

TOWN OF SAINT PAUL, VIRGINIA

AUDIT REPORT

Year Ended June 30, 2016

TOWN OF SAINT PAUL, VIRGINIA
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TOWN OF SAINT PAUL, VIRGINIA
TOWN OFFICIALS

June 30, 2016

TOWN COUNCIL:

H. Kyle Fletcher, Mayor
Kenneth Holbrook, Vice-Mayor
Tim Boardwine
Monty Salyer
Jason Kilgore
Greg Bailey
Harry Kelly

TOWN OFFICERS:

Debora Baca, Town Treasurer
James "Bo" Phillips, Chief of Police

TOWN LEGAL COUNSEL:

Julie Hensley, Attorney at Law

THROWER, BLANTON & ASSOCIATES, P.C.

Certified Public Accountants

& Consultants

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INDEPENDENT AUDITOR'S REPORT

The Honorable Members of the Town Council
Town of Saint Paul, Virginia
Saint Paul, VA 24283

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Saint Paul, Virginia, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Industrial Development Authority of the Town of St. Paul, Virginia, which represent 3.59 percent, 5.17 percent, and 1.61 percent, respectively, of the assets, net position, and revenues of the Town of St. Paul. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Industrial Development Authority of the Town of St. Paul, Virginia, is based solely on the report of the other auditors. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Saint Paul, Virginia as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 19 to the financial statements, in fiscal year 2016, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, and GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 57 the Schedules of Required Supplementary Information, including, the Schedule of Funding Progress, the Schedule of Changes in the Net Pension liability and Related Ratios, Schedule of Contributions, and Notes to the Required Supplemental Information, on pages 58 through 61, 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 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 Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

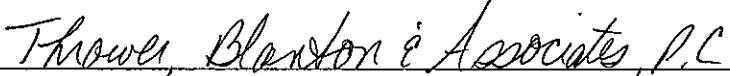
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The other supplementary information and compliance section presented in Schedule 1 thru Schedule 8 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards 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. Such 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 State of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other supplementary information presented in the exhibits listed in the first paragraph of this section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2017 on our consideration of the Town of Saint Paul's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.


THROWER, BLANTON & ASSOCIATES, P.C.
Certified Public Accountants

Norton, Virginia
March 14, 2017

THROWER, BLANTON & ASSOCIATES, P.C.

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

The Honorable Members of the Town Council
Town of Saint Paul, Virginia
Saint Paul, VA 24283

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Saint Paul, Virginia, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of Saint Paul, Virginia's basic financial statements, and have issued our report thereon dated March 14, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements for the year ended June 30, 2016, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the Town's 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

The Honorable Members of the Town Council
Town of Saint Paul, Virginia
Saint Paul, VA 24283
Page 2

*(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 noted certain matters that we reported to management of the Town of St. Paul, Virginia, in a separate letter dated March 14, 2017.

Purpose of this Report

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


THROWER, BLANTON & ASSOCIATES, P.C.
Certified Public Accountants

Norton, Virginia
March 14, 2017

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

The Honorable Members of the Town Council
Town of Saint Paul, Virginia
Saint Paul, VA 24283

Report on Compliance for Each Major Federal Program

We have audited the Town of St. Paul, Virginia's compliance with the types of compliance requirements described 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, 2016. The Town's major federal programs are identified in the summary of Federal Awards section of the accompanying supplemental schedules.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Town of St. Paul, Virginia's compliance.

Opinion on Each Major Federal Program

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, 2016.

Report on Internal Control Over Compliance

Management of the Town of St. Paul is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of St. Paul, Virginia's internal control over compliance.

The Honorable Members of the Town Council
Town of Saint Paul, Virginia
Saint Paul, VA 24283

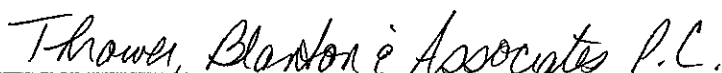
Page 2

(Independent Auditor's report on Compliance for
Each Major Program and on Internal Control Over Compliance
Required by the Uniform Guidance)

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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses 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.



THROWER, BLANTON & ASSOCIATES, P.C.
Certified Public Accountants

Norton, Virginia
March 14, 2017

TOWN OF SAINT PAUL, VIRGINIA

SUMMARY OF COMPLIANCE MATTERS

June 30, 2016

As more fully described in the Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting 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 Investments Laws
Conflicts of Interest Act
Local Retirement Systems
Debt Provisions
Procurement Laws
Uniform Disposition of Unclaimed Property Act

LOCAL COMPLIANCE MATTERS

Town Charter

TOWN OF SAINT PAUL, VIRGINIA
STATEMENT OF NET POSITION
June 30, 2016

EXHIBIT 1

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total Primary Government	Industrial Development Authority
<u>ASSETS</u>				
Cash and cash equivalents	\$ 3,855,670	\$ 1,204,669	\$ 5,060,339	175,102
Receivables:				
Taxes	14,898	-	14,898	-
Accounts	24,706	109,346	134,052	-
Other	27,104	555	27,659	22,083
Internal Balances	2,278	(2,278)	-	-
Land and Improvements Held for Resale				373,659
Due from other governmental units	92,560	-	92,560	79,102
Prepaid expenses	-	-	-	-
Restricted Assets:				
Cash	60,125	150,998	211,123	-
Capital assets, depreciable, net	1,463,725	14,757,752	16,221,477	-
Capital assets, non-depreciable	437,952	406,991	844,943	166,958
TOTAL ASSETS	5,979,018	16,628,033	22,607,051	816,904
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred pension-contributions after measurement date	96,885	36,962	133,847	-
Total Deferred Outflows of Resources	96,885	36,962	133,847	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 6,075,903	\$ 16,664,995	\$ 22,740,898	\$ 816,904
<u>LIABILITIES</u>				
Accounts payable	\$ 47,923	\$ 254,032	\$ 301,955	\$ 107,598
Accrued liabilities and wages	35,239	12,041	47,280	-
Due to other Governments	73,602	-	73,602	-
Payable From Restricted Assets:				
Deposits	-	10,900	10,900	-
Matured revenue interest	758	6,089	6,847	-
OPEB Liability	97,142	52,383	149,525	-
Long-term liabilities				
Net pension liability	392,810	152,759	545,569	-
Due within one year	106,155	262,027	368,182	-
Due in more than one year	86,686	5,727,760	5,814,446	-
Compensated absences				
Due within one year	20,116	11,732	31,848	-
Due in more than one year	30,173	17,597	47,770	-
Total Liabilities	890,604	6,507,320	7,397,924	107,598
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred pension related inflows	34,857	13,556	48,413	-
Dominion Diffuser Agreement Advance	-	1,569,231	1,569,231	-
Total Deferred Inflows of Resources	34,857	1,582,787	1,617,644	-
<u>NET POSITION</u>				
Net investment in capital assets	1,708,836	9,174,956	10,883,792	166,958
Restricted	60,125	-	60,125	-
Unrestricted	3,381,481	(600,068)	2,781,413	542,348
Total Net Position	\$ 5,150,442	\$ 8,574,888	\$ 13,725,330	\$ 709,306
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 6,075,903	\$ 16,664,995	\$ 22,740,898	\$ 816,904

TOWN OF SAINT PAUL, VIRGINIA
STATEMENT OF ACTIVITIES
June 30, 2016

EXHIBIT 2

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
					Primary Government		Component Units	

The accompanying notes are an integral part of the financial statements

TOWN OF SAINT PAUL, VIRGINIA
BALANCE SHEET - GOVERNMENTAL FUNDS
Year Ended June 30, 2016

EXHIBIT 3

	General Fund	Special Revenue Fund	Total
ASSETS			
Cash and cash equivalents	\$ 3,852,984	\$ 2,686	\$ 3,855,670
Receivables:			
Taxes	14,898	-	14,898
Accounts	24,706	-	24,706
Other	27,104	-	27,104
Prepaid expenses	-	-	-
Due From other funds	4,278	-	4,278
Due from other governmental units	92,560	-	92,560
Restricted Assets:			
Cash	60,125	-	60,125
Total Assets	<u>\$ 4,076,655</u>	<u>\$ 2,686</u>	<u>\$ 4,079,341</u>
LIABILITIES			
Accounts payable	47,923	-	47,923
Accrued payroll and related liabilities	35,239	-	35,239
Due to Other Governments	73,602	-	73,602
Due to Other Funds	-	2,000	2,000
Total Liabilities	<u>156,764</u>	<u>2,000</u>	<u>158,764</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property taxes	14,765	-	14,765
Total Deferred Inflows of Resources	<u>14,765</u>	<u>-</u>	<u>14,765</u>
FUND BALANCES			
Non-Spendable	4,278	-	4,278
Restricted	60,125	-	60,125
Committed	15,083	686	15,769
Assigned	-	-	-
Unassigned	3,825,640	-	3,825,640
Total Fund Balances	<u>3,905,126</u>	<u>686</u>	<u>3,905,812</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	<u>\$ 4,076,655</u>	<u>\$ 2,686</u>	<u>\$ 4,079,341</u>
 Total Fund Balances	 \$ 3,905,812		
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.	1,901,677		
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	14,765		
Other liabilities are not required to be paid out of current financial resources and, therefore, are not reported in the governmental funds.	(148,189)		
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(192,841)		
GASB Statement No. 68 requires the recognition of net pension liability and deferred inflows and outflows related to pensions. The amounts do not use current financial resources and are not reported in the funds.	(330,782)		
 Net Position of Governmental Activities	 <u>\$ 5,150,442</u>		

The accompanying notes are an integral part of the financial statements

TOWN OF SAINT PAUL, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUNDS
Year Ended June 30, 2016

EXHIBIT 4

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
REVENUES:			
General property taxes	\$ 2,547,884	\$ -	\$ 2,547,884
Other local taxes	543,855	-	543,855
Permits, privilege fees and regulatory licenses	3,445	-	3,445
Fines and forfeitures	11,419	-	11,419
Revenue from use of money and property	35,764	7	35,771
Charges for services	32,796	-	32,796
Miscellaneous	15,322	-	15,322
Recovered costs	-	-	-
Intergovernmental	134,634	-	134,634
Total Revenues	<u>3,325,119</u>	<u>7</u>	<u>3,325,126</u>
EXPENDITURES:			
Current:			
General government administration	1,027,842	-	1,027,842
Public safety	509,114	-	509,114
Public works	642,305	-	642,305
Parks, recreation and cultural	110,512	-	110,512
Community development	145,192	-	145,192
Debt Service:			
Principle retirement	91,785	-	91,785
Interest	3,526	-	3,526
Total Expenditures	<u>2,530,276</u>	<u>-</u>	<u>2,530,276</u>
Excess (Deficiency) of Revenues Over Expenditures	794,843	7	794,850
OTHER FINANCING SOURCES (USES):			
Sale of property	2,200	-	2,200
Insurance recoveries	3,571	-	3,571
Loan proceeds	205,000	-	205,000
Transfers in (out)	<u>(100,000)</u>	<u>-</u>	<u>(100,000)</u>
Total Other Financing Sources (Uses)	110,771	-	110,771
SPECIAL ITEM			
Proceeds from sale of Willis Property	<u>1</u>	<u>-</u>	<u>1</u>
Net Change in Fund Balance	905,615	7	905,622
FUND BALANCE AT JULY 1	<u>2,999,511</u>	<u>679</u>	<u>3,000,190</u>
FUND BALANCE AT JUNE 30	<u><u>\$ 3,905,126</u></u>	<u><u>\$ 686</u></u>	<u><u>\$ 3,905,812</u></u>

