

# **Town of Abingdon, Virginia**

## **Annual Financial Report**

**June 30, 2025**

# Town of Abingdon, Virginia

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# **Introductory Section**

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# Town of Abingdon, Virginia

## Town Officials

June 30, 2025

### Town Council

Dwayne Anderson, Mayor  
Wayne Austin, Vice-Mayor

Amanda Pillion  
Donna Quetsch  
Derek Webb

### Town Officers

Mike Cochran ..... Town Manager  
Kevin Blakenship.....Assistant Town Manager  
Tammy Baldwin ..... Treasurer  
Kim Kingsley..... Town Clerk/Deputy Treasurer  
Steve Trotman ..... Director of Finance  
Jon Holbrook..... Police Chief  
Tim Estes, Sr. .... Fire Department Chief  
Mike Surrett..... 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 Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Abingdon, Virginia (the "Town") as of and for the year ended June 30, 2025, 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, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

#### *Change in Accounting Principle*

As described in Note 1 to the financial statements, in 2025, the Town adopted new accounting guidance, GASB Statement No. 101, Compensated Absences. Our opinion is not modified with respect to this matter.

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

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

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

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

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

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

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

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

### *Required Supplementary Information*

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

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *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 25, 2025 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Bristol, Tennessee  
November 25, 2025



# **Basic Financial Statements**

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# **Government-Wide Financial Statements**

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# Town of Abingdon, Virginia

Exhibit 1

## Statement of Net Position

June 30, 2025

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents (Note 3)	\$ 12,812,748	\$ 1,474,305	\$ 14,287,053
Receivables (Note 4)			
Taxes, net	1,549,732	-	1,549,732
Accounts, net	268,087	1,013,437	1,281,524
Other	734,067	35,598	769,665
Prepaid expenses	79,761	5,708	85,469
Due from other governmental units (Note 5)	109,351	522,937	632,288
Internal balances (Note 6)	65,435	(65,435)	-
Inventory	5,388	-	5,388
Restricted assets			
Cash (Note 3)	108,953	350,278	459,231
Capital assets, non-depreciable (Note 8)	10,950,295	4,592,742	15,543,037
Capital assets, depreciable, net (Note 8)	36,430,093	9,058,579	45,488,672
Right-of-use asset, net (Note 8)	262,789	-	262,789
Subscription right-of-use asset, net (Note 8)	178,740	-	178,740
Total assets	63,555,439	16,988,149	80,543,588
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions (Note 14)	1,155,848	38,279	1,194,127
Deferred outflows related to other postemployment benefits (Note 14)	384,667	6,698	391,365
Total deferred outflows of resources	1,540,515	44,977	1,585,492
<b>LIABILITIES</b>			
Accounts payable	552,335	746,081	1,298,416
Accrued liabilities and wages	396,282	13,083	409,365
Construction bond deposit	11,050	-	11,050
Payable from restricted assets			
Deposits	-	350,075	350,075
Police seizure deposits	7,068	-	7,068
Accrued interest	183,410	3,986	187,396
Long-term liabilities			
Net pension liability (Note 14)	1,398,624	46,319	1,444,943
Net other postemployment benefit liability (Note 14)	1,327,864	26,752	1,354,616
Due within one year (Note 9)	1,245,032	884,746	2,129,778
Due in more than one year (Note 9)	13,014,401	2,587,911	15,602,312
Total liabilities	18,136,066	4,658,953	22,795,019
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes (Note 4)	1,207,319	-	1,207,319
Deferred inflows related to pension (Note 14)	774,741	25,658	800,399
Deferred inflows related to other postemployment benefits (Note 14)	987,948	22,966	1,010,914
Total deferred inflows of resources	2,970,008	48,624	3,018,632
<b>NET POSITION</b>			
Net investment in capital assets	34,392,256	9,491,780	43,884,036
Restricted	106,392	-	106,392
Unrestricted	9,491,232	2,833,769	12,325,001
Total net position	\$ 43,989,880	\$ 12,325,549	\$ 56,315,429

# Town of Abingdon, Virginia

Exhibit 2

## Statement of Activities

Year Ended June 30, 2025

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary Government							
Governmental activities							
General government	\$ 3,945,785	\$ -	\$ -	\$ -	\$ (3,945,785)	\$ -	\$ (3,945,785)
Public safety	4,384,448	655	509,171	-	(3,874,622)	-	(3,874,622)
Public works	7,087,015	1,239,455	2,357,105	3,892,196	401,741	-	401,741
Health and welfare	9,508	-	-	-	(9,508)	-	(9,508)
Parks, recreation, and cultural	1,238,417	468,864	37,811	-	(731,742)	-	(731,742)
Community development	1,137,372	792	50,789	-	(1,085,791)	-	(1,085,791)
Interest on long-term debt	335,550	-	-	-	(335,550)	-	(335,550)
Non-departmental	145,193	2,126	-	-	(143,067)	-	(143,067)
Total governmental activities	18,283,288	1,711,892	2,954,876	3,892,196	(9,724,324)	-	(9,724,324)
Business-type activities							
Sewer	3,840,154	4,485,768	-	1,418,227	-	2,063,841	2,063,841
Total business-type activities	3,840,154	4,485,768	-	1,418,227	-	2,063,841	2,063,841
Total primary government	\$ 22,123,442	\$ 6,197,660	\$ 2,954,876	\$ 5,310,423	(9,724,324)	2,063,841	(7,660,483)
		General revenues					
		Current property taxes			2,620,881	-	2,620,881
		Other property taxes			862,431	-	862,431
		Local sales and use tax			828,243	-	828,243
		Utility tax			84,173	-	84,173
		Business license tax			1,230,373	-	1,230,373
		Franchise license tax			62,716	-	62,716
		Communication taxes			78,601	-	78,601
		Motor vehicle license			144,348	-	144,348
		Bank stock tax			849,973	-	849,973
		Cigarette tax			159,347	-	159,347
		Hotel and motel room tax			1,496,407	-	1,496,407
		Restaurant food tax			4,619,362	-	4,619,362
		Unrestricted investment earnings			578,358	68,805	647,163
		Gain on disposal of assets			8,799	-	8,799
		Other			1,187,739	-	1,187,739
		Total general revenues			14,811,751	68,805	14,880,556
		Change in net position			5,087,427	2,132,646	7,220,073
		<b>Net position – July 1</b>			38,902,453	10,192,903	49,095,356
		<b>Net position – June 30</b>			\$ 43,989,880	\$ 12,325,549	\$ 56,315,429

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



# **Fund Financial Statements**

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# Town of Abingdon, Virginia

Exhibit 3

## Balance Sheet – Governmental Funds

June 30, 2025

	General Fund	American Rescue Plan Act Fund	Nonmajor Cemetery Fund	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 12,812,748	\$ -	\$ -	\$ 12,812,748
Receivables, net				
Taxes	1,549,732	-	-	1,549,732
Accounts	268,087	-	-	268,087
Other	734,067	-	-	734,067
Prepaid items	79,761	-	-	79,761
Due from other governmental units	109,351	-	-	109,351
Due from other funds	65,435	-	-	65,435
Inventory	5,388	-	-	5,388
Restricted assets				
Cash	106,392	-	2,561	108,953
Total assets	<b>\$ 15,730,961</b>	<b>\$ -</b>	<b>\$ 2,561</b>	<b>\$ 15,733,522</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 537,604	\$ -	\$ 14,731	\$ 552,335
Accrued payroll and related liabilities	396,282	-	-	396,282
Construction bond deposit	11,050	-	-	11,050
Police seizure deposits	7,068	-	-	7,068
Total liabilities	952,004	-	14,731	966,735
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue (Note 4)	1,505,245	-	-	1,505,245
Total deferred inflows of resources	1,505,245	-	-	1,505,245
<b>FUND BALANCES (Note 10)</b>				
Nonspendable	85,149	-	-	85,149
Restricted	106,392	-	-	106,392
Assigned	191,988	-	-	191,988
Unassigned (deficit)	12,890,183	-	(12,170)	12,878,013
Total fund balances (deficit)	13,273,712	-	(12,170)	13,261,542
Total liabilities, deferred inflows of resources, and fund balances (deficit)	<b>\$ 15,730,961</b>	<b>\$ -</b>	<b>\$ 2,561</b>	<b>\$ 15,733,522</b>

**Reconciliation of the Balance Sheet of Governmental Funds to the  
Statement of Net Position**

June 30, 2025

<b>Total fund balances – governmental funds</b>	<b>\$ 13,261,542</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.	47,821,917
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	297,926
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds, notes payable, leases, and SBITAs, net of premiums and discounts	(13,186,029)
Accrued interest payable	(183,410)
Compensated absences	(1,073,404)
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	71,669
Other deferred outflows of resources related to other postemployment benefits	312,998
Deferred inflows of resources related to other postemployment benefits	(987,948)
Net other postemployment benefit liability	(1,327,864)
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	588,719
Other deferred outflows of resources related to pensions	567,129
Deferred inflows of resources related to pensions	(774,741)
Net pension liability	(1,398,624)
Net position of governmental activities	<u><u><b>\$ 43,989,880</b></u></u>

# Town of Abingdon, Virginia

Exhibit 5

## Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds Year Ended June 30, 2025

	General Fund	American Rescue Plan Act Fund	Nonmajor Cemetery Fund	Total
<b>REVENUES</b>				
General property taxes	\$ 2,544,550	\$ -	\$ -	\$ 2,544,550
Other local taxes	10,415,974	-	-	10,415,974
Permits, privilege fees, and regulatory licenses	192,713	-	-	192,713
Fines and forfeitures	100,696	-	-	100,696
Revenue from use of money and property	510,902	67,450	6	578,358
Charges for services	1,711,892	-	-	1,711,892
Miscellaneous	378,455	-	-	378,455
Intergovernmental	3,038,206	3,808,866	-	6,847,072
Total revenues	18,893,388	3,876,316	6	22,769,710
<b>EXPENDITURES</b>				
Current				
General government administration	3,810,184	-	-	3,810,184
Public safety	5,262,072	-	-	5,262,072
Public works	8,063,707	-	-	8,063,707
Health and welfare	9,508	-	-	9,508
Parks, recreation, and cultural	2,889,147	466,836	-	3,355,983
Community development	696,815	-	-	696,815
Non-departmental	145,193	-	-	145,193
Debt service				
Principal	957,479	-	-	957,479
Interest	405,515	-	-	405,515
Total expenditures	22,239,620	466,836	-	22,706,456
Excess (deficiency) of revenues over (under) expenditures	(3,346,232)	3,409,480	6	63,254
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of property	101,691	-	-	101,691
Insurance recoveries	59,839	-	-	59,839
Issuance of debt	240,943	-	-	240,943
Non-governmental grants	456,036	-	-	456,036
Transfers in (out) (Note 6)	3,518,049	(3,518,049)	-	-
Total other financing sources (uses)	4,376,558	(3,518,049)	-	858,509
Net change in fund balance	1,030,326	(108,569)	6	921,763
FUND BALANCE (DEFICIT) - JULY 1	12,243,386	108,569	(12,176)	12,339,779
FUND BALANCE (DEFICIT) - JUNE 30	<b>\$ 13,273,712</b>	<b>\$ -</b>	<b>\$ (12,170)</b>	<b>\$ 13,261,542</b>

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
Fund Balances – Governmental Funds to the Statement of Activities  
Year Ended June 30, 2025**

<b>Net change in fund balance – total governmental funds</b>		\$ 921,763
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital outlay, right-of-use lease, and right-of-use subscription assets	\$ 5,583,254	
Depreciation and amortization expense	<u>(2,364,725)</u>	<u>3,218,529</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		<u>76,331</u>
The net effect of various miscellaneous transactions involving capital assets (i.e. sales and donations) is to decrease net position.		<u>(92,892)</u>
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	61,718	
Principal repayments		
General obligation debt, lease, and SBITA	957,479	
Proceeds from debt, lease, and SBITA activity	<u>(240,943)</u>	<u>778,254</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	8,247	
Compensated absences	<u>(526,449)</u>	<u>(518,202)</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		
Employer other post-employment benefits contributions	71,669	
Other post-employment benefits expense	<u>(51,784)</u>	<u>19,885</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	588,719	
Pension expense	<u>95,040</u>	<u>683,759</u>
<b>Total change in net position – governmental activities</b>		<u><u>\$ 5,087,427</u></u>

# Town of Abingdon, Virginia

Exhibit 7

## Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
General property taxes	\$ 2,673,465	\$ 2,673,465	\$ 2,544,550	\$ (128,915)
Other local taxes	10,111,900	10,111,900	10,415,974	304,074
Permits, privilege fees, and regulatory licenses	132,000	132,000	192,713	60,713
Fines and forfeitures	81,750	81,750	100,696	18,946
Revenue from use of money and property	433,795	433,795	510,902	77,107
Charges for services	1,607,200	1,607,200	1,711,892	104,692
Miscellaneous	266,400	266,400	378,455	112,055
Intergovernmental	4,800,859	5,736,918	3,038,206	(2,698,712)
Total revenues	<u>20,107,369</u>	<u>21,043,428</u>	<u>18,893,388</u>	<u>(2,150,040)</u>
<b>EXPENDITURES</b>				
General government				
Legislative	74,748	74,748	66,717	8,031
General and financial administration	3,812,459	4,455,952	3,743,467	712,485
Total general government	<u>3,887,207</u>	<u>4,530,700</u>	<u>3,810,184</u>	<u>720,516</u>
Public safety				
Police	3,286,102	3,286,102	3,234,176	51,926
Fire	1,859,595	1,859,595	1,902,986	(43,391)
Building inspections	173,528	193,328	124,910	68,418
Total public safety	<u>5,319,225</u>	<u>5,339,025</u>	<u>5,262,072</u>	<u>76,953</u>
Public works				
Maintenance of highways, streets, bridges, and sidewalks	6,314,865	8,374,949	5,624,139	2,750,810
Sanitation and waste removal	487,470	487,470	436,158	51,312
Maintenance of general buildings and grounds	1,782,596	2,539,521	2,003,410	536,111
Total public works	<u>8,584,931</u>	<u>11,401,940</u>	<u>8,063,707</u>	<u>3,338,233</u>
Health and welfare				
Parks, recreation, and cultural	84,100	84,100	9,508	74,592
Community development				
Non-departmental	1,967,373	3,502,276	2,889,147	613,129
Debt service				
Principal	568,995	1,309,475	696,815	612,660
Interest	125,299	125,299	145,193	(19,894)
Total debt service	<u>1,261,300</u>	<u>1,261,300</u>	<u>1,362,994</u>	<u>(101,694)</u>
Total expenditures	<u>21,798,430</u>	<u>27,554,115</u>	<u>22,239,620</u>	<u>5,314,495</u>
<b>OTHER FINANCING SOURCES</b>				
Sale of property	5,000	5,000	101,691	96,691
Insurance recoveries	-	-	59,839	59,839
Issuance of debt	294,000	294,000	240,943	(53,057)
Non-governmental grants	-	1,119,182	456,036	(663,146)
Transfers in	1,392,061	5,092,505	3,518,049	(1,574,456)
Total other financing sources	<u>1,691,061</u>	<u>6,510,687</u>	<u>4,376,558</u>	<u>(2,134,129)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,030,326</u>	<u>\$ 1,030,326</u>

