



St. Paul
-A MOVING RIVER EXPERIENCE-

TOWN OF SAINT PAUL, VIRGINIA

AUDITED FINANCIAL STATEMENTS

For The Year Ended June 30, 2023

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June 30, 2023

TOWN COUNCIL:

Kenneth Holbrook, Mayor
Matt Jordan, Vice-Mayor
Jeff Langley
Harry Kelly
Bob Salyers
Bill Wallace

TOWN OFFICERS:

Chad Monday, Town Manager
Wendee Jones, Town Treasurer
Jonathan Johnson, Chief of Police

TOWN LEGAL COUNSEL:

Julie Hensley, Attorney at Law

LARRY D. STURGILL, P. C.

LARRY D. STURGILL

MEMBER
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MEMBER
TENNESSEE & VIRGINIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and the discretely presented component unit of the Town of St. Paul, Virginia (the "Town"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and the discretely presented component unit of the Town as of June 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of St. Paul, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and

The Honorable Members of Town Council
Town of St. Paul
St. Paul, Virginia 24283
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maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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 to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplemental information, as listed in 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 preparing 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.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2025, 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 Town internal control over financial reporting and compliance.

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



Larry D. Sturgill, P.C.
Wise, Virginia
January 24, 2025

TOWN OF SAINT PAUL, VIRGINIA
STATEMENT OF NET POSITION
June 30, 2023

EXHIBIT 1

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total Primary Government	Industrial Development Authority
<u>ASSETS</u>				
Cash and cash equivalents	3,282,017	\$ 1,068,331	\$ 4,350,348	\$ 155,620
Prepaid Expense	-	-	-	-
Receivables:				
Taxes	35,836	-	35,836	-
Accounts	57,189	213,417	270,606	4,792,058
Other	15,433	845	16,278	618
Internal Balances	563,878	(563,878)	-	-
Land and Improvements Held for Resale	-	-	-	273,174
Due from other governmental units	2,097,285	-	2,097,285	-
Restricted Assets:				
Cash	498,371	158,964	657,335	126,394
Capital assets, depreciable, net	7,608,171	15,177,017	22,785,188	133,448
Capital assets, non-depreciable	245,800	660,293	906,093	-
Right-to-use assets, net of amortization	6,006	-	6,006	-
TOTAL ASSETS	<u>\$ 14,409,986</u>	<u>\$ 16,714,989</u>	<u>\$ 31,124,975</u>	<u>\$ 5,481,312</u>
<u>DEFERRED OUTFLOWS</u>				
OPEB-Related Outflows	9,006	67,830	76,836	-
Pension-Related Outflows	158,270	4,849	163,119	-
Total Deferred Outflows	<u>167,276</u>	<u>72,679</u>	<u>239,955</u>	<u>-</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 44,469	\$ 510,366	\$ 554,835	\$ 944
Accrued liabilities and wages	40,233	8,823	49,056	-
Due to Other Governments	-	-	-	-
Payable From Restricted Assets:				
Deposits	-	10,650	10,650	-
Matured revenue interest	5,924	9,216	15,140	6,367
OPEB Liability	60,358	32,500	92,858	-
Long-term liabilities				
Net Pension Liability	576,570	247,102	823,672	-
Due within one year	530,844	427,131	957,975	55,604
Due in more than one year	365,482	5,550,087	5,915,569	2,986,991
Lease liabilities				
Due within one year	1,596	-	1,596	-
Due in more than one year	5,176	-	5,176	-
Compensated absences				
Due within one year	21,561	12,469	34,030	-
Due in more than one year	32,342	18,704	51,046	-
Total Liabilities	<u>1,684,555</u>	<u>6,827,048</u>	<u>8,511,603</u>	<u>3,049,906</u>
<u>DEFERRED INFLOWS</u>				
Dominion Diffuser Agreement Advance	-	1,340,385	1,340,385	-
ARPA Grant Revenue	484,933	-	484,933	-
OPEB-Related inflows	7,089	3,817	10,906	-
Pension-related inflows	81,605	34,974	116,579	-
Total Deferred Inflows	<u>573,627</u>	<u>1,379,176</u>	<u>1,952,803</u>	<u>-</u>
<u>NET POSITION</u>				
Net investment in capital assets	6,956,879	9,199,801	16,156,681	133,448
Restricted	498,371	-	498,371	-
Unrestricted	4,863,830	(1,278,650)	3,585,180	2,297,958
Total Net Position	<u>\$ 12,319,080</u>	<u>\$ 7,921,151</u>	<u>\$ 20,240,231</u>	<u>\$ 2,431,406</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SAINT PAUL, VIRGINIA
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2023

EXHIBIT 2

FUNCTIONS/PROGRAMS:	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units Industrial Development Authority
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business- Type Activities	
Governmental Activities:							
General government	\$ 1,056,262	\$ -	\$ -	\$ 367,120	\$ (689,142)	\$ -	\$ (689,142)
Public safety	767,925	-	43,154	12,779	(711,992)	-	(711,992)
Public works	974,103	90,360	30,805	-	(852,938)	-	(852,938)
Parks, recreation, and cultural	240,023	30,071	-	6,202	(203,750)	-	(203,750)
Community development	368,494	-	-	2,500	(365,994)	-	(365,994)
Non-Departmental	837	-	-	-	(837)	-	(837)
Interest on long-term debt	13,478	-	-	-	(13,478)	-	(13,478)
Total Governmental Activities	3,421,122	120,431	73,959	388,601	(2,838,131)	-	(2,838,131)
Business-Type Activities:							
Water and Sewer	1,552,638	1,241,522	-	180,686	-	(130,430)	(130,430)
Total Business-Type Activities	1,552,638	1,241,522	-	180,686	-	(130,430)	(130,430)
TOTAL PRIMARY GOVERNMENT	\$ 4,973,760	\$ 1,361,953	\$ 73,959	\$ 569,287	\$ (2,838,131)	\$ (130,430)	\$ (2,968,561)
COMPONENT UNIT:							
Industrial Development Authority	881,623	-	-	327,900	-	-	(553,723)
General Revenues:							
Property taxes				2,495,041	-	2,495,041	-
Local sales & use tax				53,739	-	53,739	-
Utility tax				46,447	-	46,447	-
Business license tax				114,961	-	114,961	-
Lodging taxes				35,834	-	35,834	-
Motor vehicle license				120	-	120	-
Bank stock tax				38,892	-	38,892	-
Cigarette tax				18,708	-	18,708	-
Restaurant food tax				382,416	-	382,416	-
Coal road improvement tax				25,316	-	25,316	-
Unrestricted intergovernmental revenue				5,776	-	5,776	-
Unrestricted investment earnings				68,582	19,302	87,884	3,154
Rental of Town property				4,540	-	4,540	-
Gain on disposal of capital assets				-	-	-	-
Recovered Costs				734,080	-	734,080	-
Transfers-Primay Government				(121,626)	121,626	-	-
Other				55,351	1,435	56,786	75,000
Total general revenues and transfers				3,958,177	142,363	4,100,540	78,154
Change in net position				1,120,046	11,933	1,131,979	(475,569)
NET POSITION - JULY 1				11,199,034	8,569,511	19,768,545	2,906,975
NET POSITION - JUNE 30				\$ 12,319,080	\$ 8,581,444	\$ 20,900,524	\$ 2,431,406

TOWN OF SAINT PAUL, VIRGINIA
BALANCE SHEET - GOVERNMENTAL FUNDS
 June 30, 2023

EXHIBIT 3

	General Fund	Special Revenue Fund	Total
ASSETS			
Cash and cash equivalents	\$ 3,279,300	\$ 2,717	\$ 3,282,017
Receivables:			
Taxes	35,836	-	35,836
Accounts	57,189	-	57,189
Other	15,433	-	15,433
Due From other funds	565,878	-	565,878
Due from other governmental units	17,356	-	17,356
Restricted Assets:			
Cash	498,371	-	498,371
Total Assets	\$ 4,469,363	\$ 2,717	\$ 4,472,080
LIABILITIES			
Accounts payable	44,469	-	44,469
Accrued payroll and related liabilities	40,233	-	40,233
Due to Other Governments	-	-	-
Due to Other Funds	-	2,000	2,000
Total Liabilities	84,702	2,000	86,702
DEFERRED INFLOWS			
ARPA Grant Revenue	484,933	-	484,933
Deferred property taxes	34,998	-	34,998
Total Deferred Inflows	519,931	-	519,931
FUND BALANCES			
Non-Spendable	565,878	-	565,878
Restricted	498,371	-	498,371
Committed	19,864	717	20,581
Assigned	-	-	-
Unassigned	2,780,617	-	2,780,617
Total Fund Balances	3,864,730	717	3,865,447
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 4,469,363	\$ 2,717	\$ 4,472,080

TOWN OF SAINT PAUL, VIRGINIA
BALANCE SHEET - GOVERNMENTAL FUNDS
 June 30, 2023

EXHIBIT 4

Total Fund Balances per Exhibit 3-Balance Sheet-Governmental Funds	\$ 3,865,447
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.	7,859,976
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,114,928
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	-
Notes payable	(896,326)
Accrued interest payable	(5,924)
Leases payable	(6,772)
Compensated absences	(53,903)
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 2023 employer contributions	3,436
Deferred outflows of resources related to other postemployment benefits	5,570
Deferred inflows of resources related to other postemployment benefits	(7,089)
Net other postemployment benefit liability	(60,358)
Financial statement elements related to pensions are applicable to future periods, and therefore, are not reported in the funds.	
Deferred outflows of resources for 2023 employer contributions	112,947
Deferred outflows of resources for the net difference between projected and actual earnings on pension plan investments	45,323
Deferred outflows (inflows) of resources for the net difference between projected and actual earnings on pension plan investments	(81,605)
Net pension liability	<u>(576,570)</u>
Net Position of Governmental Activities	<u><u>\$ 12,319,080</u></u>

TOWN OF SAINT PAUL, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUNDS
For The Year Ended June 30, 2023

