ -	\$ 246,815
VRS – HIC - OPEB Program	34,229	1,142	35,371
VRS – GLI – Cost-Sharing- Multiple-Employer	95,148	3,176	98,324
Deferred inflow – differences in expected/actual experience and change in assumptions			
Local Health – Single Agent- Defined benefit	<u>425,627</u>	<u>14,206</u>	<u>439,833</u>
	<u>\$ 801,819</u>	<u>\$ 18,524</u>	<u>\$ 820,343</u>
Total deferred inflow of resources – OPEB	<u>\$ 801,819</u>	<u>\$ 18,524</u>	<u>\$ 820,343</u>

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 15. Tax Abatements

The Town has two programs through which it currently provides tax abatements:

Historic District Tax Abatement: The Town finds that the continued development and success of its Old and Historic District requires incentives, and determines that the most appropriate method of offering incentives for the area described is to create a tax credit/abatement program in that area, as authorized by the *Code of Virginia* 1950, §58.1-3220, as amended. The intent of council is to provide property tax credit and/or abatements that encourage maintenance, restoration, preservation, and rehabilitation by providing for such a tax credit of \$2,500 to town property taxes for every \$2,500 of work performed and documented on the structures located within the Old and Historic District of the Town. The council of the Town believes that the establishment of such tax credits and/or abatement incentives will improve the economic and visual conditions of the geographic area of the Town, which could, in turn, benefit the welfare of the citizens of the Town.

Rehabilitation Tax Exemption: Under the *Code of Virginia* 1950, §58.1-3221, as amended, the governing body of any county, city, or town may, by ordinance, provide for the partial exemption from taxation of real estate on which any structure or other improvement no less than twenty years of age, or fifteen years of age if the structure is located in an area designate as an enterprise zone by the Commonwealth, has undergone substantial rehabilitation, renovation, or replacement for commercial or industrial use, subject to such conditions as the ordinance may provide. The partial exemption provided by the local governing body may not exceed an amount equal to the increase in assessed value resulting from the rehabilitation, renovation or replacement of the commercial or industrial structure as determined by the commissioner of the revenue or other local assessing officer or an amount up to fifty percent of the cost of the rehabilitation, renovation or replacement as determined by ordinance. The Town currently has one qualified partial rehabilitation tax exemption.

For the year ended June 30, 2024, the Town abated taxes as follows:

<u>Tax Abatement Program</u>	<u>Amount Abated</u>
Rehabilitation Tax Exemption	\$ 31,137
Historic District Tax Abatement	14,610

Note 16. Commitments and Contingencies

Litigation

The Town is contingently liable with respect to lawsuits and other claims, which arise in the ordinary course of operations. It is the opinion of the Town management and the Town Attorney that any losses not covered by insurance, which may ultimately be incurred as a result of the suits and claims, will not be material to the financial position of the Town.

Federal programs in which the City participates were audited in accordance with provisions of the *Uniform Guidance*. Pursuant to the provisions of this document, all major programs were tested for compliance with applicable grant requirements. While no matters of material noncompliance were disclosed by audit, the Federal government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 17. Risk Management

The Town's comprehensive insurance coverage is through a self-insurance risk pool provided by Vacorp. Coverage includes, but is not limited to, building property, general liability, worker's compensation, public officials' liability, cyber liability, inland marine, and automobiles.

Note 18. Outsourced Operations Agreement

In September 2021, the Town entered into an operations and maintenance agreement with a private entity for the Town's wastewater treatment and collection system. The commencement date of the contract was January 1, 2022, and will run for a period of five years. The Town paid \$2,770,201 under this agreement during 2024.

Note 19. Subsequent Events

Subsequent events have been evaluated through November 20, 2024, the date that the financial statements were available to be issued. On August 30, 2024, the Town moved \$5,374,569.04 from the VIP Stable NAV account to the VIP 1-3 Year High Quality Bond Fund in order to segregate GF "reserve" funds into a long-term bond fund. On October 16, 2024, the Town entered into a funding and financing agreement with VRA for \$8,372,945.98 to upgrade the wastewater collection system. Terms are 0% interest, 30 years, and \$3,125,000 loan forgiveness from DEQ.

Note 20. New Accounting Standards

In June 2022, the GASB issued **Statement No. 101**, *Compensated Absences*. This statement updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

In December 2023, the GASB issued **Statement No. 102**, *Certain Risk Disclosures*. This statement defines and requires governments to disclose the risks related to concentrations of inflows or outflows of resources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2024.

In April 2024, the GASB issued **Statement No. 103**, *Financial Reporting Model Improvements*. This statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision-making and assessing a government's accountability as well as addresses certain application issues. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

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

**REQUIRED
SUPPLEMENTARY INFORMATION**

TOWN OF ABINGDON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND
RELATED RATIOS – PRIMARY GOVERNMENT
June 30, 2024

	Plan Year								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability									
Service cost	\$ 450,046	\$ 511,745	\$ 490,976	\$ 540,470	\$ 519,871	\$ 562,833	\$ 498,793	\$ 485,771	\$ 487,115
Interest	1,740,786	1,744,923	1,587,159	1,512,795	1,527,101	1,317,996	1,308,047	1,249,531	1,244,997
Changes of benefit terms	-	-	-	-	-	1,686,531	-	-	-
Differences between expected and actual experience	(629,787)	(914,266)	32,990	207,364	(1,072,292)	459,568	(423,509)	(85,461)	(935,088)
Changes in assumptions	-	-	992,110	-	689,034	-	(284,406)	-	-
Benefit payments, including refunds of employee contributions	(1,365,294)	(1,318,683)	(1,236,792)	(1,081,087)	(1,054,247)	(1,025,177)	(888,423)	(739,385)	(725,110)
Net change in total pension liability	195,751	23,719	1,866,443	1,179,542	609,467	3,001,751	210,502	910,456	71,914
Total pension liability – beginning	<u>26,022,020</u>	<u>25,998,301</u>	<u>24,131,858</u>	<u>22,952,316</u>	<u>22,342,849</u>	<u>19,341,098</u>	<u>19,130,596</u>	<u>18,220,140</u>	<u>18,148,226</u>
Total pension liability – ending	<u>26,217,771</u>	<u>26,022,020</u>	<u>25,998,301</u>	<u>24,131,858</u>	<u>22,952,316</u>	<u>22,342,849</u>	<u>19,341,098</u>	<u>19,130,596</u>	<u>18,220,140</u>
Plan fiduciary net position									
Contributions – employer	509,745	395,851	445,205	509,937	512,773	415,580	345,847	446,529	436,232
Contributions – employee	202,862	198,628	224,647	243,365	245,438	208,601	271,557	280,345	260,646
Net investment income (loss)	1,532,499	(16,653)	5,403,553	377,613	1,260,226	1,324,041	1,983,557	283,492	708,070
Benefit payments, including refunds of employee contributions	(1,365,294)	(1,318,683)	(1,236,792)	(1,081,087)	(1,054,247)	(1,025,177)	(888,423)	(739,385)	(725,110)
Administrative expense	(15,459)	(15,540)	(13,628)	(12,898)	(12,459)	(11,494)	(11,494)	(9,853)	(9,567)
Other	616	564	508	(449)	(794)	(1,176)	(1,763)	(119)	(152)
Net change in total pension liability	864,969	(755,833)	4,823,493	36,481	950,937	910,375	1,699,281	261,009	670,119
Total pension liability – beginning	<u>24,003,507</u>	<u>24,759,340</u>	<u>19,935,847</u>	<u>19,899,366</u>	<u>18,948,429</u>	<u>18,038,054</u>	<u>16,338,773</u>	<u>16,077,764</u>	<u>15,407,645</u>
Total pension liability – ending	<u>24,868,476</u>	<u>24,003,507</u>	<u>24,759,340</u>	<u>19,935,847</u>	<u>19,899,366</u>	<u>18,948,429</u>	<u>18,038,054</u>	<u>16,338,773</u>	<u>16,077,764</u>
Net pension liability – ending	<u>\$ 1,349,295</u>	<u>\$ 2,018,513</u>	<u>\$ 1,238,961</u>	<u>\$ 4,196,011</u>	<u>\$ 3,052,950</u>	<u>\$ 3,394,420</u>	<u>\$ 1,303,044</u>	<u>\$ 2,791,823</u>	<u>\$ 2,142,376</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>94.85%</u>	<u>92.24%</u>	<u>95.23%</u>	<u>82.61%</u>	<u>86.70%</u>	<u>84.81%</u>	<u>93.26%</u>	<u>85.41%</u>	<u>88.24%</u>
Covered payroll	<u>\$ 4,441,684</u>	<u>\$ 4,223,245</u>	<u>\$ 4,719,818</u>	<u>\$ 5,132,041</u>	<u>\$ 5,134,606</u>	<u>\$ 5,147,591</u>	<u>\$ 5,397,697</u>	<u>\$ 5,467,229</u>	<u>\$ 5,154,890</u>
Net pension liability as a percentage of covered payroll	<u>30.38%</u>	<u>47.80%</u>	<u>26.25%</u>	<u>81.76%</u>	<u>59.46%</u>	<u>65.94%</u>	<u>24.14%</u>	<u>51.06%</u>	<u>41.56%</u>

