

TOWN OF SAINT PAUL, VIRGINIA

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Year Ended June 30, 2021

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TOWN OF SAINT PAUL, VIRGINIA
ROSTER OF TOWN OFFICIALS

June 30, 2021

TOWN COUNCIL:

Kenneth Holbrook, Mayor
Monty Salyer, Vice Mayor
Geoffrey Hensley
Matt Jordan
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, 2021, 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 17.6 percent, 10.4 percent, and 3.9 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, 2021, 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 requires 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 and other supplemental information, as listed in the table of contents are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplemental information, as listed on the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States 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 has 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 that.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2022 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Roderick Moss & Co, PLLC

Norton, Virginia
May 9, 2022

TOWN OF SAINT PAUL, VIRGINIA
STATEMENT OF NET POSITION
June 30, 2021

EXHIBIT 1

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total Primary Government	Industrial Development Authority
<u>ASSETS</u>				
Cash and cash equivalents	\$ 5,282,357	\$ 1,028,953	\$ 6,311,310	\$ 104,588
Receivables:				
Taxes	37,250	-	37,250	-
Accounts	54,694	120,658	175,352	4,614,577
Other	20,425	644	21,069	20,185
Internal Balances	421,278	(421,278)	0	-
Land and Improvements Held for Resale	-	-	-	328,108
Due from other governmental units	489,273	-	489,273	-
Restricted Assets:				
Cash	481,787	159,144	640,931	52,057
Capital assets, depreciable, net	3,945,174	16,244,178	20,189,352	143,023
Capital assets, non-depreciable	1,890,991	126,480	2,017,471	-
TOTAL ASSETS	\$ 12,623,229	\$ 17,258,779	\$ 29,882,008	\$ 5,262,538
<u>DEFERRED OUTFLOWS</u>				
OPEB-Related Outflows	8,694	4,681	13,375	-
Pension-Related Outflows	179,341	76,861	256,202	-
Total Deferred Outflows	188,035	81,542	269,577	-
<u>LIABILITIES</u>				
Accounts payable	\$ 332,350	\$ 136,006	\$ 468,356	\$ 300
Accrued liabilities and wages	31,436	6,682	38,118	-
Payable From Restricted Assets:				
Deposits	-	11,200	11,200	-
Matured revenue interest	6,145	8,569	14,714	57,294
OPEB Liability	89,689	48,294	137,983	-
Long-term liabilities				
Net Pension Liability	623,241	267,103	890,344	-
Due within one year	98,529	418,217	516,746	73,165
Due in more than one year	477,814	6,297,113	6,774,927	3,115,228
Compensated absences				
Due within one year	26,345	13,059	39,404	-
Due in more than one year	39,517	19,589	59,106	-
Total Liabilities	1,725,066	7,225,832	8,950,898	3,245,987
<u>DEFERRED INFLOWS</u>				
ARPA Grant Revenue	441,463	-	441,463	-
Dominion Diffuser Agreement Advance	-	1,405,769	1,405,769	-
OPEB-Related inflows	2,580	1,389	3,969	-
Pension-related inflows	15,070	6,459	21,529	-
Total Deferred Inflows	459,113	1,413,617	1,872,730	-
<u>NET POSITION</u>				
Net investment in capital assets	5,259,822	9,655,328	14,915,150	143,023
Restricted	481,787	-	481,787	-
Unrestricted	4,885,475	(954,456)	3,931,019	1,873,528
Total Net Position	\$ 10,627,084	\$ 8,700,872	\$ 19,327,956	\$ 2,016,551

The accompanying notes are an integral part of the financial statements

TOWN OF SAINT PAUL, VIRGINIA
STATEMENT OF ACTIVITIES
June 30, 2021

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			
					Governmental Activities	Business-Type Activities	Total	Industrial Development Authority
Governmental Activities:								
General government	\$ 985,572	\$ -	\$ -	\$ 130,275	\$ (855,297)	\$ -	\$ (855,297)	
Public safety	575,160	-	46,842	4,677	(523,641)	-	(523,641)	
Public works	974,854	86,267	552	-	(888,035)	-	(888,035)	
Parks, recreation, and cultural	111,540	19,104	-	-	(92,436)	-	(92,436)	
Community development	250,316	-	-	1,128,278	877,962	-	877,962	
Interest on long-term debt	17,768	-	-	-	(17,768)	-	(17,768)	
Total Governmental Activities	2,915,210	105,371	47,394	1,263,230	(1,499,215)	-	(1,499,215)	-
Business-Type Activities:								
Water and Sewer	1,337,921	1,118,019	-	-	-	(219,902)	(219,902)	
Total Business-Type Activities	1,337,921	1,118,019	-	-	-	(219,902)	(219,902)	-
TOTAL PRIMARY GOVERNMENT	\$ 4,253,131	\$ 1,223,390	\$ 47,394	\$ 1,263,230	\$ (1,499,215)	\$ (219,902)	\$ (1,719,117)	\$ -
COMPONENT UNIT:								
Industrial Development Authority	204,931	-	-	185,900	-	-	-	(19,031)
General Revenues:								
Property taxes					2,484,334	-	2,484,334	-
Local sales & use tax					52,816	-	52,816	-
Utility tax					48,521	-	48,521	-
Business license tax					107,883	-	107,883	-
Lodging taxes					23,459	-	23,459	-
Motor vehicle license					15	-	15	-
Bank stock tax					50,153	-	50,153	-
Cigarette tax					23,161	-	23,161	-
Restaurant food tax					292,672	-	292,672	-
Coal road improvement tax					11,595	-	11,595	-
Unrestricted intergovernmental revenue					12,085	-	12,085	-
Unrestricted investment earnings					61,255	19,702	80,957	33
Rental of Town property					4,836	-	4,836	-
Gain on disposal of capital assets					800	-	800	-
Recovered Costs					31,248	-	31,248	-
Transfers-Primary Government					(37,354)	37,354	-	-
Other					31,673	3,225	34,898	-
Total general revenues and transfers					3,199,152	60,281	3,259,433	33
Change in net position					1,699,937	(159,621)	1,540,316	(18,998)
NET POSITION - JULY 1, as adjusted					8,927,147	8,860,493	17,787,640	2,035,549
NET POSITION - JUNE 30					\$ 10,627,084	\$ 8,700,872	\$ 19,327,956	\$ 2,016,551

TOWN OF SAINT PAUL, VIRGINIA
BALANCE SHEET - GOVERNMENTAL FUNDS
Year Ended June 30, 2021

EXHIBIT 3

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 5,279,644	\$ 2,713	\$ 5,282,357
Receivables:			
Taxes	37,250	-	37,250
Accounts	54,694	-	54,694
Other	20,425	-	20,425
Due From other funds	423,278	-	423,278
Due from other governmental units	489,273	-	489,273
Restricted Assets:			
Cash	481,787	-	481,787
Total Assets	<u>\$ 6,786,351</u>	<u>\$ 2,713</u>	<u>\$ 6,789,064</u>
LIABILITIES			
Accounts payable	332,350	-	332,350
Accrued payroll and related liabilities	31,436	-	31,436
Due to Other Funds	-	2,000	2,000
Total Liabilities	<u>363,786</u>	<u>2,000</u>	<u>365,786</u>
DEFERRED INFLOWS			
ARPA Grant Revenue	441,463	-	441,463
Deferred property taxes	36,389	-	36,389
Total Deferred Inflows	<u>477,852</u>	<u>-</u>	<u>477,852</u>
FUND BALANCES			
Non-Spendable	423,278	-	423,278
Restricted	481,787	-	481,787
Committed	20,386	713	21,099
Assigned	-	-	-
Unassigned	5,019,261	-	5,019,261
Total Fund Balances	<u>5,944,712</u>	<u>713</u>	<u>5,945,425</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 6,786,351</u>	<u>\$ 2,713</u>	<u>\$ 6,789,064</u>

TOWN OF SAINT PAUL, VIRGINIA
BALANCE SHEET - GOVERNMENTAL FUNDS
Year Ended June 30, 2021

EXHIBIT 4

Total Fund Balances per Exhibit 3-Balance Sheet-Governmental Funds **\$ 5,945,425**

**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.	5,836,165
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	36,389
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	(435,896)
Notes payable	(140,447)
Accrued interest payable	(6,145)
Compensated absences	(65,862)
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 2021 employer contributions	2,844
Deferred outflows of resources related to other postemployment benefits	5,850
Deferred inflows of resources related to other postemployment benefits	(2,580)
Net other postemployment benefit liability	(89,689)
Financial statement elements related to pensions are applicable to future periods, and therefore, are not reported in the funds.	
Deferred outflows of resources for 2021 employer contributions	79,923
Deferred outflows of resources for the net difference between projected and actual earnings on pension plan investments	99,418
Deferred outflows (inflows) of resources for the net difference between projected and actual earnings on pension plan investments	(15,070)
Net pension liability	(623,241)
Net Position of Governmental Activities	<u><u>\$ 10,627,084</u></u>