TOWN OF SAINT PAUL, VIRGINIA
RECONCILIATION OF THE REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

EXHIBIT 5

	<u>General Fund</u>
Net Change in Fund Balance Governmental Fund:	\$ 905,622
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	506,510
Depreciation expense	<u>(200,827)</u>
	<u>305,683</u>
In the statement of activities, on the loss on the sale of the Willis Building is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus the change in net position differs from the change in fund balance by the cost of the property sold.	 (309,078)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	 (3,802)
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 issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	
Principal repayments:	
General obligation debt and notes	-
Capital lease	91,785
Proceeds from debt	-
Proceeds from capital lease	<u>(205,000)</u>
	<u>(113,215)</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	(254)
Compensated absences	761
Other post-employment benefits	<u>(9,286)</u>
	<u>(8,779)</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	96,885
Pension expense	<u>(97,802)</u>
	(917)
Change in Net Position of Governmental Activities	 <u>775,514</u>

TOWN OF SAINT PAUL, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2016

EXHIBIT 6

	Business-Type Activities Proprietary Funds
	<u>Water & Sewer Operation</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 1,204,669
Receivables (Net of Allowance for Uncollectibles):	
Accounts	109,346
Accrued interest	555
Grant Receivable	-
Prepaid expenses	-
Internal receivables	-
Restricted Assets:	
Cash	150,998
Capital assets, non-depreciable	406,991
Capital assets, depreciable, net	<u>14,757,752</u>
TOTAL ASSETS	<u>16,630,311</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred pension-contributions after measurement date	<u>36,962</u>
Total Deferred Outflows of Resources	<u>36,962</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 16,667,273</u></u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	254,032
Accrued wages and liabilities	12,041
Payable From Restricted Assets:	
Customer deposits	10,900
Accrued interest payable	6,089
Due to Other Funds	2,278
Internal payables	-
Revenue bond payable	262,027
Compensated absences	<u>11,732</u>
Total Current Liabilities	<u>559,099</u>
Noncurrent liabilities:	
Revenue bond payable	5,727,760
Net Pension Liability	152,759
OPEB Liability	52,383
Compensated absences	<u>17,597</u>
Total Noncurrent Liabilities	<u>5,950,499</u>
Total Liabilities	<u>6,509,598</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred pension related inflows	13,556
Dominion Diffuser Agreement Advance	<u>1,569,231</u>
Total Deferred Inflows of Resources	<u>1,582,787</u>
<u>NET POSITION</u>	
Net investment in capital assets	9,174,956
Restricted	-
Unrestricted (deficit)	<u>(600,068)</u>
Total Net Position	<u>8,574,888</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u><u>\$ 16,667,273</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF SAINT PAUL, VIRGINIA
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
For the Year Ended June 30, 2016

EXHIBIT 7

	PROPRIETARY FUNDS
	Water & Sewer Operation
OPERATING REVENUES:	
Water rents	575,572
Sewer rents	334,670
Garbage services	80,151
Penalties	7,225
Other income	39,593
	<hr/>
Total Operating Revenues	1,037,211
	<hr/>
OPERATING EXPENSES:	
Personal services	270,940
Fringe benefits	135,130
Contractual services	15,737
Other charges	283,355
Depreciation and amortization	421,699
	<hr/>
Total Operating Expenses	1,126,861
	<hr/>
Operating Income (Loss)	(89,650)
	<hr/>
NON-OPERATING REVENUES (EXPENSES) :	
Connection fees	1,280
Grant revenue	916,998
Interfund transfers	100,000
Interest income	10,926
Interest expense	(148,931)
	<hr/>
Total Non-Operating Revenue (Expenses)	880,273
	<hr/>
CHANGE IN NET POSITION	790,623
	<hr/>
NET POSITION AT JULY 1	7,784,265
	<hr/>
NET POSITION AT JUNE 30	<u><u>\$ 8,574,888</u></u>

TOWN OF SAINT PAUL, VIRGINIA
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 Year Ended June 30, 2016

EXHIBIT 8

	PROPRIETARY FUNDS Water & Sewer Operation
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 993,830
Cash payments to suppliers for goods and services	(298,365)
Cash payments to employees for services	(588,432)
Other operating income	39,593
NET CASH PROVIDED BY OPERATING ACTIVITIES	146,626
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Increase (decrease) in customer deposits	(100)
(Increase) decrease in due from other funds	-
Increase (decrease) in due to other funds	2,206
Operating transfers from other funds	100,000
Operating transfers to other funds	-
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	102,106
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
(Increase) decrease in capital assets	(40,871)
(Increase) decrease in construction in progress	(1,126,532)
Principal paid on revenue bond maturities and equipment contracts	(245,837)
Principal advances from bond and note proceeds	275,000
Contributed capital - Grant revenue	1,194,112
Connection fees collected	1,280
Interest paid on revenue bonds and equipment contracts	(170,655)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(113,503)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends on investments	10,782
NET CASH PROVIDED BY INVESTING ACTIVITIES	10,782
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	146,011
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,209,656
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,355,667
Cash and Cash Equivalents at June 30, 2016	
Unrestricted	\$ 1,204,669
Restricted	150,998
	\$ 1,355,667
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (89,650)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation and amortization	421,699
GASB 68 Change	-
Provision for compensated absences	(4,435)
Change in Assets and Liabilities:	
(Increase) decrease in accounts receivable	(3,788)
(Increase) decrease in deferred outflows	(18,731)
Increase (decrease) in accounts payable	(150,306)
Increase (decrease) in Net Pension Liability	37,276
Increase (decrease) in OPEB liability	5,002
Increase (decrease) in deferred inflow of resources	(50,601)
Increase (decrease) in wages payable and payroll liabilities	160
TOTAL ADJUSTMENTS	236,276
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 146,626

Disclosure of Accounting Policy - For purposes of the statement of cash flows, the water and sewer funds consider all highly liquid investments (including restricted maturity of three months or less) when purchased to be cash equivalents.

TOWN OF SAINT PAUL, VIRGINIA
AGENCY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
Year Ended June 30, 2016

EXHIBIT 9

	<u>Agency Fund</u>
 <u>ASSETS</u>	
Cash	\$ 1,027
Capital asset, depreciable, net	<u>2,137</u>
TOTAL ASSETS	<u>3,164</u>
 <u>NET POSITION</u>	
Funds held for Johnnie Ramy Memorial Fund	<u><u>\$ 3,164</u></u>

TOWN OF SAINT PAUL, VIRGINIA
AGENCY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended June 30, 2016

EXHIBIT 10

	<u>Agency Fund</u>
Additions	
Donations	\$ -
Interest income	<u> 2</u>
Total additions	<u> 2</u>
Deductions	
Operating deductions	<u> -</u>
Total deductions	<u> -</u>
Change in net position	2
Net position - beginning of year	<u> 3,162</u>
Net position - end of year	<u><u> \$ 3,164</u></u>

TOWN OF SAINT PAUL, VIRGINIA
DISCRETELY PRESENTED COMPONENT UNIT-INDUSTRIAL DEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION
June 30, 2016

EXHIBIT 11

ASSETS

Cash and cash equivalents	\$ 175,102
Due from Other Governmental Units	79,102
Land and Improvements Held for Resale	373,659
Notes Receivable	22,083
Capital assets, net	<u>166,958</u>
Total Assets	<u>\$ 816,904</u>

LIABILITIES

Accounts payable	\$ 107,598
Total Liabilities	<u>107,598</u>

Net Position

Net Investment in Capital Assets	166,958
Unrestricted	<u>542,348</u>
Total Net Position	<u>\$ 709,306</u>

TOWN OF SAINT PAUL, VIRGINIA
DISCRETELY PRESENTED COMPONENT UNIT-INDUSTRIAL DEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION
June 30, 2016

EXHIBIT 12

	<u>Total</u>
REVENUES:	
Property sales	\$ -
Cost of Property sold	-
Total Operating Revenues	<u>-</u>
EXPENDITURES:	
Easements	2,500
Contributions-Other	110,598
Board Expense	850
Insurance	2,576
Engineering & Surveying	860
Legal and Accounting	4,396
Forgiveness of Debt	5,000
Depreciation Expense	4,787
Travel	406
Office Expense	1,742
Meals	187
Dues & Fees	210
Advertising & Promotions	1,250
Origination Fee	8,438
Total Expenditures	<u>143,800</u>
Operating (Loss) Income	(143,800)
NON-OPERATING REVENUES (EXPENSES) :	
Contribution Income	73,602
Interest Income-Investments	1,429
Interest Income-Note Receivable	151
Total Non-Operating Revenue (Expenses)	<u>75,182</u>
CHANGE IN NET POSITION	(68,618)
NET POSITION AT JULY 1	<u>777,924</u>
NET POSITION AT JUNE 30	<u><u>\$ 709,306</u></u>

June 30, 2016

1. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The financial statements of the Town have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Reporting Entity

The Town of Saint Paul, Virginia is a municipality governed by an elected seven-member council. The reporting entity of the Town has been determined in accordance with accounting principles generally accepted in the United States of America established by the Governmental Accounting Standards Board (GASB) and the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia. In addition, the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates. As required by those principles, these financial statements present the Town of Saint Paul, Virginia (the primary government).

Individual Component Unit Disclosures

Discretely Presented Component Unit

Component Units are legally separate organizations for which the elected or appointed officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing board and is able to impose its will on that organization.

Based on the foregoing criteria, the financial activities of the Industrial Development Authority of the Town of St. Paul, Virginia are included in these financial statements as a discretely presented Component Unit. The Industrial Development Authority's financial statements may be obtained by contacting the Authority at P.O. Box 1262 St. Paul, Virginia 24283.

Financial Reporting Model

GASB issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (Statement) which established new requirements and a new reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions. Because of the significant changes in financial reporting under the Statement, implementation was phased in (based on the size of the government) beginning with fiscal year ended 2002 (for larger governments). As part of the Statement, there is a new reporting requirement regarding the local government's infrastructure (roads, bridges, traffic signals, etc.) This requirement permits an optional delay for implementation to the fiscal year ending in 2008. The Town implemented the basic model in fiscal year 2004 and completed the implementation of the infrastructure-related portion of the Statement in fiscal year 2008.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government and its component units. 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*.

June 30, 2016

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. 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 accounting*, as are the proprietary fund and fiduciary 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 the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected 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, related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, license, 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. 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:

The *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. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income.

The special revenue fund accounts for the operations of the Veteran's Memorial Wall Fund.

The Town reports the following major proprietary funds:

The *water and sewer operation fund* provides drinking water, maintains the facilities necessary to provide this service, and provides maintenance to the sewer lines and pump stations. Its primary revenue source is user charges and fees.

Fiduciary Funds account for assets held by a governmental unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds.

Governmental Funds

Governmental Funds utilize the modified accrual basis of accounting under which revenues and related assets are recorded when measurable and available to finance operations during the year. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts, except that property taxes not collected within 45 days after year end are reflected as deferred 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 expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies.

June 30, 2016

1. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***

Expenditures, other than interest on long-term debt, are recorded as the related fund liabilities are incurred. Interest on long-term debt is recognized when due except for interest due on July 1, which is accrued.

