

TOWN OF SAINT PAUL, VIRGINIA

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Year Ended June 30, 2019

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TOWN OF SAINT PAUL, VIRGINIA
ROSTER OF TOWN OFFICIALS

June 30, 2019

TOWN COUNCIL:

H. Kyle Fletcher, Mayor
Harry Kelly
Kenneth Holbrook, Vice Mayor
Monty Salyer
Tim Boardwine
Greg Bailey
Josh Sawyers

TOWN OFFICERS:

Debora Baca, Town Treasurer
Jonathan Johnson, Chief of Police

TOWN LEGAL COUNSEL:

Julie Hensley, Attorney at Law

Independent Auditors' Report

The Honorable Members of the Town Council
Town of St. Paul, Virginia
St. 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 St. Paul, Virginia (the "Town"), as of and for the year ended June 30, 2019, 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.

Auditors' 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 8.47 percent, 5.24 percent, and 1.1 percent, respectively, of the assets, net position, and revenues of the Town. 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 auditors' 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 as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it 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

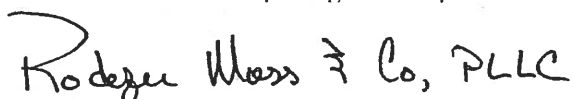
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The roster of town officials, other supplemental information, as listed in the table of contents, and compliance section information is presented for purposes of additional analysis is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulation* Part 200, *Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of federal awards and other supplemental information, as listed on the table of contents, is the responsibility of management and were derived from and relate 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, these schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The roster of town officials and compliance 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 May 26, 2020 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

 Roderick Mass & Co, PLLC

Norton, Virginia
May 26, 2020

TOWN OF SAINT PAUL, VIRGINIA
STATEMENT OF NET POSITION
June 30, 2019

EXHIBIT 1

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total Primary Government	Industrial Development Authority
<u>ASSETS</u>				
Cash and cash equivalents	\$ 5,368,953	\$ 1,008,119	\$ 6,377,072	\$ 37,380
Receivables:				
Taxes	19,024	-	19,024	-
Accounts	33,575	157,272	190,847	-
Other	19,492	3,585	23,077	4,427,854
Internal Balances	135,278	(135,278)	-	-
Land and Improvements Held for Resale	-	-	-	373,659
Due from other governmental units	319,834	-	319,834	-
Restricted Assets:				
Cash	273,135	191,098	464,233	75,000
Capital assets, depreciable, net	1,889,713	14,861,551	16,751,264	149,597
Capital assets, non-depreciable	1,396,160	1,833,213	3,229,373	3,000
TOTAL ASSETS	9,455,164	17,919,560	27,374,724	5,066,490
<u>DEFERRED OUTFLOWS</u>				
OPEB-Related Outflows	4,481	2,413	6,894	-
Pension-Related Outflows	158,763	68,042	226,805	-
Total Deferred Outflows	<u>163,244</u>	<u>70,455</u>	<u>233,699</u>	<u>-</u>
<u>LIABILITIES</u>				
Accounts payable	507,988	162,217	670,205	2,160
Accrued liabilities and wages	12,881	4,668	17,549	-
Payable From Restricted Assets:				
Deposits	-	10,900	10,900	-
Matured revenue interest	5,639	24,756	30,395	3,935
OPEB Liability	92,537	49,573	142,110	-
Long-term liabilities				
Net Pension Liability	494,855	212,081	706,936	-
Due within one year	97,203	383,564	480,767	50,729
Due in more than one year	640,139	6,839,383	7,479,522	3,187,321
Compensated absences				
Due within one year	21,083	14,137	35,220	-
Due in more than one year	31,624	21,206	52,830	-
Total Liabilities	<u>1,903,949</u>	<u>7,722,485</u>	<u>9,626,434</u>	<u>3,244,145</u>
<u>DEFERRED INFLOWS</u>				
Dominion Diffuser Agreement Advance	-	1,471,154	1,471,154	-
OPEB-Related inflows	3,250	1,750	5,000	-
Pension-related inflows	29,199	12,514	41,713	-
Total Deferred Inflows	<u>32,449</u>	<u>1,485,418</u>	<u>1,517,867</u>	<u>-</u>
<u>NET POSITION</u>				
Net investment in capital assets	2,548,531	9,471,817	12,020,348	152,597
Restricted	273,135	-	273,135	-
Unrestricted	4,860,344	(689,705)	4,170,639	1,669,749
Total Net Position	<u>\$ 7,682,010</u>	<u>\$ 8,782,112</u>	<u>\$ 16,464,122</u>	<u>\$ 1,822,346</u>

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

TOWN OF SAINT PAUL, VIRGINIA
STATEMENT OF ACTIVITIES
June 30, 2019

EXHIBIT 2

FUNCTIONS/PROGRAMS:	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Industrial Development Authority
					Governmental Activities	Business-Type Activities	Total	
Governmental Activities:								
General government	\$ 820,758	\$ -	\$ -		\$ (820,758)	\$ -	\$ (820,758)	
Public safety	581,100	-	40,575		(540,525)	-	(540,525)	
Public works	591,136	-	1,034	4,842	(585,260)	-	(585,260)	
Parks, recreation, and cultural	214,094	17,366	-	-	(196,728)	-	(196,728)	
Community development	970,627	-	-	1,171,226	200,599	-	200,599	
Interest on long-term debt	30,961	-	-	-	(30,961)	-	(30,961)	
Total Governmental Activities	3,208,676	17,366	41,609	1,176,068	(1,973,633)	-	(1,973,633)	-
Business-Type Activities:								
Water and Sewer	1,455,887	1,154,285	-	723,566	-	421,964	421,964	
Total Business-Type Activities	1,455,887	1,154,285	-	723,566	-	421,964	421,964	-
TOTAL PRIMARY GOVERNMENT	\$ 4,664,563	\$ 1,171,651	\$ 41,609	\$ 1,899,634	\$ (1,973,633)	\$ 421,964	\$ (1,551,669)	\$ -
COMPONENT UNIT:								
Industrial Development Authority	160,885	-	-	760,000	-	-	-	599,115

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

TOWN OF SAINT PAUL, VIRGINIA
BALANCE SHEET - GOVERNMENTAL FUNDS
Year Ended June 30, 2019

EXHIBIT 3

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 5,366,245	\$ 2,708	\$ 5,368,953
Receivables:			
Taxes	19,024	-	19,024
Accounts	33,575	-	33,575
Other	19,492	-	19,492
Due From other funds	137,278	-	137,278
Due from other governmental units	319,834	-	319,834
Restricted Assets:			
Cash	273,135	-	273,135
Total Assets	<u>\$ 6,168,583</u>	<u>\$ 2,708</u>	<u>\$ 6,171,291</u>
LIABILITIES			
Accounts payable	507,988	-	507,988
Accrued payroll and related liabilities	12,881	-	12,881
Due to Other Funds	-	2,000	2,000
Total Liabilities	<u>520,869</u>	<u>2,000</u>	<u>522,869</u>
DEFERRED INFLOWS			
Deferred property taxes	18,917	-	18,917
Total Deferred Inflows	<u>18,917</u>	<u>-</u>	<u>18,917</u>
FUND BALANCES			
Non-Spendable	137,278	-	137,278
Restricted	273,135	-	273,135
Committed	18,028	708	18,736
Assigned	-	-	-
Unassigned	5,200,356	-	5,200,356
Total Fund Balances	<u>5,628,797</u>	<u>708</u>	<u>5,629,505</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 6,168,583</u>	<u>\$ 2,708</u>	<u>\$ 6,171,291</u>

TOWN OF SAINT PAUL, VIRGINIA
BALANCE SHEET - GOVERNMENTAL FUNDS
Year Ended June 30, 2019

EXHIBIT 4

Total Fund Balances per Exhibit 3-Balance Sheet-Governmental Funds **\$ 5,629,505**

**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.	3,285,873
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	18,917
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds payable, net of premiums and discounts	(506,201)
Notes payable	(231,141)
Accrued interest payable	(5,639)
Compensated absences	(52,707)
Financial statement elements related to other post employment benefits are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources for 2019 employer contributions	2,531
Deferred outflows of resources related to other postemployment benefits	1,950
Deferred inflows of resources related to other postemployment benefits	(3,250)
Net other postemployment benefit liability	(92,537)
Financial statement elements related to pensions are applicable to future periods, and therefore, are not reported in the funds.	
Deferred outflows of resources for 2019 employer contributions	55,143
Deferred outflows of resources for the net difference between projected and actual earnings on pension plan investments	103,620
Deferred outflows (inflows) of resources for the net difference between projected and actual earnings on pension plan investments	(29,199)
Net pension liability	<u>(494,855)</u>
Net Position of Governmental Activities	<u>\$ 7,682,010</u>

TOWN OF SAINT PAUL, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUNDS
Year Ended June 30, 2019

EXHIBIT 5

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
REVENUES:			
General property taxes	\$ 2,493,512	\$ -	\$ 2,493,512
Other local taxes	578,101	-	578,101
Permits, privilege fees and regulatory licenses	2,385	-	2,385
Fines and forfeitures	3,860	-	3,860
Revenue from use of money and property	74,437	9	74,446
Charges for services	17,366	-	17,366
Miscellaneous	113,162	-	113,162
Recovered costs	28,200	-	28,200
Intergovernmental	1,228,553	-	1,228,553
Total Revenues	<u>4,539,576</u>	<u>9</u>	<u>4,539,585</u>
EXPENDITURES:			
Current:			
General government administration	826,194	-	826,194
Public safety	967,680	-	967,680
Public works	608,933	-	608,933
Parks, recreation and cultural	436,370	-	436,370
Community development	2,007,845	-	2,007,845
Debt Service:			
Principal retirement	78,132	-	78,132
Interest	26,274	-	26,274
Total Expenditures	<u>4,951,428</u>	<u>-</u>	<u>4,951,428</u>
Excess (Deficiency) of Revenues Over Expenditures	(411,852)	9	(411,843)
OTHER FINANCING SOURCES (USES):			
Sale of property	-	-	-
Insurance recoveries	30,603	-	30,603
Loan Proceeds	257,989	-	257,989
Transfers in (out)	(50,000)	-	(50,000)
Total Other Financing Sources (Uses)	238,592	-	238,592
Net Change in Fund Balance	(173,260)	9	(173,251)
FUND BALANCE AT JULY 1	<u>5,802,057</u>	<u>699</u>	<u>5,802,756</u>
FUND BALANCE AT JUNE 30	<u>\$ 5,628,797</u>	<u>\$ 708</u>	<u>\$ 5,629,505</u>

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, 2019

EXHIBIT 6

	<u>Governmental Fund</u>
Net Change in Fund Balance Governmental Fund:	\$ (173,251)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Capital Outlay	1,962,417
Depreciation expense	<u>(291,277)</u>
	<u>1,671,140</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	5,291
The issuance of long-term debt (i.e. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	
Principal repayments:	
General obligation debt and notes	78,132
Proceeds from debt	<u>(257,989)</u>
	<u>(179,857)</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued interest	(4,687)
Compensated absences	(1,787)
Other post-employment benefits	<u>5,548</u>
	<u>(926)</u>
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.	<u>(5,595)</u>
Change in Net Position of Governmental Activities	<u>\$ 1,316,802</u>

