

**TOWN OF ABINGDON, VIRGINIA**

**ANNUAL FINANCIAL REPORT**

**June 30, 2023**

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# INTRODUCTORY SECTION

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## **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**

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on 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, 2023, 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, 2023, 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, 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.

## **Report on the Financial Statements (Continued)**

### ***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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 *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.



## **Report on the Financial Statements (Continued)**

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

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

Management has omitted the 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with 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 30, 2023, 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, 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 30, 2023

# **BASIC FINANCIAL STATEMENTS**

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# **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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## TOWN OF ABINGDON, VIRGINIA

## STATEMENT OF NET POSITION

June 30, 2023

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents (Note 3)	\$ 15,206,401	\$ 2,312,021	\$ 17,518,422
Receivables: (Note 4)			
Taxes, net	1,424,799	-	1,424,799
Accounts, net	213,414	796,546	1,009,960
Other	546,886	30	546,916
Prepaid expenses	199,115	-	199,115
Due from other governmental units (Note 5)	166,070	-	166,070
Internal balances (Note 6)	197,932	(197,932)	-
Inventory	4,520	-	4,520
Restricted assets:			
Cash (Note 3)	185,255	383,201	568,456
Capital assets, non-depreciable (Note 8)	10,397,669	709,981	11,107,650
Capital assets, depreciable, net (Note 8)	31,656,954	9,724,418	41,381,372
Right-of-use asset, net (Note 8)	242,796	-	242,796
Total assets	60,441,811	13,728,265	74,170,076
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions (Note 14)	921,685	20,670	942,355
Deferred outflows related to other postemployment benefits (Note 14)	529,702	5,935	535,637
Total deferred outflows of resources	1,451,387	26,605	1,477,992
<b>LIABILITIES</b>			
Accounts payable	353,493	54,072	407,565
Accrued liabilities and wages	286,262	5,228	291,490
Construction bond deposit	24,000	-	24,000
Unearned revenue	5,565,147	-	5,565,147
Payable from restricted assets:			
Deposits	-	331,000	331,000
Police seizure deposits	2,308	-	2,308
Accrued interest	208,403	5,165	213,568
Long-term liabilities:			
Net pension liability (Note 14)	1,974,237	44,276	2,018,513
Net other postemployment benefit liability (Note 14)	1,565,159	23,079	1,588,238
Due within one year (Note 9)	1,197,759	740,424	1,938,183
Due in more than one year (Note 9)	13,938,191	2,893,409	16,831,600
Total liabilities	25,114,959	4,096,653	29,211,612
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes (Note 4)	1,203,050	-	1,203,050
Deferred inflows related to pension (Note 14)	1,312,362	29,432	1,341,794
Deferred inflows related to other postemployment benefits (Note 14)	896,340	14,350	910,690
Total deferred inflows of resources	3,411,752	43,782	3,455,534
<b>NET POSITION</b>			
Net investment in capital assets	27,643,064	6,803,278	34,446,342
Restricted	147,233	-	147,233
Unrestricted	5,576,190	2,811,157	8,387,347
Total net position	\$ 33,366,487	\$ 9,614,435	\$ 42,980,922

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

## TOWN OF ABINGDON, VIRGINIA

## STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

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	\$ 2,473,673	\$ -	\$ -	\$ -	\$ (2,473,673)	\$ -	\$ (2,473,673)
Public safety	3,585,115	1,532	291,047	-	(3,292,536)	-	(3,292,536)
Public works	3,330,662	699,350	2,170,874	663,353	202,915	-	202,915
Health and welfare	-	-	2,500	-	2,500	-	2,500
Parks, recreation, and cultural	2,913,265	484,274	4,500	123,006	(2,301,485)	-	(2,301,485)
Community development	1,980,993	1,281	16,110	-	(1,963,602)	-	(1,963,602)
Interest on long-term debt	414,595	-	-	-	(414,595)	-	(414,595)
Non-departmental	41,305	-	-	-	(41,305)	-	(41,305)
Total governmental activities	14,739,608	1,186,437	2,485,031	786,359	(10,281,781)	-	(10,281,781)
Business-type activities:							
Sewer	3,044,859	3,911,941	-	-	-	867,082	867,082
Total business-type activities	3,044,859	3,911,941	-	-	-	867,082	867,082
Total primary government	\$ 17,784,467	\$ 5,098,378	\$ 2,485,031	\$ 786,359	(10,281,781)	867,082	(9,414,699)
General revenues:							
Property taxes					3,350,367	-	3,350,367
Local sales and use tax					688,073	-	688,073
Utility tax					83,887	-	83,887
Business license tax					1,049,253	-	1,049,253
Franchise license tax					51,913	-	51,913
Communication taxes					84,050	-	84,050
Motor vehicle license					182,448	-	182,448
Bank stock tax					737,509	-	737,509
Cigarette tax					261,900	-	261,900
Hotel and motel room tax					1,358,219	-	1,358,219
Restaurant food tax					4,178,614	-	4,178,614
Unrestricted intergovernmental revenue					91,633	-	91,633
Unrestricted investment earnings					434,161	46,448	480,609
Other					799,158	-	799,158
Total general revenues					13,351,185	46,448	13,397,633
Change in net position					3,069,404	913,530	3,982,934
Net position – July 1					30,297,083	8,700,905	38,997,988
Net position – June 30					\$ 33,366,487	\$ 9,614,435	\$ 42,980,922

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

**FUND**  
**FINANCIAL STATEMENTS**

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## TOWN OF ABINGDON, VIRGINIA

## BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2023

	General Fund	American Rescue Plan Act Fund	Capital Projects Fund	Nonmajor Cemetery Fund	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 9,395,224	\$ 5,806,036	\$ 5,141	\$ -	\$ 15,206,401
Receivables, net:					
Taxes	1,424,799	-	-	-	1,424,799
Accounts	213,414	-	-	-	213,414
Other	546,886	-	-	-	546,886
Prepaid items	199,115	-	-	-	199,115
Due from other funds	207,765	-	-	-	207,765
Due from other governmental units	166,070	-	-	-	166,070
Inventory	4,520	-	-	-	4,520
Restricted assets:					
Cash	156,986	-	-	28,269	185,255
Total assets	<u>\$ 12,314,779</u>	<u>\$ 5,806,036</u>	<u>\$ 5,141</u>	<u>\$ 28,269</u>	<u>\$ 18,154,225</u>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	294,354	39,266	5,141	14,732	353,493
Accrued payroll and related liabilities	286,262	-	-	-	286,262
Construction bond deposit	24,000	-	-	-	24,000
Unearned revenue	-	5,565,147	-	-	5,565,147
Police seizure deposits	2,308	-	-	-	2,308
Due to other funds	8,500	-	-	1,333	9,833
Total liabilities	<u>615,424</u>	<u>5,604,413</u>	<u>5,141</u>	<u>16,065</u>	<u>6,241,043</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue (Note 4)	1,413,915	-	-	-	1,413,915
Total deferred inflows of resources	<u>1,413,915</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,413,915</u>
<b>FUND BALANCES (Note 10)</b>					
Nonspendable	203,635	-	-	-	203,635
Restricted	135,029	-	-	12,204	147,233
Assigned	-	201,623	-	-	201,623
Unassigned	9,946,776	-	-	-	9,946,776
Total fund balances	<u>10,285,440</u>	<u>201,623</u>	<u>-</u>	<u>12,204</u>	<u>10,499,267</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,314,779</u>	<u>\$ 5,806,036</u>	<u>\$ 5,141</u>	<u>\$ 28,269</u>	<u>\$ 18,154,225</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, 2023**

<b>Total fund balances – governmental funds</b>	<b>\$ 10,499,267</b>
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.	42,297,419
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	210,865
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	(14,654,355)
Accrued interest payable	(208,403)
Compensated absences	(481,595)
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	62,535
Deferred outflows of resources related to other postemployment benefits	467,167
Deferred inflows of resources related to other postemployment benefits	(896,340)
Net other postemployment benefit liability	(1,565,159)
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	498,565
Deferred outflows of resources for the net difference between projected and actual earnings on pension plan investments	423,120
Deferred inflows of resources for the net difference between projected and actual earnings on pension plan investments	(1,312,362)
Net pension liability	<u>(1,974,237)</u>
Net position of governmental activities	<u><u>\$ 33,366,487</u></u>

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

## TOWN OF ABINGDON, VIRGINIA

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

Year Ended June 30, 2023

	General Fund	American Rescue Plan Act Fund	Capital Projects Fund	Nonmajor Cemetery Fund	Total
<b>REVENUES</b>					
General property taxes	\$ 3,379,042	\$ -	\$ -	\$ -	\$ 3,379,042
Other local taxes	8,675,866	-	-	-	8,675,866
Permits, privilege fees, and regulatory licenses	96,789	-	-	-	96,789
Fines and forfeitures	28,991	-	-	-	28,991
Revenue from use of money and property	239,618	194,504	-	39	434,161
Charges for services	1,186,437	-	-	-	1,186,437
Miscellaneous	518,164	-	-	-	518,164
Intergovernmental	2,712,130	650,893	-	-	3,363,023
Total revenues	16,837,037	845,397	-	39	17,682,473
<b>EXPENDITURES</b>					
Current:					
General government administration	2,397,074	-	40,033	-	2,437,107
Public safety	3,148,069	-	279,750	-	3,427,819
Public works	4,293,172	118,177	-	-	4,411,349
Parks, recreation, and cultural	2,277,016	532,716	318,338	-	3,128,070
Community development	1,319,892	-	-	-	1,319,892
Non-departmental	41,305	-	-	-	41,305
Debt service:					
Principal	996,586	-	-	-	996,586
Interest	465,897	-	-	-	465,897
Total expenditures	14,939,011	650,893	638,121	-	16,228,025
Excess (deficiency) of revenues over (under) expenditures	1,898,026	194,504	(638,121)	39	1,454,448
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of property	9,989	-	-	-	9,989
Insurance recoveries	145,225	-	-	-	145,225
Issuance of debt	129,259	-	-	-	129,259
Transfers in (out) (Note 6)	(644,638)	-	644,638	-	-
Total other financing sources (uses)	(360,165)	-	644,638	-	284,473
Net change in fund balance	1,537,861	194,504	6,517	39	1,738,921
FUND BALANCE – JULY 1	8,747,579	7,119	(6,517)	12,165	8,760,346
FUND BALANCE – JUNE 30	\$ 10,285,440	\$ 201,623	\$ -	\$ 12,204	\$ 10,499,267

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

## 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, 2023**

<b>Net change in fund balance – total governmental funds</b>	<b><u>\$ 1,738,921</u></b>
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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 and right-of-use lease assets	\$ 2,466,320	
Depreciation and amortization expense	<u>(1,914,988)</u>	
		<u>551,332</u>

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

(28,675)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales and donations) is to decrease net position.