Proprietary Funds

The accrual basis of accounting is used for the Water and Sewer Enterprise Fund and the discretely presented component unit, Industrial Development Authority. Under the accrual method, revenues are recognized in the accounting period in which they are earned, while expenses are recognized in the accounting period in which the related liability is incurred.

Fiduciary Funds

Agency Funds utilize the modified accrual basis of accounting.

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 water and 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.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. When both restricted and unrestricted resources are available for use, it is the Town's policy to use unrestricted resources first, then restricted resources as they are needed.

Budgeting and Budgetary Accounting

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

1. The Town Treasurer 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 department level or category level. The appropriation for each department or category can be revised only by the Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. All budgets are adopted on a cash basis, but variances from modified accrual basis budgets are not considered to be material.
7. Appropriations lapse on June 30 for all Town units.
8. All budget data presented in the accompanying financial statements is the revised budget as of June 30, 2016.

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2016

1. *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*

Encumbrances and Commitments

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 yearend are included in restricted, committed, or assigned fund balance, as appropriate.

Deposits and Investments

Certificates of Deposit with maturities of three months or greater are recorded on Exhibit 1 under the title Cash and cash equivalents and treated as cash equivalents. No investments existed as of June 30, 2016.

Interfund Receivables and Payables

Activity between the funds is representative of lending/borrowing arrangements outstanding at the end of the fiscal year and are referred to as either "due to/from other funds" (i.e. current portion of inter-fund loans) or "advances to/from other funds" (i.e. the non-current portion of inter-fund loans). 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."

Fair Value Measurement

The Town categorized the fair value measurement of its investments based on the hierarchy establish by generally accepts accounting principles. Investments are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that Governmental Accounting Standards (GASB) Statements require or permit in the statement of net position at the end of each reporting period. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Town does not have any investments at June 30, 2016 that are measured using Level 1, 2, or 3 inputs.

Capital Assets

All capital assets are valued at cost or estimated cost if actual cost is not available. Donated assets are valued at their estimated fair value on the date donated. Repairs and maintenance are recorded as expenditures; renewals and betterments are capitalized. Depreciation for fixed assets has been provided over the following estimated useful lives using the Straight-Line Method:

	<u>All Funds</u>
Water/Sewer System	40
Buildings	30-40
Improvements other than buildings	30-40
Equipment	3-10

Cash Equivalents

For purposes of the statement of cash flows, the Water and Sewer Fund considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 of such absences 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 Obligations

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

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

Fund Balances

Beginning with the fiscal year ended June 30, 2011, the Town implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Non-spendable: This classification 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 as being Non-spendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted: This classification 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: This classification 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: This classification 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 manager through the budgetary process.
- Unassigned: This classification 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.

June 30, 2016

1. *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*

Fund Balances (Continued)

Minimum Unassigned Fund Balance Policy

The Town does not maintain an unassigned fund balance policy.

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.

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- consist of historical cost of capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, constructions or improvement of those assets.
- Restricted-consist 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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources relating to pensions and pension expense, information about the fiduciary net position of the Town of St. Paul 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 Virginia Retirement System (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.

Deferred Outflows/Inflows of Resources

The Town reports deferred outflows of resources and deferred inflows of resources on its statement of net position. 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 contributions made after the net pension liability measurement date of June 30, 2015 and prior to the reporting date of June 30, 2016, have been reported as deferred outflows of resources in the Statement of Net Position as of June 30, 2016. This will be applied to the net pension liability in the next fiscal year.

Differences between the projected and actual pension earnings as of the actuarial measurement date of June 30, 2015 have been reported as a deferred inflow of resources. This difference will be recognized in pension 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 year complete. These amounts are deferred and recognized as an inflow of resources in the period they become available.

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2016

2. **ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS**

The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$17,508 at June 30, 2016, and is composed of the following:

General Fund:	
Allowance for uncollectible property taxes	<u>\$ 1,655</u>
Total General Fund	<u>\$ 1,655</u>
Water and Sewer Fund:	
Allowance for uncollectible water and sewer fee billings	<u>\$ 15,853</u>
Total Water and Sewer Fund	<u>\$ 15,853</u>

3. **DEPOSITS AND INVESTMENTS**

Deposits

All cash of the Town and its component units 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*, or covered by federal depository insurance.

Investments

Investment Policy:

In accordance with the Code of Virginia and other applicable laws, including regulations, the Town permits investments in U. S. Treasury Securities, U. S. Agency Securities, prime quality commercial paper, non-negotiable certificates of deposit and time deposits of Virginia banks, negotiable certificates of deposit of domestic banks, banker's acceptances with domestic banks, Commonwealth of Virginia and Virginia Local Government Obligations, repurchase agreements collateralized by the U. S. Treasury/Agency Securities, the Virginia State Non-Arbitrage Program or other authorized Arbitrage Investment Management programs, and the State Treasurer's Local Government Pool (the Virginia LGIP, a 2a-7 like pool).

Concentration of Credit Risk:

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

Miner's Exchange	9%
First Bank & Trust	16%
Carter Bank	73%

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2016

3. **DEPOSITS AND INVESTMENTS (Continued)**

Custodial Credit Risk:

As required by the *Code of Virginia*, all security holdings with maturities over 30 days may not be held in safekeeping with the "counterparty" to the investment transaction. As of June 30, 2016, all of the Town's investments are held in a bank's trust department in the Town's name.

The above items are reflected in the financial statements as follows:

Deposits and investments:

Cash on hand	\$ 499
Deposits	737,859
Investments	<u>4,533,104</u>
	<u>\$ 5,271,462</u>

Statement of net position:

Cash and cash equivalents	\$5,060,339
Investments	-
Restricted cash and cash equivalents	<u>211,123</u>
	<u>\$5,271,462</u>

Restricted cash and cash equivalents consist primarily of certificates of deposit.

4. **PROPERTY TAXES RECEIVABLE**

Property is assessed at its value on January 1st. Property taxes attach as an enforceable lien on property as of January 1st. Taxes are payable on December 5th. The Town of Saint Paul bills and collects its own property taxes.

5. **DUE FROM OTHER GOVERNMENTAL UNITS**

Federal Government:

Appalachian Regional Commission	<u>\$ 75,229</u>	
Total Federal Government		\$ 75,229

Commonwealth of Virginia:

Local sales tax	<u>\$ 11,136</u>	
Total Commonwealth of Virginia		11,136

Wise and Russell Counties:

Coal haul road taxes	\$ 4,348	
Court fines/transfer fees	<u>1,847</u>	
Total Wise County		<u>6,195</u>
Total Due From Other Governmental Units		<u>\$ 92,560</u>

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2016

6. INTERFUND OBLIGATIONS

	<u>Due From</u>	<u>Due To</u>
General Fund:		
Water/Sewer Fund	\$ 2,278	-
Veteran's Memorial Fund	2,000	-
Water/Sewer Fund:		
General Fund	-	2,278
Veteran's Memorial Fund:		
General Fund	-	2,000
Totals	<u>\$ 4,278</u>	<u>\$ 4,278</u>

7. CAPITAL ASSETS

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

Governmental activities:	
General government	\$ 21,762
Public safety	31,418
Public works	42,830
Parks, recreation and cultural	78,046
Community Development	23,520
Special Revenue Fund	<u>3,250</u>
Total depreciation expense -- governmental activities	<u>\$ 200,826</u>
Business-type activities:	
Water and sewer	<u>\$ 421,698</u>
Total depreciation expense -- business-type activity	<u>\$ 421,698</u>

8. CHANGES IN CAPITAL ASSETS

The following is a summary of changes in depreciable capital assets:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, depreciable				
Buildings and improvements	\$2,154,953	\$ 22,247	\$ (342,069)	\$1,835,131
Equipment	1,096,743	239,294	-	1,336,037
Special Revenue Fund	<u>30,055</u>	<u>-</u>	<u>-</u>	<u>30,055</u>
Total Capital Assets, depreciable	<u>3,281,751</u>	<u>261,541</u>	<u>(342,069)</u>	<u>3,201,223</u>
Less accumulated depreciation for				
Buildings and improvements	\$ 822,079	\$ 86,554	\$ (32,991)	\$ 875,642
Equipment	734,185	111,022	-	845,207
Special Revenue Fund	<u>13,399</u>	<u>3,250</u>	<u>-</u>	<u>16,649</u>
Total accumulated depreciation	<u>1,569,663</u>	<u>200,826</u>	<u>(32,991)</u>	<u>1,737,498</u>
Total Capital Assets, depreciable, net	<u>\$1,712,088</u>	<u>\$ 60,715</u>	<u>\$ (309,078)</u>	<u>\$1,463,725</u>

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2016

8. **CHANGES IN CAPITAL ASSETS (Continued)**

Business Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, depreciable				
Buildings	\$ 868,724	\$ -	\$ -	\$ 868,724
Improvements	9,199,766	7,883,675	-	17,083,441
Equipment	<u>1,022,259</u>	<u>40,871</u>	-	<u>1,063,130</u>
Total Capital Assets, depreciable	<u>11,090,749</u>	<u>7,924,546</u>	-	<u>19,015,295</u>
Less accumulated depreciation for				
Buildings	\$ 852,703	\$ 405	\$ -	\$ 853,108
Improvements	2,391,379	366,441	-	2,757,820
Equipment	<u>591,763</u>	<u>54,852</u>	-	<u>646,615</u>
Total accumulated depreciation	<u>3,835,845</u>	<u>421,698</u>	-	<u>4,257,543</u>
Total Capital Assets, depreciable, net	<u>\$ 7,254,904</u>	<u>\$ 7,502,848</u>	<u>\$ -</u>	<u>\$14,757,752</u>

The following is a summary of changes in non-depreciable capital assets:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, non-depreciable				
Land	\$ 158,300	\$ 237,678	\$ -	\$ 395,978
Construction in progress	<u>34,684</u>	<u>7,290</u>	-	<u>41,974</u>
Total Capital Assets, Non-depreciable	<u>\$ 192,984</u>	<u>\$ 244,968</u>	<u>\$ -</u>	<u>\$ 437,952</u>

Business Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, non-depreciable				
Land	\$ 92,500	\$ -	\$ -	\$ 92,500
Constructions in progress	<u>7,071,635</u>	<u>5,100</u>	<u>(6,762,244)</u>	<u>314,491</u>
Total Capital Assets, Non-depreciable	<u>\$7,164,135</u>	<u>\$ 5,100</u>	<u>\$ (6,762,244)</u>	<u>\$ 406,991</u>

9. **CLAIMS, JUDGEMENTS, AND COMPENSATED ABSENCES**
PRIMARY GOVERNMENT

Town employees earn general leave at the rate of 1 ¼ days to 2 ¼ day per month depending on length of service. The maximum leave carryover can be no more than 120 days. The Town has outstanding accrued vacation pay totaling \$50,289 in the General Fund and \$29,329 in the Water and Sewer Fund.

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2016

10. FUND BALANCES—GOVERNMENTAL FUNDS

As of June 30, 2016, fund balances are composed of the following:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Non-spendable:			
Due from other funds	\$ 4,278	\$ —	\$ 4,278
Restricted:			
Parks & Recreation	60,125	—	60,125
Committed:			
Lake Estonsa	15,083	—	15,083
General Administrative	—	—	—
Community Development	—	686	686
Assigned:	—	—	—
Unassigned	3,825,640	—	3,825,640
Total fund balances	\$ 3,905,126	\$ 686	\$ 3,905,812

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Town Council or the finance committee has provided otherwise in its commitment or assignment actions.

11. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town currently has no item that meets this criterion.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then.

The Town has deferred inflows fund comprised of the following:

Deferred Property Tax Revenue:

Deferred inflows representing uncollected tax billings not available for funding of current expenditures totaled \$14,765 at June 30, 2016.

Deferred Dominion Diffuser Agreement

Deferred inflows comprised of an advance receipt in 2013 from Dominion Resources toward future use of a Diffuser. The prepayment is being amortized over a 51-year period (the length of the service period) at a rate of \$32,692 per year. The total remaining unamortized at June 30, 2016 was \$1,569,231.

Pension-Related Deferred Inflows/Outflows:

As of June 30, 2016, the Town reported deferred outflows of resources comprised of employer pension-related contributions made subsequent to the measurement date of June 30, 2015 in the amount of \$133,847. Pension-related deferred inflows of resources resulting from net differences between projected and actual earnings on plan investments amounted to \$48,413.

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2016

12. LONG-TERM DEBT

The annual requirements to amortize all debt outstanding as of June 30, 2016, are as follows:

BUSINESS TYPE ACTIVITIES

Year Ending June 30,	Water & Sewer Bond		Water & Sewer Bond		Water & Sewer Bond		Water & Sewer Loan	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 12,309	\$ -	\$ 1,827	\$ -	\$ 152,487	\$ 77,926	6,501	\$ -
2018	12,309	-	1,827	-	157,361	73,053	6,501	-
2019	12,309	-	1,827	-	162,390	68,024	6,501	-
2020	12,309	-	1,827	-	167,579	62,834	6,501	-
2021	12,309	-	1,827	-	172,935	57,478	6,501	-
2022-2026	61,545	-	9,135	-	951,196	200,872	33,256	-
2027-2031	61,545	-	9,135	-	779,354	45,763	33,256	-
2032-2036	18,465	-	3,651	-	-	-	33,256	-
2037-2041	-	-	-	-	-	-	30,682	-
2042-2046	-	-	-	-	-	-	-	-
2047-2051	-	-	-	-	-	-	-	-
2052-2056	-	-	-	-	-	-	-	-
Total	\$ 203,100	\$ -	\$ 31,056	\$ -	\$ 2,543,302	\$ 585,950	\$ 162,955	\$ -

Year Ending June 30,	Water & Sewer Loan		Sewer Bond		Sewer Bond		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 56,780	\$ 36,527	\$ 3,137	\$ 6,400	\$ 28,986	\$ 44,862	\$ 262,027	\$ 165,715
2018	55,971	42,121	4,698	5,706	29,719	44,129	268,386	165,009
2019	58,688	58,688	4,799	5,605	30,471	43,377	276,985	175,694
2020	61,537	61,537	4,902	5,502	31,242	42,606	285,897	172,479
2021	64,525	64,525	5,007	5,397	32,032	41,816	295,136	169,216
2022-2026	355,058	135,400	26,694	25,326	172,726	196,514	1,609,610	558,112
2027-2031	315,715	35,090	29,683	22,337	195,699	173,541	1,424,387	276,731
2032-2036	-	-	33,008	19,012	221,727	147,513	310,107	166,525
2037-2041	-	-	36,704	15,316	251,217	128,023	318,603	143,339
2042-2046	-	-	40,815	11,205	284,629	84,611	325,444	95,816
2047-2051	-	-	45,386	6,634	322,485	46,755	367,871	53,389
2052-2056	-	-	38,582	1,674	206,752	7,816	245,334	9,490
Total	\$ 968,274	\$ 433,888	\$ 273,415	\$ 130,114	\$ 1,807,685	\$ 1,001,563	\$ 5,989,787	\$ 2,151,515

Changes in Long-Term Debt and Obligations:

The following is a summary of long-term debt and obligations transactions of the Town of Saint Paul for the year ended June 30, 2016:

	Balance 7/1/2015	Additions/ Proceeds	Payments/ Reductions	Balance 6/30/2016
Business-Type Activities:				
Revenue bonds	\$ 4,918,755	\$ 275,000	\$ (172,242)	\$ 5,021,513
Notes payable	1,041,869	-	(73,595)	968,274
Net Pension Liability	115,483	37,276	-	152,759
OPEB	47,381	5,002	-	52,383
Accrued Compensated Absences	33,764	21,050	(25,485)	29,329
Total	\$ 6,157,252	\$ 338,328	\$ (271,322)	\$ 6,224,258
Governmental Activities:				
Capital lease	\$ 79,627	\$ 205,000	\$ (91,786)	\$ 192,841
Net Pension Liability	296,958	95,852	-	392,810
OPEB	87,856	9,286	-	97,142
Accrued Compensated Absences	51,050	46,821	(47,582)	50,289
Total	\$ 515,491	\$ 356,959	\$ (139,368)	\$ 733,082

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2016

12. **LONG-TERM DEBT (Continued)**

Details of Long-Term Indebtedness:

Enterprise Fund:

Water & Sewer

Bonds and Obligations:

\$3,300,000 Bond Payable to Miners Exchange Bank, issued on January 11, 2010, payable in monthly installments of \$20,909 at 4.5% interest. Final principal payment is due on January 15, 2030. \$ 2,543,302

\$200,000 Bond Payable to Virginia Resources Authority, issued on June 23, 2010, at 0% interest. At June 30, 2011 the total disbursement of loan proceeds totaled \$199,537. 162,955

\$373,157 Bond payable to Virginia Department of Health and Community Development, issued December 11, 2001, due in semi-annual installments of \$6,155 at 0% interest rate. Final payment of principal is due October 1, 2032. 203,100

\$54,845 Bond payable to Virginia Department of Health and Community Development, issued August 9, 2002, due in semi-annual installments of \$920 at 0% interest rate. Final payment of principal is due May 1, 2033. 31,056

\$275,000 Bond payable to Rural Development, issued August 19, 2015. Payable in monthly installments of \$867 at interest rate of 2.125% Final payment of principal is due August 2055. 273,415

\$1,200,000 Bond payable to First Bank & Trust, issued January 20, 2012 Payable in monthly installments of \$7,491 at interest varying from 3.45% to 5.85%. Final payment of principal is due January 19, 2030. 968,274

\$1,810,000 Bond payable to Rural Development, issued May 23, 2014. Payable in monthly installments of \$6,154 at interest rate of 2.5% Final payment of principal is due May 2054. 1,807,685

TOTAL ENTERPRISE FUNDS LONG-TERM DEBT \$ 5,989,787

13. **LEASE OBLIGATIONS**

The Town of St. Paul has three lease obligations outstanding at June 30, 2016.

The Town entered into a lease with Branch Bank & Trust, in the amount of \$102,000, for three police vehicles. The lease was entered into on September 18, 2014 and extends to January 15, 2017. The lease calls for annual principal and interest payments of \$34,734 at a 1.63% interest rate with the first payment beginning on January 15, 2015.

A summary of the present value of future minimum lease payments, net of interest, is as follows:

June 30, 2017	<u>34,177</u>
Total	<u>\$ 34,177</u>

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2016

13. LEASE OBLIGATIONS (Continued)

The Town entered into an equipment maintenance lease with CAT Financial, in the amount of \$11,821. The lease was entered into on June 18, 2015 and extends to January 5, 2017. The lease calls for monthly payments of \$656.70 at a 0% interest rate for eighteen months.

A summary of the present value of future minimum lease payments, net of interest, is as follows:

June 30, 2017	3,940
Total	<u>\$ 3,940</u>

The Town entered into a lease with Branch Bank & Trust, in the amount of \$205,000, for a dump truck and a backhoe. The lease was entered into on July 21, 2015 and extends to July 21, 2018. The lease calls for annual principal and interest payments of \$70,236 at a 1.7% interest rate with the first payment beginning on October 21, 2015.

A summary of the present value of future minimum lease payments, net of interest, is as follows:

June 30, 2017	\$ 68,038
June 30, 2018	69,202
June 30, 2019	<u>17,484</u>
Total	<u>\$154,724</u>

14. COMMITMENTS AND CONTINGENCIES

Litigation

In regard to litigation involving the Town of Saint Paul, Virginia, we are not aware of any material contingent liabilities that could affect the financial statements.

15. PENSION PLAN-AGENT MULTIPLE EMPLOYER

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 are pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria a defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and, Hybrid. 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 set out in the table below:

June 30, 2016

15. PENSION PLAN-AGENT MULTIPLE EMPLOYER (Continued)

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (See "Eligible Members")</p> <ul style="list-style-type: none"> • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014 <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

15. PENSION PLAN-AGENT MULTIPLE EMPLOYER (Continued)

<p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>benefits for hazardous duty employees</p> <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>
<p>Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Creditable Service Same as Plan 1.</p>	<p>Creditable Service <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>

June 30, 2016

15. PENSION PLAN-AGENT MULTIPLE EMPLOYER (Continued)

		<p><u>Defined Contributions Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

June 30, 2016

15. *PENSION PLAN-AGENT MULTIPLE EMPLOYER (Continued)*

		Distribution is not required by law until age 70½.
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	Calculating the Benefit See definition under Plan 1.	Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1 <u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.	Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.	Service Retirement Multiplier <u>Defined Benefit Component:</u> VRS: The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.
Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85% Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.	Sheriffs and regional jail superintendents: Same as Plan 1. Political subdivision hazardous duty employees: Same as Plan 1.	Sheriffs and regional jail superintendents: Not applicable. Political subdivision hazardous duty employees: Not applicable. <u>Defined Contribution Component:</u> Not applicable.
Normal Retirement Age VRS: Age 65.	Normal Retirement Age VRS: Normal Social Security retirement age.	Normal Retirement Age <u>Defined Benefit Component:</u> VRS: Same as Plan 2.

TOWN OF SAINT PAUL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

15. PENSION PLAN-AGENT MULTIPLE EMPLOYER (Continued)

Political subdivisions hazardous duty employees: Age 60.	Political subdivisions hazardous duty employees: Same as Plan 1.	Political subdivisions hazardous duty employees: Not applicable. <u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service. Political subdivisions hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.	Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90. Political subdivisions hazardous duty employees: Same as Plan 1.	Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. Political subdivisions hazardous duty employees: Not applicable. <u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service. Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.	Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service. Political subdivisions hazardous duty employees: Same as Plan 1.	Earliest Reduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Age Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service. Political subdivision hazardous duty employees: Not applicable. <u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. <u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced	Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%. <u>Eligibility:</u> Same as Plan 1	Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as Plan 2. <u>Defined Contribution Component:</u> Not applicable. <u>Eligibility:</u> Same as Plan 1 and Plan 2.

TOWN OF SAINT PAUL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

15. PENSION PLAN-AGENT MULTIPLE EMPLOYER (Continued)

<p>benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p>Exceptions to COLA Effective Dates: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<p>Exceptions to COLA Effective Dates: Same as Plan 1</p>	<p>Exceptions to COLA Effective Dates: Same as Plan 1 and Plan 2.</p>
<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable</p>

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

15. PENSION PLAN-AGENT MULTIPLE EMPLOYER (Continued)

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	Purchase of Prior Service Same as Plan 1.	Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions: <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one year period, the rate for most categories of service will change to actuarial cost. <u>Defined Contribution Component:</u> Not applicable.