TOWN OF SAINT PAUL, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2019

EXHIBIT 7

	Business-Type Activities Proprietary Funds
	Water & Sewer Operation
<u>ASSETS</u>	
Cash and cash equivalents	\$ 1,008,119
Receivables, Net	
Accounts	157,272
Accrued interest	3,585
Restricted Assets:	
Cash	191,098
Capital assets, non-depreciable	1,833,213
Capital assets, depreciable, net	14,861,551
Total Assets	<u>\$ 18,054,838</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Pension-Related Outflows	\$ 68,042
Deferred OPEB-Related Outflows	2,413
Total Deferred Outflows	<u>\$ 70,455</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	162,217
Accrued wages and liabilities	4,668
Payable From Restricted Assets:	
Customer deposits	10,900
Accrued interest payable	24,756
Due to other funds	135,278
Revenue bond payable	383,564
Compensated absences	14,137
Total Current Liabilities	<u>735,520</u>
Noncurrent liabilities:	
Revenue bond payable	6,839,383
Net Pension Liability	212,081
OPEB Liability	49,573
Compensated absences	21,206
Total Noncurrent Liabilities	<u>7,122,243</u>
Total Liabilities	<u>7,857,763</u>
<u>DEFERRED INFLOWS</u>	
Dominion Diffuser Agreement Advance	1,471,154
Pension-related inflows	12,514
OPEB-related inflows	1,750
Total Deferred Inflows	<u>1,485,418</u>
<u>NET POSITION</u>	
Net investment in capital assets	9,471,817
Restricted	-
Unrestricted	<u>(689,705)</u>
Total Net Position	<u><u>8,782,112</u></u>

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

TOWN OF SAINT PAUL, VIRGINIA
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
For the Year Ended June 30, 2019

EXHIBIT 8

	PROPRIETARY FUNDS
	Water & Sewer Operation
OPERATING REVENUES:	
Water rents	654,820
Sewer rents	368,061
Garbage services	82,320
Penalties	11,409
Other income	37,675
	<hr/>
Total Operating Revenues	1,154,285
	<hr/>
OPERATING EXPENSES:	
Personal services	298,821
Fringe benefits	174,250
Contractual services	16,275
Other charges	296,366
Depreciation and amortization	535,213
	<hr/>
Total Operating Expenses	1,320,925
	<hr/>
Operating Income (Loss)	(166,640)
	<hr/>
NON-OPERATING REVENUES (EXPENSES) :	
Connection fees	2,064
Grant revenue	723,566
Intermunicipal Agreements	48,911
Interfund transfers	50,000
Interest income	16,769
Interest expense	(134,962)
	<hr/>
Total Non-Operating Revenue (Expenses)	706,348
	<hr/>
CHANGE IN NET POSITION	539,708
	<hr/>
NET POSITION AT JULY 1	8,242,404
	<hr/>
NET POSITION AT JUNE 30	\$ 8,782,112
	<hr/> <hr/>

TOWN OF SAINT PAUL, VIRGINIA
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
Year Ended June 30, 2019

EXHIBIT 9

	PROPRIETARY FUNDS
	Water & Sewer Operation
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 1,106,090
Cash payments to suppliers for goods and services	(617,859)
Cash payments to employees for service	(466,919)
Other operating income	37,675
NET CASH PROVIDED BY OPERATING ACTIVITIES	58,987
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Increase (decrease) in customer deposits	(100)
(Increase) decrease transfers from other funds	50,000
Increase (decrease) in due to other funds	5,000
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	54,900
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
(Increase) decrease in capital assets	(1,447,560)
(Increase) decrease in construction in progress	(393,833)
Principal paid on revenue bond maturities and equipment contracts	(3,841,005)
Principal advances from bond and note proceeds	4,879,125
Intermunicipal funding	48,911
Contributed capital - Grant revenue	723,566
Connection fees collected	2,064
Interest paid on revenue bonds and equipment contracts	(118,470)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(147,202)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends on investments	13,751
NET CASH PROVIDED BY INVESTING ACTIVITIES	13,751
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(19,564)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,218,781
Cash and Cash Equivalents at June 30, 2019	
Unrestricted	\$ 1,008,119
Restricted	191,098
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,199,217
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (166,640)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation and amortization	535,213
Provision for compensated absences	(2,992)
Change in Assets, Liabilities, Deferred Inflows/Outflows:	
(Increase) decrease in accounts receivable	(10,520)
(Increase) decrease in prepaid expenses	11,119
(Increase) decrease in deferred outflows of resources	(45,859)
Increase (decrease) in accounts payable	(285,352)
Increase (decrease) in OPEB liability	3,830
Increase (decrease) in Net Pension liability	62,188
Increase (decrease) in deferred inflows of resources	(40,851)
Increase (decrease) in wages payable and payroll liabilities	(1,149)
TOTAL ADJUSTMENTS	225,627
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 58,987

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, 2019**

EXHIBIT 10

	<u>Agency Fund</u>
 <u>ASSETS</u>	
Cash	\$ 1,035
Capital asset, depreciable, net	2,137
TOTAL ASSETS	<u>3,172</u>
 <u>NET POSITION</u>	
Funds held for Johnnie Ramey Memorial Fund	<u>\$ 3,172</u>

TOWN OF SAINT PAUL, VIRGINIA
AGENCY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended June 30, 2019

EXHIBIT 11

	<u>Agency Fund</u>
Additions	
Interest income	\$ 3
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>3,169</u>
Net position - end of year	<u>\$ 3,172</u>

TOWN OF SAINT PAUL, VIRGINIA
DISCRETELY PRESENTED COMPONENT UNIT-INDUSTRIAL DEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION
June 30, 2019

EXHIBIT 12

ASSETS

Cash and cash equivalents	\$ 37,380
Due from other Governmental Units	2,159
Due from Others	618
Interest Receivable	48,631
Land and Improvements Held for Resale	373,659
Restricted Cash	75,000
Notes Receivable	4,376,446
Capital assets, net	152,597
Total Assets	<u>\$ 5,066,490</u>

LIABILITIES

Accounts payable	2,159
Interest Payable	3,935
Notes payable	3,238,050
Total Liabilities	<u>3,244,144</u>

NET POSITION

Net investment in capital assets	152,597
Unrestricted	1,669,749
Total Net Position	<u>1,822,346</u>

TOWN OF SAINT PAUL, VIRGINIA
DISCRETELY PRESENTED COMPONENT UNIT-INDUSTRIAL DEVELOPMENT AUTHORITY
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2019

EXHIBIT 13

	<u>Total</u>
REVENUES	
Property sales	\$ -
Total Operating Revenues	<u>-</u>
 EXPENDITURES:	
Contributions-Other	101,000
Board Expense	840
Staff Expense	2,400
Insurance	3,136
Legal and Accounting	6,050
Forgiveness of Debt	38,799
Travel	1,196
Office Expense	314
Meetings Expense	805
Miscellaneous	58
Advertising & Promotions	1,500
Depreciation Expense	4,787
Total Expenditures	<u>160,885</u>
Operating Income (Loss)	<u>(160,885)</u>
 NON-OPERATING REVENUES (EXPENSES) :	
Contribution Income	760,000
Interest Income -Investments	1,648
Interest Income -Note Receivable	297
Total Non-Operating Revenue (Expenses)	<u>761,945</u>
 CHANGE IN NET POSITION	601,060
 NET POSITION AT JULY 1	<u>1,221,286</u>
 NET POSITION AT JUNE 30	<u>\$ 1,822,346</u>

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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. The Town has elected to omit MD&A.

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, 2019

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 collect 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 receipts 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.

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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, 2019.

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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 year-end are included in restricted, committed, or assigned fund balance, as appropriate.

Deposits and Investments

Certificates of Deposit with maturities of three months or greater are recorded on Exhibit 1 under the title Cash and cash equivalents and treated as cash equivalents. No investments existed as of June 30, 2019.

Interfund Receivables and Payables

Activity between the funds is representative of lending/borrowing arrangements outstanding at the end of the fiscal year and are referred to as either "due to/from other funds" (i.e. current portion of inter-fund loans) or "advances to/from other funds" (i.e. the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Fair Value Measurement

The Town categorized the fair value measurement of its investments based on the hierarchy established by generally accepted accounting principles. Investments are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that Governmental Accounting Standards (GASB) Statements require or permit in the statement of net position at the end of each reporting period. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Town had no investments at June 30, 2019 that are measured using Level 1, 2, or 3 inputs.

Capital Assets

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

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

Cash Equivalents

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

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

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

Long-term Obligations

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

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

Fund Balances

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

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

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances (Continued)

Minimum Unassigned Fund Balance Policy

The Town does not maintain an unassigned fund balance policy

Resource Flow Policy

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

Net Position

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

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

Pensions

The Virginia Retirement System (VRS) Political Subdivision Retirement Plan is a multi-employer, agent plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town of St. Paul's Retirement Plan and the additions to/deductions from the Town's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the 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, 2018 and prior to the reporting date of June 30, 2019, have been reported as deferred outflows of resources in the Statement of Net Position as of June 30, 2019. This will be applied to the net pension liability in the next fiscal year.

Differences between the projected and actual pension earnings as of the actuarial measurement date of June 30, 2018 have been reported as a deferred inflow of resources. This difference will be recognized in pension expense over a closed five-year period.

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

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Post-Employment Benefits (OPEB)

Local Health

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

Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance Program is a multiple-employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program was established pursuant to §51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the VRS Group Life Insurance Program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Date of Management Review

Management has evaluated events and transactions occurring subsequent to the statement of net position date for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through the date of the report, which is the date these financial statements were available to be issued.

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 \$22,301 at June 30, 2019, and is composed of the following:

General Fund:

Allowance for uncollectible property taxes	<u>\$ 2,114</u>
Total General Fund	<u>\$ 2,114</u>

Water and Sewer Fund:

Allowance for uncollectible water and sewer fee billings	<u>\$ 20,187</u>
Total Water and Sewer Fund	<u>\$ 20,187</u>

3. DEPOSITS AND INVESTMENTS

Deposits

All cash of the Town and its component units is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et seq. of the *Code of Virginia*, or covered by federal depository insurance.

Investments

Investment Policy:

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

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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	27%
First Bank & Trust	25%
Carter Bank	41%

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, 2019, 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	\$ 498
Deposits	1,688,465
Investments	<u>5,152,342</u>
	<u>\$6,841,305</u>

Statement of net position:

Cash and cash equivalents	\$6,377,072
Investments	-
Restricted cash and cash equivalents	<u>464,233</u>
	<u>\$6,841,305</u>

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

4. DUE FROM OTHER GOVERNMENTAL UNITS

Federal Government:

Virginia Department of Transportation	\$ 5,649	
VA Department of Housing and Community Development	<u>79,014</u>	
Total Federal Government		\$ 84,663

Commonwealth of Virginia:

Virginia Department of Transportation	216,624	
Local Sales Tax	<u>11,042</u>	
Total Commonwealth of Virginia		227,666

Wise & Russell Counties:

Coal haul road taxes	\$ 7,243	
Court fines/transfer fees	<u>262</u>	
Total Wise & Russell Counties		<u>7,505</u>

Total Due From Other Governmental Units		<u>\$319,834</u>
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TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

5. 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.