(321)

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	35,263	
Principal repayments:		
General obligation debt and lease	996,586	
Proceeds from debt and lease activity	<u>(129,259)</u>	
		<u>902,590</u>

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	16,039	
Compensated absences	<u>(63,507)</u>	
		<u>(47,468)</u>

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	62,535	
Other post-employment benefits expense	<u>(239,519)</u>	
		<u>(176,984)</u>

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	498,565	
Pension expense	<u>(368,556)</u>	
		<u>130,009</u>

<b>Total change in net position – governmental activities</b>	<b><u>\$ 3,069,404</u></b>
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The Notes to Financial Statements are an integral part of this statement.

## TOWN OF ABINGDON, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND  
Year Ended June 30, 2023**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
General property taxes	\$ 3,307,265	\$ 3,307,265	\$ 3,379,042	\$ 71,777
Other local taxes	8,115,500	8,115,500	8,675,866	560,366
Permits, privilege fees, and regulatory licenses	24,000	24,000	96,789	72,789
Fines and forfeitures	12,800	12,800	28,991	16,191
Revenue from use of money and property	12,900	12,900	239,618	226,718
Charges for services	1,020,510	1,020,510	1,186,437	165,927
Miscellaneous	131,480	131,480	518,164	386,684
Intergovernmental	3,439,755	3,439,755	2,712,130	(727,625)
Total revenues	16,064,210	16,064,210	16,837,037	772,827
<b>EXPENDITURES</b>				
General government:				
Legislative	78,959	550,959	42,808	508,151
General and financial administration	2,511,178	2,489,178	2,354,266	134,912
Total general government	2,590,137	3,040,137	2,397,074	643,063
Public safety:				
Police	2,351,544	2,356,544	2,364,914	(8,370)
Fire	615,425	601,425	626,637	(25,212)
Building inspections	153,852	155,852	156,518	(666)
Total public safety	3,120,821	3,113,821	3,148,069	(34,248)
Public works:				
Maintenance of highways, streets, bridges, and sidewalks	4,669,955	4,556,955	3,041,581	1,515,374
Sanitation and waste removal	375,476	344,476	288,814	55,662
Maintenance of general buildings and grounds	981,019	925,019	962,777	(37,758)
Total public works	6,026,450	5,826,450	4,293,172	1,533,278

(Continued)

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

## TOWN OF ABINGDON, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND  
Year Ended June 30, 2023**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
EXPENDITURES (Continued)				
Health and welfare	\$ -	\$ -	-	\$ -
Parks, recreation, and cultural	2,636,224	2,521,224	2,277,016	244,208
Community development	1,578,951	1,450,951	1,319,892	131,059
Non-departmental	42,500	42,500	41,305	1,195
Debt service:				
Principal	996,586	996,586	996,586	-
Interest	440,922	440,922	465,897	(24,975)
Total debt service	1,437,508	1,437,508	1,462,483	(24,975)
Total expenditures	17,432,591	17,432,591	14,939,011	2,493,580
OTHER FINANCING SOURCES (USES)				
Sale of property	10,000	10,000	9,989	(11)
Insurance recoveries	-	-	145,225	145,225
Issuance of debt	-	-	129,259	129,259
Transfers in	2,284,266	2,284,266	-	(2,284,266)
Transfers out	(925,885)	(925,885)	(644,638)	281,247
Total other financing sources (uses)	1,368,381	1,368,381	(360,165)	(1,728,546)
Net change in fund balance	\$ -	\$ -	\$ 1,537,861	\$ 1,537,861

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

## TOWN OF ABINGDON, VIRGINIA

## STATEMENT OF NET POSITION – PROPRIETARY FUND

June 30, 2023

	<b>Sewer Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,312,021
Receivables, net:	
Accounts	796,546
Accrued interest	30
Due from other funds	8,500
Restricted assets:	
Cash	383,201
Capital assets, non-depreciable	709,981
Capital assets, depreciable, net	9,724,418
Total assets	<u>13,934,697</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	20,670
Deferred outflows related to other postemployment benefits	5,935
Total deferred outflows of resources	<u>26,605</u>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	54,072
Accrued wages and liabilities	5,228
Payable from restricted assets:	
Customer deposits	331,000
Accrued interest	5,165
Due to other funds	206,432
Long-term liabilities due within one year	740,424
Total current liabilities	<u>1,342,321</u>
<b>NONCURRENT LIABILITIES</b>	
Net pension liability	44,276
Net other postemployment benefit liability	23,079
Long-term liabilities due in more than one year	2,893,409
Total noncurrent liabilities	<u>2,960,764</u>
Total liabilities	<u>4,303,085</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	29,432
Deferred inflows related to other postemployment benefits	14,350
Total deferred inflows of resources	<u>43,782</u>
<b>NET POSITION</b>	
Net investment in capital assets	6,803,278
Unrestricted	2,811,157
Total net position	<u><u>\$ 9,614,435</u></u>

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

## TOWN OF ABINGDON, VIRGINIA

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

Year Ended June 30, 2023

	<u>Sewer Fund</u>
OPERATING REVENUES	
Sewer service charges	\$ 3,594,152
Solid waste charges	125,396
Sewer connection charges	58,130
Miscellaneous	<u>134,263</u>
Total operating revenues	<u>3,911,941</u>
OPERATING EXPENSES	
Personnel and contractual services	2,370,149
Other charges	203,253
Depreciation	<u>467,652</u>
Total operating expenses	<u>3,041,054</u>
Operating income	<u>870,887</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest income	46,448
Interest expense	<u>(3,805)</u>
Total non-operating revenues (expenses)	<u>42,643</u>
Change in net position	<u>913,530</u>
NET POSITION – JULY 1	<u>8,700,905</u>
NET POSITION – JUNE 30	<u><u>\$ 9,614,435</u></u>

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

## TOWN OF ABINGDON, VIRGINIA

**STATEMENT OF CASH FLOWS – PROPRIETARY FUND**  
**Year Ended June 30, 2023**

	<b>Sewer Fund</b>
<b>OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 3,764,378
Cash payments to suppliers for goods and services	(2,546,835)
Cash payments to employees for services	(490,224)
Receipts (payment) of customer deposits	6,200
Other operating receipts	134,263
	<hr/>
Net cash provided by operating activities	867,782
	<hr/>
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Capital assets purchases	(613,198)
Interfund borrowings, net	26,566
Principal paid on long-term liabilities	(762,493)
Interest paid on long-term liabilities	(13,114)
	<hr/>
Net cash used in capital and related financing activities	(1,362,239)
	<hr/>
<b>INVESTING ACTIVITIES</b>	
Interest and dividends on investments	46,487
	<hr/>
Decrease in cash and cash equivalents	(447,970)
	<hr/>
<b>CASH AND CASH EQUIVALENTS</b>	
Beginning	3,143,192
	<hr/>
Ending	\$ 2,695,222
	<hr/> <hr/>
<b>RECONCILIATION TO EXHIBIT 8</b>	
Cash and cash equivalents – unrestricted	\$ 2,312,021
Restricted assets:	
Cash	383,201
	<hr/>
	\$ 2,695,222
	<hr/> <hr/>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ 870,887
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	467,652
Pension and OPEB expense net of employer contributions	(376,087)
Change in assets and liabilities	
(Increase) decrease in:	
Receivables, net	(13,300)
(Decrease) increase in:	
Accounts payable	(88,657)
Customer deposits	6,200
Accrued wages and liabilities	787
Compensated absences	300
	<hr/>
Net cash provided by operating activities	\$ 867,782
	<hr/> <hr/>

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



**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**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, 2023**

**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, 2023**

**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.

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.

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.

**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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

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

Leased 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.

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.

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.

**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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

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.

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.

**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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

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, 2022, and prior to the reporting date of June 30, 2023, have been reported as deferred outflows of resources in the Statement of Net Position as of June 30, 2023. This will be applied to the net pension and OPEB liabilities in the next fiscal year.

Differences between the projected and actual pension and OPEB earnings as of the actuarial measurement date of June 30, 2022, 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.

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. Unavailable/unearned revenue may also represent revenue that has been received, but the earnings process is not yet complete. These amounts are deferred and recognized as an inflow of resources in the period they are earned.

**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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

Deferred outflows/inflows of resources (Continued)

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.

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.

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.

**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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

Other postemployment benefits (OPEB) (Continued)

*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.

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.



**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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

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.

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. The Appropriations Resolution places legal restrictions on expenditures at the category level. 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, 2023.

**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**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.

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	30.39%
VIP	69.12%

**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 3. Deposits and Investments (Continued)**

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, 2023, 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	\$ 1,512
Deposits	5,253,496
VIP	12,768,611
Certificates of deposit	63,259
	<u>\$ 18,086,878</u>

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

Cash and cash equivalents	\$ 17,518,422
Restricted cash and cash equivalents	568,456
	<u>\$ 18,086,878</u>

**Note 4. Receivables**

Receivables at June 30 are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Receivables:		
Taxes	\$ 1,569,611	\$ -
Accounts	228,952	859,743
Other	546,886	30
	<u>2,345,449</u>	<u>859,773</u>
Gross receivables		
Less:		
Allowance for uncollectibles	(160,350)	(63,197)
Net total receivables	<u>\$ 2,185,099</u>	<u>\$ 796,576</u>

**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 4. Receivables (Continued)**

The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to \$223,547 at June 30, 2023, and is composed of the following:

General Fund:	
Allowance for uncollectible property taxes	\$ 144,812
Allowance for uncollectible garbage fees	15,538
	<u>\$ 160,350</u>
Sewer Fund:	
Allowance for uncollectible sewer fee billings	<u>\$ 63,197</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:

	<u>General Fund</u>	<u>Governmental Activities</u>
Property taxes receivable	\$ 1,408,125	\$ 1,197,260
Prepaid taxes	<u>5,790</u>	<u>5,790</u>
	<u>\$ 1,413,915</u>	<u>\$ 1,203,050</u>

**Note 5. Due from Other Governmental Units**

Due from other governments consists of the following:

Commonwealth of Virginia:	
Virginia Department of Transportation	\$ 99,656
Local sales tax	59,465
Department of Motor Vehicles	<u>2,412</u>
Total Commonwealth of Virginia	161,533
County and Other:	
Court Fines-County	2,660
E-Summons	<u>1,877</u>
Total due from other governmental units	<u>\$ 166,070</u>

**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 6. Interfund Obligations**

Interfund balances consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund		\$ 207,765
	Cemetery Fund	(1,333)
	Sewer Fund	(206,432)
Sewer Fund		8,500
	General Fund	<u>(8,500)</u>
		<u><u>\$ -</u></u>

Interfund obligations from the Cemetery Fund and the Sewer Fund to the General Fund represent contributions to support the Town's operations. Interfund obligations from the General Fund to the Sewer Fund represent contributions to support the Town's wastewater treatment and collection system. The General Fund, Sewer Fund, and Cemetery 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		\$ 644,638
	General Fund	<u>(644,638)</u>
		<u><u>\$ -</u></u>

Transfer was made from the General Fund to the Capital Project Fund to provide funding for capital projects.

