

TOWN OF SAINT PAUL, VIRGINIA

AUDIT REPORT

Year Ended June 30, 2015

TOWN OF SAINT PAUL, VIRGINIA
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June 30, 2015

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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* CHARLES F. LAWSON, C.P.A.

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M. BARDIN THROWER, JR., C.P.A.
(1946-2012)

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*Member of American Institute of
Certified Public Accountants
**Virginia & Tennessee Society of
Certified Public Accountant

612 Trent Street
Norton, Virginia 24273
Phone: (276) 679-2780
Fax: (276) 679-7445

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, 2015, 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 .037 percent, .064 percent, and .001 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, 2015, 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 16 to the financial statements, in fiscal year 2015, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which provide new accounting guidance that addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employer through pension plans that are administered through trusts. 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 pages 55 through 60, the Schedules of Required Supplementary Information, including the Schedule of Changes in the Net Pension liability and Related Ratios, Schedule of Contributions, and Notes to the Required Supplemental Information, on pages 66 through 64, and the Schedules of Funding Progress on page 51 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

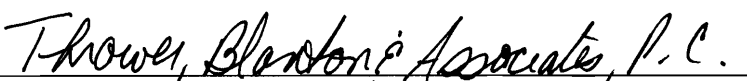
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The other supplementary information and compliance section presented in Schedule 6 thru Schedule 10 are presented for purposes of additional analysis 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 10, 2016 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 10, 2016

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, 2015, 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 10, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements for the year ended June 30, 2015, 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

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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)*

We noted certain matters that we reported to management of the Town of St. Paul, Virginia, in a separate letter dated March 10, 2016.

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 10, 2016

THROWER, BLANTON & ASSOCIATES, P.C.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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 *U. S. Office of Management and Budget (OMB) Circular A-133 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, 2015. 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 the requirements of laws, regulations, contracts and grants applicable to its major 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2015.

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 OMB Circular A-133, 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

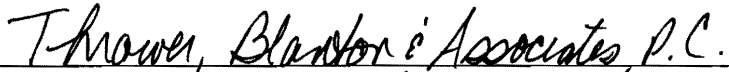
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(Independent Auditor's report on Compliance for
Each Major Program and on Internal Control Over Compliance
Require by OMB Circular A-133)

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 OMB A-133. Accordingly, this report is not suitable for any other purpose.


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

Norton, Virginia
March 10, 2016

TOWN OF SAINT PAUL, VIRGINIA

SUMMARY OF COMPLIANCE MATTERS

June 30, 2015

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, 2015

EXHIBIT 1

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total Primary Government	Industrial Development Authority
<u>ASSETS</u>				
Cash and cash equivalents	\$ 2,949,273	\$ 1,058,805	\$ 4,008,078	201,489
Receivables:				
Taxes	19,733	-	19,733	-
Accounts	25,997	105,558	131,555	-
Other	14,119	277,524	291,643	34,630
Internal Balances	73	(73)	-	-
Land and Improvements Held for Resale				373,659
Due from other governmental units	22,813	-	22,813	-
Prepaid expenses	-	-	-	-
Restricted Assets:				
Cash	60,004	150,851	210,855	-
Capital assets, depreciable, net	1,712,088	7,254,904	8,966,992	-
Capital assets, non-depreciable	192,984	7,164,135	7,357,119	171,745
TOTAL ASSETS	4,997,084	16,011,704	21,008,788	781,523
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred pension-contributions after measurement date	48,001	18,231	66,232	-
Total Deferred Outflows of Resources	48,001	18,231	66,232	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 5,045,085	\$ 16,029,935	\$ 21,075,020	\$ 781,523
<u>LIABILITIES</u>				
Accounts payable	\$ 42,789	\$ 404,336	\$ 447,125	\$ 3,600
Accrued liabilities and wages	30,466	11,881	42,347	-
Payable From Restricted Assets:				
Deposits	-	11,000	11,000	-
Matured revenue interest	503	27,813	28,316	-
OPEB Liability	87,856	47,381	135,237	-
Long-term liabilities				
Net pension liability	296,958	115,483	412,441	-
Due within one year	41,509	229,186	270,695	-
Due in more than one year	38,118	5,731,438	5,769,556	-
Compensated absences				
Due within one year	20,420	13,506	33,926	-
Due in more than one year	30,630	20,258	50,888	-
Total Liabilities	589,249	6,612,282	7,201,531	3,600
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred pension related inflows	80,908	31,465	112,373	-
Dominion Diffuser Agreement Advance	-	1,601,923	1,601,923	-
Total Deferred Inflows of Resources	80,908	1,633,388	1,714,296	-
<u>NET POSITION</u>				
Net investment in capital assets	1,825,445	8,458,415	10,283,860	171,745
Restricted	60,004	-	60,004	-
Unrestricted	2,489,479	(674,150)	1,815,329	606,178
Total Net Position	\$ 4,374,928	\$ 7,784,265	\$ 12,159,193	\$ 777,923
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 5,045,085	\$ 16,029,935	\$ 21,075,020	\$ 781,523

The accompanying notes are an integral part of the financial statements

TOWN OF SAINT PAUL, VIRGINIA
STATEMENT OF ACTIVITIES
June 30, 2015

EXHIBIT 2

FUNCTIONS/PROGRAMS:	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Units
	Primary Government							
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Industrial Development Authority
Governmental Activities:								
General government	\$ 762,874	\$ -	\$ -	\$ -	\$ (762,874)	\$ -	\$ (762,874)	-
Public safety	520,942	-	33,024	8,821	(479,097)	-	(479,097)	-
Public works	442,449	100	988	-	(441,361)	-	(441,361)	-
Parks, recreation, and cultural	214,893	23,664	-	-	(191,229)	-	(191,229)	-
Community development	78,640	-	-	22,486	(56,154)	-	(56,154)	-
Interest on long-term debt	1,043	-	-	-	(1,043)	-	(1,043)	-
Total Governmental Activities	2,020,841	23,764	34,012	31,307	(1,931,758)	-	(1,931,758)	-
Business-Type Activities:								
Water and Sewer	1,193,827	1,069,508	-	3,699,936	-	3,575,617	3,575,617	-
Total Business-Type Activities	1,193,827	1,069,508	-	3,699,936	-	3,575,617	3,575,617	-
TOTAL PRIMARY GOVERNMENT	\$ 3,214,668	\$ 1,093,272	\$ 34,012	\$ 3,731,243	\$ (1,931,758)	\$ 3,575,617	\$ 1,643,859	
COMPONENT UNIT:								
Industrial Development Authority	\$ 30,919	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (30,919)

General Revenues:							
Property taxes				2,405,774	-	2,405,774	-
Local sales & use tax				50,697	-	50,697	-
Utility tax				57,385	-	57,385	-
Business license tax				136,702	-	136,702	-
Lodging taxes				2,052	-	2,052	-
Motor vehicle license				5,639	-	5,639	-
Bank stock tax				35,607	-	35,607	-
Cigarette tax				18,701	-	18,701	-
Restaurant food tax				223,137	-	223,137	-
Coal road improvement tax				37,809	-	37,809	-
Unrestricted intergovernmental revenue				7,958	-	7,958	-
Unrestricted investment earnings				19,549	7,789	27,338	2,180
Rental of Town property				4,912	-	4,912	-
Gain on sale of capital assets				1,706	-	1,706	-
Recovered Costs				-	-	-	-
Transfers-Primay Government				-	-	-	-
Other				46,719	1,620	48,339	-
Total general revenues and transfers				3,054,347	9,409	3,063,756	2,180
Change in net position				1,122,589	3,585,026	4,707,615	(28,739)
NET POSITION - JULY 1, as restated				3,252,339	4,199,239	7,451,578	806,662
NET POSITION - JUNE 30				<u>\$ 4,374,928</u>	<u>\$ 7,784,265</u>	<u>\$ 12,159,193</u>	<u>\$ 777,923</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SAINT PAUL, VIRGINIA
BALANCE SHEET - GOVERNMENTAL FUNDS
Year Ended June 30, 2015