6. INTERFUND OBLIGATIONS

	<u>Due From</u>	<u>Due To</u>
General Fund:		
Water/Sewer Fund	\$135,278	-
Veteran's Memorial Fund	2,000	-
Water/Sewer Fund:		
General Fund	-	135,278
Veteran's Memorial Fund		
General Fund	-	2,000
Totals	<u>\$137,278</u>	<u>\$137,278</u>

7. CAPITAL ASSETS

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

Governmental activities:	
General government	\$ 14,153
Public safety	62,981
Public works	83,848
Parks, recreation and cultural	102,515
Community development	25,141
Special Revenue Fund	2,639
Total depreciation expense – governmental activities	<u>\$ 291,277</u>
Business-type activities:	
Water and sewer	\$ 535,213
Total depreciation expense – business-type activity	<u>\$ 535,213</u>

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

8. 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	\$1,868,928	\$ 329,649	\$ -	\$2,198,577
Equipment	1,558,231	570,408	-	2,128,639
Special Revenue Fund	30,055	-	-	30,055
Total Capital Assets, depreciable	<u>3,457,214</u>	<u>900,057</u>	<u>-</u>	<u>4,357,271</u>
Less accumulated depreciation for				
Buildings and improvements	\$1,039,891	\$ 109,905	\$ -	\$1,149,796
Equipment	1,113,242	178,733	-	1,291,975
Special Revenue Fund	23,148	2,639	-	25,787
Total accumulated depreciation	<u>2,176,281</u>	<u>291,277</u>	<u>-</u>	<u>2,467,558</u>
Total Capital Assets, depreciable, net	<u>\$1,280,933</u>	<u>\$ 608,780</u>	<u>\$ -</u>	<u>\$1,889,713</u>

Business Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, depreciable				
Buildings	\$ 868,724	\$ -	\$ -	\$ 868,724
Improvements	17,239,471	1,402,916	-	18,642,387
Equipment	1,109,883	44,644	-	1,154,527
Total Capital Assets, depreciable	<u>19,218,078</u>	<u>1,447,560</u>	<u>-</u>	<u>20,665,638</u>
Less accumulated depreciation for				
Buildings	\$ 853,920	\$ 406	\$ -	\$ 854,326
Improvements	3,657,990	482,165	-	4,140,155
Equipment	756,964	52,642	-	809,606
Total accumulated depreciation	<u>5,268,874</u>	<u>535,213</u>	<u>-</u>	<u>5,804,087</u>
Total Capital Assets, depreciable, net	<u>\$13,949,204</u>	<u>\$ 912,347</u>	<u>\$ -</u>	<u>\$14,861,551</u>

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

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, non-depreciable				
Land	\$ 165,800	\$ -	\$ -	\$ 165,800
Construction in progress	168,001	1,062,359	-	1,230,360
Total Capital Assets, Non-depreciable	<u>\$ 333,801</u>	<u>\$1,062,360</u>	<u>\$ -</u>	<u>\$1,396,160</u>

Business Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, non-depreciable				
Land	\$ 92,500	\$ -	\$ -	\$ 92,500
Construction in progress	1,346,880	1,779,658	(1,386,825)	1,739,713
Total Capital Assets, Non-depreciable	<u>\$1,439,380</u>	<u>\$1,779,658</u>	<u>\$ (1,386,825)</u>	<u>\$1,832,213</u>

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

9. LONG-TERM DEBT

The annual requirements to amortize proprietary debt outstanding as of June 30, 2019, are as follows:

Year Ending June 30,	Business-Type Activities							
	Water & Sewer Bond		Water & Sewer Bond		Water & Sewer Bond		Water & Sewer Loan	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 12,309	\$ -	\$ 1,827	\$ -	\$ 167,579	\$ 62,834	\$ 6,651	\$ -
2021	12,309	-	1,827	-	172,935	57,478	6,651	-
2022	12,309	-	1,827	-	178,462	51,952	6,651	-
2023	12,309	-	1,827	-	184,165	46,248	6,651	-
2024	12,309	-	1,827	-	190,443	39,970	6,651	-
2025-2029	61,545	-	9,135	-	1,052,753	99,312	33,256	-
2030-2034	43,083	-	7,306	-	124,532	1,345	33,256	-
2035-2039	-	-	-	-	-	-	33,256	-
2040-2044	-	-	-	-	-	-	9,978	-
2045-2049	-	-	-	-	-	-	-	-
2050-2054	-	-	-	-	-	-	-	-
2055-2059	-	-	-	-	-	-	-	-
Total	\$ 166,173	\$ -	\$ 25,576	\$ -	\$2,070,869	\$359,139	\$143,001	\$ -

Year Ending June 30,	Water & Sewer Loan		Sewer Refunding Bond		Water Bond		Water Bond	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 59,949	\$ 36,923	\$ 100,192	\$ -	\$ 4,391	\$ 2,082	\$ 7,325	\$ 10,802
2021	62,860	34,013	100,192	-	8,914	4,031	14,043	11,172
2022	64,697	33,872	100,192	-	9,093	3,852	13,588	11,626
2023	66,614	34,331	100,192	-	9,276	3,669	13,896	11,319
2024	70,618	30,328	100,192	-	9,462	3,483	14,210	11,004
2025-2029	422,079	82,648	500,960	-	50,241	14,485	76,022	50,051
2030-2034	54,794	1,132	500,960	-	55,497	9,228	85,021	41,052
2035-2039	-	-	450,873	-	21,758	2,098	95,085	30,988
2040-2044	-	-	-	-	-	-	39,142	9,315
2045-2049	-	-	-	-	-	-	-	-
2050-2054	-	-	-	-	-	-	-	-
2055-2059	-	-	-	-	-	-	-	-
Total	\$ 801,611	\$253,247	\$1,953,753	\$ -	\$ 168,631	\$ 42,929	\$358,333	\$187,328

Year Ending June 30,	General Obligation and Sewer Bond		Total	
	Principal	Interest	Principal	Interest
2020	\$ 23,341	\$ 38,375	\$ 383,564	\$ 151,016
2021	23,925	37,791	403,656	144,485
2022	24,523	37,193	411,342	138,495
2023	25,136	36,580	420,065	132,147
2024	25,764	35,952	431,476	120,737
2025-2029	138,810	169,770	2,344,801	416,265
2030-2034	157,050	151,530	1,061,499	204,287
2035-2039	177,689	130,891	778,661	163,977
2040-2044	201,038	107,542	250,158	116,857
2045-2049	227,457	81,123	227,457	81,123
2050-2054	257,346	51,234	257,346	51,234
2055-2059	252,921	17,417	252,921	17,417
Total	\$1,535,000	\$895,398	\$7,222,947	\$1,738,041

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

9. LONG-TERM DEBT (continued)

The annual requirements to amortize governmental debt outstanding as of June 30, 2019, are as follows:

Year Ending June 30,	Governmental Activities									
	General Obligation Bond		Note Payable		Note Payable		Note Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 36,849	\$ 10,931	\$ 27,562	\$ 1,875	\$ 4,718	\$ 641	\$ 28,074	\$ 4,494	\$ 97,203	\$ 17,941
2021	37,639	10,141	28,382	1,056	4,871	489	28,987	3,581	99,879	15,267
2022	38,446	9,334	14,492	213	5,027	333	29,929	2,639	87,894	12,519
2023	39,270	8,510	-	-	5,187	173	30,902	1,666	75,359	10,349
2024	40,112	7,669	-	-	2,638	25	20,371	662	63,121	8,356
2025-2029	213,827	25,073	-	-	-	-	-	-	213,827	25,073
2030-2034	100,059	3,727	-	-	-	-	-	-	100,059	3,727
Total	<u>\$ 506,202</u>	<u>\$ 75,385</u>	<u>\$ 70,436</u>	<u>\$ 3,145</u>	<u>\$ 22,441</u>	<u>\$ 1,661</u>	<u>\$ 138,263</u>	<u>\$ 13,042</u>	<u>\$ 737,342</u>	<u>\$ 93,233</u>

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, 2019:

	Balance 7/1/2018	Additions/ Proceeds	Payments/ Reductions	Balance 6/30/2019
Business-Type Activities:				
Revenue bonds	\$ 4,604,424	\$4,065,813	\$(2,248,901)	\$ 6,421,336
Notes payable	1,580,403	813,312	(1,592,104)	801,611
Net Pension Liability	149,893	62,188	-	212,081
OPEB	45,743	3,830	-	49,573
Accrued Compensated Absences	38,335	-	(2,992)	35,343
Total	<u>\$ 6,418,798</u>	<u>\$ 4,945,143</u>	<u>\$(3,843,997)</u>	<u>\$ 7,519,944</u>
	Balance 7/1/2018	Additions/ Proceeds	Payments/ Reductions	Balance 6/30/2019
Governmental Activities:				
Revenue Bonds	\$ 540,000	\$ -	\$ (33,799)	\$ 506,201
Notes payable	-	257,989	(26,848)	231,141
Capital lease	17,485	-	(17,485)	-
Net Pension Liability	366,980	127,875	-	494,855
OPEB	95,367	-	(2,830)	92,537
Accrued Compensated Absences	50,919	1,788	-	52,707
Total	<u>\$ 1,070,751</u>	<u>\$ 387,652</u>	<u>\$ (80,962)</u>	<u>\$ 1,377,441</u>

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

9. **LONG-TERM DEBT (continued)**

Details of Long-Term Indebtedness:

Enterprise Fund:	<u>Water & Sewer</u>
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.	\$ 2,070,869
\$200,000 Bond Payable to Virginia Resources Authority, issued on June 23, 2010, at 0% interest. Final payment of principal is due September 1, 2040.	143,001
\$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.	166,173
\$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.	25,576
\$1,200,000 Bond payable to First Bank & Trust, issued January 20, 2012, payable in monthly installments of \$7,490.79 at interest varying from 3.45%-5.85%. Final payment of principal is due January 19, 2030.	801,611
\$2,003,849 Bond payable to Virginia Resource Authority, issued September 12, 2018, payable in semi-annual installments of \$50,096 beginning April 1, 2019, at 0.0% interest. Final payment of principal is due October 2038.	1,953,753
\$204,113 Bond payable to Virginia Resources Authority, issued November 20, 2018, payable in semi-annual installments of \$6,473 at 2.0% interest. Final payment of principal is due March 2039.	168,631
\$1,535,000 Bond payable to Rural Development, issued June 25, 2019, payable in monthly installments of \$5,143 at 2.50% interest. Final payment of principal is due June 2059.	1,535,000
\$541,465 Bond payable to Virginia Resources Authority, issued December 18, 2018, payable in semi-annual installments of \$12,607 at 2.25% interest. Final payment of principal is due June 1, 2049.	<u>358,333</u>
TOTAL ENTERPRISE FUNDS LONG-TERM DEBT	<u>\$ 7,222,947</u>

Governmental Fund:

Bonds and Obligations:

\$540,000 Bond Payable to Virginia Resources Authority, issued on November 29, 2017, payable in semi-annual installments of \$23,890 at 2.63% interest. Final principal payment is due on January 1, 2032.	506,202
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TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

9. LONG-TERM DEBT (continued)

\$83,252 commercial loan to First Bank and Trust, issued September 9, 2018, payable in semi-annual installments of \$14,719 at 2.95% interest. Final payment of principal is due December 30, 2021.	70,436
\$24,737 commercial loan to Miner's Exchange Bank, issued November 20, 2018, payable in monthly installments of \$447 at 3.15% interest. Final payment of principal is due December 2023.	22,441
\$150,000 note payable to Rural Development, issued on January 31, 2019, payable in monthly installments of \$2,714 at 3.25% interest. Final principal payment is due on January 2024.	<u>\$ 138,263</u>
TOTAL GOVERNMENTAL FUNDS LONG-TERM DEBT	<u>\$ 737,342</u>

10. CLAIMS, JUDGEMENTS, AND COMPENSATED ABSENCES

PRIMARY GOVERNMENT

Town employees earn general leave at the rate of 1 ¼ days to 2 ¼ day per month depending on length of service. The maximum leave carryover can be no more than 120 days. The Town has outstanding accrued vacation pay totaling \$52,707 in the General Fund and \$35,343 in the Water and Sewer Fund.