# Town of Abingdon, Virginia

Exhibit 8

## Statement of Net Position – Proprietary Fund

June 30, 2025

	<b>Sewer Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,474,305
Receivables, net	
Accounts	1,013,437
Other	35,598
Due from other governments	522,937
Prepaid expenses	5,708
Restricted assets	
Cash	350,278
Capital assets, non-depreciable	4,592,742
Capital assets, depreciable, net	9,058,579
Total assets	17,053,584
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	38,279
Deferred outflows related to other postemployment benefits	6,698
Total deferred outflows of resources	44,977
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	746,081
Accrued wages and liabilities	13,083
Payable from restricted assets	
Customer deposits	350,075
Accrued interest	3,986
Due to other funds	65,435
Long-term liabilities due within one year	884,746
Total current liabilities	2,063,406
<b>NONCURRENT LIABILITIES</b>	
Net pension liability	46,319
Net other postemployment benefit liability	26,752
Long-term liabilities due in more than one year	2,587,911
Total noncurrent liabilities	2,660,982
Total liabilities	4,724,388
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	25,658
Deferred inflows related to other postemployment benefits	22,966
Total deferred inflows of resources	48,624
<b>NET POSITION</b>	
Net investment in capital assets	9,491,780
Unrestricted	2,833,769
Total net position	<b>\$ 12,325,549</b>

# Town of Abingdon, Virginia

Exhibit 9

## Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund Year Ended June 30, 2025

	<b>Sewer Fund</b>
<b>OPERATING REVENUES</b>	
Sewer service charges	\$ 4,236,990
Solid waste charges	124,772
Sewer connection charges	110,621
Miscellaneous	13,385
Total operating revenues	4,485,768
<b>OPERATING EXPENSES</b>	
Personnel and contractual services	3,137,069
Other charges	193,592
Depreciation	500,297
Total operating expenses	3,830,958
Operating income	654,810
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Capital contributions	1,418,227
Interest income	68,805
Interest expense	(9,196)
Total non-operating revenues (expenses)	1,477,836
Change in net position	2,132,646
<b>NET POSITION – JULY 1</b>	<b>10,192,903</b>
<b>NET POSITION – JUNE 30</b>	<b>\$ 12,325,549</b>

# Town of Abingdon, Virginia

Exhibit 10

## Statement of Cash Flows – Proprietary Fund Year Ended June 30, 2025

	<b>Sewer Fund</b>
<b>OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 4,374,763
Cash payments to suppliers for goods and services	(2,445,499)
Cash payments to employees for services	(214,877)
Receipts of customer deposits	11,825
Other operating payments	(22,213)
Net cash provided by operating activities	1,703,999
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from debt	1,312,936
Capital assets purchases	(3,634,973)
Grant funding	895,290
Interfund borrowings, net	28,821
Principal paid on long-term liabilities	(730,962)
Interest paid on long-term liabilities	(9,724)
Net cash used in capital and related financing activities	(2,138,612)
<b>INVESTING ACTIVITIES</b>	
Interest and dividends on investments	68,805
Decrease in cash and cash equivalents	(365,808)
<b>CASH AND CASH EQUIVALENTS</b>	
Beginning	2,190,391
Ending	\$ 1,824,583
<b>RECONCILIATION TO EXHIBIT 8</b>	
Cash and cash equivalents – unrestricted	\$ 1,474,305
Restricted assets	
Cash	350,278
	\$ 1,824,583
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ 654,810
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	500,297
Pension and OPEB expense net of employer contributions	(25,544)
Change in assets and liabilities	
(Increase) decrease in:	
Receivables, net	(133,218)
Prepays	(5,708)
(Decrease) increase in:	
Accounts payable	695,304
Customer deposits	11,825
Accrued wages and liabilities	3,794
Compensated absences	2,439
Net cash provided by operating activities	\$ 1,703,999
<b>NONCASH INVESTING AND FINANCING ACTIVITIES</b>	
Capital assets purchases included in accounts payable	\$ 692,794

# Town of Abingdon, Virginia

## Notes to Financial Statements

June 30, 2025

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### Note 1 – Summary of Significant Accounting Policies

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#### *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.

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.

# Town of Abingdon, Virginia

## Notes to Financial Statements

June 30, 2025

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.

**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.

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.

# Town of Abingdon, Virginia

## Notes to Financial Statements

June 30, 2025

### *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.

### *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 statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 for machinery and equipment, \$25,000 for land, and \$100,000 for buildings, and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

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

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

# Town of Abingdon, Virginia

## Notes to Financial Statements

June 30, 2025

### *Compensated Absences*

The Town recognizes a liability for compensated absences that includes amounts for leave that are attributable to services already rendered, that accumulates and is more likely than not to be used for time off or otherwise paid or settled. The liability for compensated absences is measured using employees' pay rates in effect as of the financial statement date. The liability also includes any salary-related payments that are directly and incrementally associated with payments for leave. Certain types of leave, such as parental leave, military leave, and jury duty leave, are not recognized until the leave commences. Additionally, leave expected to be converted to defined benefit postemployment benefits is excluded from this liability.

### *Long-Term Debt*

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

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

### *Fund Balances*

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

**Non-spendable** – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Town has classified prepaid items and inventory as being non-spendable 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.

# Town of Abingdon, Virginia

## Notes to Financial Statements

June 30, 2025

**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).

In addition to the above minimum unassigned fund balance, the Town maintains a minimum “budget Stabilization” account of \$1,250,000 to hedge against operating cash flow fluctuations.

### *Resource Flow Policy*

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

### *Encumbrances and Commitments*

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

### *Net Position*

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

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

### *Deferred Outflows/Inflows of Resources*

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

Employer pension and other postemployment benefit (OPEB) contributions made after the liability measurement date of June 30, 1899, and prior to the reporting date of June 30, 2025, have been reported as deferred outflows of resources in

# Town of Abingdon, Virginia

## Notes to Financial Statements

June 30, 2025

the Statement of Net Position as of June 30, 2025. 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, 1899, have been reported as a deferred inflow/outflow of resources. This difference will be recognized in pension and OPEB expense over a closed five-year period.

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

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

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

### *Unearned Revenue*

Unearned revenue represents amounts for which asset recognition criteria have been met but for which revenue recognition criteria have not been met.

### *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.

# Town of Abingdon, Virginia

## Notes to Financial Statements

June 30, 2025

### Health Insurance Credit Program

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

### Group Life Insurance Program

The VRS Group Life Insurance (GLI) Program is a multiple-employer, cost-sharing plan. It provides coverage to state employees, teacher, and employees of participating political subdivisions. The GLI Program was established pursuant to §51.1-500 et. seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers.

### Line of Duty Act Program

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

For purposes of measuring the net HIC, GLI Program and LODA Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the HIC, GLI and LODA Programs OPEB, and HIC, Group Life Insurance and LODA Programs OPEB expense, information about the fiduciary net position of the HIC, VRS GLI and LODA programs OPEB and the additions to/deductions from VRS HIC, GLI and LODA Programs OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### *Leases*

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

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

### *Right-of-Use Lease Asset and Related Lease Liability*

The Town is a lessee for noncancellable leases of equipment. The Town recognized an intangible right-of-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,

# Town of Abingdon, Virginia

## Notes to Financial Statements

June 30, 2025

the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain direct costs. Subsequent to the initial measurement and recognition, the lease asset is amortized on a straight-line basis over its useful life.

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

### *Subscription Arrangements*

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

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

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

### *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.

### *Adoption of New Accounting Principle*

Effective July 1, 2024, the Town adopted Government Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. Adoption did not result in material changes requiring restatement.

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## **Note 2 – Stewardship, Compliance, and Accountability**

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### *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 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.

# Town of Abingdon, Virginia

## Notes to Financial Statements

June 30, 2025

4. Appropriations are funded in the aggregate and not limited by department or category. The appropriations for each category can be revised only by the Town Council. The Town Manager is authorized to transfer budgeted amounts within governmental departments.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
6. All budgets are adopted on a basis consistent with GAAP.
7. Appropriations lapse on June 30 for all the Town units except for the Capital Projects Funds, which carry unexpended balances into the following year on a continuing appropriation basis.
8. All budget data presented in the accompanying financial statements is the revised budget as of June 30, 2025.

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### Note 3 – Deposits and Investments

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#### *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	33.48%
VIP	66.50

# Town of Abingdon, Virginia

## Notes to Financial Statements

June 30, 2025

### *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, 2025, all of the Town’s investments are held in a bank’s trust department in the Town’s name.

Deposits and investments consist of the following:

Cash on hand	\$ 2,888
Deposits	4,936,989
VIP	9,806,407
	<b>\$ 14,746,284</b>

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

Cash and cash equivalents	\$ 14,287,053
Restricted cash	459,231
	<b>\$ 14,746,284</b>

### **Note 4 – Receivables**

Receivables at June 30 are as follows:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Receivables		
Taxes	\$ 1,652,492	\$ -
Accounts	292,254	1,079,345
Other	734,067	35,598
Gross receivables	2,678,813	1,114,943
Less		
Allowance for uncollectibles	(126,927)	(65,908)
Net total receivables	<b>\$ 2,551,886</b>	<b>\$ 1,049,035</b>

The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to \$192,834 at June 30, 2025, and is composed of the following:

General Fund	
Allowance for uncollectible property taxes	\$ 102,760
Allowance for uncollectible garbage fees	24,167
	<b>\$ 126,927</b>
Sewer Fund	
Allowance for uncollectible sewer fee billings	<b>\$ 65,908</b>

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

# Town of Abingdon, Virginia

## Notes to Financial Statements

June 30, 2025

also defer inflows for resources that have not yet been earned. At June 30, the components of deferred inflows of resources were as follows:

	<b>General Fund</b>	<b>Governmental Activities</b>
Property taxes receivable	\$ 1,505,245	\$ 1,207,319
	<b>\$ 1,505,245</b>	<b>\$ 1,207,319</b>

### Note 5 – Due from Other Governmental Units

Due from other governments consists of the following:

Commonwealth of Virginia			
Virginia Resource Authority		\$	522,937
Virginia Department of Criminal Justice			16,987
Virginia Department of Transportation			7,263
Department of Motor Vehicles			2,741
Local sales tax			76,663
Total Commonwealth of Virginia			626,591
County and Other			
Court Fines-County			5,697
Total due from other governmental units		<b>\$</b>	<b>632,288</b>

### Note 6 – Interfund Obligations

Interfund balances consist of the following:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General Fund		\$ 65,435
	Sewer Fund	(65,435)
		<b>\$ -</b>

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

Interfund transfers consist of the following:

<b>Transfer In</b>	<b>Transfer Out</b>	<b>Amount</b>
General Fund		\$ 3,518,049
	ARPA Fund	(3,518,049)
		<b>\$ -</b>

Transfer was made from the ARPA Fund to the General Fund to provide funding for payroll.