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TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2016

15. **PENSION PLAN-AGENT MULTIPLE EMPLOYER (Continued)**

Employees Covered by Benefit Terms

As of the June 30, 2014 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>9</u>
Inactive members:	
Vested inactive members	2
Non-vested Inactive members	5
Inactive members active elsewhere in VRS	<u>13</u>
Total inactive members	20
Active members	<u>19</u>
Total covered employees	<u><u>48</u></u>

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The Town's contractually required contribution rate for the year ended June 30, 2016 was 9.12% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

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 \$ 65,638 and \$ 66,232 for the years ended June 30, 2016 and June 30, 2015, respectively.

Net Pension Liability

The Town's net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2016

15. *PENSION PLAN-AGENT MULTIPLE EMPLOYER (Continued)*

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Town's retirement plan was based on an actuarial valuation as of June 30, 2014, 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, 2015.

Inflation	2.5 percent
Salary increases, including inflation	3.5 percent – 5.35 percent
Investment rate of return	7.0 percent, net of pension plan investment expense, 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of pension liabilities.

Mortality rates: 14% of deaths are assumed to be service related

Largest 10 – Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back 2 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) – Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back 2 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2016

15. *PENSION PLAN-AGENT MULTIPLE EMPLOYER (Continued)*

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Actuarial Assumptions – Public Safety Employees

The total pension liability for Public Safety employees in the Town's retirement plan was based on an actuarial valuation as of June 30, 2014, 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, 2015.

Inflation	2.5 percent
Salary increases, including inflation	3.5 percent – 4.75 percent
Investment rate of return	7.0 percent, net of pension plan investment expense, 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of pension liabilities.

Mortality rates: 60% of deaths are assumed to be service related

Largest 10 – LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

All Others (Non 10 Largest) – LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years.

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2016

15. *PENSION PLAN-AGENT MULTIPLE EMPLOYER (Continued)*

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

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TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2016

15. **PENSION PLAN-AGENT MULTIPLE EMPLOYER (Continued)**

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
	<u>100.00%</u>		<u>5.83%</u>
	Inflation		<u>2.50%</u>
	* Expected arithmetic nominal return		<u>8.33%</u>

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons, the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the Town's retirement plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2016

15. *PENSION PLAN-AGENT MULTIPLE EMPLOYER (Continued)*

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Liability (b)
Balance at June 30, 2014	\$ 2,260,379	\$ 1,847,938	\$ 412,441
Changes for the year:			
Service Cost	65,738	-	65,738
Interest	156,525	-	156,525
Differences between expected and actual experience	98,257	-	98,257
Contributions - employer	-	66,048	(66,048)
Contributions - employee	-	36,118	(36,118)
Net investment income	-	86,356	(86,356)
Benefit payments, including refunds of employee contributions	(48,629)	(48,629)	-
Administrative expenses	-	(1,111)	1,111
Other changes	-	(19)	19
Net changes	271,891	138,763	133,128
Balance at June 30, 2015	\$ 2,532,270	\$ 1,986,701	\$ 545,569

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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Rate Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$ 894,843	\$ 545,569	\$ 225,323

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2016

15. *PENSION PLAN-AGENT MULTIPLE EMPLOYER (Continued)*

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the Town recognized pension expense of \$50,231. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 68,209	\$ -
Change in assumptions	<u>-</u>	<u>-</u>
Net difference between projected and actual earnings on pension plan investments	-	48,413
Employer contributions subsequent to the measurement date	65,638	-
Total	<u>\$ 133,847</u>	<u>\$ 48,413</u>

\$65,638 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 ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30

2016	\$ 10,922
2017	10,922
2018	(11,014)
2019	8,966
Thereafter	<u>-</u>
	<u>\$ 19,796</u>

Payables to the Pension Plan

At June 30, 2016, the Town reported a payable of \$8,580 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2016

16. **OTHER POST-EMPLOYMENT BENEFITS**

The Governmental Accounting Standards Board (GASB) has issued its Statement No. 45, *Accounting and Financial Reporting by Employers for Postretirement Benefit Plans Other Than Pensions*. The Statement establishes standards for the measurement, recognition, and display of other post-employment benefits (OPEB) expense and related liabilities in the financial statements. The cost of post-employment healthcare benefits should be associated with the period in which the cost occurs, rather than in the future years when it will be paid. The Town of St. Paul adopted the requirements of GASB Statement No. 45 during the year ended June 30, 2010. Recognition of the liability accumulated from prior years will be phased in over 30 years commencing with the 2010 liability.

The Town meets the requirements to use the alternative measurement method and elects to use the alternative measurement method.

Annual Other Post-Employment Benefit Cost and Net OPEB Obligation

For the fiscal year ended June 30, 2016, the Town's annual OPEB costs of \$9,279 for governmental activities and \$5,009 for business-type activities, respectively, were equal to the Annual Required Contribution (ARC).

	Governmental Activities	Business-type Activities	Total
Annual required contribution	\$ 18,522	\$ 9,973	\$28,495
Interest on net OPEB obligation	1,758	947	2,705
Adjustment to annual required contribution	(4,731)	(2,547)	(7,278)
Annual OPEB cost	\$ 15,549	\$ 8,373	\$23,922
Contributions made (Age Adjusted)	(6,262)	(3,372)	(9,634)
Increase in net OPEB obligation	9,287	5,001	14,288
Net OPEB obligation-beginning of year	87,855	47,382	135,237
Net OPEB obligation-end of year	\$ 97,142	\$ 52,383	\$ 149,525

The Town's annual OPEB cost for governmental activities, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are as follows. The Town's first year of implementing GASB No. 45 was June 30, 2010.

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2016	\$ 15,549	0%	\$ 97,142
June 30, 2015	\$ 17,544	0%	\$ 87,856
June 30, 2014	\$ 17,544	0%	\$ 70,311
June 30, 2013	\$ 17,544	0%	\$ 52,767
June 30, 2012	\$ 11,741	0%	\$ 35,223

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2016

16. OTHER POST-EMPLOYMENT BENEFITS (Continued)

The Town's annual OPEB cost for governmental activities, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are as follows. The Town's first year of implementing GASB No. 45 was June 30, 2010.

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2016	\$ 8,373	0%	\$ 52,383
June 30, 2015	\$ 9,512	0%	\$ 47,381
June 30, 2014	\$ 9,512	0%	\$ 37,870
June 30, 2013	\$ 9,512	0%	\$ 28,358
June 30, 2012	\$ 6,282	0%	\$ 18,846

Funding Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress for the Town of St. Paul, Virginia

Activity Type	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Governmental	\$ -0-	\$ 117,166	\$ 117,166	0.00%	\$ 472,336	24.81%
Business-type	\$ -0-	\$ 63,089	\$ 63,089	0.00%	\$ 254,335	24.81%

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

June 30, 2016

16. ***OTHER POST-EMPLOYMENT BENEFITS (Continued)***

The entry age normal cost method was used to determine liabilities under the alternative measurement method. Under this method, future benefits are projected and the present value of such benefits is allocated from date of hire to date of eligibility. Active employees are assumed to retire at age 61 which is the historical average age of retirement for employees of the Town. Active employees age 61 or older who have qualified postemployment benefits under the plan are assumed to retire in the first projected year. A healthcare plan that includes both retirees and active employees contains a blended rate. The rate used in the calculation is the age-adjusted premium less the contribution from the retiree or blended premium. The actuarial assumptions for the Town included: inflation at 3.0 and an investment rate of return of 3.0%. The expected rate of increase in healthcare insurance premiums is based on the Getzen model promulgated by Society of Actuaries. Using the level percent of payroll method, the payroll growth rate has been set to the inflation rate. Life expectancies at the calculation date are based on the most recent mortality tables published by the National Center for Health Statistics. The 2004 United States Life Tables for Males and the United States Life Tables for Females were used. Life expectancies that include partial years were rounded to the nearest whole year. The calculation of postemployment health insurance coverage for each year is based on the assumption that all participants will live until their expected age as displayed in the mortality tables. The probability that an employee will remain employed until the assumed retirement age was determined using non-group specific age-based turnover data provided in Table 1 in paragraph 35b of GASB Statement 45. The unfunded accrued liability is being amortized over 20 years. The remaining amortization period at June 30, 2016 is 13 years.

Plan Description

The Town provides post-employment medical coverage for retired employees through a single-employer defined benefit plan. The Town may change, add or delete coverage as they deem appropriate and with the approval of the Town Council. The plan does not grant retirees vested health benefits.

A retiree, eligible for post-retirement medical coverage, is defined as a full-time employee who retires directly from the Town and is eligible to receive an early or regular retirement benefit from the VRS. Employees applying for early or regular retirement are eligible to continue participation in the Retiree Health Plans sponsored by the Town. The Town pays 100% of the premium based on the following parameters:

- 1) Employees with 20 or more years of continuous service at retirement receive medical and dental insurance coverage for a maximum of three years.
- 2) There is no coverage for dependents.

Funding Policy

The Town currently funds post-employment health care benefits on a pay-as-you-go basis. During fiscal year 2016, the Town had not designated any funding for the OPEB liability.

17. ***SURETY BONDS***

The Town of Saint Paul has a blanket bond with Virginia Municipal Liability Pool covering general liability, public officials, and law enforcement with a \$1,000,000 occurrence limit. The Town has an additional \$100,000 crime and bond coverage for the Town's treasurer functions.

18. ***SUBSEQUENT EVENTS***

On August 5, 2016, the Town of St. Paul sold the Dye Property acquired at a cost of \$237,678 in December 2015 to the Willis Properties, LLC for furtherance of that community development endeavor.

June 30, 2016

19. **NEW ACCOUNTING PRONOUNCEMENTS**

The following Governmental Accounting Standards Board (GASB) Statements have been implemented in the current financial statements:

The Town implemented the provisions of GASB No. 72, *Fair Value Measurement and Application*. The statement generally requires investments to be measured at fair value. The Statement requires the Town to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or an income approach. The Statement establishes a hierarchy of inputs used to measure *fair value*. There was no material impact on the Town's financial statement as a result of the implementation of Statement No. 72. All required disclosures are located in Note 1, as applicable.

The Town implemented the provisions of GASB No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*. The object of this Statement is to identify the hierarchy of generally accepted accounting principles. It reduces the hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of Authoritative GAAP.

20. **FUTURE ACCOUNTING PRONOUNCEMENTS**

In June 2016, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the scope of GASB Statement No. 68, and amendments to certain provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The Town has not completed the evaluation of the impact that the implementation of this Statement will have on the financial statements. The Town will adopt this Statement for fiscal year ending June 30, 2017.

In June 2016, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The Town has not completed the evaluation of the impact that the implementation of this Statement will have on the financial statements. The Town will adopt this Statement for fiscal year ending June 30, 2017.

In June 2016, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pension*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The Town has not completed the evaluation of the impact that the implementation of this Statement will have on the financial statements. The Town will adopt this Statement for fiscal year ending June 30, 2018.

GASB Statement No. 77, *Tax Abatement Disclosures*, requires governments to disclose information about the nature and magnitude of tax abatements granted to a specific taxpayer, typically for the purpose of economic development. This does not cover programs that reduce the tax liabilities of broad classes of taxpayers, such as senior citizens or veterans, and which are not the product of individual agreements with each taxpayer. The Statement will be effective for the year ending June 30, 2017.

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2016

20. *FUTURE ACCOUNTING PRONOUNCEMENTS (continued)*

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. This statement will be effective for the year ending June 30, 2017.

GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14* clarifies the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations are Component Units*. This Statement will be effective for the year ending June 30, 2017.

GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73* addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement will be effective for the year ending June 30, 2017, except for certain provisions regarding assumptions for plans with a measurement date that differs from the employer's reporting date – those provisions are effective for the year ending June 30, 2018.

TOWN OF SAINT PAUL, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2016

EXHIBIT 13

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
General property taxes	\$ 2,188,582	\$ 2,538,582	\$ 2,547,884	\$ 9,302
Other local taxes	531,750	525,750	543,855	18,105
Permits, privilege fees and regulatory licenses	2,000	2,000	3,445	1,445
Fines and forfeitures	19,800	19,800	11,419	(8,381)
Revenue from use of money and property	10,718	10,718	35,764	25,046
Charges for services	18,500	18,500	32,796	14,296
Miscellaneous	9,450	9,450	15,322	5,872
Recovered costs	-	-	-	-
Intergovernmental	410,450	411,550	134,634	(276,916)
Total Revenues	<u>3,191,250</u>	<u>3,536,350</u>	<u>3,325,119</u>	<u>(211,231)</u>
EXPENDITURES:				
General government administration	761,930	1,076,630	1,027,842	48,788
Public safety	459,049	463,349	509,114	(45,765)
Public works	490,294	498,294	642,305	(144,011)
Parks, recreation and cultural	119,727	122,827	110,512	12,315
Community development	421,550	431,550	145,192	286,358
Non-departmental	870,000	813,700	-	813,700
Debt Service	34,700	34,700	95,311	(60,611)
Total Expenditures	<u>3,157,250</u>	<u>3,441,050</u>	<u>2,530,276</u>	<u>910,774</u>
OTHER FINANCING SOURCES (USES):				
Sale of property	1,000	1,000	2,200	1,200
Insurance recoveries	-	3,700	3,571	(129)
Loan proceeds	-	-	205,000	205,000
Transfers in (out)	(35,000)	(100,000)	(100,000)	-
Prior Year Suplus	-	-	-	-
Total Other Financing Sources (Uses)	<u>(34,000)</u>	<u>(95,300)</u>	<u>110,771</u>	<u>206,071</u>
SPECIAL ITEM				
Proceeds from sale of Willis Property	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 905,615</u>	<u>\$ 905,615</u>

TOWN OF SAINT PAUL, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS- PENSION AND OTHER POST-EMPLOYMENT BENEFITS
June 30, 2016

PENSION						
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as of Percentage of Covered Payroll
June 30, 2015	1,926,639	2,539,223	612,584	75.88%	732,836	83.59%
June 30, 2014	1,699,485	2,352,208	652,723	72.25%	674,349	96.79%
June 30, 2013	1,489,664	2,112,269	622,605	70.52%	665,132	93.61%
June 30, 2012	1,373,337	1,989,805	616,468	69.02%	613,047	100.56%
June 30, 2011	1,312,928	1,851,205	538,277	70.92%	560,247	96.08%
June 30, 2010	1,228,031	1,701,086	473,055	72.19%	537,367	88.03%
June 30, 2009	1,162,099	1,470,251	308,152	79.04%	481,860	63.95%
June 30, 2008	1,086,624	1,241,511	154,887	87.52%	439,980	35.20%
June 30, 2007	932,173	1,231,885	299,712	75.67%	417,600	71.77%

OTHER POST-EMPLOYMENT BENEFITS						
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as of Percentage of Covered Payroll
June 30, 2014	-	180,255	180,255	0.00%	726,671	24.81%
June 30, 2011	-	151,050	151,050	0.00%	643,663	23.47%

TOWN OF SAINT PAUL, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
JUNE 30, 2016

	2015	2014
Total pension liability		
Service cost	\$ 65,738	\$ 63,895
Interest	156,525	145,707
Changes of benefit terms	-	-
Differences between expected and actual experience	98,257	-
Changes in assumptions	-	-
Benefit payments, including refunds of employee contributions	(48,629)	(61,492)
Net change in total pension liability	271,891	148,110
Total pension liability - beginning	2,260,379	2,112,269
Total pension liability - ending	\$ 2,532,270	\$ 2,260,379
 Plan fiduciary net position		
Contributions - employer	\$ 66,048	\$ 58,312
Contributions - employee	36,118	34,450
Net investment income	86,356	251,190
Benefit payments, including refunds of employee contributions	(48,629)	(61,492)
Administrative expense	(1,111)	(1,314)
Other	(19)	13
Net change in total pension liability	138,763	281,159
Total pension liability - beginning	1,847,938	1,566,779
Total pension liability - ending	\$ 1,986,701	\$ 1,847,938
 Political subdivision's net pension liability - ending	\$ 545,569	\$ 412,441
 Plan fiduciary net position as a percentage of the total pension liability	78.46%	81.75%
 Covered - employee payroll	\$ 732,836	\$ 674,349
 Political subdivision's net pension liability as a percentage of covered-employee payroll	74.45%	61.16%

TOWN OF SAINT PAUL, VIRGINIA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
 JUNE 30, 2016

Date	Contributions			Contributions		
	Contractually Required Contribution	Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	as a % of Covered Employee Payroll	
2016	\$ 65,638	\$ 65,638	\$ -	\$ 722,845	9.08%	
2015	\$ 66,232	\$ 66,232	\$ -	\$ 732,836	9.04%	
2014	\$ 57,861	\$ 57,861	\$ -	\$ 674,349	8.58%	
2013	\$ 81,385	\$ 81,385	\$ -	\$ 665,132	12.24%	
2012	\$ 77,031	\$ 77,031	\$ -	\$ 613,047	12.57%	
2011	\$ 75,316	\$ 75,316	\$ -	\$ 560,247	13.44%	
2010	\$ 71,351	\$ 71,351	\$ -	\$ 537,367	13.28%	
2009	\$ 62,203	\$ 62,203	\$ -	\$ 481,860	12.91%	
2008	\$ 70,444	\$ 70,444	\$ -	\$ 439,980	16.01%	
2007	\$ 65,180	\$ 65,180	\$ -	\$ 417,600	15.61%	

TOWN OF SAINT PAUL, VIRGINIA
Notes to Required Supplemental Information
For the Year Ended June 30, 2016

Change of benefit terms - There have been no significant changes to the Systems benefits provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

Largest 10 - Non-LEOS

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increases by .25% per year

Largest 10 - LEOS

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - Non-LEOS

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increases by .25% per year

All Others (Non 10 Largest) - LEOS

- Update mortality table
- Adjustment to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

TOWN OF SAINT PAUL, VIRGINIA
GOVERNMENTAL FUND REVENUES
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2016

SCHEDULE 1

Page 1

	<u>Original Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>PRIMARY GOVERNMENT</u>				
GENERAL FUND:				
Revenue from Local Sources:				
General Property Taxes:				
Real property taxes	\$ 2,130,000	\$ 2,480,000	\$ 2,488,930	\$ 8,930
Real and personal public service corporation property taxes	-	-	-	-
Personal property taxes	57,882	57,882	57,226	(656)
Penalties and interest	700	700	1,728	1,028
Total General Property Taxes	<u>2,188,582</u>	<u>2,538,582</u>	<u>2,547,884</u>	<u>9,302</u>
Other Local Taxes:				
Local sales and use taxes	63,000	63,000	49,484	(13,516)
Cigarette taxes	20,000	20,000	22,423	2,423
Utility taxes	48,000	48,000	55,543	7,543
Business licenses taxes	122,200	122,200	125,263	3,063
Motor vehicle licenses	50	50	350	300
Bank stock taxes	27,000	27,000	35,773	8,773
Hotel and motel room taxes	1,500	1,500	1,923	423
Restaurant food taxes	205,000	220,000	230,181	10,181
Coal road improvement taxes	45,000	24,000	22,915	(1,085)
Total Other Local Taxes	<u>531,750</u>	<u>525,750</u>	<u>543,855</u>	<u>18,105</u>
Permits, Privilege Fees, And Regulatory Licenses	<u>2,000</u>	<u>2,000</u>	<u>3,445</u>	<u>1,445</u>
Fines and Forfeitures	<u>19,800</u>	<u>19,800</u>	<u>11,419</u>	<u>(8,381)</u>
Revenue From Use Of Money and Property:				
Revenue from use of money	5,900	5,900	27,488	21,588
Revenue from use of property	4,818	4,818	8,276	3,458
Total Revenue From Use of Money and Property	<u>10,718</u>	<u>10,718</u>	<u>35,764</u>	<u>25,046</u>
Charges For Services:				
Charges for sanitation and waste removal	200	200	50	(150)
Charges for parks and recreation	300	300	2,298	1,998
Swimming pool	18,000	18,000	30,448	12,448
Total Charges For Services	<u>18,500</u>	<u>18,500</u>	<u>32,796</u>	<u>14,296</u>
Miscellaneous Revenue	<u>9,450</u>	<u>9,450</u>	<u>15,322</u>	<u>5,872</u>
Recovered Costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue From Local Sources	<u>\$ 2,780,800</u>	<u>\$ 3,124,800</u>	<u>\$ 3,190,485</u>	<u>\$ 65,685</u>

TOWN OF SAINT PAUL, VIRGINIA
GOVERNMENTAL FUND REVENUES
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2016

SCHEDULE 1
Page 2

	<u>Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenue From The Commonwealth:				
Non-Categorical Aid:				
Mobile home titling taxes	\$ 150	\$ 150	\$ 175	\$ 25
Rolling stock taxes	6,000	6,000	6,164	164
Assistance to localities with police departments	24,000	24,000	23,024	(976)
Total Non-Categorical Aid	<u>30,150</u>	<u>30,150</u>	<u>29,363</u>	<u>(787)</u>
Other Categorical Aid:				
State Aid - Emergency Services	-	3,200	3,207	7
Litter control	1,000	1,000	1,071	71
Financial assistance to the arts	1,000	1,000	-	(1,000)
Community Revitalization	-	-	-	-
Farmers Market-EBT Grant	-	-	-	-
VDH-Healthy Bucks Grant	5,000	5,000	1,333	(3,667)
Fire programs fund	9,000	9,000	-	(9,000)
Total Other Categorical Aid	<u>16,000</u>	<u>19,200</u>	<u>5,611</u>	<u>(13,589)</u>
Total Revenue From The Commonwealth	<u>46,150</u>	<u>49,350</u>	<u>34,974</u>	<u>(14,376)</u>
Revenue From The Federal Government:				
Payment In Lieu of Taxes:				
Payment in lieu of property taxes	2,000	2,000	3,649	1,649
Total Payment in Lieu of Taxes	<u>2,000</u>	<u>2,000</u>	<u>3,649</u>	<u>1,649</u>
Categorical Aid:				
DMV Grants	4,000	4,000	6,353	2,353
ARC Grant Revenue	-	-	73,602	73,602
Library Grant	2,100	-	-	-
Department of Forestry Grant	-	-	3,450	3,450
TVA-Reimbursement	2,000	2,000	-	(2,000)
Transportation Enhancement Grant	350,000	350,000	5,928	(344,072)
LLEBG-Block Grant	4,200	4,200	6,678	2,478
Total Categorical Aid	<u>362,300</u>	<u>360,200</u>	<u>96,011</u>	<u>(264,189)</u>
Total Revenue From The Federal Government	<u>364,300</u>	<u>362,200</u>	<u>99,660</u>	<u>(262,540)</u>
Prior Years Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL FUND	<u>3,191,250</u>	<u>3,536,350</u>	<u>3,325,119</u>	<u>(211,231)</u>
SPECIAL REVENUE FUNDS:				
Veteran's Memorial Wall				
Revenue From Local Sources:				
Revenue from Use of Money and Property:	-	-	7	7
Transfers in (out)	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenue Veteran's Memorial Wall	<u>-</u>	<u>-</u>	<u>7</u>	<u>7</u>
Total Special Revenue Funds	<u>-</u>	<u>-</u>	<u>7</u>	<u>7</u>
GRAND TOTALS - REVENUES - GOVERNMENTAL FUNDS	<u>\$ 3,191,250</u>	<u>\$ 3,536,350</u>	<u>\$ 3,325,126</u>	<u>\$ (211,224)</u>

