

TOWN OF ABINGDON, VIRGINIA

ANNUAL FINANCIAL REPORT

June 30, 2022

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INTRODUCTORY SECTION

TOWN OF ABINGDON, VIRGINIA

TOWN OFFICIALS

TOWN COUNCIL

Derek Webb – Mayor
Donna Quetsch – Vice-Mayor

Mike Owens
Amanda Pillion
Dwayne Anderson

TOWN OFFICERS

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

TOWN LEGAL COUNSEL

Cameron Bell, Counsel

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the 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, 2022, 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, 2022, 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 Notes 1, 8, 9, and 18 to the financial statements, in 2022, the Town adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Report on the Financial Statements (Continued)

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on the Financial Statements (Continued)

Required Supplementary Information

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

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2022, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Bristol, Virginia
December 5, 2022

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**BASIC
FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

TOWN OF ABINGDON, VIRGINIA

STATEMENT OF NET POSITION

June 30, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents (Note 3)	\$ 9,961,449	\$ 2,341,115	\$ 12,302,564
Receivables: (Note 4)			
Taxes, net	1,469,876	-	1,469,876
Accounts, net	119,706	783,246	902,952
Other	510,545	69	510,614
Prepaid expenses	159,367	-	159,367
Due from other governmental units (Note 5)	152,514	-	152,514
Internal balances (Note 6)	171,366	(171,366)	-
Inventory	8,459	-	8,459
Restricted assets:			
Cash	261,236	802,077	1,063,313
Capital assets, non-depreciable (Note 8)	10,188,450	323,226	10,511,676
Capital assets, depreciable, net (Note 8)	31,292,618	9,965,627	41,258,245
Right-of-use asset, net (Note 8)	265,340	6,482	271,822
Total assets	<u>54,560,926</u>	<u>14,050,476</u>	<u>68,611,402</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions (Note 14)	1,228,433	149,782	1,378,215
Deferred outflows related to other postemployment benefits (Note 14)	564,162	35,398	599,560
Total deferred outflows of resources	<u>1,792,595</u>	<u>185,180</u>	<u>1,977,775</u>
LIABILITIES			
Accounts payable	242,195	142,729	384,924
Accrued liabilities and wages	211,780	4,441	216,221
Construction bonds payable	29,053	-	29,053
Unearned revenue	2,134,934	-	2,134,934
Payable from restricted assets:			
Deposits	-	324,800	324,800
Police seizure deposits	2,308	-	2,308
Accrued interest	224,442	6,798	231,240
Long-term liabilities:			
Net pension liability (Note 14)	1,104,313	134,648	1,238,961
Net other postemployment benefit liability (Note 14)	1,791,424	145,591	1,937,015
Due within one year (Note 9)	1,286,415	768,018	2,054,433
Due in more than one year (Note 9)	14,688,618	3,642,166	18,330,784
Total liabilities	<u>21,715,482</u>	<u>5,169,191</u>	<u>26,884,673</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes (Note 4)	1,194,362	-	1,194,362
Deferred inflows related to pension (Note 14)	2,619,043	319,339	2,938,382
Deferred inflows related to other postemployment benefits (Note 14)	527,551	46,221	573,772
Total deferred inflows of resources	<u>4,340,956</u>	<u>365,560</u>	<u>4,706,516</u>
NET POSITION			
Net investment in capital assets	26,189,463	5,887,563	32,077,026
Restricted	47,130	-	47,130
Unrestricted	4,060,490	2,813,342	6,873,832
Total net position	<u>\$ 30,297,083</u>	<u>\$ 8,700,905</u>	<u>\$ 38,997,988</u>

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

TOWN OF ABINGDON, VIRGINIA

STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary Government:							
Governmental activities:							
General government	\$ 2,325,969	\$ -	\$ -	\$ -	\$ (2,325,969)	\$ -	\$ (2,325,969)
Public safety	3,235,848	99,741	281,046	-	(2,855,061)	-	(2,855,061)
Public works	3,705,593	471,146	1,813,384	92,685	(1,328,378)	-	(1,328,378)
Health and welfare	2,172	-	256,769	-	254,597	-	254,597
Parks, recreation, and cultural	2,324,507	430,448	105,000	1,858,134	69,075	-	69,075
Community development	1,186,482	7,870	58,983	-	(1,119,629)	-	(1,119,629)
Interest on long-term debt	471,541	-	-	-	(471,541)	-	(471,541)
Non-departmental	47,850	-	-	-	(47,850)	-	(47,850)
Total governmental activities	13,299,962	1,009,205	2,515,182	1,950,819	(7,824,756)	-	(7,824,756)
Business-type activities:							
Sewer	2,619,862	3,721,438	-	-	-	1,101,576	1,101,576
Total business-type activities	2,619,862	3,721,438	-	-	-	1,101,576	1,101,576
Total primary government	\$ 15,919,824	\$ 4,730,643	\$ 2,515,182	\$ 1,950,819	(7,824,756)	1,101,576	(6,723,180)
		General revenues:					
					3,172,700	-	3,172,700
					625,761	-	625,761
					83,048	-	83,048
					957,533	-	957,533
					51,903	-	51,903
					86,562	-	86,562
					157,071	-	157,071
					692,257	-	692,257
					207,298	-	207,298
					1,107,105	-	1,107,105
					3,796,797	-	3,796,797
					87,146	-	87,146
					37,886	5,435	43,321
					506,592	-	506,592
					280,387	-	280,387
					11,850,046	5,435	11,855,481
					4,025,290	1,107,011	5,132,301
					26,271,793	7,593,894	33,865,687
					\$ 30,297,083	\$ 8,700,905	\$ 38,997,988

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

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FUND
FINANCIAL STATEMENTS

TOWN OF ABINGDON, VIRGINIA

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2022

	General Fund	American Rescue Plan Act Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 7,804,260	\$ 2,112,104	\$ 45,085	\$ -	\$ 9,961,449
Receivables, net:					
Taxes	1,469,876	-	-	-	1,469,876
Accounts	119,706	-	-	-	119,706
Other	510,545	-	-	-	510,545
Prepaid items	159,367	-	-	-	159,367
Due from other funds	172,700	43,204	-	-	215,904
Due from other governmental units	109,308	-	43,206	-	152,514
Inventory	8,459	-	-	-	8,459
Restricted assets:					
Cash	233,008	-	-	28,228	261,236
Total assets	<u>\$ 10,587,229</u>	<u>\$ 2,155,308</u>	<u>\$ 88,291</u>	<u>\$ 28,228</u>	<u>\$ 12,859,056</u>
LIABILITIES					
Accounts payable and accrued liabilities	162,607	13,255	51,602	14,731	242,195
Accrued payroll and related liabilities	211,780	-	-	-	211,780
Construction bonds payable	29,053	-	-	-	29,053
Unearned revenue	-	2,134,934	-	-	2,134,934
Police seizure deposits	2,308	-	-	-	2,308
Due to other funds	-	-	43,206	1,332	44,538
Total liabilities	<u>405,748</u>	<u>2,148,189</u>	<u>94,808</u>	<u>16,063</u>	<u>2,664,808</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue (Note 4)	1,433,902	-	-	-	1,433,902
Total deferred inflows of resources	<u>1,433,902</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,433,902</u>
FUND BALANCES (Note 10)					
Nonspendable	167,826	-	-	-	167,826
Restricted	34,965	-	-	12,165	47,130
Assigned	-	7,119	-	-	7,119
Unassigned	8,544,788	-	(6,517)	-	8,538,271
Total fund balances	<u>8,747,579</u>	<u>7,119</u>	<u>(6,517)</u>	<u>12,165</u>	<u>8,760,346</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,587,229</u>	<u>\$ 2,155,308</u>	<u>\$ 88,291</u>	<u>\$ 28,228</u>	<u>\$ 12,859,056</u>

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

TOWN OF ABINGDON, VIRGINIA

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

June 30, 2022

Total fund balances – governmental funds	\$ 8,760,346
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.	41,746,408
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	239,540
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds and notes payable, net of premiums and discounts	(15,556,945)
Accrued interest payable	(224,442)
Compensated absences	(418,088)
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	57,269
Deferred outflows of resources related to other postemployment benefits	506,893
Deferred inflows of resources related to other postemployment benefits	(527,551)
Net other postemployment benefit liability	(1,791,424)
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	352,831
Deferred outflows of resources for the net difference between projected and actual earnings on pension plan investments	875,602
Deferred inflows of resources for the net difference between projected and actual earnings on pension plan investments	(2,619,043)
Net pension liability	(1,104,313)
Net position of governmental activities	\$ 30,297,083

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

TOWN OF ABINGDON, VIRGINIA

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

Year Ended June 30, 2022

	General Fund	American Rescue Plan Act Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
REVENUES					
General property taxes	\$ 3,286,313	\$ -	\$ -	\$ -	\$ 3,286,313
Other local taxes	7,765,335	-	-	-	7,765,335
Permits, privilege fees and regulatory licenses	34,395	-	-	-	34,395
Fines and forfeitures	22,875	-	-	-	22,875
Revenue from use of money and property	30,599	7,091	-	196	37,886
Charges for services	1,014,306	-	-	-	1,014,306
Miscellaneous	222,732	-	-	-	222,732
Intergovernmental	2,596,800	1,946,138	43,204	-	4,586,142
Total revenues	14,973,355	1,953,229	43,204	196	16,969,984
EXPENDITURES					
Current:					
General government administration	2,166,406	-	-	-	2,166,406
Public safety	2,842,821	-	-	-	2,842,821
Public works	3,757,938	73,104	-	-	3,831,042
Health and welfare	2,172	-	-	-	2,172
Parks, recreation, and cultural	1,774,958	1,873,034	5,973,741	-	9,621,733
Community development	1,109,361	-	-	-	1,109,361
Non-departmental	47,850	-	-	-	47,850
Debt service:					
Principal	584,689	-	-	-	584,689
Interest	482,124	-	-	-	482,124
Total expenditures	12,768,319	1,946,138	5,973,741	-	20,688,198
Excess (deficiency) of revenues over expenditures	2,205,036	7,091	(5,930,537)	196	(3,718,214)
OTHER FINANCING SOURCES (USES)					
Sale of property	506,592	-	-	-	506,592
Issuance of debt	25,207	-	-	-	25,207
Transfers in (out)	(1,639,973)	-	1,698,481	(58,508)	-
Total other financing sources (uses)	(1,108,174)	-	1,698,481	(58,508)	531,799
Net change in fund balance	1,096,862	7,091	(4,232,056)	(58,312)	(3,186,415)
FUND BALANCE – JULY 1	7,650,717	28	4,225,539	70,477	11,946,761
FUND BALANCE – JUNE 30	\$ 8,747,579	\$ 7,119	\$ (6,517)	\$ 12,165	\$ 8,760,346

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

TOWN OF ABINGDON, VIRGINIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Year Ended June 30, 2022

Net change in fund balance – total governmental funds		<u>\$ (3,186,415)</u>
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital outlay and right-of-use lease assets	\$ 8,408,582	
Depreciation and amortization expense	<u>(1,547,311)</u>	<u>6,861,271</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
		<u>(113,613)</u>
The net effect of various miscellaneous transactions involving capital assets (i.e. sales and donations) is to decrease net position.		
		<u>(76,551)</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	15,736	
Principal repayments:		
General obligation debt and lease	728,086	
Proceeds from debt and lease activity	<u>(62,918)</u>	<u>680,904</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	(5,153)	
Compensated absences	52,674	
Other post-employment benefits	<u>(211,377)</u>	<u>(163,856)</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	352,831	
Pension expense	<u>(329,281)</u>	<u>23,550</u>
Total change in net position – governmental activities		<u><u>\$ 4,025,290</u></u>

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

TOWN OF ABINGDON, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
General property taxes	\$ 3,139,260	\$ 3,204,155	\$ 3,286,313	\$ 82,158
Other local taxes	6,186,056	7,607,499	7,765,335	157,836
Permits, privilege fees and regulatory licenses	34,000	27,960	34,395	6,435
Fines and forfeitures	17,000	19,234	22,875	3,641
Revenue from use of money and property	11,119	29,185	30,599	1,414
Charges for services	805,500	954,382	1,014,306	59,924
Miscellaneous	725,150	604,088	222,732	(381,356)
Recovered costs	625,000	-	-	-
Intergovernmental	1,686,083	7,828,598	2,596,800	(5,231,798)
Total revenues	<u>13,229,168</u>	<u>20,275,101</u>	<u>14,973,355</u>	<u>(5,301,746)</u>
EXPENDITURES				
General government:				
Legislative	319,930	475,177	224,464	250,713
General and financial administration	1,933,244	2,097,397	1,941,942	155,455
Total general government	<u>2,253,174</u>	<u>2,572,574</u>	<u>2,166,406</u>	<u>406,168</u>
Public safety:				
Police	2,235,394	2,198,954	2,198,823	131
Fire	488,784	479,346	505,313	(25,967)
Building inspections	126,754	140,423	138,685	1,738
Total public safety	<u>2,850,932</u>	<u>2,818,723</u>	<u>2,842,821</u>	<u>(24,098)</u>
Public works:				
Maintenance of highways, streets, bridges, and sidewalks	1,751,975	2,748,274	2,801,216	(52,942)
Sanitation and waste removal	292,904	238,066	235,323	2,743
Maintenance of general buildings and grounds	772,432	716,185	721,399	(5,214)
Total public works	<u>2,817,311</u>	<u>3,702,525</u>	<u>3,757,938</u>	<u>(55,413)</u>