# Town of Abingdon, Virginia

## Notes to Financial Statements

June 30, 2025

### Note 7 – Capital Asset Depreciation and Amortization

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

Governmental activities	
General government	\$ 179,199
Public safety	460,419
Public works	532,447
Parks, recreation, and cultural	1,066,064
Community development	126,596
Total depreciation and amortization expense – governmental activities	<u>\$ 2,364,725</u>
Business-type activities	
Sewer	<u>\$ 500,297</u>

### Note 8 – Capital Assets

The following is a summary of changes in capital assets:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, non-depreciable				
Land	\$ 9,523,915	\$ -	\$ 82,751	\$ 9,441,164
Construction in progress	2,216,134	1,040,671	1,747,674	1,509,131
Total capital assets, non-depreciable	<u>11,740,049</u>	<u>1,040,671</u>	<u>1,830,425</u>	<u>10,950,295</u>
Capital assets, depreciable				
Buildings and improvements	15,296,814	73,444	-	15,370,258
Infrastructure and improvements	23,503,691	2,805,023	-	26,308,714
Vehicles	4,641,216	1,387,874	436,743	5,592,347
Furniture and equipment	7,502,420	1,939,095	81,780	9,359,735
Total capital assets, depreciable	<u>50,944,141</u>	<u>6,205,436</u>	<u>518,523</u>	<u>56,631,054</u>
Less accumulated depreciation				
Buildings and improvements	7,430,805	394,258	-	7,825,063
Infrastructure and improvements	4,136,293	815,516	-	4,951,809
Vehicles	3,333,875	332,596	426,846	3,239,625
Furniture and equipment	3,634,349	631,895	81,780	4,184,464
Total accumulated depreciation	<u>18,535,322</u>	<u>2,174,265</u>	<u>508,626</u>	<u>20,200,961</u>
Total capital assets, depreciable, net	<u>32,408,819</u>	<u>4,031,171</u>	<u>9,897</u>	<u>36,430,093</u>
Right-of-use lease assets				
Equipment	647,993	66,740	210,222	504,511
Less accumulated amortization	(328,986)	(122,714)	(209,978)	(241,722)
Lease assets, net	<u>319,007</u>	<u>(55,974)</u>	<u>244</u>	<u>262,789</u>
Subscription right-of-use asset				
Software – general administration	283,220	18,081	-	301,301
Less accumulated amortization	(54,815)	(67,746)	-	(122,561)
Subscription assets, net	<u>228,405</u>	<u>(49,665)</u>	<u>-</u>	<u>178,740</u>
Net capital assets	<u>\$ 44,696,280</u>	<u>\$ 4,966,203</u>	<u>\$ 1,840,566</u>	<u>\$ 47,821,917</u>

# Town of Abingdon, Virginia

## Notes to Financial Statements

June 30, 2025

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, non-depreciable				
Land	\$ 25,010	\$ 40,000	\$ -	\$ 65,010
Construction in progress	988,211	3,539,521	-	4,527,732
Total capital assets, non-depreciable	<u>1,013,221</u>	<u>3,579,521</u>	<u>-</u>	<u>4,592,742</u>
Capital assets, depreciable				
Buildings and improvements	173,928	-	-	173,928
Plant	23,280,736	-	-	23,280,736
Distribution and collection lines	6,908,418	-	-	6,908,418
Vehicles	1,002,442	-	-	1,002,442
Furniture and equipment	2,223,128	55,452	-	2,278,580
Total capital assets, depreciable	<u>33,588,652</u>	<u>55,452</u>	<u>-</u>	<u>33,644,104</u>
Less accumulated depreciation				
Buildings and improvements	125,077	3,204	-	128,281
Plant	17,014,835	262,925	-	17,277,760
Distribution and collection lines	4,226,601	104,322	-	4,330,923
Vehicles	993,545	7,486	-	1,001,031
Furniture and equipment	1,725,170	122,360	-	1,847,530
Total accumulated depreciation	<u>24,085,228</u>	<u>500,297</u>	<u>-</u>	<u>24,585,525</u>
Total capital assets, depreciable, net	<u>9,503,424</u>	<u>(444,845)</u>	<u>-</u>	<u>9,058,579</u>
Net capital assets	<u><b>\$ 10,516,645</b></u>	<u><b>\$ 3,134,676</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 13,651,321</b></u>

### Note 9 – Long-Term Debt

Changes in long-term liabilities consist of the following:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
General obligation bonds	\$ 12,475,514	\$ -	\$ 709,650	\$ 11,765,864	\$ 731,975
Bond premiums	892,757	-	61,718	831,039	-
Notes payable	61,081	156,122	61,081	156,122	27,999
Lease liabilities	313,542	66,740	119,530	260,752	96,271
Subscription liabilities	221,389	18,081	67,218	172,252	66,766
Compensated absences	546,955	526,449*	-	1,073,404	322,021
	<u><b>\$ 14,511,238</b></u>	<u><b>\$ 767,392</b></u>	<u><b>\$ 1,019,197</b></u>	<u><b>\$ 14,259,433</b></u>	<u><b>\$ 1,245,032</b></u>
<b>Business-Type Activities</b>					
General obligation bonds	\$ 2,866,111	\$ 1,312,936	\$ 712,300	\$ 3,466,747	\$ 882,973
Notes payable	18,662	-	18,662	-	-
Compensated absences	3,471	2,439*	-	5,910	1,773
	<u><b>\$ 2,888,244</b></u>	<u><b>\$ 1,315,375</b></u>	<u><b>\$ 730,962</b></u>	<u><b>\$ 3,472,657</b></u>	<u><b>\$ 884,746</b></u>

\* Amounts are shown net.

# Town of Abingdon, Virginia

## Notes to Financial Statements

June 30, 2025

### 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, 2025.

<u>General Obligation Bonds</u>	<u>Original Issue Amount</u>	<u>Interest Rate</u>	<u>Annual Principal Requirements</u>	<u>Total Outstanding</u>
General Obligation Refunding Bonds 2019	\$ 7,500,000	2.89%	\$ 282,000 – 485,000	\$ 6,629,000
General Obligation Refunding Bonds 2020	7,620,000	3.00-5.00	167,125 – 425,975	5,136,864
				<b><u>\$ 11,765,864</u></b>

#### Notes Payable – Direct Borrowings

The Town entered into a loan agreement with Republic First National on October 22, 2024 for \$156,122. The note was to purchase Turnout Gear. Principal and interest installments are due annually beginning October 22, 2025, and continuing until maturity on October 22, 2029.

#### Lease Liabilities

<u>Lease Date</u>	<u>Description</u>	<u>Lease Term (Months)</u>	<u>Annual Payments</u>	<u>Interest Rate</u>	<u>Lease Liability</u>	<u>ROU Asset</u>	<u>ROU Accumulated Amortization</u>	<u>*Net ROU Asset</u>
7/5/2022	Canon Prograf Plotter	36	\$ 3,852	2.040%	\$ -	\$ 11,216	\$ (11,175)	\$ 41
7/1/2021	Lexmark M5255	44	840	0.893	-	-	-	-
	Various Xerox & Lexmark Printers/Copiers	60	23,472	1.980	40,334	111,819	(69,825)	41,994
7/1/2021	Xerox C405 & Xerox C605	42	2,568	0.893	-	-	-	-
7/1/2021	Xerox C8045 & Xerox C405	38	6,384	0.727	-	-	-	-
7/1/2021	Xerox C8045	37	3,108	0.727	-	-	-	-
7/1/2021	Xerox C8145	51	3,780	0.893	629	15,771	(14,844)	927
7/1/2021	Xerox Versalink C505	48	1,284	0.893	-	5,022	(4,967)	55
	2021 John Deere -Z950M Ztrak Mower	36	2,788	0.000	-	-	-	-
	2022 Toro Grandstand 48" Mower	36	2,897	1.890	-	8,529	(8,166)	363
2/14/2022	2022 Toro Z 60" Mower	36	5,857	1.778	-	-	-	-
	2023 Toro Z Master 5000 60" Mower	36	3,828	2.660	4,079	11,038	(7,052)	3,986
8/1/2023	2023 Toro Z Master 5000 60" Mower	36	3,828	2.660	4,079	11,038	(7,052)	3,986
	Western Equipment – Movers	36	726	2.840	21,662	24,334	-	24,334
7/1/2021	2019 Ford F250	39	4,308	0.727	-	-	-	-
7/1/2021	2019 Ford F350	39	4,860	0.727	-	-	-	-
7/1/2021	2019 Ford F350	39	4,860	0.727	-	-	-	-
7/1/2021	2019 Ford F350	39	4,860	0.727	-	-	-	-
7/1/2021	2019 Ford F350	39	4,860	0.727	-	-	-	-
7/1/2021	2019 Ford F350	39	4,860	0.727	-	-	-	-
7/1/2021	2019 Nissan Frontier	43	3,756	0.893	-	-	-	-

# Town of Abingdon, Virginia

## Notes to Financial Statements

June 30, 2025

Lease Date	Description	Lease Term (Months)	Annual Payments	Interest Rate	Lease Liability	ROU Asset	ROU Accumulated Amortization	*Net ROU Asset
7/1/2021	2019 Ram 1500 Classic	37	3,312	0.727	-	-	-	-
7/1/2021	2019 Ram 1500 Classic	37	3,312	0.727	-	-	-	-
7/1/2021	2019 Ram 1500 Classic	41	3,528	0.727	-	-	-	-
7/1/2021	2020 Ford F150	51	576	0.893	144	2,399	(2,215)	184
7/1/2021	2020 Ford F150	51	576	0.893	145	2,420	(2,235)	185
7/1/2021	2021 Ram ProMaster 2500	54	5,832	1.059	2,905	25,609	(22,473)	3,136
12/2/2021	2021 Dodge Durango	60	2,520	1.177	3,531	12,215	(8,747)	3,468
8/10/2023	2022 Ram Classic 274 VMX	60	7,584	2.660	23,006	36,078	(13,525)	22,553
1/11/2023	2023 Chevrolet Equinox	60	2,256	2.580	5,622	10,486	(5,128)	5,358
10/6/2023	2023 Ford F250 XL	60	3,624	3.450	11,412	16,907	(5,790)	11,117
9/20/2023	2023 Ford Transit Connect	60	5,748	2.660	17,882	27,103	(9,593)	17,510
	2024 Chevy Silverado 2500 HD				36,037	42,406	(6,659)	35,747
	2024 Chevy Silverado 3500 HD							
11/9/2023	2024 Chevy Silverado 3500 HD	60	9,060	0.000	29,163	42,135	(13,691)	28,444
11/9/2023	2024 Chevy Silverado 3500 HD	60	9,060	3.450	30,959	45,850	(14,898)	30,952
11/9/2023	2024 Chevy Silverado 3500 HD	60	9,060	3.450	29,163	42,136	(13,687)	28,449
					<b>\$ 260,752</b>	<b>\$ 504,511</b>	<b>\$ (241,722)</b>	<b>\$ 262,789</b>

\* Items with a zero balance were completed as of June 30, 2025.

### Subscription Liabilities

Lease Date	Description	SBITA Term (Months)	Annual Payments	Interest Rate	SBITA Liability	ROU Asset	ROU Accumulated Amortization	Net ROU Asset
7/1/2023	DebtBook	36	\$ 11,000	2.850%	\$ 12,640	\$ 34,957	\$ (23,305)	\$ 11,652
7/1/2023	Edmunds Viewpoint	36	3,500	2.850	3,403	10,712	(7,141)	3,571
9/1/2024	InterVision	36	4,677	2.320	13,404	18,081	(5,013)	13,068
9/1/2023	Motorola Body Cams & Cloud Service	60	50,156	2.660	142,805	237,551	(87,102)	150,449
					<b>\$ 172,252</b>	<b>\$ 301,301</b>	<b>\$ (122,561)</b>	<b>\$ 178,740</b>

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

Year Ending June 30,	Governmental Activities							
	General Obligation Bonds		Notes		Lease Liabilities		Subscription Liabilities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 731,975	\$ 376,132	\$ 27,999	\$ 8,515	\$ 96,271	\$ 5,210	\$ 66,766	\$ 4,567
2027	645,475	350,261	29,526	6,988	82,169	3,091	52,058	2,775
2028	674,575	327,949	31,137	5,377	58,073	1,379	53,428	1,406
2029	502,125	304,585	32,835	3,679	23,905	246	-	-
2030	516,900	288,219	34,625	1,889	334	9	-	-
2031-2035	2,837,775	1,195,477	-	-	-	-	-	-
2036-2040	3,283,350	754,959	-	-	-	-	-	-
2041-2045	2,273,900	263,205	-	-	-	-	-	-
2046-2050	299,789	8,103	-	-	-	-	-	-
	<b>\$ 11,765,864</b>	<b>\$ 3,868,890</b>	<b>\$ 156,122</b>	<b>\$ 26,448</b>	<b>\$ 260,752</b>	<b>\$ 9,935</b>	<b>\$ 172,252</b>	<b>\$ 8,748</b>

# Town of Abingdon, Virginia

## Notes to Financial Statements

June 30, 2025

### *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, 2025.

<u>General Obligation Bonds</u>	<u>Original Issue Amount</u>	<u>Interest Rate</u>	<u>Annual Principal Requirements</u>	<u>Total Outstanding</u>
General Obligation Refunding				
Bonds 2020	\$ 7,620,000	3.00-5.00%	\$ 7,875 – 20,025	\$ 238,136
2004 VRA Bond	9,798,168	0.00	597,530	720,615
2011 VRA Bond	1,908,392	0.00	95,420	1,195,060
2024 VRA Bond	1,312,935	0.00	48,451 – 286,039	1,312,936
				<u><u>\$ 3,466,747</u></u>

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

<u>Year Ending June 30,</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 882,973	\$ 33,474
2027	969,925	38,609
2028	381,247	30,036
2029	380,891	21,185
2030	389,559	12,427
2031-2035	337,191	27,442
2036-2040	52,650	20,052
2041-2045	62,100	10,440
2046-2050	10,211	4,297
	<u><u>\$ 3,466,747</u></u>	<u><u>\$ 197,962</u></u>

# Town of Abingdon, Virginia

## Notes to Financial Statements

June 30, 2025

### Note 10 – Fund Balances – Governmental Funds

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

	General Fund	American Rescue Plan Act Fund	NonMajor Cemetery Fund	Total Governmental Funds
Nonspendable				
Prepays	\$ 79,761	\$ -	\$ -	\$ 79,761
Inventory	5,388	-	-	5,388
Total non-spendable	85,149	-	-	85,149
Restricted				
Public works	87,366	-	-	87,366
Parks, recreation, and cultural	11,062	-	-	11,062
Public safety	7,964	-	-	7,964
Total restricted	106,392	-	-	106,392
Assigned	191,988	-	-	191,988
Unassigned (deficit)	12,890,183	-	(12,170)	12,878,013
	<b>\$ 13,273,712</b>	<b>\$ -</b>	<b>\$ (12,170)</b>	<b>\$ 13,261,542</b>

At June 30, 2025, the Cemetery Fund had a deficit in fund balance of \$12,170. This deficit is anticipated to be recovered through future transfers of funds from the Town general fund.

### Note 11 – Defined Benefit Pension Plan

#### *Plan Description*

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

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

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

# Town of Abingdon, Virginia

## Notes to Financial Statements

June 30, 2025

### *Employees Covered by Benefit Terms*

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

	<u>Number</u>
Retirees and Beneficiaries	92
Inactive members	
Vested	41
Non-vested	68
Active elsewhere in VRS	52
Total inactive members	<u>161</u>
Active members	<u>105</u>
Total covered employees	<u><u>358</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, 2025, was 10.58% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

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 \$608,216 and \$590,471 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$27,909 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$23,634 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$2,790,872 for the year ended June 30, 2025.

### *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, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2023, rolled forward to the measurement date of June 30, 2024.

# Town of Abingdon, Virginia

## Notes to Financial Statements

June 30, 2025

### *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, 2023, 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, 2024.