**Note 7. Capital Asset Depreciation**

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

Governmental activities:	
General government	\$ 96,833
Public safety	359,194
Public works	309,325
Parks, recreation, and cultural	889,493
Community development	<u>108,049</u>
Total depreciation expense – governmental activities	<u><u>\$ 1,762,894</u></u>
Business-type activities:	
Sewer	<u><u>\$ 467,652</u></u>

**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**Note 8. Capital Assets**

The following is a summary of changes in capital assets:

<b>Governmental Activities</b>	<b>Beginning Balance*</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, non-depreciable:				
Land	\$ 9,403,323	\$ -	\$ -	\$ 9,403,323
Construction in progress	385,127	944,111	334,892	994,346
Total capital assets, non-depreciable	9,788,450	944,111	334,892	10,397,669
Capital assets, depreciable:				
Buildings and improvements	15,158,063	5,650	-	15,163,713
Infrastructure/improvements	16,161,251	236,880	-	16,398,131
Vehicles	3,687,880	603,351	45,466	4,245,765
Furniture and equipment	11,643,040	881,349	-	12,524,389
Total capital assets, depreciable	46,650,234	1,727,230	45,466	48,331,998
Less: accumulated depreciation:				
Buildings and improvements	6,620,300	394,570	-	7,014,870
Infrastructure/improvements	3,064,386	687,797	-	3,752,183
Vehicles	3,007,318	195,958	45,466	3,157,810
Furniture and equipment	2,265,612	484,569	-	2,750,181
Total accumulated depreciation	14,957,616	1,762,894	45,466	16,675,044
Total capital assets, depreciable, net	31,692,618	(35,664)	-	31,656,954
Right-of-use leased assets:				
Equipment	401,177	129,871	17,852	513,196
Less: accumulated amortization	(135,837)	(152,094)	(17,531)	(270,400)
Lease assets, net	265,340	(22,223)	321	242,796
Net capital assets	\$ 41,746,408	\$ 886,224	\$ 335,213	\$ 42,297,419

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

**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 8. Capital Assets (Continued)**

<b>Business-Type Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, non-depreciable:				
Land	\$ 25,010	\$ -	\$ -	\$ 25,010
Construction in progress	298,216	466,105	79,350	684,971
Total capital assets, non-depreciable	323,226	466,105	79,350	709,981
Capital assets, depreciable:				
Buildings and improvements	173,928	-	-	173,928
Plant	23,220,736	-	-	23,220,736
Distribution and collection lines	6,737,790	79,350	-	6,817,140
Vehicles	1,002,442	-	-	1,002,442
Furniture and equipment	1,991,401	147,093	38,375	2,100,119
Total capital assets, depreciable	33,126,297	226,443	38,375	33,314,365
Less: accumulated depreciation:				
Buildings and improvements	117,291	4,306	-	121,597
Plant	16,497,909	257,001	-	16,754,910
Distribution and collection lines	4,023,841	99,958	-	4,123,799
Vehicles	950,582	21,482	-	972,064
Furniture and equipment	1,571,047	84,905	38,375	1,617,577
Total accumulated depreciation	23,160,670	467,652	38,375	23,589,947
Total capital assets, depreciable, net	9,965,627	(241,209)	-	9,724,418
Right-of-use leased assets:				
Equipment	9,489	-	9,489	-
Less: accumulated amortization	(3,007)	-	(3,007)	-
Lease assets, net	6,482	-	6,482	-
Net capital assets	\$ 10,295,335	\$ 224,896	\$ 85,832	\$ 10,434,399

**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 9. Long-Term Debt**

Changes in long-term liabilities consist of the following:

	<b>Beginning Balance*</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b><u>Governmental Activities</u></b>					
General obligation bonds	\$ 14,012,064	\$ -	\$ 692,650	\$ 13,319,414	\$ 843,900
Bond premiums	984,215	-	35,263	948,952	-
Notes payable	308,743	-	151,057	157,686	96,605
Lease liabilities	251,923	129,259	152,879	228,303	112,775
Compensated absences	418,088	434,254	370,747	481,595	144,479
	<u>\$ 15,975,033</u>	<u>\$ 563,513</u>	<u>\$ 1,402,596</u>	<u>\$ 15,135,950</u>	<u>\$ 1,197,759</u>
<b><u>Business-Type Activities</u></b>					
General obligation bonds	\$ 302,936	\$ -	\$ 19,350	\$ 283,586	\$ 26,100
Bond premiums	16,360	-	7,724	8,636	-
Revenue bonds	3,994,524	-	692,949	3,301,575	692,950
Notes payable	87,518	-	50,194	37,324	18,662
Lease liabilities	6,434	-	6,434	-	-
Compensated absences	2,412	3,616	3,316	2,712	2,712
	<u>\$ 4,410,184</u>	<u>\$ 3,616</u>	<u>\$ 779,967</u>	<u>\$ 3,633,833</u>	<u>\$ 740,424</u>

**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, 2023.

<b>General Obligation Bonds</b>	<b>Original Issue Amount</b>	<b>Interest Rate</b>	<b>Annual Principal Requirements</b>	<b>Total Outstanding</b>
General Obligation Refunding Bonds 2019	\$ 7,500,000	2.89 %	\$ 282,000 – 485,000	\$ 7,218,000
General Obligation Refunding Bonds 2020	7,620,000	3.00-5.00	167,125 – 425,975	6,101,414
				<u>\$ 13,319,414</u>

*Notes payable – direct borrowings*

The Town entered into a collateralized loan agreement with Highlands Union Bank on June 12, 2018. The note was to purchase a 2019 Kenworth T370 and is collateralized by the same. Principal and interest installments of \$28,961 are due annually until maturity at June 15, 2023. The interest rate on the loan is 2.95% and interest payments are due quarterly for the life of the loan.



**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**Note 9. Long-Term Debt (Continued)**

Governmental activities (Continued)

*Notes payable – direct borrowings (Continued)*

The Town entered into a collateralized loan agreement with Highlands Union Bank on October 30, 2018. The note was to purchase a 2019 Peterson Lightning Loader and is collateralized by the same. Principal and interest installments of \$31,211 are due annually beginning May 5, 2019, and continuing until maturity on May 5, 2023. The interest rate on the loan is 3.00%. In the event of default on these direct borrowings, the debt would potentially be called and the asset held in collateral could be taken back by the bank.

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 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 Rescue Tools	\$ 25,207	4.19%	\$ 6,695 – 5,919	\$ 12,593
Fire Truck	558,827	3.50%	41,184 – 54,655	107,411
Computer Upgrades	150,725	1.40%	37,682	37,682
				<u>\$ 157,686</u>

**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**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>
8/10/2021	2021 John Deere -Z950M Ztrak Mower	36	\$ 2,788	0 %	\$ 2,788	\$ 8,363	\$ (5,273)	\$ 3,090
7/1/2021	2020 John Deere 2950A	24	2,796	0.5140	-	-	-	-
5/17/2022	Various Xerox & Lexmark Printers/Copiers	60	23,472	1.98	84,753	111,819	(25,097)	86,722
7/5/2022	Canon Prograf Plotter	36	3,852	2.04	7,537	11,216	(3,697)	7,519
8/17/2022	2022 Toro Grandstand 48" Mower	36	2,897	1.89	5,633	8,529	(2,480)	6,049
7/1/2021	Xerox Versalink C505	48	1,284	0.8930	2,428	5,022	(2,483)	2,539
7/1/2021	Xerox Versalink C505	30	840	0.7270	348	2,072	(1,630)	442
12/2/2021	2021 Dodge Durango	60	2,520	1.1770	8,416	12,215	(3,861)	8,354
1/11/2023	2023 Chevrolet Equinox	60	2,256	2.5800	9,725	10,486	(979)	9,507
7/1/2021	Xerox C8045	37	3,108	0.7270	3,101	9,489	(6,014)	3,475
7/1/2021	Xerox C8045 & Xerox C405	38	6,384	0.7270	6,881	19,973	(12,581)	7,392
7/1/2021	Xerox C8145	51	3,780	0.8930	8,109	15,771	(7,422)	8,349
7/1/2021	Xerox C405 & Xerox C605	42	2,568	0.8930	3,615	8,852	(4,999)	3,853
7/1/2021	Xerox Versalink C605	33	1,668	0.7270	1,113	4,557	(3,281)	1,276
7/1/2021	Xerox Versalink C605	33	1,548	0.7270	1,032	4,227	(3,074)	1,153

**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**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>
7/1/2021	Xerox AltaLink C8045	31	3,288	0.7270	1,637	8,398	(6,467)	1,931
7/1/2021	Lexmark M5255	44	840	0.8930	1,314	3,015	(1,625)	1,390
7/1/2021	2018 Ram ProMaster 1500	15	5,784	0.3870	-	-	-	-
7/1/2021	2021 John Deere 2920 M Gas	35	2,320	0.7270	-	4,591	(3,127)	1,464
7/1/2021	2019 John Deere 2025R Tractor	21	5,090	0.5140	-	-	-	-
7/1/2021	2021 Ram ProMaster 2500	54	5,832	1.0590	14,374	25,609	(11,236)	14,373
7/1/2021	2020 Ford F150	51	576	0.8930	1,281	2,399	(1,108)	1,291
7/1/2021	2020 Ford F150	51	576	0.8930	1,292	2,420	(1,117)	1,303
7/1/2021	2019 Ram 1500 Classic	41	3,528	0.7270	4,979	11,928	(6,965)	4,963
7/1/2021	2019 Ram 1500 Classic	37	3,312	0.7270	3,568	10,085	(6,507)	3,578
2/14/2022	2022 Toro Z 60" Mowers	36	5,857	1.7780	5,755	23,123	(10,641)	12,482
7/1/2021	2019 Ram 1500 Classic	37	3,312	0.7270	3,568	10,082	(6,413)	3,669
7/1/2021	2019 Nissan Frontier	43	3,756	0.8930	5,900	13,242	(7,373)	5,869
7/1/2021	2019 Ford F350	39	4,860	0.7270	6,042	15,596	(9,373)	6,223
7/1/2021	2019 Ford F350	39	4,860	0.7270	6,042	15,596	(9,373)	6,223

**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**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>
7/1/2021	2019 Ford F350	39	4,860	0.7270	6,042	15,596	(9,373)	6,223
7/1/2021	2019 Ford F350	39	4,860	0.7270	6,042	15,596	(9,373)	6,223
7/1/2021	2019 Ford F350	39	4,860	0.7270	6,042	15,596	(9,373)	6,223
7/1/2021	2019 Ford F350	26	4,452	0.5140	741	9,583	(8,582)	1,001
7/1/2021	2019 Ford F350	27	4,476	0.5140	1,117	10,003	(8,881)	1,122
7/1/2021	2019 Ford F350	27	4,476	0.5140	1,117	10,003	(8,881)	1,122
7/1/2021	2019 Ford F250	39	4,308	0.7270	5,363	13,846	(8,370)	5,476
7/1/2021	2019 Ford F250	26	3,684	0.5140	608	7,942	(7,112)	830
7/1/2021	2018 Ford F350	24	6,048	0.5140	-	12,036	(11,969)	67
7/1/2021	2018 Chevy Silverado 3500 HD	24	6,504	0.5140	-	12,937	(12,919)	18
7/1/2021	2018 Chevy Silverado	24	477	0.5140	-	11,383	(11,371)	12
					\$ 228,303	\$ 513,196	\$ (270,400)	\$ 242,796

**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**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	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 843,900	\$ 431,736	\$ 96,605	\$ 4,931	\$ 112,775	\$ 2,567
2025	709,650	401,199	61,081	2,238	60,018	1,533
2026	731,975	376,132	-	-	31,595	788
2027	645,475	350,261	-	-	22,613	244
2028	674,575	327,949	-	-	1,302	11
2029-2033	2,672,700	1,359,378	-	-	-	-
2034-2038	3,096,500	938,956	-	-	-	-
2039-2043	3,086,175	450,620	-	-	-	-
2044-2048	858,464	65,594	-	-	-	-
	<u>\$ 13,319,414</u>	<u>\$ 4,701,825</u>	<u>\$ 157,686</u>	<u>\$ 7,169</u>	<u>\$ 228,303</u>	<u>\$ 5,143</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, 2023.