TOWN OF SAINT PAUL, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUNDS
Year Ended June 30, 2021

EXHIBIT 5

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
REVENUES:			
General property taxes	\$ 2,474,973	\$ -	\$ 2,474,973
Other local taxes	610,275	-	610,275
Permits, privilege fees and regulatory licenses	2,155	-	2,155
Fines and forfeitures	2,593	-	2,593
Revenue from use of money and property	66,087	3	66,090
Charges for services	105,371	-	105,371
Miscellaneous	20,184	-	20,184
Recovered costs	31,248	-	31,248
Intergovernmental	1,322,709	-	1,322,709
Total Revenues	<u>4,635,595</u>	<u>3</u>	<u>4,635,598</u>
EXPENDITURES:			
Current:			
General government administration	782,056	-	782,056
Public safety	683,914	-	683,914
Public works	871,522	-	871,522
Parks, recreation and cultural	100,597	-	100,597
Community development	1,479,383	-	1,479,383
Debt Service:			
Principal retirement	98,272	-	98,272
Interest	16,874	-	16,874
Total Expenditures	<u>4,032,618</u>	<u>-</u>	<u>4,032,618</u>
Excess (Deficiency) of Revenues Over Expenditures	602,977	3	602,980
OTHER FINANCING SOURCES (USES):			
Sale of property	800	-	800
Insurance recoveries	6,740	-	6,740
Loan Proceeds	32,770	-	32,770
Transfers in (out)	(37,354)	-	(37,354)
Total Other Financing Sources (Uses)	2,956	-	2,956
Net Change in Fund Balance	605,933	3	605,936
FUND BALANCE AT JULY 1	<u>5,338,779</u>	<u>710</u>	<u>5,339,489</u>
FUND BALANCE AT JUNE 30	<u>\$ 5,944,712</u>	<u>\$ 713</u>	<u>\$ 5,945,425</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, 2021

EXHIBIT 6

	<u>Governmental Fund</u>
Net Change in Fund Balance Governmental Fund:	\$ 605,936
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	1,425,646
Depreciation expense	<u>(353,616)</u>
	<u>1,072,030</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	9,361
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	98,272
Proceeds from debt	<u>(32,770)</u>
	<u>65,502</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	(891)
Compensated absences	(6,519)
Other post-employment benefits	<u>1,550</u>
	<u>(5,860)</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>(47,032)</u>
Change in Net Position of Governmental Activities	<u>\$ 1,699,937</u>

TOWN OF SAINT PAUL, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2021

EXHIBIT 7

	Business-Type Activities
	Proprietary Funds
	Water & Sewer Operation
<u>ASSETS</u>	
Cash and cash equivalents	\$ 1,028,953
Receivables (Net of Allowance for Uncollectibles):	
Accounts	120,658
Accrued interest	644
Restricted Assets:	
Cash	159,144
Capital assets, non-depreciable	126,480
Capital assets, depreciable, net	16,244,178
Total Assets	<u>\$ 17,680,057</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Pension-Related Outflows	\$ 76,861
Deferred OPEB-Related Outflows	4,681
Total Deferred Outflows	<u>\$ 81,542</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	\$ 136,006
Accrued wages and liabilities	6,682
Payable From Restricted Assets:	
Customer deposits	11,200
Accrued interest payable	8,569
Due to other funds	421,278
Revenue bond payable	418,217
Compensated absences	13,059
Total Current Liabilities	<u>1,015,011</u>
Noncurrent liabilities:	
Revenue bond payable	6,297,113
Net Pension Liability	267,103
OPEB Liability	48,294
Compensated absences	19,589
Total Noncurrent Liabilities	<u>6,632,099</u>
Total Liabilities	<u>7,647,110</u>
<u>DEFERRED INFLOWS</u>	
Dominion Diffuser Agreement Advance	1,405,769
Pension-related inflows	6,459
OPEB-related inflows	1,389
Total Deferred Inflows	<u>1,413,617</u>
<u>NET POSITION</u>	
Net investment in capital assets	9,655,328
Restricted	-
Unrestricted	<u>(954,456)</u>
Total Net Position	<u>\$ 8,700,872</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, 2021

EXHIBIT 8

	PROPRIETARY FUNDS Water & Sewer Operation
OPERATING REVENUES:	
Water rents	616,073
Sewer rents	385,572
Penalties	4,080
Other income	112,294
	<hr/>
Total Operating Revenues	1,118,019
	<hr/>
OPERATING EXPENSES:	
Personnel services	213,151
Fringe benefits	109,508
Contractual services	15,661
Other charges	270,955
Depreciation and amortization	625,433
	<hr/>
Total Operating Expenses	1,234,708
	<hr/>
Operating Income (Loss)	(116,689)
	<hr/>
NON-OPERATING REVENUES (EXPENSES) :	
Connection fees	3,225
Interfund transfers	37,354
Interest income	19,702
Interest expense	(103,213)
	<hr/>
Total Non-Operating Revenue (Expenses)	(42,932)
	<hr/>
CHANGE IN NET POSITION	(159,621)
	<hr/>
NET POSITION AT JULY 1	8,860,493
	<hr/>
NET POSITION AT JUNE 30	<u><u>\$ 8,700,872</u></u>

TOWN OF SAINT PAUL, VIRGINIA
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 Year Ended June 30, 2021

EXHIBIT 9

	PROPRIETARY FUNDS Water & Sewer Operation
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 1,101,904
Cash payments to suppliers for goods and services	(403,328)
Cash payments to employees for services	(309,759)
Other operating income	112,294
NET CASH PROVIDED BY OPERATING ACTIVITIES	501,111
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Increase (decrease) in customer deposits	100
(Increase) decrease transfers from other funds	37,354
Increase (decrease) in due to other funds	111,000
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	148,454
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
(Increase) decrease in capital assets	(143,040)
(Increase) decrease in construction in progress	(33,980)
Principal paid on revenue bond maturities and equipment contracts	(410,155)
Principal advances from bond and note proceeds	32,827
Connection fees collected	3,225
Interest paid on revenue bonds and equipment contracts	(146,744)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(697,867)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends on investments	20,622
NET CASH PROVIDED BY INVESTING ACTIVITIES	20,622
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(27,680)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,215,777
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,188,097
Displayed as:	
Cash and Cash Equivalents at June 30, 2021	
Unrestricted	\$ 1,028,953
Restricted	159,144
	\$ 1,188,097
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (116,689)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation and amortization	625,433
Provision for compensated absences	(5,738)
Change in Assets, Liabilities, Deferred Inflows/Outflows:	
(Increase) decrease in accounts receivable	96,179
(Increase) decrease in deferred outflows of resource:	(542)
Increase (decrease) in accounts payable	(84,020)
Increase (decrease) in OPEB liability	89
Increase (decrease) in Net Pension liability	21,580
Increase (decrease) in deferred inflows of resources	(34,497)
Increase (decrease) in wages payable and payroll liabilities	(684)
TOTAL ADJUSTMENTS	617,800
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 501,111

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

**TOWN OF SAINT PAUL, VIRGINIA
AGENCY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
Year Ended June 30, 2021**

EXHIBIT 10

	<u>Agency Fund</u>
 <u>ASSETS</u>	
Cash	\$ 1,039
Capital asset, depreciable, net	<u>2,137</u>
TOTAL ASSETS	<u>3,176</u>
 <u>NET POSITION</u>	
Funds held for Johnnie Ramey Memorial Fund	<u><u>\$ 3,176</u></u>

TOWN OF SAINT PAUL, VIRGINIA
AGENCY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended June 30, 2021

EXHIBIT 11

	<u>Agency Fund</u>
Additions	
Donations	\$ 1
Interest income	<u> 1</u>
Total additions	<u> 2</u>
Deductions	
Operating deductions	<u> -</u>
Total deductions	<u> -</u>
Change in net position	2
Net position - beginning of year	<u> 3,174</u>
Net position - end of year	<u><u> \$ 3,176</u></u>

TOWN OF SAINT PAUL, VIRGINIA
DISCRETELY PRESENTED COMPONENT UNIT-INDUSTRIAL DEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION
June 30, 2021

EXHIBIT 12

ASSETS

Cash and cash equivalents	\$ 104,588
Due from Others	20,185
Interest Receivable	283,358
Land and Improvements Held for Resale	328,108
Restricted Cash	52,057
Notes Receivable	4,331,219
Capital assets, net	<u>143,023</u>
Total Assets	<u>\$ 5,262,538</u>

LIABILITIES

Accounts payable	300
Interest Payable	57,294
Notes payable	<u>3,188,393</u>
Total Liabilities	<u>3,245,987</u>

NET POSITION

Net investment in capital assets	143,023
Unrestricted	<u>1,873,528</u>
Total Net Position	<u><u>\$ 2,016,551</u></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, 2021

EXHIBIT 13

	<u>Total</u>
REVENUES	
Property sales	\$ -
Total Operating Revenues	<u>-</u>
EXPENDITURES:	
Consulting	3,000
Contributions-Other	124,783
Board Expense	820
Staff Expense	2,400
Insurance	2,913
Legal and Accounting	6,050
Forgiveness of Debt	38,421
Property Improvements Expense	16,399
Office Expense	233
Dues & Fees	125
Advertising & Promotions	5,000
Depreciation Expense	4,787
Total Expenditures	<u>204,931</u>
Operating Income (Loss)	<u>(204,931)</u>
NON-OPERATING REVENUES (EXPENSES) :	
Contribution Income	185,900
Interest Income -Investments	33
Total Non-Operating Revenue (Expenses)	<u>185,933</u>
CHANGE IN NET POSITION	(18,998)
NET POSITION AT JULY 1	<u>2,035,549</u>
NET POSITION AT JUNE 30	<u><u>\$ 2,016,551</u></u>

June 30, 2021

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 the management's discussion and analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements.

