



# COMMONWEALTH of VIRGINIA

Auditor of Public Accounts

Staci A. Henshaw, CPA  
Auditor of Public Accounts

P.O. Box 1295  
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August 27, 2025

The Honorable Glenn Youngkin  
Governor of Virginia

The Honorable Stephen E. Cummings  
Secretary of Finance

The Honorable Luke E. Torian, Chair  
House Appropriations Committee

The Honorable L. Louise Lucas, Chair  
Senate Finance and Appropriations Committee

The Honorable Candi Mundon King, Chair  
House Counties, Cities, and Towns Committee

The Honorable Jeremy S. McPike, Chair  
Senate Local Government Committee

Gary Johnson, Mayor  
Town of Big Stone Gap

Stephen Lawson, Town Manager  
Town of Big Stone Gap

The Virginia Acts of Assembly and Code of Virginia direct the office of the Auditor of Public Accounts (Office) to establish a prioritized early warning system and annually monitor data and information from this system to identify whether a locality may meet the defined criteria for fiscal distress. As part of this annual fiscal distress monitoring process, the Office analyzes leading financial indicators through ratio analysis using data from each locality's audited annual financial report. During 2024, the General Assembly passed legislation that amended and codified the annual fiscal distress monitoring process at § 15.2-2512.1 of the Code of Virginia. The legislation established an additional provision for the annual fiscal distress monitoring process, requiring the Office to notify certain legislative committees and executive branch officials if a locality has not submitted its audited financial report within 18 months of the statutory required December 15 deadline or provided a plan for submission of its delayed audited financial report.

In accordance with the legislative requirement related to the 18-month reporting delay, the Office provides this notification that the Town of Big Stone Gap (Town) has not submitted its audited financial report for fiscal year 2023, which was due on December 15, 2023. Additionally, the Town has not submitted its fiscal year 2024 audited financial report, which was due on December 15, 2024. These financial reporting delays impact the Office's ability to evaluate the financial indicators for the Town as part of our annual fiscal distress monitoring process.

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Town management appropriately notified the Office concerning the delays with submitting its audited financial reports for fiscal years 2023 and 2024 and the reasons contributing to the delays, which are primarily related to challenges the Town has experienced due to staffing vacancies and a financial system issue that occurred in 2023. The Office corresponded with Town management and the Town's contracted external auditor on multiple occasions throughout 2024 and 2025 regarding the expected timeline for completion of the audits and submission of the delayed audited financial reports. However, the expected timeline for completion has continued to fluctuate due to the Town's continued challenges with staffing vacancies and necessary resources to finalize its financial reporting information.

Based on our correspondence with Town management in early August 2025, the Town continues to work with the consulting firm that it engages for accounting and pre-audit services to finalize the fiscal year 2023 financial information for the audit. Therefore, Town management and the external auditor were unable to provide the Office with an expected timeline for completion of the fiscal year 2023 audit. Once the external auditor receives the necessary financial information for the audit, Town management and the external auditor will communicate their updated plan for completion of the fiscal year 2023 and 2024 audits and submission of the delayed audited financial reports.

The Office will continue to monitor the Town's progress with submitting its delayed audited financial reports. We will also monitor any other notable trends or indicators for the Town as part of our annual fiscal distress monitoring process and provide future updates, as necessary. Should you have any questions or require any further information, please contact me at (804) 225-3350 or [Staci.Henshaw@apa.virginia.gov](mailto:Staci.Henshaw@apa.virginia.gov).

Sincerely,

Staci A. Henshaw  
Auditor of Public Accounts

cc: Nancy Bailey, Town Vice Mayor  
Robert Bloomer, Town Council Member  
Kent Gilley, Town Council Member  
Tyler Hughes, Town Council Member  
Crystal Lyke, Town Council Member  
Aaron McKinney, Town Council Member  
Amanda Hawkins, Town Clerk/Treasurer  
John Markowitz, Deputy Secretary of Finance  
Bryan Horn, Department of Housing and Community Development Director  
Delegate Terry Kilgore, Virginia House of Delegates 45<sup>th</sup> District  
Senator Todd Pillion, Virginia State Senate District 6