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	\$ 283,586
				<u>\$ 283,586</u>

*Notes payable-direct borrowings*

The Town entered into a loan agreement with First Bank and Trust Company on October 4, 2018. The note was for sewer equipment and is collateralized with a certificate of deposit. Principal installments of \$31,531 are due annually until maturity at October 4, 2023. The interest rate on the loan is 3.00% and interest payments are due semi-annually for the life of the loan. In the event of default on these direct borrowings, the debt would potentially be called and the asset held in collateral could be taken back by the bank.

**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 9. Long-Term Debt (Continued)**

Business-type activities (Continued)

*Notes payable-direct borrowings (Continued)*

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.

*Revenue bonds*

The Town issues revenue bonds to finance sewer construction projects for community development purposes.

<b>Revenue Bonds</b>	<b>Original Issue Amount</b>	<b>Interest Rate</b>	<b>Annual Principal Requirements</b>	<b>Total Outstanding</b>
2004 Revenue Bond	\$ 9,798,168	0.00%	\$ 597,529	\$ 2,390,120
2011 Revenue Bond	1,908,392	0.00	95,420	911,455
				<u>\$ 3,301,575</u>

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

<b>Year Ending June 30,</b>	<b>Revenue Bonds</b>		<b>Notes</b>		<b>General Obligation Bonds</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2024	\$ 692,950	\$ -	\$ 18,662	\$ 781	\$ 26,100	\$ 10,514
2025	692,950	-	18,662	261	19,350	9,470
2026	692,950	-	-	-	20,025	8,696
2027	692,950	-	-	-	15,525	7,895
2028	95,420	-	-	-	16,425	7,274
2029-2033	434,355	-	-	-	42,300	30,078
2034-2038	-	-	-	-	49,500	23,069
2039-2043	-	-	-	-	57,825	14,815
2044-2048	-	-	-	-	36,536	7,006
	<u>\$ 3,301,575</u>	<u>\$ -</u>	<u>\$ 37,324</u>	<u>\$ 1,042</u>	<u>\$ 283,586</u>	<u>\$ 118,817</u>

**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**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:

	<b>General Fund</b>	<b>American Rescue Plan Act Fund</b>	<b>Capital Projects Fund</b>	<b>NonMajor Governmental Funds</b>	<b>Total Governmental Funds</b>
Non-spendable:					
Prepays	\$ 199,115	\$ -	\$ -	\$ -	\$ 199,115
Inventory	4,520	-	-	-	4,520
Total non-spendable	203,635	-	-	-	203,635
Restricted:					
Capital projects	-	-	-	-	-
Public works	100,043	-	-	-	100,043
Parks, recreation, and cultural	27,022	-	-	12,204	39,226
Public safety	7,964	-	-	-	7,964
Total restricted	135,029	-	-	12,204	147,233
Assigned	-	201,623	-	-	201,623
Unassigned	9,946,776	-	-	-	9,946,776
	<u>\$ 10,285,440</u>	<u>\$ 201,623</u>	<u>\$ -</u>	<u>\$ 12,204</u>	<u>\$ 10,499,267</u>

**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.

**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 11. Defined Benefit Pension Plan (Continued)**

Plan description (Continued)

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, 2021, actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u><b>Number</b></u>
Retirees and Beneficiaries	<u>76</u>
Inactive members:	
Vested	32
Non-vested	48
Active elsewhere in VRS	<u>35</u>
Total inactive members	115
Active members	<u>105</u>
Total covered employees	<u><u>296</u></u>

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, 2023, was 9.37% 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 \$509,746 and \$395,851 for the years ended June 30, 2023, and June 30, 2022, respectively.



**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 11. Defined Benefit Pension Plan (Continued)**

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, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021, rolled forward to the measurement date of June 30, 2022.

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, 2021, 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, 2022.

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.

The actuarial assumptions used in the June 30, 2021, 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, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**Note 11. Defined Benefit Pension Plan (Continued)**

Actuarial assumptions – general employees (Continued)

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:

<b>Asset Class (Strategy)</b>	<b>Target Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term</b>
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00	2.04	0.31
Credit Strategies	14.00	4.78	0.67
Real Assets	14.00	4.47	0.63
Private Equity	14.00	9.73	1.36
MAPS – Multi-Asset Public Strategies	6.00	3.73	0.22
PIP – Private Investment Partnership	3.00	6.55	0.20
Total	<u>100.00%</u>		5.33
Inflation			<u>2.50</u>
*Expected arithmetic nominal return			<u>7.83%</u>

- \* The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**Note 11. Defined Benefit Pension Plan (Continued)**

Discount rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that system member contributions will be made per the VRS statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in fiscal year 2012 or 100% of the actuarially determined employer contribution rate from June 30, 2021, actuarial valuations, whichever was greater. From July 1, 2022, 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.

Changes in net pension liability

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) – (b)</b>
Balances at June 30, 2021	\$ 25,998,301	\$ 24,759,340	\$ 1,238,961
Changes for the year:			
Service cost	511,745	-	511,745
Interest	1,744,923	-	1,744,923
Changes of assumptions	-	-	-
Differences between expected and actual experience	(914,266)	-	(914,266)
Contributions – employer	-	395,851	(395,851)
Contributions – employee	-	198,628	(198,628)
Net investment income (loss)	-	(16,653)	16,653
Benefit payments, including refunds of employee contributions	(1,318,683)	(1,318,683)	-
Administrative expenses	-	(15,540)	15,540
Other changes	-	564	(564)
Net changes	23,719	(755,833)	779,552
Balances at June 30, 2022	\$ 26,022,020	\$ 24,003,507	\$ 2,018,513

**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 11. Defined Benefit Pension Plan (Continued)**

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

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

	<b>1.00% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1.00% Increase (7.75%)</b>
Plan's net pension liability (asset)	\$ 5,612,905	\$ 2,018,513	\$ (901,707)

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

For the year ended June 30, 2023, the Town recognized pension expense of \$128,570. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 58,637	\$ 618,387
Change in assumptions	373,972	-
Net difference between projected and actual earnings on pension plan investments	-	723,407
Employer contributions subsequent to measurement date	509,746	-
	<u>\$ 942,355</u>	<u>\$ 1,341,794</u>

The \$509,746 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, 2024. 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:

**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 11. Defined Benefit Pension Plan (Continued)**

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

Year Ended June 30,	Reduction to Pension Expense
2024	\$ (211,349)
2025	(520,900)
2026	(509,529)
2027	332,593
2028	-
Thereafter	-
Total	<u>\$ (909,185)</u>

Pension plan data

Information about the VRS Political Subdivision Retirement Plan's is also available in the separately issued VRS 2022 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2022 VRS ACFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-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 pension plan

At June 30, 2023, the Town reported a payable of \$61,553 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

**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.

**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 12. Other Post-Employment Benefits Liability (OPEB)-Locality Plan (Continued)**

Benefits provided (Continued)

In addition, employees must meet one of the following Virginia Retirement System (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.

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.

**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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

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	<u>92</u>
Total covered employees	<u><u>92</u></u>

Total OPEB liability

The Town's Total OPEB Liability of \$606,813 was measured as of June 30, 2023, 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	3.65%
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 Getzen Trend Model, Milliman's Health Cost Guidelines and actuarial judgment.

**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**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, 2023, valuation of the Virginia Retirement System (General Employees Assumptions, Plan 1, Plan 2, and Hybrid Plan)

Changes in total OPEB liability

	<b>Total OPEB Liability</b>
Balance at June 30, 2022	\$ 855,783
Changes for the year:	
Service cost	73,813
Interest	32,874
Changes of benefit terms	-
Differences between expected and actual experience	(358,870)
Changes in assumptions or other inputs	5,169
Benefit payments	(1,956)
Net changes	(248,970)
Balance at June 30, 2023	\$ 606,813

Changes of assumptions and other inputs reflect a change in the discount rate from 3.54% in 2022 to 3.65% in 2023.



**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**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 3.65%. It also presents what the Town's OPEB liability would be if it were calculated used a discount rate on percentage point lower (2.65%) and one percentage point higher (4.65%) than the current rate:

	<b>1.00% Decrease (2.65%)</b>	<b>Current Discount Rate (3.65%)</b>	<b>1.00% Increase (4.65%)</b>
Total OPEB liability	\$ 673,394	\$ 606,813	\$ 547,149

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:

	<b>1.00% Decrease in Trend Rate</b>	<b>Current Trend Rate</b>	<b>1.00% Increase in Trend Rate</b>
Total OPEB liability	\$ 515,646	\$ 606,813	\$ 716,682

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

For the year ended June 30, 2023, the Town recognized OPEB expense of \$28,288. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 433,036
Changes in assumptions	59,798	88,091
	<u>\$ 59,798</u>	<u>\$ 521,127</u>

**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**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:

<b>Year Ending June 30,</b>	<b>Reduction to Pension Expense</b>
2024	\$ (78,400)
2025	(73,670)
2026	(73,670)
2027	(91,124)
2028	(91,124)
Thereafter	(53,341)
	<u>\$ (461,329)</u>

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

In addition to their participation in the pension plans offered through the Virginia Retirement System (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, 2023**

**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.asp>

As of the June 30, 2021, actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<b>Number</b>
Inactive members or their beneficiaries currently receiving benefits	24
Inactive members:	
Vested	6
Non-vested	-
Active elsewhere in VRS	-
Total inactive members	6
Active members	105
Total covered employees	135

*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, 2023**

**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, 2023 Contribution	\$ 23,985
June 30, 2022 Contribution	\$ 22,937

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance plan. This special payment was authorized by a Budget Amendment included in Chapter 1 of the 2022 Appropriation Act.