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 and a Modified MP-2020 Improvement Scale with various setbacks or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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

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

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

# Town of Abingdon, Virginia

## Notes to Financial Statements

June 30, 2025

percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00	5.40	0.86
Credit Strategies	16.00	8.10	1.30
Real Assets	15.00	7.20	1.08
Private Equity	15.00	8.70	1.31
PIP – Private Investment Partnership	1.00	8.00	0.08
Diversifying Strategies	6.00	5.80	0.35
Cash	2.00	3.00	0.06
Leverage	(3.00)	3.50	(0.11)
Total	<u><u>100.00%</u></u>		<u><u>7.07</u></u>
*Expected arithmetic nominal return			<u><u>7.07%</u></u>

\* The above allocation provides a one-year return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

### *Discount Rate*

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that system member contributions will be made per the VRS statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. For the year ended June 30, 2024, the employer contribution rate is 100% of the actuarially determined employer contribution rate from June 30, 2023, actuarial valuations. From July 1, 2024, on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

# Town of Abingdon, Virginia

## Notes to Financial Statements

June 30, 2025

### *Changes in Net Pension Liability*

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2023	\$ 26,217,771	\$ 24,868,476	\$ 1,349,295
Changes for the year			
Service cost	520,774	-	520,774
Interest	1,749,353	-	1,749,353
Changes of assumptions	-	-	-
Differences between expected and actual experience	1,016,728	-	1,016,728
Contributions – employer	-	590,471	(590,471)
Contributions – employee	-	234,627	(234,627)
Net investment income (loss)	-	2,381,990	(2,381,990)
Benefit payments, including refunds of employee contributions	(1,644,408)	(1,644,408)	-
Administrative expenses	-	(16,352)	16,352
Other changes	-	471	(471)
Net changes	1,642,447	1,546,799	95,648
Balances at June 30, 2024	\$ 27,860,218	\$ 26,415,275	\$ 1,444,943

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Plan's net pension liability (asset)	\$ 4,850,477	\$ 1,444,943	\$ (1,336,410)

### *Pension Income and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

For the year ended June 30, 2025, the Town recognized pension income of \$98,627. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 585,911	\$ 103,972
Net difference between projected and actual earnings on pension plan investments	-	696,427
Employer contributions subsequent to measurement date	608,216	-
	\$ 1,194,127	\$ 800,399

# Town of Abingdon, Virginia

## Notes to Financial Statements

June 30, 2025

The \$608,216 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ending June 30,	Effect on Pension Expense
2026	\$ (289,324)
2027	354,418
2028	(133,270)
2029	(146,312)
2030	-
Thereafter	-
	<u>\$ (214,488)</u>

### *Pension Plan Data*

Information about the VRS Political Subdivision Retirement Plan's is also available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS ACFR may be downloaded from the VRS website at <https://www.varetire.org/media/shared/pdf/publications/2024-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, 2025, approximately \$72,696 was payable to the Virginia Retirement System for the legally required contributions related to June 2025 payroll.

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## **Note 12 – Other Post-Employment Benefits Liability (OPEB)-Locality Plan**

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### *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 years of service with the Town.

# Town of Abingdon, Virginia

## Notes to Financial Statements

June 30, 2025

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

### General Employees Plan 1

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

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

### General Employees Plan 2 and Hybrid Plan

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

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

### Public Safety Employees Plan 1 and Plan 2

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

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

### *Employees Covered by Benefit Terms*

At July 1, 2024, 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	109
Total covered employees	<u>109</u>

### *Total OPEB liability*

The Town's Total OPEB Liability of \$477,690 was measured as of June 30, 2025, and was determined by an actuarial valuation as of July 1, 2024.

# Town of Abingdon, Virginia

## Notes to Financial Statements

June 30, 2025

### *Actuarial Assumptions and Other Inputs*

The total OPEB liability in the July 1, 2024 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	5.20%
Inflation	2.50%
Salary increases	3.50 – 5.35%
Healthcare cost trend rates	4.90% in 2020, then graded to 4.10% through fiscal year 2073
Retirees' share of benefit-related costs	100% of projected health insurance premiums for retirees
Actuarial cost method	Entry Age Normal

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

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, 2023 valuation are predominantly consistent with those used in the June 30, 2025 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, 2024	\$ 678,850
Changes for the year	
Service cost	68,270
Interest	29,316
Changes of benefit terms	-
Effect of economic/demographic gains or losses	(231,673)
Changes in assumptions or other inputs	(64,718)
Benefit payments	(2,355)
Net changes	(201,160)
Balance at June 30, 2025	<b>\$ 477,690</b>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.93% in 2024 to 5.20% in 2025.

# Town of Abingdon, Virginia

## Notes to Financial Statements

June 30, 2025

### *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 5.20%. It also presents what the Town's OPEB liability would be if it were calculated used a discount rate one-percentage-point lower (4.20%) and one-percentage-point higher (6.20%) than the current rate:

	<b>1.00% Decrease (4.20%)</b>	<b>Current Discount Rate (5.20%)</b>	<b>1.00% Increase (6.20%)</b>
Total OPEB liability	\$ 530,741	\$ 477,690	\$ 430,549

### *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	\$ 409,588	\$ 477,690	\$ 559,475

### *OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

For the year ended June 30, 2025, the Town recognized OPEB expense of \$(23,073). At June 30, 2025, 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	\$ -	\$ 476,311
Changes in assumptions	21,352	120,031
	\$ 21,352	\$ 596,342

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>Effect on Pension Expense</b>
2026	\$ (120,659)
2027	(138,113)
2028	(138,113)
2029	(99,649)
2030	(43,587)
Thereafter	(34,869)
	\$ (574,990)

# Town of Abingdon, Virginia

## Notes to Financial Statements

June 30, 2025

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

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

#### *Plan Descriptions*

##### Group Life Insurance Program

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

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

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

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

##### 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>.

# Town of Abingdon, Virginia

## Notes to Financial Statements

June 30, 2025

As of the June 30, 2024, 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	23
Inactive members	
Vested	9
Non-vested	-
Active elsewhere in VRS	34
Total inactive members	43
Active members	105
Total covered employees	<b>171</b>

### 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/>.

### *Contributions*

Contributions to the VRS OPEB programs, except LODA, were based on actuarially determined rates from actuarial valuations as of June 30, 2023. 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, with the exception of GLI which was also combined with employer contributions. Contributions to the VRS LODA OPEB program were based on an actuarially determined rate from an actuarial valuation as of June 30, 2024, and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate for LODA was expected to finance the costs and related expenses of benefits payable during the year. Specific details related to the contributions for the VRS OPEB programs are as follows:

### Group Life Insurance Program

Governed by:	<i>Code of Virginia</i> 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.
Total rate:	1.18% of covered employee compensation. Rate allocated 60/40; 0.71% employee and 0.47% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2025 Contribution	\$ 27,019
June 30, 2024 Contribution	\$ 28,165

# Town of Abingdon, Virginia

## Notes to Financial Statements

June 30, 2025

### General Employee Health Insurance Credit Program

	<i>Code of Virginia 51.1-1401(E)</i> and may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly.
Governed by:	
Total rate:	1.12% of covered employee compensation.
June 30, 2025 Contribution	\$ 26,444
June 30, 2024 Contribution	\$ 23,925

### Line of Duty Act Program

	<i>Code of Virginia 9-1-400.1</i> and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly.
Governed by:	
Total rate:	\$1,015 per covered full-time-equivalent employee. Based on pay-as-you-go funding rate.
June 30, 2025 Contribution	\$ 19,920
June 30, 2024 Contribution	\$ 19,920

### *OPEB Liabilities, OPEB Expense (Benefit) and Deferred Inflows and Outflows of Resources Related to OPEB*

The net OPEB liabilities were measured as of June 30, 2024, and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by actuarial valuations performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. 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, 2024, 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, 2025 proportionate share of liability	\$	226,644
June 30, 2024 proportion		0.02031%
June 30, 2023 proportion		0.01886%
June 30, 2025 (expense)	\$	(13,594)

### Line of Duty Act Program

June 30, 2025 proportionate share of liability	\$	520,083
June 30, 2024 proportion		0.13215%
June 30, 2023 proportion		0.14386%
June 30, 2025 benefit	\$	63,744

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.

# Town of Abingdon, Virginia

## Notes to Financial Statements

June 30, 2025

### General Employee Health Insurance Credit

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

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances at June 30, 2023	\$ 200,426	\$ 39,321	\$ 161,105
Changes for the year			
Service cost	2,517	-	2,517
Interest	13,325	-	13,325
Differences between expected and actual experience	(18,349)	-	(18,349)
Contributions – employer	-	23,921	(23,921)
Contributions – employee	-	-	-
Net investment income (loss)	-	4,545	(4,545)
Benefit payments, including refunds of employee contributions	(11,060)	(11,060)	-
Administrative expenses	-	(67)	67
Changes in assumptions	-	-	-
Other changes	-	-	-
Net changes	(13,567)	17,339	(30,906)
Balances at June 30, 2024	<u>\$ 186,859</u>	<u>\$ 56,660</u>	<u>\$ 130,199</u>

In addition, for the year ended June 30, 2025, the Town recognized OPEB expense of \$26,312 related to General Employee Health Insurance Credit Program.

At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

### Group Life Insurance Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 35,747	\$ 5,536
Change in assumptions	1,292	11,232
Net difference between projected and actual earnings on OPEB plan investments	-	19,104
Changes in proportion	14,695	44,548
Employer contributions subsequent to the measurement date	27,019	-
	<u>\$ 78,753</u>	<u>\$ 80,420</u>

# Town of Abingdon, Virginia

## Notes to Financial Statements

June 30, 2025

### General Employee Health Insurance Credit Program

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 80,138	\$ 38,644
Change in assumptions	2,291	649
Net difference between projected and actual earnings on OPEB plan investments	-	378
Employer contributions subsequent to the measurement date	26,444	-
	<b>\$ 108,873</b>	<b>\$ 39,671</b>

### Line of Duty Act Program

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 18,096	\$ 127,040
Change in assumptions	95,872	104,747
Net difference between projected and actual earnings on OPEB plan investments	-	1,719
Changes in proportion	48,499	60,975
Employer contributions subsequent to the measurement date	19,920	-
	<b>\$ 182,387</b>	<b>\$ 294,481</b>

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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

### Group Life Insurance Program

<b>Year Ending June 30,</b>	<b>Effect on OPEB Expense</b>
2026	\$ (25,123)
2027	(7,884)
2028	(5,959)
2029	4,133
2030	6,147
Thereafter	-
	<b>\$ (28,686)</b>

# Town of Abingdon, Virginia

## Notes to Financial Statements

June 30, 2025

### General Employee Health Insurance Credit Program

Year Ending June 30,	Effect on OPEB Expense
2026	\$ 13,467
2027	13,675
2028	14,337
2029	1,279
2030	-
Thereafter	-
	<b>\$ 42,758</b>

### Line of Duty Act Program

Year Ending June 30,	Effect on OPEB Expense
2026	\$ (10,564)
2027	(9,502)
2028	(11,349)
2029	(15,648)
2030	(19,015)
Thereafter	(65,938)
	<b>\$ (132,016)</b>

### *Actuarial Assumptions and Other Inputs*

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2023, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024:

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	7.25 – 4.25%
• Ages 65 and older	6.50 – 4.25%
Investment rate of return, net of expenses, including inflation*	GLI & HIC 6.75%; LODA 3.97%

\* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.97% 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.

# Town of Abingdon, Virginia

## Notes to Financial Statements

June 30, 2025

### 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, 2024, 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	\$ 4,196,055	\$ 398,395
Plan fiduciary net position	3,080,133	4,841
Employers’ net OPEB liability	<b>\$ 1,115,922</b>	<b>\$ 393,554</b>
Plan fiduciary net position as a percentage of total OPEB liability	<b>73.41%</b>	<b>1.22%</b>

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	32.00%	6.70%	2.14%
Fixed Income	16.00	5.40	0.86
Credit Strategies	16.00	8.10	1.30
Real Assets	15.00	7.20	1.08
Private Equity	15.00	8.70	1.31
PIP – Private Investment Partnership	1.00	8.00	0.08
Diversifying Strategies	6.00	5.80	0.35
Cash	2.00	3.00	0.06
Leverage	(3.00)	3.50	(0.11)
	<b>100.00%</b>		<b>7.07</b>
*Expected arithmetic nominal return			<b>7.07%</b>

\* The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). 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

# Town of Abingdon, Virginia

## Notes to Financial Statements

June 30, 2025

returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including inflation of 2.50%.

### Line of Duty Act Program

The long-term expected rate of return on LODA Program OPEB investments was set at 3.97% 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 3.97% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Fidelity Fixed Income General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2024.

### *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 3.97%. 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, 2024, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the VA General Assembly which was 108% of the actuarially determined contribution rate for GLI and 100% of the actuarially determined contribution rate for all other OPEB plans. From July 1, 2024, on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

### *Sensitivity of the Net OPEB Liability to Changes in the Discount Rate*

The following presents the net GLI OPEB liabilities using the discount rate (6.75% GLI & HIC/3.97% 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/2.97% LODA) or one-percentage-point higher (7.75% GLI & HIC/4.97% LODA) than the current rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
GLI Net OPEB liability	\$ 352,461	\$ 226,644	\$ 125,000
HIC Net OPEB liability	\$ 152,398	\$ 130,199	\$ 111,627
	1.00% Decrease (2.97%)	Current Discount Rate (3.97%)	1.00% Increase (4.97%)
LODA Net OPEB liability	\$ 576,552	\$ 520,083	\$ 471,525

# Town of Abingdon, Virginia

## Notes to Financial Statements

June 30, 2025

### *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 7.25% decreasing to 4.25%, as well as what the Town’s net LODA OPEB liability would be if it were calculated using healthcare cost trend rates that are one-percentage-point lower (6.25% decreasing to 3.25%) or one-percentage-point higher (8.25% decreasing to 5.25%) than the current healthcare cost trend rates:

	1.00% Decrease (6.25% Decreasing to 3.25%)	Current Healthcare Cost Trend Rates (7.25% Decreasing to 4.25%)	1.00% Increase (8.25% Decreasing to 5.25%)
LODA Net OPEB liability	\$ 443,041	\$ 520,083	\$ 614,613

### *OPEB Plan Fiduciary Net Position*

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (ACFR). A copy of the 2024 VRS ACFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-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, 2025, the following amounts were payable to the Virginia Retirement System for the legally required contributions related to June 2025 payroll.