11. FUND BALANCES—GOVERNMENTAL FUNDS

As of June 30, 2019, fund balances are composed of the following:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Non-Spendable:			
Due from Other Funds	\$ 137,278	\$ -	\$ 137,278
Restricted:			
Parks & Recreation	273,135	-	273,135
Committed:			
Lake Estonoa	18,028	-	18,028
Community Development	-	708	708
Assigned:	-	-	-
Unassigned:	5,200,356		5,200,356
Total fund balances	<u>\$ 5,628,797</u>	<u>\$ 708</u>	<u>\$ 5,629,505</u>

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, 2019

12. 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.

13. DEFERRED REVENUE

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. The Town has deferred inflows comprised of the following:

Deferred Property Tax Revenue:

Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$18,917 at June 30, 2019.

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, 2019 was \$1,471,154.

14. PENSION PLAN-AGENT MULTIPLE-EMPLOYER

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

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. 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:

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
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.	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.	About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. <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.

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

14. PENSION PLAN-AGENT MULTIPLE-EMPLOYER (continued)

		<ul style="list-style-type: none"> 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, and they have not taken a refund.</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.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</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.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>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"> Town of St. Paul, Virginia 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 employees <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>

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

14. PENSION PLAN-AGENT MULTIPLE-EMPLOYER (continued)

<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. 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 Same as Plan 1.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>
<p>Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Creditable Service Same as Plan 1</p>	<p>Creditable Service <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <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>

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

14. PENSION PLAN-AGENT MULTIPLE-EMPLOYER (continued)

<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.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1</p>	<p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Define Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>
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TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

14. 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>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1</p> <p><u>Defined Contribution component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</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: Not Applicable</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: The 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: Not Applicable</p> <p>Political Subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier <u>Defined Benefit Component:</u> 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>

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

14. PENSION PLAN-AGENT MULTIPLE-EMPLOYER (continued)

<p>Normal Retirement Age VRS: Age 65</p> <p>Political subdivision 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> <p>Defined Contribution Component: 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 Defined Benefit Component: 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>Defined Contribution Component: 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 Defined Benefit Component: VRS: Age 60 with at least five years (60 months) of creditable service.</p> <p>Political subdivisions hazardous duty employees: Not Applicable</p> <p>Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

14. **PENSION PLAN-AGENT MULTIPLE-EMPLOYER (continued)**

<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 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 	<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><u>Exceptions to COLA Effective Dates:</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> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2</p>
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TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

14. **PENSION PLAN-AGENT MULTIPLE-EMPLOYER (continued)**

<p>Transition Act or the Transitional Benefits Program.</p> <ul style="list-style-type: none"> 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>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Employees of political subdivisions (Including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>
<p>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. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service Same as Plan 1</p>	<p>Purchase of Prior Service Defined Benefit Component: Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> Hybrid Retirement Plan members are ineligible for ported service. <p>Defined Contribution Component: Not applicable</p>

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

14. PENSION PLAN-AGENT MULTIPLE-EMPLOYER (continued)

Employees Covered by Benefit Terms – As of June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>10</u>
Inactive Members:	
Vested Inactive Members	3
Non-vested Inactive Members	4
LTD	0
Active Elsewhere in VRS	<u>11</u>
Total Inactive Members	<u>18</u>
Active Members	<u>20</u>
Total Covered Employees	<u>48</u>

Contributions – The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The Town's contractually required employer contribution rate for the year ended June 30, 2019 was 10.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with the 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 \$78,775 and \$70,068 for the years ended June 30, 2019 and June 30, 2018, respectively.

Net Pension Liability – The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For political subdivisions, the net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2017 rolled forward to the measurement date of June 30, 2018.

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, 2017, 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, 2018.

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 market value of assets for the last experience study we 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.

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

14. PENSION PLAN-AGENT MULTIPLE EMPLOYER (continued)

Actuarial Assumptions – General Employees (continued)

Mortality rates:

Largest 10 – Non-Hazardous Duty: 20% of deaths are assumed to be service related.

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

All Others (Non 10 Largest) – Non-Hazardous Duty: 15% of deaths are assumed to be service related.

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 20%

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

14. PENSION PLAN-AGENT MULTIPLE-EMPLOYER (continued)

All Others (Non 10 Largest) – Non-Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 15%

Actuarial Assumptions – Public Safety Employees – The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Town’s Retirement Plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

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 market value of assets for the last experience study we 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 – Hazardous Duty: 70% of deaths are assumed to be service related.

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

All Others (Non 10 Largest) – Hazardous Duty: 45% of deaths are assumed to be service related.

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

14. PENSION PLAN-AGENT MULTIPLE EMPLOYER (continued)

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 60% to 70%

All Others (Non 10 Largest) – Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Increase rate from 60% to 45%

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:

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

14. **PENSION PLAN-AGENT MULTIPLE EMPLOYER (continued)**

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
	Inflation		2.50%
	*Expected Arithmetic Nominal Return		7.30%

*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, 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 rate equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015, actuarial valuations, whichever was greater. From July 1, 2018 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the Long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

14. 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)
Balances at June 30, 2017	\$2,767,803	\$2,250,930	\$516,873
Changes for the year:			
Service Cost	60,591		60,591
Interest	190,357		190,357
Changes in benefit terms	-		-
Changes of assumptions	-		-
Differences between expected and actual experience	210,840		210,840
Contributions – Employer		70,074	(70,074)
Contributions – Employee		36,259	(36,259)
Net Investment Income		166,947	(166,947)
Benefit payments, including refunds			
Refunds of employee contributions	(96,843)	(96,843)	-
Administrative Expenses		(1,403)	1,403
Other Changes	-	(151)	151
Net Changes	364,945	174,883	(190,062)
Balances at June 30, 2018	\$3,132,748	\$2,425,813	\$706,935

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 political subdivision'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 (7.00%)	1% Increase (8.00%)
Town of St. Paul, Virginia's Net Pension Liability	\$1,104,368	\$706,935	\$375,969

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

14. 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, 2019, the Town recognized pension expense of \$93,815. At June 30, 2019, 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	\$ 148,029	\$ 3,040
Changes in assumptions	-	18,888
Net differences between projected and actual earnings on plan investments	-	19,785
Employer contributions subsequent to the measurement date	78,776	-
Total	\$ 226,805	\$ 41,713

\$78,775 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30:

2020	54,355
2021	57,465
2022	(3,684)
2023	(1,820)
2024	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report-pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

At June 30, 2019, the Town reported a payable of \$9,324 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

15. OTHER POST-EMPLOYMENT BENEFITS LIABILITY (OPEB)-LOCALITY PLAN

Plan Description

The Town provides post-employment medical coverage for retired employees through a single-employer defined benefit 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.

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

15. OTHER POST-EMPLOYMENT BENEFITS LIABILITY (OPEB)-LOCALITY PLAN (Continued)

Benefits Provided

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.

Employees Covered by Benefit Terms

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Active members	20
Retired members	<u>2</u>
Total covered employees	<u>22</u>

Total OPEB Liability

The Town's Total OPEB Liability of \$83,110 was measured as of June 30, 2018, and was determined by an actuarial valuation as of June 30, 2016.

There are no assets accumulated in a trust, therefore, the Net Fiduciary Position is \$0, and the Net OPEB Liability is equal to the Total OPEB Liability.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Salary increases	3.00 percent per year
Discount rate	2.98 percent per year
Healthcare cost trend rates	2.00 percent for 2016, 4.60 in 2017 then graded to 4.70% over 82 years
Retirees' share of benefit-Related costs	0% of projected health insurance premiums for retirees

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

Mortality rates:

RP-2000 Employee Mortality Tables for Males and Females Projected 18 years; this assumption does not include a margin for future improvements in longevity.

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

15. OTHER POST-EMPLOYMENT BENEFITS LIABILITY (OPEB)-LOCALITY PLAN (Continued)

Changes in Total OPEB Liability

Balance as of June 30, 2018	\$ 83,110
Changes during Year:	
Service Cost	4,374
Interest	2,812
Changes of assumptions	(977)
Difference between expected and actual Experience	7,543
Benefit Payments, including refunds of Employer Contributions	<u>(13,752)</u>
Net changes	<u>-</u>
Balance as of June 30, 2019	<u>\$ 83,110</u>

Sensitivity Analyses

The following presents the total OPEB liability of the Town's locality plan, calculated using the discount rate of 2.98%. It also presents what the Town's Total OPEB Liability would be if it were calculated using a discount rate one percentage point lower (1.98%) and one percentage point higher (3.98%) than the current rate.

	<u>1% Decrease (1.98%)</u>	<u>Current Rate (2.98%)</u>	<u>1% Increase (3.98%)</u>
Town of St. Paul, Virginia's Total OPEB Liability	\$ 93,258	\$83,110	\$74,649

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

	<u>1% Decrease in Trend Rate</u>	<u>Current Trend Rate</u>	<u>1% Increase In Trend Rate</u>
Town of St. Paul, Virginia's Total OPEB Liability	\$72,875	\$83,110	\$95,728

16. OTHER POST-EMPLOYMENT BENEFITS LIABILITY (OPEB)-VRS GROUP LIFE PLAN

Plan Description

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums.

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

16. OTHER POST-EMPLOYMENT BENEFITS LIABILITY (OPEB)-VRS GROUP LIFE PLAN (continued)

Plan Description (continued)

Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the Group Life Insurance Program OPEB.

The specific information for Group Life Insurance Program OPEB is available at
<https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp>.

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

Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the Group Life Insurance Program from the entity were \$3,894 and \$3,906 for the years ended June 30, 2019 and June 30, 2018, respectively.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB

At June 30, 2019, the Town reported a liability of \$59,000 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating employer's proportion was 0.00392% as compared to 0.00387% at June 30, 2017.

For the year ended June 30, 2019, the participating employer recognized GLI OPEB expense of \$2,000. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to the deferred amounts from changes in proportion.