*General Employee Health Insurance Credit Program*

Governed by:	<i>Code of Virginia 51.1-1402 (E) and may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly.</i>
Total rate:	0.46% of covered employee compensation.
June 30, 2023 Contribution	\$ 20,432
June 30, 2022 Contribution	\$ 19,427

*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:	\$681.84 per covered full-time-equivalent employee. Based on pay-as-you-go funding rate.
June 30, 2023 Contribution	\$ 19,092
June 30, 2022 Contribution	\$ 19,509

**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**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, 2022, and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by actuarial valuations performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. 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, 2022, 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, 2023 proportionate share of liability	\$ 235,160
June 30, 2022 proportion	0.01953%
June 30, 2021 proportion	0.02304%
June 30, 2023 benefit	\$ (18,807)

*Line of Duty Act Program*

June 30, 2023 proportionate share of liability	\$ 536,082
June 30, 2022 proportion	0.14165%
June 30, 2021 proportion	0.13546%
June 30, 2023 expense	\$ 74,635

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:

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a) – (b)</b>
Balances at June 30, 2021	\$ 228,783	\$ 13,166	\$ 215,617
Changes for the year:			
Service cost	5,589	-	5,589
Interest	15,379	-	15,379
Differences between expected and actual experience	2,192	-	2,192

**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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

General Employee Health Insurance Credit (Continued)

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a) – (b)</b>
Contributions – employer	\$ -	\$ 19,427	\$ (19,427)
Contributions – employee	-	-	-
Net investment income	-	(134)	134
Benefit payments, including refunds of employee contributions	(13,058)	(13,058)	-
Administrative expenses	-	(46)	46
Changes in assumptions	(1,174)	-	(1,174)
Other changes	8,173	8,173	(8,173)
Net changes	8,928	14,362	(5,434)
Balances at June 30, 2022	<u>\$ 237,711</u>	<u>\$ 27,528</u>	<u>\$ 210,183</u>

In addition, for the year ended June 30, 2023, the Town recognized OPEB expense of \$39,358 related to General Employee Health Insurance Credit Program.

At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

*Group Life Insurance Program*

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 18,622	\$ 9,434
Change in assumptions	8,771	22,906
Net difference between projected and actual earnings on OPEB plan investments	-	14,694
Changes in proportion	-	85,025
Employer contributions subsequent to the measurement date	23,985	-
	<u>\$ 51,378</u>	<u>\$ 132,059</u>

**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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

General Employee Health Insurance Credit (Continued)

*General Employee Health Insurance Credit Program*

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 134,484	\$ -
Change in assumptions	3,865	999
Net difference between projected and actual earnings on OPEB plan investments	628	-
Employer contributions subsequent to the measurement date	20,432	-
	<u>\$ 159,409</u>	<u>\$ 999</u>

*Line of Duty Act Program*

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 41,186	\$ 100,193
Change in assumptions	149,498	132,223
Net difference between projected and actual earnings on OPEB plan investments	-	2,293
Changes in proportion	55,276	21,796
Employer contributions subsequent to the measurement date	19,092	-
	<u>\$ 265,052</u>	<u>\$ 256,505</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, 2024. 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, 2023**

**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,	Reduction to OPEB Expense
2024	\$ (29,574)
2025	(24,608)
2026	(28,648)
2027	(11,950)
2028	(9,886)
Thereafter	-
	<u>\$ (104,666)</u>

*General Employee Health Insurance Credit Program*

Year Ending June 30,	Increase to OPEB Expense
2024	\$ 27,895
2025	27,903
2026	27,881
2027	28,089
2028	21,551
Thereafter	4,659
	<u>\$ 137,978</u>

*Line of Duty Act Program*

Year Ending June 30,	Decrease to OPEB Expense
2024	\$ 2,539
2025	2,588
2026	2,640
2027	3,813
2028	1,803
Thereafter	(23,928)
	<u>\$ (10,545)</u>



**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**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, 2021, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022:

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 3.69%

\* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.69% 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, 2022, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	<b>Group Life Insurance Program</b>	<b>Line of Duty Act Program</b>
Total OPEB Liability	\$ 3,672,085	\$ 385,669
Plan fiduciary net position	2,467,989	7,214
Employers' net OPEB liability	1,204,096	378,455
Plan fiduciary net position as a percentage of total OPEB liability	67.21%	1.87%

**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**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:

<b>Asset Class (Strategy)</b>	<b>Target Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term</b>
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00	2.04	0.31
Credit Strategies	14.00	4.78	0.67
Real Assets	14.00	4.47	0.63
Private Equity	14.00	9.73	1.36
MAPS – Multi-Asset Public Strategies	6.00	3.73	0.22
PIP – Private Investment Partnership	3.00	6.55	0.20
	<u>100.00%</u>		<u>5.33</u>
Inflation			<u>2.50</u>
*Expected arithmetic nominal return			<u>7.83%</u>

\*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including inflation of 2.50%.

**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**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 3.69% 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 3.69% 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 Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2022.

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 3.69%. 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, 2022, 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. From July 1, 2020, 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 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 OPEB liability.

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

The following presents the employer's proportionate share of the net GLI OPEB liabilities using the discount rate (6.75% GLI & HIC/3.69% 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/2.69% LODA) or one percentage point higher (7.75% GLI & HIC/4.69% LODA) than the current rate:

	<b>1.00% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1.00% Increase (7.75%)</b>
GLI Net OPEB liability	\$ 342,185	\$ 235,160	\$ 148,669
HIC Net OPEB liability	\$ 237,865	\$ 210,183	\$ 186,894
	<b>(2.69%)</b>	<b>(3.69%)</b>	<b>(4.69%)</b>
LODA Net OPEB liability	\$ 611,933	\$ 536,082	\$ 474,027

**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**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:

	<b>1.00% Decrease (6.00% Decreasing to 3.75%)</b>	<b>Current Healthcare Cost Trend Rates (7.00% Decreasing to 4.75%)</b>	<b>1.00% Increase (8.00% Decreasing to 5.75%)</b>
LODA Net OPEB liability	\$ 451,766	\$ 536,082	\$ 641,912

OPEB plan fiduciary net position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (ACFR). A copy of the 2022 VRS ACFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-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, 2023, the following amounts were payable to the Virginia Retirement System for the legally required contributions related to June 2023 payroll.

Group Life Insurance	\$ 5,179
General Employee HIC	1,778

**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**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><b>Governmental Activities</b></u>	<u><b>Business-Type Activities</b></u>	<u><b>Total Primary Government</b></u>
Deferred outflows of resources – related to pensions			
Deferred outflow – differences in expected/actual experience and change in assumptions			
VRS – defined benefit pension plan	\$ 423,120	\$ 9,489	\$ 432,609
Deferred outflow – contributions after the measurement date			
VRS – defined benefit pension plan	<u>498,565</u>	<u>11,181</u>	<u>509,746</u>
Total deferred outflow of resources – pensions	<u><u>\$ 921,685</u></u>	<u><u>\$ 20,670</u></u>	<u><u>\$ 942,355</u></u>
Deferred outflows of resources – OPEB			
Deferred outflow – differences in expected/actual, experience and assumptions, and difference in projected and actual investment earnings			
VRS – LODA	\$ 245,960	\$ -	\$ 245,960
VRS – HIC – OPEB Program	135,929	3,048	138,977
VRS – GLI – OPEB Program	26,792	601	27,393
Local Health – Single Agent – defined benefit	58,486	1,312	59,798
Deferred outflow – contributions after the measurement date			
VRS – LODA – OPEB Program	19,092	-	19,092
VRS – HIC – OPEB Program	19,984	448	20,432
VRS – GLI – OPEB Program	<u>23,459</u>	<u>526</u>	<u>23,985</u>
Total deferred outflow of resources – OPEB	<u><u>\$ 529,702</u></u>	<u><u>\$ 5,935</u></u>	<u><u>\$ 535,637</u></u>
Net pension liability			
VRS – defined benefit pension plan	<u>\$ 1,974,237</u>	<u>\$ 44,276</u>	<u>\$ 2,018,513</u>
Total net pension liability	<u><u>\$ 1,974,237</u></u>	<u><u>\$ 44,276</u></u>	<u><u>\$ 2,018,513</u></u>

**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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

	<u><b>Governmental Activities</b></u>	<u><b>Business-Type Activities</b></u>	<u><b>Total Primary Government</b></u>
Net OPEB liability			
Local health	\$ 593,502	\$ 13,311	\$ 606,813
VRS – LODA	536,082	-	536,082
VRS – HIC – OPEB Program	205,573	4,610	210,183
VRS – GLI	<u>230,002</u>	<u>5,158</u>	<u>235,160</u>
Total net OPEB liability	<u>\$ 1,565,159</u>	<u>\$ 23,079</u>	<u>\$ 1,588,238</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>\$ 1,312,362</u>	<u>\$ 29,432</u>	<u>\$ 1,341,794</u>
Deferred inflows of resources – OPEB			
Deferred inflows – differences in expected/actual experience, change in assumptions and difference in projected and actual earnings on investments			
VRS – LODA – Cost-Sharing- Multiple-Employer	\$ 256,505	\$ -	\$ 256,505
VRS – HIC - OPEB Program	977	22	999
VRS – GLI – Cost-Sharing- Multiple-Employer	129,162	2,897	132,059
Deferred inflow – differences in expected/actual experience and change in assumptions			
Local Health – Single Agent- Defined benefit	<u>509,696</u>	<u>11,431</u>	<u>521,127</u>
Total deferred inflow of resources – OPEB	<u>\$ 896,340</u>	<u>\$ 14,350</u>	<u>\$ 910,690</u>

**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**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, 2023, the Town abated taxes as follows:

<u><b>Tax Abatement Program</b></u>	<u><b>Amount Abated</b></u>
Rehabilitation Tax Exemption	\$ 31,137
Historic District Tax Abatement	13,924

**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.

**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 17. Risk Management**

The risk management of the Town is as follows:

General Liability and Other

The Town has purchased commercial property insurance through the Huron Insurance Company. General liability coverage was secured through Harleysville Insurance Company.

Worker's Compensation

Worker's compensation is provided through the Virginia Municipal Group Self Insurance Association. Management estimates any liability for unpaid claims at year-end to be immaterial.

Surety Bonds

The Town has a Surety Blanket Bond in the amount of \$1,000,000 with USF&G Insurance Company.

**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 is set for January 1, 2022, and will run for a period of five years. The Town paid \$2,586,114 under this agreement during 2023.

**Note 19. Subsequent Events**

Subsequent events have been evaluated through November 30, 2023, the date that the financial statements were available to be issued. No material subsequent events have occurred that would require recognition in the financial statements or disclosure in the Notes to the Financial Statements.