EXHIBIT 3

	General Fund	Special Revenue Fund	Total
ASSETS			
Cash and cash equivalents	\$ 2,946,594	\$ 2,679	\$ 2,949,273
Receivables:			
Taxes	19,733	-	19,733
Accounts	25,997	-	25,997
Other	14,119	-	14,119
Prepaid expenses	-	-	-
Due From other funds	2,073	-	2,073
Due from other governmental units	22,813	-	22,813
Restricted Assets:			
Cash	60,004	-	60,004
Total Assets	<u>\$ 3,091,333</u>	<u>\$ 2,679</u>	<u>\$ 3,094,012</u>
LIABILITIES			
Accounts payable	42,789	-	42,789
Accrued payroll and related liabilities	30,466	-	30,466
Due to Others	-	-	-
Due to Other Funds	-	2,000	2,000
Total Liabilities	<u>73,255</u>	<u>2,000</u>	<u>75,255</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property taxes	18,567	-	18,567
Total Deferred Inflows of Resources	<u>18,567</u>	<u>-</u>	<u>18,567</u>
FUND BALANCES			
Non-Spendable	-	-	-
Restricted	60,004	-	60,004
Committed	14,699	679	15,378
Assigned	-	-	-
Unassigned	2,924,808	-	2,924,808
Total Fund Balances	<u>2,999,511</u>	<u>679</u>	<u>3,000,190</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	<u>\$ 3,091,333</u>	<u>\$ 2,679</u>	<u>\$ 3,094,012</u>
Total Fund Balances	<u>\$ 3,000,190</u>		
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.	1,905,072		
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	18,567		
Other liabilities are not required to be paid out of current financial resources and, therefore, are not reported in the governmental funds.	(139,409)		
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(79,627)		
GASB Stempension liabilityent 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.	<u>(329,865)</u>		
Net Position of Governmental Activities	<u>\$ 4,374,928</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, 2015

EXHIBIT 4

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
REVENUES:			
General property taxes	\$ 2,407,140	\$ -	\$ 2,407,140
Other local taxes	567,729	-	567,729
Permits, privilege fees and regulatory licenses	985	-	985
Fines and forfeitures	22,630	-	22,630
Revenue from use of money and property	24,453	7	24,460
Charges for services	23,764	-	23,764
Miscellaneous	11,493	-	11,493
Recovered costs	-	-	-
Intergovernmental	79,407	-	79,407
Total Revenues	<u>3,137,601</u>	<u>7</u>	<u>3,137,608</u>
EXPENDITURES:			
Current:			
General government administration	734,869	-	734,869
Public safety	598,065	-	598,065
Public works	467,324	-	467,324
Parks, recreation and cultural	164,097	225	164,322
Community development	79,926	-	79,926
Debt Service:			-
Principle retirement	34,194	-	34,194
Interest	540	-	540
Total Expenditures	<u>2,079,015</u>	<u>225</u>	<u>2,079,240</u>
Excess (Deficiency) of Revenues Over Expenditures	1,058,586	(218)	1,058,368
OTHER FINANCING SOURCES (USES):			
Sale of property	1,706	-	1,706
Insurance recoveries	5,483	-	5,483
Loan proceeds	113,821	-	113,821
Transfers in (out)	-	-	-
Total Other Financing Sources (Uses)	121,010	-	121,010
 Net Change in Fund Balance	1,179,596	(218)	1,179,378
FUND BALANCE AT JULY 1	<u>1,819,915</u>	<u>897</u>	<u>1,820,812</u>
FUND BALANCE AT JUNE 30	<u>\$ 2,999,511</u>	<u>\$ 679</u>	<u>\$ 3,000,190</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SAINT PAUL, VIRGINIA
RECONCILIATION OF THE REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

EXHIBIT 5

	<u>General Fund</u>
Net Change in Fund Balance Governmental Fund:	\$ 1,179,378
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. This is the amount by which capital outlays exceeded depreciation in the current period.	18,946
Governmental funds report the sale of fixed assets as equal to the proceeds received from the sale. The amount required to adjust for the basis remaining on the date of sale.	-
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,366)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.	(79,627)
Some expenses reported in the statement of activities, such as compensated absences and accrued interest, do not require the use of current financial resources and, therefore, are not required as expenditures in governmental funds.	<u>5,258</u>
Change in Net Position of Governmental Activities	<u>\$ 1,122,589</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SAINT PAUL, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015

EXHIBIT 6

	Business-Type Activities Proprietary Funds
	Water & Sewer Opereation
<u>ASSETS</u>	
Cash and cash equivalents	\$ 1,058,805
Receivables (Net of Allowance for Uncollectibles):	
Accounts	105,558
Accrued interest	410
Grant Receivable	277,114
Prepaid expenses	-
Internal receivables	-
Restricted Assets:	
Cash	150,851
Capital assets, non-depreciable	7,164,135
Capital assets, depreciable, net	7,254,904
TOTAL ASSETS	16,011,777
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred pension-contributions after measurement date	18,231
Total Deferred Outflows of Resources	18,231
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 16,030,008
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	404,336
Accrued wages and liabilities	11,881
Payable From Restricted Assets:	
Customer deposits	11,000
Accrued interest payable	27,813
Due to Other Funds	73
Internal payables	-
Revenue bond payable	229,186
Compensated absences	13,506
Total Current Liabilities	697,795
Noncurrent liabilities:	
Revenue bond payable	5,731,438
Net Pension Liability	115,483
OPEB Liability	47,381
Compensated absences	20,258
Total Noncurrent Liabilities	5,914,560
Total Liabilities	6,612,355
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred pension related inflows	31,465
Dominion Diffuser Agreement Advance	1,601,923
Total Deferred Inflows of Resources	1,633,388
<u>NET POSITION</u>	
Net investment in capital assets	8,458,415
Restricted	-
Unrestricted (deficit)	(674,150)
Total Net Position	7,784,265
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 16,030,008

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, 2015

EXHIBIT 7

	PROPRIETARY FUNDS
	Water & Sewer Operation
OPERATING REVENUES:	
Water rents	600,714
Sewer rents	338,643
Garbage sevicees	87,068
Penalties	6,362
Other income	36,721
	<hr/>
Total Operating Revenues	1,069,508
	<hr/>
OPERATING EXPENSES:	
Personal services	295,954
Fringe benefits	129,654
Contractual services	17,565
Other charges	277,494
Depreciation and amortization	302,403
	<hr/>
Total Operating Expenses	1,023,070
	<hr/>
Operating Income (Loss)	46,438
	<hr/>
NON-OPERATING REVENUES (EXPENSES) :	
Connection fees	1,620
Grant revenue	3,699,936
Interfund transfers	-
Interest income	7,789
Interest expense	(170,757)
	<hr/>
Total Non-Operating Revenue (Expenses)	3,538,588
	<hr/>
CHANGE IN NET POSITION	3,585,026
	<hr/>
NET POSITION AT JULY 1, as restated	4,199,239
	<hr/>
NET POSITION AT JUNE 30	\$ 7,784,265
	<hr/> <hr/>

The accompanying notes are an integral part of the financial statements

TOWN OF SAINT PAUL, VIRGINIA
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
Year Ended June 30, 2015