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year – i.e., plan year 2015 information was presented in the entity's fiscal year 2016 financial report.

This schedule is intended to show information for 10 years. Since the 2016 fiscal year (plan year 2015) was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The Notes to Required Supplementary Information are an integral part of this schedule.

TOWN OF ABINGDON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS

June 30, 2024

Entity Fiscal Year Ended June 30,	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 590,471	\$ 590,471	\$ -	\$ 5,201,091	11.35 %
2023	509,745	509,745	-	4,441,684	11.48
2022	395,851	395,851	-	4,223,245	9.37
2021	445,205	445,205	-	4,719,818	9.43
2020	510,099	510,099	-	5,132,041	9.94
2019	513,474	513,474	-	5,134,606	10.00
2018	500,449	500,449	-	5,147,591	9.72
2017	344,652	344,652	-	5,397,697	6.39
2016	392,213	392,213	-	5,467,229	7.17
2015	437,062	437,062	-	5,154,890	8.48
2014	484,889	484,889	-	5,207,804	9.31

TOWN OF ABINGDON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND
RELATED RATIOS – LOCAL PLAN
June 30, 2024

	Fiscal Year					
	2024	2023	2022	2021	2020	2019
Total OPEB liability						
Service cost	\$ 73,066	\$ 73,813	\$ 90,464	\$ 87,138	\$ 60,102	\$ 53,882
Interest	24,707	32,874	20,643	23,296	30,017	37,808
Changes of benefit terms	-	-	-	-	-	(217,060)
Differences between expected and actual experience	-	(358,870)	-	(194,054)	-	(8,072)
Changes in assumptions	(19,731)	5,169	(113,592)	(1,395)	101,871	31,280
Benefit payments, including refunds of employee contributions	(6,005)	(1,956)	(13,926)	(19,404)	(25,590)	(37,168)
Net change in total OPEB liability	72,037	(248,970)	(16,411)	(104,419)	166,400	(139,330)
Total OPEB liability – beginning	606,813	855,783	872,194	976,613	810,213	949,543
Total OPEB liability – ending	\$ 678,850	\$ 606,813	\$ 855,783	\$ 872,194	\$ 976,613	\$ 810,213
Covered payroll	<u>\$ 4,367,358</u>	<u>\$ 4,367,358</u>	<u>\$ 4,789,053</u>	<u>\$ 4,789,053</u>	<u>\$ 5,273,134</u>	<u>\$ 5,273,134</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>15.54%</u>	<u>13.89%</u>	<u>17.87%</u>	<u>18.21%</u>	<u>18.52%</u>	<u>15.36%</u>

This schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The assets in the above schedule are not administered through a trust.

Notes to Schedule:

Changes to assumptions – *Local Plan*: Changes to assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2024	3.930%
2023	3.650%
2022	3.540%
2021	2.160%
2020	2.210%
2019	3.500%
2018	3.870%
2017	3.500%

TOWN OF ABINGDON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND
RELATED RATIOS – VRS PLAN
June 30, 2024

	VRS Health Insurance Credit			
	Fiscal Year			
	2024	2023	2022	2021
Total HIC OPEB liability				
Service cost	\$ 2,445	\$ 5,589	\$ 4,047	\$ 4,868
Interest	15,853	15,379	13,231	6,795
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(44,984)	2,192	19,269	96,256
Changes in assumptions	-	(1,174)	2,478	-
Benefit payments	(10,599)	(13,058)	(12,526)	(12,600)
Net change in total HIC OPEB liability	(37,285)	8,928	26,499	95,319
Total HIC OPEB liability – beginning	237,711	228,783	202,284	106,965
Total HIC OPEB liability – ending	200,426	237,711	228,783	202,284
Plan fiduciary net position				
Contributions – employer	20,432	19,427	21,711	13,339
Net investment income (loss)	1,555	(134)	1,516	27
Benefit payments	(10,599)	(13,058)	(12,526)	(12,600)
Administrative expense	(31)	(46)	(47)	(4)
Other	436	8,173	-	-
Net change in plan fiduciary net position	11,793	14,362	10,654	762
Plan fiduciary net position liability – beginning	27,528	13,166	2,512	1,750
Plan fiduciary net position – ending	\$ 39,321	\$ 27,528	\$ 13,166	\$ 2,512
Net HIC OPEB liability – ending	\$ 161,105	\$ 210,183	\$ 215,617	\$ 199,772
Plan fiduciary net position as a percentage of the total HIC OPEB liability	19.62%	11.58%	5.75%	1.24%
Covered payroll	\$ 4,746,539	\$ 4,536,612	\$ 4,698,636	\$ 5,132,041
Net HIC OPEB liability as a percentage of covered payroll	3.39%	4.63%	4.59%	3.89%

This schedule is intended to show information for 10 years. Since 2020 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

TOWN OF ABINGDON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS – VRS PLAN
June 30, 2024

Entity Fiscal Year Ended June 30,	Contractually Required Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
VRS Health Insurance Credit – General Employees					
2024	\$ 23,925	\$ 23,925	\$ -	\$ 5,201,091	0.46 %
2023	20,432	20,432	-	4,746,539	0.43
2022	19,427	19,427	-	4,536,612	0.43
2021	21,711	21,711	-	4,698,636	0.46
2020	13,343	13,343	-	5,132,041	0.26

This schedule is intended to show information for 10 years. Since 2019 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the entity's fiscal year – i.e., the covered payroll on which required contributions were based for the same year.