EXHIBIT 5

	General Fund	Special Revenue Fund	Total
REVENUES:			
General property taxes	\$ 2,498,951	\$ -	\$ 2,498,951
Other local taxes	716,432	-	716,432
Permits, privilege fees and regulatory licenses	3,835	-	3,835
Fines and forfeitures	4,803	-	4,803
Revenue from use of money and property	73,122	-	73,123
Charges for services	120,431	-	120,431
Miscellaneous	46,713	-	46,713
Recovered costs	734,080	-	734,080
Intergovernmental	473,423	-	473,423
Total Revenues	4,671,790	-	4,671,791
EXPENDITURES:			
Current:			
General government administration	929,095	-	929,095
Public safety	844,023	-	844,023
Public works	1,185,734	-	1,185,734
Parks, recreation and cultural	239,688	-	239,688
Community development	1,298,059	-	1,298,059
Non-Departmental	2,080,766	-	2,080,766
Debt Service:			
Principal retirement	526,282	-	526,282
Interest	8,977	-	8,977
Total Expenditures	7,112,624	-	7,112,624
Excess (Deficiency) of Revenues Over Expenditures	(2,440,834)	-	(2,440,833)
OTHER FINANCING SOURCES (USES):			
Sale of property	-	-	-
Insurance recoveries	-	-	-
Loan Proceeds	490,905	-	490,905
Transfers in (out)	(121,626)	-	(121,626)
Total Other Financing Sources (Uses)	369,279	-	369,279
Net Change in Fund Balance	(2,071,555)	1	(2,071,553)
FUND BALANCE AT JULY 1	5,936,284	716	5,937,000
FUND BALANCE AT JUNE 30	\$ 3,864,729	\$ 717	\$ 3,865,446

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, 2023

EXHIBIT 6

	<u>Governmental Fund</u>
Net Change in Fund Balance Governmental Fund:	\$ (2,071,553)
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 & right-to-use assets	1,478,225
Depreciation & amortization expense	<u>(444,165)</u>
	<u>1,034,060</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(8,998)
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	524,820
Lease	1,462
Proceeds from debt	(490,905)
Proceeds from lease	<u>-</u>
	<u>35,377</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued interest	(4,501)
Loan to St. Paul IDA	2,079,929
Compensated absences	3,584
Other post-employment benefits	<u>4,847</u>
	<u>2,083,859</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>47,301</u>
Prior Period Adjustment due to errors with accounts payable and capital outlays	<u>-</u>
Change in Net Position of Governmental Activities	<u>\$ 1,120,046</u>

TOWN OF SAINT PAUL, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2023

EXHIBIT 7

	Business-Type Activities Proprietary Funds
	Water & Sewer Operation
<u>ASSETS</u>	
Cash and cash equivalents	\$ 1,068,331
Receivables (Net of Allowance for Uncollectibles):	
Accounts	213,417
Accrued interest	845
Prepaid Insurance	-
Restricted Assets:	
Cash	158,964
Capital assets, non-depreciable	660,293
Capital assets, depreciable, net	<u>15,177,017</u>
Total Assets	<u>\$ 17,278,867</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Pension-Related Outflows	\$ 67,830
Deferred OPEB-Related Outflows	<u>4,849</u>
Total Deferred Outflows	<u>\$ 72,679</u>
 <u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	510,366
Accrued wages and liabilities	8,823
Payable From Restricted Assets:	
Customer deposits	10,650
Accrued interest payable	9,216
Due to other funds	563,878
Revenue bond payable	427,131
Compensated absences	<u>12,469</u>
Total Current Liabilities	<u>1,542,533</u>
Noncurrent liabilities:	
Revenue bond payable	5,550,087
Net Pension Liability	247,102
OPEB Liability	32,500
Compensated absences	<u>18,704</u>
Total Noncurrent Liabilities	<u>5,848,393</u>
Total Liabilities	<u>7,390,926</u>
 <u>DEFERRED INFLOWS</u>	
Dominion Diffuser Agreement Advance	1,340,385
Pension-related inflows	34,974
OPEB-related inflows	<u>3,817</u>
Total Deferred Inflows	<u>1,379,176</u>
 <u>NET POSITION</u>	
Net investment in capital assets	9,860,094
Restricted	-
Unrestricted	<u>(1,278,650)</u>
Total Net Position	<u>8,581,444</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, 2023

EXHIBIT 8

	<u>PROPRIETARY FUNDS</u> <u>Water & Sewer Operation</u>
OPERATING REVENUES:	
Water rents	769,458
Sewer rents	366,719
Penalties	13,471
Other income	<u>91,874</u>
Total Operating Revenues	<u>1,241,522</u>
 OPERATING EXPENSES:	
Personnel services	297,799
Fringe benefits	124,305
Contractual services	18,723
Other charges	358,696
Depreciation and amortization	<u>622,908</u>
Total Operating Expenses	<u>1,422,431</u>
Operating Income (Loss)	<u>(180,909)</u>
 NON-OPERATING REVENUES (EXPENSES) :	
Connection fees	1,435
Grant revenue	180,686
Interfund transfers	121,626
Interest income	19,302
Interest expense	<u>(130,206)</u>
Total Non-Operating Revenue (Expenses)	<u>192,842</u>
CHANGE IN NET POSITION	11,933
NET POSITION AT JULY 1	<u>8,569,511</u>
NET POSITION AT JUNE 30	<u><u>\$ 8,581,444</u></u>

TOWN OF SAINT PAUL, VIRGINIA
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 For The Year Ended June 30, 2023

EXHIBIT 9

	<u>PROPRIETARY FUNDS Water & Sewer Operation</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 1,118,868
Cash payments to suppliers for goods and services	20,124
Cash payments to employees for services	(450,231)
Other operating income	91,874
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>780,635</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Increase (decrease) in customer deposits	(350)
(Increase) decrease transfers from other funds	121,626
Increase (decrease) in due to other funds	-
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>121,276</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
(Increase) decrease in capital assets	(141,387)
(Increase) decrease in construction in progress	(488,888)
Principal paid on revenue bond maturities and equipment contracts	(426,898)
Principal advances from bond and note proceeds	109,539
Contributed capital - Grant revenue	180,686
Connection fees collected	1,435
Interest paid on revenue bonds and equipment contracts	(128,894)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(894,407)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends on investments	19,112
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>19,112</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	26,616
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,200,679</u>
Cash and Cash Equivalents at June 30, 2023	
Unrestricted	\$ 1,068,331
Restricted	158,964
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,227,295</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (180,909)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation and amortization	622,908
Prior period adjustment	-
Provision for compensated absences	(6,485)
Change in Assets, Liabilities, Deferred Inflows/Outflows:	
(Increase) decrease in accounts receivable	(30,780)
(Increase) decrease in prepaid expenses	-
(Increase) decrease in deferred outflows of resources	4,790
Increase (decrease) in accounts payable	430,235
Increase (decrease) in OPEB liability	2,966
Increase (decrease) in Net Pension liability	53,270
Increase (decrease) in deferred inflows of resources	(113,832)
Increase (decrease) in wages payable and payroll liabilities	(1,528)
TOTAL ADJUSTMENTS	<u>961,544</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 780,635</u>

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
June 30, 2023

EXHIBIT 10

	<u>Agency Fund</u>
<u>ASSETS</u>	
Cash	\$ 1,041
Capital asset, depreciable, net	2,137
TOTAL ASSETS	<u>3,178</u>
<u>NET POSITION</u>	
Funds held for Johnnie Ramey Memorial Fund	<u>\$ 3,178</u>

TOWN OF SAINT PAUL, VIRGINIA
 AGENCY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 For The Year Ended June 30, 2023

EXHIBIT 11

	Agency Fund
Additions	
Donations	\$ -
Interest income	<u>1</u>
Total additions	<u>1</u>
Deductions	
Operating deductions	<u>-</u>
Total deductions	<u>-</u>
Change in net position	1
Net position - beginning of year	<u>3,177</u>
Net position - end of year	<u>\$ 3,178</u>

TOWN OF SAINT PAUL, VIRGINIA
DISCRETELY PRESENTED COMPONENT UNIT-INDUSTRIAL DEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION
June 30, 2023

EXHIBIT 12

ASSETS

Cash and cash equivalents	\$ 155,620
Prepaid Expense	-
Due from Others	618
Interest Receivable	532,138
Land and Improvements Held for Resale	273,174
Restricted Cash	126,394
Notes Receivable	4,259,920
Capital assets, net	<u>133,448</u>
Total Assets	<u>5,481,312</u>

LIABILITIES

Accounts payable	944
Interest Payable	6,367
Notes payable	<u>3,042,595</u>
Total Liabilities	<u>3,049,906</u>

NET POSITION

Net investment in capital assets	133,448
Unrestricted	<u>2,297,958</u>
Total Net Position	<u>\$ 2,431,406</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, 2023

EXHIBIT 13

	Total
REVENUES	
Property sales	\$ -
Cost of Property sold	-
Total Operating Revenues	-
 EXPENDITURES:	
Bank Fees	1,174
Contributions-Other	146,258
Board Expense	1,035
Staff Expense	2,400
Insurance	3,179
Engineering & Surveying	-
Legal and Accounting	11,900
Forgiveness of Debt	19,365
Origination Fee	-
Property Improvements Expense	-
Travel	621
Office Expense	332
Meetings Expense	-
Miscellaneous	-
Donations	-
Dues & Fees	125
Advertising & Promotions	-
Depreciation Expense	4,787
Total Expenditures	191,176
Operating Income (Loss)	(191,176)
 NON-OPERATING REVENUES (EXPENSES) :	
Contribution Income	327,900
Historical Tax Credit Transfer to Town	(690,447)
Interest Income -Investments	3,154
Interest Income -Note Receivable	-
Debt Forgiveness	75,000
Total Non-Operating Revenue (Expenses)	(284,393)
 CHANGE IN NET POSITION	 (475,569)
NET POSITION AT JULY 1	2,906,975
NET POSITION AT JUNE 30	\$ 2,431,406

The accompanying notes are an integral part of the financial statements

June 30, 2023

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*.

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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, 2023

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, 2023.

June 30, 2023

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, 2023.