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, 2021

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.

June 30, 2021

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, 2021.

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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, 2021.

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, 2021 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, 2021

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, 2021

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, 2020 and prior to the reporting date of June 30, 2021, have been reported as deferred outflows of resources in the Statement of Net Position as of June 30, 2021. 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, 2020 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, 2021

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 \$26,995 at June 30, 2021, and is composed of the following:

General Fund:	
Allowance for uncollectible property taxes	\$ 4,139
Allowance for uncollectible garbage billings	3,484
Total General Fund	<u>\$ 7,623</u>
Water and Sewer Fund:	
Allowance for uncollectible water and sewer fee billings	\$ 19,372
Total Water and Sewer Fund	<u>\$ 19,372</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, 2021

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	26%
First Bank & Trust	26%
Carter Bank	24%
TruPoint Bank	21%

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, 2021, 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	1,690,765
Investments	<u>5,260,978</u>
	<u>\$6,952,241</u>

Statement of net position:

Cash and cash equivalents	\$6,311,310
Investments	-
Restricted cash and cash equivalents	<u>640,931</u>
	<u>\$6,952,241</u>

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

4. DUE FROM OTHER GOVERNMENTAL UNITS

Federal Government:

Appalachian Regional Commission	\$175,000	
Virginia Department of Transportation	<u>1,729</u>	
Total Federal Government		\$176,729

Commonwealth of Virginia:

Virginia Tobacco Commission	282,578	
Dept. of Housing & Community Development	14,502	
Local Sales Tax	<u>12,705</u>	
Total Commonwealth of Virginia		309,785

Wise & Russell Counties:

Coal haul road taxes	\$ 2,565	
Court fines/transfer fees	<u>194</u>	
Total Wise & Russell Counties		<u>2,759</u>

Total Due From Other Governmental Units \$489,273

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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	\$421,278	-
Veteran's Memorial Fund	2,000	-
Water/Sewer Fund:		
General Fund	-	421,278
Veteran's Memorial Fund		
General Fund	-	2,000
Totals	<u>\$423,278</u>	<u>\$423,278</u>

7. CAPITAL ASSETS

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

Governmental activities:	
General government	\$ 17,090
Public safety	85,932
Public works	90,807
Parks, recreation and cultural	69,570
Community development	88,782
Special Revenue Fund	1,435
Total depreciation expense – governmental activities	<u>\$ 353,616</u>
Business-type activities:	
Water and sewer	\$ 625,433
Total depreciation expense – business-type activity	<u>\$ 625,433</u>

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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	\$4,712,992	\$ 23,958	\$ -	\$4,736,950
Equipment	2,151,420	196,641	(27,000)	2,321,061
Special Revenue Fund	30,055	-	-	30,055
Total Capital Assets, depreciable	<u>6,894,467</u>	<u>220,599</u>	<u>(27,000)</u>	<u>7,088,066</u>
Less accumulated depreciation for				
Buildings and improvements	\$1,298,224	\$ 161,912	\$ -	\$1,460,136
Equipment	1,490,067	190,269	(27,000)	1,653,336
Special Revenue Fund	27,985	1,435	-	29,420
Total accumulated depreciation	<u>2,816,276</u>	<u>353,616</u>	<u>(27,000)</u>	<u>3,142,892</u>
Total Capital Assets, depreciable, net	<u>\$4,078,191</u>	<u>\$ (133,017)</u>	<u>\$ -</u>	<u>\$3,945,174</u>

Business Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, depreciable				
Buildings	\$ 868,724	\$ -	\$ -	\$ 868,724
Improvements	20,993,506	31,705	(10,432)	21,014,779
Equipment	<u>1,252,857</u>	<u>121,767</u>	<u>-</u>	<u>1,374,624</u>
Total Capital Assets, depreciable	<u>23,115,087</u>	<u>125,704</u>	<u>(10,432)</u>	<u>23,258,127</u>
Less accumulated depreciation for				
Buildings	\$ 854,732	\$ 406	\$ -	\$ 855,138
Improvements	4,664,597	555,471	-	5,220,068
Equipment	<u>869,187</u>	<u>69,556</u>	<u>-</u>	<u>938,743</u>
Total accumulated depreciation	<u>6,388,516</u>	<u>625,433</u>	<u>-</u>	<u>7,013,949</u>
Total Capital Assets, depreciable, net	<u>\$16,726,571</u>	<u>\$ (499,729)</u>	<u>\$ (10,432)</u>	<u>\$16,244,178</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	\$ 245,800	\$ -	\$ -	\$ 245,800
Construction in progress	<u>440,145</u>	<u>1,205,047</u>	<u>-</u>	<u>1,645,191</u>
Total Capital Assets, Non-depreciable	<u>\$ 685,945</u>	<u>\$1,121,488</u>	<u>\$ -</u>	<u>\$1,890,991</u>

Business Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, non-depreciable				
Land	\$ 92,500	\$ -	\$ -	\$ 92,500
Construction in progress	<u>-</u>	<u>33,980</u>	<u>-</u>	<u>33,980</u>
Total Capital Assets, Non-depreciable	<u>\$ 92,500</u>	<u>\$ 33,980</u>	<u>\$ -</u>	<u>\$ 126,480</u>

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2021

9. LONG-TERM DEBT

The annual requirements to amortize proprietary debt outstanding as of June 30, 2021, are as follows:

Business-Type Activities									
Year Ending June 30,	Water & Sewer Bond		Water & Sewer Bond		Water & Sewer Bond		Water & Sewer Loan		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
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	-	190,051	40,363	6,651	-	
2025	12,309	-	1,827	-	196,125	34,289	6,651	-	
2026	12,309	-	1,827	-	202,393	28,021	6,651	-	
2027-2031	61,545	-	9,134	-	799,584	45,763	33,256	-	
2032-2036	18,465	-	3,653	-	-	-	33,256	-	
2037-2041	-	-	-	-	-	-	29,932	-	
2042-2046	-	-	-	-	-	-	-	-	
2047-2051	-	-	-	-	-	-	-	-	
2052-2056	-	-	-	-	-	-	-	-	
2057-2061	-	-	-	-	-	-	-	-	
Total	\$ 141,555	\$ -	\$ 21,922	\$ -	\$ 1,750,780	\$ 246,636	\$ 129,699	\$ -	

Year Ending June 30,	Water & Sewer Loan		Sewer Refunding Bond		Water Bond		Water Bond		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2022	\$ 63,231	\$ 33,358	\$ 100,192	\$ -	\$ 9,093	\$ 3,852	\$ 13,588	\$ 11,626	
2023	66,301	30,289	100,192	-	9,276	3,669	13,896	11,319	
2024	69,520	27,070	100,192	-	9,462	3,483	14,210	11,004	
2025	72,895	23,695	100,192	-	9,652	3,293	14,532	10,683	
2026	76,434	20,156	100,192	-	9,847	3,099	14,861	10,354	
2027-2031	331,582	40,455	500,962	-	57,641	7,082	79,502	46,571	
2032-2036	-	-	500,962	-	46,536	1,335	88,911	37,162	
2037-2041	-	-	250,484	-	39,153	1,324	99,436	26,637	
2042-2046	-	-	-	-	-	-	111,206	14,865	
2047-2051	-	-	-	-	-	-	70,551	2,698	
2052-2056	-	-	-	-	-	-	-	-	
2057-2061	-	-	-	-	-	-	-	-	
Total	\$ 679,963	\$ 175,023	\$ 1,753,368	\$ -	\$ 190,660	\$ 27,137	\$ 520,693	\$ 182,919	