EXHIBIT 8

	PROPRIETARY FUNDS Water & Sewer Operation
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 1,024,094
Cash payments to suppliers for goods and services	(241,051)
Cash payments to employees for services	(415,203)
Other operating income	36,721
NET CASH PROVIDED BY OPERATING ACTIVITIES	404,561
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Increase (decrease) in customer deposits	300
(Increase) decrease in due from other funds	600,000
Increase (decrease) in due to other funds	(6,286)
Operating transfers from other funds	-
Operating transfers to other funds	-
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	594,014
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
(Increase) decrease in capital assets	(37,388)
(Increase) decrease in construction in progress	(4,347,264)
Principal paid on revenue bond maturities and equipment contracts	(409,043)
Principal advances from bond and note proceeds	597,082
Contributed capital - Grant revenue	3,422,822
Connection fees collected	1,620
Interest paid on revenue bonds and equipment contracts	(191,922)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(964,093)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends on investments	10,166
NET CASH PROVIDED BY INVESTING ACTIVITIES	10,166
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	44,648
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,165,008
Cash and Cash Equivalents at June 30, 2015	
Unrestricted	\$ 1,058,805
Restricted	150,851
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,209,656
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ 46,438
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation and amortization	302,403
GASB 68 Change	(136,410)
Provision for compensated absences	1,162
Change in Assets and Liabilities:	
(Increase) decrease in accounts receivable	(8,693)
(Increase) decrease in deferred outflows	(18,231)
Increase (decrease) in accounts payable	92,393
Increase (decrease) in Net Pension Liability	115,483
Increase (decrease) in OPEB liability	9,511
Increase (decrease) in deferred inflow of resources	(1,227)
Increase (decrease) in wages payable and payroll liabilities	1,732
TOTAL ADJUSTMENTS	358,123
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 404,561

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.

The accompanying notes are an integral part of the financial statements

TOWN OF SAINT PAUL, VIRGINIA
AGENCY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
Year Ended June 30, 2015

EXHIBIT 9

	<u>Agency Fund</u>
 <u>ASSETS</u>	
Cash	\$ 1,024
Capital asset, depreciable, net	<u>2,137</u>
TOTAL ASSETS	<u>3,161</u>
 <u>NET POSITION</u>	
Funds held for Johnnie Ramy Memorial Fund	<u><u>\$ 3,161</u></u>

The notes to financial statements are an integral part of this statement.

TOWN OF SAINT PAUL, VIRGINIA
AGENCY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended June 30, 2015

EXHIBIT 10

	<u>Agency Fund</u>
Additions	
Donations	\$ 1
Interest income	<u> 2</u>
Total additions	<u> 3</u>
 Deductions	
Operating deductions	<u> -</u>
Total deductions	<u> -</u>
 Change in net position	 3
 Net position - beginning of year	 <u> 3,158</u>
 Net position - end of year	 <u>\$ 3,161</u>

The notes to financial statements are an integral part of this statement.

TOWN OF SAINT PAUL, VIRGINIA
DISCRETELY PRESENTED COMPONENT UNIT-INDUSTRIAL DEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION
June 30, 2015

EXHIBIT 11

ASSETS	
Cash and cash equivalents	\$ 201,489
Land and Improvements Held for Resale	373,659
Notes Receivable	34,630
Capital assets, net	<u>171,745</u>
Total Assets	<u>\$ 781,523</u>
LIABILITIES	
Accounts payable	<u>\$ 3,600</u>
Total Liabilities	<u>3,600</u>
Net Position	
Net Investment in Capital Assets	171,745
Unrestricted	<u>606,178</u>
Total Net Position	<u>\$ 777,923</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SAINT PAUL, VIRGINIA
DISCRETELY PRESENTED COMPONENT UNIT-INDUSTRIAL DEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION
June 30, 2015

EXHIBIT 12

	<u>Total</u>
REVENUES:	
Property sales	\$ -
Cost of Property sold	-
Total Operating Revenues	<u>-</u>
EXPENDITURES:	
Easements	1,500
consulting	1,390
Administrative	4,125
Contributions-Town of St. Paul	-
Contributions-Other	1,000
Board Expense	700
Insurance	2,086
Engineering & Surveying	2,245
Legal and Accounting	4,200
Forgiveness of Debt	5,000
Property Improvements Expense	-
Depreciation Expense	4,787
Travel	1,056
Office Expense	1,937
Meals	614
Permits & Licenses	210
Dues & Fees	37
Advertising & Promotions	32
Misc. Expense	-
Total Expenditures	<u>30,919</u>
Operating (Loss) Income	(30,919)
NON-OPERATING REVENUES (EXPENSES) :	
Interest Income-Investments	1,705
Interest Income-Note Receivable	475
Total Non-Operating Revenue (Expenses)	<u>2,180</u>
CHANGE IN NET POSITION	(28,739)
NET POSITION AT JULY 1	<u>806,662</u>
NET POSITION AT JUNE 30	<u><u>\$ 777,923</u></u>

The accompanying notes are an integral part of the financial statements

June 30, 2015

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, 2015

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, 2015

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, 2015.

June 30, 2015

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.

Investments

No investments existed as of June 30, 2015. 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.

Property, Plant, and Equipment

All property, plant, and equipment 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.

Fund Equity

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.

June 30, 2015

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

Fund Equity (Continued)

- 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.

Beginning fund balances for the Town's governmental funds have been restated to reflect the above classifications.

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.

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, 2014 and prior to the reporting date of June 30, 2015, have been reported as deferred outflows of resources in the Statement of Net Position as of June 30, 2015. Deferred outflows of resources of \$48,001, and \$18,231 have been reported in Governmental Activities, and Business-Type Activities of Net Position as of June 30, 2015, respectively.

Differences between the projected and actual pension earnings as of the actuarial measurement date of June 30, 2014 have been reported as a deferred inflow of resources. Deferred inflows of resources of \$80,908, and \$31,465 have been reported in Governmental Activities, and Business-Type Activities of Net Position as of June 30, 2015, respectively.

June 30, 2015

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 \$17,272 at June 30, 2015, and is composed of the following:

General Fund:	
Allowance for uncollectible property taxes	\$ 2,193
Total General Fund	\$ 2,193
Water and Sewer Fund:	
Allowance for uncollectible water and sewer fee billings	\$ 15,079
Total Water and Sewer Fund	\$ 15,079

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).

June 30, 2015

3. DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk:

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

Miner’s Exchange	8%
Carter Bank	89%

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, 2015, 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	\$ 449
Deposits	409,512
Investments	<u>3,808,972</u>
	<u>\$ 4,218,933</u>
Statement of net position:	
Cash and cash equivalents	\$4,008,078
Investments	-
Restricted cash and cash equivalents	<u>210,855</u>
	<u>\$4,218,933</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:		
Department of Motor Vehicles	\$ 1,379	
Department of Transportation	<u>1,700</u>	
Total Federal Government		\$ 3,079
Commonwealth of Virginia:		
Local sales tax	<u>\$ 11,731</u>	
Total Commonwealth of Virginia		11,731
Wise and Russell Counties:		
Coal haul road taxes	\$ 6,447	
Court fines/transfer fees	<u>1,556</u>	
Total Wise County		<u>8,003</u>
Total Due From Other Governmental Units		<u>\$ 22,813</u>

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

6. **CAPITAL ASSETS**

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

Governmental activities:	
General government	\$ 22,606
Public safety	24,240
Public works	22,318
Parks, recreation and cultural	76,552
Community Development	23,018
Special Revenue Fund	<u>3,250</u>
Total depreciation expense – governmental activities	<u>\$ 171,984</u>
Business-type activities:	
Water and sewer	\$ 302,403
Total depreciation expense – business-type activity	<u>\$ 302,403</u>