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, 2023 that are measured using Level 1, 2, or 3 inputs.

Capital and Right-to-Use Assets

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

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

Cash Equivalents

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

June 30, 2023

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, 2023

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, 2022 and prior to the reporting date of June 30, 2023, have been reported as deferred outflows of resources in the Statement of Net Position as of June 30, 2023. 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, 2022 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, 2023

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 \$30,237 at June 30, 2023, and is composed of the following:

General Fund:	
Allowance for uncollectible property taxes	\$ 3,982
Allowance for uncollectible garbage billings	3,689
Total General Fund	<u>\$ 7,671</u>
Water and Sewer Fund:	
Allowance for uncollectible water and sewer fee billings	<u>\$ 22,566</u>
Total Water and Sewer Fund	<u>\$ 22,566</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, 2023

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	41%
First Bank & Trust	41%
Carter Bank	11%

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, 2023, 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	2,147,142
Investments	<u>2,860,043</u>
	<u>\$5,007,683</u>

Statement of net position:

Cash and cash equivalents	\$4,350,348
Investments	-
Restricted cash and cash equivalents	<u>657,335</u>
	<u>\$5,007,683</u>

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

4. DUE FROM OTHER GOVERNMENTAL UNITS

Federal Government:

Virginia Department of Transportation	\$ 1,321	
Total Federal Government		\$1,321

Commonwealth of Virginia:

Local Sales Tax	<u>11,939</u>	
Total Commonwealth of Virginia		11,939

Wise & Russell Counties:

Coal haul road taxes	3,147	
Court fines/transfer fees	<u>948</u>	
Total Wise & Russell Counties		4,095

St. Paul Industrial Development Authority (IDA):

Contractual Agreement	<u>2,079,929</u>	
Total St. Paul IDA		<u>2,079,929</u>

Total Due From Other Governmental Units		<u>\$ 2,097,284</u>
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TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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	\$563,878	-
Veteran's Memorial Fund	2,000	-
Water/Sewer Fund:		
General Fund	-	563,878
Veteran's Memorial Fund		
General Fund	-	2,000
Totals	<u>\$565,878</u>	<u>\$565,878</u>

7. **CAPITAL ASSETS**

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

Governmental activities:	
General government	\$ 145,262
Public safety	33,768
Public works	91,692
Parks, recreation and cultural	79,914
Community development	91,814
Special Revenue Fund	-
Total depreciation expense – governmental activities	<u>\$ 442,450</u>
Business-type activities:	
Water and sewer	<u>\$ 622,908</u>
Total depreciation expense – business-type activity	<u>\$ 622,908</u>

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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	\$6,905,193	\$ 1,756,121	\$ -	\$8,661,314
Equipment	2,434,110	444,992	-	2,879,102
Special Revenue Fund	30,055	-	-	30,055
Total Capital Assets, depreciable	<u>9,369,358</u>	<u>2,201,113</u>	<u>-</u>	<u>11,570,471</u>
Less accumulated depreciation for				
Buildings and improvements	\$1,627,713	\$ 216,734	\$ -	\$1,844,447
Equipment	1,862,082	225,716	-	2,087,798
Special Revenue Fund	30,055	-	-	30,055
Total accumulated depreciation	<u>3,519,850</u>	<u>442,450</u>	<u>-</u>	<u>3,962,300</u>
Total Capital Assets, depreciable, net	<u>\$5,849,508</u>	<u>\$ 1,758,663</u>	<u>\$ -</u>	<u>\$7,608,171</u>

Right-to-use assets				
Right-to-use assets	\$ 8,580	\$ -	\$ -	\$ 8,580
Less accumulated amortization	(858)	(1,716)	-	(2,574)
Total Right-to-use assets, net	<u>\$ 7,722</u>	<u>\$ (1,716)</u>	<u>\$ -</u>	<u>\$ 6,006</u>

Business Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, depreciable				
Buildings	\$ 868,724	\$ -	\$ -	\$ 868,724
Improvements	21,015,402	134,140	-	21,149,542
Equipment	1,413,404	7,247	-	1,420,651
Total Capital Assets, depreciable	<u>23,297,530</u>	<u>141,387</u>	<u>-</u>	<u>23,438,917</u>
Less accumulated depreciation for				
Buildings	\$ 855,542	\$ 405	\$ -	\$ 855,947
Improvements	5,736,379	548,933	-	6,285,312
Equipment	1,047,071	73,570	-	1,120,641
Total accumulated depreciation	<u>7,638,992</u>	<u>622,908</u>	<u>-</u>	<u>8,261,900</u>
Total Capital Assets, depreciable, net	<u>\$15,658,538</u>	<u>\$ (481,521)</u>	<u>\$ -</u>	<u>\$15,177,017</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	722,886	-	(722,886)	-
Total Capital Assets, Non-depreciable	<u>\$ 968,686</u>	<u>\$ -</u>	<u>\$ (722,886)</u>	<u>\$ 245,800</u>

Business Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, non-depreciable				
Land	\$ 92,500	\$ -	\$ -	\$ 92,500
Construction in progress	78,905	488,888	-	567,793
Total Capital Assets, Non-depreciable	<u>\$ 171,405</u>	<u>\$ 488,888</u>	<u>\$ -</u>	<u>\$ 660,293</u>

**TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS**

June 30, 2023

9. LONG-TERM DEBT

The annual requirements to amortize proprietary debt outstanding as of June 30, 2023, are as follows:

Year Ending June 30,	Business-Type Activities							
	Water & Sewer Bond		Water & Sewer Bond		Water & Sewer Bond		Water & Sewer Loan	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 12,309	\$ -	\$ 1,827	\$ -	\$ 186,631	\$ 43,769	\$ 6,651	\$ -
2025	12,309	-	1,827	-	192,510	37,890	6,651	-
2026	12,309	-	1,827	-	198,574	31,826	6,651	-
2027	12,309	-	1,827	-	204,829	25,571	6,651	-
2028	12,309	-	1,827	-	211,281	19,119	6,651	-
2029-2033	55,391	-	9,133	-	395,662	18,062	33,256	-
2034-2038	-	-	-	-	-	-	33,256	-
2039-2043	-	-	-	-	-	-	16,630	-
2044-2048	-	-	-	-	-	-	-	-
2049-2053	-	-	-	-	-	-	-	-
2054-2058	-	-	-	-	-	-	-	-
2059-2063	-	-	-	-	-	-	-	-
Total	\$ 116,936	\$ -	\$ 18,268	\$ -	\$1,389,488	\$ 176,236	\$116,397	\$ -

Year Ending June 30,	Business-Type Activities							
	Water & Sewer Loan		Sewer Refunding Bond		Water Bond		Water Bond	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 70,618	\$ 30,328	\$ 100,192	\$ -	\$ 9,550	\$ 3,395	\$ 14,196	\$ 11,018
2025	74,861	26,084	100,192	-	9,742	3,203	14,517	10,697
2026	79,360	21,585	100,192	-	9,938	3,007	14,846	10,369
2027	84,129	16,816	100,192	-	10,138	2,807	15,182	10,033
2028	89,185	11,761	100,192	-	10,341	2,604	15,525	9,689
2029-2033	147,731	7,533	500,960	-	54,910	9,372	83,057	22,669
2034-2038	-	-	500,960	-	60,655	4,070	92,889	33,184
2039-2043	-	-	50,103	-	6,847	73	103,884	22,189
2044-2048	-	-	-	-	-	-	116,181	9,892
2049-2053	-	-	-	-	-	-	22,959	378
2054-2058	-	-	-	-	-	-	-	-
2059-2063	-	-	-	-	-	-	-	-
Total	\$ 545,884	\$114,107	\$1,552,983	\$ -	\$ 172,121	\$ 28,531	\$493,236	\$140,118

Year Ending June 30,	Business-Type Activities					
	General Obligation and Sewer Bond		Water & Sewer Bond		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 25,157	\$ 36,559	\$ -	\$ -	\$ 427,131	\$ 125,069
2025	25,786	35,930	6,512	23,949	444,907	137,754
2026	26,430	35,286	13,239	11,595	463,366	113,668
2027	27,091	34,625	13,532	11,302	475,880	101,154
2028	27,768	33,948	13,831	11,003	488,912	88,122
2029-2033	149,609	158,971	62,425	50,286	1,492,136	266,892
2034-2038	169,269	139,311	-	-	857,029	176,566
2039-2043	191,512	117,068	-	-	368,976	139,330
2044-2048	216,679	91,901	-	-	332,859	101,794
2049-2053	245,152	63,428	-	-	268,110	63,806
2054-2058	277,367	31,213	-	-	277,367	31,213
2059-2063	80,547	2,535	-	-	80,547	2,535
Total	\$1,462,367	\$780,775	\$ 109,539	\$ 108,134	\$5,977,219	\$1,347,901

TOWN OF SAINT PAUL, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS

June 30, 2023

9. LONG-TERM DEBT (continued)

The annual requirements to amortize governmental debt outstanding as of June 30, 2023, are as follows:

Year Ending June 30,	Governmental Activities							
	General Obligation Bond		Note Payable		Note Payable		Note Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 40,112	\$ 7,669	\$ 440,905	\$ 3,123	\$ 2,631	\$ 25	\$ 18,515	\$ 602
2025	40,971	6,809	-	-	-	-	-	-
2026	41,849	5,931	-	-	-	-	-	-
2027	42,746	5,034	-	-	-	-	-	-
2028	43,663	4,117	-	-	-	-	-	-
2029-2033	171,361	6,909	-	-	-	-	-	-
2034-2038	-	-	-	-	-	-	-	-
2039-2043	-	-	-	-	-	-	-	-
2044-2048	-	-	-	-	-	-	-	-
2049-2053	-	-	-	-	-	-	-	-
2054-2058	-	-	-	-	-	-	-	-
2059-2063	-	-	-	-	-	-	-	-
Total	<u>\$ 380,702</u>	<u>\$ 36,468</u>	<u>\$ 440,905</u>	<u>\$ 3,123</u>	<u>\$ 2,631</u>	<u>\$ 25</u>	<u>\$ 18,515</u>	<u>\$ 602</u>