TOWN OF ABINGDON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY – VRS PLAN
June 30, 2024

Entity Fiscal Year Ended June 30,	Employer's Portion of the Net OPEB Liability	Employer's Proportionate Share of the Net OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Group Life Insurance – General Employees					
2024	0.01886 %	\$ 226,191	\$ 4,441,684	5.09 %	69.30 %
2023	0.01953	235,160	4,536,612	5.18	67.21
2022	0.02304	268,248	4,698,636	5.71	67.45
2021	0.02494	416,208	5,132,041	8.11	52.00
2020	0.02621	427,000	5,138,216	8.31	52.00
2019	0.02707	411,000	5,147,591	7.98	51.22
2018	0.02963	446,000	5,465,642	8.16	48.86
Line of Duty Act (LODA)					
2024	0.14386 %	\$ 576,734	\$ 1,479,076	38.99 %	1.31 %
2023	0.14165	536,082	1,309,767	40.93	1.87
2022	0.13546	597,367	1,242,708	48.07	1.68
2021	0.12464	522,012	1,201,461	43.45	1.02
2020	0.12464	471,696	1,220,250	38.66	0.79
2019	0.13317	417,000	1,287,698	32.38	0.60
2018	0.13678	359,000	1,335,385	26.88	1.30

This schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the measurement period, which is the twelve months prior to the entity's fiscal year.

TOWN OF ABINGDON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS – VRS PLAN
June 30, 2024

Entity Fiscal Year Ended June 30,	Contractually Required Contribution	Contributions Related to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
Group Life Insurance – General Employees					
2024	\$ 28,165	\$ 28,165	\$ -	\$ 5,215,678	0.54 %
2023	23,985	23,985	-	4,441,684	0.54
2022	22,937	22,937	-	4,536,612	0.51
2021	25,697	25,697	-	4,698,636	0.55
2020	26,687	26,687	-	5,132,041	0.52
2019	26,719	26,719	-	5,138,216	0.52
Line of Duty Act (LODA)					
2024	\$ 19,920	\$ 19,920	\$ -	\$ 1,676,983	1.19 %
2023	19,092	19,092	-	1,479,076	1.29
2022	19,509	19,509	-	1,309,767	1.49
2021	18,650	18,650	-	1,242,708	1.50
2020	16,938	16,938	-	1,201,461	1.41
2019	17,644	17,644	-	1,220,250	1.45

This schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the entity's fiscal year - i.e., the covered payroll on which required contributions were based for the same year.

TOWN OF ABINGDON, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2024

Note 1. Changes of Benefit Terms

Pension

There have been no actuarially material changes to the Virginia Retirement System (System) benefit provisions since the prior actuarial valuation.

Other Postemployment Benefits (OPEB)

There have been no actuarially material changes to the System of benefit provisions since the prior year actuarial valuation.

Note 2. Changes of Assumptions

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

Largest 10 – Non-Hazardous Duty:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each age and service through 9 years of service.
- Applicable to: Pension, GLI OPEB, and HIC OPEB.

Largest 10 – Hazardous Duty/Public Safety Employees:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scale MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates.
- Applicable to: Pension, GLI OPEB, HIC OPEB, and LODA OPEB.

All Others (Non 10 Largest) – Non-Hazardous Duty:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each age and service through 9 years of service.
- Applicable to: Pension, GLI OPEB, and HIC OPEB.

TOWN OF ABINGDON, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2024

Note 2. Changes of Assumptions (Continued)

All Others (Non 10 Largest) – Hazardous Duty/Public Safety Employees:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scale MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty.
- Applicable to: Pension, GLI OPEB, HIC OPEB, and LODA OPEB.

**OTHER
SUPPLEMENTARY INFORMATION**

TOWN OF ABINGDON, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass- Through Entity Identifying Number	Amounts Passed Through to Sub- Recipients	Federal Expenditures
U.S. Department of the Interior				
Passed-Through Virginia Department of Historic Resources				
Historic Preservation Fund Grants-In-Aid	15.904	N/A	N/A	\$ 1,788
Historic Preservation Fund Grants-In-Aid	15.904	N/A	N/A	14,189
				<u>15,977</u>
Total U.S. Department of the Interior				<u>15,977</u>
U.S Department of Justice				
Passed through Virginia Department of Criminal Justice Services				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	N/A	<u>1,838</u>
Total U.S Department of Justice				<u>1,838</u>
U.S Department of Transportation				
Passed through Virginia Department of Transportation				
Highway Planning and Construction	20.205	N/A	N/A	140,638
Highway Planning and Construction	20.205	N/A	N/A	<u>161,106</u>
Total Highway Planning and Construction				<u>301,744</u>
Passed through Virginia Department of Motor Vehicles				
<i>Highway Safety Cluster</i>				
State and Community Highway Safety	20.600	N/A	N/A	<u>9,516</u>
Total Highway Safety Cluster				<u>9,516</u>
Total U.S. Department of Transportation				<u>311,260</u>
U.S. Department of Treasury				
Direct payments				
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	N/A	N/A	1,756,247
Passed through Virginia Department of Criminal Justice Services				
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund - Law Enforcement	21.027	N/A	N/A	<u>85,653</u>
Total U.S. Department of Treasury				<u>1,841,900</u>
Total Expenditures of Federal Awards				<u>\$ 2,170,975</u>

Note 1 - Basis of Presentation:

The accompanying Schedule of Federal Expenditures includes the activity of all federally assisted programs of the Town and is presented on the modified accrual basis of accounting, as described in Note 1 to the Town's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on this schedule.

Note 2 - Indirect Costs:

The Town did not elect to use the 10% de minimus indirect cost rate.

Note 3 - Outstanding Loan Balances:

At June 30, 2024, the Town had no outstanding loan balances requiring continuing disclosure.

STATISTICAL SECTION

The information in this section is not audited, but is presented as supplemental data for the benefit of the readers of the comprehensive annual financial report. The objectives of statistical section information are to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to understand and assess a government's economic condition.

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Financial Trends..... 1-4

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity 5-8

These schedules contain trend information to help the reader assess the Town's most significant local revenue source, the property tax.

Debt Capacity..... 9-12

These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

Economic and Demographic Information 13-14

These schedules offer economic and demographic indicators to help the reader understand the environment within which the Town's financial activities take place.

Operating Information..... 15-17

These schedules 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.

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

TABLE 1

TOWN OF ABINGDON, VIRGINIA

**NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities										
Net investment in capital assets	\$ 15,813,168	\$ 19,563,963	\$ 19,320,316	\$ 20,451,727	\$ 22,466,371	\$ 23,189,118	\$ 22,949,378	\$ 26,189,463	\$ 27,643,064	\$ 30,731,997
Restricted	-	-	139,425	138,673	641,272	115,315	112,233	47,130	147,233	167,211
Unrestricted	4,218,991	1,888,123	1,968,338	1,481,553	749,399	981,112	3,210,182	4,060,490	5,576,190	8,003,245
Total governmental activities net position	20,032,159	21,452,086	21,428,079	22,071,953	23,857,042	24,285,545	26,271,793	30,297,083	33,366,487	38,902,453
Business-type activities										
Net investment in capital assets	2,517,019	3,130,624	3,296,488	3,498,859	3,920,784	4,466,716	5,417,896	5,887,563	6,803,278	7,631,872
Unrestricted	2,242,548	2,885,392	3,205,423	3,078,233	2,902,656	2,912,773	2,175,998	2,813,342	2,811,157	2,561,031
Total business-type activities	4,759,567	6,016,016	6,501,911	6,577,092	6,823,440	7,379,489	7,593,894	8,700,905	9,614,435	10,192,903
Primary government										
Net investment in capital assets	18,330,187	22,694,587	22,616,804	23,950,586	26,387,155	27,655,834	28,367,274	32,077,026	34,446,342	38,363,869
Restricted	-	-	139,425	138,673	641,272	115,315	112,233	47,130	147,233	167,211
Unrestricted	6,461,539	4,773,515	5,173,761	4,559,786	3,652,055	3,893,885	5,386,180	6,873,832	8,387,347	10,564,276
Total primary government net position	<u>\$ 24,791,726</u>	<u>\$ 27,468,102</u>	<u>\$ 27,929,990</u>	<u>\$ 28,649,045</u>	<u>\$ 30,680,482</u>	<u>\$ 31,665,034</u>	<u>\$ 33,865,687</u>	<u>\$ 38,997,988</u>	<u>\$ 42,980,922</u>	<u>\$ 49,095,356</u>

(1) Accounting standards require net position be reported in three categories in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net position is considered restricted when 1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or) imposed by law through constitutional provisions or enabling legislation.