(Continued)

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

TOWN OF ABINGDON, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Health and welfare	\$ 1,310	\$ 2,072	\$ 2,172	\$ (100)
Parks, recreation, and cultural	2,170,739	1,755,102	1,774,958	(19,856)
Community development	1,002,362	1,133,026	1,109,361	23,665
Non-departmental	42,500	52,500	47,850	4,650
Debt service:				
Principal	584,689	584,689	584,689	-
Interest	512,946	512,563	482,124	30,439
Total debt service	1,097,635	1,097,252	1,066,813	30,439
Total expenditures	12,235,963	13,133,774	12,768,319	365,455
OTHER FINANCING SOURCES (USES)				
Sale of property	10,000	6,670	506,592	499,922
Issuance of debt	-	-	25,207	25,207
Transfers out	(997,205)	(7,147,450)	(1,639,973)	5,507,477
Total other financing sources (uses)	(987,205)	(7,140,780)	(1,108,174)	6,032,606
Net change in fund balance	<u>\$ 6,000</u>	<u>\$ 547</u>	<u>\$ 1,096,862</u>	<u>\$ 1,096,315</u>

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

TOWN OF ABINGDON, VIRGINIA

STATEMENT OF NET POSITION – PROPRIETARY FUND
June 30, 2022

	<u>Sewer Fund</u>
ASSETS	
Cash and cash equivalents	\$ 2,341,115
Receivables, net:	
Accounts	783,246
Accrued interest	69
Restricted assets:	
Cash	802,077
Capital assets, non-depreciable	323,226
Capital assets, depreciable, net	9,965,627
Right-of-use asset, net	6,482
Total assets	<u>14,221,842</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	149,782
Deferred outflows related to other postemployment benefits	35,398
Total deferred outflows of resources	<u>185,180</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	142,729
Accrued wages and liabilities	4,441
Payable from restricted assets:	
Customer deposits	324,800
Accrued interest	6,798
Due to other funds	171,366
Long-term liabilities due within one year	768,018
Total current liabilities	<u>1,418,152</u>
NONCURRENT LIABILITIES	
Net pension liability	134,648
Net other postemployment benefit liability	145,591
Long-term liabilities due in more than one year	3,642,166
Total noncurrent liabilities	<u>3,922,405</u>
Total liabilities	<u>5,340,557</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	319,339
Deferred inflows related to other postemployment benefits	46,221
Total deferred inflows of resources	<u>365,560</u>
NET POSITION	
Net investment in capital assets	5,887,563
Unrestricted	2,813,342
Total net position	<u>\$ 8,700,905</u>

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

TOWN OF ABINGDON, VIRGINIA

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

Year Ended June 30, 2022

	<u>Sewer Fund</u>
OPERATING REVENUES	
Sewer service charges	\$ 3,367,288
Solid waste charges	92,830
Sewer connection charges	157,775
Miscellaneous	<u>103,545</u>
Total operating revenues	<u>3,721,438</u>
OPERATING EXPENSES	
Personal services	383,672
Contractual services	1,331,961
Other charges	409,600
Depreciation	<u>482,889</u>
Total operating expenses	<u>2,608,122</u>
Operating income	<u>1,113,316</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest income	5,435
Interest expense	<u>(11,740)</u>
Total non-operating revenues (expenses)	<u>(6,305)</u>
Change in net position	<u>1,107,011</u>
NET POSITION – JULY 1	<u>7,593,894</u>
NET POSITION – JUNE 30	<u><u>\$ 8,700,905</u></u>

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

TOWN OF ABINGDON, VIRGINIA

STATEMENT OF CASH FLOWS – PROPRIETARY FUND
Year Ended June 30, 2022

	<u>Sewer Fund</u>
OPERATING ACTIVITIES	
Cash received from customers	\$ 3,549,477
Cash payments to suppliers for goods and services	(1,439,138)
Cash payments to employees for services	(1,124,462)
Receipts (payment) of customer deposits	11,050
Other operating receipts	103,545
	<u>1,100,472</u>
Net cash provided by operating activities	<u>1,100,472</u>
CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital assets purchases	(178,188)
Interfund borrowings, net	719,305
Principal paid on long-term liabilities	(767,558)
Interest paid on long-term liabilities	(11,752)
	<u>(238,193)</u>
Net cash used in capital and related financing activities	<u>(238,193)</u>
INVESTING ACTIVITIES	
Interest and dividends on investments	5,814
	<u>5,814</u>
Increase in cash and cash equivalents	868,093
CASH AND CASH EQUIVALENTS	
Beginning	<u>2,275,099</u>
Ending	<u>\$ 3,143,192</u>
RECONCILIATION TO EXHIBIT 8	
Cash and cash equivalents – unrestricted	\$ 2,341,115
Restricted assets:	
Cash	<u>802,077</u>
	<u>\$ 3,143,192</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 1,113,316
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	482,889
Pension and OPEB expense net of employer contributions	(413,287)
Change in assets and liabilities	
(Increase) decrease in:	
Receivables, net	(68,416)
Prepays	19,852
(Decrease) increase in:	
Accounts payable	108,997
Customer deposits	11,050
Accrued wages and liabilities	(40,803)
Compensated absences	(113,126)
	<u>1,100,472</u>
Net cash provided by operating activities	<u>\$ 1,100,472</u>

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

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies

Reporting entity

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

Government-wide and fund financial statements

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

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds 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.

(Continued)

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

The Town reports the following major governmental funds:

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

The Town reports the following major proprietary fund:

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

Additionally, the Town reports the following fund types and individual non-major funds:

- *Capital Improvement Funds* – accounts for the previously constructed capital assets which were financed from various sources other than special assessment debt.
- *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.

(Continued)

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

Deposits and investments

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

Interfund receivables and payables

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

Inventory

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

Property taxes

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

(Continued)

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

Capital assets

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

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

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

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

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

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

Compensated absences

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

Long-term debt

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

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

(Continued)

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

Fund balances

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

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

Minimum unassigned fund balance policy

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

Resource flow policy

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

(Continued)

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

Encumbrances and commitments

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

Net position

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

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

Deferred outflows/inflows of resources

The Town reports deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position 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 position 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, 2021 and prior to the reporting date of June 30, 2022, have been reported as deferred outflows of resources in the Statement of Net Position as of June 30, 2022. 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, 2021 have been reported as a deferred inflow/outflow of resources. This difference will be recognized in pension and OPEB expense over a closed five-year period.

The Town additionally reports unavailable/unearned revenue from property taxes and other receivables not collected within 45 day of year end and property taxes levied to fund future years. Unavailable/unearned revenue may also represent revenue that has been received, but the earnings process is not yet complete. These amounts are deferred and recognized as an inflow of resources in the period they are earned.

(Continued)

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

Deferred outflows/inflows of resources (Continued)

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

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

Estimates

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

Pensions

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

Other postemployment benefits (OPEB)

Local health

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

Health insurance credit program

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

(Continued)

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

Other postemployment benefits (OPEB) (Continued)

Group life insurance program

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

Line of duty act program

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

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

Adoption of new accounting standard

Effective July 1, 2021, the Town adopted Government Accounting Standards Board (GASB) Statement No. 87, *Leases*. The following discussion provides the Town's accounting policy regarding lease statements.

During the year of implementation of GASB 87, leases have been recognized and measured using the facts and circumstances that existed at the beginning of the year of implementation (i.e., as of July 1, 2021). The Town's leases in place at the implementation date had no prepayments (payments made at or before the commencement of the lease) and contained no incentives, as such, the lease receivable and lease liability have been recognized and measured at the same amount as the related deferred inflow of resources and right-to-use leases asset, respectively, as of the implementation date (July 1, 2021). Therefore, no restatement of prior year net position was necessary.

(Continued)

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

Leases

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

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

Right-of-use lease asset and related lease liability

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

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

Note 2. Stewardship, Compliance, and Accountability

Budgetary information

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

1. Prior to March 30, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the category level. The appropriations for each category can be revised only by the Town Council. The Town Manager is authorized to transfer budgeted amounts within governmental departments.

(Continued)

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 2. Stewardship, Compliance, and Accountability (Continued)

Budgetary information (Continued)

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 generally accepted accounting principles (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, 2022.

Note 3. Deposits and Investments

Deposits

All cash of the Town is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the *Code of Virginia*, and covered by Federal Deposit Insurance Corporation (FDIC). Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments

Investment policy

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

Credit risk

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

(Continued)

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 3. Deposits and Investments (Continued)

Concentration of credit risk

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

First Bank & Trust	92.5%
VIP	7.5%

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, 2022, all of the Town’s investments are held in a bank’s trust department in the Town’s name.

Deposits and investments consist of the following:

Cash on hand	\$ 1,512
Deposits	7,947,712
VIP	1,007,383
Certificates of deposit	4,409,270
	<u>\$ 13,365,877</u>

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

Cash and cash equivalents	\$ 12,302,564
Restricted cash and cash equivalents	1,063,313
	<u>\$ 13,365,877</u>

Note 4. Receivables

Receivables at June 30 are as follows:

	Governmental Activities	Business-Type Activities
Receivables:		
Taxes	\$ 1,650,458	\$ -
Accounts	131,857	847,277
Other	510,545	69
Gross receivables	<u>2,292,860</u>	<u>847,346</u>
Less:		
Allowance for uncollectibles	(192,733)	(64,031)
Net total receivables	<u>\$ 2,100,127</u>	<u>\$ 783,315</u>

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 4. Receivables (Continued)

The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to \$256,764 at June 30, 2022, and is composed of the following:

General Fund:	
Allowance for uncollectible property taxes	\$ 180,582
Allowance for uncollectible garbage fees	12,151
	<u>\$ 192,733</u>
Sewer Fund:	
Allowance for uncollectible sewer fee billings	64,031
	<u>\$ 64,031</u>

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

	General Fund	Governmental Activities
Property taxes receivable	\$ 1,428,449	\$ 1,188,909
Prepaid taxes	5,453	5,453
	<u>\$ 1,433,902</u>	<u>\$ 1,194,362</u>

Note 5. Due from Other Governmental Units

Due from other governments consists of the following:

Commonwealth of Virginia:	
Virginia Department of Transportation	\$ 4,681
Local sales tax	54,865
Virginia Tourism	45,000
Department of Motor Vehicles	1,384
Virginia Resources Authority	43,206
Total Commonwealth of Virginia	149,136
County and Other:	
Court Fines-County	1,792
E-Summons	1,586
Total due from other governmental units	<u>\$ 152,514</u>

(Continued)

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 6. Interfund Obligations

Interfund obligations consist of the following:

Receivable	Payable Fund	Amount
General		\$ 172,700
	Cemetery Fund	(1,332)
	Sewer Fund	(171,366)
ARPA		43,204
	Capital Project Fund	(43,206)
		\$ -

Note 7. Capital Asset Depreciation

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

Governmental activities:		
General government		\$ 117,469
Public safety		351,979
Public works		263,977
Parks, recreation, and cultural		573,978
Community development		106,703
Total depreciation expense – governmental activities		\$ 1,414,106
Business-type activities:		
Sewer		\$ 482,889
Total depreciation expense – business-type activity		\$ 482,889

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	\$ 9,803,323	\$ -	\$ -	\$ 9,803,323
Construction in progress	11,383,897	8,037,698	19,036,468	385,127
Total capital assets, non-depreciable	21,187,220	8,037,698	19,036,468	10,188,450

(Continued)

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 8. Capital Assets (Continued)

<u>Governmental Activities</u>	<u>Beginning Balance*</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, depreciable:				
Buildings and improvements	\$ 11,842,013	\$ 3,060,236	\$ 144,186	\$ 14,758,063
Infrastructure/improvements	8,695,487	8,590,458	-	17,285,945
Vehicles	3,687,880	-	-	3,687,880
Furniture and equipment	2,805,256	7,713,090	-	10,518,346
Total capital assets, depreciable	<u>27,030,636</u>	<u>19,363,784</u>	<u>144,186</u>	<u>46,250,234</u>
Less accumulated depreciation:				
Buildings and improvements	6,327,499	360,436	67,635	6,620,300
Infrastructure/improvements	2,594,581	469,805	-	3,064,386
Vehicles	2,831,658	175,660	-	3,007,318
Furniture and equipment	1,860,039	405,573	-	2,265,612
Total accumulated depreciation	<u>13,613,777</u>	<u>1,411,474</u>	<u>67,635</u>	<u>14,957,616</u>
Total capital assets, depreciable, net	<u>13,416,859</u>	<u>17,952,310</u>	<u>76,551</u>	<u>31,292,618</u>
Right-of-use leased assets:				
Buildings	357,609	43,568	-	401,177
Less accumulated amortization	-	(135,837)	-	(135,837)
Lease assets, net	<u>357,609</u>	<u>(92,269)</u>	<u>-</u>	<u>265,340</u>
Net capital assets	<u>\$ 34,961,688</u>	<u>\$ 25,897,739</u>	<u>\$ 19,113,019</u>	<u>\$ 41,746,408</u>

*As restated for GASB Statement No. 87.