**Note 20. Future Accounting Pronouncements**

In April 2022, the GASB issued **Statement No. 99, Omnibus 2022**. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.



**TOWN OF ABINGDON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**Note 20. Future Accounting Pronouncements (Continued)**

In June 2022, the GASB issued **Statement No. 100**, *Accounting Changes and Error Corrections*. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

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.

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

**REQUIRED  
SUPPLEMENTARY INFORMATION**

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**TOWN OF ABINGDON, VIRGINIA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND  
RELATED RATIOS – PRIMARY GOVERNMENT**

**June 30, 2023**

	Plan Year			
	2022	2021	2020	2019
<b>Total pension liability</b>				
Service cost	\$ 511,745	\$ 490,976	\$ 540,470	\$ 519,871
Interest	1,744,923	1,587,159	1,512,795	1,527,101
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(914,266)	32,990	207,364	(1,072,292)
Changes in assumptions	-	992,110	-	689,034
Benefit payments, including refunds of employee contributions	(1,318,683)	(1,236,792)	(1,081,087)	(1,054,247)
Net change in total pension liability	23,719	1,866,443	1,179,542	609,467
<b>Total pension liability – beginning</b>	<b>25,998,301</b>	<b>24,131,858</b>	<b>22,952,316</b>	<b>22,342,849</b>
<b>Total pension liability – ending</b>	<b>26,022,020</b>	<b>25,998,301</b>	<b>24,131,858</b>	<b>22,952,316</b>
<b>Plan fiduciary net position</b>				
Contributions – employer	395,851	445,205	509,937	512,773
Contributions – employee	198,628	224,647	243,365	245,438
Net investment income (loss)	(16,653)	5,403,553	377,613	1,260,226
Benefit payments, including refunds of employee contributions	(1,318,683)	(1,236,792)	(1,081,087)	(1,054,247)
Administrative expense	(15,540)	(13,628)	(12,898)	(12,459)
Other	564	508	(449)	(794)
Net change in total pension liability	(755,833)	4,823,493	36,481	950,937
<b>Total pension liability – beginning</b>	<b>24,759,340</b>	<b>19,935,847</b>	<b>19,899,366</b>	<b>18,948,429</b>
<b>Total pension liability – ending</b>	<b>24,003,507</b>	<b>24,759,340</b>	<b>19,935,847</b>	<b>19,899,366</b>
<b>Net pension liability – ending</b>	<b>\$ 2,018,513</b>	<b>\$ 1,238,961</b>	<b>\$ 4,196,011</b>	<b>\$ 3,052,950</b>
Plan fiduciary net position as a percentage of the total pension liability	92.24%	95.23%	82.61%	86.70%
Covered payroll	\$ 4,223,245	\$ 4,719,818	\$ 5,132,041	\$ 5,134,606
Net pension liability as a percentage of covered payroll	47.80%	26.25%	81.76%	59.46%

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.

Plan Year			
2018	2017	2016	2015
\$ 562,833	\$ 498,793	\$ 485,771	\$ 487,115
1,317,996	1,308,047	1,249,531	1,244,997
1,686,531	-	-	-
459,568	(423,509)	(85,461)	(935,088)
-	(284,406)	-	-
(1,025,177)	(888,423)	(739,385)	(725,110)
3,001,751	210,502	910,456	71,914
19,341,098	19,130,596	18,220,140	18,148,226
22,342,849	19,341,098	19,130,596	18,220,140
415,580	345,847	446,529	436,232
208,601	271,557	280,345	260,646
1,324,041	1,983,557	283,492	708,070
(1,025,177)	(888,423)	(739,385)	(725,110)
(11,494)	(11,494)	(9,853)	(9,567)
(1,176)	(1,763)	(119)	(152)
910,375	1,699,281	261,009	670,119
18,038,054	16,338,773	16,077,764	15,407,645
18,948,429	18,038,054	16,338,773	16,077,764
\$ 3,394,420	\$ 1,303,044	\$ 2,791,823	\$ 2,142,376
84.81%	93.26%	85.41%	88.24%
\$ 5,147,591	\$ 5,397,697	\$ 5,467,229	\$ 5,154,890
65.94%	24.14%	51.06%	41.56%

## TOWN OF ABINGDON, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS**

<b>Entity Fiscal Year Ended June 30,</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions in Relation to Actuarially Determined Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2023	\$ 509,746	\$ 509,746	\$ -	\$ 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

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

## TOWN OF ABINGDON, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND**  
**RELATED RATIOS – LOCAL PLAN**  
**June 30, 2023**

	Fiscal Year					
	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>						
Service cost	\$ 73,813	\$ 90,464	\$ 87,138	\$ 60,102	\$ 53,882	\$ 76,104
Interest	32,874	20,643	23,296	30,017	37,808	33,851
Changes of benefit terms	-	-	-	-	(217,060)	-
Differences between expected and actual experience	(358,870)	-	(194,054)	-	(8,072)	-
Changes in assumptions	5,169	(113,592)	(1,395)	101,871	31,280	(33,104)
Benefit payments, including refunds of employee contributions	(1,956)	(13,926)	(19,404)	(25,590)	(37,168)	(36,398)
Net change in total OPEB liability	(248,970)	(16,411)	(104,419)	166,400	(139,330)	40,453
<b>Total OPEB liability – beginning</b>	<u>855,783</u>	<u>872,194</u>	<u>976,613</u>	<u>810,213</u>	<u>949,543</u>	<u>909,090</u>
<b>Total OPEB liability – ending</b>	<u>\$ 606,813</u>	<u>\$ 855,783</u>	<u>\$ 872,194</u>	<u>\$ 976,613</u>	<u>\$ 810,213</u>	<u>\$ 949,543</u>
Covered payroll	<u>\$ 4,746,539</u>	<u>\$ 4,789,053</u>	<u>\$ 4,789,053</u>	<u>\$ 5,273,134</u>	<u>\$ 5,273,134</u>	<u>\$ 5,489,100</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>12.78%</u>	<u>17.87%</u>	<u>18.21%</u>	<u>18.52%</u>	<u>15.36%</u>	<u>17.30%</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.

## 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:

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, 2023**

	VRS Health Insurance Credit			
	Fiscal Year			
	2023	2022	2021	2020
<b>Total HIC OPEB liability</b>				
Service cost	\$ 5,589	\$ 4,047	\$ 4,868	\$ 4,796
Interest	15,379	13,231	6,795	(254)
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	2,192	19,269	96,256	3,763
Changes in assumptions	(1,174)	2,478	-	105,910
Benefit payments	(13,058)	(12,526)	(12,600)	(7,250)
Net change in total HIC OPEB liability	8,928	26,499	95,319	106,965
<b>Total HIC OPEB liability – beginning</b>	228,783	202,284	106,965	-
<b>Total HIC OPEB liability – ending</b>	237,711	228,783	202,284	106,965
<b>Plan fiduciary net position</b>				
Contributions – employer	19,427	21,711	13,339	8,909
Net investment income (loss)	(134)	1,516	27	93
Benefit payments	(13,058)	(12,526)	(12,600)	(7,250)
Administrative expense	(46)	(47)	(4)	(2)
Other	8,173	-	-	-
Net change in plan fiduciary net position	14,362	10,654	762	1,750
<b>Plan fiduciary net position liability – beginning</b>	13,166	2,512	1,750	-
<b>Plan fiduciary net position – ending</b>	\$ 27,528	\$ 13,166	\$ 2,512	\$ 1,750
<b>Net HIC OPEB liability – ending</b>	\$ 210,183	\$ 215,617	\$ 199,772	\$ 105,215
Plan fiduciary net position as a percentage of the total HIC OPEB liability	11.58%	5.75%	1.24%	1.64%
Covered payroll	\$ 4,536,612	\$ 4,698,636	\$ 5,132,041	\$ 3,426,411
Net HIC OPEB liability as a percentage of covered payroll	4.63%	4.59%	3.89%	3.07%

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, 2023**

<b>Entity Fiscal Year Ended June 30,</b>	<b>Contractually Required Contribution</b>	<b>Actual Employer Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
<b>VRS Health Insurance Credit – General Employees</b>					
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, 2023**

<b>Entity Fiscal Year Ended June 30,</b>	<b>Employer's Portion of the Net OPEB Liability</b>	<b>Employer's Proportionate Share of the Net OPEB Liability</b>	<b>Employer's Covered Payroll</b>	<b>Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>
<b>Group Life Insurance – General Employees</b>					
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
<b>Line of Duty Act (LODA)</b>					
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, 2023**

<b>Entity Fiscal Year Ended June 30,</b>	<b>Contractually Required Contribution</b>	<b>Contributions Related to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Employee Payroll</b>	<b>Contributions as a Percentage of Covered Employee Payroll</b>
<b>Group Life Insurance – General Employees</b>					
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
<b>Line of Duty Act (LODA)</b>					
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, 2023

#### 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, 2021, 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, 2019. 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.

(Continued)

## **TOWN OF ABINGDON, VIRGINIA**

### **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2023**

#### **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. Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape MP-2020.
- Applicable to: Pension, GLI OPEB, HIC OPEB, and LODA OPEB

Teacher cost-sharing pool

- 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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2023**

<b>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</b>	<b>Assistance Listing Number</b>	<b>Pass- Through Entity Identifying Number</b>	<b>Amounts Passed Through to Sub- Recipients</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Justice</b>				
Passed through Virginia Department of Criminal Justice Services				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	N/A	\$ 17,718
Equitable Sharing Program	16.922	N/A	N/A	29,795
				<u>47,513</u>
Total U.S. Department of Justice				
<b>U.S. Department of Transportation</b>				
Passed through Virginia Department of Transportation				
Highway Planning and Construction	20.205	N/A	N/A	92,575
Highway Planning and Construction	20.205	N/A	N/A	27,043
				<u>119,618</u>
Total Highway Planning and Construction				
Passed through Virginia Department of Motor Vehicles				
<i>Highway Safety Cluster</i>				
State and Community Highway Safety	20.600	N/A	N/A	7,839
				<u>7,839</u>
Total Highway Safety Cluster				
Total U.S. Department of Transportation				127,457
<b>U.S. Department of Treasury</b>				
Direct payments				
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	N/A	N/A	650,893
				<u>650,893</u>
Total U.S. Department of Treasury				
Total Expenditures of Federal Awards				<u>\$ 825,863</u>

## NOTE A: BASIS OF PRESENTATION AND ACCOUNTING

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

## NOTE B: INDIRECT COSTS

The Town has not elected to use the de minimus 10% cost rate.

## NOTE C: OUTSTANDING LOAN BALANCES

As of June 30, 2023, the Town had no outstanding loan balances requiring continuing disclosure.

# **OTHER SUPPLEMENTARY INFORMATION**

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# STATISTICAL SECTION

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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.