TOWN OF ABINGDON, VIRGINIA

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses										
Governmental Activities:										
General government	\$ 1,583,573	\$ 2,541,643	\$ 2,437,414	\$ 2,278,330	\$ 2,434,231	\$ 2,265,651	\$ 3,007,482	\$ 2,325,969	\$ 2,473,673	\$ 3,605,909
Public safety	2,728,805	2,667,792	2,920,360	2,809,797	4,123,159	2,910,228	2,395,271	3,235,848	3,585,115	3,794,414
Public works	3,715,968	2,868,606	2,737,484	2,661,221	3,467,788	3,259,368	3,274,223	3,705,593	3,330,662	5,418,889
Health and welfare	264,880	65,636	37,519	38,928	35,947	27,193	1,244	2,172	-	1,764
Parks, recreation, and culture	2,219,947	3,182,023	3,058,604	2,896,160	3,426,901	2,860,715	1,834,270	2,324,507	2,913,265	1,321,996
Community development	2,220,759	1,482,812	1,298,975	1,112,417	1,019,371	1,114,551	1,119,696	1,186,482	1,980,993	1,741,850
Interest on long-term debt	116,242	104,489	94,281	98,028	123,726	237,614	463,017	471,541	414,595	375,342
Non-departmental	258,510	135,187	74,874	83,017	73,813	27,790	66,423	47,850	41,305	250,879
Total government activities expense	13,108,684	13,048,188	12,659,511	11,977,898	14,704,936	12,703,110	12,161,626	13,299,962	14,739,608	16,511,043
Business-Type Activities:										
Wastewater	2,663,324	2,523,852	2,661,341	2,796,247	3,091,420	2,745,828	3,048,537	2,619,862	3,044,859	3,796,476
Total business-type activities expenses	2,663,324	2,523,852	2,661,341	2,796,247	3,091,420	2,745,828	3,048,537	2,619,862	3,044,859	3,796,476
Total primary government expenses	<u>\$ 15,772,008</u>	<u>\$ 15,572,040</u>	<u>\$ 15,320,852</u>	<u>\$ 14,774,145</u>	<u>\$ 17,796,356</u>	<u>\$ 15,448,938</u>	<u>\$ 15,210,163</u>	<u>\$ 15,919,824</u>	<u>\$ 17,784,467</u>	<u>\$ 20,307,519</u>
Program Revenues										
Governmental Activities:										
Charges for services										
Public safety	\$ -	\$ -	\$ 28,505	\$ 24,848	\$ 9,727	\$ 8,429	\$ 78,678	\$ 99,741	\$ 1,532	\$ 3,452
Public works	369,912	346,394	361,054	408,613	419,277	419,189	432,872	471,146	699,350	1,216,308
Parks, recreation, and culture	436,640	441,508	442,265	457,433	465,227	326,457	139,422	430,448	484,274	461,756
Community development	14,390	16,163	13,864	12,240	9,537	11,718	10,009	7,870	1,281	792
Non-departmental	-	-	-	-	-	-	-	-	-	10,847
Operating grants and contributions	2,460,379	1,829,418	1,916,785	1,966,946	3,161,727	2,044,384	2,907,667	2,515,182	2,485,031	2,994,429
Capital grants and contributions	696,721	330,061	142,465	1,091,684	2,270,745	689,764	399,048	1,950,819	786,359	2,159,295
Total governmental activities program revenues	<u>3,978,042</u>	<u>2,963,544</u>	<u>2,904,938</u>	<u>3,961,764</u>	<u>6,336,240</u>	<u>3,499,941</u>	<u>3,967,696</u>	<u>5,475,206</u>	<u>4,457,827</u>	<u>6,846,879</u>

(Continued)

TOWN OF ABINGDON, VIRGINIA

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Program Revenues (Continued)										
Business-Type Activities:										
Charges for services										
Wastewater	\$ 2,966,165	\$ 3,161,540	\$ 3,135,579	\$ 3,041,260	\$ 3,299,129	\$ 3,270,050	\$ 3,247,886	\$ 3,721,438	\$ 3,911,941	\$ 4,293,288
Capital grants and contributions	-	100,000	-	-	-	-	-	-	-	-
Total business-type activities program revenues	2,966,165	3,261,540	3,135,579	3,041,260	3,299,129	3,270,050	3,247,886	3,721,438	3,911,941	4,293,288
Total primary government program revenues	<u>\$ 6,944,207</u>	<u>\$ 6,225,084</u>	<u>\$ 6,040,517</u>	<u>\$ 7,003,024</u>	<u>\$ 9,635,369</u>	<u>\$ 6,769,991</u>	<u>\$ 7,215,582</u>	<u>\$ 9,196,644</u>	<u>\$ 8,369,768</u>	<u>\$ 11,140,167</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (9,130,642)	\$ (10,084,644)	\$ (9,754,573)	\$ (8,016,134)	\$ (8,368,696)	\$ (9,203,169)	\$ (8,193,930)	\$ (7,824,756)	\$ (10,281,781)	\$ (9,664,164)
Business-Type Activities	302,841	737,688	474,238	245,013	207,709	524,222	199,349	1,101,576	867,082	496,812
Total primary government net (expense)/revenue	<u>\$ (8,827,801)</u>	<u>\$ (9,346,956)</u>	<u>\$ (9,280,335)</u>	<u>\$ (7,771,121)</u>	<u>\$ (8,160,987)</u>	<u>\$ (8,678,947)</u>	<u>\$ (7,994,581)</u>	<u>\$ (6,723,180)</u>	<u>\$ (9,414,699)</u>	<u>\$ (9,167,352)</u>
General Revenues and other Changes in Net Position										
Governmental Activities:										
Taxes	\$ 8,854,836	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Current property taxes	-	2,747,145	2,657,010	2,802,195	2,899,882	2,874,852	3,122,505	3,172,700	3,350,367	2,584,030
Other property taxes	-	-	-	-	-	-	-	-	-	908,622
Local sales & use tax	-	461,012	492,287	494,985	488,092	517,472	574,619	625,761	688,073	740,764
Utility tax	-	81,420	82,728	84,375	84,167	83,572	83,682	83,048	83,887	83,773
Business license tax	-	943,751	877,549	839,908	838,602	872,946	912,463	957,533	1,049,253	1,132,287
Franchise license tax	-	66,535	63,036	77,917	60,555	57,917	51,531	51,903	51,913	50,926
Communication tax	-	117,391	114,150	110,756	102,749	100,406	89,183	86,562	84,050	78,985
Motor vehicle license	-	123,503	158,206	145,434	158,944	155,419	149,584	157,071	182,448	161,056
Bank stock tax	-	543,899	565,666	565,205	618,639	583,927	664,201	692,257	737,509	789,437
Cigarette tax	-	107,913	239,579	276,615	256,458	198,608	213,239	207,298	261,900	226,947
Hotel and motel room tax	-	812,441	832,691	856,812	896,562	731,585	706,960	1,107,105	1,358,219	1,427,102
Restaurant food tax	-	2,993,280	2,953,594	3,026,101	3,038,690	2,842,245	3,126,506	3,796,797	4,178,614	4,507,070
Unrestricted intergovernmental revenue	56,435	61,376	65,291	68,533	66,870	69,074	92,992	87,146	91,633	-
Unrestricted investment earnings	42,940	33,300	36,580	39,828	76,662	84,064	38,691	37,886	434,161	801,165