Year Ending June 30,	Note Payable		Note Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 11,254	\$ 349	\$ 17,428	\$ 2,222	\$ 530,844	\$ 13,989
2025	-	-	17,428	819	58,399	7,628
2026	-	-	7,463	246	49,313	6,176
2027	-	-	-	-	42,746	5,034
2028	-	-	-	-	43,663	4,117
2029-2033	-	-	-	-	171,361	6,909
2034-2038	-	-	-	-	-	-
2039-2043	-	-	-	-	-	-
2044-2048	-	-	-	-	-	-
2049-2053	-	-	-	-	-	-
2054-2058	-	-	-	-	-	-
2059-2063	-	-	-	-	-	-
Total	<u>\$ 11,254</u>	<u>\$ 349</u>	<u>\$ 42,320</u>	<u>\$ 3,286</u>	<u>\$ 896,326</u>	<u>\$ 43,852</u>

**TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS**

June 30, 2023

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, 2023:

	Balance 7/1/2022	Additions/ Proceeds	Payments/ Reductions	Balance 6/30/2023
Business-Type Activities:				
Revenue bonds	\$ 5,674,323	\$ 109,539	\$ (352,528)	\$ 5,431,334
Notes payable	620,254	-	(74,370)	545,884
Net Pension Liability	193,832	53,270	-	247,102
OPEB	29,534	2,966	-	32,500
Accrued Compensated Absences	37,658	-	(6,484)	31,174
Total	\$ 6,555,601	\$ 165,775	\$ (433,382)	\$ 6,287,994
	Balance 7/1/2022	Additions/ Proceeds	Payments/ Reductions	Balance 6/30/2023
Governmental Activities:				
Revenue Bonds	\$ 399,341	\$ -	\$ (18,639)	\$ 380,702
Notes payable	530,900	490,905	(506,181)	515,624
Lease Liability	8,234	-	(1,463)	6,771
Net Pension Liability	452,275	124,295	-	576,570
OPEB	60,676	-	(318)	60,358
Accrued Compensated Absences	57,487	-	(3,584)	53,903
Total	\$ 1,508,913	\$ 615,200	\$ (530,185)	\$ 1,593,928

Details of Long-Term Indebtedness:

Enterprise Fund:

Water & Sewer

Bonds and Obligations:

\$3,300,000 Bond Payable to Miners Exchange Bank, issued on January 11, 2010, payable in monthly installments of \$20,909 at 4.5% interest. Final principal payment is due on January 15, 2030.	\$ 1,389,488
\$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.	116,396
\$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.	116,936
\$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.	18,268
\$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.	545,884

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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.	1,552,983
\$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.	172,121
\$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.	1,462,367
\$536,840 Bond payable to Virginia Resources Authority, issued March 31, 2023, payable in semi-annual installments of \$12,417 at 2.20% interest. Final payment is due January 2054.	109,539
\$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>493,236</u>
TOTAL ENTERPRISE FUNDS LONG-TERM DEBT	<u>\$ 5,977,218</u>

Governmental Fund:

Bonds and Obligations:

\$540,000 Bond Payable to Virginia Resources Authority, issued on November 29, 2017, payable in semi-annual installments of \$23,890 at 2.63% interest. Final principal payment is due on January 1, 2032.	380,702
\$900,000 commercial loan to First Bank and Trust, issued September 29, 2021, payable at 4.25% interest. Final payment of principal is due December 29, 2023.	440,904
\$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.	2,631
\$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.	11,254
\$50,000 commercial loan to First Bank and Trust, issued September 22, 2022, payable at 2.375% interest. Final payment of principal is due December 31, 2025.	42,320
\$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>\$ 18,515</u>

TOTAL GOVERNMENTAL FUNDS LONG-TERM DEBT	<u>\$ 896,326</u>
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**TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS**

June 30, 2023

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 \$53,903 in the General Fund and \$31,174 in the Water and Sewer Fund.

11. **FUND BALANCES—GOVERNMENTAL FUNDS**

As of June 30, 2023, fund balances are composed of the following:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Non-Spendable:			
Due from Other Funds	\$ 565,878	\$ -	\$ 565,878
Restricted:			
Parks & Recreation	13,438	-	13,438
ARPA Funds	484,933	-	484,933
Committed:			
Lake Estonoa	19,864	-	19,864
General Administrative	-	-	-
Community Development	-	717	717
Assigned:	-	-	-
Unassigned:	2,780,617	-	2,780,617
Total fund balances	<u>\$ 3,864,730</u>	<u>\$ 717</u>	<u>\$ 3,865,447</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 \$34,998 at June 30, 2023.

Deferred Grant Revenue

Deferred revenue representing ARPA grant funds not available for spending until fiscal year 2023 totaled \$484,933 at June 30, 2023.

June 30, 2023

13. **DEFERRED REVENUE (continued)**

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, 2023 was \$1,340,385.

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
<p>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.</p>	<p>About Plan 2 Same as Plan 1.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <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 • 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.

June 30, 2023

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

<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.</p> <p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p> <p>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>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p> <p>Retirement Contributions Same as Plan 1.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Town of St. Paul, Virginia employees • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1- April 30, 2014; the plan's effective date for opt-in members was July 1, 2014 <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p> <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</p>
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TOWN OF SAINT PAUL, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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

		required to match those voluntary contributions according to specified percentages.
<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>
<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>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>

June 30, 2023

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

<p>Members are always 100% vested in the contributions that they make.</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>
<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>

TOWN OF SAINT PAUL, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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

<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%</p> <p>Sheriffs and regional jail superintendents: Not Applicable</p> <p>Political Subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p> <p>Normal Retirement Age VRS: Age 65</p> <p>Political subdivision hazardous duty employees: Age 60.</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>Sheriffs and regional jail superintendents: Not Applicable</p> <p>Political Subdivision hazardous duty employees: Same as Plan 1.</p> <p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier Defined Benefit Component: VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p>Sheriffs and regional jail superintendents: Not Applicable</p> <p>Political Subdivision hazardous duty employees: Not Applicable</p> <p>Defined Contribution Component: Not applicable</p> <p>Normal Retirement Age 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>

June 30, 2023

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

<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>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 Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of service credit or when their age plus service credit equals 90.</p> <p>Political Subdivisions hazardous duty employees: Same as Plan 1</p>	<p>Earliest Unreduced Retirement Eligibility Defined Benefit Component: VRS: Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age and service equal 90.</p> <p>Political Subdivisions hazardous duty employees: Not Applicable</p> <p>Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of 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>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>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>
<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>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>Cost-of-Living Adjustment (COLA) in Retirement Defined Benefit Component: Same as Plan 2</p> <p>Defined Contribution Component: Not applicable</p>

TOWN OF SAINT PAUL, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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

<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 Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<p><u>Eligibility:</u> Same as Plan 1</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1</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, 2023

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

<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% 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>

Employees Covered by Benefit Terms – As of June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Retirees and Beneficiaries	16
Inactive Vested Members	1
Inactive Nonvested Members	4
Long-Term Disability	0
Active Elsewhere in VRS	14
Active Employees	<u>19</u>
Total	54

June 30, 2023

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

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, 2023 was 16.58% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

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 \$161,353 and \$117,698 for the years ended June 30, 2023 and June 30, 2022, 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 the Town of St. Paul, Virginia, the net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021, rolled forward to the measurement date of June 30, 2022.

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, 2021, 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, 2022.

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

Mortality rates:

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

June 30, 2023

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

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

**TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS**

June 30, 2023

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

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, 2021, 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, 2022.

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

Mortality rates:

Largest 10 – Hazardous Duty: 70% of deaths are assumed to be service related.

Pre-Retirement:

PUB-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:

PUB-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:

PUB-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:

PUB-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years.

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

TOWN OF SAINT PAUL, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years.

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Sclae that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decrease rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

TOWN OF SAINT PAUL, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS

June 30, 2023

14. PENSION PLAN-AGENT MULTIPLE EMPLOYER (continued)

All Others (Non 10 Largest) – Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
Multi-Asset Public Strategies	6.00%	3.73%	0.22%
Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
	Inflation		2.50%
	*Expected Arithmetic Nominal Return		7.83%

*The above allocation provides a one-year expected return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

**TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS**

June 30, 2023

14. PENSION PLAN-AGENT MULTIPLE EMPLOYER (continued)

Discount Rate – The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021, actuarial valuations, whichever was greater. From July 1, 2022 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.

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, 2021	\$4,019,204	\$3,373,097	\$646,107
Changes for the year:			
Service Cost	85,937		85,937
Interest	271,756		271,756
Changes in benefit terms	0		0
Changes of assumptions	0		0
Differences between expected and actual experience	(31,535)		(31,535)
Contributions – Employer		113,705	(113,705)
Contributions – Employee		42,025	(42,025)
Net Investment Income		(5,144)	5,144
Benefit payments, including refunds		(158,251)	0
Refunds of employee contributions	(158,251)	(2,072)	2,072
Administrative Expenses		79	(79)
Other Changes	0		
Net Changes	<u>167,907</u>	<u>(9,658)</u>	<u>177,565</u>
Balances at June 30, 2022	<u>\$4,187,111</u>	<u>\$3,363,439</u>	<u>\$823,672</u>

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	\$1,393,172	\$823,672	\$362,086

TOWN OF SAINT PAUL, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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, 2023, the Town recognized pension expense of \$89,788. At June 30, 2023, 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	\$ 9,367	\$ 22,771
Changes in assumptions	55,380	0
Net differences between projected and actual earnings on plan investments	0	93,808
Employer contributions subsequent to the measurement date	<u>161,353</u>	<u>0</u>
Total	<u>\$ 226,100</u>	<u>\$ 116,579</u>

\$161,353 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, 2024. 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:

2024	\$ (1,225)
2025	(32,271)
2026	(64,872)
2027	46,536
2028	0
Thereafter	<u>0</u>
Total	\$ (51,832)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Report. A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-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, 2023, the Town reported a payable of \$15,402 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

June 30, 2023

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.

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	22
Retired members	<u>0</u>
Total covered employees	<u>22</u>

Total OPEB Liability

The Town's Total OPEB Liability of \$44,453 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2021.