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 8. Capital Assets (Continued)

<u>Business-Type Activities</u>	<u>Beginning Balance*</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, non-depreciable:				
Land	\$ 25,010	\$ -	\$ -	\$ 25,010
Construction in progress	669,606	74,448	445,838	298,216
Total capital assets, non-depreciable	<u>694,616</u>	<u>74,448</u>	<u>445,838</u>	<u>323,226</u>
Capital assets, depreciable:				
Buildings and improvements	173,928	-	-	173,928
Plant	23,220,736	-	-	23,220,736
Distribution and collection lines	6,208,919	528,871	-	6,737,790
Vehicles	1,002,442	-	-	1,002,442
Furniture and equipment	1,970,694	20,707	-	1,991,401
Total capital assets, depreciable	<u>32,576,719</u>	<u>549,578</u>	<u>-</u>	<u>33,126,297</u>
Less accumulated depreciation:				
Buildings and improvements	112,986	4,305	-	117,291
Plant	16,240,852	257,057	-	16,497,909
Distribution and collection lines	3,934,018	89,823	-	4,023,841
Vehicles	899,340	51,242	-	950,582
Furniture and equipment	1,493,592	77,455	-	1,571,047
Total accumulated depreciation	<u>22,680,788</u>	<u>479,882</u>	<u>-</u>	<u>23,160,670</u>
Total capital assets, depreciable, net	<u>9,895,931</u>	<u>69,696</u>	<u>-</u>	<u>9,965,627</u>
Right-of-use leased assets:				
Equipment	9,489	-	-	9,489
Less accumulated amortization	-	(3,007)	-	(3,007)
Lease assets, net	<u>9,489</u>	<u>(3,007)</u>	<u>-</u>	<u>6,482</u>
Net capital assets	<u>\$ 10,600,036</u>	<u>\$ 141,137</u>	<u>\$ 445,838</u>	<u>\$ 10,295,335</u>

*As restated for GASB Statement No. 87.

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 9. Long-Term Debt

Changes in long-term liabilities consist of the following:

	Beginning Balance*		Increases		Decreases	Ending Balance	Due Within One Year
<u>Governmental Activities</u>							
General obligation bonds	\$ 14,398,839	\$	-	\$	386,775	\$ 14,012,064	\$ 712,000
Bond premiums	999,951		-		15,736	984,215	-
Notes payable	481,450		25,207		197,914	308,743	151,057
Lease liabilities	357,609		37,711		143,397	251,923	130,696
Compensated absences	470,762		704,225		756,899	418,088	292,662
	<u>\$ 16,708,611</u>	\$	<u>767,143</u>	\$	<u>1,500,721</u>	<u>\$ 15,975,033</u>	<u>\$ 1,286,415</u>
<u>Business-Type Activities</u>							
General obligation bonds	\$ 321,161	\$	-	\$	18,225	\$ 302,936	\$ 19,350
Bond premiums	19,496		-		3,136	16,360	-
Revenue bonds	4,687,473		-		692,949	3,994,524	692,949
Notes payable	137,711		-		50,193	87,518	50,194
Lease liabilities	-		9,489		3,055	6,434	3,113
Compensated absences	115,538		149,568		262,694	2,412	2,412
	<u>\$ 5,281,379</u>	\$	<u>159,057</u>	\$	<u>1,030,252</u>	<u>\$ 4,410,184</u>	<u>\$ 768,018</u>

*As restated for GASB Statement No. 87.

Governmental activities

Refunding bonds

The Town issued general obligation refunding bond (Series 2019) dated October 30, 2019 in the amount of \$7,500,000 to refund a portion of the general obligation bond (Series 2016), issued by the Town in the original amount of \$10,000,000 and to pay the costs of issuing this bond. The new bond bears an interest rate of 2.89% and is due in annual installments due and payable on January 15, 2023 and annually thereafter to and including January 15, 2042 with interest payable semi-annually on January 15 and July 15 each year, commencing on July 15, 2020.

The Town issued general obligation refunding bond (Series 2020) dated October 22, 2020 in the amount of \$7,620,000 to refund a portion of the general obligation bond (Series 2013), issued by the Town in the original amount of \$7,500,000 and to pay the costs of issuing this bond. The new bond bears an interest rate of 3-5% and is due in annual installments due and payable on January 15, 2031 and annually thereafter to and including January 15, 2046 with interest payable semi-annually on January 15 and July 15 each year, commencing on July 15, 2021.

(Continued)

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 9. Long-Term Debt (Continued)

Governmental activities (Continued)

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, 2022.

<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	\$ 7,500,000
General Obligation Refunding Bonds 2020	7,620,000	3.00-5.00	167,125 – 425,975	<u>6,512,064</u>
				<u>\$ 14,012,064</u>

Notes payable – direct borrowings

The Town entered into a loan agreement with First Bank and Trust Company on July 25, 2017. The note was for technology upgrades. Principal installments of \$48,000 are due annually until maturity at July 25, 2021. The interest rate on the loan is 1.45% and interest payments are due semi-annually for the life of the loan.

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

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

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

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

(Continued)

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 9. Long-Term Debt (Continued)

Governmental activities (Continued)

Notes payable – direct borrowings (Continued)

The Town purchases various types of equipment and facilities under other financing agreements. These were previously considered capital leases but are now categorized as notes payable with the implementation of GASB 87. Following is the detail of these for the governmental activities:

<u>Other Financing</u>	<u>Original Issue Amount</u>	<u>Interest Rate</u>	<u>Annual Principal Requirements</u>	<u>Total Outstanding</u>
Fire Rescue Tools	\$ 25,207	4.19%	\$ 6,695 – 5,919	\$ 18,512
Fire Truck	558,827	3.50%	41,184 – 54,655	158,333
				<u>\$ 176,845</u>

Lease liabilities

The Town has lease liabilities for various vehicles and other small equipment. The lease terms related to the vehicles range from 24 to 60 months in length with interest rates from .51 – 1.17%. Monthly payments related to these leases range from \$48 to \$542. Additionally, some of these leases include guaranteed residual value payments up to \$5,322.

Other small equipment is made up of lawnmowers and copier equipment. These lease terms range from 13 to 52 months in length with interest rates from .39 – 1.78%. Annual payments related to the lawnmower leases range from \$2,320 to \$5,857. The copier leases are paid monthly with payments ranging from \$27 to \$532. Additionally, the lawnmower leases include options to purchase ranging from \$2,269 to \$11,510.

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

Year	Governmental Activities					
	General Obligation Bonds		Notes		Lease Liabilities	
	Principal	Interest	Principal	Interest	Principal	Interest
Ending June 30,						
2023	\$ 692,650	\$ 471,900	\$ 151,057	\$ 9,231	\$ 130,696	\$ 1,606
2024	843,900	442,250	96,605	4,931	84,015	756
2025	709,650	410,669	61,081	2,238	29,474	190
2026	731,975	384,828	-	-	6,705	39
2027	645,475	358,156	-	-	1,033	3
2028-2032	2,781,275	1,479,687	-	-	-	-
2033-2037	3,005,075	1,051,428	-	-	-	-
2038-2042	3,480,975	574,224	-	-	-	-
2043-2047	1,121,089	119,400	-	-	-	-
	<u>\$ 14,012,064</u>	<u>\$ 5,292,542</u>	<u>\$ 308,743</u>	<u>\$ 16,400</u>	<u>\$ 251,923</u>	<u>\$ 2,594</u>

(Continued)

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 9. Long-Term Debt (Continued)

Business-type activities

Notes payable-direct borrowings

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

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

Revenue bonds

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

<u>Revenue Bonds</u>	<u>Original Issue Amount</u>	<u>Interest Rate</u>	<u>Annual Principal Requirements</u>	<u>Total Outstanding</u>
2004 Revenue Bond	\$ 9,798,168	0.00%	\$ 597,529	\$ 2,987,647
2011 Revenue Bond	1,908,392	0.00	95,420	1,006,877
				<u>\$ 3,994,524</u>

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

<u>Year Ending June 30,</u>	<u>Revenue Bonds</u>		<u>Notes</u>		<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 692,949	\$ -	\$ 50,194	\$ 1,412	\$ 19,350	\$ 11,482
2024	692,950	-	18,662	781	26,100	10,514
2025	692,950	-	18,662	261	19,350	9,470
2026	692,950	-	-	-	20,025	8,696
2027	692,950	-	-	-	15,525	7,895
2028-2032	477,100	-	-	-	49,725	31,893
2033-2037	52,675	-	-	-	47,925	24,507
2037-2042	-	-	-	-	56,025	16,730
2043-2047	-	-	-	-	48,911	9,112
	<u>\$ 3,994,524</u>	<u>\$ -</u>	<u>\$ 87,518</u>	<u>\$ 2,454</u>	<u>\$ 302,936</u>	<u>\$ 130,299</u>

(Continued)

TOWN OF ABINGDON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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:

	<u>General Fund</u>	<u>American Rescue Plan Act Fund</u>	<u>Capital Projects Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Non-spendable:					
Prepays	\$ 159,367	\$ -	\$ -	\$ -	\$ 159,367
Inventory	8,459	-	-	-	8,459
Total non-spendable	<u>167,826</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>167,826</u>
Restricted:					
Capital projects	-	-	-	-	-
Cemetery	-	-	-	-	-
Parks, recreation, and cultural	27,001	-	-	12,165	39,166
Public safety	7,964	-	-	-	7,964
Total restricted	<u>34,965</u>	<u>-</u>	<u>-</u>	<u>12,165</u>	<u>47,130</u>
Assigned	<u>-</u>	<u>7,119</u>	<u>-</u>	<u>-</u>	<u>7,119</u>
Unassigned	<u>8,544,788</u>	<u>-</u>	<u>(6,517)</u>	<u>-</u>	<u>8,538,271</u>
	<u>\$ 8,747,579</u>	<u>\$ 7,119</u>	<u>\$ (6,517)</u>	<u>\$ 12,165</u>	<u>\$ 8,760,346</u>

At June 30, 2022, the Capital Projects Fund had a deficit in fund balance of \$6,517. 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.

(Continued)

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 11. Defined Benefit Pension Plan (Continued)

Plan description (Continued)

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

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

Employees covered by benefit terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	81
Inactive members:	
Vested	29
Non-vested	44
Active elsewhere in VRS	33
Total inactive members	106
Active members	110
Total covered employees	297

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, 2022 was 9.43% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020.

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 \$395,851 and \$445,205 for the years ended June 30, 2022 and June 30, 2021, respectively.

(Continued)

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 11. Defined Benefit Pension Plan (Continued)

Net pension liability

The Town's net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For the Town, the net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020 rolled forward to the measurement date of June 30, 2021.

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, 2020, 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, 2021.

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*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

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 RP-2014 Mortality Table Projected to 2020 with various set backs or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

(Continued)

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 11. Defined Benefit Pension Plan (Continued)

Actuarial assumptions – general employees (Continued)

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Update mortality table; lowered retirement rates at older ages, changed final retirement from 70 to 75; adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; lowered disability rates, no change to salary scale, increased rate of line of duty disability from 14% to 20% (Largest 10) or 15% (All Others), and decreased discount rate from 7.00% to 6.75%.

Public Safety Employees – Largest 10 – Hazardous Duty and All Others (Non 10 Largest): Update mortality table; lowered retirement rate at older ages; adjusted rates of withdrawal and disability to better fit experience; changes to line of duty rates, no changes to salary scale, and decreased discount rate from 7.00% to 6.75%.