7. **CHANGES IN CAPITAL ASSETS**

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

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, depreciable				
Buildings and improvements	\$2,154,953	\$ -	\$ -	\$2,154,953
Equipment	928,530	168,213	-	1,096,743
Special Revenue Fund	<u>30,055</u>	<u>-</u>	<u>-</u>	<u>30,055</u>
Total Capital Assets, depreciable	<u>3,113,538</u>	<u>168,213</u>	<u>-</u>	<u>3,281,751</u>
Less accumulated depreciation for				
Buildings and improvements	\$ 735,885	\$ 86,194	\$ -	\$ 735,885
Equipment	651,645	82,540	-	734,185
Special Revenue Fund	<u>10,149</u>	<u>3,250</u>	<u>-</u>	<u>13,399</u>
Total accumulated depreciation	<u>1,397,679</u>	<u>171,984</u>	<u>-</u>	<u>1,569,663</u>
Total Capital Assets, depreciable, net	<u>\$1,715,859</u>	<u>\$ (3,771)</u>	<u>\$ -</u>	<u>\$1,712,088</u>
Business Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, depreciable				
Buildings	\$ 852,500	\$ 16,224	\$ -	\$ 868,724
Improvements	9,199,766	-	-	9,199,766
Equipment	<u>1,001,095</u>	<u>21,164</u>	<u>-</u>	<u>1,022,259</u>
Total Capital Assets, depreciable	<u>11,053,361</u>	<u>37,388</u>	<u>-</u>	<u>11,090,749</u>
Less accumulated depreciation for				
Buildings	\$ 852,500	\$ 203	\$ -	\$ 852,703
Improvements	2,139,907	251,472	-	2,391,379
Equipment	<u>541,035</u>	<u>50,729</u>	<u>-</u>	<u>591,764</u>
Total accumulated depreciation	<u>3,533,442</u>	<u>302,403</u>	<u>-</u>	<u>3,835,845</u>
Total Capital Assets, depreciable, net	<u>\$ 7,519,919</u>	<u>\$ (265,015)</u>	<u>\$ -</u>	<u>\$ 7,254,904</u>

June 30, 2015

7. CHANGES IN CAPITAL ASSETS (Continued)

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	\$ -	\$ -	\$ 158,300
Construction in progress	11,966	22,718	-	34,684
Total Capital Assets, Non-depreciable	\$ 170,266	\$ 22,718	\$ -	\$ 192,984

Business Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, non-depreciable				
Land	\$ 92,500	\$ -	\$ -	\$ 92,500
Constructions in progress	2,683,182	4,388,453	-	7,071,635
Total Capital Assets, Non-depreciable	\$2,775,682	\$ 4,388,453	\$ -	\$7,164,135

8. FUND BALANCES—GOVERNMENTAL FUNDS

As of June 30, 2015, fund balances are composed of the following:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Non-spendable:			
Prepaid items	\$ —	\$ —	\$ —
Restricted:			
Parks & Recreation	60,004	—	60,004
Committed:			
Lake Estonoa	14,699	—	14,699
General Administrative	—	—	—
Community Development	—	679	679
Assigned:	—	—	—
Unassigned	2,924,808	—	2,924,808
Total fund balances	\$ 2,999,511	\$ 679	\$ 3,000,190

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.

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

9. LONG-TERM DEBT

The annual requirements to amortize all debt outstanding as of June 30, 2015, 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
2016	\$ 12,309	\$ -	\$ 1,827	\$ -	\$ 132,957	\$ 117,735	6,708	\$ -
2017	12,309	-	1,827	-	139,065	111,627	6,708	-
2018	12,309	-	1,827	-	145,454	105,239	6,708	-
2019	12,309	-	1,827	-	152,136	98,556	6,708	-
2020	12,309	-	1,827	-	159,125	91,567	6,708	-
2021-2025	61,545	-	9,135	-	912,229	341,231	33,541	-
2026-2030	61,545	-	9,135	-	941,358	111,534	33,541	-
2031-2035	30,774	-	5,478	-	108,534	4,884	33,541	-
2036-2040	-	-	-	-	-	-	33,541	-
2041-2045	-	-	-	-	-	-	1,902	-
2046-2050	-	-	-	-	-	-	-	-
2051-2055	-	-	-	-	-	-	-	-
Total	\$ 215,409	\$ -	\$ 32,883	\$ -	\$ 2,690,858	\$ 982,373	\$ 169,606	\$ -

Year Ending June 30,	Water & Sewer Loan		Water & Sewer Loan		Sewer Bond		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 54,936	\$ 34,953	\$ 18,066	\$ 835	\$ 2,383	\$ 45,250	\$ 229,186	\$ 198,773
2017	54,909	37,890	-	-	28,988	44,860	243,806	194,377
2018	54,527	42,346	-	-	29,721	44,127	250,546	191,712
2019	57,174	39,699	-	-	30,473	43,375	260,627	181,630
2020	59,949	36,923	-	-	31,244	42,604	271,162	171,094
2021-2025	339,650	158,629	-	-	168,476	200,764	1,524,576	700,624
2026-2030	402,657	57,695	-	-	190,884	178,356	1,639,120	347,585
2031-2035	-	-	-	-	216,271	152,969	394,598	157,853
2036-2040	-	-	-	-	245,037	124,203	278,578	124,203
2041-2045	-	-	-	-	277,627	91,613	279,529	91,613
2046-2050	-	-	-	-	314,551	54,689	314,551	54,689
2051-2055	-	-	-	-	274,345	13,889	274,345	13,889
Total	\$ 1,023,802	\$ 408,135	\$ 18,066	\$ 835	\$ 1,810,000	\$ 1,036,699	\$ 5,960,624	\$ 2,428,042

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, 2015:

	Balance 7/1/2014 *	Additions/ Proceeds	Payments/ Reductions	Balance 6/30/2015
Business-Type Activities:				
General obligation bonds	\$ 4,454,439	\$ 597,082	\$ (132,766)	\$ 4,918,755
Notes payable	1,318,146	-	(276,277)	1,041,869
Net Pension Liability	136,410	-	(20,927)	115,483
OPEB	37,870	9,511	-	47,381
Accrued Compensated Absences	32,602	25,036	(23,874)	33,764
Total	\$ 5,979,467	\$ 631,629	\$ (453,844)	\$ 6,157,252
Governmental Activities:				
Capital lease	\$ -	\$ 113,821	\$ (34,194)	\$ 79,627
Net Pension Liability	350,768	-	(53,810)	296,958
OPEB	70,311	17,545	-	87,856
Accrued Compensated Absences	53,452	30,164	(32,566)	51,050
Total	\$ 474,531	\$ 161,530	\$ (120,570)	\$ 515,491

*as restated for the adoption of GASB Statement Nos. 68 and 71 in fiscal year 2015.

June 30, 2015

9. LONT-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.	\$ 2,690,858
\$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.	169,606
\$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.	215,409
\$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.	32,883
\$109,565 Note Payable to Zion Financial issued on March 1, 2011, payable in monthly installments of \$6,167 at 4.620% interest. Final principal payment is due on March 1, 2016.	18,066
\$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.	1,023,802
\$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.	1,810,000

TOTAL ENTERPRISE FUNDS LONG-TERM DEBT	\$ 5,960,624
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10. CLAIMS, JUDGEMENTS, AND COMPENSATED ABSENCES
PRIMARY GOVERNMENT

In accordance with GASB Statement 16 "Accounting and Financial Reporting Principals for Claims and Judgments and Compensated Absences", the Town has accrued the liability arising from outstanding claims and judgments and compensated absences.

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 \$47,422 in the General Fund and \$31,365 in the Water and Sewer Fund.

June 30, 2015

11. LEASE OBLIGATIONS

The Town of St. Paul has two lease obligations outstanding at June 30, 2015.