TOWN OF SAINT PAUL, VIRGINIA
GOVERNMENTAL FUND EXPENDITURES
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2016

SCHEDULE 2
Page 1

	<u>Original Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>PRIMARY GOVERNMENT</u>				
GENERAL FUND:				
General Government Administration:				
Legislative:				
Mayor	\$ 1,200	\$ 1,200	\$ 1,200	\$ -
Total Legislative	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>	<u>-</u>
General and Financial Administration:				
Salaries and Wages	144,028	144,028	132,888	11,140
Payroll taxes	10,357	10,357	10,401	(44)
Health insurance	37,464	37,464	37,865	(401)
Retirement	38,100	38,100	11,042	27,058
Insurance-Worker's Compensation	200	200	157	43
Other Employee Benefits	1,441	1,441	1,441	-
Legal fees	12,000	12,000	16,574	(4,574)
Accounting	15,800	15,800	9,025	6,775
Audit expense	12,500	12,500	11,500	1,000
Dues, Licenses & Fees	2,100	2,100	1,783	317
Advertising	2,500	2,500	2,180	320
Computer Software	7,000	7,000	8,144	(1,144)
Insurance-General Liability	2,800	2,800	2,437	363
Insurance-Bond Coverage	300	300	293	7
Miscellaneous	23,500	24,000	16,483	7,517
Supplies & Equipment	10,500	10,500	12,028	(1,528)
Town Election Expense	2,100	2,100	2,177	(77)
Telephone	7,000	7,000	4,681	2,319
Travel, Lodging & Entertainment	15,000	15,000	15,658	(658)
Tax Ticket Preparation	1,140	1,140	660	480
Tax Credit-WC IDA	405,000	481,500	481,593	(93)
Cigarette Tax Costs	2,900	2,900	3,047	(147)
Capital Outlay	7,000	244,700	244,585	115
Total General and Financial Administration	<u>760,730</u>	<u>1,075,430</u>	<u>1,026,642</u>	<u>48,788</u>
Total General Government Administration	<u>761,930</u>	<u>1,076,630</u>	<u>1,027,842</u>	<u>48,788</u>
Public Safety:				
Law Enforcement and Traffic Control:				
Salaries and Wages	231,687	231,687	280,057	(48,370)
Payroll taxes	17,999	17,999	21,178	(3,179)
Health insurance	78,676	78,676	67,568	11,108
Retirement	21,130	21,130	20,396	734
Insurance-Worker's Compensation	8,000	8,000	8,829	(829)
Other Employee benefits	2,757	2,757	2,906	(149)
Uniforms	3,000	3,000	2,554	446
Legal Fees	3,000	4,800	7,230	(2,430)
Dues, Licenses & Fees	500	500	(2,020)	2,520
Liability Insurance	3,000	3,000	2,437	563
Materials and Supplies	12,000	14,000	21,132	(7,132)
Materials and Supplies-Christmas Toy Drive	2,000	2,000	3,185	(1,185)
Training and Education	2,500	2,500	2,658	(158)
Telephone	3,500	3,500	1,972	1,528
Utilities	5,900	5,900	6,277	(377)
Miscellaneous	7,350	9,850	8,062	1,788
Vehicle Expense	31,000	29,000	40,613	(11,613)
Line of Duty expense	2,100	2,100	2,262	(162)
Capital Outlay	5,200	5,200	-	5,200
Total Law Enforcement and Traffic Control	<u>441,299</u>	<u>445,599</u>	<u>497,296</u>	<u>(51,697)</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SAINT PAUL, VIRGINIA
GOVERNMENTAL FUND EXPENDITURES
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2016

SCHEDULE 2
Page 2

	<u>Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Fire and Rescue Services:				
Vehicle expense	2,500	2,500	2,963	(463)
Insurance	5,500	5,500	5,405	95
Fire programs	9,000	9,000	3,450	5,550
Supplies	750	750	-	750
Utilities	-	-	-	-
Miscellaneous	-	-	-	-
Total Fire and Rescue Services	<u>17,750</u>	<u>17,750</u>	<u>11,818</u>	<u>5,932</u>
Total Public Safety	<u>459,049</u>	<u>463,349</u>	<u>509,114</u>	<u>(45,765)</u>
Public Works:				
Maintenance of Highways, Streets, Bridges and Sidewalks:				
Salaries and Wages	181,000	181,000	213,273	(32,273)
Payroll taxes	14,160	14,160	15,949	(1,789)
Health insurance	62,448	62,448	59,737	2,711
Retirement	15,413	15,413	16,503	(1,090)
Insurance-Worker's Compensation	12,000	12,000	15,826	(3,826)
Other employee benefits	2,011	2,011	2,148	(137)
Uniforms	4,000	5,200	7,060	(1,860)
Litter Control	1,000	1,000	-	1,000
Materials & Supplies	9,200	14,000	14,859	(859)
Telephone	1,600	1,600	666	934
Utilities	27,000	27,000	26,678	322
Vehicle expense	43,000	45,000	27,801	17,199
Capital Outlay	100,000	100,000	228,869	(128,869)
Total Maintenance of Highways, Streets, Bridges, and Sidewalks	<u>472,832</u>	<u>480,832</u>	<u>629,369</u>	<u>(148,537)</u>
Maintenance of General Buildings and Grounds:				
Wages-Custodial	7,462	7,462	6,806	656
Materials & Supplies	5,000	5,000	1,459	3,541
Insurance-Buildings and Property	5,000	5,000	4,671	329
Capital Outlay	-	-	-	-
Total Maintenance of General Buildings and Grounds	<u>17,462</u>	<u>17,462</u>	<u>12,936</u>	<u>4,526</u>
Total Public Works	<u>490,294</u>	<u>498,294</u>	<u>642,305</u>	<u>(144,011)</u>
Parks, Recreation and Cultural:				
Salaries and Wages	22,003	22,003	26,935	(4,932)
Payroll Taxes	1,824	1,824	2,229	(405)
Insurance-Worker's Compensation	500	500	1,386	(886)
Miscellaneous	13,200	13,700	10,292	3,408
Concessions	5,800	9,000	10,684	(1,684)
Maintenance & Repairs	23,000	23,000	18,546	4,454
Materials & supplies	8,300	8,300	5,099	3,201
Telephone	400	400	905	(505)
Utilities	12,800	12,800	12,961	(161)
Capital Outlay	7,000	7,000	8,266	(1,266)
Total Parks and Recreation	<u>94,827</u>	<u>98,527</u>	<u>97,303</u>	<u>1,224</u>

TOWN OF SAINT PAUL, VIRGINIA
GOVERNMENTAL FUND EXPENDITURES
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2016

SCHEDULE 2
Page 3

	<u>Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Cultural Enrichment:				
Pro-Art	2,000	2,000	-	2,000
Fourth of July Celebration	6,500	8,000	3,458	4,542
Civic-Little League	1,000	1,000	-	1,000
Miscellaneous	2,750	2,750	2,331	419
Total Cultural Enrichment	<u>12,250</u>	<u>13,750</u>	<u>5,789</u>	<u>7,961</u>
Library:				
Payments to regional library	<u>12,650</u>	<u>10,550</u>	<u>7,420</u>	<u>3,130</u>
Total Parks, Recreation and Cultural	<u>119,727</u>	<u>122,827</u>	<u>110,512</u>	<u>12,315</u>
Community Development:				
Lake Estonsa Learning Center	16,050	16,050	13,976	2,074
Farmers Market	10,000	10,000	4,582	5,418
Contributions-IDA-Willis	1,000	6,000	73,602	(67,602)
Community development	394,500	399,500	53,032	346,468
Total Planning and Community Development	<u>421,550</u>	<u>431,550</u>	<u>145,192</u>	<u>286,358</u>
Total Community Development	<u>421,550</u>	<u>431,550</u>	<u>145,192</u>	<u>286,358</u>
Non-Departmental				
Contingency	<u>870,000</u>	<u>813,700</u>	<u>-</u>	<u>813,700</u>
Total Non-Departmental	<u>870,000</u>	<u>813,700</u>	<u>-</u>	<u>813,700</u>
Debt Service:				
Principal retirement	33,500	33,500	91,785	\$ (58,285)
Interest	1,200	1,200	3,526	(2,326)
Total Debt Service	<u>34,700</u>	<u>34,700</u>	<u>95,311</u>	<u>(60,611)</u>
TOTAL GENERAL FUND	<u>3,157,250</u>	<u>3,441,050</u>	<u>2,530,276</u>	<u>910,774</u>
GRAND TOTAL - EXPENDITURES - PRIMARY GOVERNMENT FUNDS	<u>\$3,157,250</u>	<u>\$3,441,050</u>	<u>\$ 2,530,276</u>	<u>\$ 910,774</u>
OTHER FINANCING RESOURCES (USES):				
Sale of property	1,000	1,000	2,201	1,201
Insurance recoveries	-	3,700	3,571	(129)
Loan proceeds	-	-	205,000	205,000
Transfers in (out)	(35,000)	(100,000)	(100,000)	-
Total Other Financing Sources (Uses)	<u>(34,000)</u>	<u>(95,300)</u>	<u>110,772</u>	<u>206,072</u>
Net Increase (Decrease) in General Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 905,615</u>	<u>\$ 905,615</u>
SPECIAL REVENUE FUNDS:				
Veteran's Memorial Wall				
Miscellaneous	-	-	-	-
Total Revenue Veteran's Memorial Wall	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Special Revenue Funds Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Grand Total Expenditures-Governmental Funds	<u>3,123,250</u>	<u>3,345,750</u>	<u>2,641,048</u>	<u>1,116,846</u>
Net Increase (Decrease) in Governmental Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 905,622</u>	<u>\$ 905,622</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF SAINT PAUL, VIRGINIA
ENTERPRISE FUND REVENUES EXPENSES
BUDGETARY COMPARISON SCHEDULE
June 30, 2016

SCHEDULE 3
Page 1

	<u>Original Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
OPERATING REVENUES:				
Charges for Services:				
Water Services	651,800	651,800	575,572	\$ (76,228)
Sewer Services	341,332	341,332	334,670	(6,662)
Garbage Services	90,000	90,000	80,151	(9,849)
Penalties	7,000	7,000	7,225	225
Other Income	-	-	39,593	39,593
TOTAL OPERATING REVENUES	<u>1,090,132</u>	<u>1,090,132</u>	<u>1,037,211</u>	<u>(52,921)</u>
OPERATING EXPENSES:				
Water Department:				
Salaries & Wages	141,311	141,311	137,370	3,941
Payroll Taxes	10,946	10,946	10,334	612
Retirement	12,696	12,696	11,347	1,349
Insurance - Health	37,465	37,465	45,712	(8,247)
Insurance - Workmens Compensation	4,500	4,500	4,982	(482)
Contractual	-	-	-	-
Audit Fees	1,250	1,250	-	1,250
Chemicals	17,000	17,000	18,023	(1,023)
Miscellaneous	11,520	11,520	15,658	(4,138)
Fuel, Oil & Gas	1,400	1,400	1,250	150
Insurance-Buildings & Property	9,500	9,500	9,123	377
Insurance-Vehicles	5,000	5,000	5,110	(110)
Licenses, Permits & Fees	4,250	4,250	4,751	(501)
Loan Expenses	20,786	20,786	-	20,786
Office Equipment & Supplies	15,300	15,300	9,710	5,590
Postage	3,500	3,500	2,719	781
Repairs & Maintenance	25,210	25,210	35,169	(9,959)
Utilities	71,200	71,200	48,097	23,103
Uniforms	4,500	4,500	6,957	(2,457)
Contingency	-	-	-	-
TOTAL WATER DEPARTMENT	<u>397,334</u>	<u>397,334</u>	<u>366,312</u>	<u>31,022</u>
Sewer Department:				
Salaries & Wages	84,003	84,003	93,030	(9,027)
Payroll Taxes	6,640	6,640	7,025	(385)
Retirement	7,332	7,332	4,124	3,208
Insurance - Health	15,872	15,872	16,055	(183)
Insurance - Workmens Compensation	1,800	1,800	1,292	508
Contract Labor	-	-	-	-
Audit Fees	750	750	-	750
Miscellaneous	1,500	1,500	-	1,500

The accompanying notes are an integral part of the financial statements.