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

16. OTHER POST-EMPLOYMENT BENEFITS LIABILITY (OPEB)-VRS GROUP LIFE PLAN (continued)

At June 30, 2019, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and Actual experience	\$ 3,000	\$ 1,000
Net difference between projected and Actual earnings on GLI OPEB Program investments	-	2,000
Changes in assumptions		2,000
Changes in proportion	-	-
Employer contributions subsequent to the Measurement date	<u>3,894</u>	<u>-</u>
Total	<u>\$ 6,894</u>	<u>\$ 5,000</u>

\$3,894 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

FY 2020	\$ (1,000)
FY 2021	(1,000)
FY 2022	-
FY 2023	-
FY 2024	-
Thereafter	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.5 percent
Salary increases, including inflation—	
General state employees	3.5 percent - 5.35 percent
Teachers	3.5 percent - 5.95 percent
SPORS employees	3.5 percent - 4.75 percent
VaLORS employees	3.5 percent - 4.75 percent
JRS employees	4.5 percent
Locality - General employees	3.5 percent - 5.35 percent
Locality - Hazardous Duty employees	3.5 percent - 4.75 percent
Investment rate of return	7.0 Percent, net of investment expenses, Including inflation*

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

16. OTHER POST-EMPLOYMENT BENEFITS LIABILITY (OPEB)-VRS GROUP LIFE PLAN (continued)

*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 the OPEB liabilities.

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 14.

Net OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the Measurement Date of June 30, 2018, NOL amounts for the Group Life Insurance Program are as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$ 3,113,508
Plan Fiduciary Net Position	<u>1,594,773</u>
Employers' Net GLI OPEB Liability (Asset)	<u>\$ 1,518,735</u>
Plan Fiduciary Net Position as a Percentage Of the Total GLI OPEB Liability	51.22%

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

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's 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 System's 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
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
	Inflation		<u>2.50%</u>
	*Expected Arithmetic Nominal Return		<u>7.30%</u>

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

16. **OTHER POST-EMPLOYMENT BENEFITS LIABILITY (OPEB)-VRS GROUP LIFE PLAN (continued)**

The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 7.00% as well as what the employer's proportionate share of the net GLI OPEB 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 (7.00%)	1% Increase (8.00%)
Town of St. Paul, Virginia's proportionate Share of the Group Life Insurance Program Net OPEB Liability	\$ 77,000	\$ 59,000	\$ 44,000

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Payables to the VRS Group Life Insurance OPEB Plan

As of June 30, 2019, the Town reported a payable of \$813 for the outstanding amount of contributions to the group life insurance OPEB plan required for the year ended June 30, 2019.

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

17. SUMMARY OF PENSION AND OTHER POSTEMPLOYMENT BENEFIT ELEMENTS

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

	Governmental Activities	Business-Type Activities	Total Primary Government
Deferred outflows of resources - Related to Pensions			
Deferred outflow-Differences in expected/ actual and assumptions			
VRS-Defined Benefit Pension Plan	103,620	44,409	148,029
Deferred outflow-Contributions after the measurement date			
VRS-Defined Benefit Pension Plan	55,143	23,633	78,776
Total deferred outflow of resources - Pensions	<u>\$ 158,763</u>	<u>\$ 68,042</u>	<u>\$ 226,805</u>
Deferred outflows of resources - OPEB			
Deferred outflow-Differences in expected/actual and assumptions			
VRS-GLI-OPEB Program	\$ 1,950	\$ 1,050	\$ 3,000
Deferred outflow-Contributions after the measurement date			
VRS-GLI-OPEB Program	2,531	1,363	3,894
Total deferred outflow of resources - OPEB	<u>\$ 4,481</u>	<u>\$ 2,413</u>	<u>\$ 6,894</u>
Net pension liability			
VRS-Defined Benefit Pension Plan	\$ 494,855	\$ 212,081	\$ 706,936
Total net pension liability	<u>\$ 494,855</u>	<u>\$ 212,081</u>	<u>\$ 706,936</u>
Net OPEB liability			
Local Health	\$ 54,187	\$ 28,923	\$ 83,110
VRS-GLI	38,350	20,650	59,000
Total net OPEB liability	<u>\$ 92,537</u>	<u>\$ 49,573</u>	<u>\$ 142,110</u>
Deferred inflows of resources - Related to Pensions			
Deferred inflow-Differences in expected/ actual and assumptions			
VRS-Defined Benefit Pension Plan	\$ 29,199	\$ 12,514	\$ 41,713
Total deferred inflow of resources - Pensions	<u>\$ 29,199</u>	<u>\$ 12,514</u>	<u>\$ 41,713</u>
Deferred inflows of resources - OPEB			
Deferred inflows-Differences in expected/actual and assumption			
VRS-GLI-Cost Sharing-Multiple-Employer	3,250	1,750	5,000
Total deferred inflow of resources - OPEB	<u>\$ 3,250</u>	<u>\$ 1,750</u>	<u>\$ 5,000</u>

18. SURETY BONDS

The Town of St. 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

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHP classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

19. SUBSEQUENT EVENTS (CONTINUED)

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Town's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, supplier, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Town is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2020.

The Town's operations are heavily dependent on the ability to raise taxes and assess fees. Additionally, access to grants and contracts from federal, state and other local governments may decrease or may not be available depending on appropriations. The outbreak may have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. This situation may depress the tax bases and other areas in which the Town received revenue during 2019. As such, this may hinder the Town's ability to meet the needs of its constituents.

Although the Town cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have an adverse effect on the Town's results for future operations, financial position and liquidity in fiscal year 2020.

20. FUTURE ACCOUNTING PRONOUNCEMENTS

The following Governmental Accounting Standards Board (GASB) Statements has issued the following Statements which are not yet effective. Management has not yet evaluated their effect on the Town's financial report.

GASB Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements, requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant acceleration clauses. This Statement will improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. This original effective date for this statement was for the year ending June 30, 2019; however, due to the COVID-19 crisis, GASB has issued a proposal draft to determine a revised effective date that is schedule to be determined at GASB's meeting in May 2020.

Statement No. 83, Certain Asset Retirement Obligations, establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The requirements of this statement were originally set to be effective for reporting periods beginning after June 15, 2018; however, due to the COVID-19 crisis, GASB has issued a proposal draft to determine a revised effective date that is schedule to be determined at GASB's meeting in May 2020.

Statement No. 84, Fiduciary Activities, establishes criteria for identifying fiduciary activities of all state and local governments. The requirements of this statement were originally set to be effective for reporting periods beginning after December 15, 2018; however, due to the COVID-19 crisis, GASB has issued a proposal draft to determine a revised effective date that is schedule to be determined at GASB's meeting in May 2020.

June 30, 2019

20. FUTURE ACCOUNTING PRONOUNCEMENTS (CONTINUED)

Statement No. 87, Leases, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, unless the lease is a short-term lease or it transfers ownership of the underlying asset. The requirements of this statement were originally set to be effective for reporting periods beginning after December 15, 2019; however, due to the COVID-19 crisis, GASB has issued a proposal draft to determine a revised effective date that is schedule to be determined at GASB's meeting in May 2020.

Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period, establishes accounting requirements for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this statement were originally set to be effective for reporting periods beginning after December 15, 2019; however, due to the COVID-19 crisis, GASB has issued a proposal draft to determine a revised effective date that is schedule to be determined at GASB's meeting in May 2020. The requirements of this statement should be applied prospectively;

Statement No. 90, Majority Equity Interests—An Amendment of GASB Statements No. 14 and No. 61), defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The requirements of this statement were originally set to be effective for reporting periods beginning after December 15, 2018; however, due to the COVID-19 crisis, GASB has issued a proposal draft to determine a revised effective date that is schedule to be determined at GASB's meeting in May 2020. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

TOWN OF SAINT PAUL, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2019

EXHIBIT 14

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES:				
General property taxes	\$ 2,494,885	\$ 2,514,885	\$ 2,493,512	\$ (21,373)
Other local taxes	525,250	523,250	578,101	54,851
Permits, privilege fees and regulatory licenses	1,490	1,490	2,385	895
Fines and forfeitures	3,900	900	3,860	2,960
Revenue from use of money and property	39,800	39,800	74,437	34,637
Charges for services	20,100	20,100	17,366	(2,734)
Miscellaneous	11,250	11,250	113,162	101,912
Recovered costs	29,600	29,600	28,200	(1,400)
Intergovernmental	1,080,666	1,105,666	1,228,553	122,887
Total revenue	<u>4,206,941</u>	<u>4,246,941</u>	<u>4,539,576</u>	<u>292,635</u>
EXPENDITURES:				
General government administration	865,453	843,453	826,194	(17,259)
Public safety	647,077	623,077	967,680	344,603
Public works	496,636	499,136	608,933	109,797
Parks, recreation, and cultural	274,317	374,817	436,370	61,553
Community development	1,888,768	2,571,768	2,007,845	(563,923)
Non-departmental	-	(700,000)	-	700,000
Debt Service	34,690	34,690	104,406	69,716
Total Expenditures	<u>4,206,941</u>	<u>4,246,941</u>	<u>4,951,428</u>	<u>704,487</u>
OTHER FINANCING SOURCES (USES):				
Sale of property	-	-	-	-
Insurance recoveries	-	-	30,603	30,603
Loan proceeds	-	-	257,989	257,989
Transfers in (out)	-	-	(50,000)	(50,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>238,592</u>	<u>238,592</u>
 Net Change in Fund Balance	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ (173,260)</u>	 <u>\$ (173,260)</u>

TOWN OF SAINT PAUL, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (unaudited)
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
JUNE 30, 2019

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability					
Service cost	\$ 60,591	\$ 72,197	\$ 73,571	\$ 65,738	\$ 63,895
Interest	190,357	185,150	174,959	156,525	145,707
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	210,840	(7,902)	7,440	98,257	-
Changes in assumptions	-	(49,108)	-	-	-
Benefit payments, including refunds of employee contributions	(96,843)	(155,076)	(65,698)	(48,629)	(61,492)
Net change in total pension liability	<u>364,945</u>	<u>45,261</u>	<u>190,272</u>	<u>271,891</u>	<u>148,110</u>
Total pension liability-beginning	<u>2,767,803</u>	<u>2,722,542</u>	<u>2,532,270</u>	<u>2,260,379</u>	<u>2,112,269</u>
Total pension liability-ending	<u><u>\$ 3,132,748</u></u>	<u><u>\$ 2,767,803</u></u>	<u><u>\$ 2,722,542</u></u>	<u><u>\$ 2,532,270</u></u>	<u><u>\$ 2,260,379</u></u>
Plan fiduciary net position					
Contributions-employer	\$ 70,074	\$ 67,751	\$ 65,638	\$ 66,048	\$ 58,312
Contributions-employee	36,259	35,123	35,856	36,118	34,450
Net investment income	166,947	247,294	36,222	86,356	251,190
Benefit payments, including refunds of employee contributions	(96,843)	(155,076)	(65,698)	(48,629)	(61,492)
Administrative expense	(1,403)	(1,445)	(1,201)	(1,111)	(1,314)
Other	(151)	(220)	(15)	(19)	13
Net change in total pension liability	<u>174,883</u>	<u>193,427</u>	<u>70,802</u>	<u>138,763</u>	<u>281,159</u>
Total pension liability-beginning	<u>2,250,930</u>	<u>2,057,503</u>	<u>1,986,701</u>	<u>1,847,938</u>	<u>1,566,779</u>
Total pension liability-ending	<u><u>\$ 2,425,813</u></u>	<u><u>\$ 2,250,930</u></u>	<u><u>\$ 2,057,503</u></u>	<u><u>\$ 1,986,701</u></u>	<u><u>\$ 1,847,938</u></u>
Political subdivision's net pension liability-ending	<u><u>\$ 706,935</u></u>	<u><u>\$ 516,873</u></u>	<u><u>\$ 665,039</u></u>	<u><u>\$ 545,569</u></u>	<u><u>\$ 412,441</u></u>
Plan fiduciary net position as a percentage of the total pension liability	<u>77.43%</u>	<u>81.33%</u>	<u>75.57%</u>	<u>78.46%</u>	<u>81.75%</u>
Covered-employee payroll	<u>\$ 745,374</u>	<u>\$ 724,574</u>	<u>\$ 735,332</u>	<u>\$ 732,836</u>	<u>\$ 674,349</u>
Political subdivision's net pension liability as a percentage of covered-employee payroll	<u>94.84%</u>	<u>71.33%</u>	<u>90.44%</u>	<u>74.45%</u>	<u>61.16%</u>

1) Fiscal year 2015 (plan year 2014) was the first year of GASB 68 implementation; therefore, only five years are shown herein.