Year Ending June 30,	General Obligation and Sewer Bond		General Obligation and Sewer Bond		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	
2022	\$ 24,207	\$ 37,509	\$ 8,657	\$ 397	\$ 418,217	\$ 138,694	
2023	24,820	36,896	6,643	109	426,080	128,530	
2024	25,447	36,269	-	-	429,669	118,189	
2025	26,091	35,625	-	-	440,274	107,585	
2026	26,750	34,966	-	-	451,264	96,596	
2027-2031	144,249	164,331	-	-	2,017,455	304,202	
2032-2036	163,433	145,147	-	-	855,216	183,644	
2037-2041	185,171	123,409	-	-	604,176	151,370	
2042-2046	209,798	98,782	-	-	321,004	113,647	
2047-2051	237,702	70,878	-	-	308,253	73,576	
2052-2056	269,317	39,263	-	-	269,317	39,263	
2057-2061	174,405	6,655	-	-	174,405	6,655	
Total	\$ 1,511,390	\$ 829,730	\$ 15,300	\$ 506	\$ 6,715,330	\$ 1,461,951	

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2021

9. LONG-TERM DEBT (continued)

The annual requirements to amortize governmental debt outstanding as of June 30, 2021, are as follows:

Governmental Activities								
Year	General Obligation Bond		Note Payable		Note Payable		Note Payable	
Ending June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 38,446	\$ 9,334	\$ 14,498	\$ 213	\$ 5,027	\$ 333	\$ 29,957	\$ 2,611
2023	39,270	8,510	-	-	5,187	173	30,931	1,637
2024	40,112	7,669	-	-	2,634	25	19,443	632
2025	40,971	6,809	-	-	-	-	-	-
2026	41,849	5,931	-	-	-	-	-	-
2027-2031	223,092	15,808	-	-	-	-	-	-
2032-2036	12,156	252	-	-	-	-	-	-
Total	<u>\$ 435,896</u>	<u>\$ 54,313</u>	<u>\$ 14,498</u>	<u>\$ 213</u>	<u>\$ 12,848</u>	<u>\$ 531</u>	<u>\$ 80,331</u>	<u>\$ 4,880</u>

Year	Note Payable		Total	
Ending June 30,	Principal	Interest	Principal	Interest
2022	\$ 10,601	\$ 1,016	\$ 98,529	\$ 13,507
2023	10,930	687	86,318	11,007
2024	11,239	348	73,428	8,674
2025	-	-	40,971	6,809
2026	-	-	41,849	5,931
2027-2031	-	-	223,092	15,808
2032-2036	-	-	12,156	252
Total	<u>\$ 32,770</u>	<u>\$ 2,051</u>	<u>\$ 576,343</u>	<u>\$ 61,988</u>

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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

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, 2021:

	Balance 7/1/2020	Additions/ Proceeds	Payments/ Reductions	Balance 6/30/2021
Business-Type Activities:				
Revenue bonds	\$ 6,326,808	\$ 32,828	\$ (339,570)	\$ 6,020,066
Notes payable	765,850	-	(70,586)	695,264
Net Pension Liability	245,523	21,580	-	267,103
OPEB	48,205	89	-	48,294
Accrued Compensated Absences	38,386	-	(5,738)	32,648
Total	<u>\$ 7,424,772</u>	<u>\$ 54,497</u>	<u>\$ (415,893)</u>	<u>\$ 7,063,375</u>
	Balance 7/1/2020	Additions/ Proceeds	Payments/ Reductions	Balance 6/30/2020
Governmental Activities:				
Revenue Bonds	\$ 471,507	\$ -	\$ (35,612)	\$ 435,896
Notes payable	170,337	32,770	(62,660)	140,447
Net Pension Liability	572,887	50,354	-	623,241
OPEB	89,525	164	-	89,689
Accrued Compensated Absences	59,343	6,519	-	65,862
Total	<u>\$ 1,363,599</u>	<u>\$ 89,807</u>	<u>\$ (98,272)</u>	<u>\$ 1,355,135</u>

Details of Long-Term Indebtedness:

Enterprise Fund:

Bonds and Obligations:

Water & Sewer

\$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.

\$ 1,750,780

\$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.

129,699

\$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.

141,555

\$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.

21,922

\$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.

679,963

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2021

9. LONG-TERM DEBT (continued)

\$2,003,849 Bond payable to Rural Development, issued May 23, 2014, payable in semi-annual installments of \$50,096 at 0.0% interest. Final payment of principal is due October 2038.	1,753,368
\$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.	190,660
\$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.	1,511,390
\$25,743 Promissory Note to Carter Bank & Trust, issued February 13, 2020, payable in quarterly installments of \$2,264 at 3.29% interest. Final payment of principal is due February 15, 2023.	15,300
\$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>520,693</u>
TOTAL ENTERPRISE FUNDS LONG-TERM DEBT	<u>\$ 6,715,330</u>

Governmental Fund:

Bonds and Obligations – direct borrowings:

\$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.	435,896
\$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.	14,498
\$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.	12,848
\$32,770 commercial loan to Tru Point Bank, issued February 19, 2021, payable in annual installments of \$11,617 at 3.1% interest. Final payment of principal is due February 19, 2024.	32,770
\$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>\$ 80,331</u>
TOTAL GOVERNMENTAL FUNDS LONG-TERM DEBT	<u>\$ 576,343</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 \$65,862 in the General Fund and \$32,648 in the Water and Sewer Fund.

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2021

11. FUND BALANCES—GOVERNMENTAL FUNDS

As of June 30, 2021, fund balances are composed of the following:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Non-Spendable:			
Due from Other Funds	\$ 423,278	\$ -	\$ 423,278
Restricted:			
Parks & Recreation	40,324	-	40,324
ARPA Funds	441,463	-	441,463
Committed:			
Lake Estonoa	20,386	-	20,386
Community Development	-	713	713
Assigned:	-	-	-
Unassigned:	5,019,261		5,019,261
Total fund balances	<u>\$ 5,944,712</u>	<u>\$ 713</u>	<u>\$ 5,945,425</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.

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 \$36,389 at June 30, 2021.

Deferred Grant Revenue:

Deferred revenue representing ARPA grant funds not available for spending until fiscal year 2022 totaled \$441,463 at June 30, 2021.

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, 2021 was \$1,405,769.

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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, service credit 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, service credit 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, service credit 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.
		<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.

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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>Service Credit Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit 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>Service Credit Same as Plan 1</p>	<p>Service Credit <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit 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, service credit 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, 2021

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 service credit. 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 service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit 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, except as governed by law.</p>
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TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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

<p>Calculating the Benefit The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.</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>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 service credit earned, purchased or granted on or after January 1, 2013.</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: 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>Sheriffs and regional jail superintendents: Not Applicable</p> <p>Political Subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Sheriffs and regional jail superintendents: Not Applicable</p> <p>Political Subdivision hazardous duty employees: Not Applicable</p> <p><u>Defined Contribution Component:</u> Not applicable</p>

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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 service credit or at age 50 with at least 30 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service equal 90.</p>	<p>Earliest Unreduced Retirement Eligibility Defined Benefit Component: VRS: Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age and service equal 90.</p>
<p>Political Subdivisions hazardous duty employees: Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.</p> <p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of service credit 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 service credit.</p>	<p>Political Subdivisions hazardous duty employees: Same as Plan 1</p> <p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of service credit.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1</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 Defined Benefit Component: VRS: Age 60 with at least five years (60 months) of service credit.</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, 2021

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 service credit, 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 service credit, 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. • 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, 2021

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 service credit in their plan. Prior service credit 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

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

Employees Covered by Benefit Terms – As of June 30, 2019 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>13</u>
Inactive Members:	
Vested Inactive Members	2
Non-vested Inactive Members	5
LTD	0
Active Elsewhere in VRS	<u>12</u>
Total Inactive Members	<u>19</u>
Active Members	<u>19</u>
Total Covered Employees	<u>51</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, 2021 was 14.32% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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 \$114,176 and \$96,627 for the years ended June 30, 2021 and June 30, 2020, 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 the Town of St. Paul, Virginia, the net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019, rolled forward to the measurement date of June 30, 2020.

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, 2019, 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, 2020.

Inflation	2.5 percent
Salary increases, including inflation	3.5 percent – 5.35 percent
Investment rate of return	6.75 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

June 30, 2021

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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement health, 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%
Discount Rate	Decrease rate from 7.00% to 6.75%

TOWN OF SAINT PAUL, VIRGINIA
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14. PENSION PLAN-AGENT MULTIPLE-EMPLOYER (continued)

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

Mortality Rates (Pre-retirement, post-retirement health, 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%
Discount Rate	Decrease rate from 7.00% to 6.75%

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, 2019, 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, 2020.