Long-term expected rate of return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term</u>
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00	0.57	0.09
Credit Strategies	14.00	4.49	0.63
Real Assets	14.00	4.76	0.67
Private Equity	14.00	9.94	1.39
MAPS – Multi-Asset Public Strategies	6.00	3.29	0.20
PIP – Private Investment Partnership	3.00	6.84	0.21
Total	100.00%		4.89
Inflation			2.50
*Expected arithmetic nominal return			7.39%

* The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019 the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

(Continued)

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 11. Defined Benefit Pension Plan (Continued)

Discount rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that system member contributions will be made per the VRS statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2021, the alternate rate was the employer contribution rate used in fiscal year 2012 or 100% of the actuarially determined employer contribution rate from June 30, 2017, actuarial valuations, whichever was greater. From July 1, 2021 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in net pension liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2020	\$ 24,131,858	\$ 19,935,847	\$ 4,196,011
Changes for the year:			
Service cost	490,976	-	490,976
Interest	1,587,159	-	1,587,159
Changes of assumptions	992,110	-	992,110
Differences between expected and actual experience	32,990	-	32,990
Contributions – employer	-	445,205	(445,205)
Contributions – employee	-	224,647	(224,647)
Net investment income	-	5,403,553	(5,403,553)
Benefit payments, including refunds of employee contributions	(1,236,792)	(1,236,792)	-
Administrative expenses	-	(13,628)	13,628
Other changes	-	508	(508)
Net changes	1,866,443	4,823,493	(2,957,050)
Balances at June 30, 2021	\$ 25,998,301	\$ 24,759,340	\$ 1,238,961

(Continued)

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 11. Defined Benefit Pension Plan (Continued)

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Plan's net pension liability (asset)	\$ 4,787,853	\$ 1,238,961	\$ (1,672,060)

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

For the year ended June 30, 2022, the Town recognized pension expense of \$69,451. At June 30, 2022, 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	\$ 134,935	\$ 255,827
Change in assumptions	847,429	-
Net difference between projected and actual earnings on pension plan investments	-	2,682,555
Employer contributions subsequent to measurement date	395,851	-
	\$ 1,378,215	\$ 2,938,382

The \$395,851 reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 11. Defined Benefit Pension Plan (Continued)

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

Year Ending June 30,	Reduction to Pension Expense
2023	\$ (334,851)
2024	(248,062)
2025	(557,613)
2026	(815,492)
2027	-
Thereafter	-

Pension plan data

Information about the VRS Political Subdivision Retirement Plan's is also available in the separately issued VRS 2021 Annual Comprehensive Financial Report (ACFR). A copy of the 2021 VRS ACFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-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, 2022, the Town reported a payable of \$45,647 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2022.

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

Plan description

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

Benefits provided

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

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

(Continued)

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

Benefits provided (Continued)

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

General Employees Plan 1

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

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

General Employees Plan 2 and Hybrid Plan

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

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

Public Safety Employees Plan 1 and Plan 2

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

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

(Continued)

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

Employees covered by benefit terms

At July 1, 2021, the following employees were covered by the benefit terms:

	Number
Inactive members or their beneficiaries currently receiving benefits	2
Total inactive members	2
Active members	109
Total covered employees	111

Total OPEB liability

The Town's Total OPEB Liability of \$855,783 was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2021.

Actuarial assumptions and other inputs

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.54%	
Inflation	2.50%	
Salary increases	3.50 – 5.35%	
Healthcare cost trend rates	4.90% in 2020, then graded to 4.10% through fiscal year 2073	
Retirees' share of benefit-related costs	100% of projected health insurance premiums for retirees	
Actuarial cost method	Entry Age Normal	

The discount rate was based on the Getzen Trend Model, Milliman's Health Cost Guidelines and actuarial judgment.

(Continued)

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

Actuarial assumptions and other inputs (Continued)

Mortality rates:

- Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males 85% of rates; females set forward 1 year. 25% of deaths are assumed to be service-related.
- Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.5% increase compounded from ages 70 to 85; females set back 1 year.
- Post-Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the July 1, 2021 valuation are predominantly consistent with those used in the June 30, 2022 valuation of the Virginia Retirement System (General Employees Assumptions, Plan 1, Plan 2, and Hybrid Plan)

Changes in total OPEB liability

	Total OPEB Liability
Balance at June 30, 2021	\$ 872,194
Changes for the year:	
Service cost	90,464
Interest	20,643
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(113,592)
Benefit payments	(13,926)
Net changes	(16,411)
Balance at June 30, 2022	\$ 855,783

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16% in 2021 to 3.54% in 2022.

(Continued)

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

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

The following presents the Town's total OPEB liability calculated using the discount rate of 3.54%. It also presents what the Town's OPEB liability would be if it were calculated used a discount rate on percentage point lower (2.54%) and one percentage point higher (4.54%) than the current rate:

	1.00% Decrease (2.54%)	Current Discount Rate (3.54%)	1.00% Increase (4.54%)
Total OPEB liability	\$ 936,942	\$ 855,783	\$ 781,103

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

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

	1.00% Decrease in Trend Rate	Current Trend Rate	1.00% Increase in Trend Rate
Total OPEB liability	\$ 724,748	\$ 855,783	\$ 1,014,971

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

For the year ended June 30, 2022, the Town recognized OPEB expense of \$84,723. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 151,330
Changes in assumptions	73,852	108,549
	\$ 73,852	\$ 259,879

(Continued)

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

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

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

Year Ending June 30,	Reduction to Pension Expense
2023	\$ (26,384)
2024	(26,385)
2025	(21,655)
2026	(21,655)
2027	(39,109)
Thereafter	(50,839)
	\$ (186,027)

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

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

Plan descriptions

Group Life Insurance Program

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

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

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

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

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

Plan descriptions (Continued)

General Employee Health Insurance Credit Program

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

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

As of the June 30, 2020, actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	25
Inactive members:	
Vested	7
Non-vested	-
Active elsewhere in VRS	-
Total inactive members	32
Active members	110
Total covered employees	142

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 2012. The employer contributions are determined by the VRS actuary using anticipated program costs and the number of covered individuals associated with all participating employers. The LODA is considered a multiple employer, cost sharing plan.

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

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2020. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program

Governed by:	<i>Code of Virginia 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.</i>
Total rate:	1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2022 Contribution	\$ 22,937
June 30, 2021 Contribution	\$ 25,697

General Employee Health Insurance Credit Program

Governed by:	<i>Code of Virginia 51.1-1402 (E) and 51.1-508 and may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly.</i>
Total rate:	0.46% of covered employee compensation.
June 30, 2022 Contribution	\$ 19,427
June 30, 2021 Contribution	\$ 21,711

Line of Duty Act Program

Governed by:	<i>Code of Virginia 9-1-400.1 and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly.</i>
Total rate:	\$722.55 per covered full-time-equivalent employee. Based on pay-as-you-go funding rate.
June 30, 2022 Contribution	\$ 19,509
June 30, 2021 Contribution	\$ 18,650

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

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

The net OPEB liabilities were measured as of June 30, 2021 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by actuarial valuations performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. 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, 2021 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, 2022 proportionate share of liability	\$ 268,248
June 30, 2021 proportion	0.02304%
June 30, 2020 proportion	0.02494%
June 30, 2022 expense	\$ (7,348)

Line of Duty Act Program

June 30, 2022 proportionate share of liability	\$ 597,367
June 30, 2021 proportion	0.13546%
June 30, 2020 proportion	0.12464%
June 30, 2022 expense	\$ 54,959

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

General Employee Health Insurance Credit

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

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances at June 30, 2020	\$ 202,284	\$ 2,512	\$ 199,772
Changes for the year:			
Service cost	4,047	-	4,047
Interest	13,231	-	13,231
Differences between expected and actual experience	19,269	-	19,269

(Continued)

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

General Employee Health Insurance Credit (Continued)

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Contributions – employer	\$ -	\$ 21,711	\$ (21,711)
Contributions – employee	-	-	-
Net investment income	-	1,516	(1,516)
Benefit payments, including refunds of employee contributions	(12,526)	(12,526)	-
Administrative expenses	-	(47)	47
Changes in assumptions	2,478	-	2,478
Net changes	<u>26,499</u>	<u>10,654</u>	<u>15,845</u>
Balances at June 30, 2021	<u>\$ 228,783</u>	<u>\$ 13,166</u>	<u>\$ 215,617</u>

In addition, for the year ended June 30, 2022, the Town recognized OPEB expense of \$24,861 related to General Employee Health Insurance Credit Program.

At June 30, 2022, 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	\$ 30,595	\$ 2,044
Change in assumptions	14,788	36,702
Net difference between projected and actual earnings on OPEB plan investments	-	64,025
Changes in proportion	-	61,879
Employer contributions subsequent to the measurement date	<u>22,937</u>	<u>-</u>
	<u>\$ 68,320</u>	<u>\$ 164,650</u>

(Continued)

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

General Employee Health Insurance Credit (Continued)

General Employee Health Insurance Credit Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 159,465	\$ -
Change in assumptions	4,652	-
Net difference between projected and actual earnings on OPEB plan investments	-	774
Employer contributions subsequent to the measurement date	19,427	-
	\$ 183,544	\$ 774

Line of Duty Act Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 49,804	\$ 90,447
Change in assumptions	165,311	28,575
Net difference between projected and actual earnings on OPEB plan investments	-	3,459
Changes in proportion	39,220	25,988
Employer contributions subsequent to the measurement date	19,509	-
	\$ 273,844	\$ 148,469

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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

(Continued)

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

General Employee Health Insurance Credit (Continued)

Group Life Insurance Program

Year Ending June 30,	Reduction to OPEB Expense
2023	\$ (31,553)
2024	(27,711)
2025	(22,725)
2026	(28,207)
2027	(9,071)
Thereafter	-
	<u>\$ (119,267)</u>

General Employee Health Insurance Credit Program

Year Ending June 30,	Increase to OPEB Expense
2023	\$ 27,441
2024	27,441
2025	27,449
2026	27,427
2027	27,633
Thereafter	25,952
	<u>\$ 163,343</u>

Line of Duty Act Program

Year Ending June 30,	Increase to OPEB Expense
2023	\$ 15,065
2024	15,246
2025	15,300
2026	15,357
2027	17,163
Thereafter	27,735
	<u>\$ 105,866</u>

(Continued)

TOWN OF ABINGDON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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

Actuarial assumptions and other inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2021, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022:

Inflation	2.50%
Salary increases, including inflation:	
• Locality – general employees	3.50 – 5.35%
• Locality – hazardous duty employees	3.50 – 4.75%
Healthcare cost trend rates:	
• Under age 65	7.00 – 4.75%
• Ages 65 and older	3.75 – 4.75%
Investment rate of return, net of expenses, including inflation*	GLI & HIC 6.75%; LODA 2.16%

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment rate for GASB purposes of slightly more than the assumed percent above. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be the percent noted above to simplify preparation of OPEB liabilities.

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

Net OPEB liabilities

The net OPEB liabilities represent each program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2021, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	<u>Group Life Insurance Program</u>	<u>Line of Duty Act Program</u>
Total OPEB Liability	\$ 3,577,346	\$ 448,542
Plan fiduciary net position	2,413,074	7,553
Employers’ net OPEB liability (asset)	1,164,272	440,989
Plan fiduciary net position as a percentage of total OPEB liability	67.45%	1.68%

(Continued)

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

Net OPEB liabilities (Continued)

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

Long-term expected rate of return

Group Life Insurance and Health Insurance Credit Program

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term</u>
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00	0.57	0.09
Credit Strategies	14.00	4.49	0.63
Real Assets	14.00	4.76	0.67
Private Equity	14.00	9.94	1.39
MAPS – Multi-Asset Public Strategies	6.00	3.29	0.20
PIP – Private Investment Partnership	3.00	6.84	0.21
	<u>100.00%</u>		<u>4.89</u>
Inflation			<u>2.50</u>
*Expected arithmetic nominal return			<u>7.39%</u>

The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including inflation of 2.50%.

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

Long-term expected rate of return (Continued)

Line of Duty Act Program

The long-term expected rate of return on LODA Program OPEB investments was set at 2.16% 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 2.16% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2021.

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 2.16%. 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, 2020, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the VA General Assembly. From July 1, 2020 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the employer's proportionate share of the net GLI OPEB liabilities using the discount rate (6.75% GLI & HIC/2.16% LODA), as well as what the Town's proportionate share of the net OPEB liabilities would be if it were calculated using a discount rate that is one percentage point lower (5.75% GLI & HIC/1.16% LODA) or one percentage point higher (7.75% GLI & HIC/3.16% LODA) than the current rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
GLI Net OPEB liability	\$ 391,920	\$ 268,248	\$ 168,378
HIC Net OPEB liability	\$ 242,627	\$ 215,617	\$ 192,993
	(1.16%)	(2.16%)	(3.16%)
LODA Net OPEB liability	\$ 687,191	\$ 597,367	\$ 525,994

(Continued)

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

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

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

	1.00% Decrease (6.00% Decreasing to 3.75%)	Current Healthcare Cost Trend Rates (7.00% Decreasing to 4.75%)	1.00% Increase (8.00% Decreasing to 5.75%)
LODA Net OPEB liability	\$ 490,155	\$ 597,367	\$ 734,835

OPEB plan fiduciary net position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (ACFR). A copy of the 2021 VRS ACFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-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, 2022, the following amounts were payable to the Virginia Retirement System for the legally required contributions related to June 2022 payroll.