TOWN OF SAINT PAUL, VIRGINIA
ENTERPRISE FUND REVENUES EXPENSES
BUDGETARY COMPARISON SCHEDULE
June 30, 2016

SCHEDULE 3

Page2

	<u>Original Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Sewer Department: (Cont.)				
Fuel, Oil & Gas	2,200	2,200	1,857	343
Licenses, Permits & Fees	900	900	3,538	(2,638)
Materials & Supplies	4,200	4,200	16,770	(12,570)
Repairs & Maintenance	40,100	40,100	44,976	(4,876)
Utilities	26,000	26,000	40,434	(14,434)
Testing	14,000	14,000	12,928	1,072
Capital Outlay	1,000,000	1,000,000	-	1,000,000
TOTAL SEWER DEPARTMENT	<u>1,205,297</u>	<u>1,205,297</u>	<u>242,029</u>	<u>963,268</u>
Garbage Department:				
Salaries & Wages	56,368	56,368	40,540	15,828
Payroll Taxes	4,415	4,415	3,046	1,369
Retirement	5,912	5,912	5,638	274
Insurance - Health	13,500	13,500	29,210	(15,710)
Insurance - Workmens Compensation	1,400	1,400	168	1,232
Fuel, Oil & Gas	19,932	19,932	16,676	3,256
Materials & Supplies	200	200	123	77
Repairs & Maintenance	200	200	1,420	(1,220)
TOTAL GARBAGE DEPARTMENT	<u>101,927</u>	<u>101,927</u>	<u>96,821</u>	<u>5,106</u>
TOTAL OPERATING EXPENSES BEFORE DEPRECIATION	<u>1,704,558</u>	<u>1,704,558</u>	<u>705,162</u>	<u>999,396</u>
Depreciation Expense	-	-	421,699	(421,699)
TOTAL OPERATING EXPENSES	<u>1,704,558</u>	<u>1,704,558</u>	<u>1,126,861</u>	<u>577,697</u>
OPERATING INCOME (LOSS)	<u>(614,426)</u>	<u>(614,426)</u>	<u>(89,650)</u>	<u>524,776</u>
NON-OPERATING REVENUES (EXPENSES):				
Interest Income	9,000	9,000	10,926	1,926
Interest Expense	(93,168)	(93,168)	(148,931)	(55,763)
Connection Fees	2,400	2,400	1,280	(1,120)
Grant revenue	1,000,000	1,000,000	916,998	(83,002)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>918,232</u>	<u>918,232</u>	<u>780,273</u>	<u>(137,959)</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>303,806</u>	<u>303,806</u>	<u>690,623</u>	<u>386,817</u>
Operating Transfer In (Out)	35,000	35,000	100,000	65,000
Debt Service	(338,806)	(338,806)	-	338,806
Reappropriation of Retained Earnings	-	-	-	-
TOTAL OPERATING TRANSFERS	<u>(303,806)</u>	<u>(303,806)</u>	<u>100,000</u>	<u>403,806</u>
NET INCOME (LOSS)	<u>-</u>	<u>-</u>	<u>790,623</u>	<u>790,623</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF SAINT PAUL, VIRGINIA
STATEMENT OF ASSESSED VALUES AND PROPERTY TAX LEVIES
For the Year Ended June 30, 2016

SCHEDULE 4

PROPERTY TAX LEVIES AND COLLECTIONS

FISCAL YEAR	TOTAL (1) TAX LEVY	CURRENT TAX (1) COLLECTIONS	PERCENT OF LEVY COLLECTED	DELINQUENT (1) TAX (2) COLLECTIONS	TOTAL TAX COLLECTIONS	PERCENT OF TOTAL TAX COLLECTIONS OF TAX LEVY	OUTSTANDING (1) DELINQUENT TAXES	PERCENT OF DELINQUENT T TAXES TO TAX LEVY
2016	2,566,017	2,564,152	99.93%	6,756	2,570,908	100.19%	16,553	0.65%
2015	2,399,713	2,392,871	99.71%	5,783	2,398,654	99.96%	21,926	0.91%
2014	2,535,384	2,487,778	98.12%	3,286	2,491,064	98.25%	22,599	0.89%
2013	1,107,642	1,021,968	92.27%	5,526	1,027,494	92.76%	22,163	2.00%
2012	1,095,827	1,089,180	99.39%	1,478	1,090,658	99.53%	22,075	2.01%
2011	885,136	881,649	99.61%	840	882,489	99.70%	27,071	3.06%
2010	177,790	174,910	98.38%	522	175,432	98.67%	24,378	13.71%
2009	106,512	101,341	95.15%	485	101,826	95.60%	18,286	17.17%
2008	103,029	97,954	95.07%	564	98,518	98.83%	15,247	14.80%

ASSESSED VALUE OF TAXABLE PROPERTY

REAL ESTATE TAX RATE: .18 PER \$100				PERSONAL PROPERTY TAX RATE: .31 PER \$100			
FISCAL YEAR	WISE COUNTY	RUSSELL COUNTY	TOTAL REAL ESTATE	WISE COUNTY	RUSSELL COUNTY	TOTAL PERSONAL PROPERTY	
2016	1,382,650,906	27,036,223	1,409,687,129	15,893,002	2,432,132	18,325,134	
2015	1,285,537,984	15,771,000	1,301,308,984	18,334,975	2,124,626	20,459,601	
2014	1,367,967,435	16,442,116	1,384,409,551	11,541,942	2,473,023	14,014,965	
2013	558,526,438	12,355,600	570,882,038	24,266,395	1,509,360	25,775,755	
2012	531,195,633	12,345,400	543,541,033	36,384,860	1,540,825	37,925,685	
2011	416,670,604	15,261,114	431,931,718	33,122,691	1,606,009	34,728,700	
2010	46,363,725	15,179,596	61,543,321	20,178,308	1,438,495	21,616,803	
2009	31,549,900	15,120,740	46,670,640	5,886,944	1,372,816	7,259,760	
2008	31,758,900	14,254,203	46,013,103	4,982,645	1,422,786	6,405,431	

TOWN OF SAINT PAUL, VIRGINIA
RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA

FISCAL YEAR	POPULATION (1)	ASSESSED VALUE (IN THOUSANDS)	GROSS BONDED DEBT (2)	LESS:		NET BONDED DEBT	RATIO OF NET BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA
				DEBT SERVICE MONIES AVAILABLE	DEBT PAYABLE FROM ENTERPRISE REVENUES			
2016	1,000	\$ 1,409,687	\$ 5,989,787	\$ -	\$ 5,989,787	\$ -	\$ -	\$ -
2015	1,000	1,301,309	5,960,624	-	5,960,624	-	-	-
2014	1,000	1,384,410	5,772,585	-	5,772,585	-	-	-
2013	1,000	570,882	4,582,582	-	4,582,582	-	-	-
2012	1,000	543,541	4,897,442	-	4,897,442	-	-	-
2011	1,000	431,932	4,026,482	-	4,026,482	-	-	-
2010	1,000	61,543	3,689,895	-	3,685,367	4,528	0.0001	4.53
2009	1,000	46,671	371,147	-	360,470	10,677	0.0002	10.68
2008	1,000	46,013	401,291	-	384,067	17,224	0.0004	17.22
2007	1,000	44,454	447,426	-	406,782	40,644	0.0009	40.64

Notes:

- (1) Bureau of Census.
(2) Includes all long-term general obligation debt.

TOWN OF SAINT PAUL, VIRGINIA
COMPUTATION OF LEGAL DEBT MARGIN
Year Ended June 30, 2016

SCHEDULE 6

The Charter of the Town of Saint Paul limits the Legal Debt Margin to 10% of the assessed value of real estate within the Town limits.

Assessed value of real estate		<u>\$ 1,409,687,129</u>
Legal debt limit, 10% of assessed value		140,968,713
Total bonded debt:	\$ 5,989,787	
Less: Water and Sewer revenue bonds	<u>(5,989,787)</u>	
Net bonded debt		<u>-</u>
Legal Debt Margin		<u><u>\$ 140,968,713</u></u>

TOWN OF SAINT PAUL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2016

A) SUMMARY OF AUDIT RESULTS

- 1) The auditor's report expresses an unmodified opinion on whether the financial statements of the Town of Saint Paul, Virginia were prepared in accordance with GAAP.
- 2) No significant deficiencies relating to the audit of the financial statements of the Town of Saint Paul, Virginia, are reported in the 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 non-compliance material to the financial statements of the Town of Saint Paul, Virginia, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- 4) No significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance Required by the Uniform Guidance. No material weaknesses are reported.
- 5) The Auditor's report on Compliance for the Major Federal Award Programs for the Town of Saint Paul, Virginia, expresses an unmodified opinion on all major federal programs.
- 6) Audit findings that are required to be reported in accordance with 2CFR section 200.516(a) are reported in this Schedule.
- 7) The programs tested as major programs were:
ARRA-Water and Waste Disposal Systems for Rural Communities--CFDA No. 10.781
- 8) The threshold for distinguishing types A & B programs was \$750,000.
- 9) The Town of Saint Paul, Virginia, was eligible to be a low risk auditee.

B) FINDINGS - GENERAL PURPOSE FINANCIAL STATEMENTS AUDIT

NONE

C) FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE

TOWN OF SAINT PAUL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2016

	Federal Catalogue Number	Passed Through to Subrecipients (\$)	Expenditures
DEPARTMENT OF AGRICULTURE:			
Direct Payments:			
ARRA-Water and Waste Water Disposal Systems for Rural Communities	10.781	\$ -	\$ 1,191,998
Cooperative Forestry Assistance	10.664	-	3,450
DEPARTMENT OF TRANSPORTATION			
Alcohol Open Container Requirements	20.607	-	6,353
Highway Planning and Construction	20.205	-	6,375
APPALACHIAN REGIONAL COMMISSION			
Pass-Through Payments			
Department of Housing and Community Development	23.002	<u>73,602</u>	<u>73,602</u>
TOTAL		<u>\$ 73,602</u>	<u>\$ 1,281,778</u>