Inflation	2.5 percent
Salary increases, including inflation	3.5 percent – 4.75 percent
Investment rate of return	6.75 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates: 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, 2021

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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement health, 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%
Discount Rate	Decrease rate from 7.00% to 6.75%

All Others (Non 10 Largest) – Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement health, 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	Decrease rate from 60% to 45%
Discount Rate	Decrease rate from 7.00% to 6.75%

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

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June 30, 2021

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	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
Multi-Asset Public Strategies	6.00%	3.04%	0.18%
Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
	Inflation		2.50%
	*Expected Arithmetic Nominal Return		7.14%

*The above allocation provides a one-year return of 7.14%. 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 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions completed for the FY2020 actuarial valuations, provide a median return of 6.81%.

Discount Rate – The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever was greater. From July 1, 2020 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, 2021

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, 2019	\$3,400,202	\$2,581,792	\$818,410
Changes for the year:			
Service Cost	58,446		58,446
Interest	225,393		225,393
Changes in benefit terms	0		0
Changes of assumptions	0		0
Differences between expected and actual experience	(31,589)		(31,589)
Contributions – Employer		94,457	(94,457)
Contributions – Employee		37,875	(37,875)
Net Investment Income		49,676	(49,676)
Benefit payments, including refunds			
Refunds of employee contributions	(122,105)	(122,105)	0
Administrative Expenses		(1,633)	1,633
Other Changes	0	(59)	59
Net Changes	130,145	58,211	71,934
Balances at June 30, 2020	\$3,530,347	\$2,640,003	\$890,344

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the Town using the discount rate of 6.75% as well as what the Town's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate.

	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
Town of St. Paul, Virginia's Net Pension Liability	\$1,332,827	\$890,344	\$522,422

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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, 2021, the Town recognized pension expense of \$179,195. At June 30, 2021, 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	\$ 24,341	\$ 21,529
Changes in assumptions	38,625	0
Net differences between projected and actual earnings on plan investments	79,059	0
Employer contributions subsequent to the measurement date	114,177	0
Total	<u>\$ 256,202</u>	<u>\$ 21,529</u>

\$114,177 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30:

2022	44,949
2023	25,728
2024	24,844
2025	24,975
2026	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (CAFR). A copy of the 2020 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-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, 2021, the Town reported a payable of \$11,223 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

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
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June 30, 2021

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, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Active members	21
Retired members	<u>2</u>
Total covered employees	<u>23</u>

Total OPEB Liability

The Town's Total OPEB Liability of \$75,569 was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2019.

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, 2019 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	4.90 percent for 2020, 4.80 in 2021 then graded to 4.30% over 10+ 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:

Pub-2010 Public Retirement Plans Mortality Tables, with mortality Improvement projected for 10 years.

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

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

Changes in Total OPEB Liability

Balance as of June 30, 2019	\$ 83,110
Changes during Year:	
Service Cost	4,374
Interest	2,389
Changes of assumptions	-0-
Difference between expected and actual Experience	407
Benefit Payments, including refunds of Employer Contributions	<u>(14,711)</u>
Net changes	<u>(7,541)</u>
Balance as of June 30, 2020	<u>\$ 75,569</u>

Sensitivity Analyses

The following presents the total OPEB liability of the Town's locality plan, calculated using the discount rate of 2.66%. It also presents what the Town's Total OPEB Liability would be if it were calculated using a discount rate one percentage point lower (1.66%) and one percentage point higher (3.66%) than the current rate.

	1% Decrease (1.66%)	Current Rate (2.66%)	1% Increase (3.66%)
Town of St. Paul, Virginia's Total OPEB Liability	\$ 85,991	\$75,569	\$66,985

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.

	1% Decrease in Trend Rate	Current Trend Rate	1% Increase In Trend Rate
Town of St. Paul, Virginia's Total OPEB Liability	\$65,359	\$75,569	\$88,293

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.

June 30, 2021

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 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% 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, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 \$4,376 and \$4,002 for the years ended June 30, 2021 and June 30, 2020, 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, 2021, the Town reported a liability of \$62,414 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was 0.00374% as compared to 0.00382% at June 30, 2019.

For the year ended June 30, 2021, 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
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16. OTHER POST-EMPLOYMENT BENEFITS LIABILITY (OPEB)-VRS GROUP LIFE PLAN (continued)

At June 30, 2021, 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	\$ 4,003	\$ 560
Net difference between projected and Actual earnings on GLI OPEB Program investments	1,875	0
Changes in assumptions	3,121	1,303
Changes in proportion	0	2,106
Employer contributions subsequent to the Measurement date	<u>4,376</u>	<u>0</u>
Total	<u>\$ 13,375</u>	<u>\$ 3,969</u>

\$4,376 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, 2022. 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 2022	\$ 560
FY 2023	1,090
FY 2024	1,573
FY 2025	1,594
FY 2026	223
Thereafter	(10)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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	6.75 Percent, net of investment expenses, Including inflation*

TOWN OF SAINT PAUL, VIRGINIA
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June 30, 2021

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 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of 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 GLI 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, 2020, NOL amounts for the Group Life Insurance Program are as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$ 3,523,937
Plan Fiduciary Net Position	<u>1,855,105</u>
Employers' Net GLI OPEB Liability (Asset)	<u>\$ 1,668,835</u>
Plan Fiduciary Net Position as a Percentage Of the Total GLI OPEB Liability	52.64%

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	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
Multi-Asset Public Strategies	6.00%	3.04%	0.18%
Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
	Inflation		<u>2.50%</u>
	*Expected Arithmetic Nominal Return		<u>7.14%</u>

June 30, 2021

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

The above allocation provides a one-year return of 7.14%. 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 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. 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, 2020, 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, 2020 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 6.75% 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
Town of St. Paul, Virginia's proportionate Share of the Group Life Insurance Program Net OPEB Liability	\$ 82,048	\$ 62,414	\$ 46,470

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 2020 Comprehensive Annual Financial Report (CAFR). A copy of the 2020 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-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, 2021, the Town reported a payable of \$895 for the outstanding amount of contributions to the group life insurance OPEB plan required for the year ended June 30, 2021.

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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	\$ 99,417	\$ 42,608	\$ 142,025
Deferred outflow-Contributions after the measurement date			
VRS-Defined Benefit Pension Plan	79,923	34,253	114,176
Total deferred outflow of resources-Pensions	<u>\$ 179,340</u>	<u>\$ 76,861</u>	<u>\$ 256,201</u>
Deferred outflows of resources-OPEB			
Deferred outflow-Differences in expected/actual and assumptions			
VRS-GLI-OPEB Program	\$ 5,850	\$ 3,149	\$ 8,999
Deferred outflow-Contributions after the measurement date			
VRS-GLI-OPEB Program	2,844	1,532	4,376
Total deferred outflow of resources-OPEB	<u>\$ 8,694</u>	<u>\$ 4,681</u>	<u>\$ 13,375</u>
Net pension liability			
VRS-Defined Benefit Pension Plan	\$ 623,241	\$ 267,103	\$ 890,344
Total net pension liability	<u>\$ 623,241</u>	<u>\$ 267,103</u>	<u>\$ 890,344</u>
Net OPEB liability			
Local Health	\$ 49,120	\$ 26,449	\$ 75,569
VRS-GLI	40,569	21,845	62,414
Total net OPEB liability	<u>\$ 89,689</u>	<u>\$ 48,294</u>	<u>\$ 137,983</u>
Deferred inflows of resources-Related to Pensions			
Deferred inflow-Differences in expected/actual and assumptions			
VRS-Defined Benefit Pension Plan	\$ 15,070	\$ 6,459	\$ 21,529
Total deferred inflow of resources-Pensions	<u>\$ 15,070</u>	<u>\$ 6,459</u>	<u>\$ 21,529</u>
Deferred inflows of resources-OPEB			
Deferred inflows-Difference in expected/actual and assumptions			
VRS-GLI-Cost Sharing-Multiple-Employer	\$ 2,580	\$ 1,389	\$ 3,969
Total deferred inflow of resources-OPEB	<u>\$ 2,580</u>	<u>\$ 1,389</u>	<u>\$ 3,969</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.

June 30, 2021

19. **RISKS AND UNCERTAINTIES**

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 2022.

20. **FUTURE ACCOUNTING PRONOUNCEMENTS**

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

In June 2017, The GASB issued Statement No. 87, *Leases*. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.

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 are effective for reporting periods beginning after December 15, 2018. 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.