Group Life Insurance	\$ 4,388
General Employee HIC	1,506

(Continued)

TOWN OF ABINGDON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Note 14. Summary of Pension and Other Postemployment Benefit Elements

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

	Governmental Activities	Business-Type Activities	Total Primary Government
Deferred outflows of resources – related to pensions			
Deferred outflow – differences in expected/actual and assumptions			
VRS – defined benefit pension plan	\$ 875,602	\$ 106,762	\$ 982,364
Deferred outflow – contributions after the measurement date			
VRS – defined benefit pension plan	352,831	43,020	395,851
Total deferred outflow of resources – pensions	\$ 1,228,433	\$ 149,782	\$ 1,378,215
Deferred outflows of resources – OPEB			
Deferred outflow – differences in expected/actual, experience and assumptions			
VRS – LODA	\$ 254,335	\$ -	\$ 254,335
VRS – HIC – OPEB Program	146,281	17,836	164,117
VRS – GLI – OPEB Program	40,451	4,932	45,383
Local Health – Single Agent – defined benefit	65,826	8,026	73,852
Deferred outflow – contributions after the measurement date			
VRS – LODA – OPEB Program	19,509	-	19,509
VRS – HIC – OPEB Program	17,316	2,111	19,427
VRS – GLI – OPEB Program	20,444	2,493	22,937
Total deferred outflow of resources – OPEB	\$ 564,162	\$ 35,398	\$ 599,560
Net pension liability			
VRS – defined benefit pension plan	\$ 1,104,313	\$ 134,648	\$ 1,238,961
Total net pension liability	\$ 1,104,313	\$ 134,648	\$ 1,238,961

(Continued)

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
Net OPEB liability			
Local health	\$ 762,778	\$ 93,005	\$ 855,783
VRS – LODA	597,367	-	597,367
VRS – HIC – OPEB Program	192,184	23,433	215,617
VRS – GLI	<u>239,095</u>	<u>29,153</u>	<u>268,248</u>
Total net OPEB liability	<u>\$ 1,791,424</u>	<u>\$ 145,591</u>	<u>\$ 1,937,015</u>
Deferred inflows of resources – related to pensions			
Deferred inflow – differences in expected/actual and assumptions			
VRS – defined benefit pension plan	<u>\$ 2,619,043</u>	<u>\$ 319,339</u>	<u>\$ 2,938,382</u>
Total deferred inflow of resources – pensions	<u>\$ 2,619,043</u>	<u>\$ 319,339</u>	<u>\$ 2,938,382</u>
Deferred inflows of resources – OPEB			
Deferred inflows – differences in expected/actual and assumptions			
VRS – LODA – Cost Sharing- Multiple-Employer	\$ 148,469	\$ -	\$ 148,469
VRS – HIC - OPEB Program	690	84	774
VRS – GLI – Cost Sharing- Multiple-Employer	146,756	17,894	164,650
Deferred inflow – differences in expected/actual and experience			
Local Health – Single Agent- Defined benefit	<u>231,636</u>	<u>28,243</u>	<u>259,879</u>
Total deferred inflow of resources – OPEB	<u>\$ 527,551</u>	<u>\$ 46,221</u>	<u>\$ 573,772</u>

(Continued)

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 15. Tax Abatements

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

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

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

For the year ended June 30, 2022, the Town abated taxes as follows:

Tax Abatement Program	Amount Abated
Rehabilitation Tax Exemption	\$ 31,137
Historic District Tax Abatement	13,237

Note 16. Commitments and Contingencies

Litigation

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

TOWN OF ABINGDON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 17. Risk Management

The risk management of the Town is as follows:

General Liability and Other

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

Worker's Compensation

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

Surety Bonds

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

Note 18. Leases

In 2022, the Town implemented the guidance of GASB No. 87, *Leases*, which for lessees requires reporting an intangible right to use asset and a lease liability for long-term leases that had previously been reported as operating leases.

Note 19. Subsequent Events

Subsequent events have been evaluated through December 5, 2022, the date that the financial statements were available to be issued. No material subsequent events have occurred that would require recognition in the financial statements or disclosure in the Notes to the Financial Statements.

Note 20. Future Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective. The effective dates below are updated based on **Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*** due to the COVID-19 pandemic.

In May 2019, the GASB issued **Statement No. 91, *Conduit Debt Obligations***. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In March 2020, the GASB issued **Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements***. This Statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

(Continued)

TOWN OF ABINGDON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 20. Future Accounting Pronouncements (Continued)

In May 2020, the GASB issued **Statement No. 96**, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

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

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

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

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

**REQUIRED
SUPPLEMENTARY INFORMATION**

TOWN OF ABINGDON, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND
RELATED RATIOS – PRIMARY GOVERNMENT
June 30, 2022**

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

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

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

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

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

TOWN OF ABINGDON, VIRGINIA

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

Entity Fiscal Year Ended June 30,	Actuarilly Determined Contribution	Contributions in Relation to Actuarilly Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2022	\$ 395,851	\$ 395,851	\$ -	\$ 4,223,245	9.37 %
2021	445,205	445,205	-	4,719,818	9.43
2020	510,099	510,099	-	5,132,041	9.94
2019	513,474	513,474	-	5,134,606	10.00
2018	500,449	500,449	-	5,147,591	9.72
2017	344,652	344,652	-	5,397,697	6.39
2016	392,213	392,213	-	5,467,229	7.17
2015	437,062	437,062	-	5,154,890	8.48
2014	484,889	484,889	-	5,207,804	9.31
2013	766,806	766,806	-	5,370,500	14.28

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

TOWN OF ABINGDON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND
RELATED RATIOS – LOCAL PLAN
June 30, 2022

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

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

Notes to Schedule:

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

2022	3.540%
2021	2.160%
2020	2.210%
2019	3.500%
2018	3.870%
2017	3.500%

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

TOWN OF ABINGDON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND
RELATED RATIOS – VRS PLAN
June 30, 2022

	VRS Health Insurance Credit		
	Fiscal Year		
	2022	2021	2020
Total HIC OPEB liability			
Service cost	\$ 4,047	\$ 4,868	\$ 4,796
Interest	13,231	6,795	(254)
Changes of benefit terms	-	-	-
Differences between expected and actual experience	19,269	96,256	3,763
Changes in assumptions	2,478	-	105,910
Benefit payments	(12,526)	(12,600)	(7,250)
Net change in total HIC OPEB liability	26,499	95,319	106,965
Total HIC OPEB liability – beginning	202,284	106,965	-
Total HIC OPEB liability – ending	228,783	202,284	106,965
Plan fiduciary net position			
Contributions – employer	21,711	13,339	8,909
Net investment income	1,516	27	93
Benefit payments	(12,526)	(12,600)	(7,250)
Administrative expense	(47)	(4)	(2)
Other	-	-	-
Net change in plan fiduciary net position	10,654	762	1,750
Plan fiduciary net position liability – beginning	2,512	1,750	-
Plan fiduciary net position – ending	\$ 13,166	\$ 2,512	\$ 1,750
Net HIC OPEB liability – ending	\$ 215,617	\$ 199,772	\$ 105,215
Plan fiduciary net position as a percentage of the total HIC OPEB liability	5.75%	1.24%	1.64%
Covered payroll	\$ 4,536,612	\$ 4,698,636	\$ 3,426,411
Net HIC OPEB liability as a percentage of covered payroll	4.75%	4.25%	3.07%

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

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

TOWN OF ABINGDON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS – VRS PLAN
June 30, 2022

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

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

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

TOWN OF ABINGDON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY – VRS PLAN
June 30, 2022

Entity Fiscal Year Ended June 30,	Employer's Portion of the Net OPEB Liability	Employer's Proportionate Share of the Net OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Group Life Insurance – General Employees					
2022	0.02304 %	\$ 268,248	\$ 4,698,636	5.71 %	67.45 %
2021	0.02494	416,208	5,132,041	8.11	52.00
2020	0.02621	427,000	5,138,216	8.31	52.00
2019	0.02707	411,000	5,147,591	7.98	51.22
2018	0.02963	446,000	5,465,642	8.16	48.86
Line of Duty Act (LODA)					
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.

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

TOWN OF ABINGDON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS – VRS PLAN
June 30, 2022

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

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

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

TOWN OF ABINGDON, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2022

Note 1. Changes of Benefit Terms

Pension

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

Other Postemployment Benefits (OPEB)

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

Note 2. Changes of Assumptions

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

- Update mortality table PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape 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.
- Adjusted withdrawal rates to better fit experience at each year and service through 9 years of service.
- Applicable to: Pension, GLI OPEB, and HIC OPEB

Largest 10 – Hazardous Duty/Public Safety Employees:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape 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 Scape 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.
- Adjusted withdrawal rates to better fit experience at each year and service through 9 years of service.
- Applicable to: Pension GLI OPEB, and HIC OPEB

(Continued)

TOWN OF ABINGDON, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2022

Note 2. Changes of Assumptions (Continued)

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

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

Teacher cost-sharing pool

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Scape 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 year and service through 9 years of service.
- Applicable to: Pension, GLI OPEB, and HIC OPEB

The following changes in actuarial assumptions were made effective June 30, 2021 valuation date:

Basic and Police Pension Plans

- Salary increases were increased from 3.00% to 4.00%
- Update mortality table

OPEB – Local Plan

- Update mortality table
- Update medical, prescription drug, and dental trend rates to the current schedules.

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**OTHER
SUPPLEMENTARY INFORMATION**

TOWN OF ABINGDON, VIRGINIA

COMBINING BALANCE SHEET –
NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2022

	<u>Capital Improvement</u>		<u>Permanent</u>	<u>Total</u>
	<u>Capital</u>	<u>Rehabilitation</u>	<u>Fund</u>	<u>Non-Major</u>
	<u>Reserve</u>	<u>Fund</u>	<u>Cemetery</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
ASSETS				
Cash and cash equivalents – restricted	\$ -	\$ -	\$ 28,228	\$ 28,228
Receivables (net of any allowance for uncollectibles):				
Accrued interest	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,228</u>	<u>\$ 28,228</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 14,731	\$ 14,731
Due to other funds	-	-	1,332	1,332
Total liabilities	<u>-</u>	<u>-</u>	<u>16,063</u>	<u>16,063</u>
FUND BALANCES				
Restricted:				
Capital projects	-	-	-	-
Parks, recreation, and cultural	-	-	12,165	12,165
Total fund balances	<u>-</u>	<u>-</u>	<u>12,165</u>	<u>12,165</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,228</u>	<u>\$ 28,228</u>

TOWN OF ABINGDON, VIRGINIA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES -
 NON-MAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2022

	Capital Projects		Permanent Fund	Total Non-major Governmental Funds
	Capital Reserve Fund	Rehabilitation Fund	Cemetery Fund	
REVENUES				
Revenue from use of money and property	\$ 101	\$ 69	\$ 26	\$ 196
Total revenues	101	69	26	196
EXPENDITURES				
Current				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	101	69	26	196
Total Other Financing Sources (Uses)				
Transfers in (out)	(44,264)	(14,244)	-	(58,508)
Net change in fund balance	(44,163)	(14,175)	26	(58,312)
FUND BALANCE – July 1	44,163	14,175	12,139	70,477
FUND BALANCE – June 30	\$ -	\$ -	\$ 12,165	\$ 12,165

TOWN OF ABINGDON, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY GRANT
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass- Through Entity Identifying Number	Amounts Passed Through to Sub- Recipients	Federal Expenditures
U.S. Department of Housing and Urban Development				
Passed through Virginia Department of Community Development Community Development Block Grants	14.228	N/A	N/A	\$ 259,269
Total Department of Housing and Urban Development				<u>259,269</u>
U.S. Department of the Interior				
Passed through Virginia Department of Historic Resources Historic Preservation Fund Grants-In-Aid	15.904	N/A	N/A	2,500
Total U.S. Department of the Interior				<u>2,500</u>
U.S. Department of Justice				
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034	N/A	N/A	26,995
Total U.S. Department of Justice				<u>26,995</u>
U.S. Department of Transportation				
Passed through Virginia Department of Transportation <i>Highway Planning and Construction Cluster</i> Highway Planning and Construction	20.205	N/A	N/A	4,224
Total Highway Planning and Construction Cluster				<u>4,224</u>
Passed through Virginia Department of Motor Vehicles <i>Highway Safety Cluster</i> State and Community Highway Safety	20.600	N/A	N/A	5,059
Total Highway Safety Cluster				<u>5,059</u>
Total U.S. Department of Transportation				9,283
U.S. Department of Treasury				
Direct payments COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	N/A	N/A	1,946,138
Total U.S. Department of Treasury				<u>1,946,138</u>
Total Expenditures of Federal Awards				<u><u>\$ 2,244,185</u></u>

(Continued)

TOWN OF ABINGDON, VIRGINIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY GRANT
Year Ended June 30, 2022**

NOTE A: BASIS OF PRESENTATION AND ACCOUNTING

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

NOTE B: INDIRECT COSTS

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

NOTE C: OUTSTANDING LOAN BALANCES

As of June 30, 2022, the Town had no outstanding loan balances requiring continuing disclosure.