Group Life Insurance	\$ 5,682
General Employee HIC	2,215

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## **Note 14 – Summary of Pension and Other Postemployment Benefit Elements**

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

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total Primary Government</b>
Deferred outflows of resources – related to pensions			
Deferred outflow – differences in expected/actual experience and change in assumptions			
VRS – defined benefit pension plan	\$ 567,129	\$ 18,782	\$ 585,911
Deferred outflow – contributions after the measurement date			
VRS – defined benefit pension plan	588,719	19,497	608,216
Total deferred outflow of resources – pensions	\$ 1,155,848	\$ 38,279	\$ 1,194,127

# Town of Abingdon, Virginia

## Notes to Financial Statements

June 30, 2025

Deferred outflows of resources – OPEB

Deferred outflow – differences in expected/actual experience and assumptions, change in proportion, and difference in projected and actual investment earnings

VRS – LODA	\$ 162,467	\$ -	\$ 162,467
VRS – HIC – OPEB Program	79,787	2,642	82,429
VRS – GLI – OPEB Program	50,076	1,658	51,734
Local Health – Single Agent – defined benefit	20,668	684	21,352

Deferred outflow – contributions after the measurement date

VRS – LODA – OPEB Program	19,920	-	19,920
VRS – HIC – OPEB Program	25,596	848	26,444
VRS – GLI – OPEB Program	26,153	866	27,019

Total deferred outflow of resources – OPEB

	<u>\$ 384,667</u>	<u>\$ 6,698</u>	<u>\$ 391,365</u>
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Net pension liability

VRS – defined benefit pension plan

	\$ 1,398,624	\$ 46,319	\$ 1,444,943
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Total net pension liability

	<u>\$ 1,398,624</u>	<u>\$ 46,319</u>	<u>\$ 1,444,943</u>
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Net OPEB liability

Local health

	\$ 462,377	\$ 15,313	\$ 477,690
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VRS – LODA

	520,083	-	520,083
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VRS – HIC – OPEB Program

	126,025	4,174	130,199
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VRS – GLI

	219,379	7,265	226,644
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Total net OPEB liability

	<u>\$ 1,327,864</u>	<u>\$ 26,752</u>	<u>\$ 1,354,616</u>
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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>\$ 774,741</u>	<u>\$ 25,658</u>	<u>\$ 800,399</u>
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Deferred inflows of resources – OPEB

Deferred inflows – differences in expected/actual experience, change in assumptions, changes in proportion, and difference in projected and actual earnings on investments

VRS – LODA – Cost-Sharing-Multiple-Employer	\$ 294,481	\$ -	\$ 294,481
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VRS – HIC – OPEB Program	38,399	1,272	39,671
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VRS – GLI – Cost-Sharing-Multiple-Employer	77,842	2,578	80,420
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Deferred inflow – differences in expected/actual experience and change in assumptions

Local Health – Single Agent-Defined benefit	577,226	19,116	596,342
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Total deferred inflow of resources – OPEB

	<u>\$ 987,948</u>	<u>\$ 22,966</u>	<u>\$ 1,010,914</u>
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# Town of Abingdon, Virginia

## Notes to Financial Statements

June 30, 2025

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### Note 15 – Tax Abatements

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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, 2025, the Town abated taxes as follows:

<u>Tax Abatement Program</u>	<u>Amount Abated</u>
Rehabilitation Tax Exemption	\$ 31,137
Historic District Tax Abatement	14,915

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### Note 16 – Commitments and Contingencies

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#### *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.

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as to being appropriate expenditures under terms of the grants. Such audits could lead to reimbursement to the grantor agencies. Management believes disallowances, if any, related to such audits would not be material to the financial position of the Town at June 30, 2025.

# Town of Abingdon, Virginia

## Notes to Financial Statements

June 30, 2025

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### Note 17 – Risk Management

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

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### Note 18 – Outsourced Operations Agreement

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In September 2021, the Town entered into an operations and maintenance agreement with a private entity for the Town's wastewater treatment and collection system. The commencement date of the contract was January 1, 2022, and will run for a period of five years. The Town paid \$2,858,170 under this agreement during 2025.

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### Note 19 – Subsequent Events

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Subsequent events have been evaluated through November 25, 2025, the date that the financial statements were available to be issued.

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### Note 20 – New Accounting Standards

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

In September 2024, the GASB issued **Statement No. 104**, *Disclosure of Certain Capital Assets*. This statement requires certain information regarding capital assets to be presented by major class. Certain types of capital assets are to be disclosed separately in the capital assets note disclosures required by Statement No. 34. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

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



# **Required Supplementary Information**

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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, 2025

	Plan Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total pension liability</b>										
Service cost	\$ 520,774	\$ 450,046	\$ 511,745	\$ 490,976	\$ 540,470	\$ 519,871	\$ 562,833	\$ 498,793	\$ 485,771	\$ 487,115
Interest	1,749,353	1,740,786	1,744,923	1,587,159	1,512,795	1,527,101	1,317,996	1,308,047	1,249,531	1,244,997
Changes of benefit terms	-	-	-	-	-	-	1,686,531	-	-	-
Differences between expected and actual experience	1,016,728	(629,787)	(914,266)	32,990	207,364	(1,072,292)	459,568	(423,509)	(85,461)	(935,088)
Changes in assumptions	-	-	-	992,110	-	689,034	-	(284,406)	-	-
Benefit payments, including refunds of employee contributions	(1,644,408)	(1,365,294)	(1,318,683)	(1,236,792)	(1,081,087)	(1,054,247)	(1,025,177)	(888,423)	(739,385)	(725,110)
Net change in total pension liability	1,642,447	195,751	23,719	1,866,443	1,179,542	609,467	3,001,751	210,502	910,456	71,914
<b>Total pension liability – beginning</b>	<b>26,217,771</b>	<b>26,022,020</b>	<b>25,998,301</b>	<b>24,131,858</b>	<b>22,952,316</b>	<b>22,342,849</b>	<b>19,341,098</b>	<b>19,130,596</b>	<b>18,220,140</b>	<b>18,148,226</b>
<b>Total pension liability – ending</b>	<b>27,860,218</b>	<b>26,217,771</b>	<b>26,022,020</b>	<b>25,998,301</b>	<b>24,131,858</b>	<b>22,952,316</b>	<b>22,342,849</b>	<b>19,341,098</b>	<b>19,130,596</b>	<b>18,220,140</b>
<b>Plan fiduciary net position</b>										
Contributions – employer	590,471	509,745	395,851	445,205	509,937	512,773	415,580	345,847	446,529	436,232
Contributions – employee	234,627	202,862	198,628	224,647	243,365	245,438	208,601	271,557	280,345	260,646
Net investment income (loss)	2,381,990	1,532,499	(16,653)	5,403,553	377,613	1,260,226	1,324,041	1,983,557	283,492	708,070
Benefit payments, including refunds of employee contributions	(1,644,408)	(1,365,294)	(1,318,683)	(1,236,792)	(1,081,087)	(1,054,247)	(1,025,177)	(888,423)	(739,385)	(725,110)
Administrative expense	(16,352)	(15,459)	(15,540)	(13,628)	(12,898)	(12,459)	(11,494)	(11,494)	(9,853)	(9,567)
Other	471	616	564	508	(449)	(794)	(1,176)	(1,763)	(119)	(152)
Net change in total pension liability (asset)	1,546,799	864,969	(755,833)	4,823,493	36,481	950,937	910,375	1,699,281	261,009	670,119
<b>Total pension liability – beginning</b>	<b>24,868,476</b>	<b>24,003,507</b>	<b>24,759,340</b>	<b>19,935,847</b>	<b>19,899,366</b>	<b>18,948,429</b>	<b>18,038,054</b>	<b>16,338,773</b>	<b>16,077,764</b>	<b>15,407,645</b>
<b>Total pension liability – ending</b>	<b>26,415,275</b>	<b>24,868,476</b>	<b>24,003,507</b>	<b>24,759,340</b>	<b>19,935,847</b>	<b>19,899,366</b>	<b>18,948,429</b>	<b>18,038,054</b>	<b>16,338,773</b>	<b>16,077,764</b>
<b>Net pension liability – ending</b>	<b>\$ 1,444,943</b>	<b>\$ 1,349,295</b>	<b>\$ 2,018,513</b>	<b>\$ 1,238,961</b>	<b>\$ 4,196,011</b>	<b>\$ 3,052,950</b>	<b>\$ 3,394,420</b>	<b>\$ 1,303,044</b>	<b>\$ 2,791,823</b>	<b>\$ 2,142,376</b>
Plan fiduciary net position as a percentage of the total pension liability	<b>94.81%</b>	<b>94.85%</b>	<b>92.24%</b>	<b>95.23%</b>	<b>82.61%</b>	<b>86.70%</b>	<b>84.81%</b>	<b>93.26%</b>	<b>85.41%</b>	<b>88.24%</b>
Covered payroll	<b>\$ 5,201,091</b>	<b>\$ 4,441,684</b>	<b>\$ 4,223,245</b>	<b>\$ 4,719,818</b>	<b>\$ 5,132,041</b>	<b>\$ 5,134,606</b>	<b>\$ 5,147,591</b>	<b>\$ 5,397,697</b>	<b>\$ 5,467,229</b>	<b>\$ 5,154,890</b>
Net pension liability as a percentage of covered payroll	<b>27.78%</b>	<b>30.38%</b>	<b>47.80%</b>	<b>26.25%</b>	<b>81.76%</b>	<b>59.46%</b>	<b>65.94%</b>	<b>24.14%</b>	<b>51.06%</b>	<b>41.56%</b>

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.

**Town of Abingdon, Virginia**  
**Required Supplementary Information**  
**Schedule of Pension Contributions**  
 June 30, 2025

Entity Fiscal Year Ended June 30,	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 608,216	\$ 608,216	\$ -	\$ 5,748,730	10.58 %
2024	590,471	590,471	-	5,201,091	11.35
2023	509,745	509,745	-	4,441,684	11.48
2022	395,851	395,851	-	4,223,245	9.37
2021	445,205	445,205	-	4,719,818	9.43
2020	510,099	510,099	-	5,132,041	9.94
2019	513,474	513,474	-	5,134,606	10.00
2018	500,449	500,449	-	5,147,591	9.72
2017	344,652	344,652	-	5,397,697	6.39
2016	392,213	392,213	-	5,467,229	7.17

**Town of Abingdon, Virginia**  
**Required Supplementary Information**  
**Schedule of Changes in the Net OPEB Liability and Related Ratios – Local Plan**  
**June 30, 2025**

	Fiscal Year							
	2025	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>								
Service cost	\$ 68,270	\$ 73,066	\$ 73,813	\$ 90,464	\$ 87,138	\$ 60,102	\$ 53,882	\$ 76,104
Interest	29,316	24,707	32,874	20,643	23,296	30,017	37,808	33,851
Changes of benefit terms	-	-	-	-	-	-	(217,060)	-
Differences between expected and actual experience	(231,673)	-	(358,870)	-	(194,054)	-	(8,072)	-
Changes in assumptions	(64,718)	(19,731)	5,169	(113,592)	(1,395)	101,871	31,280	(33,104)
Benefit payments, including refunds of employee contributions	(2,355)	(6,005)	(1,956)	(13,926)	(19,404)	(25,590)	(37,168)	(36,398)
Net change in total OPEB liability (asset)	(201,160)	72,037	(248,970)	(16,411)	(104,419)	166,400	(139,330)	40,453
<b>Total OPEB liability – beginning</b>	<b>678,850</b>	<b>606,813</b>	<b>855,783</b>	<b>872,194</b>	<b>976,613</b>	<b>810,213</b>	<b>949,543</b>	<b>909,090</b>
<b>Total OPEB liability – ending</b>	<b>\$ 477,690</b>	<b>\$ 678,850</b>	<b>\$ 606,813</b>	<b>\$ 855,783</b>	<b>\$ 872,194</b>	<b>\$ 976,613</b>	<b>\$ 810,213</b>	<b>\$ 949,543</b>
Covered payroll	<b>\$ 5,701,463</b>	<b>\$ 4,367,358</b>	<b>\$ 4,367,358</b>	<b>\$ 4,789,053</b>	<b>\$ 4,789,053</b>	<b>\$ 5,273,134</b>	<b>\$ 5,273,134</b>	<b>\$ 5,489,100</b>
Total OPEB liability as a percentage of covered-employee payroll	<b>8.38%</b>	<b>15.54%</b>	<b>13.89%</b>	<b>17.87%</b>	<b>18.21%</b>	<b>18.52%</b>	<b>15.36%</b>	<b>17.30%</b>

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

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

Notes to Schedule

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

2025	5.200%
2024	3.930%
2023	3.650%
2022	3.540%
2021	2.160%
2020	2.210%
2019	3.500%
2018	3.870%
2017	3.500%

# Town of Abingdon, Virginia

Exhibit 14

## Required Supplementary Information Schedule of Changes in the Net OPEB Liability and Related Ratios –VRS Plan June 30, 2025