## CONTENTS

## Tables

**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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Governmental activities</b>										
Net investment in capital assets	\$ 14,352,648	\$ 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
Restricted	-	-	-	139,425	138,673	641,272	115,315	112,233	47,130	147,233
Unrestricted	8,527,798	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
Total governmental activities net position	22,880,446	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
<b>Business-type activities</b>										
Net investment in capital assets	2,268,580	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
Unrestricted	2,697,500	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
Total business-type activities	4,966,080	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
<b>Primary government</b>										
Net investment in capital assets	16,621,228	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
Restricted	-	-	-	139,425	138,673	641,272	115,315	112,233	47,130	147,233
Unrestricted	11,225,298	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
Total primary government net position	<u>\$ 27,846,526</u>	<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>

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

(2) 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.



TABLE 2

## TOWN OF ABINGDON, VIRGINIA

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses</b>										
Governmental Activities:										
General government	\$ 1,581,298	\$ 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
Public safety	2,759,998	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
Public works	3,529,042	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
Health and welfare	6,857	264,880	65,636	37,519	38,928	35,947	27,193	1,244	2,172	-
Parks, recreation, and culture	1,159,585	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
Community development	5,515,308	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
Interest on long-term debt	113,678	116,242	104,489	94,281	98,028	123,726	237,614	463,017	471,541	414,595
Non-departmental	152,443	258,510	135,187	74,874	83,017	73,813	27,790	66,423	47,850	41,305
Total government activities expense	14,818,209	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
Business-Type Activities:										
Wastewater	2,731,185	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
Total business-type activities expenses	2,731,185	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
Total primary government expenses	<u>\$ 17,549,394</u>	<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>
<b>Program Revenues</b>										
Governmental Activities:										
Charges for services										
Public safety	\$ -	\$ -	\$ -	\$ 28,505	\$ 24,848	\$ 9,727	\$ 8,429	\$ 78,678	\$ 99,741	\$ 1,532
Public works	388,670	369,912	346,394	361,054	408,613	419,277	419,189	432,872	471,146	699,350
Parks, recreation, and culture	417,119	436,640	441,508	442,265	457,433	465,227	326,457	139,422	430,448	484,274
Community development	18,014	14,390	16,163	13,864	12,240	9,537	11,718	10,009	7,870	1,281
Operating grants and contributions	1,960,808	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
Capital grants and contributions	32,074	696,721	330,061	142,465	1,091,684	2,270,745	689,764	399,048	1,950,819	786,359
Total governmental activities program revenues	2,816,685	3,978,042	2,963,544	2,904,938	3,961,764	6,336,240	3,499,941	3,967,696	5,475,206	4,457,827

(Continued)

## TOWN OF ABINGDON, VIRGINIA

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Program Revenues (Continued)</b>										
Business-Type Activities:										
Charges for services										
Wastewater	\$ 3,244,042	\$ 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
Capital grants and contributions	-	-	100,000	-	-	-	-	-	-	-
Total business-type activities program revenues	3,244,042	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
Total primary government program revenues	\$ 6,060,727	\$ 6,944,207	\$ 6,225,084	\$ 6,040,517	\$ 7,003,024	\$ 9,635,369	\$ 6,769,991	\$ 7,215,582	\$ 9,196,644	\$ 8,369,768
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (12,001,524)	\$ (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)
Business-Type Activities	512,857	302,841	737,688	474,238	245,013	207,709	524,222	199,349	1,101,576	867,082
Total primary government net (expense)/revenue	\$ (11,488,667)	\$ (8,827,801)	\$ (9,346,956)	\$ (9,280,335)	\$ (7,771,121)	\$ (8,160,987)	\$ (8,678,947)	\$ (7,994,581)	\$ (6,723,180)	\$ (9,414,699)
<b>General Revenues and other Changes in Net Position</b>										
Governmental Activities:										
Taxes	\$ 8,443,512	\$ 8,854,836	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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
Local sales & use tax	-	-	461,012	492,287	494,985	488,092	517,472	574,619	625,761	688,073
Utility tax	-	-	81,420	82,728	84,375	84,167	83,572	83,682	83,048	83,887
Business license tax	-	-	943,751	877,549	839,908	838,602	872,946	912,463	957,533	1,049,253
Franchise license tax	-	-	66,535	63,036	77,917	60,555	57,917	51,531	51,903	51,913
Communication tax	-	-	117,391	114,150	110,756	102,749	100,406	89,183	86,562	84,050
Motor vehicle license	-	-	123,503	158,206	145,434	158,944	155,419	149,584	157,071	182,448
Bank stock tax	-	-	543,899	565,666	565,205	618,639	583,927	664,201	692,257	737,509
Cigarette tax	-	-	107,913	239,579	276,615	256,458	198,608	213,239	207,298	261,900
Hotel and motel room tax	-	-	812,441	832,691	856,812	896,562	731,585	706,960	1,107,105	1,358,219
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
Unrestricted intergovernmental revenue	46,392	56,435	61,376	65,291	68,533	66,870	69,074	92,992	87,146	91,633
Unrestricted investment earnings	41,808	42,940	33,300	36,580	39,828	76,662	84,064	38,691	37,886	434,161

(Continued)

## TOWN OF ABINGDON, VIRGINIA

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General Revenues and other Changes in Net Position (Continued)</b>										
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	403,595	300,021	2,910,734	577,147	355,854	502,430	473,120	354,022	280,387	799,158
Total governmental activities	8,935,307	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
Business-Type Activities:										
Unrestricted investment earnings	4,719	3,553	6,031	11,657	19,710	38,639	31,827	12,773	5,435	46,448
Other	-	-	-	-	-	-	-	2,283	-	-
Total business-type activities	4,719	3,553	6,031	11,657	19,710	38,639	31,827	15,056	5,435	46,448
Total primary government	\$ 8,940,026	\$ 9,257,785	\$ 12,015,552	\$ 9,739,223	\$ 9,797,162	\$ 10,192,424	\$ 9,663,499	\$ 10,195,234	\$ 11,348,889	\$ 13,397,633
<b>Change in Net Position</b>										
Governmental Activities	\$ (3,066,217)	\$ 123,590	\$ 1,924,877	\$ (27,007)	\$ 1,761,318	\$ 1,785,089	\$ 428,503	\$ 1,986,248	\$ 3,518,698	\$ 3,069,404
Business-Type Activities	517,576	306,394	743,719	485,895	264,723	246,348	556,049	214,405	1,107,011	913,530
Total primary government	\$ (2,548,641)	\$ 429,984	\$ 2,668,596	\$ 458,888	\$ 2,026,041	\$ 2,031,437	\$ 984,552	\$ 2,200,653	\$ 4,625,709	\$ 3,982,934

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

TABLE 3

## TOWN OF ABINGDON, VIRGINIA

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nonspendable	\$ 1,500	\$ 101,045	\$ 111,657	\$ 4,006	\$ 5,858	\$ 5,253	\$ 3,213	\$ 99,776	\$ 167,826	\$ 203,635
Restricted	-	-	-	72,214	70,777	572,289	2,226,252	41,728	34,965	135,029
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	7,174,706	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
Total general fund	<u>\$ 7,176,206</u>	<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>
All Other Governmental Funds										
Restricted	\$ 1,279,038	\$ 965,255	\$ 66,831	\$ 67,211	\$ 67,896	\$ 68,983	\$ 70,192	\$ 4,296,044	\$ 12,165	\$ 12,204
Assigned	-	-	-	-	-	-	-	-	7,119	201,623
Unassigned	(67,292)	(52,902)	(63,539)	(77,942)	(93,914)	-	-	-	(6,517)	-
Total all other governmental funds	<u>\$ 1,211,746</u>	<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>

## TOWN OF ABINGDON, VIRGINIA

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues</b>										
General property taxes	\$ 2,591,889	\$ 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
Other local taxes	5,890,975	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
Permits and licenses	21,725	14,238	29,348	18,650	15,322	50,076	40,256	27,278	34,395	96,789
Fines and forfeitures	51,611	42,139	31,051	33,959	28,112	17,946	19,398	12,623	22,875	28,991
Investment earnings	41,808	42,940	39,121	40,180	43,428	81,487	84,064	38,691	37,886	434,161
Charges for services	823,803	820,942	804,065	845,688	903,134	903,768	765,793	660,981	1,014,306	1,186,437
Other revenues	150,083	27,584	2,568,021	293,099	268,987	394,038	319,841	223,291	222,732	518,164
Recovered cost	180,175	216,060	158,196	175,088	31,894	1,594	-	-	-	-
Intergovernmental	2,039,274	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
Total revenues	11,791,343	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
<b>Expenditures</b>										
General government	1,470,759	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
Public safety	2,610,797	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
Public works	3,467,668	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
Health and welfare	6,857	6,285	65,636	37,519	38,928	35,947	27,193	1,244	2,172	-
Parks, recreation, and culture	2,427,584	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
Community development	3,757,827	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
Contingencies	152,442	258,510	143,458	74,874	83,017	73,813	27,790	48,866	47,850	41,305
Capital projects	453,073	1,824,652	2,289,700	123,356	2,793,659	4,431,161	2,160,980	-	-	-

(Continued)

TABLE 4

## TOWN OF ABINGDON, VIRGINIA

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenditures (Continued)</b>										
Debt service										
Principal	\$ 1,756,694	\$ 568,136	\$ 569,563	\$ 545,535	\$ 462,664	\$ 588,699	\$ 7,987,790	\$ 3,091,535	\$ 584,689	\$ 996,586
Interest	-	-	110,969	97,631	97,020	122,074	100,513	406,771	482,124	465,897
Total expenditures	16,103,701	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
Excess of revenues over (under) expenditures	(4,312,358)	(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
<b>Other Financing Sources (Uses)</b>										
Proceeds from sale of assets	-	-	7,234	7,037	14,240	189,160	41,065	14,318	506,592	9,989
Proceeds from borrowing	2,600,000	691,827	78,300	70,133	29,189	40,374	10,944,023	9,780,839	25,207	129,259
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
Total other financing sources	2,600,000	691,827	202,418	418,365	2,155,129	2,632,517	11,078,713	8,945,361	531,799	284,473
Net change in fund balance	<u>\$ (1,712,358)</u>	<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>
Debt service as a percentage of noncapital expenditures	<u>12.24%</u>	<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>

TABLE 5

## TOWN OF ABINGDON, VIRGINIA

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Public Utilities		Mobile Homes	Total Assessed Value	Total Direct Tax Rate Per \$100
				Real Estate	Personal Property			
2023	\$ 863,862,512	\$ 121,313,542	\$ 5,153,130	\$ 28,739,932	\$ 50,164	\$ 925,895	\$1,020,045,175	0.322
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
2014	734,838,050	83,957,974	-	23,201,748	15,008	810,190	842,822,970	0.308

(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	
					Real Estate	Personal Property	Washington County	
							Real Estate	Personal Property
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
2014	0.28	0.55	0.55	0.28	0.28	0.55	0.63	1.70