TOWN OF ABINGDON, VIRGINIA

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
(Continued)										
General Revenues and other Changes in Net Position (Continued)										
Governmental Activities: (Continued)										
Rental of Town property	\$ -	\$ 5,821	\$ 3,600	\$ 3,600	\$ 4,825	\$ -	\$ -	\$ -	\$ -	\$ -
Recovered cost	-	-	-	31,894	1,594	-	-	-	-	-
Gain(loss) on sale of capital assets	-	-	8,452	(2,560)	58,064	(13,535)	-	-	-	-
Other	300,021	2,910,734	577,147	355,854	502,430	473,120	354,022	280,387	799,158	1,707,966
Total governmental activities	9,254,232	12,009,521	9,727,566	9,777,452	10,153,785	9,631,672	10,180,178	11,343,454	13,351,185	15,200,130
Business-Type Activities:										
Unrestricted investment earnings	3,553	6,031	11,657	19,710	38,639	31,827	12,773	5,435	46,448	81,656
Other	-	-	-	-	-	-	2,283	-	-	-
Total business-type activities	3,553	6,031	11,657	19,710	38,639	31,827	15,056	5,435	46,448	81,656
Total primary government	<u>\$ 9,257,785</u>	<u>\$ 12,015,552</u>	<u>\$ 9,739,223</u>	<u>\$ 9,797,162</u>	<u>\$ 10,192,424</u>	<u>\$ 9,663,499</u>	<u>\$ 10,195,234</u>	<u>\$ 11,348,889</u>	<u>\$ 13,397,633</u>	<u>\$ 15,281,786</u>
Change in Net Position										
Governmental Activities	\$ 123,590	\$ 1,924,877	\$ (27,007)	\$ 1,761,318	\$ 1,785,089	\$ 428,503	\$ 1,986,248	\$ 3,518,698	\$ 3,069,404	\$ 5,535,966
Business-Type Activities	306,394	743,719	485,895	264,723	246,348	556,049	214,405	1,107,011	913,530	578,468
Total primary government	<u>\$ 429,984</u>	<u>\$ 2,668,596</u>	<u>\$ 458,888</u>	<u>\$ 2,026,041</u>	<u>\$ 2,031,437</u>	<u>\$ 984,552</u>	<u>\$ 2,200,653</u>	<u>\$ 4,625,709</u>	<u>\$ 3,982,934</u>	<u>\$ 6,114,434</u>

(1) Trend data is only available for the last TEN fiscal years due to implementation of GASB 34.

TOWN OF ABINGDON, VIRGINIA

**FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund										
Nonspendable	\$ 101,045	\$ 111,657	\$ 4,006	\$ 5,858	\$ 5,253	\$ 3,213	\$ 99,776	\$ 167,826	\$ 203,635	\$ 102,683
Restricted	-	-	72,214	70,777	572,289	2,226,252	41,728	34,965	135,029	179,387
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	5,769,280	4,957,351	4,926,546	5,093,732	5,095,439	5,381,729	7,509,213	8,544,788	9,946,776	10,961,316
Total general fund	<u>\$ 5,870,325</u>	<u>\$ 5,069,008</u>	<u>\$ 5,002,766</u>	<u>\$ 5,170,367</u>	<u>\$ 5,672,981</u>	<u>\$ 7,611,194</u>	<u>\$ 7,650,717</u>	<u>\$ 8,747,579</u>	<u>\$ 10,285,440</u>	<u>\$ 11,243,386</u>
All Other Governmental Funds										
Restricted	\$ 965,255	\$ 66,831	\$ 67,211	\$ 67,896	\$ 68,983	\$ 70,192	\$ 4,296,044	\$ 12,165	\$ 12,204	\$ (12,176)
Assigned	-	-	-	-	-	-	-	7,119	201,623	108,569
Unassigned	(52,902)	(63,539)	(77,942)	(93,914)	-	-	-	(6,517)	-	-
Total all other governmental funds	<u>\$ 912,353</u>	<u>\$ 3,292</u>	<u>\$ (10,731)</u>	<u>\$ (26,018)</u>	<u>\$ 68,983</u>	<u>\$ 70,192</u>	<u>\$ 4,296,044</u>	<u>\$ 12,767</u>	<u>\$ 213,827</u>	<u>\$ 96,393</u>

TOWN OF ABINGDON, VIRGINIA

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues										
General property taxes	\$ 2,584,556	\$ 2,693,882	\$ 2,699,105	\$ 2,790,671	\$ 2,862,820	\$ 2,906,767	\$ 3,020,303	\$ 3,286,313	\$ 3,379,042	\$ 2,573,300
Other local taxes	6,229,713	6,251,145	6,379,486	6,478,108	6,543,458	6,144,097	6,571,968	7,765,335	8,675,866	10,106,969
Permits and licenses	14,238	29,348	18,650	15,322	50,076	40,256	27,278	34,395	96,789	187,163
Fines and forfeitures	42,139	31,051	33,959	28,112	17,946	19,398	12,623	22,875	28,991	114,786
Investment earnings	42,940	39,121	40,180	43,428	81,487	84,064	38,691	37,886	434,161	801,165
Charges for services	820,942	804,065	845,688	903,134	903,768	765,793	660,981	1,014,306	1,186,437	1,693,155
Other revenues	27,584	2,568,021	293,099	268,987	394,038	319,841	223,291	222,732	518,164	311,336
Recovered cost	216,060	158,196	175,088	31,894	1,594	-	-	-	-	-
Intergovernmental	3,213,533	2,220,855	2,124,541	3,127,163	5,499,342	2,803,222	3,399,707	4,586,142	3,363,023	5,153,724
Total revenues	13,191,705	14,795,684	12,609,796	13,686,819	16,354,529	13,083,438	13,954,842	16,969,984	17,682,473	20,941,598
Expenditures										
General government	1,592,285	2,603,469	2,462,276	2,544,461	2,297,229	2,307,179	2,873,360	2,166,406	2,437,107	4,075,651
Public safety	3,253,764	2,562,188	2,830,596	2,856,972	3,726,692	2,717,149	2,923,689	2,842,821	3,427,819	3,820,181
Public works	3,567,118	2,962,420	2,674,970	2,839,549	3,235,037	3,038,454	3,106,221	3,831,042	4,411,349	6,375,160
Health and welfare	6,285	65,636	37,519	38,928	35,947	27,193	1,244	2,172	-	1,764
Parks, recreation, and culture	2,291,793	3,288,799	3,018,181	2,745,573	2,612,269	2,681,332	5,383,617	9,621,733	3,128,070	4,110,704
Community development	2,099,266	1,434,039	1,243,488	1,227,791	1,266,510	1,174,349	1,121,258	1,109,361	1,319,892	479,268
Contingencies	258,510	143,458	74,874	83,017	73,813	27,790	48,866	47,850	41,305	250,879
Capital projects	1,824,652	2,289,700	123,356	2,793,659	4,431,161	2,160,980	-	-	-	-