TOWN OF SAINT PAUL, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION (unaudited)
SCHEDULE OF EMPLOYER CONTRIBUTIONS
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
JUNE 30, 2019

Date	Contributions In Relation to			Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)		
2019	\$ 78,775	\$ 78,775	\$ -	\$ 748,810	10.52%
2018	70,068	70,068	-	745,374	9.40%
2017	67,792	67,792	-	724,574	9.36%
2016	65,638	65,638	-	735,332	8.93%
2015	66,232	66,232	-	732,836	9.04%
2014	57,861	57,861	-	674,349	8.58%
2013	81,385	81,385	-	665,132	12.24%
2012	77,031	77,031	-	613,047	12.57%
2011	75,316	75,316	-	560,247	13.44%
2010	71,351	71,351	-	537,367	13.28%

TOWN OF SAINT PAUL, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS (unaudited)
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
JUNE 30, 2019

	2019	2018
Total OPEB Liability		
Service cost	4,374	24,420
Interest	2,812	3,325
Changes of benefit terms	-	-
Differences between expected and actual experience	6,976	(69,652)
Changes in assumptions	(410)	(9,926)
Benefit payments, including refunds of employee contributions	(13,752)	(13,752)
Net change in total OPEB liability	-	(65,585)
Total OPEB liability-beginning	83,110	148,695
Total OPEB liability-ending	<u>\$ 83,110</u>	<u>\$ 83,110</u>
 Covered-employee payroll	 748,810	 748,810
 Political subdivision's net OPEB liability as a percentage of covered-employee payroll	 11.10%	 11.10%

1) Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only two years are shown herein.

Notes to Schedule:

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

2019	2.980%
2018	2.980%
2017	2.000%

TOWN OF SAINT PAUL, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY (unaudited)
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
JUNE 30, 2019

*	Employer's	Employer's		Employer's	Plan
Fiscal	Portion	Proportionate		Proportionate Share	Fiduciary
Year	of the	Share of the	Employer's	of the Net OPEB	Net Position
Ended	Net OPEB	Net OPEB	Covered	Liability (Asset)	as a % of the
30-Jun	Liability (Asset)	Liability (Asset)	Payroll	as % of its	Total
				Covered Payroll	OPEB Liability
VRS-Group Life Insurance-General Employees					
2019	0.00392%	59,000	748,810	7.88%	51.22%
2018	0.00387%	58,000	745,374	7.78%	48.86%

*The amounts presented have a measurement date of the previous fiscal year end.

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only two years of data is available. Additional years will be included as they become available.

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

TOWN OF SAINT PAUL, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS (unaudited)
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
JUNE 30, 2019

Fiscal Year	Contractually Required Contribution	Contributions Related to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
VRS-Group Life Insurance-General Employees					
2019	\$ 3,894	\$ 3,894	\$ -	\$ 748,810	0.52%
2018	3,906	3,906	-	745,374	0.52%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only two years of data is available. Additional years will be included as they become available.

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

TOWN OF ST. PAUL, VIRGINIA
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Note 1. Changes of benefit terms-- There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Note 2. Changes of assumptions-- The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016.

Largest 10 – Non-Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 20%

All Others (Non 10 Largest) – Non-Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 15%

Largest 10 – Hazardous Duty/Public Safety Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 60% to 70%

All Others (Non 10 Largest) – Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Increase rate from 60% to 45%

TOWN OF SAINT PAUL, VIRGINIA
GOVERNMENTAL FUND REVENUES
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2019

SCHEDULE 1
Page 1

	Original Budget	Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
<u>PRIMARY GOVERNMENT</u>				
GENERAL FUND:				
Revenue from Local Sources:				
General Property Taxes:				
Real property taxes	\$ 2,450,000	\$ 2,490,000	\$ 2,458,668	\$ (31,332)
Real and personal public service corporation property taxes	-	-	-	-
Personal property taxes	43,885	23,885	34,123	10,238
Penalties and interest	1,000	1,000	721	(279)
Total General Property Taxes	<u>2,494,885</u>	<u>2,514,885</u>	<u>2,493,512</u>	<u>(21,373)</u>
Other Local Taxes:				
Local sales and use taxes	50,000	48,000	47,042	(958)
Cigarette taxes	17,000	17,000	18,715	1,715
Utility taxes	52,000	52,000	51,620	(380)
Business licenses taxes	97,200	97,200	100,663	3,463
Motor vehicle licenses	50	50	10	(40)
Bank stock taxes	30,000	30,000	41,146	11,146
Hotel and motel room taxes	12,000	12,000	21,133	9,133
Restaurant food taxes	250,000	250,000	270,674	20,674
Coal road improvement taxes	17,000	17,000	27,098	10,098
Total Other Local Taxes	<u>525,250</u>	<u>523,250</u>	<u>578,101</u>	<u>54,851</u>
Permits, Privilege Fees, And Regulatory Licenses	<u>1,490</u>	<u>1,490</u>	<u>2,385</u>	<u>895</u>
Fines and Forfeitures	<u>3,900</u>	<u>900</u>	<u>3,860</u>	<u>2,960</u>
Revenue From Use Of Money and Property:				
Revenue from use of money	35,000	35,000	69,637	34,637
Revenue from use of property	4,800	4,800	4,800	-
Total Revenue From Use of Money and Property	<u>39,800</u>	<u>39,800</u>	<u>74,437</u>	<u>34,637</u>
Charges For Services:				
Charges for sanitation and waste removal	100	100	-	(100)
Charges for parks and recreation	-	-	-	-
Swimming pool	20,000	20,000	17,366	(2,634)
Total Charges For Services	<u>20,100</u>	<u>20,100</u>	<u>17,366</u>	<u>(2,734)</u>
Miscellaneous Revenue	<u>11,250</u>	<u>11,250</u>	<u>113,162</u>	<u>101,912</u>
Recovered Costs	<u>29,600</u>	<u>29,600</u>	<u>28,200</u>	<u>(1,400)</u>
Total Revenue From Local Sources	<u>\$ 3,126,275</u>	<u>\$ 3,141,275</u>	<u>\$ 3,311,023</u>	<u>\$ 169,748</u>

TOWN OF SAINT PAUL, VIRGINIA
GOVERNMENTAL FUND REVENUES
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2019

SCHEDULE 1
Page 2

	<u>Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenue From The Commonwealth:				
Non-Categorical Aid:				
Mobile home titling taxes	\$ 100	\$ 100	\$ 75	\$ (25)
Rolling stock taxes	6,000	6,000	5,650	(350)
Assistance to localities with police departments	23,766	23,766	24,644	878
Total Non-Categorical Aid	<u>29,866</u>	<u>29,866</u>	<u>30,369</u>	<u>503</u>
Other Categorical Aid:				
St. Paul IDA-VCEDA	-	-	29,300	29,300
Litter control	1,000	1,000	1,034	34
TIC Grant	85,000	85,000	85,000	-
VDOT Revenue Sharing Grant	300,000	300,000	864,299	564,299
VTC Grant (Love grant)	-	-	10,000	10,000
Rally Grant-CRVI	5,000	5,000	1,873	(3,127)
Department of Forestry Grant	2,000	2,000	2,525	525
Fire programs fund	10,000	10,000	10,000	-
Total Other Categorical Aid	<u>403,000</u>	<u>403,000</u>	<u>1,004,031</u>	<u>601,031</u>
Total Revenue From The Commonwealth	<u>432,866</u>	<u>432,866</u>	<u>1,034,400</u>	<u>601,534</u>
Revenue From The Federal Government:				
Payment In Lieu of Taxes:				
Payment in lieu of property taxes	3,800	3,800	5,151	1,351
Total Payment in Lieu of Taxes	<u>3,800</u>	<u>3,800</u>	<u>5,151</u>	<u>1,351</u>
Categorical Aid:				
Community Facilities-RD	38,000	63,000	25,000	(38,000)
ARC Grant Revenue	300,000	300,000	155,754	(144,246)
DMV grant	4,000	4,000	3,406	(594)
TVA-Reimbursement	2,000	2,000	-	(2,000)
Transportation Enhancement Grant	300,000	300,000	4,842	(295,158)
LLEBG-Block Grant	-	-	-	-
Total Categorical Aid	<u>644,000</u>	<u>669,000</u>	<u>189,002</u>	<u>(479,998)</u>
Total Revenue From The Federal Government	<u>647,800</u>	<u>672,800</u>	<u>194,153</u>	<u>(478,647)</u>
Prior Years Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL FUND	<u>4,206,941</u>	<u>4,246,941</u>	<u>4,539,576</u>	<u>292,635</u>
SPECIAL REVENUE FUNDS:				
Veteran's Memorial Wall				
Revenue From Local Sources:				
Revenue from Use of Money and Property:	7	7	9	2
Transfers in (out)	-	-	-	-
Total Revenue Veteran's Memorial Wall	<u>7</u>	<u>7</u>	<u>9</u>	<u>2</u>
Prior Years Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Special Revenue Funds	<u>7</u>	<u>7</u>	<u>9</u>	<u>2</u>
GRAND TOTALS - REVENUES - GOVERNMENTAL FUNDS	<u>\$ 4,206,948</u>	<u>\$ 4,246,948</u>	<u>\$ 4,539,585</u>	<u>\$ 292,637</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, 2019