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STATISTICAL SECTION

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

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Tables

Financial Trends	1-4
<i>These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.</i>	
Revenue Capacity	5-8
<i>These schedules contain trend information to help the reader assess the Town's most significant local revenue source, the property tax.</i>	
Debt Capacity	9-12
<i>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.</i>	
Economic and Demographic Information	13-14
<i>These schedules offer economic and demographic indicators to help the reader understand the environment within which the Town's financial activities take place.</i>	
Operating Information	15-17
<i>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.</i>	

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

TOWN OF ABINGDON, VIRGINIA

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$ 16,231,378	\$ 14,352,648	\$ 15,813,168	\$ 19,563,963	\$ 19,320,316	\$ 20,451,727	\$ 22,466,371	\$ 23,189,118	\$ 22,949,378	\$ 26,189,463
Restricted	-	-	-	-	139,425	138,673	641,272	115,315	112,233	47,130
Unrestricted	9,715,284	8,527,798	4,218,991	1,888,123	1,968,338	1,481,553	749,399	981,112	3,210,182	4,060,490
Total governmental activities net position	25,946,662	22,880,446	20,032,159	21,452,086	21,428,079	22,071,953	23,857,042	24,285,545	26,271,793	30,297,083
Business-type activities										
Net investment in capital assets	2,250,767	2,268,580	2,517,019	3,130,624	3,296,488	3,498,859	3,920,784	4,466,716	5,417,896	5,887,563
Unrestricted	2,241,843	2,697,500	2,242,548	2,885,392	3,205,423	3,078,233	2,902,656	2,912,773	2,175,998	2,813,342
Total business-type activities	4,492,610	4,966,080	4,759,567	6,016,016	6,501,911	6,577,092	6,823,440	7,379,489	7,593,894	8,700,905
Primary government										
Net investment in capital assets	18,482,145	16,621,228	18,330,187	22,694,587	22,616,804	23,950,586	26,387,155	27,655,834	28,367,274	32,077,026
Restricted	-	-	-	-	139,425	138,673	641,272	115,315	112,233	47,130
Unrestricted	11,957,127	11,225,298	6,461,539	4,773,515	5,173,761	4,559,786	3,652,055	3,893,885	5,386,180	6,873,832
Total primary government net position	\$ 30,439,272	\$ 27,846,526	\$ 24,791,726	\$ 27,468,102	\$ 27,929,990	\$ 28,649,045	\$ 30,680,482	\$ 31,665,034	\$ 33,865,687	\$ 38,997,988

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

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

TOWN OF ABINGDON, VIRGINIA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental Activities:										
General government	\$ 1,660,958	\$ 1,581,298	\$ 1,583,573	\$ 2,541,643	\$ 2,437,414	\$ 2,278,330	\$ 2,434,231	\$ 2,265,651	\$ 3,007,482	\$ 2,325,969
Public safety	2,736,487	2,759,998	2,728,805	2,667,792	2,920,360	2,809,797	4,123,159	2,910,228	2,395,271	3,235,848
Public works	3,841,342	3,529,042	3,715,968	2,868,606	2,737,484	2,661,221	3,467,788	3,259,368	3,274,223	3,705,593
Health and welfare	5,833	6,857	264,880	65,636	37,519	38,928	35,947	27,193	1,244	2,172
Parks, recreation, and culture	2,379,502	1,159,585	2,219,947	3,182,023	3,058,604	2,896,160	3,426,901	2,860,715	1,834,270	2,324,507
Community development	2,237,820	5,515,308	2,220,759	1,482,812	1,298,975	1,112,417	1,019,371	1,114,551	1,119,696	1,186,482
Interest on long-term debt	66,425	113,678	116,242	104,489	94,281	98,028	123,726	237,614	463,017	471,541
Non-departmental	238,884	152,443	258,510	135,187	74,874	83,017	73,813	27,790	66,423	47,850
Total government activities expense	13,167,251	14,818,209	13,108,684	13,048,188	12,659,511	11,977,898	14,704,936	12,703,110	12,161,626	13,299,962
Business-Type Activities:										
Wastewater	3,088,359	2,731,185	2,663,324	2,523,852	2,661,341	2,796,247	3,091,420	2,745,828	3,048,537	2,619,862
Total business-type activities expenses	3,088,359	2,731,185	2,663,324	2,523,852	2,661,341	2,796,247	3,091,420	2,745,828	3,048,537	2,619,862
Total primary government expenses	\$ 16,255,610	\$ 17,549,394	\$ 15,772,008	\$ 15,572,040	\$ 15,320,852	\$ 14,774,145	\$ 17,796,356	\$ 15,448,938	\$ 15,210,163	\$ 15,919,824
Program Revenues										
Governmental Activities:										
Charges for services										
Public safety	\$ -	\$ -	\$ -	\$ -	\$ 28,505	\$ 24,848	\$ 9,727	\$ 8,429	\$ 78,678	\$ 99,741
Public works	353,943	388,670	369,912	346,394	361,054	408,613	419,277	419,189	432,872	471,146
Parks, recreation, and culture	415,470	417,119	436,640	441,508	442,265	457,433	465,227	326,457	139,422	430,448
Community development	20,200	18,014	14,390	16,163	13,864	12,240	9,537	11,718	10,009	7,870
Operating grants and contributions	1,738,259	1,960,808	2,460,379	1,829,418	1,916,785	1,966,946	3,161,727	2,044,384	2,907,667	2,515,182
Capital grants and contributions	218,252	32,074	696,721	330,061	142,465	1,091,684	2,270,745	689,764	399,048	1,950,819
Total governmental activities program revenues	2,746,124	2,816,685	3,978,042	2,963,544	2,904,938	3,961,764	6,336,240	3,499,941	3,967,696	5,475,206

(Continued)

TOWN OF ABINGDON, VIRGINIA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Program Revenues (Continued)										
Business-Type Activities:										
Charges for services										
Wastewater	\$ 3,018,276	\$ 3,244,042	\$ 2,966,165	\$ 3,161,540	\$ 3,135,579	\$ 3,041,260	\$ 3,299,129	\$ 3,270,050	\$ 3,247,886	\$ 3,721,438
Capital grants and contributions	-	-	-	100,000	-	-	-	-	-	-
Total business-type activities program revenues	3,018,276	3,244,042	2,966,165	3,261,540	3,135,579	3,041,260	3,299,129	3,270,050	3,247,886	3,721,438
Total primary government program revenues	\$ 5,764,400	\$ 6,060,727	\$ 6,944,207	\$ 6,225,084	\$ 6,040,517	\$ 7,003,024	\$ 9,635,369	\$ 6,769,991	\$ 7,215,582	\$ 9,196,644
Net (Expense)/Revenue										
Governmental Activities	\$ (10,421,127)	\$ (12,001,524)	\$ (9,130,642)	\$ (10,084,644)	\$ (9,754,573)	\$ (8,016,134)	\$ (8,368,696)	\$ (9,203,169)	\$ (8,193,930)	\$ (7,824,756)
Business-Type Activities	(70,083)	512,857	302,841	737,688	474,238	245,013	207,709	524,222	199,349	1,101,576
Total primary government net (expense)/revenue	\$ (10,491,210)	\$ (11,488,667)	\$ (8,827,801)	\$ (9,346,956)	\$ (9,280,335)	\$ (7,771,121)	\$ (8,160,987)	\$ (8,678,947)	\$ (7,994,581)	\$ (6,723,180)
General Revenues and other Changes in Net Position										
Governmental Activities:										
Taxes	\$ 8,232,362	\$ 8,443,512	\$ 8,854,836	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	2,747,145	2,657,010	2,802,195	2,899,882	2,874,852	3,122,505	3,172,700
Local sales & use tax	-	-	-	461,012	492,287	494,985	488,092	517,472	574,619	625,761
Utility tax	-	-	-	81,420	82,728	84,375	84,167	83,572	83,682	83,048
Business license tax	-	-	-	943,751	877,549	839,908	838,602	872,946	912,463	957,533
Franchise license tax	-	-	-	66,535	63,036	77,917	60,555	57,917	51,531	51,903
Communication tax	-	-	-	117,391	114,150	110,756	102,749	100,406	89,183	86,562
Motor vehicle license	-	-	-	123,503	158,206	145,434	158,944	155,419	149,584	157,071
Bank stock tax	-	-	-	543,899	565,666	565,205	618,639	583,927	664,201	692,257
Cigarette tax	-	-	-	107,913	239,579	276,615	256,458	198,608	213,239	207,298
Hotel and motel room tax	-	-	-	812,441	832,691	856,812	896,562	731,585	706,960	1,107,105
Restaurant food tax	-	-	-	2,993,280	2,953,594	3,026,101	3,038,690	2,842,245	3,126,506	3,796,797
Unrestricted intergovernmental revenue	60,278	46,392	56,435	61,376	65,291	68,533	66,870	69,074	92,992	87,146
Unrestricted investment earnings	47,688	41,808	42,940	33,300	36,580	39,828	76,662	84,064	38,691	37,886

(Continued)

TOWN OF ABINGDON, VIRGINIA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Revenues and other Changes in Net Position (Continued)										
Governmental Activities: (Continued)										
Rental of Town property	\$ -	\$ -	\$ -	\$ 5,821	\$ 3,600	\$ 3,600	\$ 4,825	\$ -	\$ -	\$ -
Recovered cost	-	-	-	-	-	31,894	1,594	-	-	-
Gain(loss) on sale of capital assets	-	-	-	-	8,452	(2,560)	58,064	(13,535)	-	-
Other	479,636	403,595	300,021	2,910,734	577,147	355,854	502,430	473,120	354,022	280,387
Total governmental activities	8,819,964	8,935,307	9,254,232	12,009,521	9,727,566	9,777,452	10,153,785	9,631,672	10,180,178	11,343,454
Business-Type Activities:										
Unrestricted investment earnings	7,868	4,719	3,553	6,031	11,657	19,710	38,639	31,827	12,773	5,435
Other	-	-	-	-	-	-	-	-	2,283	-
Total business-type activities	7,868	4,719	3,553	6,031	11,657	19,710	38,639	31,827	15,056	5,435
Total primary government	\$ 8,827,832	\$ 8,940,026	\$ 9,257,785	\$ 12,015,552	\$ 9,739,223	\$ 9,797,162	\$ 10,192,424	\$ 9,663,499	\$ 10,195,234	\$ 11,348,889
Change in Net Position										
Governmental Activities	\$ (1,601,163)	\$ (3,066,217)	\$ 123,590	\$ 1,924,877	\$ (27,007)	\$ 1,761,318	\$ 1,785,089	\$ 428,503	\$ 1,986,248	\$ 3,518,698
Business-Type Activities	(62,215)	517,576	306,394	743,719	485,895	264,723	246,348	556,049	214,405	1,107,011
Total primary government	\$ (1,663,378)	\$ (2,548,641)	\$ 429,984	\$ 2,668,596	\$ 458,888	\$ 2,026,041	\$ 2,031,437	\$ 984,552	\$ 2,200,653	\$ 4,625,709

(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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable	\$ 1,500	\$ 1,500	\$ 101,045	\$ 111,657	\$ 4,006	\$ 5,858	\$ 5,253	\$ 3,213	\$ 99,776	\$ 167,826
Restricted	-	-	-	-	72,214	70,777	572,289	2,226,252	41,728	34,965
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	8,830,335	7,174,706	5,769,280	4,957,351	4,926,546	5,093,732	5,095,439	5,381,729	7,509,213	8,544,788
Total general fund	<u>\$ 8,831,835</u>	<u>\$ 7,176,206</u>	<u>\$ 5,870,325</u>	<u>\$ 5,069,008</u>	<u>\$ 5,002,766</u>	<u>\$ 5,170,367</u>	<u>\$ 5,672,981</u>	<u>\$ 7,611,194</u>	<u>\$ 7,650,717</u>	<u>\$ 8,747,579</u>
All Other Governmental Funds										
Restricted	\$ 1,241,477	\$ 1,279,038	\$ 965,255	\$ 66,831	\$ 67,211	\$ 67,896	\$ 68,983	\$ 70,192	\$ 4,296,044	\$ 12,165
Assigned	-	-	-	-	-	-	-	-	-	7,119
Unassigned	-	(67,292)	(52,902)	(63,539)	(77,942)	(93,914)	-	-	-	(6,517)
Total all other governmental funds	<u>\$ 1,241,477</u>	<u>\$ 1,211,746</u>	<u>\$ 912,353</u>	<u>\$ 3,292</u>	<u>\$ (10,731)</u>	<u>\$ (26,018)</u>	<u>\$ 68,983</u>	<u>\$ 70,192</u>	<u>\$ 4,296,044</u>	<u>\$ 12,767</u>