TOWN OF ABINGDON, VIRGINIA

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenditures (Continued)										
Debt service										
Principal	\$ 568,136	\$ 569,563	\$ 545,535	\$ 462,664	\$ 588,699	\$ 7,987,790	\$ 3,091,535	\$ 584,689	\$ 996,586	\$ 1,151,169
Interest	-	110,969	97,631	97,020	122,074	100,513	406,771	482,124	465,897	448,283
Total expenditures	15,461,809	16,030,241	13,108,426	15,689,634	18,389,431	22,222,729	18,956,561	20,688,198	16,228,025	20,713,059
Excess (deficit) of revenues over (under) expenditures	(2,270,104)	(1,234,557)	(498,630)	(2,002,815)	(2,034,902)	(9,139,291)	(5,001,719)	(3,718,214)	1,454,448	228,539
Other Financing Sources (Uses)										
Proceeds from sale of assets	-	7,234	7,037	14,240	189,160	41,065	14,318	506,592	9,989	5,486
Proceeds from borrowing	691,827	78,300	70,133	29,189	40,374	10,944,023	9,780,839	25,207	129,259	517,292
Non-governmental grants	-	-	-	-	-	-	-	-	-	34,400
Premium on debt issues	-	-	-	-	-	-	999,951	-	-	-
Payment of refunded debt	-	-	-	-	-	-	(1,908,692)	-	-	-
Insurance recoveries	-	116,884	341,195	2,111,700	2,402,983	93,625	58,945	-	145,225	1,054,795
Total other financing sources	691,827	202,418	418,365	2,155,129	2,632,517	11,078,713	8,945,361	531,799	284,473	1,611,973
Net change in fund balance	<u>\$ (1,578,277)</u>	<u>\$ (1,032,139)</u>	<u>\$ (80,265)</u>	<u>\$ 152,314</u>	<u>\$ 597,615</u>	<u>\$ 1,939,422</u>	<u>\$ 3,943,642</u>	<u>\$ (3,186,415)</u>	<u>\$ 1,738,921</u>	<u>\$ 1,840,512</u>
Debt service as a percentage of noncapital expenditures	<u>3.81%</u>	<u>4.43%</u>	<u>5.16%</u>	<u>4.54%</u>	<u>5.37%</u>	<u>67.55%</u>	<u>22.63%</u>	<u>5.44%</u>	<u>9.90%</u>	<u>8.37%</u>

TABLE 5

TOWN OF ABINGDON, VIRGINIA

**ASSESSED VALUE AND ACTUAL VALUE OF ALL PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year				<u>Public Utilities</u>			Total Assessed Value	Total Direct Tax Rate Per \$100
	Real Estate	Personal Property	Machinery and Tools	Real Estate	Personal Property	Mobile Homes		
2024	\$ 862,370,764	\$ 111,532,583	\$ 5,607,488	\$ 39,997,636	\$ 19,979	\$ 1,140,884	\$ 1,020,669,334	0.252
2023	863,862,512	121,313,542	5,153,130	28,739,932	50,164	925,895	1,020,045,175	0.331
2022	855,185,600	106,955,598	5,012,035	33,445,685	47,354	898,271	1,001,544,543	0.328
2021	849,221,200	95,012,351	4,904,180	30,054,458	50,593	1,091,218	980,334,000	0.308
2020	775,072,400	93,360,078	5,151,285	27,948,565	49,628	950,588	902,532,544	0.322
2019	766,949,200	88,263,597	3,734,135	28,395,255	73,657	895,799	888,311,643	0.322
2018	766,009,000	84,475,328	3,532,855	25,338,387	87,847	886,601	880,330,018	0.317
2017	770,852,000	87,360,615	3,762,980	23,936,753	93,948	827,012	886,833,308	0.304
2016	743,344,400	91,104,836	3,808,370	23,829,224	9,415	729,889	862,826,134	0.312
2015	743,196,200	93,673,085	-	23,163,478	88,963	824,487	860,946,213	0.300

(1) Property is assessed at actual value, therefore, the assessed values are equal to actual value.

TOWN OF ABINGDON, VIRGINIA

**DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Mobile Homes	Public Utilities		Overlapping Rates	
							Washington County	
					Real Estate	Personal Property	Real Estate	Personal Property
2024	\$ 0.28	\$ 0.76	\$ 0.76	\$ 0.28	\$ 0.28	\$ 0.76	\$ 0.60	\$ 1.70
2023	0.28	0.76	0.76	0.28	0.28	0.76	0.60	1.70
2022	0.28	0.76	0.76	0.28	0.28	0.76	0.60	1.70
2021	0.28	0.76	0.76	0.28	0.28	0.76	0.60	1.70
2020	0.28	0.76	0.76	0.28	0.28	0.76	0.63	1.70
2019	0.28	0.76	0.76	0.28	0.28	0.76	0.63	1.70
2018	0.28	0.76	0.76	0.28	0.28	0.76	0.63	1.70
2017	0.28	0.55	0.55	0.28	0.28	0.55	0.63	1.70
2016	0.28	0.55	0.55	0.28	0.28	0.55	0.63	1.70
2015	0.28	0.55	0.55	0.28	0.28	0.55	0.63	1.70

(1) Rates are presented per \$100 assessed value.

TOWN OF ABINGDON, VIRGINIA

**PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND FIVE YEARS AGO
(UNAUDITED)**

Name	Nature of Business	2024			2019		
		Total Assessed Value	Rank	Percent of Real Estate Levy	Total Assessed Value	Rank	Percent of Real Estate Levy
K-VA-T Food Stores, Inc	Retail	\$ 18,623,100	1	24.80%	\$ 18,590,300	1	27.85%
WRPL 256 LLC <i>(formerly)</i> DMD LLC	Rental Real Estate-Apartments	12,079,700	2	16.08%	11,677,900	2	17.50%
Marathon Realty Corp	Retail	10,980,600	3	14.61%	-	-	0.00%
Atlantic Host, LLC	Hotel	5,860,400	4	7.80%	-	-	0.00%
Falcon Hospitality, LLC	Hotel	5,399,300	5	7.19%	-	-	0.00%
Abingdon VA Propco, LLC	Nursing Home	4,875,900	6	6.50%	-	-	0.00%
Buckhead Abingdon Inc	Hotel	4,847,600	7	6.45%	5,159,700	4	7.73%
New Concepts Hospitality LLC	Hotel	4,268,700	8	5.68%	4,263,600	5	6.39%
Double K. Properties LLC	Retail	4,230,900	9	5.63%	3,667,200	8	5.49%
Town Centre of Abingdon, LLC	Retail	3,969,400	10	5.28%	8,054,000	3	12.06%
Abingdon Professional Centre LLC	Professional Offices	-	-	0.00%	3,600,000	9	5.39%
Frizzell, Ben M. Jr.	Retail	-	-	0.00%	4,191,900	6	6.28%
Geneva C. Hargroves, SM LLC	Professional Offices	-	-	0.00%	4,052,500	7	6.07%
Southern Hospitality	Hotel	-	-	0.00%	3,504,700	10	5.25%
		<u>\$ 75,135,600</u>		<u>100.00%</u>	<u>\$ 66,761,800</u>		<u>100.00%</u>

(1) Schedule is ranked by the largest real estate tax assessed value.