	VRS Health Insurance Credit					
	Fiscal Year					
	2025	2024	2023	2022	2021	2020
<b>Total HIC OPEB liability</b>						
Service cost	\$ 2,517	\$ 2,445	\$ 5,589	\$ 4,047	\$ 4,868	\$ 4,796
Interest	13,325	15,853	15,379	13,231	6,795	(254)
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(18,349)	(44,984)	2,192	19,269	96,256	3,763
Changes in assumptions	-	-	(1,174)	2,478	-	105,910
Benefit payments	(11,060)	(10,599)	(13,058)	(12,526)	(12,600)	(7,250)
Net change in total HIC OPEB liability (asset)	(13,567)	(37,285)	8,928	26,499	95,319	106,965
<b>Total HIC OPEB liability – beginning</b>	200,426	237,711	228,783	202,284	106,965	-
<b>Total HIC OPEB liability – ending</b>	186,859	200,426	237,711	228,783	202,284	106,965
<b>Plan fiduciary net position</b>						
Contributions – employer	23,921	20,432	19,427	21,711	13,339	8,909
Net investment income (loss)	4,545	1,555	(134)	1,516	27	93
Benefit payments	(11,060)	(10,599)	(13,058)	(12,526)	(12,600)	(7,250)
Administrative expense	(67)	(31)	(46)	(47)	(4)	(2)
Other	-	436	8,173	-	-	-
Net change in plan fiduciary net position	17,339	11,793	14,362	10,654	762	1,750
<b>Plan fiduciary net position liability – beginning</b>	39,321	27,528	13,166	2,512	1,750	-
<b>Plan fiduciary net position – ending</b>	<b>\$ 56,660</b>	<b>\$ 39,321</b>	<b>\$ 27,528</b>	<b>\$ 13,166</b>	<b>\$ 2,512</b>	<b>\$ 1,750</b>
<b>Net HIC OPEB liability – ending</b>	<b>\$ 130,199</b>	<b>\$ 161,105</b>	<b>\$ 210,183</b>	<b>\$ 215,617</b>	<b>\$ 199,772</b>	<b>\$ 105,215</b>
Plan fiduciary net position as a percentage of the total HIC OPEB liability	<b>30.32%</b>	<b>19.62%</b>	<b>11.58%</b>	<b>5.75%</b>	<b>1.24%</b>	<b>1.64%</b>
Covered payroll	<b>\$ 5,201,091</b>	<b>\$ 4,746,539</b>	<b>\$ 4,536,612</b>	<b>\$ 4,698,636</b>	<b>\$ 5,132,041</b>	<b>\$ 3,426,411</b>
Net HIC OPEB liability as a percentage of covered payroll	<b>2.50%</b>	<b>3.39%</b>	<b>4.63%</b>	<b>4.59%</b>	<b>3.89%</b>	<b>3.07%</b>

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

Exhibit 15

## Required Supplementary Information Schedule of Employer OPEB Contributions – VRS Plan June 30, 2025

Entity Fiscal Year Ended June 30,	Contractually Required Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
<b>VRS Health Insurance Credit – General Employees</b>					
2025	\$ 26,444	\$ 26,444	\$ -	\$ 5,748,730	0.46 %
2024	23,925	23,925	-	5,201,091	0.46
2023	20,432	20,432	-	4,746,539	0.43
2022	19,427	19,427	-	4,536,612	0.43
2021	21,711	21,711	-	4,698,636	0.46
2020	13,343	13,343	-	5,132,041	0.26

This schedule is intended to show information for 10 years. Since 2020 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.

**Required Supplementary Information**  
**Schedule of Employer's Share of Net OPEB Liability – VRS Plan**  
 June 30, 2025

<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>					
2025	0.02031 %	\$ 226,644	\$ 5,215,678	4.35 %	73.41 %
2024	0.01886	226,191	4,441,684	5.09	69.30
2023	0.01953	235,160	4,536,612	5.18	67.21
2022	0.02304	268,248	4,698,636	5.71	67.45
2021	0.02494	416,208	5,132,041	8.11	52.00
2020	0.02621	427,000	5,138,216	8.31	52.00
2019	0.02707	411,000	5,147,591	7.98	51.22
2018	0.02963	446,000	5,465,642	8.16	48.86
<b>Line of Duty Act (LODA)</b>					
2025	0.13215 %	\$ 520,083	\$ 1,676,983	31.01 %	1.22 %
2024	0.14386	576,734	1,479,076	38.99	1.31
2023	0.14165	536,082	1,309,767	40.93	1.87
2022	0.13546	597,367	1,242,708	48.07	1.68
2021	0.12464	522,012	1,201,461	43.45	1.02
2020	0.12464	471,696	1,220,250	38.66	0.79
2019	0.13317	417,000	1,287,698	32.38	0.60
2018	0.13678	359,000	1,335,385	26.88	1.30

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

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

Required Supplementary Information  
 Schedule of OPEB Contributions – VRS Plan  
 June 30, 2025

Entity Fiscal Year Ended June 30,	Contractually Required Contribution	Contributions Related to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
<b>Group Life Insurance – General Employees</b>					
2025	\$ 27,019	\$ 27,019	\$ -	\$ 5,748,730	0.47 %
2024	28,165	28,165	-	5,215,678	0.54
2023	23,985	23,985	-	4,441,684	0.54
2022	22,937	22,937	-	4,536,612	0.51
2021	25,697	25,697	-	4,698,636	0.55
2020	26,687	26,687	-	5,132,041	0.52
2019	26,719	26,719	-	5,138,216	0.52
<b>Line of Duty Act (LODA)</b>					
2025	\$ 19,920	\$ 19,920	\$ -	\$ 2,000,802	1.00 %
2024	19,920	19,920	-	1,676,983	1.19
2023	19,092	19,092	-	1,479,076	1.29
2022	19,509	19,509	-	1,309,767	1.49
2021	18,650	18,650	-	1,242,708	1.50
2020	16,938	16,938	-	1,201,461	1.41
2019	17,644	17,644	-	1,220,250	1.45

This schedule is intended to show information for 10 years. Since 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**  
**Notes to Required Supplementary Information**  
**June 30, 2025**

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**Note 1 – Changes of Benefit Terms**

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*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.

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**Note 2 – Changes of Assumptions**

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The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. 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. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement 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 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.

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

- Update mortality table to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.

# **Town of Abingdon, Virginia**

## **Notes to Required Supplementary Information**

**June 30, 2025**

- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty.
- Applicable to: Pension, GLI OPEB, HIC OPEB, and LODA OPEB.

# Statistical Section

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

## 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.*

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# Town of Abingdon, Virginia

Table 1

## Net Position by Component Last Ten Fiscal Years (Unaudited)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Governmental activities</b>										
Net investment in capital assets	\$ 19,563,963	\$ 19,320,316	\$ 20,451,727	\$ 22,466,371	\$ 23,189,118	\$ 22,949,378	\$ 26,189,463	\$ 27,643,064	\$ 30,731,997	\$ 34,392,256
Restricted	-	139,425	138,673	641,272	115,315	112,233	47,130	147,233	167,211	106,392
Unrestricted	1,888,123	1,968,338	1,481,553	749,399	981,112	3,210,182	4,060,490	5,576,190	8,003,245	9,491,232
Total governmental activities net position	<u>21,452,086</u>	<u>21,428,079</u>	<u>22,071,953</u>	<u>23,857,042</u>	<u>24,285,545</u>	<u>26,271,793</u>	<u>30,297,083</u>	<u>33,366,487</u>	<u>38,902,453</u>	<u>43,989,880</u>
<b>Business-type activities</b>										
Net investment in capital assets	3,130,624	3,296,488	3,498,859	3,920,784	4,466,716	5,417,896	5,887,563	6,803,278	7,631,872	9,491,780
Unrestricted	2,885,392	3,205,423	3,078,233	2,902,656	2,912,773	2,175,998	2,813,342	2,811,157	2,561,031	2,833,769
Total business-type activities	<u>6,016,016</u>	<u>6,501,911</u>	<u>6,577,092</u>	<u>6,823,440</u>	<u>7,379,489</u>	<u>7,593,894</u>	<u>8,700,905</u>	<u>9,614,435</u>	<u>10,192,903</u>	<u>12,325,549</u>
<b>Primary government</b>										
Net investment in capital assets	22,694,587	22,616,804	23,950,586	26,387,155	27,655,834	28,367,274	32,077,026	34,446,342	38,363,869	43,884,036
Restricted	-	139,425	138,673	641,272	115,315	112,233	47,130	147,233	167,211	106,392
Unrestricted	4,773,515	5,173,761	4,559,786	3,652,055	3,893,885	5,386,180	6,873,832	8,387,347	10,564,276	12,325,001
Total primary government net position	<u><u>\$ 27,468,102</u></u>	<u><u>\$ 27,929,990</u></u>	<u><u>\$ 28,649,045</u></u>	<u><u>\$ 30,680,482</u></u>	<u><u>\$ 31,665,034</u></u>	<u><u>\$ 33,865,687</u></u>	<u><u>\$ 38,997,988</u></u>	<u><u>\$ 42,980,922</u></u>	<u><u>\$ 49,095,356</u></u>	<u><u>\$ 56,315,429</u></u>

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

# Town of Abingdon, Virginia

## Changes in Net Position Last Ten Fiscal Years (Unaudited)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Expenses</b>										
Governmental Activities										
General government	\$ 2,541,643	\$ 2,437,414	\$ 2,278,330	\$ 2,434,231	\$ 2,265,651	\$ 3,007,482	\$ 2,325,969	\$ 2,473,673	\$ 3,605,909	\$ 3,945,785
Public safety	2,667,792	2,920,360	2,809,797	4,123,159	2,910,228	2,395,271	3,235,848	3,585,115	3,794,414	4,384,448
Public works	2,868,606	2,737,484	2,661,221	3,467,788	3,259,368	3,274,223	3,705,593	3,330,662	5,418,889	7,087,015
Health and welfare	65,636	37,519	38,928	35,947	27,193	1,244	2,172	-	1,764	9,508
Parks, recreation, and culture	3,182,023	3,058,604	2,896,160	3,426,901	2,860,715	1,834,270	2,324,507	2,913,265	1,321,996	1,238,417
Community development	1,482,812	1,298,975	1,112,417	1,019,371	1,114,551	1,119,696	1,186,482	1,980,993	1,741,850	1,137,372
Interest on long-term debt	104,489	94,281	98,028	123,726	237,614	463,017	471,541	414,595	375,342	335,550
Non-departmental	135,187	74,874	83,017	73,813	27,790	66,423	47,850	41,305	250,879	145,193
<b>Total government activities expense</b>	<b>13,048,188</b>	<b>12,659,511</b>	<b>11,977,898</b>	<b>14,704,936</b>	<b>12,703,110</b>	<b>12,161,626</b>	<b>13,299,962</b>	<b>14,739,608</b>	<b>16,511,043</b>	<b>18,283,288</b>
Business-Type Activities										
Wastewater	2,523,852	2,661,341	2,796,247	3,091,420	2,745,828	3,048,537	2,619,862	3,044,859	3,796,476	3,840,154
<b>Total business-type activities expenses</b>	<b>2,523,852</b>	<b>2,661,341</b>	<b>2,796,247</b>	<b>3,091,420</b>	<b>2,745,828</b>	<b>3,048,537</b>	<b>2,619,862</b>	<b>3,044,859</b>	<b>3,796,476</b>	<b>3,840,154</b>
<b>Total primary government expenses</b>	<b>\$ 15,572,040</b>	<b>\$ 15,320,852</b>	<b>\$ 14,774,145</b>	<b>\$ 17,796,356</b>	<b>\$ 15,448,938</b>	<b>\$ 15,210,163</b>	<b>\$ 15,919,824</b>	<b>\$ 17,784,467</b>	<b>\$ 20,307,519</b>	<b>\$ 22,123,442</b>
<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	\$ 3,452	\$ 655
Public works	346,394	361,054	408,613	419,277	419,189	432,872	471,146	699,350	1,216,308	1,239,455
Parks, recreation, and culture	441,508	442,265	457,433	465,227	326,457	139,422	430,448	484,274	461,756	468,864
Community development	16,163	13,864	12,240	9,537	11,718	10,009	7,870	1,281	792	792
Non-departmental	-	-	-	-	-	-	-	-	10,847	2,126
Operating grants and contributions	1,829,418	1,916,785	1,966,946	3,161,727	2,044,384	2,907,667	2,515,182	2,485,031	2,994,429	2,954,876
Capital grants and contributions	330,061	142,465	1,091,684	2,270,745	689,764	399,048	1,950,819	786,359	2,159,295	3,892,196
<b>Total governmental activities program revenues</b>	<b>2,963,544</b>	<b>2,904,938</b>	<b>3,961,764</b>	<b>6,336,240</b>	<b>3,499,941</b>	<b>3,967,696</b>	<b>5,475,206</b>	<b>4,457,827</b>	<b>6,846,879</b>	<b>8,558,964</b>
Business-Type Activities										
Charges for services										
Wastewater	\$ 3,161,540	\$ 3,135,579	\$ 3,041,260	\$ 3,299,129	\$ 3,270,050	\$ 3,247,886	\$ 3,721,438	\$ 3,911,941	\$ 4,293,288	\$ 4,485,768
Capital grants and contributions	100,000	-	-	-	-	-	-	-	-	1,418,227
<b>Total business-type activities program revenues</b>	<b>3,261,540</b>	<b>3,135,579</b>	<b>3,041,260</b>	<b>3,299,129</b>	<b>3,270,050</b>	<b>3,247,886</b>	<b>3,721,438</b>	<b>3,911,941</b>	<b>4,293,288</b>	<b>5,903,995</b>
<b>Total primary government program revenues</b>	<b>\$ 6,225,084</b>	<b>\$ 6,040,517</b>	<b>\$ 7,003,024</b>	<b>\$ 9,635,369</b>	<b>\$ 6,769,991</b>	<b>\$ 7,215,582</b>	<b>\$ 9,196,644</b>	<b>\$ 8,369,768</b>	<b>\$ 11,140,167</b>	<b>\$ 14,462,959</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities										
	\$ (10,084,644)	\$ (9,754,573)	\$ (8,016,134)	\$ (8,368,696)	\$ (9,203,169)	\$ (8,193,930)	\$ (7,824,756)	\$ (10,281,781)	\$ (9,664,164)	\$ (9,724,324)
Business-Type Activities										
	737,688	474,238	245,013	207,709	524,222	199,349	1,101,576	867,082	496,812	2,063,841
<b>Total primary government net (expense)/revenue</b>	<b>\$ (9,346,956)</b>	<b>\$ (9,280,335)</b>	<b>\$ (7,771,121)</b>	<b>\$ (8,160,987)</b>	<b>\$ (8,678,947)</b>	<b>\$ (7,994,581)</b>	<b>\$ (6,723,180)</b>	<b>\$ (9,414,699)</b>	<b>\$ (9,167,352)</b>	<b>\$ (7,660,483)</b>