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, 2021 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	4.30% 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.

TOWN OF SAINT PAUL, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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

Changes in Total OPEB Liability

Balance as of June 30, 2021	\$ 82,718
Changes during Year:	
Service Cost	4,241
Interest	2,527
Changes of assumptions	-0-
Difference between expected and actual Experience	(40,712)
Benefit Payments, including refunds of Employer Contributions	<u>(4,322)</u>
Net changes	<u>(38,266)</u>
Balance as of June 30, 2022	<u>\$ 44,453</u>

Sensitivity Analyses

The following presents the total OPEB liability of the Town's locality plan, calculated using the discount rate of 3.87%. It also presents what the Town's Total OPEB Liability would be if it were calculated using a discount rate one percentage point lower (2.87%) and one percentage point higher (4.87%) than the current rate.

	<u>1% Decrease (2.87%)</u>	<u>Current Rate (3.87%)</u>	<u>1% Increase (4.87%)</u>
Town of St. Paul, Virginia's Total OPEB Liability	\$ 48,486	\$44,453	\$40,458

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

	<u>1% Decrease in Trend Rate</u>	<u>Current Trend Rate</u>	<u>1% Increase In Trend Rate</u>
Town of St. Paul, Virginia's Total OPEB Liability	\$39,462	\$44,453	\$50,001

June 30, 2023

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. 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, 2022 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 \$5,286 and \$4,721 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance plan. This special payment was authorized by a Budget Amendment included in Chapter 1 of the 2022 Appropriation Act.

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, 2022, the Town reported a liability of \$48,405 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. 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, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the participating employer's proportion was 0.00402% as compared to 0.00393% at June 30, 2021.

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense of \$1,819. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

TOWN OF SAINT PAUL, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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

At June 30, 2023, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and Actual experience	\$ 3,833	\$ 1,942
Net difference between projected and Actual earnings on GLI OPEB Program investments	0	3,025
Changes in assumptions	1,805	4,715
Changes in proportion	2,931	1,224
Employer contributions subsequent to the Measurement date	<u>5,286</u>	<u>0</u>
Total	<u>\$ 13,855</u>	<u>\$ 10,906</u>

\$5,286 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, 2024. 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 2024	\$ (575)
FY 2025	(552)
FY 2026	(2,038)
FY 2027	981
FY 2028	(153)
Thereafter	(0)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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
 NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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

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, 2022, NOL amounts for the Group Life Insurance Program are as follows (amounts expressed in thousands):

	Group Life Insurance <u>OPEB Program</u>
Total GLI OPEB Liability	\$ 3,672,085
Plan Fiduciary Net Position	<u>2,467,989</u>
Employers' Net GLI OPEB Liability (Asset)	<u>\$ 1,204,096</u>
 Plan Fiduciary Net Position as a Percentage Of the Total GLI OPEB Liability	 67.21%

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%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
Multi-Asset Public Strategies	6.00%	3.73%	0.22%
Private Investment Partnership	3.00%	6.55%	0.20%
 Total	 <u>100.00%</u>		 <u>5.33%</u>
	Inflation		<u>2.50%</u>
		*Expected Arithmetic Nominal Return	<u>7.83%</u>

June 30, 2023

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

The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation, providing a median return of 7.11%, including expected inflation of 2.50%.

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, 2022, 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, 2022 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	\$ 70,434	\$ 48,405	\$ 30,602

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 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-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, 2023, the Town reported a payable of \$1,013 for the outstanding amount of contributions to the group life insurance OPEB plan required for the year ended June 30, 2023.

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
Deferred outflows of resources-Related to Pensions			
Deferred outflow-Differences in expected/actual and assumptions VRS-Defined Benefit Pension Plan	\$ 45,323	\$ 19,424	\$ 64,747
Deferred outflow-Contributions after the measurement date VRS-Defined Benefit Pension Plan	<u>112,947</u>	<u>48,406</u>	<u>161,353</u>
Total deferred outflow of resources-Pensions	<u>\$ 158,270</u>	<u>\$ 67,830</u>	<u>\$ 226,100</u>
Deferred outflows of resources-OPEB			
Deferred outflow-Differences in expected/actual and assumptions VRS-GLI-OPEB Program	\$ 5,570	\$ 2,999	\$ 8,569
Deferred outflow-Contributions after the measurement date VRS-GLI-OPEB Program	<u>3,436</u>	<u>1,850</u>	<u>5,286</u>
Total deferred outflow of resources-OPEB	<u>\$ 9,006</u>	<u>\$ 4,849</u>	<u>\$ 13,855</u>
Net pension liability			
VRS-Defined Benefit Pension Plan	<u>\$ 576,570</u>	<u>\$ 247,102</u>	<u>\$ 823,672</u>
Total net pension liability	<u>\$ 576,570</u>	<u>\$ 247,102</u>	<u>\$ 823,672</u>
Net OPEB liability			
Local Health	\$ 28,894	\$ 15,559	\$ 44,453
VRS-GLI	<u>31,463</u>	<u>16,942</u>	<u>48,405</u>
Total net OPEB liability	<u>\$ 60,357</u>	<u>\$ 32,501</u>	<u>\$ 92,858</u>
Deferred inflows of resources-Related to Pensions			
Deferred inflow-Differences in expected/actual and assumptions VRS-Defined Benefit Pension Plan	\$ 81,605	\$ 34,974	\$ 116,579
Total deferred inflow of resources-Pensions	<u>\$ 81,605</u>	<u>\$ 34,974</u>	<u>\$ 116,579</u>
Deferred inflows of resources-OPEB			
Deferred inflows-Difference in expected/actual and assumptions VRS-GLI-Cost Sharing-Multiple-Employer	\$ 7,089	\$ 3,817	\$ 10,906
Total deferred inflow of resources-OPEB	<u>\$ 7,089</u>	<u>\$ 3,817</u>	<u>\$ 10,906</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.

TOWN OF SAINT PAUL, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS

June 30, 2023

19. **LEASE LIABILITY**

A lease is defined as a contractual agreement that conveys control of the right to use another entity's nonfinancial asset, for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The Town leases a copier under a long-term lease agreement for a period of five years. The interest rate on the agreement is 8.729%. The related obligation is presented in an amount equal to the present value of lease payments, payable during the remaining lease term. The Town recognizes the lease liability, and the associated right-to-use lease asset, on the government-wide Statement of Net Position. The Town did not incur expenses related to its leasing activities related to residual value guarantees, lease termination penalties or losses due to impairment. As the lessee, the Town has no agreements that include sale-leaseback and lease-leaseback transactions.

Governmental Activities

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Right-to-Use Assets:				
Equipment	8,580.00	-	-	8,580.00
Total Right-to-Use Assets	8,580.00	-	-	8,580.00
Less Accumulated Amortization for:				
Equipment	(858.00)	(1,716.00)	-	(2,574.00)
Total Net of Accumulated Amortization	(858.00)	(1,716.00)	-	(2,574.00)
Total Net of Amortization	7,722.00	(1,716.00)	-	6,006.00

Principal and Interest Requirements to Maturity

Years	Principal	Interest	Total
2024	\$ 1,596	\$ 528	\$ 2,124
2025	1,741	383	2,124
2026	1,899	225	2,124
2027	1,536	56	1,592
2028	-	-	-
	<u>\$ 6,772</u>	<u>\$ 1,192</u>	<u>\$ 7,964</u>

20. **CONTRACTUAL AGREEMENTS**

The Town of St. Paul, Virginia (landlord) entered into an agreement with the Industrial Development Authority of the Town of St. Paul, Virginia (tenant) on September 29, 2021 to rent out the property known as the Lyric Theater for a term of 65 years at \$1.00 per year for a total of \$65 to be paid in advance upon the commencement date. GASB defines leases, in part, as an exchange or exchange-like transaction. This is not considered to be an exchange-like transaction as \$1 is not an approximation of the true value of the right to use the property for a year; therefore, the GASB 87 definition of a lease isn't met.

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2023

20. *CONTRACTUAL AGREEMENTS (continued)*

The Town of St. Paul, Virginia entered into an agreement on June 28, 2023 to loan \$2,079,929 to the Industrial Development Authority (the IDA) of the Town of St. Paul, Virginia at a rate equal to 0.00%. This loan was made for the purpose of paying off an obligation to VCC Bank, resulting from an agreement between the IDA and Willis Properties for the construction of Western Front Hotel. As of June 30, 2023, there were no repayment terms; however, terms may be negotiated in the future as the Authority continues to work with Willis Properties.

TOWN OF SAINT PAUL, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
GENERAL FUND
For The Year Ended June 30, 2023

EXHIBIT 14

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
General property taxes	\$ 2,489,385	\$ 2,489,385	\$ 2,498,951	\$ 9,566
Other local taxes	640,670	640,670	716,432	75,762
Permits, privilege fees and regulatory licenses	2,200	2,200	3,835	1,635
Fines and forfeitures	2,800	2,800	4,803	2,003
Revenue from use of money and property	47,800	47,800	73,122	25,322
Charges for services	101,575	101,575	120,431	18,856
Miscellaneous	14,125	14,125	46,712	32,587
Recovered costs	938,800	938,800	734,080	(204,720)
Intergovernmental	527,508	527,508	473,424	(54,084)
Total revenue	<u>4,764,863</u>	<u>4,764,863</u>	<u>4,671,790</u>	<u>(93,073)</u>
EXPENDITURES:				
General government administration	990,702	990,702	929,095	61,607
Public safety	777,071	777,071	844,023	(66,952)
Public works	1,023,454	1,023,454	1,185,734	(162,280)
Parks, recreation, and cultural	195,692	195,692	239,688	(43,996)
Community development	1,389,500	1,389,500	1,298,059	91,441
Non-departmental	181,479	181,479	2,080,766	(1,899,287)
Debt Service	91,965	91,965	535,258	(443,293)
Total Expenditures	<u>4,649,863</u>	<u>4,649,863</u>	<u>7,112,623</u>	<u>(2,462,760)</u>
OTHER FINANCING SOURCES (USES):				
Sale of property	-	-	-	-
Insurance recoveries	-	-	-	-
Loan proceeds	-	-	490,905	490,905
Transfers in (out)	(115,000)	(115,000)	(121,626)	(6,626)
Prior Year Surplus	-	-	-	-
Total Other Financing Sources (Uses)	<u>(115,000)</u>	<u>(115,000)</u>	<u>369,279</u>	<u>484,279</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,071,554)</u>	<u>\$ 2,853,966</u>