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



TABLE 7

**TOWN OF ABINGDON, VIRGINIA**

**PRINCIPAL PROPERTY TAXPAYERS**

**CURRENT YEAR AND FIVE YEARS AGO**

**(UNAUDITED)**

Name	Nature of Business	2023			2018		
		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	23.51%	\$ 18,576,900	1	27.83%
WRPL 256 LLC <i>(formerly)</i> DMD LLC	Rental Real Estate-Apartments	12,079,800	2	15.25%	11,677,900	2	17.50%
Marathon Realty Corp	Retail	10,980,600	3	13.86%	-	-	0.00%
Town Centre of Abingdon, LLC	Retail	8,069,000	4	10.18%	-	-	0.00%
Atlantic Host, LLC	Hotel	5,860,500	5	7.40%			0.00%
Falcon Hospitality, LLC	Hotel	5,399,300	6	6.81%	-	-	0.00%
Abingdon VA Propco, LLC	Nursing Home	4,876,000	7	6.16%	-	-	0.00%
Buckhead Abingdon Inc	Hotel	4,847,600	8	6.12%	5,159,700	4	7.73%
New Concepts Hospitality LLC	Hotel	4,268,700	9	5.39%	-	-	0.00%
Geneva C. Hargroves, SM LLC	Professional Offices	4,230,900	10	5.34%	-	-	0.00%
Frizzell, Ben M. Jr.	Retail	-	-	0.00%	4,191,900	5	6.28%
Abingdon Professional Centre LLC	Professional Offices	-	-	0.00%	3,600,000	8	5.39%
Laramie Abingdon LTD PTNRSHIP	Retail	-	-	0.00%	8,795,900	3	13.18%
Hargroves, Andrew J.	Professional Offices	-	-	0.00%	4,052,500	6	6.07%
Double K. Properties LLC	Retail	-	-	0.00%	3,667,200	7	5.49%
Light Milling Company	Retail	-	-	0.00%	3,525,600	9	5.28%
Southern Hospitality	Hotel	-	-		3,504,700	10	5.25%
		<u>\$ 79,235,500</u>		<u>100.00%</u>	<u>\$ 66,752,300</u>		<u>100.00%</u>

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

TABLE 8

## TOWN OF ABINGDON, VIRGINIA

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

<b>Fiscal Year</b>	<b>Total Tax Levy (1)(2)</b>	<b>Current Tax Collections</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections (3)</b>	<b>Percent of Total Tax Collections to Tax Levy</b>	<b>Outstanding Delinquent Taxes</b>	<b>Percent of Delinquent Taxes to Levy</b>
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	-	-
2014	2,790,613	2,583,283	92.57	115,400	2,698,683	96.71	-	-

(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	Capital Leases	Debt Outstanding	Lease Liabilities	Capital Leases		
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
2014	3,744,708	-	407,737	10,784,598	-	181,100	15,118,143	1,846

(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 2022 the Town adopted GASB Statement No. 87 Leases. These standards removed capital leases and required reporting additional lease liabilities in the financial statements.

TABLE 10

## TOWN OF ABINGDON, VIRGINIA

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

<b>Fiscal Year</b>	<b>Debt Outstanding</b>	<b>Percentage of Actual Taxable Value of Property</b>	<b>Per Capita</b>
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
2014	3,744,708	0.44	457

(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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Assessed valuations</b>										
Assessed value of taxed real property	\$ 734,838,050	\$ 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
<b>Legal debt margin</b>										
Debt limit – 10 percent of total assessed value	\$ 73,483,805	\$ 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
Debt applicable to limitation:										
Total bonded debt	15,118,143	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
Less – wastewater revenue bonds and capital leases	(11,373,435)	(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)
Total amount of debt applicable to debt limitation	3,744,708	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
<b>Legal debt margin</b>	\$ 69,739,097	\$ 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
Total net debt applicable to the limit as a percentage of debt limit	5.10%	4.68%	4.42%	4.20%	6.47%	8.87%	12.67%	18.46%	18.70%	15.87%

## TOWN OF ABINGDON, VIRGINIA

**PLEDGED-REVENUE COVERAGE**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

Fiscal Year	Water Revenue Bonds						
	Utility	Less:	Net	Debt Service			Coverage
	Service Charges	Operating Expenses (2)	Available Revenue	Principal	Interest	Total	
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
2014	3,236,016	1,947,081	1,288,935	1,902,113	51,438	1,953,551	0.66

(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)**

<b>Fiscal Year</b>	<b>Population(1)</b>	<b>Personal Income (1)</b>	<b>Per Capita Median Income (1)</b>	<b>Median Age (2)</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
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
2014	8,191	2,916,473	43,353	35.0	2,719	6.50

(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)**

<b>Employer</b>	<b>Product or Service</b>	<b>2023</b>		<b>2018</b>	
		<b>Total Estimated Employment (1)</b>	<b>Rank</b>	<b>Total Estimated Employment (1)</b>	<b>Rank</b>
K-VAT/Food City	Grocery Distribution	1000+	1	500-750	3
Washington County Schools	Public Agency	1000+	2	1000+	1
Utility Trailer Manufacturing*	Trailer Manufacturing	500-999	3	-	-
Wal-Mart*	Retail	500-999	4	150-200	-
Mountain States Health Alliance	Health Care	500-999	5	-	-
Paramont Manufacturing*	Truck Manufacturing	250-499	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	-	-
Ballad Health*	Health Care	-	-	-	-
Johnston Memorial Hospital	Health Care	-	-	500-749	2

\*Located in Washington County

(1) Source: Virginia Employment Commission



TABLE 15

## TOWN OF ABINGDON, VIRGINIA

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

Function	Fiscal Year				
	2019	2020	2021	2022	2023
General government					
Management services	2.0	2.0	2.0	2.0	3.0
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	3.5	3.0	3.5	3.0	4.0
Building	4.0	3.0	2.0	2.0	2.0
Planning and Zoning	3.0	3.0	3.0	6.0	5.0
Public safety					
Police	26.5	31.0	31.0	29.0	26.0
Fire	17.0	1.0	8.5	8.5	11.5
Public works					
Administration	4.0	7.0	5.0	3.0	3.0
Refuse collection	3.0	3.0	3.0	1.5	2.5
Streets	18.0	18.0	19.0	14.0	15.0
Other	7.0	5.0	4.0	2.0	3.0
Parks, recreation, and cultural					
Parks	10.0	10.0	15.0	9.0	10.5
Recreation	52.0	14.0	17.5	29.0	32.5
Tourism	11.0	2.0	4.5	5.5	6.5
Other	3.5	2.0	1.0	1.0	1.0
Wastewater operations					
Collection	10.0	13.0	10.0	-	-
Disposal	12.0	10.0	10.0	-	-
Other	1.0	1.0	1.0	1.0	1.0

(1) Source: Town's finance department

TABLE 16

## TOWN OF ABINGDON, VIRGINIA

**OPERATING INDICATORS BY FUNCTION**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

Function	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public safety										
Incident reports	4,003	4,229	4,129	4,207	2,932	3,039	3,672	3,683	3,703	3,889
Number of traffic crashes	323	334	382	331	222	184	256	255	335	279
Number of arrests	353	364	316	368	324	313	312	241	297	407
Citations written	1,188	1,161	891	1,022	772	654	666	702	974	930
Fire and rescue										
Number of calls answered	484	522	411	533	554	624	598	615	604	675
Building inspections										
Permits issued	270	263	187	178	135	257	336	301	352	375
Parks and Recreation										
Youth Program Participants	3,737	4,512	4,920	5,403	10,389	16,024	15,739	688	22,409	24,140
Wastewater operations										
Number of service connections	-	4,940	4,977	5,039	4,747	5,068	5,830	5,711	5,625	5,869
Average daily treatment in gallons	2,150,000	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
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.

TABLE 17

## TOWN OF ABINGDON, VIRGINIA

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Function										
Public safety										
Stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	18	18	18	18	18	18	18	13	18	20
Number of sworn officers	26	25	25	24	23	24	25	26	27	24
Number of non-sworn	3	3	3	3	3	3	3	3	2	2
Public works										
Streets (miles)	75.00	75.00	75.00	75.00	75.00	75.17	75.17	75.17	75.20	77.35
Streets (miles on VDOT maint inventory)	54.79	54.79	54.32	54.32	54.32	54.38	54.38	54.38	54.38	56.53
Streetlights	1,213	1,213	1,218	1,218	1,218	1,241	1,241	1,241	1,262	13
Traffic signals	18	18	18	17	17	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	22.3	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**

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**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 for Counties, Cities, and Towns* issued by the Auditor of the Public Accounts for 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, 2023, 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 30, 2023.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. **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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. **The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and questioned costs as item 2023-001.**

## Town's Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## Purpose of this Report

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Bristol, Tennessee  
November 30, 2023

**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 Federal 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, 2023. 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, 2023.

*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 relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

*Responsibilities of Management for Compliance*

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

## **Report on Compliance for Each Major Federal Program (Continued)**

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

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

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

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



### **Report on Internal Control over Compliance (Continued)**

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 30, 2023

**TOWN OF ABINGDON, VIRGINIA**  
**SUMMARY OF COMPLIANCE MATTERS**

**June 30, 2023**

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 programs selected for testing.

**TOWN OF ABINGDON, VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2023**

**A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an **unmodified opinion** on the financial statements of the Town of Abingdon, Virginia.
2. **No significant deficiencies or 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 of the Town of Abingdon, Virginia were disclosed during the audit.
4. **No significant deficiencies or 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 program expresses an **unmodified opinion**.
6. The audit disclosed **no** audit finding relatings to the major program.
7. The program tested as major was:

<u>Name of Program</u>	<u>AL #</u>
Coronavirus State and Local Fiscal Recovery Fund	21.027

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

**B. FINDINGS – FINANCIAL STATEMENT 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.

*Management's Response:* Management concurs with this recommendation.

**D. FINDINGS – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM**

None.

**TOWN OF ABINGDON, VIRGINIA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Year Ended June 30, 2023**

**A. FINDINGS – FINANCIAL STATEMENT AUDIT**

None.

**B. FINDINGS – COMMONWEALTH OF VIRGINIA**

**2022-001: Weldon Cooper Report**

*Condition:* The Weldon Cooper Center survey report submitted during fiscal year 2022 for fiscal year 2021 activity contained errors in the reported amounts relating to valuation of bonds outstanding and police department expenditures.

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

*Management's Response:* Management concurs with this recommendation.

*Current Status:* This was noted during the current year audit. Additionally, personal property tax receipts were also erroneously input.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM**

**2022-002: Uniform Guidance Procurement Documentation**

*Condition:* The Town does not have written procurement policies that fully align with requirements in the Uniform Guidance.

*Recommendation:* The Town should prepare a revised policy for procurement procedures to more closely align with Uniform Guidance requirements.

*Management's Response:* Management concurs with this recommendation.

*Current Status:* The Town has put updated policies in place.