# Town of Abingdon, Virginia

Table 2

## Changes in Net Position Last Ten Fiscal Years (Unaudited)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>General Revenues and other Changes in Net Position</b>										
<b>Governmental Activities</b>										
Taxes										
Current property taxes	\$ 2,747,145	\$ 2,657,010	\$ 2,802,195	\$ 2,899,882	\$ 2,874,852	\$ 3,122,505	\$ 3,172,700	\$ 3,350,367	\$ 2,584,030	\$ 2,620,881
Other property taxes	-	-	-	-	-	-	-	-	908,622	862,431
Local sales & use tax	461,012	492,287	494,985	488,092	517,472	574,619	625,761	688,073	740,764	828,243
Utility tax	81,420	82,728	84,375	84,167	83,572	83,682	83,048	83,887	83,773	84,173
Business license tax	943,751	877,549	839,908	838,602	872,946	912,463	957,533	1,049,253	1,132,287	1,230,373
Franchise license tax	66,535	63,036	77,917	60,555	57,917	51,531	51,903	51,913	50,926	62,716
Communication tax	117,391	114,150	110,756	102,749	100,406	89,183	86,562	84,050	78,985	78,601
Motor vehicle license	123,503	158,206	145,434	158,944	155,419	149,584	157,071	182,448	161,056	144,348
Bank stock tax	543,899	565,666	565,205	618,639	583,927	664,201	692,257	737,509	789,437	849,973
Cigarette tax	107,913	239,579	276,615	256,458	198,608	213,239	207,298	261,900	226,947	159,347
Hotel and motel room tax	812,441	832,691	856,812	896,562	731,585	706,960	1,107,105	1,358,219	1,427,102	1,496,407
Restaurant food tax	2,993,280	2,953,594	3,026,101	3,038,690	2,842,245	3,126,506	3,796,797	4,178,614	4,507,070	4,619,362
Unrestricted intergovernmental revenue	61,376	65,291	68,533	66,870	69,074	92,992	87,146	91,633	-	-
Unrestricted investment earnings	33,300	36,580	39,828	76,662	84,064	38,691	37,886	434,161	801,165	578,358
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)	-	-	-	-	8,799
Other	2,910,734	577,147	355,854	502,430	473,120	354,022	280,387	799,158	1,707,966	1,187,739
<b>Total governmental activities</b>	<b>12,009,521</b>	<b>9,727,566</b>	<b>9,777,452</b>	<b>10,153,785</b>	<b>9,631,672</b>	<b>10,180,178</b>	<b>11,343,454</b>	<b>13,351,185</b>	<b>15,200,130</b>	<b>14,811,751</b>
<b>Business-Type Activities</b>										
Unrestricted investment earnings	6,031	11,657	19,710	38,639	31,827	12,773	5,435	46,448	81,656	68,805
Other	-	-	-	-	-	2,283	-	-	-	-
<b>Total business-type activities</b>	<b>6,031</b>	<b>11,657</b>	<b>19,710</b>	<b>38,639</b>	<b>31,827</b>	<b>15,056</b>	<b>5,435</b>	<b>46,448</b>	<b>81,656</b>	<b>68,805</b>
<b>Total primary government</b>	<b>\$ 12,015,552</b>	<b>\$ 9,739,223</b>	<b>\$ 9,797,162</b>	<b>\$ 10,192,424</b>	<b>\$ 9,663,499</b>	<b>\$ 10,195,234</b>	<b>\$ 11,348,889</b>	<b>\$ 13,397,633</b>	<b>\$ 15,281,786</b>	<b>\$ 14,880,556</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ 1,924,877	\$ (27,007)	\$ 1,761,318	\$ 1,785,089	\$ 428,503	\$ 1,986,248	\$ 3,518,698	\$ 3,069,404	\$ 5,535,966	\$ 5,087,427
Business-Type Activities	743,719	485,895	264,723	246,348	556,049	214,405	1,107,011	913,530	578,468	2,132,646
<b>Total primary government</b>	<b>\$ 2,668,596</b>	<b>\$ 458,888</b>	<b>\$ 2,026,041</b>	<b>\$ 2,031,437</b>	<b>\$ 984,552</b>	<b>\$ 2,200,653</b>	<b>\$ 4,625,709</b>	<b>\$ 3,982,934</b>	<b>\$ 6,114,434</b>	<b>\$ 7,220,073</b>

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

**Town of Abingdon, Virginia**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Nonspendable	\$ 111,657	\$ 4,006	\$ 5,858	\$ 5,253	\$ 3,213	\$ 99,776	\$ 167,826	\$ 203,635	\$ 102,683	\$ 85,149
Restricted	-	72,214	70,777	572,289	2,226,252	41,728	34,965	135,029	179,387	106,392
Assigned	-	-	-	-	-	-	-	-	-	191,988
Unassigned	4,957,351	4,926,546	5,093,732	5,095,439	5,381,729	7,509,213	8,544,788	9,946,776	10,961,316	12,890,183
Total general fund	<u>\$ 5,069,008</u>	<u>\$ 5,002,766</u>	<u>\$ 5,170,367</u>	<u>\$ 5,672,981</u>	<u>\$ 7,611,194</u>	<u>\$ 7,650,717</u>	<u>\$ 8,747,579</u>	<u>\$ 10,285,440</u>	<u>\$ 11,243,386</u>	<u>\$ 13,273,712</u>
All Other Governmental Funds										
Restricted (deficit)	\$ 66,831	\$ 67,211	\$ 67,896	\$ 68,983	\$ 70,192	\$ 4,296,044	\$ 12,165	\$ 12,204	\$ (12,176)	\$ -
Assigned	-	-	-	-	-	-	7,119	201,623	108,569	-
Unassigned (deficit)	(63,539)	(77,942)	(93,914)	-	-	-	(6,517)	-	-	(12,170)
Total all other governmental funds	<u>\$ 3,292</u>	<u>\$ (10,731)</u>	<u>\$ (26,018)</u>	<u>\$ 68,983</u>	<u>\$ 70,192</u>	<u>\$ 4,296,044</u>	<u>\$ 12,767</u>	<u>\$ 213,827</u>	<u>\$ 96,393</u>	<u>\$ (12,170)</u>

# Town of Abingdon, Virginia

Table 4

## Changes in Fund Balances of Governmental Funds Last Ten Fiscal Years (Unaudited)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revenues</b>										
General property taxes	\$ 2,693,882	\$ 2,699,105	\$ 2,790,671	\$ 2,862,820	\$ 2,906,767	\$ 3,020,303	\$ 3,286,313	\$ 3,379,042	\$ 2,573,300	\$ 2,544,550
Other local taxes	6,251,145	6,379,486	6,478,108	6,543,458	6,144,097	6,571,968	7,765,335	8,675,866	10,106,969	10,415,974
Permits and licenses	29,348	18,650	15,322	50,076	40,256	27,278	34,395	96,789	187,163	192,713
Fines and forfeitures	31,051	33,959	28,112	17,946	19,398	12,623	22,875	28,991	114,786	100,696
Investment earnings	39,121	40,180	43,428	81,487	84,064	38,691	37,886	434,161	801,165	578,358
Charges for services	804,065	845,688	903,134	903,768	765,793	660,981	1,014,306	1,186,437	1,693,155	1,711,892
Other revenues	2,568,021	293,099	268,987	394,038	319,841	223,291	222,732	518,164	311,336	378,455
Recovered cost	158,196	175,088	31,894	1,594	-	-	-	-	-	-
Intergovernmental	2,220,855	2,124,541	3,127,163	5,499,342	2,803,222	3,399,707	4,586,142	3,363,023	5,153,724	6,847,072
<b>Total revenues</b>	<b>14,795,684</b>	<b>12,609,796</b>	<b>13,686,819</b>	<b>16,354,529</b>	<b>13,083,438</b>	<b>13,954,842</b>	<b>16,969,984</b>	<b>17,682,473</b>	<b>20,941,598</b>	<b>22,769,710</b>
<b>Expenditures</b>										
General government	2,603,469	2,462,276	2,544,461	2,297,229	2,307,179	2,873,360	2,166,406	2,437,107	4,075,651	3,810,184
Public safety	2,562,188	2,830,596	2,856,972	3,726,692	2,717,149	2,923,689	2,842,821	3,427,819	3,820,181	5,262,072
Public works	2,962,420	2,674,970	2,839,549	3,235,037	3,038,454	3,106,221	3,831,042	4,411,349	6,375,160	8,063,707
Health and welfare	65,636	37,519	38,928	35,947	27,193	1,244	2,172	-	1,764	9,508
Parks, recreation, and culture	3,288,799	3,018,181	2,745,573	2,612,269	2,681,332	5,383,617	9,621,733	3,128,070	4,110,704	3,355,983
Community development	1,434,039	1,243,488	1,227,791	1,266,510	1,174,349	1,121,258	1,109,361	1,319,892	479,268	696,815
Contingencies	143,458	74,874	83,017	73,813	27,790	48,866	47,850	41,305	250,879	145,193
Capital projects	2,289,700	123,356	2,793,659	4,431,161	2,160,980	-	-	-	-	-
Debt service										
Principal	569,563	545,535	462,664	588,699	7,987,790	3,091,535	584,689	996,586	1,151,169	957,479
Interest	110,969	97,631	97,020	122,074	100,513	406,771	482,124	465,897	448,283	405,515
<b>Total expenditures</b>	<b>16,030,241</b>	<b>13,108,426</b>	<b>15,689,634</b>	<b>18,389,431</b>	<b>22,222,729</b>	<b>18,956,561</b>	<b>20,688,198</b>	<b>16,228,025</b>	<b>20,713,059</b>	<b>22,706,456</b>
Excess (deficit) of revenues over (under) expenditures	(1,234,557)	(498,630)	(2,002,815)	(2,034,902)	(9,139,291)	(5,001,719)	(3,718,214)	1,454,448	228,539	63,254

# Town of Abingdon, Virginia

## Changes in Fund Balances of Governmental Funds Last Ten Fiscal Years (Unaudited)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<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	5,486	101,691
Proceeds from borrowing	78,300	70,133	29,189	40,374	10,944,023	9,780,839	25,207	129,259	517,292	240,943
Non-governmental grants	-	-	-	-	-	-	-	-	34,400	456,036
Premium on debt issues	-	-	-	-	-	999,951	-	-	-	-
Payment of refunded debt	-	-	-	-	-	(1,908,692)	-	-	-	-
Insurance recoveries	116,884	341,195	2,111,700	2,402,983	93,625	58,945	-	145,225	1,054,795	59,839
Total other financing sources	<u>202,418</u>	<u>418,365</u>	<u>2,155,129</u>	<u>2,632,517</u>	<u>11,078,713</u>	<u>8,945,361</u>	<u>531,799</u>	<u>284,473</u>	<u>1,611,973</u>	<u>858,509</u>
Net change in fund balance	<u><b>\$ (1,032,139)</b></u>	<u><b>\$ (80,265)</b></u>	<u><b>\$ 152,314</b></u>	<u><b>\$ 597,615</b></u>	<u><b>\$ 1,939,422</b></u>	<u><b>\$ 3,943,642</b></u>	<u><b>\$ (3,186,415)</b></u>	<u><b>\$ 1,738,921</b></u>	<u><b>\$ 1,840,512</b></u>	<u><b>\$ 921,763</b></u>
Debt service as a percentage of noncapital expenditures	<u><b>4.43%</b></u>	<u><b>5.16%</b></u>	<u><b>4.54%</b></u>	<u><b>5.37%</b></u>	<u><b>67.55%</b></u>	<u><b>22.63%</b></u>	<u><b>5.44%</b></u>	<u><b>9.90%</b></u>	<u><b>8.37%</b></u>	<u><b>6.39%</b></u>

## Town of Abingdon, Virginia

Table 5

### Assessed Value and Actual Value of All Property Last Ten Fiscal Years (Unaudited)

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Public Utilities			Total Assessed Value	Total Direct Tax Rate Per \$100
				Real Estate	Personal Property	Mobile Homes		
2025	\$ 1,064,432,482	\$ 111,532,694	\$ 5,607,490	\$ 57,725,820	\$ 71,427	\$ 1,140,884	\$ 1,240,510,797	0.205
2024	862,370,764	111,532,583	5,607,488	39,997,636	19,979	1,140,884	1,020,669,334	0.252
2023	863,862,512	121,313,542	5,153,130	28,739,932	50,164	925,895	1,020,045,175	0.331
2022	855,185,600	106,955,598	5,012,035	33,445,685	47,354	898,271	1,001,544,543	0.328
2021	849,221,200	95,012,351	4,904,180	30,054,458	50,593	1,091,218	980,334,000	0.308
2020	775,072,400	93,360,078	5,151,285	27,948,565	49,628	950,588	902,532,544	0.322
2019	766,949,200	88,263,597	3,734,135	28,395,255	73,657	895,799	888,311,643	0.322
2018	766,009,000	84,475,328	3,532,855	25,338,387	87,847	886,601	880,330,018	0.317
2017	770,852,000	87,360,615	3,762,980	23,936,753	93,948	827,012	886,833,308	0.304
2016	743,344,400	91,104,836	3,808,370	23,829,224	9,415	729,889	862,826,134	0.312

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

**Town of Abingdon, Virginia**  
**Direct and Overlapping Property Tax Rates**  
 Last Ten Fiscal Years  
 (Unaudited)

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Mobile Homes	Public Utilities		Overlapping Rates Washington County	
					Real Estate	Personal Property	Real Estate	Personal Property
2025	\$ 0.19	\$ 0.76	\$ 0.76	\$ 0.19	\$ 0.19	\$ 0.76	\$ 0.43	\$ 1.70
2024	0.28	0.76	0.76	0.28	0.28	0.76	0.60	1.70
2023	0.28	0.76	0.76	0.28	0.28	0.76	0.60	1.70
2022	0.28	0.76	0.76	0.28	0.28	0.76	0.60	1.70
2021	0.28	0.76	0.76	0.28	0.28	0.76	0.60	1.70
2020	0.28	0.76	0.76	0.28	0.28	0.76	0.63	1.70
2019	0.28	0.76	0.76	0.28	0.28	0.76	0.63	1.70
2018	0.28	0.76	0.76	0.28	0.28	0.76	0.63	1.70
2017	0.28	0.55	0.55	0.28	0.28	0.55	0.63	1.70
2016	0.28	0.55	0.55	0.28	0.28	0.55	0.63	1.70