SCHEDULE 2

Page 1

	<u>Original Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>PRIMARY GOVERNMENT</u>				
GENERAL FUND:				
General Government Administration:				
Legislative:				
Mayor	\$ 4,800	\$ 4,800	\$ 4,400	\$ 400
Total Legislative	4,800	4,800	4,400	400
General and Financial Administration:				
Salaries and Wages	138,276	122,776	145,296	(22,520)
Payroll taxes	10,997	10,997	11,228	(231)
Health insurance	45,133	45,133	45,133	-
Retirement	23,203	23,203	23,078	125
Insurance-Worker's Compensation	257	257	365	(108)
Other Employee Benefits	1,714	1,714	1,725	(11)
Legal fees	40,000	30,000	19,644	10,356
Accounting	12,800	12,800	13,250	(450)
Audit expense	13,500	13,500	14,325	(825)
Dues, Licenses & Fees	3,000	4,000	4,116	(116)
Advertising	5,000	5,000	3,650	1,350
Computer expense	28,000	28,000	22,550	5,450
Insurance-General Liability	6,182	6,182	3,998	2,184
Insurance-Bond Coverage	291	291	291	-
Miscellaneous	20,900	20,900	6,164	14,736
Supplies & Equipment	13,900	11,400	13,548	(2,148)
Telephone	10,000	13,000	10,802	2,198
Travel, Lodging & Entertainment	10,000	2,000	7,968	(5,968)
Tax Ticket Preparation	1,000	1,000	970	30
Tax Credit-WC IDA	470,000	480,000	470,498	9,502
Cigarette Tax Costs	3,500	3,500	3,195	305
Capital Outlay	3,000	3,000	-	3,000
Total General and Financial Administration	860,653	838,653	821,794	16,859
Total General Government Administration	865,453	843,453	826,194	17,259
Public Safety:				
Law Enforcement and Traffic Control:				
Salaries and Wages	216,039	216,039	249,467	(33,428)
Payroll taxes	16,829	16,829	18,803	(1,974)
Health insurance	107,976	107,976	94,569	13,407
Retirement	22,727	22,727	21,294	1,433
Insurance-Worker's Compensation	7,245	7,245	6,353	892
Employee Medical	500	500	280	220
Other Employee benefits	3,175	3,175	2,987	188
Uniforms	2,900	2,900	2,662	238
Legal Fees	4,200	4,200	-	4,200
Dues, Licenses & Fees	2,200	2,200	2,068	132
Liability Insurance	2,168	2,168	2,928	(760)
Materials and Supplies	18,000	14,000	11,474	2,526
Materials and Supplies-Christmas Toy Drive	5,000	5,000	4,720	280
Training and Education	2,500	2,500	1,150	1,350
Telephone	17,000	17,000	15,432	1,568
Utilities	7,000	7,000	5,895	1,105
Miscellaneous	14,300	14,300	8,005	6,295
Vehicle Expense	40,538	20,538	32,572	(12,034)
Line of Duty expense	33,780	33,780	28,728	5,052
Capital Outlay	1,500	1,500	61,724	(60,224)
Total Law Enforcement and Traffic Control	525,577	501,577	571,111	(69,534)

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, 2019

SCHEDULE 2
Page 2

	<u>Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Fire and Rescue Services:				
Vehicle expense	103,300	103,300	2,612	100,688
Insurance	5,700	5,700	5,405	295
Fire programs	10,000	10,000	10,000	-
Supplies	1,500	1,500	2,525	(1,025)
Utilities	-	-	-	-
Miscellaneous	1,000	1,000	376,027	(375,027)
Total Fire and Rescue Services	<u>121,500</u>	<u>121,500</u>	<u>396,569</u>	<u>(275,069)</u>
 Total Public Safety	 <u>647,077</u>	 <u>623,077</u>	 <u>967,680</u>	 <u>(344,603)</u>
Public Works:				
Maintenance of Highways, Streets, Bridges and Sidewalks:				
Salaries and Wages	191,805	191,805	247,857	(56,052)
Payroll taxes	14,976	14,976	18,307	(3,331)
Health insurance	82,134	82,134	74,443	7,691
Retirement	19,532	19,532	22,181	(2,649)
Insurance-Worker's Compensation	12,750	12,750	11,778	972
Other employee benefits	2,621	2,621	3,004	(383)
Uniforms	12,900	15,900	14,306	1,594
Miscellaneous	-	-	-	-
Inmate Expense	-	-	1,706	(1,706)
Litter Control	1,000	1,000	-	1,000
Materials & Supplies	25,000	32,000	25,967	6,033
Telephone	1,000	1,000	607	393
Utilities	35,000	35,000	33,515	1,485
Vehicle expense	26,638	26,638	28,715	(2,077)
Capital Outlay	37,500	30,000	102,373	(72,373)
Total Maintenance of Highways, Streets, Bridges, and Sidewalks	<u>462,856</u>	<u>465,356</u>	<u>584,759</u>	<u>(119,403)</u>
Maintenance of General Buildings and Grounds:				
Wages-Custodial	5,705	5,705	5,613	92
Materials & Supplies	19,600	19,600	11,084	8,516
Insurance-Buildings & Property	8,475	8,475	7,477	998
Capital Outlay	-	-	-	-
Total Maintenance of General Buildings and Grounds	<u>33,780</u>	<u>33,780</u>	<u>24,174</u>	<u>9,606</u>
Total Public Works	<u>496,636</u>	<u>499,136</u>	<u>608,933</u>	<u>(109,797)</u>
Parks, Recreation and Cultural:				
Salaries and Wages	23,000	23,000	18,814	4,186
Payroll Taxes	1,905	1,905	1,604	301
Insurance-Worker's Compensation	1,652	1,652	1,422	230
Miscellaneous	16,700	8,700	24,862	(16,162)
Concessions	9,000	9,000	8,926	74
Maintenance & Repairs	162,500	271,000	329,366	(58,366)
Materials & supplies	8,000	8,000	9,243	(1,243)
Telephone	1,200	1,200	1,138	62
Utilities	15,600	15,600	14,374	1,226
Capital Outlay	-	-	300	(300)
Total Parks and Recreation	<u>239,557</u>	<u>340,057</u>	<u>410,049</u>	<u>(69,992)</u>

TOWN OF SAINT PAUL, VIRGINIA
GOVERNMENTAL FUND EXPENDITURE:
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2019

SCHEDULE 2
Page 3
**Variance with
Final Budget
Positive
(Negative)**

	<u>Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	
Cultural Enrichment:				
Pro-Art	-	-	-	-
Fourth of July Celebration	9,000	9,000	13,062	(4,062)
Civic-Little League	6,000	6,000	6,094	(94)
Miscellaneous	12,760	12,760	2,475	10,285
Total Cultural Enrichment	<u>27,760</u>	<u>27,760</u>	<u>21,631</u>	<u>6,129</u>
Library:				
Payments to regional library	<u>7,000</u>	<u>7,000</u>	<u>4,690</u>	<u>2,310</u>
Total Parks, Recreation and Cultural	<u>274,317</u>	<u>374,817</u>	<u>436,370</u>	<u>(61,553)</u>
Community Development:				
Lake Estonoa Learning Center	18,100	18,100	24,574	(6,474)
Lyric Theater Expense	400,000	400,000	232,561	167,439
VDOT Streetscape Expense	300,000	300,000	5,242	294,758
VDOT Revenue Sharing Project	300,000	300,000	807,838	(507,838)
Farmers' Market expense	5,000	5,000	5,092	(92)
Willis Project Expense	685,000	1,285,000	760,000	525,000
Community development	<u>180,668</u>	<u>263,668</u>	<u>172,538</u>	<u>91,130</u>
Total Planning and Community Development	<u>1,888,768</u>	<u>2,571,768</u>	<u>2,007,845</u>	<u>563,923</u>
Total Community Development	<u>1,888,768</u>	<u>2,571,768</u>	<u>2,007,845</u>	<u>563,923</u>
Non-Departmental				
Contingency	<u>-</u>	<u>(700,000)</u>	<u>-</u>	<u>(700,000)</u>
Total Non-Departmental	<u>-</u>	<u>(700,000)</u>	<u>-</u>	<u>(700,000)</u>
Debt Service:				
Principal retirement	23,890	23,890	78,132	\$ (54,242)
Interest	<u>10,800</u>	<u>10,800</u>	<u>26,274</u>	<u>(15,474)</u>
Total Debt Service	<u>34,690</u>	<u>34,690</u>	<u>104,406</u>	<u>(69,716)</u>
TOTAL GENERAL FUND	<u>4,206,941</u>	<u>4,246,941</u>	<u>4,951,428</u>	<u>(72,373)</u>
GRAND TOTAL - EXPENDITURES - PRIMARY GOVERNMENT FUNDS	<u>\$ 4,206,941</u>	<u>\$ 4,246,941</u>	<u>\$ 4,951,428</u>	<u>\$ 97,353</u>
OTHER FINANCING RESOURCES (USES):				
Sale of property	-	-	-	-
Insurance recoveries	-	-	30,603	30,603
Loan Proceeds	-	-	257,989	257,989
Transfers in (out)	<u>-</u>	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>238,592</u>	<u>238,592</u>
Net Increase (Decrease) in General Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (173,260)</u>	<u>\$ (173,260)</u>
SPECIAL REVENUE FUNDS:				
Veteran's Memorial Wall				
Miscellaneous	<u>7</u>	<u>7</u>	<u>-</u>	<u>(7)</u>
Total Revenue Veteran's Memorial Wall	<u>7</u>	<u>7</u>	<u>-</u>	<u>(7)</u>
OTHER FINANCING RESOURCES (USES):				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Special Revenue Funds Expenditures	<u>7</u>	<u>7</u>	<u>-</u>	<u>(7)</u>
Grand Total Expenditures-Governmental Funds	<u>4,206,948</u>	<u>4,246,948</u>	<u>5,190,020</u>	<u>335,938</u>
Net Increase (Decrease) in Governmental Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (173,251)</u>	<u>\$ (173,251)</u>

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

TOWN OF SAINT PAUL, VIRGINIA
ENTERPRISE REVENUES EXPENSES
BUDGETARY COMPARISON SCHEDULE
June 30, 2019

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	708,400	708,400	654,820	\$ (53,580)
Sewer Services	354,732	354,732	368,061	13,329
Garbage Services	79,000	79,000	82,320	3,320
Penalties	10,000	10,000	11,409	1,409
Other Income	6,200	6,200	37,675	31,475
TOTAL OPERATING REVENUES	<u>1,158,332</u>	<u>1,158,332</u>	<u>1,154,285</u>	<u>(4,047)</u>
OPERATING EXPENSES:				
Water Department:				
Salaries & Wages	164,639	164,639	165,082	(443)
Payroll Taxes	12,595	12,595	11,599	996
Retirement & Life	17,348	17,348	24,873	(7,525)
Insurance - Health	45,534	45,534	45,201	333
Insurance - Workmans Compensation	5,074	5,074	4,632	442
Contract Labor	-	-	-	-
Audit Fees	750	750	-	750
Chemicals	36,700	36,700	39,032	(2,332)
Miscellaneous	12,850	12,850	5,128	7,722
Fuel, Oil & Gas	1,200	1,200	1,167	33
Insurance-Buildings & Property	5,171	5,171	8,324	(3,153)
Insurance-Vehicles	4,638	4,638	5,044	(406)
Licenses, Permits & Fees	2,750	2,750	4,635	(1,885)
Loan Expenses	20,799	20,799	-	20,799
Office Equipment & Supplies	30,850	30,850	31,540	(690)
Postage	3,500	3,500	3,097	403
Repairs & Maintenance	40,400	40,400	26,314	14,086
Utilities	68,000	68,000	62,009	5,991
Uniforms	9,000	9,000	12,044	(3,044)
Capital Outlay	792,000	792,000	-	792,000
TOTAL WATER DEPARTMENT	<u>1,273,798</u>	<u>1,273,798</u>	<u>449,721</u>	<u>824,077</u>
Sewer Department:				
Salaries & Wages	93,867	93,867	71,573	22,294
Payroll Taxes	7,232	7,232	4,844	2,388
Retirement & Life	5,121	5,121	7,167	(2,046)
Insurance - Health	15,047	15,047	15,146	(99)
Insurance - Workmans Compensation	1,400	1,400	-	1,400
Contract Labor	-	-	-	-
Audit Fees	500	500	-	500
Chemical Testing	13,000	13,000	2,460	10,540