TOWN OF ABINGDON, VIRGINIA

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
General property taxes	\$ 2,582,994	\$ 2,591,889	\$ 2,584,556	\$ 2,693,882	\$ 2,699,105	\$ 2,790,671	\$ 2,862,820	\$ 2,906,767	\$ 3,020,303	\$ 3,286,313
Other local taxes	5,626,683	5,890,975	6,229,713	6,251,145	6,379,486	6,478,108	6,543,458	6,144,097	6,571,968	7,765,335
Permits and licenses	37,762	21,725	14,238	29,348	18,650	15,322	50,076	40,256	27,278	34,395
Fines and forfeitures	71,766	51,611	42,139	31,051	33,959	28,112	17,946	19,398	12,623	22,875
Investment earnings	47,688	41,808	42,940	39,121	40,180	43,428	81,487	84,064	38,691	37,886
Charges for services	789,613	823,803	820,942	804,065	845,688	903,134	903,768	765,793	660,981	1,014,306
Other revenues	60,169	150,083	27,584	2,568,021	293,099	268,987	394,038	319,841	223,291	222,732
Recovered cost	309,939	180,175	216,060	158,196	175,088	31,894	1,594	-	-	-
Intergovernmental	2,016,788	2,039,274	3,213,533	2,220,855	2,124,541	3,127,163	5,499,342	2,803,222	3,399,707	4,586,142
Total revenues	11,543,402	11,791,343	13,191,705	14,795,684	12,609,796	13,686,819	16,354,529	13,083,438	13,954,842	16,969,984
Expenditures										
General government	1,652,003	1,470,759	1,592,285	2,603,469	2,462,276	2,544,461	2,297,229	2,307,179	2,873,360	2,166,406
Public safety	2,497,255	2,610,797	3,253,764	2,562,188	2,830,596	2,856,972	3,726,692	2,717,149	2,923,689	2,842,821
Public works	3,677,910	3,467,668	3,567,118	2,962,420	2,674,970	2,839,549	3,235,037	3,038,454	3,106,221	3,831,042
Health and welfare	5,833	6,857	6,285	65,636	37,519	38,928	35,947	27,193	1,244	2,172
Parks, recreation, and culture	2,298,874	2,427,584	2,291,793	3,288,799	3,018,181	2,745,573	2,612,269	2,681,332	5,383,617	9,621,733
Community development	2,572,550	3,757,827	2,099,266	1,434,039	1,243,488	1,227,791	1,266,510	1,174,349	1,121,258	1,109,361
Contingencies	238,884	152,442	258,510	143,458	74,874	83,017	73,813	27,790	48,866	47,850
Capital projects	604,659	453,073	1,824,652	2,289,700	123,356	2,793,659	4,431,161	2,160,980	-	-

(Continued)

TOWN OF ABINGDON, VIRGINIA

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenditures (Continued)										
Debt service										
Principal	\$ 519,849	\$ 1,756,694	\$ 568,136	\$ 569,563	\$ 545,535	\$ 462,664	\$ 588,699	\$ 7,987,790	\$ 3,091,535	\$ 584,689
Interest	-	-	-	110,969	97,631	97,020	122,074	100,513	406,771	482,124
Total expenditures	14,067,817	16,103,701	15,461,809	16,030,241	13,108,426	15,689,634	18,389,431	22,222,729	18,956,561	20,688,198
Excess of revenues over (under) expenditures	(2,524,415)	(4,312,358)	(2,270,104)	(1,234,557)	(498,630)	(2,002,815)	(2,034,902)	(9,139,291)	(5,001,719)	(3,718,214)
Other Financing Sources (Uses)										
Proceeds from sale of assets	-	-	-	7,234	7,037	14,240	189,160	41,065	14,318	506,592
Proceeds from borrowing	210,000	2,600,000	691,827	78,300	70,133	29,189	40,374	10,944,023	9,780,839	25,207
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	-
Total other financing sources (uses)	210,000	2,600,000	691,827	202,418	418,365	2,155,129	2,632,517	11,078,713	8,945,361	531,799
Net change in fund balance	\$ (2,314,415)	\$ (1,712,358)	\$ (1,578,277)	\$ (1,032,139)	\$ (80,265)	\$ 152,314	\$ 597,615	\$ 1,939,422	\$ 3,943,642	\$ (3,186,415)
Debt service as a percentage of noncapital expenditures	3.84%	12.24%	3.81%	4.43%	5.16%	4.54%	5.37%	67.55%	22.63%	5.44%

TOWN OF ABINGDON, VIRGINIA

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Public Utilities			Total Assessed Value	Total Direct Tax Rate Per \$100
				Real Estate	Personal Property	Mobile Homes		
2022	\$ 855,185,600	\$ 106,955,598	\$ 5,012,035	\$ 33,445,685	\$ 47,354	\$ 898,271	\$1,001,544,543	0.328
2021	849,221,200	95,012,351	4,904,180	30,054,458	50,593	1,091,218	980,334,000	0.308
2020	775,072,400	93,360,078	5,151,285	27,948,565	49,628	950,588	902,532,544	0.322
2019	766,949,200	88,263,597	3,734,135	28,395,255	73,657	895,799	888,311,643	0.322
2018	766,009,000	84,475,328	3,532,855	25,338,387	87,847	886,601	880,330,018	0.317
2017	770,852,000	87,360,615	3,762,980	23,936,753	93,948	827,012	886,833,308	0.304
2016	743,344,400	91,104,836	3,808,370	23,829,224	9,415	729,889	862,826,134	0.312
2015	743,196,200	93,673,085	-	23,163,478	88,963	824,487	860,946,213	0.300
2014	734,838,050	83,957,974	-	23,201,748	15,008	810,190	842,822,970	0.308
2013	727,851,320	83,025,635	-	22,196,429	424,726	818,381	834,316,491	0.310

(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
2022	\$ 0.28	\$ 0.76	\$ 0.76	\$ 0.28	\$ 0.28	\$ 0.76	\$ 0.60	\$ 1.70
2021	0.28	0.76	0.76	0.28	0.28	0.76	0.60	1.70
2020	0.28	0.76	0.76	0.28	0.28	0.76	0.63	1.70
2019	0.28	0.76	0.76	0.28	0.28	0.76	0.63	1.70
2018	0.28	0.76	0.76	0.28	0.28	0.76	0.63	1.70
2017	0.28	0.55	0.55	0.28	0.28	0.55	0.63	1.70
2016	0.28	0.55	0.55	0.28	0.28	0.55	0.63	1.70
2015	0.28	0.55	0.55	0.28	0.28	0.55	0.63	1.70
2014	0.28	0.55	0.55	0.28	0.28	0.55	0.63	1.70
2013	0.28	0.55	0.55	0.28	0.28	0.55	0.63	1.70

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

TOWN OF ABINGDON, VIRGINIA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND FIVE YEARS AGO
(UNAUDITED)

Name	Nature of Business	2022			2017		
		Total Assessed Value	Rank	Percent of Real Estate Levy	Total Assessed Value	Rank	Percent of Real Estate Levy
K-VA-T Food Stores, Inc	Retail	\$ 18,623,100	1	23.92%	\$ 18,576,900	1	27.83%
DMD LLC	Rental Real Estate-Apartments	12,079,800	2	15.51%	11,677,900	2	17.50%
Marathon Realty Corp	Retail	11,627,700	3	14.93%	-	-	0.00%
Town Centre of Abingdon, LLC	Retail	8,069,000	4	10.36%	-	-	0.00%
Falcon Hospitality, LLC	Hotel	5,399,300	5	6.93%	-	-	0.00%
Abingdon VA Propco, LLC	Nursing Home	4,876,000	6	6.26%	-	-	0.00%
Buckhead Abingdon Inc	Hotel	4,847,600	7	6.23%	5,159,700	4	7.73%
New Concepts Hospitality LLC	Hotel	4,268,700	8	5.48%	-	-	0.00%
Geneva C. Hargroves, SM LLC	Professional Offices	4,230,900	9	5.43%	-	-	0.00%
Frizzell, Ben M. Jr.	Retail	3,855,700	10	4.95%	4,191,900	5	6.28%
Abingdon Professional Centre LLC	Professional Offices	-	-	0.00%	3,600,000	8	5.39%
Laramie Abingdon LTD PTNRSHIP	Retail	-	-	0.00%	8,795,900	3	13.18%
Hargroves, Andrew J.	Professional Offices	-	-	0.00%	4,052,500	6	6.07%
Double K. Properties LLC	Retail	-	-	0.00%	3,667,200	7	5.49%
Light Milling Company	Retail	-	-	0.00%	3,525,600	9	5.28%
Southern Hospitality	Hotel	-	-	0.00%	3,504,700	10	5.25%
		<u>\$ 77,877,800</u>		<u>100.00%</u>	<u>\$ 66,752,300</u>		<u>100.00%</u>

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

TOWN OF ABINGDON, VIRGINIA

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

Fiscal Year	Total Tax Levy (1)(2)	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections (3)	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Levy
2022	\$ 3,253,841	\$ 3,117,277	95.80 %	\$ 94,615	\$ 3,211,892	98.71 %	\$ 68,147	2.09 %
2021	3,153,320	2,888,638	91.61	72,930	2,961,568	93.92	112,893	3.58
2020	2,948,905	2,798,447	94.90	58,306	2,856,753	96.88	113,147	3.84
2019	2,891,272	2,757,847	95.39	56,625	2,814,472	97.34	114,385	3.96
2018	2,826,689	2,720,874	96.26	30,979	2,751,853	97.35	121,116	4.28
2017	2,681,396	2,609,612	97.32	38,733	2,648,345	98.77	112,486	4.20
2016	2,624,784	2,576,140	98.15	63,074	2,639,214	100.55	140,793	5.36
2015	2,754,504	2,662,560	96.66	69,757	2,732,317	99.19	-	-
2014	2,790,613	2,583,283	92.57	115,400	2,698,683	96.71	-	-
2013	2,616,745	2,416,378	92.34	107,190	2,523,568	96.44	-	-

(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	Capital Leases	Debt Outstanding	Capital Leases		
2022	\$ 15,990,788	\$ 158,333	\$ 4,410,184	\$ -	\$ 20,559,305	\$ 2,617
2021	15,672,754	207,486	5,028,130	-	20,908,370	2,496
2020	9,823,482	276,195	5,904,110	-	16,003,787	1,990
2019	6,801,098	342,346	6,684,706	-	13,828,150	1,737
2018	4,957,788	371,373	7,419,643	-	12,748,804	1,565
2017	3,240,109	440,015	8,276,643	-	11,956,767	1,479
2016	3,286,557	597,907	9,066,253	62,478	13,013,195	1,603
2015	3,479,290	896,437	9,935,052	122,821	14,433,600	1,762
2014	3,744,708	407,737	10,784,598	181,100	15,118,143	1,846
2013	1,299,000	576,803	11,258,145	237,387	13,371,335	1,632

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

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

(3) Data only available for last ten years.