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

# Town of Abingdon, Virginia

Table 7

## Principal Property Taxpayers Current Year and Five Years Ago (Unaudited)

Name	Nature of Business	2025			2020		
		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	\$ 21,819,900	1	20.62 %	\$ 18,617,500	1	34.71 %
WRPL 256 LLC (formerly) DMD LLC	Rental Real Estate-Apartments	19,229,700	2	18.17	11,677,900	2	21.78
Marathon Realty Corp	Retail	15,685,900	3	14.82	10,242,100	3	19.10
Atlantic Host, LLC	Hotel	8,180,100	4	7.73	-		-
Falcon Hospitality, LLC	Hotel	7,840,000	5	7.41	-		-
First Bank & Trust Co	Bank	7,374,200	6	6.97	-		-
Double K. Properties LLC	Retail	6,809,100	7	6.43	3,667,200	6	6.84
Buckhead Abingdon Inc	Hotel	6,495,900	8	6.14	5,159,700	4	9.62
Double K. Properties LLC	Retail	6,260,900	9	5.92	-		-
New Concepts Hospitality LLC	Hotel	6,127,900	10	5.79	4,263,600	5	7.95
		<b>\$ 105,823,600</b>		<b>100.00 %</b>	<b>\$ 53,628,000</b>		<b>100.00 %</b>

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

**Town of Abingdon, Virginia**  
**Property Tax Levies and Collections**  
 Last Ten Fiscal Years  
 (Unaudited)

<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>
2025	\$ 3,439,120	\$ 3,121,595	90.77 %	\$ 135,339	\$ 3,256,934	94.70 %	\$ 223,653	6.50 %
2024	3,308,098	3,199,983	96.73	103,597	3,303,580	99.86	219,398	6.63
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

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

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

**Town of Abingdon, Virginia**  
**Ratio of Outstanding Debt by Type**  
 Last Ten Fiscal Years  
 (Unaudited)

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Per Capita
	Debt Outstanding	Lease Liabilities	Subscription Liabilities	Debt Outstanding	Lease Liabilities		
2025	\$ 11,921,986	\$ 260,752	\$ 172,252	\$ 3,466,747	\$ -	\$ 15,821,737	1,907
2024	12,536,595	313,542	221,389	2,884,773	-	15,956,299	1,912
2023	13,477,100	228,303	-	3,622,485	-	17,327,888	2,079
2022	14,320,807	251,923	-	4,384,978	6,434	18,964,142	2,414
2021	15,672,754	207,486	-	5,028,130	-	20,908,370	2,496
2020	9,823,482	276,195	-	5,904,110	-	16,003,787	1,990
2019	6,801,098	342,346	-	6,684,706	-	13,828,150	1,737
2018	4,957,788	371,373	-	7,419,643	-	12,748,804	1,565
2017	3,240,109	440,015	-	8,276,643	-	11,956,767	1,479
2016	3,286,557	597,907	-	9,066,253	62,478	13,013,195	1,603

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

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

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

# Town of Abingdon, Virginia

Table 10

## Ratio of General Bonded Debt Outstanding Last Ten Fiscal Years (Unaudited)

Fiscal Year	Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
2025	\$ 11,921,986	0.96 %	\$ 1,437
2024	12,536,595	1.23	1,502
2023	13,477,100	1.32	1,617
2022	14,320,807	1.43	1,823
2021	15,672,754	1.60	1,871
2020	9,823,482	1.09	1,221
2019	6,801,098	0.77	854
2018	4,957,788	0.56	609
2017	3,240,109	0.37	401
2016	3,286,557	0.38	405

(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 Last Ten Fiscal Years (Unaudited)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Assessed valuations</b>										
Assessed value of taxed real property	<u>\$ 743,344,400</u>	<u>\$ 770,852,000</u>	<u>\$ 766,009,000</u>	<u>\$ 766,949,200</u>	<u>\$ 775,072,400</u>	<u>\$ 849,221,200</u>	<u>\$ 855,185,600</u>	<u>\$ 863,862,512</u>	<u>\$ 862,370,764</u>	<u>\$ 1,064,432,482</u>
<b>Legal debt margin</b>										
Debt limit – 10 percent of total assessed value	<u>\$ 74,334,440</u>	<u>\$ 77,085,200</u>	<u>\$ 76,600,900</u>	<u>\$ 76,694,920</u>	<u>\$ 77,507,240</u>	<u>\$ 84,922,120</u>	<u>\$ 85,518,560</u>	<u>\$ 86,386,251</u>	<u>\$ 86,237,076</u>	<u>\$ 106,443,248</u>
Debt applicable to limitation:										
Total bonded debt	13,013,195	11,956,767	12,748,804	13,828,150	16,003,787	20,908,370	20,559,305	17,327,888	15,956,299	15,821,737
Less – wastewater revenue bonds and capital leases	<u>(9,726,638)</u>	<u>(8,716,658)</u>	<u>(7,791,016)</u>	<u>(7,027,052)</u>	<u>(6,180,305)</u>	<u>(5,235,616)</u>	<u>(4,568,517)</u>	<u>(3,622,485)</u>	<u>(2,884,773)</u>	<u>(3,466,747)</u>
Total amount of debt applicable to debt limitation	<u>3,286,557</u>	<u>3,240,109</u>	<u>4,957,788</u>	<u>6,801,098</u>	<u>9,823,482</u>	<u>15,672,754</u>	<u>15,990,788</u>	<u>13,705,403</u>	<u>13,071,526</u>	<u>12,354,990</u>
<b>Legal debt margin</b>	<u>\$ 71,047,883</u>	<u>\$ 73,845,091</u>	<u>\$ 71,643,112</u>	<u>\$ 69,893,822</u>	<u>\$ 67,683,758</u>	<u>\$ 69,249,366</u>	<u>\$ 69,527,772</u>	<u>\$ 72,680,848</u>	<u>\$ 73,165,550</u>	<u>\$ 94,088,258</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>4.42%</u>	<u>4.20%</u>	<u>6.47%</u>	<u>8.87%</u>	<u>12.67%</u>	<u>18.46%</u>	<u>18.70%</u>	<u>15.87%</u>	<u>15.16%</u>	<u>11.61%</u>

## Town of Abingdon, Virginia

Table 12

### Pledged-Revenue Coverage

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Sewer Revenue Bonds							Coverage
	Utility Service Charges	Less: Operating Expenses (2)	Net Available Revenue	Debt Service				
				Principal	Interest	Total		
2025	\$ 4,485,768	\$ 3,330,661	\$ 1,155,107	\$ 730,962	\$ 9,196	\$ 740,158	1.56	
2024	4,293,288	3,299,210	994,078	737,712	1,985	739,697	1.34	
2023	3,911,941	2,573,402	1,338,539	762,493	3,805	766,298	1.75	
2022	3,721,438	2,125,233	1,596,205	767,558	11,740	779,298	2.05	
2021	3,247,886	2,563,314	684,572	1,097,411	13,446	1,110,857	0.62	
2020	3,270,050	2,260,262	1,009,788	873,906	15,405	889,311	1.14	
2019	3,295,533	2,450,518	845,015	892,592	18,136	910,728	0.93	
2018	3,041,260	2,124,622	916,638	857,000	19,059	876,059	1.05	
2017	3,109,116	1,969,670	1,139,446	873,512	25,531	899,043	1.27	
2016	3,064,648	1,823,155	1,241,493	868,799	30,567	899,366	1.38	

(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 (1)</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
2025	8,295	N/A	40,987	46.8	N/A	3.90 %
2024	8,346	N/A	46,106	46.4	N/A	3.50
2023	8,336	N/A	36,815	45.0	N/A	4.60
2022	7,856	N/A	38,526	42.6	N/A	4.60
2021	8,376	3,039,568	38,742	45.2	1,956	4.60
2020	8,044	2,899,980	38,529	45.7	1,961	5.30
2019	7,963	N/A	38,338	45.9	1,994	3.40
2018	8,146	N/A	39,405	45.0	2,039	4.60
2017	8,083	N/A	39,405	42.6	2,050	4.60
2016	8,119	N/A	48,529	42.5	N/A	4.60

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

# Town of Abingdon, Virginia

Table 14

## Principal Employers Current Year and Five Years Ago (Unaudited)

Employer	Product or Service	2025		2020	
		Total Estimated Employment (1)	Rank	Total Estimated Employment (1)	Rank
K-VAT/Food City	Grocery Distribution	1000+	1	500-750	3
Washington County Schools	Public Agency	500-999	2	1000+	1
Wal-Mart*	Retail	500-999	3	150-200	6
Mountain States Health Alliance (Formerly JMH)	Health Care	500-999	4	500-749	2
Paramont Manufacturing*	Truck Manufacturing	500-999	5	-	-
Utility Trailer Manufacturing*	Trailer Manufacturing	500-999	6	-	-
Washington County Government	Public Agency	250-499	7	150-249	4
Emory & Henry College*	Higher Education	250-499	8	-	-
Kearney National, Inc.	Manufacturing	250-499	9	-	-
Virginia Highlands Community College	Higher Education	250-499	10	-	-
People Inc.	Community Org.	250-499	11	-	-
Columbus McKinnon Corp.	Manufacturing	100-249	12	-	-
SWVA Regional Jail	Public Agency	100-249	13	-	-
Town of Abingdon	Public Agency	100-249	14	-	-
McDonalds	Food Services	100-249	15	-	-
Barter Theatre	Entertainment	100-249	16	150-200	5
Lowes	Retail	<100	17	100-150	7

Source: Virginia Works - Economic Information and Analytics Division

\* Located in Washington County.

# Town of Abingdon, Virginia

Table 15

## Full-Time Equivalent Town Government Employees by Function Last Five Fiscal Years (Unaudited)

Function	Fiscal Year				
	2021	2022	2023	2024	2025
General government					
Management services	2.0	2.0	3.0	4.0	4.0
Legal	-	-	-	-	-
Human resources	1.0	1.0	1.0	1.0	1.0
Finance	8.0	8.0	8.0	8.0	8.0
Business incubator	-	-	-	-	-
Information technology	3.5	3.0	4.0	4.0	4.0
Building	2.0	2.0	2.0	2.0	2.0
Planning and zoning	3.0	6.0	5.0	5.0	5.0
Public safety					
Police	31.0	29.0	26.0	28.0	28.0
Fire	8.5	8.5	11.5	14.5	4.0
Public works					
Administration	5.0	3.0	3.0	3.0	6.0
Refuse collection	3.0	1.5	2.5	3.0	4.0
Streets	19.0	14.0	15.0	15.0	26.0
Other	4.0	2.0	3.0	2.0	4.0
Parks, recreation, and cultural					
Parks	15.0	9.0	10.5	10.0	10.0
Recreation	17.5	29.0	32.5	36.5	18.0
Tourism	4.5	5.5	6.5	6.5	3.0
Other	1.0	1.0	1.0	1.0	-
Wastewater operations					
Collection	10.0	-	-	-	-
Disposal	10.0	-	-	-	-
Other	1.0	1.0	1.0	1.0	1.0

(1) Source: Town's finance department.

# Town of Abingdon, Virginia

## Operating Indicators by Function Last Ten Fiscal Years (Unaudited)

Function	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public safety										
Incident reports	4,129	4,207	2,932	3,039	3,672	3,683	3,703	3,889	3,570	3,190
Number of traffic crashes	382	331	222	184	256	255	335	279	294	337
Number of arrests	316	368	324	313	312	241	297	407	364	357
Citations written	891	1,022	772	654	666	702	974	930	984	1,130
Fire and rescue										
Number of calls answered	411	533	554	624	598	615	604	675	627	497
Building inspections										
Permits issued	187	178	135	257	336	301	352	375	221	809
Parks and Recreation										
Youth Program Participants	4,920	5,403	10,389	16,024	15,739	688	22,409	24,140	37,545	39,720
Wastewater operations										
Number of service connections	4,977	5,039	4,747	5,068	5,830	5,711	5,625	5,869	5,865	5,151
Average daily treatment in gallons	1,970,000	2,157,742	2,159,000	2,690,000	2,840,000	2,850,000	2,870,000	2,110,000	2,047,644	2,230,000
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.

# Town of Abingdon, Virginia

Table 17

## Capital Asset Statistics by Function

Last Ten Fiscal Years  
(Unaudited)

Function	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public safety										
Stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	18	18	18	18	18	13	18	20	20	19
Number of sworn officers	25	24	23	24	25	26	27	24	24	26
Number of non-sworn	3	3	3	3	3	3	2	2	2	2
Public works										
Streets (miles)	75.00	75.00	75.00	75.17	75.17	75.17	75.20	77.35	77.35	77.35
Streets (miles on VDOT maint inventory)	54.32	54.32	54.32	54.38	54.38	54.38	54.38	56.53	56.53	56.53
Streetlights	1,218	1,218	1,218	1,241	1,241	1,241	1,262	13	1,262	1,262
Traffic signals	18	17	17	18	18	18	18	18	18	18
Wastewater operations										
Miles of sanitary sewers	111	111	111	111	111	111	111	111	111	111
Miles of storm sewers	22.3	22.3	22.3	22.3	22.3	22.3	22.5	22.5	22.5	22.5
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Number of pumping stations	6	6	6	6	6	6	6	6	6	6



# Compliance Section

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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 of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Abingdon, Virginia (the “Town”), as of and for the year ended June 30, 2025, 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 25, 2025.

### **Report on Internal Control over Financial Reporting**

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

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

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

## Report on Compliance and Other Matters

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

### Purpose of this Report

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Bristol, Tennessee  
November 25, 2025

**Town of Abingdon, Virginia**  
**Summary of Compliance Matters**  
June 30, 2025

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.

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**State Compliance Matters**

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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

**Town of Abingdon, Virginia**  
**Schedule of Findings and Responses**  
June 30, 2025

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**A – Findings – Financial Statement Audit**

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None.

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**B – Findings – Commonwealth of Virginia**

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None.