TOWN OF ABINGDON, VIRGINIA

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Total Tax Levy (1)(2)	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections (3)	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Levy
2024	\$ 3,308,098	\$ 3,199,983	96.73 %	\$ 103,597	\$ 3,303,580	99.86 %	\$ 173,840	5.25 %
2023	3,272,907	3,045,426	93.05	142,021	3,187,447	97.39	161,444	4.93
2022	3,253,841	3,117,277	95.80	94,615	3,211,892	98.71	68,147	2.09
2021	3,153,320	2,888,638	91.61	72,930	2,961,568	93.92	112,893	3.58
2020	2,948,905	2,798,447	94.90	58,306	2,856,753	96.88	113,147	3.84
2019	2,891,272	2,757,847	95.39	56,625	2,814,472	97.34	114,385	3.96
2018	2,826,689	2,720,874	96.26	30,979	2,751,853	97.35	121,116	4.28
2017	2,681,396	2,609,612	97.32	38,733	2,648,345	98.77	112,486	4.20
2016	2,624,784	2,576,140	98.15	63,074	2,639,214	100.55	140,793	5.36
2015	2,754,504	2,662,560	96.66	69,757	2,732,317	99.19	-	-

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

(3) Commonwealth reimbursement for auto tax included in total collections.

TOWN OF ABINGDON, VIRGINIA

**RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Per Capita
	Debt Outstanding	Lease Liabilities	Subscription Liabilities	Debt Outstanding	Lease Liabilities	Subscription Liabilities		
2024	\$ 12,536,595	\$ 313,542	\$ 221,389	\$ 2,884,773	\$ -	\$ -	\$ 15,956,299	1,912
2023	13,477,100	228,303	-	3,622,485	-	-	17,327,888	2,079
2022	14,320,807	251,923	-	4,384,978	6,434	-	18,964,142	2,414
2021	15,672,754	207,486	-	5,028,130	-	-	20,908,370	2,496
2020	9,823,482	276,195	-	5,904,110	-	-	16,003,787	1,990
2019	6,801,098	342,346	-	6,684,706	-	-	13,828,150	1,737
2018	4,957,788	371,373	-	7,419,643	-	-	12,748,804	1,565
2017	3,240,109	440,015	-	8,276,643	-	-	11,956,767	1,479
2016	3,286,557	597,907	-	9,066,253	62,478	-	13,013,195	1,603
2015	3,479,290	896,437	-	9,935,052	122,821	-	14,433,600	1,762

(1) Center for Public Service at the University of Virginia and Abingdon town staff estimates.

(2) Includes all general long-term debt obligations.

(3) Data only available for last ten years.

During fiscal year 2024 the Town adopted GASB Statement No. 96 Subscription-Based Information Technology Arrangements. This standard required recognition of right-of-use subscription assets and corresponding subscription liabilities.

TABLE 10

TOWN OF ABINGDON, VIRGINIA

**RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
2024	\$ 12,536,595	1.23 %	1,502
2023	13,477,100	1.32	1,617
2022	14,320,807	1.43	1,823
2021	15,672,754	1.60	1,871
2020	9,823,482	1.09	1,221
2019	6,801,098	0.77	854
2018	4,957,788	0.56	609
2017	3,240,109	0.37	401
2016	3,286,557	0.38	405
2015	3,479,290	0.40	425

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

TOWN OF ABINGDON, VIRGINIA

LEGAL DEBT MARGIN INFORMATION (UNAUDITED)
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Assessed valuations										
Assessed value of taxed real property	\$ 743,196,200	\$ 743,344,400	\$ 770,852,000	\$ 766,009,000	\$ 766,949,200	\$ 775,072,400	\$ 849,221,200	\$ 855,185,600	\$ 863,862,512	\$ 111,532,583
Legal debt margin										
Debt limit – 10 percent of total assessed value	\$ 74,319,620	\$ 74,334,440	\$ 77,085,200	\$ 76,600,900	\$ 76,694,920	\$ 77,507,240	\$ 84,922,120	\$ 85,518,560	\$ 86,386,251	\$ 11,153,258
Debt applicable to limitation:										
Total bonded debt	14,433,600	13,013,195	11,956,767	12,748,804	13,828,150	16,003,787	20,908,370	20,559,305	17,327,888	1,912
Less – wastewater revenue bonds and capital leases	(10,954,310)	(9,726,638)	(8,716,658)	(7,791,016)	(7,027,052)	(6,180,305)	(5,235,616)	(4,568,517)	(3,622,485)	(2,884,773)
Total amount of debt applicable to debt limitation	3,479,290	3,286,557	3,240,109	4,957,788	6,801,098	9,823,482	15,672,754	15,990,788	13,705,403	(2,882,861)
Legal debt margin	\$ 70,840,330	\$ 71,047,883	\$ 73,845,091	\$ 71,643,112	\$ 69,893,822	\$ 67,683,758	\$ 69,249,366	\$ 69,527,772	\$ 72,680,848	\$ 14,036,119
Total net debt applicable to the limit as a percentage of debt limit	4.68%	4.42%	4.20%	6.47%	8.87%	12.67%	18.46%	18.70%	15.87%	-25.85%

TOWN OF ABINGDON, VIRGINIA

PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Water Revenue Bonds						
	Utility Service Charges	Less: Operating Expenses (2)	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2024	\$ 4,293,288	\$ 3,299,210	\$ 994,078	\$ 737,712	\$ 1,985	\$ 739,697	1.34
2023	3,911,941	2,573,402	1,338,539	762,493	3,805	766,298	1.75
2022	3,721,438	2,125,233	1,596,205	767,558	11,740	779,298	2.05
2021	3,247,886	2,563,314	684,572	1,097,411	13,446	1,110,857	0.62
2020	3,270,050	2,260,262	1,009,788	873,906	15,405	889,311	1.14
2019	3,295,533	2,450,518	845,015	892,592	18,136	910,728	0.93
2018	3,041,260	2,124,622	916,638	857,000	19,059	876,059	1.05
2017	3,109,116	1,969,670	1,139,446	873,512	25,531	899,043	1.27
2016	3,064,648	1,823,155	1,241,493	868,799	30,567	899,366	1.38
2015	2,963,387	1,907,625	1,055,762	865,033	36,998	902,031	1.17

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

(2) Operating expenses do not include interest, depreciation, or amortization expense.

TOWN OF ABINGDON, VIRGINIA

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

(UNAUDITED)

Fiscal Year	Population(1)	Personal Income (1)	Per Capita Median Income (1)	Median Age (2)	School Enrollment	Unemployment Rate
2024	8,346	N/A	\$ 46,106	46.4	N/A	3.50 %
2023	8,336	N/A	36,815	45.0	N/A	4.60
2022	7,856	N/A	38,526	42.6	N/A	4.60
2021	8,376	3,039,568	38,742	45.2	1,956	4.60
2020	8,044	2,899,980	38,529	45.7	1,961	5.30
2019	7,963	N/A	38,338	45.9	1,994	3.40
2018	8,146	N/A	39,405	45.0	2,039	4.60
2017	8,083	N/A	39,405	42.6	2,050	4.60
2016	8,119	N/A	48,529	42.5	N/A	4.60
2015	8,191	N/A	48,214	39.0	2,690	5.80

(1) Source: census data, Sperling's Best Places, Bureau of Economic Analysis (BEARFACTS).

(1) Data only available for last ten years.