TOWN OF SAINT PAUL, VIRGINIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
JUNE 30, 2023

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	\$ 85,937	\$ 83,500	\$ 58,446	\$ 62,641	\$ 60,591	\$ 72,197	\$ 73,571	\$ 65,738	\$ 63,895
Interest	271,756	233,367	225,393	215,127	190,357	185,150	174,959	156,525	145,707
Changes of benefit terms	-	157,434	-	-	-	-	-	-	-
Differences between expected and actual experience	(31,535)	23,245	(31,589)	12,838	210,840	(7,902)	7,440	98,257	-
Changes in assumptions	-	137,426	-	95,845	-	(49,108)	-	-	-
Benefit payments, including refunds of employee contribution	(158,251)	(146,115)	(122,105)	(118,997)	(96,843)	(155,076)	(65,698)	(48,629)	(61,492)
Net change in total pension liability	167,907	488,857	130,145	267,454	364,945	45,261	190,272	271,891	148,110
Total pension liability-beginning	4,019,204	3,530,347	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	<u>\$ 4,187,111</u>	<u>\$ 4,019,204</u>	<u>\$ 3,530,347</u>	<u>\$ 3,400,202</u>	<u>\$ 3,132,748</u>	<u>\$ 2,767,803</u>	<u>\$ 2,722,542</u>	<u>\$ 2,532,270</u>	<u>\$ 2,260,379</u>
Plan fiduciary net position									
Contributions-employer	\$ 113,705	\$ 110,853	\$ 94,457	\$ 77,130	\$ 70,074	\$ 67,751	\$ 65,638	\$ 66,048	\$ 58,312
Contributions-employee	42,025	39,794	37,875	36,341	36,259	35,123	35,856	36,118	34,450
Net investment income	(5,144)	730,259	49,676	163,183	166,947	247,294	36,222	86,356	251,190
Benefit payments, including refunds of employee contribution	(158,251)	(146,115)	(122,105)	(118,997)	(96,843)	(155,076)	(65,698)	(48,629)	(61,492)
Administrative expense	(2,072)	(1,766)	(1,633)	(1,575)	(1,403)	(1,445)	(1,201)	(1,111)	(1,314)
Other	79	69	(59)	(103)	(151)	(220)	(15)	(19)	13
Net change in total pension liability	(9,658)	733,094	58,211	155,979	174,883	193,427	70,802	138,763	281,159
Total pension liability-beginning	3,373,097	2,640,003	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	<u>\$ 3,363,439</u>	<u>\$ 3,373,097</u>	<u>\$ 2,640,003</u>	<u>\$ 2,581,792</u>	<u>\$ 2,425,813</u>	<u>\$ 2,250,930</u>	<u>\$ 2,057,503</u>	<u>\$ 1,986,701</u>	<u>\$ 1,847,938</u>
Political subdivision's net pension liability-ending	\$ 823,672	\$ 646,107	\$ 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	80.33%	83.92%	74.78%	75.93%	77.43%	81.33%	75.57%	78.46%	81.75%
Covered-employee payroll	\$ 821,911	\$ 797,317	\$ 769,697	\$ 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	100.21%	81.04%	115.67%	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 nine years are shown herein.

TOWN OF SAINT PAUL, VIRGINIA
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
JUNE 30, 2023

Date	Contributions In Relation to			Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)		
2023	\$ 161,353	\$ 161,353	\$ -	\$ 973,177	16.58%
2022	117,698	117,698	-	821,911	14.32%
2021	114,176	114,176	-	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%

TOWN OF SAINT PAUL, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
JUNE 30, 2023

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	3,749	4,374	4,374	4,374	24,420
Interest	2,527	2,389	2,389	2,812	3,325
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(37,392)	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	(31,116)	-	(7,541)	-	(65,585)
Total OPEB liability-beginning	75,569	75,569	83,110	83,110	148,695
Total OPEB liability-ending	\$ 44,453	\$ 75,569	\$ 75,569	\$ 83,110	\$ 83,110
Covered-employee payroll	821,911	797,317	769,697	748,810	745,374
Political subdivision's net OPEB liability as a percentage of covered-employee payroll	5.41%	9.48%	9.82%	11.10%	11.15%

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

Notes to Schedule:

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

2022	3.870%
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
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
JUNE 30, 2023

*	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					
2023	0.40200%	49,891	978,931	5.10%	69.30%
2022	0.39300%	45,756	874,289	5.23%	67.21%
2021	0.37400%	62,414	797,317	7.83%	67.45%
2020	0.38200%	62,161	769,697	8.08%	52.64%
2019	0.39200%	59,000	748,810	7.88%	52.00%
2018	0.38700%	58,000	745,374	7.78%	51.22%

*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 five years of data are 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
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
JUNE 30, 2023

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					
2023	\$ 5,286	\$ 5,286	\$ -	\$ 978,931	0.54%
2022	4,721	4,721	-	874,289	0.54%
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 six 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, 2023

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, 2021, valuation were based on results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Largest 10 – Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70.
Withdrawal Rates	Decreased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

TOWN OF ST. PAUL, VIRGINIA
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

All Others (Non 10 Largest) – Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70.
Withdrawal Rates	Rates Decreased rates and changed from rates based on age and service to rates base on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

TOWN OF SAINT PAUL, VIRGINIA
 GOVERNMENTAL FUND REVENUES
 BUDGETARY COMPARISON SCHEDULE
 For The Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>PRIMARY GOVERNMENT</u>				
GENERAL FUND:				
Revenue from Local Sources:				
General Property Taxes:				
Real property taxes	\$ 2,445,000	\$ 2,445,000	\$ 2,452,244	\$ 7,244
Real and personal public service corporation property taxes	-	-	-	-
Personal property taxes	41,885	41,885	44,463	2,578
Penalties and interest	2,500	2,500	2,244	(256)
Total General Property Taxes	<u>2,489,385</u>	<u>2,489,385</u>	<u>2,498,951</u>	<u>9,566</u>
Other Local Taxes:				
Local sales and use taxes	53,500	53,500	53,739	239
Cigarette taxes	19,000	19,000	18,708	(293)
Utility taxes	49,000	49,000	46,447	(2,553)
Business licenses taxes	112,150	112,150	114,961	2,811
Motor vehicle licenses	20	20	120	100
Bank stock taxes	41,000	41,000	38,892	(2,108)
Hotel and motel room taxes	29,000	29,000	35,834	6,834
Restaurant food taxes	320,000	320,000	382,416	62,416
Coal road improvement taxes	17,000	17,000	25,316	8,316
Total Other Local Taxes	<u>640,670</u>	<u>640,670</u>	<u>716,432</u>	<u>75,762</u>
Permits, Privilege Fees, And Regulatory Licenses	<u>2,200</u>	<u>2,200</u>	<u>3,835</u>	<u>1,635</u>
Fines and Forfeitures	<u>2,800</u>	<u>2,800</u>	<u>4,803</u>	<u>2,003</u>
Revenue From Use Of Money and Property:				
Revenue from use of money	43,000	43,000	68,582	25,582
Revenue from use of property	4,800	4,800	4,540	(260)
Total Revenue From Use of Money and Property	<u>47,800</u>	<u>47,800</u>	<u>73,122</u>	<u>25,322</u>
Charges For Services:				
Charges for sanitation and waste removal	88,075	88,075	90,360	2,285
Charges for parks and recreation	-	-	-	-
Swimming pool	13,500	13,500	30,071	16,571
Total Charges For Services	<u>101,575</u>	<u>101,575</u>	<u>120,431</u>	<u>18,856</u>
Miscellaneous Revenue	<u>14,125</u>	<u>14,125</u>	<u>46,713</u>	<u>32,588</u>
Recovered Costs	<u>938,800</u>	<u>938,800</u>	<u>734,080</u>	<u>(204,720)</u>
Total Revenue From Local Sources	<u>\$ 4,237,355</u>	<u>\$ 4,237,355</u>	<u>\$ 4,198,367</u>	<u>\$ (38,988)</u>

TOWN OF SAINT PAUL, VIRGINIA
 GOVERNMENTAL FUND REVENUES
 BUDGETARY COMPARISON SCHEDULE
 For The Year Ended June 30, 2023

	Budget	Budget as Amended	Actual	Variance with Final Budget Positive (Negative)
Revenue From The Commonwealth:				
Non-Categorical Aid:				
Mobile home titling taxes	\$ 100	\$ 100	\$ 200	\$ 100
Rolling stock taxes	5,600	5,600	5,576	(24)
VDOT-Snow Removal	25,000	25,000	27,885	2,885
Assistance to localities with police departments	25,608	25,608	28,154	2,546
Total Non-Categorical Aid	56,308	56,308	61,815	5,507
Other Categorical Aid:				
Lyric Project-VCEDA	-	-	-	-
Litter control	1,000	1,000	2,920	1,920
Department of Wildlife Grant	-	-	6,202	6,202
IRF Grant Revenue	40,000	40,000	40,000	-
VTC Grant	30,000	30,000	2,500	(27,500)
VA Commission for the Arts	2,000	2,000	2,000	-
Fire programs fund	15,000	15,000	15,000	-
Total Other Categorical Aid	88,000	88,000	68,622	(19,378)
Total Revenue From The Commonwealth	144,308	144,308	130,437	(13,871)
Revenue From The Federal Government:				
Payment In Lieu of Taxes:				
Payment in lieu of property taxes	7,000	7,000	5,088	(1,912)
Total Payment in Lieu of Taxes	7,000	7,000	5,088	(1,912)
Categorical Aid:				
Rural Development Grant	-	-	-	-
ARC Grant Revenue	-	-	-	-
Department of Justice Grant	5,000	5,000	-	(5,000)
ARPA grant	364,000	364,000	325,120	(38,880)
DMV grant	5,000	5,000	12,779	7,779
DHCD grant	-	-	-	-
Department of Forestry	2,200	2,200	-	(2,200)
VA Commission for the Arts	-	-	-	-
CDBG Planning Grant	-	-	-	-
LLEBG-Block Grant	-	-	-	-
Total Categorical Aid	376,200	376,200	337,899	(38,301)
Total Revenue From The Federal Government	383,200	383,200	342,987	(40,213)
Prior Years Surplus	-	-	-	-
TOTAL GENERAL FUND	4,764,863	4,764,863	4,671,790	(93,073)
SPECIAL REVENUE FUNDS:				
Veteran's Memorial Wall				
Revenue From Local Sources:				
Revenue from Use of Money and Property:	-	-	1	1
Transfers in (out)	-	-	-	-
Total Revenue Veteran's Memorial Wall	-	-	1	1
Prior Years Surplus	-	-	-	-
Total Special Revenue Funds	-	-	1	1
GRAND TOTALS - REVENUES - GOVERNMENTAL FUNDS	\$ 4,764,863	\$ 4,764,863	\$ 4,671,791	\$ (93,072)