The GASB issued Statement No. 91, *Conduit Debt Obligations* in May 2019. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

In January 2020, the GASB issued Statement No. 92, *Omnibus*. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

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

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, 2021

EXHIBIT 14

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES:				
General property taxes	\$ 2,367,585	\$ 2,452,585	\$ 2,474,973	\$ 22,388
Other local taxes	547,150	553,150	610,275	57,125
Permits, privilege fees and regulatory licenses	2,500	2,500	2,155	(345)
Fines and forfeitures	10,000	4,750	2,593	(2,157)
Revenue from use of money and property	46,800	46,800	66,087	19,287
Charges for services	95,100	101,100	105,371	4,271
Miscellaneous	10,950	10,950	20,184	9,234
Recovered costs	31,300	31,300	31,248	(52)
Intergovernmental	902,810	849,560	1,322,709	473,149
Total revenue	<u>4,014,195</u>	<u>4,052,695</u>	<u>4,635,595</u>	<u>582,900</u>
EXPENDITURES:				
General government administration	899,989	877,739	782,056	(95,683)
Public safety	673,637	719,187	683,914	(35,273)
Public works	716,066	740,066	871,522	131,456
Parks, recreation, and cultural	135,341	148,741	100,597	(48,144)
Community development	1,393,000	1,370,800	1,479,383	108,583
Non-departmental	20,000	20,000	-	(20,000)
Debt Service	76,162	76,162	115,146	38,984
Total Expenditures	<u>3,914,195</u>	<u>3,952,695</u>	<u>4,032,618</u>	<u>79,923</u>
OTHER FINANCING SOURCES (USES):				
Sale of property	-	-	800	800
Insurance recoveries	-	-	6,740	6,740
Loan proceeds	-	-	32,770	32,770
Transfers in (out)	(100,000)	(100,000)	(37,354)	62,646
Prior Year Surplus	-	-	-	-
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>2,956</u>	<u>102,956</u>
 Net Change in Fund Balance	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 605,933</u>	 <u>\$ 605,933</u>

TOWN OF SAINT PAUL, VIRGINIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (Unaudited)
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
JUNE 30, 2021

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 58,446	\$ 62,641	\$ 60,591	\$ 72,197	\$ 73,571	\$ 65,738	\$ 63,895
Interest	225,393	215,127	190,357	185,150	174,959	156,525	145,707
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	(31,589)	12,838	210,840	(7,902)	7,440	98,257	-
Changes in assumptions	-	95,845	-	(49,108)	-	-	-
Benefit payments, including refunds of employee contributions	(122,105)	(118,997)	(96,843)	(155,076)	(65,698)	(48,629)	(61,492)
Net change in total pension liability	130,145	267,454	364,945	45,261	190,272	271,891	148,110
Total pension liability-beginning	3,400,202	3,132,748	2,767,803	2,722,542	2,532,270	2,260,379	2,112,269
Total pension liability-ending	\$3,530,347	\$3,400,202	\$ 3,132,748	\$ 2,767,803	\$ 2,722,542	\$ 2,532,270	\$ 2,260,379
Plan fiduciary net position							
Contributions-employer	\$ 94,457	\$ 77,130	\$ 70,074	\$ 67,751	\$ 65,638	\$ 66,048	\$ 58,312
Contributions-employee	37,875	36,341	36,259	35,123	35,856	36,118	34,450
Net investment income	49,676	163,183	166,947	247,294	36,222	86,356	251,190
Benefit payments, including refunds of employee contributions	(122,105)	(118,997)	(96,843)	(155,076)	(65,698)	(48,629)	(61,492)
Administrative expense	(1,633)	(1,575)	(1,403)	(1,445)	(1,201)	(1,111)	(1,314)
Other	(59)	(103)	(151)	(220)	(15)	(19)	13
Net change in total pension liability	58,211	155,979	174,883	193,427	70,802	138,763	281,159
Total pension liability-beginning	2,581,792	2,425,813	2,250,930	2,057,503	1,986,701	1,847,938	1,566,779
Total pension liability-ending	\$2,640,003	\$2,581,792	\$ 2,425,813	\$ 2,250,930	\$ 2,057,503	\$ 1,986,701	\$ 1,847,938
Political subdivision's net pension liability-ending	\$ 890,344	\$ 818,410	\$ 706,935	\$ 516,873	\$ 665,039	\$ 545,569	\$ 412,441
Plan fiduciary net position as a percentage of the total pension liability	74.78%	75.93%	77.43%	81.33%	75.57%	78.46%	81.75%
Covered-employee payroll	\$ 797,317	\$ 748,810	\$ 745,374	\$ 724,574	\$ 735,332	\$ 732,836	\$ 674,349
Political subdivision's net pension liability as a percentage of covered-employee payroll	111.67%	109.29%	94.84%	71.33%	90.44%	74.45%	61.16%

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

TOWN OF SAINT PAUL, VIRGINIA
SCHEDULE OF EMPLOYER CONTRIBUTIONS (Unaudited)
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
JUNE 30, 2021

Date	Contributions In Relation to			Contributions	
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	as a % of Covered Employee Payroll
2021	\$ 114,177	\$ 114,177	\$ -	\$ 797,317	14.32%
2020	96,627	96,627	-	769,697	12.55%
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%

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, 2021

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	4,374	4,374	4,374	24,420
Interest	2,389	2,389	2,812	3,325
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	407	407	6,976	(69,652)
Changes in assumptions	-	-	(410)	(9,926)
Benefit payments, including refunds of employee contributions	(7,170)	(14,711)	(13,752)	(13,752)
Net change in total OPEB liability	-	(7,541)	-	(65,585)
Total OPEB liability-beginning	75,569	83,110	83,110	148,695
Total OPEB liability-ending	<u>\$ 75,569</u>	<u>\$ 75,569</u>	<u>\$ 83,110</u>	<u>\$ 83,110</u>
 Covered-employee payroll	 797,317	 769,697	 748,810	 748,810
 Political subdivision's net OPEB liability as a percentage of covered-employee payroll	 9.48%	 9.82%	 11.10%	 11.10%

1) Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only four years is 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:

2021	2.660%
2020	2.660%
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, 2021

*	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 Postion
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					
2021	0.00374%	62,414	797,317	7.83%	52.64%
2020	0.00382%	62,161	769,697	8.08%	52.00%
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 four 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, 2021

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					
2021	\$ 4,376	\$ 4,376	\$ -	\$ 797,317	0.55%
2020	4,002	4,002	-	769,697	0.52%
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 four 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, 2021

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, 2019, valuation were based on results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty

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%
Discount Rate	Decrease rate from 7.00% to 6.75%

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%
Discount Rate	Decrease rate from 7.00% to 6.75%

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%
Discount Rate	Decrease rate from 7.00% to 6.75%

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	Decrease rate from 60% to 45%
Discount Rate	Decrease rate from 7.00% to 6.75%

TOWN OF SAINT PAUL, VIRGINIA
GOVERNMENTAL FUND REVENUES
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2021

SCHEDULE 1
Page 1

	<u>Original Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
PRIMARY GOVERNMENT				
GENERAL FUND:				
Revenue from Local Sources:				
General Property Taxes:				
Real property taxes	\$ 2,321,000	\$ 2,406,000	\$ 2,431,367	\$ 25,367
Personal property taxes	44,885	44,885	42,242	(2,643)
Penalties and interest	1,700	1,700	1,364	(336)
Total General Property Taxes	<u>2,367,585</u>	<u>2,452,585</u>	<u>2,474,973</u>	<u>22,388</u>
Other Local Taxes:				
Local sales and use taxes	45,000	45,000	52,816	7,816
Cigarette taxes	18,000	18,000	23,161	5,161
Utility taxes	49,000	49,000	48,521	(479)
Business licenses taxes	95,100	105,100	107,883	2,783
Motor vehicle licenses	50	50	15	(35)
Bank stock taxes	42,000	42,000	50,153	8,153
Hotel and motel room taxes	20,000	20,000	23,459	3,459
Restaurant food taxes	250,000	260,000	292,672	32,672
Coal road improvement taxes	28,000	14,000	11,595	(2,405)
Total Other Local Taxes	<u>547,150</u>	<u>553,150</u>	<u>610,275</u>	<u>57,125</u>
Permits, Privilege Fees, And Regulatory Licenses	<u>2,500</u>	<u>2,500</u>	<u>2,155</u>	<u>(345)</u>
Fines and Forfeitures	<u>10,000</u>	<u>4,750</u>	<u>2,593</u>	<u>(2,157)</u>
Revenue From Use Of Money and Property:				
Revenue from use of money	42,000	42,000	61,251	19,251
Revenue from use of property	4,800	4,800	4,836	36
Total Revenue From Use of Money and Property	<u>46,800</u>	<u>46,800</u>	<u>66,087</u>	<u>19,287</u>
Charges For Services:				
Charges for sanitation and waste removal	85,100	85,100	86,267	1,167
Swimming pool	10,000	16,000	19,104	3,104
Total Charges For Services	<u>95,100</u>	<u>101,100</u>	<u>105,371</u>	<u>4,271</u>
Miscellaneous Revenue	<u>10,950</u>	<u>10,950</u>	<u>20,184</u>	<u>9,234</u>
Recovered Costs	<u>31,300</u>	<u>31,300</u>	<u>31,248</u>	<u>(52)</u>
Total Revenue From Local Sources	<u>\$ 3,111,385</u>	<u>\$ 3,203,135</u>	<u>\$ 3,312,886</u>	<u>\$ 109,751</u>