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, 2016	\$ 33,629
June 30, 2017	<u>34,177</u>
Total	<u>\$ 67,806</u>

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, 2016	\$ 7,224
June 30, 2017	<u>4,597</u>
Total	<u>\$ 11,821</u>

12. PENSION PLAN-AGENT MULTIPLE EMPLOYER

A. Plan Description

Name of Plan: Town of Saint Paul, Virginia, Virginia Retirement System (VRS)
Identification of Plan: Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Administering Entity: Virginia Retirement System (System)

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, 2015

12. 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. If eligible deferred members returned</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. If eligible deferred members returned</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 benefits for hazardous duty

June 30, 2015

12. Pension Plan-Agent Multiple-Employer (Continued)

<p>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>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>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</p> <p>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</p> <p>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</p> <p>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</p> <p>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</p> <p>Same as Plan 1.</p>	<p>Creditable Service</p> <p><u>Defined Benefit Component:</u></p> <p>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, 2015

12. 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. <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. Members are always 100% vested in the contributions that they make. 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.<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.Distribution is not required by law</p>

June 30, 2015

12. Pension Plan-Agent Multiple-Employer (Continued)

<p>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.</p> <p>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.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>until age 70½.</p> <p>Calculating the Benefit Defined Benefit Component: See definition under Plan 1 Defined Contribution Component: 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.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>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%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%</p> <p>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.</p>	<p>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.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier Defined Benefit Component: VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>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.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Not applicable.</p>
<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivisions hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age Defined Benefit Component: VRS: Same as Plan 2.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p>

June 30, 2015

12. Pension Plan-Agent Multiple-Employer (Continued)

		<p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>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.</p> <p>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.</p>	<p>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.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>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.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>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.</p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>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.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>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%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full</p>	<p>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%.</p> <p><u>Eligibility:</u> Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p>

June 30, 2015

12. Pension Plan-Agent Multiple-Employer (Continued)

<p>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><u>Exceptions to COLA Effective Dates:</u> 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><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1</p>	<p><u>Exceptions to COLA Effective Dates:</u> 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>VSDP members are subject to a one-year waiting period before becoming</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>VSDP members are subject to a one-year waiting period before becoming</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 program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under</p>

June 30, 2015

12. Pension Plan-Agent Multiple-Employer (Continued)

eligible for non-work related disability benefits.	eligible for non-work related disability benefits.	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 Defined Benefit Component: 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. Defined Contribution Component: Not applicable.

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June 30, 2015

12. PENSION PLAN-AGENT MULTIPLE EMPLOYER (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2013 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	8
Inactive members:	
Vested inactive members	5
Non-vested Inactive members	3
Inactive members active elsewhere in VRS	12
Total inactive members	20
Active members	20
Total covered employees	48

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, 2015 was 13.67% 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 \$ 66,232 and \$ 58,312 for the years ended June 30, 2015 and June 30, 2014, respectively.

Net Pension Liability

The Town’s net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

June 30, 2015

12. 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, 2013, 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, 2014.

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

June 30, 2015

12. 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, 2013, 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, 2014.

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.

June 30, 2015

12. *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, 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 – 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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June 30, 2015

12. 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%
	100.00%		5.83%
	Inflation		2.50%
	* Expected arithmetic nominal return		8.33%

* 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.

June 30, 2015

12. PENSION PLAN-AGENT MULTIPLE EMPLOYER (Continued)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2013	\$ 2,112,269	\$ 1,566,779	\$ 545,490
Changes for the year:			
Service Cost	63,895	-	63,895
Interest	145,707	-	145,707
Differences between expected and actual experience	-	-	-
Contributions - employer	-	58,312	(58,312)
Contributions - employee	-	34,450	(34,450)
Net investment income	-	251,190	(251,190)
Benefit payments, including refunds of employee contributions	(61,492)	(61,492)	-
Administrative expenses	-	(1,314)	1,314
Other changes	-	13	(13)
Net changes	148,110	281,159	(133,049)
Balance at June 30, 2014	\$ 2,260,379	\$ 1,847,938	\$ 412,441

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	\$ 744,309	\$ 412,441	\$ 137,935

June 30, 2015

12. 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, 2015, the Town recognized pension expense of \$37,636. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	112,373
Employer contributions subsequent to the measurement date	66,232	-
Total	\$ 66,232	\$ 112,373

\$66,232 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	\$ (28,093)
2017	(28,093)
2018	(28,093)
2019	(28,094)
Thereafter	-
	\$ (112,373)

Payables to the Pension Plan

At June 30, 2015, the Town reported a payable of \$8,599 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

June 30, 2015

13. 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, 2015, the Town’s annual OPEB costs of \$17,544 for governmental activities and \$9,512 for business-type activities, respectively, were equal to the Annual Required Contribution (ARC).

	Governmental Activities	Business-type Activities	Total
Annual required contribution	\$ 17,940	\$ 9,725	\$27,665
Interest on net OPEB obligation	234	126	360
Adjustment to annual required contribution	(630)	(339)	(969)
Annual OPEB cost	\$ 17,545	\$ 9,511	\$27,056
Contributions made (Age Adjusted)	(-)	(-)	(-)
Increase in net OPEB obligation	17,545	9,511	27,056
Net OPEB obligation-beginning of year	70,311	37,870	108,181
Net OPEB obligation-end of year	\$ 87,856	\$ 47,381	\$ 135,237

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, 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

June 30, 2015

13. 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, 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, 2015

13. **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, 2015 is 14 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 2015, the Town had not designated any funding for the OPEB liability.

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.

June 30, 2015

15. **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 \$18,567 at June 30, 2015.

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, 2015 was \$1,601,923.

Pension-Related Deferred Inflows/Outflows:

As of June 03, 2015, the Town reported deferred outflows of resources comprised of employer pension-related contributions made subsequent to the measurement date of June 30, 2014 in the amount of \$66,232. Pension-related deferred inflows of resources resulting from net differences between projected and actual earnings on plan investments amounted to \$112,373.

16. **NEW ACCOUNTING PRONOUNCEMENTS**

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

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pension by State and Local Government Employers*, as well as the requirements of Statement No. 50, *Pension disclosures*. GASB No. 68 requires employers to recognize a net pension liability (Asset) on the statement of net position for the net funded status of pension plans as employees earn their pension benefits and recognize annual pension cost under an “earning” approach rather than a “funding” approach. The provisions of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014.

Statement No.69 “Government Combinations and Disposals of Government Operations”: The provisions of this statement are effective for financial statements for fiscal years beginning after December 15, 2013.

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment to GASB No. 68*. The objective of this Statement is to resolve an issue regarding application of the transition provisions of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government’s beginning net pension liability. It also eliminates a potential source of understatement of restated beginning net position and expense in a government’s first year of implementing GASB 68. The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2014.

June 30, 2015

17. **RESTATEMENT OF NET POSITION**

The Town implemented the financial reporting provisions of the Statements described in Note 16 for the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures relating to pensions. Note disclosure and required supplementary information requirements about pensions are also addressed. The requirements of this Statement will improve financial reporting by improving accounting and financial reporting by state and local governments for pensions. The implementation of these Statements resulted in the following restatement of net position:

	General Government	Water & Sewer
Net Position as reported at June 30, 2014	\$ 3,603,107	\$ 4,335,649
Implementation of GASB 68	(350,768)	(136,410)
Net Position as restated at June 30, 2014	\$ 3,252,339	\$ 4,199,239

18. **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.

19. **SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 10, 2016, the date which the financial statements were available to be issued.