TOWN OF ABINGDON, VIRGINIA

PRINCIPAL EMPLOYERS
CURRENT YEAR AND FIVE YEARS AGO
(UNAUDITED)

Employer	Product or Service	2024		2019	
		Total Estimated Employment (1)	Rank	Total Estimated Employment (1)	Rank
K-VAT/Food City	Grocery Distribution	1000+	1	500-750	3
Washington County Schools	Public Agency	1000+	2	1000+	1
Wal-Mart*	Retail	500-999	3	150-200	6
Mountain States Health Alliance (Formerly JMH)	Health Care	500-999	4	500-749	2
Paramont Manufacturing*	Truck Manufacturing	500-999	5	-	-
Utility Trailer Manufacturing*	Trailer Manufacturing	500-999	6	-	-
Washington County Government	Public Agency	250-499	7	150-249	4
Emory & Henry College*	Higher Education	250-499	8	-	-
Kearney National, Inc.	Manufacturing	250-499	9	-	-
Virginia Highlands Community College	Higher Education	250-499	10	-	-
People Inc.	Community Org.	250-499	11	-	-
Columbus McKinnon Corp.	Manufacturing	100-249	12	-	-
SWVA Regional Jail	Public Agency	100-249	13	-	-
Town of Abingdon	Public Agency	100-249	14	-	-
McDonalds	Food Services	100-249	15	-	-
Barter Theatre	Entertainment	-	-	150-200	5
Lowes	Retail	-	-	100-150	7

Source: Virginia Works - Economic Information and Analytics Division

* Located in Washington County.

TOWN OF ABINGDON, VIRGINIA

**FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION
LAST FIVE FISCAL YEARS
(UNAUDITED)**

Function	Fiscal Year				
	2020	2021	2022	2023	2024
General government					
Management services	2.0	2.0	2.0	3.0	4.0
Legal	-	-	-	-	-
Human resources	1.0	1.0	1.0	1.0	1.0
Finance	8.0	8.0	8.0	8.0	8.0
Business incubator	-	-	-	-	-
Information technology	3.0	3.5	3.0	4.0	4.0
Building	3.0	2.0	2.0	2.0	2.0
Planning and Zoning	3.0	3.0	6.0	5.0	5.0
Public safety					
Police	31.0	31.0	29.0	26.0	28.0
Fire	1.0	8.5	8.5	11.5	14.5
Public works					
Administration	7.0	5.0	3.0	3.0	3.0
Refuse collection	3.0	3.0	1.5	2.5	3.0
Streets	18.0	19.0	14.0	15.0	15.0
Other	5.0	4.0	2.0	3.0	2.0
Parks, recreation, and cultural					
Parks	10.0	15.0	9.0	10.5	10.0
Recreation	14.0	17.5	29.0	32.5	36.5
Tourism	2.0	4.5	5.5	6.5	6.5
Other	2.0	1.0	1.0	1.0	1.0
Wastewater operations					
Collection	13.0	10.0	-	-	-
Disposal	10.0	10.0	-	-	-
Other	1.0	1.0	1.0	1.0	1.0

(1) Source: Town's finance department.

TOWN OF ABINGDON, VIRGINIA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)

Function	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public safety										
Incident reports	4,229	4,129	4,207	2,932	3,039	3,672	3,683	3,703	3,889	3,570
Number of traffic crashes	334	382	331	222	184	256	255	335	279	294
Number of arrests	364	316	368	324	313	312	241	297	407	364
Citations written	1,161	891	1,022	772	654	666	702	974	930	984
Fire and rescue										
Number of calls answered	522	411	533	554	624	598	615	604	675	627
Building inspections										
Permits issued	263	187	178	135	257	336	301	352	375	221
Parks and Recreation										
Youth Program Participants	4,512	4,920	5,403	10,389	16,024	15,739	688	22,409	24,140	37,545
Wastewater operations										
Number of service connections	4,940	4,977	5,039	4,747	5,068	5,830	5,711	5,625	5,869	5,865
Average daily treatment in gallons	2,320,000	1,970,000	2,157,742	2,159,000	2,690,000	2,840,000	2,850,000	2,870,000	2,110,000	2,047,644
Maximum daily capacity of plant in gallons	4,950,000	4,950,000	4,950,000	4,950,000	4,950,000	4,950,000	4,950,000	4,950,000	4,950,000	4,950,000

(1) Source: Town's finance department.

(2) Youth Program Participants decreased in fiscal year 2021 due to COVID-19.

TOWN OF ABINGDON, VIRGINIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)

Function	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public safety										
Stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	18	18	18	18	18	18	13	18	20	20
Number of sworn officers	25	25	24	23	24	25	26	27	24	24
Number of non-sworn	3	3	3	3	3	3	3	2	2	2
Public works										
Streets (miles)	75.00	75.00	75.00	75.00	75.17	75.17	75.17	75.20	77.35	77.35
Streets (miles on VDOT maint inventory)	54.79	54.32	54.32	54.32	54.38	54.38	54.38	54.38	56.53	56.53
Streetlights	1,213	1,218	1,218	1,218	1,241	1,241	1,241	1,262	13	1,262
Traffic signals	18	18	17	17	18	18	18	18	18	18
Wastewater operations										
Miles of sanitary sewers	111	111	111	111	111	111	111	111	111	111
Miles of storm sewers	22.3	22.3	22.3	22.3	22.3	22.3	22.3	22.5	22.5	22.5
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Number of pumping stations	6	6	6	6	6	6	6	6	6	6

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 Members of the Town Council
Town of Abingdon, 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 business-type activities, each major fund, and the aggregate remaining fund information of the Town of Abingdon, Virginia (the "Town"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 20, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



Report on Compliance and Other Matters

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

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Bristol, Tennessee
November 20, 2024

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Honorable Members of the Town Council
Town of Abingdon, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Compliance for Each Major Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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


In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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



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

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

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

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Bristol, Tennessee
November 20, 2024

Town of Abingdon, Virginia
Summary of Compliance Matters
June 30, 2024

As more fully described in the 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, we performed tests of the Town's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

State Compliance Matters

Code of Virginia

Budget and Appropriation Laws
Cash and Investment Laws
Conflicts of Interest Act
Local Retirement Systems
Debt Provisions
Procurement Laws
Uniform Disposition of Unclaimed Property Act

State Agency Requirements

Urban Highway Maintenance
Fire Programs Aid to Localities

Federal Compliance Matters

Compliance Supplement for Single Audits of State and Local Governments

Provisions and conditions of agreements related to federal program selected for testing.

Town of Abingdon, Virginia
Schedule of Findings and Questioned Costs
June 30, 2024

A – Summary of Auditor’s Results

1. The auditor’s report expresses an **unmodified opinion** on the financial statements.
2. **No significant deficiencies and no material weaknesses** relating to the audit of the financial statements were reported in the 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*.
3. **No instances of noncompliance** material to the financial statements were disclosed.
4. **No significant deficiencies and no material weaknesses** relating to the audit of the major federal award programs were reported in the Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor’s report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings relating to the major programs**.
7. The program tested as major was:

Name of Program	Assistance Listing Number
COVID-19 – Coronavirus State and Local Fiscal Recovery Fund	21.027

8. The threshold for distinguishing Type A and B programs was **\$750,000**.
9. The Town was determined to be a **low-risk auditee**.

B – Findings – Financial Statement Audit

None.

C – Findings and Questioned Costs – Major Federal Award Program Audit

None.

D – Findings – Commonwealth of Virginia

None.

Town of Abingdon, Virginia
Summary Schedule of Prior Audit Findings
June 30, 2024

A – Findings – Financial Statement Audit

None.

B – Findings and Questioned Costs – Major Federal Award Program Audit

None.

C – Findings – Commonwealth of Virginia

2023-001: Weldon Cooper Report

Condition

The Weldon Cooper Center survey report submitted during fiscal year 2023 for fiscal year 2022 activity contained errors in the reported amounts relating to valuation of bonds outstanding, police department expenditures, and property tax receipts.

Recommendation

The Town should ensure reports are reviewed for accuracy prior to submission.

Views of Responsible Officials and Planned Corrective Action

Management concurs with this recommendation.

Current Status

Not applicable in the current year.