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

TOWN OF SAINT PAUL, VIRGINIA
ENTERPRISE REVENUES EXPENSES
BUDGETARY COMPARISON SCHEDULE
June 30, 2019

SCHEDULE 3
Page 2

	<u>Original Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Sewer Department: (Cont.)				
Fuel, Oil & Gas	1,200	1,200	1,219	(19)
Licenses, Permits & Fees	3,500	3,500	3,642	(142)
Materials & Supplies	10,300	10,300	5,697	4,603
Repairs & Maintenance	59,700	59,700	35,848	23,852
Utilities	50,100	50,100	50,907	(807)
Miscellaneous	4,319	4,319	4,024	295
Capital Outlay	1,787,008	1,787,008	-	1,787,008
TOTAL SEWER DEPARTMENT	<u>2,052,294</u>	<u>2,052,294</u>	<u>202,527</u>	<u>1,849,767</u>
Garbage Department:				
Salaries & Wages	55,084	55,084	62,166	(7,082)
Payroll Taxes	4,315	4,315	4,332	(17)
Retirement & Life	6,769	6,769	9,025	(2,256)
Insurance - Health	43,900	43,900	43,913	(13)
Insurance - Workmans Compensation	3,930	3,930	4,034	(104)
Fuel, Oil & Gas	10,000	10,000	9,229	771
Repairs & Maintenance	8,235	8,235	765	7,470
TOTAL GARBAGE DEPARTMENT	<u>132,233</u>	<u>132,233</u>	<u>133,464</u>	<u>(1,231)</u>
TOTAL OPERATING EXPENSES BEFORE DEPRECIATION	<u>3,458,325</u>	<u>3,458,325</u>	<u>785,712</u>	<u>2,672,613</u>
Depreciation Expense & Amortization	-	-	535,213	(535,213)
TOTAL OPERATING EXPENSES	<u>3,458,325</u>	<u>3,458,325</u>	<u>1,320,925</u>	<u>2,137,400</u>
OPERATING INCOME (LOSS)	<u>(2,299,993)</u>	<u>(2,299,993)</u>	<u>(166,640)</u>	<u>2,133,353</u>
NON-OPERATING REVENUES (EXPENSES):				
Interest Income	12,900	12,900	16,769	3,869
Interest Expense	(68,028)	(68,028)	(134,962)	(66,934)
Connection Fees	1,000	1,000	2,064	1,064
Intermunicipal Agreements	51,643	51,643	48,911	(2,732)
Loan Proceeds	1,581,685	1,581,685	-	(1,581,685)
Grant Receipts	1,014,000	1,014,000	723,566	(290,434)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>2,593,200</u>	<u>2,593,200</u>	<u>656,348</u>	<u>(1,936,852)</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>293,207</u>	<u>293,207</u>	<u>489,708</u>	<u>196,501</u>
Operating Transfer In (Out)	50,000	50,000	50,000	-
Debt Service	(343,207)	(343,207)	-	343,207
Reappropriation of Retained Earnings	-	-	-	-
TOTAL OPERATING TRANSFERS	<u>(293,207)</u>	<u>(293,207)</u>	<u>50,000</u>	<u>343,207</u>
NET INCOME (LOSS)	<u>-</u>	<u>-</u>	<u>539,708</u>	<u>539,708</u>

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

TOWN OF SAINT PAUL, VIRGINIA
STATEMENT OF ASSESSED VALUES AND PROPERTY TAX LEVIES (Unaudited)
For the Year Ended June 30, 2019

SCHEDULE 4

PROPERTY TAX LEVIES AND COLLECTIONS

FISCAL YEAR	TOTAL (1) TAX LEVY	CURRENT TAX (1) COLLECTIONS	PERCENT OF LEVY COLLECTED	DELINQUENT (1) TAX (2) COLLECTIONS	TOTAL TAX COLLECTIONS	PERCENT OF TOTAL TAX COLLECTIONS OF TAX LEVY	OUTSTANDING (1) DELINQUENT TAXES	PERCENT OF DELINQUENT T TAXES TO TAX LEVY
2019	2,499,534	2,493,455	99.76%	6,079	2,499,534	100.00%	21,138	0.85%
2018	2,519,484	2,512,442	99.72%	7,042	2,519,484	100.00%	16,433	0.65%
2017	2,521,737	2,512,814	99.65%	8,923	2,521,737	100.00%	23,855	0.95%
2016	2,566,017	2,564,152	99.93%	6,756	2,570,908	100.19%	16,553	0.65%
2015	2,399,713	2,392,871	99.71%	5,783	2,398,654	99.96%	21,926	0.91%
2014	2,535,384	2,487,778	98.12%	3,286	2,491,064	98.25%	22,599	0.89%
2013	1,107,642	1,021,968	92.27%	5,526	1,027,494	92.76%	22,163	2.00%
2012	1,095,827	1,089,180	99.39%	1,478	1,090,658	99.53%	22,075	2.01%
2011	885,136	881,649	99.61%	840	882,489	99.70%	27,071	3.06%
2010	177,790	174,910	98.38%	522	175,432	98.67%	24,378	13.71%

ASSESSED VALUE OF TAXABLE PROPERTY

REAL ESTATE TAX RATE: .18 PER \$100				PERSONAL PROPERTY TAX RATE: .31 PER \$100			
FISCAL YEAR	WISE COUNTY	RUSSELL COUNTY	TOTAL REAL ESTATE	WISE COUNTY	RUSSELL COUNTY	TOTAL PERSONAL PROPERTY	
2019	1,353,241,353	16,406,722	1,369,648,075	8,872,510	2,043,714	10,916,224	
2018	1,341,081,192	16,390,887	1,357,472,079	22,290,807	2,236,010	24,526,817	
2017	1,365,402,143	16,449,009	1,381,851,152	12,198,866	2,314,548	14,513,414	
2016	1,382,650,906	27,036,223	1,409,687,129	15,893,002	2,432,132	18,325,134	
2015	1,285,537,984	15,771,000	1,301,308,984	18,334,975	2,124,626	20,459,601	
2014	1,367,967,435	16,442,116	1,384,409,551	11,541,942	2,473,023	14,014,965	
2013	558,526,438	12,355,600	570,882,038	24,266,395	1,509,360	25,775,755	
2012	531,195,633	12,345,400	543,541,033	36,384,860	1,540,825	37,925,685	
2011	416,670,604	15,261,114	431,931,718	33,122,691	1,606,009	34,728,700	
2010	46,363,725	15,179,596	61,543,321	20,178,308	1,438,495	21,616,803	

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

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

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			
2019	1,000	\$ 1,369,648	\$ 7,960,289	\$ -	\$ 7,222,947	737,342	0.0005	\$ 737.34
2018	1,000	1,357,472	6,724,827	-	6,184,827	540,000	0.0004	540.00
2017	1,000	1,381,851	5,730,410	-	5,730,410	-	-	-
2016	1,000	1,409,687	5,989,787	-	5,989,787	-	-	-
2015	1,000	1,301,309	5,960,624	-	5,960,624	-	-	-
2014	1,000	1,384,410	5,772,585	-	5,772,585	-	-	-
2013	1,000	570,882	4,582,582	-	4,582,582	-	-	-
2012	1,000	543,541	4,897,442	-	4,897,442	-	-	-
2011	1,000	431,932	4,026,482	-	4,026,482	-	-	-
2010	1,000	61,543	3,689,895	-	3,685,367	4,528	0.0001	4.53

Notes:

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

TOWN OF SAINT PAUL, VIRGINIA
COMPUTATION OF LEGAL DEBT MARGIN (Unaudited)
Year Ended June 30, 2019

SCHEDULE 6

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

Assessed value of real estate		<u>\$ 1,369,648,075</u>
Legal debt limit, 10% of assessed value		136,964,808
Total bonded debt:	\$ 7,960,289	
Less: Water and Sewer revenue bonds	<u>(3,375,861)</u>	
Net bonded debt		<u>4,584,428</u>
Legal Debt Margin		<u><u>\$ 132,380,380</u></u>

Independent Auditors' 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 St. Paul, Virginia
St. 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 St. Paul, Virginia (the "Town"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated May 26, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements we considered the Town's internal control over financial reporting (internal control) 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements noncompliance with which could have a direct and material effect on the determination of financial statement 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 test disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit 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.

Rodger Moss & Co, PLLC

Norton, Virginia
May 26, 2020

Independent Auditor's Report on Compliance for Each
Major Program and on Internal Control over Compliance
Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

We have audited the Town of St. Paul, Virginia's (the "Town") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2019. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of St. Paul'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'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, 2019.

Report on Internal Control over Compliance

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

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

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

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

Rodger Moss & Co, PLLC

Norton, Virginia
May 26, 2020

TOWN OF SAINT PAUL, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019

	Federal	Pass-through Entity	Total
	CFDA	Identifying	Federal
<u>GRANTOR/PROGRAM OR CLUSTER TITLE</u>	<u>Number</u>	<u>Number</u>	<u>Expenditures</u>
DEPARTMENT OF AGRICULTURE			
Community Facilities Loans and Grants	10.766		\$ 175,000
Cooperative Forestry Assistance	10.664		2,525
Water and Waster Disposal Systems for Rural Communities	10.760		2,124,983
ENVIRONMENTAL PROTECTION AGENCY			
Pass-Through Payments:			
Capitalization Grants for Drinking Water State Revolving Funds	66.468		449,180
APPALACHIAN REGIONAL COMMISSION			
Pass-Through Payments:			
Department of Housing and Community Development	23.002		155,754
DEPARTMENT OF TRANSPORTATION			
Highway Planning and Construction	20.205		4,842
Alcohol Open Container Requirements	20.616		2,274
State and Community Highway Safety	20.600		1,132
TOTAL			\$ 2,915,690

The accompanying notes are an integral part of this schedule.

TOWN OF ST. PAUL
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019

NOTE A--BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) included the federal award activity of the Town of St. Paul under programs of the federal government of the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the Town of St. Paul, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of St. Paul.

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C--INDIRECT COST RATE

The Town of St. Paul has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

TOWN OF ST. PAUL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

A) SUMMARY OF AUDIT RESULTS

- 1) The auditor's report expresses an unmodified opinion on whether the financial statements of the Town of St. Paul, Virginia were prepared in accordance with GAAP.
- 2) No significant deficiencies relating to the audit of the financial statements of the Town of St. 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. No material weaknesses are reported.
- 3) No instances of non-compliance material to the financial statements of the Town of St. Paul, Virginia, which would be required to be reported in accordance with *Government Auditing*
- 4) No significant deficiencies in internal control over major federal award programs are disclosed in the Independent Auditor's Report on Compliance for each Major Program and on Internal Control over Compliance required by the Uniform Guidance. No material weaknesses are
- 5) The Auditor's report on Compliance for the Major Federal Award Programs for the Town of St. Paul, Virginia, expresses an unmodified opinion on all major federal programs.
- 6) Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
- 7) The programs tested as major programs were:
Water and Waster Disposal Systems for Rural Communities-CFDA No. 10.760
- 8) The threshold for distinguishing types A & B programs was \$750,000.
- 9) The Town of St Paul, Virginia, was determined not to be a low-risk auditee.

B) FINDINGS - FINANCIAL STATEMENTS AUDIT

NONE

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

NONE