TOWN OF SAINT PAUL, VIRGINIA
GOVERNMENTAL FUND REVENUES
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
PRIMARY GOVERNMENT				
GENERAL FUND:				
Revenue from Local Sources:				
General Property Taxes:				
Real property taxes	\$ 2,100,000	\$ 2,336,319	\$ 2,343,000	\$ 6,681
Real and personal public service corporation property taxes	-	-	-	-
Personal property taxes	38,800	58,800	63,414	4,614
Penalties and interest	800	800	726	(74)
Total General Property Taxes	<u>2,139,600</u>	<u>2,395,919</u>	<u>2,407,140</u>	<u>11,221</u>
Other Local Taxes:				
Local sales and use taxes	65,000	65,000	50,697	(14,303)
Cigarette taxes	22,000	22,000	18,701	(3,299)
Utility taxes	45,000	45,000	57,385	12,385
Business licenses taxes	130,250	120,250	136,702	16,452
Motor vehicle licenses	6,000	6,000	5,639	(361)
Bank stock taxes	27,000	27,000	35,607	8,607
Hotel and motel room taxes	500	500	2,052	1,552
Restaurant food taxes	203,000	203,000	223,137	20,137
Coal road improvement taxes	55,000	45,000	37,809	(7,191)
Total Other Local Taxes	<u>553,750</u>	<u>533,750</u>	<u>567,729</u>	<u>33,979</u>
Permits, Privilege Fees, And Regulatory Licenses	<u>2,000</u>	<u>2,000</u>	<u>985</u>	<u>(1,015)</u>
Fines and Forfeitures	<u>24,000</u>	<u>24,000</u>	<u>22,630</u>	<u>(1,370)</u>
Revenue From Use Of Money and Property:				
Revenue from use of money	4,000	4,000	19,541	15,541
Revenue from use of property	4,800	4,800	4,912	112
Total Revenue From Use of Money and Property	<u>8,800</u>	<u>8,800</u>	<u>24,453</u>	<u>15,653</u>
Charges For Services:				
Charges for sanitation and waste removal	200	200	100	(100)
Charges for parks and recreation	500	500	-	(500)
Swimming pool	18,000	18,000	23,664	5,664
Total Charges For Services	<u>18,700</u>	<u>18,700</u>	<u>23,764</u>	<u>5,064</u>
Miscellaneous Revenue	<u>11,150</u>	<u>11,150</u>	<u>11,493</u>	<u>343</u>
Recovered Costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue From Local Sources	<u>\$ 2,758,000</u>	<u>\$ 2,994,319</u>	<u>\$ 3,058,194</u>	<u>\$ 63,875</u>

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

TOWN OF SAINT PAUL, VIRGINIA
GOVERNMENTAL FUND REVENUES
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2015

SCHEDULE 1
Page 2

	<u>Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue From The Commonwealth:				
Non-Categorical Aid:				
Mobile home titling taxes	\$ 150	\$ 150	\$ 150	\$ -
Rolling stock taxes	6,300	6,300	6,079	(221)
Assistance to localities with police departments	24,000	24,000	23,024	(976)
Total Non-Categorical Aid	<u>30,450</u>	<u>30,450</u>	<u>29,253</u>	<u>(1,197)</u>
Other Categorical Aid:				
Street and highway maintenance	-	-	-	-
Litter control	1,000	1,000	988	(12)
Financial assistance to the arts	1,000	1,000	-	(1,000)
Community Revitalization	-	-	-	-
Farmers Market-EBT Grant	5,000	5,000	-	(5,000)
VDH-Healthy Bucks Grant	-	-	6,130	6,130
Fire programs fund	-	-	10,000	10,000
Total Other Categorical Aid	<u>7,000</u>	<u>7,000</u>	<u>17,118</u>	<u>10,118</u>
Total Revenue From The Commonwealth	<u>37,450</u>	<u>37,450</u>	<u>46,371</u>	<u>8,921</u>
Revenue From The Federal Government:				
Payment In Lieu of Taxes:				
Payment in lieu of property taxes	3,000	3,000	1,729	(1,271)
Total Payment in Lieu of Taxes	<u>3,000</u>	<u>3,000</u>	<u>1,729</u>	<u>(1,271)</u>
Categorical Aid:				
DMV Grants	3,000	5,400	6,821	1,421
Department of Forestry Grant	-	-	2,000	2,000
TVA-Reimbursement	1,000	1,000	-	(1,000)
Transportation Enhancement Grant	33,000	33,000	22,486	(10,514)
LLEBG-Block Grant	1,000	1,000	-	(1,000)
Total Categorical Aid	<u>38,000</u>	<u>40,400</u>	<u>31,307</u>	<u>(9,093)</u>
Total Revenue From The Federal Government	<u>41,000</u>	<u>43,400</u>	<u>33,036</u>	<u>(10,364)</u>
Prior Years Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL FUND	<u>2,836,450</u>	<u>3,075,169</u>	<u>3,137,601</u>	<u>62,432</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>\$ 2,836,450</u>	<u>\$ 3,075,169</u>	<u>\$ 3,137,608</u>	<u>\$ 62,439</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, 2015

SCHEDULE 2
Page 1

	<u>Original Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
PRIMARY GOVERNMENT				
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	136,450	136,450	132,743	3,707
Payroll taxes	9,726	9,726	11,105	(1,379)
Health insurance	39,775	39,775	29,479	10,296
Retirement	31,128	31,128	10,757	20,371
Insurance-Worker's Compensation	200	200	182	18
Other Employee Benefits	1,315	1,315	1,404	(89)
Legal fees	12,000	12,000	14,803	(2,803)
Accounting	12,900	12,900	12,800	100
Audit expense	12,000	12,000	12,500	(500)
Dues, Licenses & Fees	4,700	4,700	869	3,831
Advertising	2,500	2,500	3,237	(737)
Computer Software	5,000	5,000	6,986	(1,986)
Insurance-General Liability	2,000	2,000	2,761	(761)
Insurance-Bond Coverage	250	250	300	(50)
Miscellaneous	22,025	17,025	10,062	6,963
Supplies & Equipment	12,500	12,500	13,486	(986)
Town Election Expense	-	-	-	-
Telephone	7,000	7,000	3,763	3,237
Travel, Lodging & Entertainment	15,000	15,000	12,375	2,625
Tax Ticket Preparation	800	800	1,097	(297)
Tax Credit-WC IDA	400,000	447,264	447,264	-
Cigarette Tax Costs	2,800	2,800	2,895	(95)
Capital Outlay	5,000	5,000	2,801	2,199
Total General and Financial Administration	<u>735,069</u>	<u>777,333</u>	<u>733,669</u>	<u>43,664</u>
Total General Government Administration	<u>736,269</u>	<u>778,533</u>	<u>734,869</u>	<u>43,664</u>
Public Safety:				
Law Enforcement and Traffic Control:				
Salaries and Wages	232,697	232,697	269,182	(36,485)
Payroll taxes	18,148	18,148	20,193	(2,045)
Health insurance	52,175	72,175	74,424	(2,249)
Retirement	20,767	20,767	20,111	656
Insurance-Worker's Compensation	5,500	5,500	8,064	(2,564)
Other Employee benefits	2,710	2,710	2,622	88
Uniforms	1,000	3,000	3,217	(217)
Legal Fees	3,000	3,000	30	2,970
Dues, Licenses & Fees	400	400	2,650	(2,250)
Liability Insurance	2,000	2,000	2,761	(761)
Materials and Supplies	7,000	11,000	12,067	(1,067)
Materials and Supplies-Christmas Toy Drive	3,000	3,000	5,646	(2,646)
Training and Education	3,000	3,000	1,612	1,388
Telephone	3,500	3,500	3,350	150
Utilities	5,200	5,200	7,820	(2,620)
Miscellaneous	7,300	15,300	7,280	8,020
Vehicle Expense	26,800	40,800	48,181	(7,381)
Line of Duty expense	1,500	1,500	2,058	(558)
Capital Outlay	33,000	95,000	92,218	2,782
Total Law Enforcement and Traffic Control	<u>428,697</u>	<u>538,697</u>	<u>583,486</u>	<u>(44,789)</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, 2015