TOWN OF ABINGDON, VIRGINIA

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

Fiscal Year	Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
2022	\$ 15,990,788	1.60 %	2,035
2021	15,672,754	1.60	1,871
2020	9,823,482	1.09	1,221
2019	6,801,098	0.77	854
2018	4,957,788	0.56	609
2017	3,240,109	0.37	401
2016	3,286,557	0.38	405
2015	3,479,290	0.40	425
2014	3,744,708	0.44	457
2013	1,299,000	0.16	159

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

TOWN OF ABINGDON, VIRGINIA

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Assessed valuations										
Assessed value of taxed real property	\$ 727,851,320	\$ 734,838,050	\$ 743,196,200	\$ 743,344,400	\$ 770,852,000	\$ 766,009,000	\$ 766,949,200	\$ 775,072,400	\$ 849,221,200	\$ 855,185,600
Legal debt margin										
Debt limit – 10 percent of total assessed value	\$ 72,785,132	\$ 73,483,805	\$ 74,319,620	\$ 74,334,440	\$ 77,085,200	\$ 76,600,900	\$ 76,694,920	\$ 77,507,240	\$ 84,922,120	\$ 85,518,560
Debt applicable to limitation:										
Total bonded debt	13,371,335	15,118,143	14,433,600	13,013,195	11,956,767	12,748,804	13,828,150	16,003,787	20,908,370	20,559,305
Less – wastewater revenue bonds and capital leases	(12,072,335)	(11,373,435)	(10,954,310)	(9,726,638)	(8,716,658)	(7,791,016)	(7,027,052)	(6,180,305)	(5,235,616)	(4,568,517)
Total amount of debt applicable to debt limitation	1,299,000	3,744,708	3,479,290	3,286,557	3,240,109	4,957,788	6,801,098	9,823,482	15,672,754	15,990,788
Legal debt margin	\$ 71,486,132	\$ 69,739,097	\$ 70,840,330	\$ 71,047,883	\$ 73,845,091	\$ 71,643,112	\$ 69,893,822	\$ 67,683,758	\$ 69,249,366	\$ 69,527,772
Total net debt applicable to the limit as a percentage of debt limit	1.78%	5.10%	4.68%	4.42%	4.20%	6.47%	8.87%	12.67%	18.46%	18.70%

TOWN OF ABINGDON, VIRGINIA

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

Fiscal Year	Water Revenue Bonds						
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Total	Coverage
				Principal	Interest		
2022	\$ 3,721,438	\$ 2,125,233	\$ 1,596,205	\$ 767,558	\$ 11,740	\$ 779,298	2.05
2021	3,247,886	2,563,314	684,572	1,097,411	13,446	1,110,857	0.62
2020	3,270,050	2,260,262	1,009,788	873,906	15,405	889,311	1.14
2019	3,295,533	2,450,518	845,015	892,592	18,136	910,728	0.93
2018	3,041,260	2,124,622	916,638	857,000	19,059	876,059	1.05
2017	3,109,116	1,969,670	1,139,446	873,512	25,531	899,043	1.27
2016	3,064,648	1,823,155	1,241,493	868,799	30,567	899,366	1.38
2015	2,963,387	1,907,625	1,055,762	865,033	36,998	902,031	1.17
2014	3,236,016	1,947,081	1,288,935	1,902,113	51,438	1,953,551	0.66
2013	2,980,124	2,195,216	784,908	745,627	61,068	806,695	0.97

(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)

<u>Fiscal Year</u>	<u>Population(1)</u>	<u>Personal Income (1)</u>	<u>Per Capita Median Income (1)</u>	<u>Median Age (2)</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2022	7,856	N/A	\$ 38,526	42.6	N/A	4.60 %
2021	8,376	3,039,568	38,742	45.2	1,956	4.60
2020	8,044	2,899,980	38,529	45.7	1,961	5.30
2019	7,963	N/A	38,338	45.9	1,994	3.40
2018	8,146	N/A	39,405	45.0	2,039	4.60
2017	8,083	N/A	39,405	42.6	2,050	4.60
2016	8,119	N/A	48,529	42.5	N/A	4.60
2015	8,191	N/A	48,214	39.0	2,690	5.80
2014	8,191	2,916,473	43,353	35.0	2,719	6.50
2013	8,191	2,826,503	42,242	36.0	2,688	7.30

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

(1) Data only available for last ten years.

TOWN OF ABINGDON, VIRGINIA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND FIVE YEARS AGO
(UNAUDITED)

<u>Employer</u>	<u>Product or Service</u>	<u>2022</u>		<u>2017</u>	
		<u>Total Estimated Employment (1)</u>	<u>Rank</u>	<u>Total Estimated Employment (1)</u>	<u>Rank</u>
Washington County Schools	Public Agency	1000+	1	1000+	1
K-VAT/Food City	Grocery Distribution	700-900	2	250-499	3
Ballad Health*	Health Care	500-750	3	-	-
Utility Trailer Manufacturing*	Trailer Manufacturing	200-500	4	-	-
Wal-Mart*	Retail	150-249	5	-	-
Paramont Manufacturing*	Truck Manufacturing	150-250	6	-	-
Washington County Government	Public Agency	150-249	7	150-249	4
Emory & Henry College*	Higher Education	100-200	8	-	-
Johnston Memorial Hospital	Health Care	-	-	500-749	2

*Located in Washington County

(1) Source: Virginia Employment Commission

TOWN OF ABINGDON, VIRGINIA

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

Function	Fiscal Year				
	2018	2019	2020	2021	2022
General government					
Management services	2.0	2.0	2.0	2.0	2.0
Legal	-	-	-	-	-
Human resources	1.0	1.0	1.0	1.0	1.0
Finance	8.0	8.0	8.0	8.0	8.0
Business incubator	-	-	-	-	-
Information technology	3.0	3.5	3.0	3.5	3.0
Building	4.0	4.0	3.0	2.0	2.0
Planning and Zoning	3.0	3.0	3.0	3.0	6.0
Public safety					
Police	26.5	26.5	31.0	31.0	29.0
Fire	18.5	17.0	1.0	8.5	8.5
Public works					
Administration	4.5	4.0	7.0	5.0	3.0
Refuse collection	3.0	3.0	3.0	3.0	1.5
Streets	18.0	18.0	18.0	19.0	14.0
Other	7.0	7.0	5.0	4.0	2.0
Parks, recreation, and cultural					
Parks	13.0	10.0	10.0	15.0	9.0
Recreation	51.5	52.0	14.0	17.5	29.0
Tourism	11.0	11.0	2.0	4.5	5.5
Other	3.0	3.5	2.0	1.0	1.0
Wastewater operations					
Collection	10.0	10.0	13.0	10.0	-
Disposal	12.0	12.0	10.0	10.0	-
Other	1.0	1.0	1.0	1.0	1.0

(1) Source: Town's finance department

TOWN OF ABINGDON, VIRGINIA

OPERATING INDICATORS BY FUNCTION
 LAST TEN FISCAL YEARS
 (UNAUDITED)

Function	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public safety										
Incident reports	4,237	4,003	4,229	4,129	4,207	2,932	3,039	3,672	3,683	3,703
Number of traffic crashes	273	323	334	382	331	222	184	256	255	335
Number of arrests	414	353	364	316	368	324	313	312	241	297
Citations written	694	1,188	1,161	891	1,022	772	654	666	702	974
Fire and rescue										
Number of calls answered	478	484	522	411	533	554	624	598	615	604
Building inspections										
Permits issued	308	270	263	187	178	135	257	336	301	352
Parks and Recreation										
Youth Program Participants	3,684	3,737	4,512	4,920	5,403	10,389	16,024	15,739	688	22,409
Wastewater operations										
Number of service connections	-	-	4,940	4,977	5,039	4,747	5,068	5,830	5,711	5,625
Average daily treatment in gallons	2,530,000	2,150,000	2,320,000	1,970,000	2,157,742	2,159,000	2,690,000	2,840,000	2,850,000	2,870,000
Maximum daily capacity of plant in gallons	4,950,000	4,950,000	4,950,000	4,950,000	4,950,000	4,950,000	4,950,000	4,950,000	4,950,000	4,950,000

(1) Source: Town’s finance department

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

TOWN OF ABINGDON, VIRGINIA

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

Function	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public safety										
Stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	18	18	18	18	18	18	18	18	13	18
Number of sworn officers	26	26	25	25	24	23	24	25	26	27
Number of non-sworn	2	3	3	3	3	3	3	3	3	2
Public works										
Streets (miles)	75.00	75.00	75.00	75.00	75.00	75.00	75.17	75.17	75.17	75.20
Streets (miles on VDOT maint inventory)	54.79	54.79	54.79	54.32	54.32	54.32	54.38	54.38	54.38	54.38
Streetlights	1,213	1,213	1,213	1,218	1,218	1,218	1,241	1,241	1,241	1,262
Traffic signals	18	18	18	18	17	17	18	18	18	18
Wastewater operations										
Miles of sanitary sewers	111	111	111	111	111	111	111	111	111	111
Miles of storm sewers	22.3	22.3	22.3	22.3	22.3	22.3	22.3	22.3	22.3	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

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COMPLIANCE SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *Specifications for Audits for Counties, Cities, and Towns* issued by the Auditor of the Public Accounts for the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Abingdon, Virginia (the “Town”), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements and have issued our report thereon dated December 5, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. **The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and questioned costs as item 2022-001.**

Town's Response to Findings

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

Purpose of this Report

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Bristol, Virginia
December 5, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the Town of Abingdon, Virginia's (the "Town") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2022. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Report on Compliance for Each Major Federal Program (Continued)

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of finding and questioned costs as item 2022-002. Our opinion on the major federal program is not modified with respect to this matter.

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

Report on Internal Control over Compliance

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

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

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Bristol, Virginia
December 5, 2022

TOWN OF ABINGDON, VIRGINIA

SUMMARY OF COMPLIANCE MATTERS

June 30, 2022

As more fully described in the Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we performed tests of the Town’s compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia

Budget and Appropriation Laws

Cash and Investment Laws

Conflicts of Interest Act

Local Retirement Systems

Debt Provisions

Procurement Laws

Uniform Disposition of Unclaimed Property Act

State Agency Requirements

Urban Highway Maintenance

Fire Programs – Aid to Localities

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

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

TOWN OF ABINGDON, VIRGINIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2022**

A. SUMMARY OF AUDITOR’S RESULTS

1. The auditor’s report expresses an **unmodified opinion** on the financial statements of the Town of Abingdon, Virginia.
2. **No significant deficiencies** relating to the audit of the financial statements is reported in the Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. **No instances of noncompliance** material to the financial statements of the Town of Abingdon, Virginia were disclosed during the audit.
4. **No significant deficiencies** relating to the audit of the major federal award programs were reported in the Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor’s report on compliance for the major federal program expresses an **unmodified opinion**.
6. The audit disclosed one audit finding relating to the major program.
7. The program tested as major was:

Name of Program	AL #
Coronavirus State and Local Fiscal Recovery Fund	21.027

8. The threshold for distinguishing Type A and B programs was **\$750,000**.
9. Town of Abingdon, Virginia was **not** determined to be a **low risk auditee**.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None

C. FINDINGS – COMMONWEALTH OF VIRGINIA

2022-001: Weldon Cooper Report

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

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

Management’s Response: Management concurs with this recommendation.

TOWN OF ABINGDON, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2022

D. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM

2022-002: Coronavirus State and Local Fiscal Recovery Fund – AL# 21.027, Procurement, Suspension and Debarment – Uniform Guidance Procurement Documentation

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

Criteria: During fiscal year 2019, the sections of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) covering procurement became effective after a three-year grace period on the implementation date. The Uniform Guidance requires entities to have written policies and procedures in place covering many types of procurement situations, including conflicts of interest, avoidance of geographical preferences, bidding thresholds, value engineering, and others.

Cause: The Town hasn't typically been subject to the Uniform Guidance requirements during most recent fiscal years and was unaware of the necessary changes.

Effect: Procurement procedures may not be conducted in accordance with Uniform Guidance requirements.

Context: Several Uniform Guidance procurement requirements were not noted in the Town's procurement policy.

Questioned Costs: N/A

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

Repeat Finding: Yes, 2021-005.

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

TOWN OF ABINGDON, VIRGINIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2022

A. FINDINGS – FINANCIAL STATEMENT AUDIT

2021-001: Unrecorded Retainage Payable (Significant Deficiency)

Condition: The Town had a significant construction project in progress at year-end, and the retainage payable associated with this project was not recorded as a payable and expenditure on the fund statements at year-end.

Recommendation: The Town should take steps to ensure that all retainage payable due to contractors is recorded in the proper year in which it was earned in order to present an accurate amount of payables and expenditures for the year.

Management's Response: Management concurs with this recommendation.

Current Status: This was not noted during the current year audit.

B. FINDINGS – COMMONWEALTH OF VIRGINIA

2021-002: Unclaimed Property

Condition: The Town's unclaimed property report was not filed by the required deadline.

Recommendation: The Town should take steps to ensure that the unclaimed property report is filed by November 1st each year.

Management's Response: Management concurs with this recommendation.

Current Status: This was not noted during the current year audit.

2021-003: Budget Appropriations

Condition: It was noted that the Town exceeded its final budget in some categories. It is a violation of Sections 15.2-2506 and 58.1-3001 of the *Code of Virginia* to spend amounts in excess of appropriations.

Recommendation: The Town should implement a policy to prevent expenditures in excess of final amended budget amounts.

Management's Response: Management concurs with this recommendation.

Current Status: This was not noted during the current year audit.

TOWN OF ABINGDON, VIRGINIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2022

B. FINDINGS – COMMONWEALTH OF VIRGINIA (Continued)

2021-004: Highway Maintenance Disbursements and Weldon Cooper Survey

Condition: It was noted that when the Town entered highway maintenance disbursements into the system, each street that is worked on is not listed separately if there were multiple streets worked on. Some ineligible/partially eligible streets were not broken out and were lumped in with another street that was eligible.

Recommendation: Ensure that included streets are eligible streets included on the Department of Transportation's annual listing of eligible streets.

Management's Response: Management concurs with this recommendation.

Current Status: This was not noted during the current year audit.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM

2021-005: Uniform Guidance Procurement Documentation

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

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

Management's Response: Management concurs with this recommendation.

Current Status: This was noted during the current year audit and is reported as item 2022-002.

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