TOWN OF SAINT PAUL, VIRGINIA
GOVERNMENTAL FUND REVENUES
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2021

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	\$ 50	\$ 50	\$ 125	\$ 75
Rolling stock taxes	5,700	5,700	5,565	(135)
Assistance to localities with police department	25,600	25,600	29,642	4,042
Total Non-Categorical Aid	31,350	31,350	35,332	3,982
Other Categorical Aid:				
Lyric Project-VCEDA	10,700	10,700	110,700	100,000
Litter control	900	900	552	(348)
TIC Grant Revenue	-	-	282,578	282,578
IRF Grant Revenue	550,000	550,000	550,000	-
VTC Grant	5,000	5,000	10,000	5,000
Department of Forestry Grant	2,000	2,000	2,200	200
Fire programs fund	10,000	10,000	15,000	5,000
Total Other Categorical Aid	578,600	578,600	971,030	392,430
Total Revenue From The Commonwealth	609,950	609,950	1,006,362	396,412
Revenue From The Federal Government:				
Payment In Lieu of Taxes:				
Payment in lieu of property taxes	4,360	4,360	6,395	2,035
Total Payment in Lieu of Taxes	4,360	4,360	6,395	2,035
Categorical Aid:				
Rural Development Grant	75,000	-	-	-
ARC Grant Revenue	200,000	200,000	175,000	(25,000)
CARES grant	-	-	108,529	108,529
DMV grant	5,000	5,000	4,677	(323)
TVA-Reimbursement	2,000	2,000	-	(2,000)
VA Commission for the Arts	500	500	-	(500)
CDBG Planning Grant	-	21,750	21,746	(4)
LLEBG-Block Grant	6,000	6,000	-	(6,000)
Total Categorical Aid	288,500	235,250	309,952	74,702
Total Revenue From The Federal Government	292,860	239,610	316,347	76,737
Prior Years Surplus	-	-	-	-
TOTAL GENERAL FUND	4,014,195	4,052,695	4,635,595	582,900
SPECIAL REVENUE FUNDS:				
Veteran's Memorial Wall				
Revenue From Local Sources:				
Revenue from Use of Money and Property:	-	-	3	3
Transfers in (out)	-	-	-	-
Total Revenue Veteran's Memorial Wall	-	-	3	3
Prior Years Surplus	-	-	-	-
Total Special Revenue Funds	-	-	3	3
GRAND TOTALS - REVENUES - GOVERNMENTAL FUNDS	\$ 4,014,195	\$ 4,052,695	\$ 4,635,598	\$ 582,903

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

TOWN OF SAINT PAUL, VIRGINIA
GOVERNMENTAL FUND EXPENDITURES
BUDGETARY COMPARISON SCHEDULE I
Year Ended June 30, 2021

SCHEDULE 2
Page 1

	<u>Original Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
PRIMARY GOVERNMENT				
GENERAL FUND:				
General Government Administration:				
Legislative:				
Mayor	\$ 4,800	\$ 4,800	\$ 4,800	\$ -
Total Legislative	<u>4,800</u>	<u>4,800</u>	<u>4,800</u>	<u>-</u>
General and Financial Administration:				
Salaries and Wages	188,227	171,977	141,237	30,740
Payroll taxes	13,586	13,586	10,881	2,705
Health insurance	63,060	63,060	46,969	16,091
Retirement	21,048	21,048	20,314	734
Insurance-Worker's Compensation	230	230	229	1
Other Employee Benefits	2,445	2,445	1,909	536
Legal fees	25,000	25,000	10,200	14,800
Accounting	12,000	12,000	11,725	275
Audit expense	15,000	15,000	19,825	(4,825)
Dues, Licenses & Fees	3,800	3,800	3,221	579
Advertising	3,000	3,000	2,257	743
Computer expense	11,000	11,000	4,967	6,033
Insurance-General Liability	4,371	4,371	4,871	(500)
Insurance-Bond Coverage	307	307	307	-
Miscellaneous	27,915	9,915	12,798	(2,883)
Supplies & Equipment	12,700	12,700	16,035	(3,335)
Telephone	7,000	7,000	5,523	1,477
Travel, Lodging & Entertainment	10,000	1,000	35	966
Tax Ticket Preparation	1,000	1,000	448	552
Tax Credit-WC IDA	442,000	463,000	463,379	(379)
Cigarette Tax Costs	3,500	3,500	126	3,374
Capital Outlay	28,000	28,000	-	28,000
Total General and Financial Administration	<u>895,189</u>	<u>872,939</u>	<u>777,256</u>	<u>95,683</u>
Total General Government Administration	<u>899,989</u>	<u>877,739</u>	<u>782,056</u>	<u>95,683</u>
Public Safety:				
Law Enforcement and Traffic Control:				
Salaries and Wages	232,606	232,606	259,112	(26,506)
Payroll taxes	18,069	18,069	19,320	(1,251)
Health insurance	116,304	128,304	103,307	24,997
Retirement	28,395	28,395	30,095	(1,700)
Insurance-Worker's Compensation	6,652	6,652	6,601	51
Employee Medical	500	500	-	500
Other Employee benefits	3,857	3,857	2,991	866
Uniforms	2,500	2,500	2,051	449
Legal Fees	2,000	2,000	-	2,000
Dues, Licenses & Fees	2,100	2,100	-	2,100
Liability Insurance	3,929	3,929	3,929	-
Materials and Supplies	19,000	20,050	8,185	11,865
Materials and Supplies-Christmas Toy Drive	6,500	6,500	13,812	(7,312)
Training and Education	2,500	2,500	2,100	400
Telephone	4,000	4,000	1,621	2,379
Utilities	5,000	5,000	3,720	1,280
Miscellaneous	7,800	5,300	19,358	(14,058)
Vehicle Expense	46,636	81,636	69,755	11,881
Line of Duty expense	40,621	40,621	38,015	2,606
Capital Outlay	-	-	-	-
Total Law Enforcement and Traffic Control	<u>548,969</u>	<u>594,519</u>	<u>583,971</u>	<u>10,548</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, 2021

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:				
Compensation of Firemen	-	-	-	-
Vehicle expense	35,468	35,468	1,741	33,727
Insurance	5,700	5,700	5,405	295
Fire programs	10,000	10,000	15,000	(5,000)
Supplies	70,000	70,000	77,797	(7,797)
Miscellaneous	3,500	3,500	-	3,500
Total Fire and Rescue Services	<u>124,668</u>	<u>124,668</u>	<u>99,943</u>	<u>24,725</u>
Total Public Safety	<u>673,637</u>	<u>719,187</u>	<u>683,914</u>	<u>35,273</u>
Public Works:				
Maintenance of Highways, Streets, Bridges and Sidewalks:				
Salaries and Wages	281,397	281,397	374,808	(93,411)
Payroll taxes	21,894	21,894	27,810	(5,916)
Health insurance	140,574	152,574	151,830	744
Retirement	31,742	31,742	46,204	(14,462)
Insurance-Worker's Compensation	11,469	11,469	11,366	103
Other employee benefits	4,476	4,476	5,122	(646)
Uniforms	14,000	14,000	15,847	(1,847)
Miscellaneous	-	-	17	(17)
Inmate Expense	1,000	1,000	-	1,000
Litter Control	900	900	453	447
Materials & Supplies	20,250	32,250	39,424	(7,174)
Telephone	500	500	549	(49)
Utilities	35,000	35,000	34,395	605
Vehicle expense	43,595	43,595	48,033	(4,438)
Capital Outlay	75,000	75,000	85,342	(10,342)
Total Maintenance of Highways, Streets, Bridges, and Sidewalks	<u>681,797</u>	<u>705,797</u>	<u>841,201</u>	<u>(135,404)</u>
Maintenance of General Buildings and Grounds:				
Wages-Custodial	6,005	6,005	5,889	116
Materials & Supplies	17,700	17,700	13,869	3,831
Insurance-Buildings & Property	10,564	10,564	10,564	-
Capital Outlay	-	-	-	-
Total Maintenance of General Buildings and Grounds	<u>34,269</u>	<u>34,269</u>	<u>30,321</u>	<u>3,948</u>
Total Public Works	<u>716,066</u>	<u>740,066</u>	<u>871,522</u>	<u>(131,456)</u>
Parks, Recreation and Cultural:				
Salaries and Wages	8,318	8,318	16,586	(8,268)
Payroll Taxes	703	703	1,357	(654)
Insurance-Worker's Compensation	459	459	459	0
Miscellaneous	14,400	14,400	11,540	2,860
Concessions	5,000	5,000	3,524	1,476
Maintenance & Repairs	36,000	36,000	8,897	27,103
Materials & supplies	28,000	36,000	15,103	20,897
Telephone	700	700	2,378	(1,678)
Utilities	10,100	14,600	8,449	6,151
Capital Outlay	-	-	-	-
Total Parks and Recreation	<u>103,680</u>	<u>116,180</u>	<u>68,291</u>	<u>47,889</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, 2021