SCHEDULE 2
Page 2

	<u>Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Fire and Rescue Services:				
Vehicle expense	2,500	2,500	6,121	(3,621)
Insurance	5,000	5,000	5,405	(405)
Fire programs	-	-	-	-
Supplies	500	500	3,053	(2,553)
Utilities	400	400	-	400
Miscellaneous	-	-	-	-
Total Fire and Rescue Services	<u>8,400</u>	<u>8,400</u>	<u>14,579</u>	<u>(6,179)</u>
 Total Public Safety	 <u>437,097</u>	 <u>547,097</u>	 <u>598,065</u>	 <u>(50,968)</u>
Public Works:				
Maintenance of Highways, Streets, Bridges and Sidewalks:				
Salaries and Wages	180,234	180,234	215,115	(34,881)
Payroll taxes	14,076	14,076	16,119	(2,043)
Health insurance	62,737	62,737	51,873	10,864
Retirement	14,987	14,987	17,133	(2,146)
Insurance-Worker's Compensation	8,200	8,200	11,666	(3,466)
Other employee benefits	1,956	1,956	2,235	(279)
Uniforms	4,000	4,000	4,658	(658)
Litter Control	1,000	1,000	166	834
Materials & Supplies	10,000	10,000	10,133	(133)
Telephone	1,200	1,200	2,393	(1,193)
Utilities	26,000	26,000	31,307	(5,307)
Vehicle expense	53,800	58,800	54,263	4,537
Capital Outlay	<u>5,000</u>	<u>17,500</u>	<u>30,566</u>	<u>(13,066)</u>
Total Maintenance of Highways, Streets, Bridges, and Sidewalks	<u>383,190</u>	<u>400,690</u>	<u>447,627</u>	<u>(46,937)</u>
 Maintenance of General Buildings and Grounds:				
Wages-Custodial	7,289	7,289	7,069	220
Materials & Supplies	5,000	5,000	4,820	180
Insurance-Buildings and Property	3,640	3,640	5,007	(1,367)
Capital Outlay	<u>-</u>	<u>-</u>	<u>2,801</u>	<u>(2,801)</u>
Total Maintenance of General Buildings and Grounds	<u>15,929</u>	<u>15,929</u>	<u>19,697</u>	<u>(3,768)</u>
 Total Public Works	 <u>399,119</u>	 <u>416,619</u>	 <u>467,324</u>	 <u>(50,705)</u>
 Parks, Recreation and Cultural:				
Salaries and Wages	20,835	20,835	22,238	(1,403)
Payroll Taxes	1,745	1,745	1,863	(118)
Insurance-Worker's Compensation	175	175	470	(295)
Miscellaneous	12,280	12,280	32,470	(20,190)
Concessions	5,500	5,500	10,126	(4,626)
Maintenance & Repairs	17,500	24,500	26,856	(2,356)
Materials & supplies	6,300	6,300	6,725	(425)
Telephone	800	800	1,027	(227)
Utilities	10,600	10,600	15,066	(4,466)
Capital Outlay	<u>20,000</u>	<u>25,000</u>	<u>24,365</u>	<u>635</u>
Total Parks and Recreation	<u>95,735</u>	<u>107,735</u>	<u>141,206</u>	<u>(33,471)</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, 2015

SCHEDULE 2
Page 3

	<u>Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cultural Enrichment:				
Pro-Art	2,000	2,000	-	2,000
Fourth of July Celebration	7,000	7,000	11,442	(4,442)
Civic-Little League	1,000	1,000	578	422
Miscellaneous	<u>2,575</u>	<u>2,575</u>	<u>1,871</u>	<u>704</u>
Total Cultural Enrichment	<u>12,575</u>	<u>12,575</u>	<u>13,891</u>	<u>(1,316)</u>
Library:				
Payments to regional library	<u>9,100</u>	<u>9,100</u>	<u>9,000</u>	<u>100</u>
Total Parks, Recreation and Cultural	<u>117,410</u>	<u>129,410</u>	<u>164,097</u>	<u>(34,687)</u>
Community Development:				
Lake Estonoa Learning Center	3,030	3,030	6,539	(3,509)
Farmers Market	10,750	10,750	11,964	(1,214)
Community development	<u>83,775</u>	<u>83,775</u>	<u>61,423</u>	<u>22,352</u>
Total Planning and Community Development	<u>97,555</u>	<u>97,555</u>	<u>79,926</u>	<u>17,629</u>
Total Community Development	<u>97,555</u>	<u>97,555</u>	<u>79,926</u>	<u>17,629</u>
Non-Departmental				
Contingency	<u>893,000</u>	<u>1,124,955</u>	<u>-</u>	<u>1,124,955</u>
Total Non-Departmental	<u>893,000</u>	<u>1,124,955</u>	<u>-</u>	<u>1,124,955</u>
Debt Service:				
Principal retirement	-	34,000	34,194	\$ (194)
Interest	<u>-</u>	<u>-</u>	<u>540</u>	<u>(540)</u>
Total Non-Departmental	<u>-</u>	<u>34,000</u>	<u>34,734</u>	<u>(734)</u>
TOTAL GENERAL FUND	<u>2,680,450</u>	<u>3,128,169</u>	<u>2,079,015</u>	<u>1,049,154</u>
GRAND TOTAL - EXPENDITURES - PRIMARY GOVERNMENT FUNDS	<u>\$ 2,680,450</u>	<u>\$ 3,128,169</u>	<u>\$ 2,079,015</u>	<u>\$ 1,049,154</u>
OTHER FINANCING RESOURCES (USES):				
Sale of property	1,000	1,000	1,706	706
Insurance recoveries	-	-	5,483	5,483
Loan proceeds	-	102,000	113,821	11,821
Transfers in (out)	<u>(157,000)</u>	<u>(50,000)</u>	<u>-</u>	<u>50,000</u>
Total Other Financing Sources (Uses)	<u>(156,000)</u>	<u>53,000</u>	<u>121,010</u>	<u>68,010</u>
Net Increase (Decrease) in General Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,179,596</u>	<u>\$ 1,179,596</u>
SPECIAL REVENUE FUNDS:				
Veteran's Memorial Wall				
Miscellaneous	<u>-</u>	<u>-</u>	<u>225</u>	<u>225</u>
Total Revenue Veteran's Memorial Wall	<u>-</u>	<u>-</u>	<u>225</u>	<u>225</u>
Total Special Revenue Funds Expenditures	<u>-</u>	<u>-</u>	<u>225</u>	<u>225</u>
Grand Total Expenditures-Governmental Funds	<u>2,524,450</u>	<u>3,181,169</u>	<u>2,200,250</u>	<u>1,117,389</u>
Net Increase (Decrease) in Governmental Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,179,378</u>	<u>\$ 1,179,378</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, 2015

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	726,752	691,752	600,714	\$ (91,038)
Sewer Services	311,622	311,622	338,643	27,021
Garbage Services	90,000	90,000	87,068	(2,932)
Penalties	8,500	8,500	6,362	(2,138)
Other Income	-	-	36,721	36,721
TOTAL OPERATING REVENUES	1,136,874	1,101,874	1,069,508	(32,366)
OPERATING EXPENSES:				
Water Department:				
Salaries & Wages	138,490	138,490	142,526	(4,036)
Payroll Taxes	10,710	10,710	10,963	(253)
Retirement	12,139	12,139	6,975	5,164
Insurance - Health	39,756	39,756	44,505	(4,749)
Insurance - Workmens Compensation	3,320	3,320	4,446	(1,126)
Contractual	-	-	-	-
Audit Fees	1,250	1,250	-	1,250
Chemicals	25,000	25,000	13,899	11,101
Miscellaneous	5,120	5,120	4,458	662
Fuel, Oil & Gas	1,400	1,400	1,100	300
Insurance-Buildings & Property	6,700	6,700	9,213	(2,513)
Insurance-Vehicles	2,300	2,300	4,879	(2,579)
Licenses, Permits & Fees	4,250	7,250	4,822	2,428
Loan Expenses	20,785	20,785	-	20,785
Office Equipment & Supplies	16,800	16,800	2,712	14,088
Postage	3,000	3,000	3,307	(307)
Repairs & Maintenance	55,000	65,000	69,230	(4,230)
Utilities	99,500	99,500	64,310	35,190
Uniforms	4,000	4,000	5,662	(1,662)
Contingency	-	-	-	-
TOTAL WATER DEPARTMENT	449,520	462,520	393,007	69,513
Sewer Department:				
Salaries & Wages	90,900	90,900	81,942	8,958
Payroll Taxes	7,080	7,080	6,157	923
Retirement	8,944	8,944	2,576	6,368
Insurance - Health	19,836	19,836	33,776	(13,940)
Insurance - Workmens Compensation	1,220	1,220	1,563	(343)
Contract Labor	-	-	-	-
Audit Fees	2,000	2,000	-	2,000
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, 2015