TOWN OF SAINT PAUL, VIRGINIA
GOVERNMENTAL FUND EXPENDITURES
BUDGETARY COMPARISON SCHEDULE
For The Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>PRIMARY GOVERNMENT</u>				
GENERAL FUND:				
General Government Administration:				
Legislative:				
Mayor	\$ 4,800	\$ 4,800	\$ 4,800	\$ -
Total Legislative	<u>4,800</u>	<u>4,800</u>	<u>4,800</u>	<u>-</u>
General and Financial Administration:				
Salaries and Wages	198,556	198,556	209,691	(11,135)
Payroll taxes	15,633	15,633	15,775	(142)
Health insurance	67,000	67,000	61,366	5,634
Retirement	47,500	47,500	52,475	(4,975)
Insurance-Worker's Compensation	322	322	215	107
Other Employee Benefits	3,126	3,126	3,286	(160)
Legal fees	15,000	15,000	9,000	6,000
Accounting	12,000	12,000	1,500	10,500
Audit expense	18,000	18,000	17,550	450
Dues, Licenses & Fees	3,060	3,060	7,634	(4,574)
Advertising	1,500	1,500	1,904	(404)
Computer expense	10,000	10,000	21,620	(11,620)
Insurance-General Liability	6,270	6,270	8,145	(1,875)
Insurance-Bond Coverage	370	370	308	62
Miscellaneous	15,365	15,365	15,207	158
Supplies & Equipment	14,300	14,300	11,532	2,768
Telephone	5,800	5,800	5,829	(29)
Town Election Expense	-	-	-	-
Travel, Lodging & Entertainment	7,000	7,000	5,044	1,956
Tax Ticket Preparation	600	600	545	55
Tax Credit-WC IDA	471,000	471,000	465,401	5,599
Cigarette Tax Costs	3,500	3,500	5,015	(1,515)
Capital Outlay	70,000	70,000	5,253	64,747
Total General and Financial Administration	<u>985,902</u>	<u>985,902</u>	<u>924,295</u>	<u>61,607</u>
Total General Government Administration	<u>990,702</u>	<u>990,702</u>	<u>929,095</u>	<u>61,607</u>
Public Safety:				
Law Enforcement and Traffic Control:				
Salaries and Wages	345,101	345,101	364,593	(19,492)
Payroll taxes	26,700	26,700	27,384	(684)
Health insurance	131,460	131,460	93,537	37,923
Retirement	39,963	39,963	44,931	(4,968)
Insurance-Worker's Compensation	11,280	11,280	19,820	(8,540)
Employee Medical	-	-	555	(555)
Other Employee benefits	4,625	4,625	3,715	910
Uniforms	7,000	7,000	3,412	3,588
Legal Fees	1,000	1,000	-	1,000
Dues, Licenses & Fees	1,000	1,000	3,335	(2,335)
Liability Insurance	4,616	4,616	3,039	1,577
Materials and Supplies	9,500	9,500	15,298	(5,798)
Materials and Supplies-Christmas Toy Drive	10,000	10,000	5,067	4,933
Training and Education	3,500	3,500	2,792	708
Telephone	7,000	7,000	8,423	(1,423)
Utilities	4,500	4,500	3,864	636
Miscellaneous	5,300	5,300	23,051	(17,751)
Vehicle Expense	44,449	44,449	73,711	(29,262)
Line of Duty expense	45,127	45,127	45,209	(82)
Capital Outlay	32,000	32,000	8,439	23,561
Total Law Enforcement and Traffic Control	<u>734,121</u>	<u>734,121</u>	<u>750,173</u>	<u>(16,052)</u>

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

TOWN OF SAINT PAUL, VIRGINIA
GOVERNMENTAL FUND EXPENDITURES
BUDGETARY COMPARISON SCHEDULE
For The Year Ended June 30, 2023

	<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	6,750	6,750	54,646	(47,896)
Insurance	8,500	8,500	9,204	(704)
Fire programs	15,000	15,000	30,000	(15,000)
Supplies	10,000	10,000	-	10,000
Utilities	-	-	-	-
Miscellaneous	2,700	2,700	-	2,700
Total Fire and Rescue Services	42,950	42,950	93,850	(50,900)
Total Public Safety	777,071	777,071	844,023	(66,952)
Public Works:				
Maintenance of Highways, Streets, Bridges and Sidewalks:				
Salaries and Wages	292,822	292,822	405,080	(112,258)
Payroll taxes	22,845	22,845	29,494	(6,649)
Health insurance	165,972	165,972	172,368	(6,396)
Retirement	33,911	33,911	52,938	(19,027)
Insurance-Worker's Compensation	16,622	16,622	13,139	3,483
Other employee benefits	5,155	5,155	5,888	(733)
Uniforms	15,450	15,450	19,435	(3,985)
Miscellaneous	609	609	2,104	(1,495)
Inmate Expense	2,200	2,200	285	1,915
Litter Control	1,000	1,000	228	772
Materials & Supplies	27,700	27,700	34,653	(6,953)
Telephone	530	530	1,837	(1,307)
Utilities	35,000	35,000	38,314	(3,314)
Vehicle expense	71,588	71,588	102,367	(30,779)
Capital Outlay	296,000	296,000	241,367	54,633
Total Maintenance of Highways, Streets, Bridges, and Sidewalks	987,404	987,404	1,119,497	(132,093)
Maintenance of General Buildings and Grounds:				
Wages-Custodial	6,380	6,380	4,378	2,002
Materials & Supplies	18,240	18,240	51,322	(33,082)
Insurance-Buildings & Property	11,430	11,430	10,536	894
Capital Outlay	-	-	-	-
Total Maintenance of General Buildings and Grounds	36,050	36,050	66,237	(30,187)
Total Public Works	1,023,454	1,023,454	1,185,734	(162,280)
Parks, Recreation and Cultural:				
Salaries and Wages	27,468	27,468	36,106	(8,638)
Payroll Taxes	2,321	2,321	2,911	(590)
Insurance-Worker's Compensation	921	921	2,154	(1,233)
Miscellaneous	19,375	19,375	12,629	6,746
Concessions	7,000	7,000	8,671	(1,671)
Maintenance & Repairs	60,000	60,000	87,568	(27,568)
Materials & supplies	38,807	38,807	11,889	26,918
Telephone	-	-	-	-
Utilities	10,500	10,500	12,444	(1,944)
Capital Outlay	4,500	4,500	22,952	(18,452)
Total Parks and Recreation	170,892	170,892	197,326	(26,434)

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

TOWN OF SAINT PAUL, VIRGINIA
GOVERNMENTAL FUND EXPENDITURES
BUDGETARY COMPARISON SCHEDULE
For The Year Ended June 30, 2023

SCHEDULE 2
Page 3

	<u>Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Cultural Enrichment:				
Pro-Art	4,000	4,000	4,000	-
Fourth of July Celebration	8,500	8,500	10,470	(1,970)
Civic-Little League	1,000	1,000	231	769
Miscellaneous	6,300	6,300	21,888	(15,588)
Total Cultural Enrichment	<u>19,800</u>	<u>19,800</u>	<u>36,589</u>	<u>(16,789)</u>
Library:				
Payments to regional library	5,000	5,000	5,773	(773)
Total Parks, Recreation and Cultural	<u>195,692</u>	<u>195,692</u>	<u>239,688</u>	<u>(43,996)</u>
Community Development:				
Lake Estonoa Learning Center	17,500	17,500	21,805	(4,305)
Lyric Theater Expense	1,200,000	1,200,000	1,067,072	132,928
VTC Grant Expense	30,000	30,000	-	30,000
VDOT Revenue Sharing Project	-	-	-	-
Farmers' Market expense	5,000	5,000	5,209	(209)
Deen Building Project Expense	40,000	40,000	30,456	9,545
Community development	97,000	97,000	173,518	(76,518)
Total Planning and Community Development	<u>1,389,500</u>	<u>1,389,500</u>	<u>1,298,059</u>	<u>91,441</u>
Total Community Development	<u>1,389,500</u>	<u>1,389,500</u>	<u>1,298,059</u>	<u>91,441</u>
Non-Departmental				
Contingency	60,000	60,000	-	60,000
Other	121,479	121,479	2,080,766	(1,959,287)
Total Non-Departmental	<u>181,479</u>	<u>181,479</u>	<u>2,080,766</u>	<u>(1,899,287)</u>
Debt Service:				
Principal retirement	91,965	91,965	526,282	\$ (434,317)
Interest	-	-	8,977	(8,977)
Total Debt Service	<u>91,965</u>	<u>91,965</u>	<u>535,258</u>	<u>(443,293)</u>
TOTAL GENERAL FUND	<u>4,649,863</u>	<u>4,649,863</u>	<u>7,112,624</u>	<u>54,633</u>
GRAND TOTAL - EXPENDITURES - PRIMARY GOVERNMENT FUNDS	<u>\$ 4,649,863</u>	<u>\$ 4,649,863</u>	<u>\$ 7,112,624</u>	<u>\$ 97,353</u>
OTHER FINANCING RESOURCES (USES):				
Sale of property	-	-	-	-
Insurance recoveries	-	-	-	-
Loan Proceeds	-	-	490,905	490,905
Transfers in (out)	(115,000)	(115,000)	(121,626)	(6,626)
Total Other Financing Sources (Uses)	<u>(115,000)</u>	<u>(115,000)</u>	<u>369,278</u>	<u>484,278</u>
Net Increase (Decrease) in General Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,071,555)</u>	<u>\$ (2,071,555)</u>
SPECIAL REVENUE FUNDS:				
Veteran's Memorial Wall				
Miscellaneous	-	-	-	-
Total Revenue Veteran's Memorial Wall	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING RESOURCES (USES):				
Transfers in (out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Special Revenue Funds Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Grand Total Expenditures-Governmental Funds	<u>4,534,863</u>	<u>4,534,863</u>	<u>7,481,902</u>	<u>581,631</u>
Net Increase (Decrease) in Governmental Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,071,554)</u>	<u>\$ (2,071,554)</u>