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	1,000	1,000	-	1,000
Fourth of July Celebration	7,000	7,000	6,624	376
Civic-Little League	1,000	1,000	1,048	(48)
Miscellaneous	15,661	14,561	15,631	(1,070)
Total Cultural Enrichment	24,661	23,561	23,302	259
Library:				
Payments to regional library	7,000	9,000	9,003	(3)
Total Parks, Recreation and Cultural	135,341	148,741	100,597	48,144
Community Development:				
Lake Estonsa Learning Center	18,000	21,800	21,436	364
Lyric Theater Expense	1,050,000	1,050,000	1,203,386	(153,386)
VDOT Revenue Sharing Project	-	-	23,958	(23,958)
Farmers' Market expense	5,000	5,000	4,623	377
Willis Project Expense	153,000	88,000	75,200	12,800
Community development	167,000	206,000	150,780	55,220
Total Planning and Community Development	1,393,000	1,370,800	1,479,383	(108,583)
Total Community Development	1,393,000	1,370,800	1,479,383	(108,583)
Non-Departmental				
Contingency	20,000	20,000	-	20,000
Total Non-Departmental	20,000	20,000	-	20,000
Debt Service:				
Principal retirement	76,162	76,162	98,272	\$ (22,110)
Interest	-	-	16,874	(16,874)
Total Debt Service	76,162	76,162	115,146	(38,984)
TOTAL GENERAL FUND	3,914,195	3,952,695	4,032,618	(79,923)
GRAND TOTAL - EXPENDITURES - PRIMARY GOVERNMENT FUNDS	\$ 3,914,195	\$ 3,952,695	\$ 4,032,618	\$ (79,923)
OTHER FINANCING RESOURCES (USES):				
Sale of property	-	-	800	800
Insurance recoveries	-	-	6,740	6,740
Loan Proceeds	-	-	32,770	32,770
Transfers in (out)	(100,000)	(100,000)	(37,354)	62,646
Total Other Financing Sources (Uses)	(100,000)	(100,000)	2,956	102,956
Net Increase (Decrease) in General Fund Balance	\$ -	\$ -	\$ 605,933	\$ 605,933
SPECIAL REVENUE FUNDS:				
Veteran's Memorial Wall				
Miscellaneous	-	-	-	-
Total Revenue Veteran's Memorial Wall	-	-	-	-
OTHER FINANCING RESOURCES (USES):				
Transfers in (out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Total Special Revenue Funds Expenditures	-	-	-	-
Grand Total Expenditures-Governmental Funds	3,814,195	3,852,695	4,035,573	182,878
Net Increase (Decrease) in Governmental Fund Balance	\$ -	\$ -	\$ 605,936	\$ 605,936

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

TOWN OF SAINT PAUL, VIRGINIA
ENTERPRISE REVENUES EXPENSES
BUDGETARY COMPARISON SCHEDULE
June 30, 2021

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	690,200	690,200	616,073	\$ (74,127)
Sewer Services	392,400	392,400	385,572	(6,828)
Penalties	10,000	10,000	4,080	(5,920)
Other Income	79,248	79,248	112,294	33,046
TOTAL OPERATING REVENUES	<u>1,171,848</u>	<u>1,171,848</u>	<u>1,118,019</u>	<u>(53,829)</u>
OPERATING EXPENSES:				
Water Department:				
Salaries & Wages	134,990	134,990	129,821	5,169
Payroll Taxes	10,419	10,419	9,754	665
Retirement & Life	12,324	12,324	27,730	(15,406)
Insurance - Health	39,869	39,869	40,682	(813)
Insurance - Workmens Compensation	3,211	3,211	3,159	52
Audit Fees	750	750	-	750
Chemicals	40,000	40,000	35,571	4,429
Miscellaneous	19,800	19,800	6,648	13,152
Fuel, Oil & Gas	1,000	1,000	632	368
Insurance-Buildings & Property	5,701	5,701	5,701	0
Insurance-Vehicles	1,819	1,819	1,819	-
Licenses, Permits & Fees	4,085	4,085	6,967	(2,882)
Loan Expenses	46,000	46,000	-	46,000
Office Equipment & Supplies	75,000	75,000	11,515	63,485
Postage	3,000	3,000	3,145	(145)
Repairs & Maintenance	31,500	31,500	19,565	11,935
Utilities	64,000	64,000	56,423	7,577
Uniforms	10,000	10,000	14,498	(4,498)
Capital Outlay	-	-	-	-
TOTAL WATER DEPARTMENT	<u>503,468</u>	<u>503,468</u>	<u>373,630</u>	<u>129,838</u>
Sewer Department:				
Salaries & Wages	119,151	119,151	83,329	35,822
Payroll Taxes	9,207	9,207	6,390	2,817
Retirement & Life	9,045	9,045	13,598	(4,553)
Insurance - Health	17,042	17,042	8,521	8,521
Insurance - Property	5,439	5,439	8,205	(2,766)
Audit Fees	500	500	-	500
Chemical Testing	9,000	9,000	5,784	3,216

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

TOWN OF SAINT PAUL, VIRGINIA
ENTERPRISE REVENUES EXPENSES
BUDGETARY COMPARISON SCHEDULE
June 30, 2021

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	1,579	(379)
Licenses, Permits & Fees	3,500	3,500	850	2,650
Materials & Supplies	12,750	12,750	6,484	6,266
Repairs & Maintenance	42,400	42,400	50,650	(8,250)
Utilities	48,800	48,800	47,031	1,769
Miscellaneous	2,200	2,200	1,363	838
Capital Outlay	-	-	1,861	(1,861)
TOTAL SEWER DEPARTMENT	<u>280,234</u>	<u>280,234</u>	<u>235,645</u>	<u>44,589</u>
TOTAL OPERATING EXPENSES BEFORE DEPRECIATION	<u>783,702</u>	<u>783,702</u>	<u>609,275</u>	<u>174,427</u>
Depreciation Expense & Amortization	-	-	625,433	(625,433)
TOTAL OPERATING EXPENSES	<u>783,702</u>	<u>783,702</u>	<u>1,234,708</u>	<u>(451,006)</u>
OPERATING INCOME (LOSS)	<u>388,146</u>	<u>388,146</u>	<u>(116,690)</u>	<u>(504,836)</u>
NON-OPERATING REVENUES (EXPENSES):				
Interest Income	15,000	15,000	19,702	4,702
Interest Expense	-	-	(103,213)	(103,213)
Connection Fees	1,050	1,050	3,226	2,176
Debt Service	(504,196)	(504,196)	-	504,196
Grant Receipts	-	-	-	-
TOTAL NON-OPERATING REVENUES (EXPENSE)	<u>(488,146)</u>	<u>(488,146)</u>	<u>(80,286)</u>	<u>407,860</u>
INCOME (LOSS) BEFORE OPERATING TRANSFER	<u>(100,000)</u>	<u>(100,000)</u>	<u>(196,975)</u>	<u>(96,975)</u>
Operating Transfer In (Out)	<u>100,000</u>	<u>100,000</u>	<u>37,354</u>	<u>(62,646)</u>
TOTAL OPERATING TRANSFERS	<u>100,000</u>	<u>100,000</u>	<u>37,354</u>	<u>(62,646)</u>
NET INCOME (LOSS)	<u>-</u>	<u>-</u>	<u>(159,621)</u>	<u>(159,621)</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, 2021

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 TAXES TO TAX LEVY
2021	2,482,832	2,464,858	99.28%	8,751	2,473,609	99.63%	41,389	1.67%
2020	2,402,279	2,398,420	99.84%	3,859	2,402,279	100.00%	33,256	1.38%
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%

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	
2021	1,334,167,852	16,873,434	1,351,041,286	14,356,305	2,081,551	16,437,856	
2020	1,289,149,645	16,946,234	1,306,095,879	14,235,795	2,207,997	16,443,792	
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	

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)
For the Year Ended June 30, 2021

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			
2021	1,000	\$ 1,351,041	\$ 7,291,673	\$ -	\$ 6,715,331	576,342	0.0004	\$ 576.34
2020	1,000	1,306,096	7,734,502	-	7,092,658	641,844	0.0005	641.84
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	-	-	-

Notes:

(1) Bureau of Census.

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

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

TOWN OF SAINT PAUL, VIRGINIA
COMPUTATION OF LEGAL DEBT MARGIN (Unaudited)
Year Ended June 30, 2021

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>\$ 1,351,041,286</u>
Legal debt limit, 10% of assessed value		135,104,129
Total bonded debt:	\$ 7,291,673	
Less: Water and Sewer revenue bonds	<u>(6,715,331)</u>	
Net bonded debt		<u>576,342</u>
Legal Debt Margin		<u><u>\$ 134,527,787</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

To 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, 2021, 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 9, 2022.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not 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 grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 performed 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 9, 2022