	<u>Original Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Sewer Department: (Cont.)				
Fuel, Oil & Gas	1,400	1,400	1,872	(472)
Licenses, Permits & Fees	3,100	3,100	260	2,840
Materials & Supplies	1,500	1,500	2,233	(733)
Repairs & Maintenance	212,300	27,300	31,809	(4,509)
Utilities	20,000	20,000	43,843	(23,843)
Testing	15,000	15,000	9,420	5,580
Capital Outlay	<u>4,548,000</u>	<u>4,548,000</u>	<u>-</u>	<u>4,548,000</u>
TOTAL SEWER DEPARTMENT	<u>4,932,780</u>	<u>4,747,780</u>	<u>215,451</u>	<u>4,532,329</u>
Garbage Department:				
Salaries & Wages	56,288	56,288	71,486	(15,198)
Payroll Taxes	4,421	4,421	5,207	(786)
Retirement	5,597	5,597	3,496	2,101
Insurance - Health	12,420	12,420	12,769	(349)
Insurance - Workmens Compensation	1,250	1,250	1,281	(31)
Fuel, Oil & Gas	19,000	19,000	14,630	4,370
Materials & Supplies	200	200	230	(30)
Repairs & Maintenance	<u>-</u>	<u>-</u>	<u>3,110</u>	<u>(3,110)</u>
TOTAL GARBAGE DEPARTMENT	<u>99,176</u>	<u>99,176</u>	<u>112,209</u>	<u>(13,033)</u>
TOTAL OPERATING EXPENSES BEFORE DEPRECIATION	<u>5,481,476</u>	<u>5,309,476</u>	<u>720,667</u>	<u>4,588,809</u>
Depreciation Expense	<u>-</u>	<u>-</u>	<u>302,403</u>	<u>(302,403)</u>
TOTAL OPERATING EXPENSES	<u>5,481,476</u>	<u>5,309,476</u>	<u>1,023,070</u>	<u>4,286,406</u>
OPERATING INCOME (LOSS)	<u>(4,344,602)</u>	<u>(4,207,602)</u>	<u>46,438</u>	<u>4,254,040</u>
NON-OPERATING REVENUES (EXPENSES):				
Interest Income	1,000	1,000	7,789	6,789
Interest Expense	(5,000)	(35,000)	(170,757)	(135,757)
Connection Fees	2,900	2,900	1,620	(1,280)
Grant revenue	<u>4,548,000</u>	<u>4,548,000</u>	<u>3,699,936</u>	<u>(848,064)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>4,546,900</u>	<u>4,516,900</u>	<u>3,538,588</u>	<u>(978,312)</u>
INCOME (LOSS) BEFORE OPERATING TRANSFER	<u>202,298</u>	<u>309,298</u>	<u>3,585,026</u>	<u>3,275,728</u>
Operating Transfer In (Out)	157,000	50,000	-	(50,000)
Debt Service	(359,298)	(359,298)	-	359,298
Reappropriation of Retained Earnings	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OPERATING TRANSFERS	<u>(202,298)</u>	<u>(309,298)</u>	<u>-</u>	<u>309,298</u>
NET INCOME (LOSS)	<u>-</u>	<u>-</u>	<u>3,585,026</u>	<u>3,585,026</u>

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

TOWN OF SAINT PAUL, VIRGINIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
JUNE 30, 2015

	<u>2014</u>
Total pension liability	
Service cost	\$ 63,895
Interest	145,707
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds of employee contributions	<u>(61,492)</u>
Net change in total pension liability	<u>148,110</u>
Total pension liability - beginning	<u>2,112,269</u>
Total pension liability - ending	<u><u>\$ 2,260,379</u></u>
 Plan fiduciary net position	
Contributions - employer	\$ 58,312
Contributions - employee	34,450
Net investment income	251,190
Benefit paymenets, including refunds of employee contributions	(61,492)
Administrative expense	(1,314)
Other	<u>13</u>
Net change in total pension liability	<u>281,159</u>
Total pension liability - beginning	<u>1,566,779</u>
Total pension liability - ending	<u><u>\$ 1,847,938</u></u>
 Political subdivision's net pension liability - ending	 \$ 412,441
 Plan fiduciary net postion as a percentage of the total pension liability	 81.75%
 Covered - employee payroll	 \$ 870,136
 Political subdivision's net pension liability as a percentage of covered-employee payroll	 47.40%

1) Fiscal year 2015 was fthe first year of GASB 68 implementation; therefore only one year is shown herein.

TOWN OF SAINT PAUL, VIRGINIA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
JUNE 30, 2015

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
2015	\$ 66,232	\$ 66,232	\$ -	\$ 853,030	7.76%

1) Fiscal year 2015 was the first year of GASB 68 implementation; therefore only one year is shown herein.
Additional years will be included as they become available

TOWN OF SAINT PAUL, VIRGINIA
Notes to Required Supplemental Information
For the Year Ended June 30, 2015

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
STATEMENT OF ASSESSED VALUES AND PROPERTY TAX LEVIES
For the Year Ended June 30, 2015

SCHEDULE 6

PROPERTY TAX LEVIES AND COLLECTIONS

FISCAL YEAR	TOTAL (1) TAX LEVY	CURRENT TAX (1) COLLECTIONS	PERCENT OF LEVY COLLECTED	DELINQUENT		PERCENT OF TOTAL TAX COLLECTIONS OF TAX LEVY	OUTSTANDING (1) DELINQUENT TAXES	PERCENT OF DELINQUEN T TAXES TO TAX LEVY
				(1) TAX (2) COLLECTIONS	TOTAL TAX COLLECTIONS			
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				PERSONAL PROPERTY		
RATE: .18 PER \$100				TAX RATE: .31 PER \$100		
FISCAL		RUSSELL	TOTAL		RUSSELL	TOTAL
YEAR	WISE COUNTY	COUNTY	REAL ESTATE	WISE COUNTY	COUNTY	PERSONAL PROPERTY
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			
2015	1,000	\$ 1,301,309	\$ 6,040,250	\$ -	\$ 5,960,624	\$ 79,626	\$ 0	\$ 80
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, 2015

SCHEDULE 8

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>\$ 1,301,308,984</u>
Legal debt limit, 10% of assessed value		130,130,898
Total bonded debt:	\$ 6,040,250	
Less: Water and Sewer revenue bonds	<u>(5,960,624)</u>	
Net bonded debt		<u>79,626</u>
Legal Debt Margin		<u><u>\$ 130,051,272</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF SAINT PAUL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

A) SUMMARY OF AUDIT RESULTS

- 1) The auditor's report expresses an unmodified opinion on the financial statements of the Town of Saint Paul, Virginia.
- 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 with OMB Circular A-133. 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 Section 510 (a) of OMB Circular A-133 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 \$300,000.
- 9) The Town of Saint Paul, Virginia, was not 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, 2015

	<u>Federal Catalogue Number</u>	<u>Expenditures</u>
DEPARTMENT OF AGRICULTURE:		
Direct Payments:		
ARRA-Water and Waste Water Disposal Systems for Rural Communities	10.781	\$ 3,950,116
Cooperative Forestry Assistance	10.664	2,000
ENVIRONMENTAL PROTECTION AGENCY:		
Capitalization Grants for Drinking Water State Revolving	66.468	47,000
DEPARTMENT OF HEALTH AND HUMAN SERVICES:		
Preventive Health and Health Services Block Grant	93.991	21,934
DEPARTMENT OF TRANSPORTATION		
Alcohol Open Container Requirements	20.607	4,921
Highway Planning and Construction	20.205	22,486
State and Community Highway Safety	20.600	<u>1,900</u>
TOTAL		<u>\$ 4,050,357</u>