TOWN OF SAINT PAUL, VIRGINIA
ENTERPRISE REVENUES AND EXPENSES
BUDGETARY COMPARISON SCHEDULE
For The Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
OPERATING REVENUES:				
Charges for Services:				
Water Services	663,200	663,200	769,458	\$ 106,258
Sewer Services	413,700	413,700	366,719	(46,981)
Penalties	8,800	8,800	13,471	4,671
Other Income	62,348	62,348	91,874	29,526
TOTAL OPERATING REVENUES	<u>1,148,048</u>	<u>1,148,048</u>	<u>1,241,522</u>	<u>93,474</u>
OPERATING EXPENSES:				
Water Department:				
Salaries & Wages	139,072	139,072	163,454	(24,382)
Payroll Taxes	10,725	10,725	12,161	(1,436)
Retirement & Life	17,581	17,581	7,756	9,825
Insurance - Health	46,188	46,188	41,569	4,619
Insurance - Workmens Compensation	4,189	4,189	5,601	(1,412)
Contract Labor	-	-	-	-
Audit Fees	1,000	1,000	-	1,000
Chemicals	26,000	26,000	57,726	(31,726)
Miscellaneous	20,100	20,100	11,809	8,291
Fuel, Oil & Gas	1,200	1,200	1,399	(199)
Insurance-Buildings & Property	11,033	11,033	9,201	1,832
Insurance-Vehicles	3,614	3,614	3,529	85
Licenses, Permits & Fees	6,150	6,150	4,387	1,763
Loan Expenses	-	-	-	-
Office Equipment & Supplies	38,200	38,200	29,241	8,960
Postage	3,700	3,700	4,386	(686)
Repairs & Maintenance	88,600	88,600	50,273	38,327
Utilities	60,000	60,000	83,492	(23,492)
Uniforms	5,000	5,000	1,583	3,417
Capital Outlay	683,676	683,676	-	683,676
TOTAL WATER DEPARTMENT	<u>1,166,028</u>	<u>1,166,028</u>	<u>487,566</u>	<u>678,462</u>
Sewer Department:				
Salaries & Wages	123,964	123,964	134,344	(10,380)
Payroll Taxes	9,612	9,612	9,840	(228)
Retirement & Life	16,017	16,017	6,112	9,905
Insurance - Health	55,374	55,374	33,804	21,570
Insurance - Property	7,197	7,197	7,954	(757)
Contract Labor	-	-	-	-
Audit Fees	250	250	-	250
Chemical Testing	4,418	4,418	4,431	(13)

TOWN OF SAINT PAUL, VIRGINIA
ENTERPRISE REVENUES AND EXPENSES
BUDGETARY COMPARISON SCHEDULE
For The Year Ended June 30, 2023

	Original Budget	Budget as Amended	Actual	Variance Favorable (Unfavorable)
Sewer Department: (Cont.)				
Fuel, Oil & Gas	2,600	2,600	1,458	1,142
Licenses, Permits & Fees	3,700	3,700	3,675	25
Materials & Supplies	8,000	8,000	10,754	(2,754)
Repairs & Maintenance	28,800	28,800	33,861	(5,061)
Utilities	49,800	49,800	57,920	(8,120)
Miscellaneous	7,500	7,500	7,802	(302)
Capital Outlay	162,500	162,500	-	162,500
TOTAL SEWER DEPARTMENT	<u>479,732</u>	<u>479,732</u>	<u>311,956</u>	<u>167,776</u>
TOTAL OPERATING EXPENSES BEFORE DEPRECIATION	1,645,760	1,645,760	799,522	846,238
Depreciation Expense & Amortization	-	-	622,908	(622,908)
TOTAL OPERATING EXPENSES	<u>1,645,760</u>	<u>1,645,760</u>	<u>1,422,431</u>	<u>223,329</u>
OPERATING INCOME (LOSS)	<u>(497,712)</u>	<u>(497,712)</u>	<u>(180,909)</u>	<u>316,803</u>
NON-OPERATING REVENUES (EXPENSES):				
Interest Income	15,000	15,000	19,302	4,302
Interest Expense	-	-	(130,206)	(130,206)
Connection Fees	3,650	3,650	1,435	(2,215)
Gain/(Loss) from Asset Disposal	-	-	-	-
Loan Proceeds	463,911	463,911	-	(463,911)
Grant Revenue	435,137	435,137	180,686	(254,451)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>917,698</u>	<u>917,698</u>	<u>71,216</u>	<u>(846,482)</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	419,986	419,986	(109,693)	(529,679)
Operating Transfer In (Out)	115,000	115,000	121,626	6,626
Debt Service	(534,986)	(534,986)	-	534,986
Reappropriation of Retained Earnings	-	-	-	-
TOTAL OPERATING TRANSFERS	<u>(419,986)</u>	<u>(419,986)</u>	<u>121,626</u>	<u>541,612</u>
NET INCOME (LOSS)	<u>-</u>	<u>-</u>	<u>11,933</u>	<u>11,933</u>

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

TOWN OF SAINT PAUL, VIRGINIA
STATEMENT OF ASSESSED VALUES AND PROPERTY TAX LEVIES
 For the Year Ended June 30, 2023

PROPERTY TAX LEVIES AND COLLECTIONS

FISCAL YEAR	TOTAL (1) TAX LEVY	CURRENT TAX (1) COLLECTIONS	PERCENT OF LEVY COLLECTED	DELINQUENT TAX (2) COLLECTIONS	TOTAL TAX COLLECTIONS	PERCENT OF TOTAL TAX COLLECTIONS OF TAX LEVY	OUTSTANDING DELINQUENT TAXES	PERCENT OF DELINQUENT TAXES TO TAX LEVY
2023	2,530,803	2,481,533	98.05%	23,764	2,505,297	98.99%	32,298	1.28%
2022	2,522,216	2,506,594	99.38%	5,579	2,512,173	99.60%	50,577	2.01%
2021	2,480,547	2,463,235	99.30%	12,031	2,475,266	99.79%	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%

ASSESSED VALUE OF TAXABLE PROPERTY

FISCAL YEAR	REAL ESTATE TAX RATE: .18 PER \$100			PERSONAL PROPERTY TAX RATE: .31 PER \$100			TOTAL PERSONAL PROPERTY
	WISE COUNTY	RUSSELL COUNTY	REAL ESTATE	WISE COUNTY	RUSSELL COUNTY	PERSONAL PROPERTY	
2023	1,343,332,074	17,389,686	1,360,721,760	11,925,338	2,692,683	14,618,021	14,618,021
2022	1,355,835,617	13,090,954	1,368,926,571	11,134,586	2,114,488	13,249,074	13,249,074
2021	1,334,156,930	16,873,434	1,351,030,364	14,827,059	2,015,428	16,842,487	16,842,487
2020	1,289,149,645	16,946,234	1,306,095,879	14,235,795	2,207,997	16,443,792	16,443,792
2019	1,353,241,353	16,406,722	1,369,648,075	8,872,510	2,043,714	10,916,224	10,916,224
2018	1,341,081,192	16,390,887	1,357,472,079	22,290,807	2,236,010	24,526,817	24,526,817
2017	1,365,402,143	16,449,009	1,381,851,152	12,198,866	2,314,548	14,513,414	14,513,414
2016	1,382,650,906	27,036,223	1,409,687,129	15,893,002	2,432,132	18,325,134	18,325,134
2015	1,285,537,984	15,771,000	1,301,308,984	18,334,975	2,124,626	20,459,601	20,459,601
2014	1,367,967,435	16,442,116	1,384,409,551	11,541,942	2,473,023	14,014,965	14,014,965

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

TOWN OF SAINT PAUL, VIRGINIA
RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
 For the Year Ended June 30, 2023

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	ENTERPRISE REVENUES			
2023	1,000	\$ 1,360,722	\$ 6,880,316	\$ -	\$ 5,977,218	903,098	0.0007	\$ 903	
2022	1,000	1,368,927	7,233,052	-	6,294,577	938,475	0.0007	938	
2021	1,000	1,351,030	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	-	-	-	

Notes:

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

TOWN OF SAINT PAUL, VIRGINIA
COMPUTATION OF LEGAL DEBT MARGIN
For The Year Ended June 30, 2023

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>\$ 1,360,721,760</u>
Legal debt limit, 10% of assessed value		136,072,176
Total bonded debt:	\$ 6,880,316	
Less: Water and Sewer revenue bonds	<u>(5,977,218)</u>	
Net bonded debt		<u>903,098</u>
Legal Debt Margin		<u><u>\$ 135,169,078</u></u>

LARRY D. STURGILL, P. C.

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

The Honorable Council Members of the
Town of St. Paul
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 and the aggregate discretely presented component unit of the Town of St. Paul, Virginia (the "Town"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated January 24, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing 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 The Honorable Council Members of the

Town of St. Paul
St. Paul, Virginia 24283
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deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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.



Larry D. Sturgill, P.C.
Wise, VA
January 24, 2025

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