

TOWN OF SAINT PAUL, VIRGINIA

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Year Ended June 30, 2022

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TOWN OF SAINT PAUL, VIRGINIA
ROSTER OF TOWN OFFICIALS

June 30, 2022

TOWN COUNCIL:

Kenneth Holbrook, Mayor
Greg Bailey, Vice-Mayor
Geoffrey Hensley
Matt Jordan
Carey Watkins
Bill Wallace
Josh Sawyers

TOWN OFFICERS:

Debora Baca, Town Manager
Wendee Jones, Town Treasurer
Jonathan Johnson, Chief of Police

TOWN LEGAL COUNSEL:

Julie Hensley, Attorney at Law



Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of St. Paul, Virginia (the "Town"), as of and for the year ended June 30, 2022, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2022, 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.

We did not audit the financial statements of the Industrial Development Authority of the Town of St. Paul, Virginia, which represent 20.1 percent, 14.7 percent, and 21.0 percent, respectively, of the assets, net position, and revenues of the Town. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Industrial Development Authority of the Town of St. Paul, Virginia, is based solely on the report of the other auditors.

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 these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 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 are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplemental information, as listed on the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

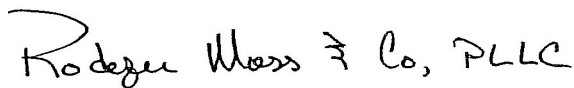
Other Information

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.

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 June 10, 2024 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Norton, Virginia
June 10, 2024

TOWN OF SAINT PAUL, VIRGINIA
STATEMENT OF NET POSITION
June 30, 2022

EXHIBIT 1

| | <u>Primary Government</u> | | | Component Unit |
|--|------------------------------------|-------------------------------------|---|---|
| | Governmental Activities | Business Type Activities | Total Primary Government | Industrial Development Authority |
| <u>ASSETS</u> | | | | |
| Cash and cash equivalents | 5,529,988 | \$ 1,041,537 | \$ 6,571,525 | \$ 311,745 |
| Prepaid Expense | - | - | - | 84 |
| Receivables: | | | | |
| Taxes | 46,093 | - | 46,093 | - |
| Accounts | 48,336 | 182,637 | 230,973 | 4,665,035 |
| Other | 20,484 | 655 | 21,139 | 20,185 |
| Internal Balances | 563,878 | (563,878) | - | - |
| Land and Improvements Held for Resale | - | - | - | 273,174 |
| Due from other governmental units | 20,125 | - | 20,125 | - |
| Restricted Assets: | | | | |
| Cash | 465,912 | 159,142 | 625,054 | 665,384 |
| Capital assets, depreciable, net | 5,849,508 | 15,658,538 | 21,508,046 | 138,236 |
| Capital assets, non-depreciable | 968,686 | 171,405 | 1,140,091 | - |
| Right-to-use assets, net of amortization | 7,722 | - | 7,722 | - |
| | <u>\$ 13,520,732</u> | <u>\$ 16,650,036</u> | <u>\$ 30,170,768</u> | <u>\$ 6,073,843</u> |
| <u>DEFERRED OUTFLOWS</u> | | | | |
| OPEB-Related Outflows | 9,862 | 4,941 | 14,803 | - |
| Pension-Related Outflows | 169,235 | 72,528 | 241,763 | - |
| Total Deferred Outflows | <u>179,097</u> | <u>77,469</u> | <u>256,566</u> | <u>-</u> |
| <u>LIABILITIES</u> | | | | |
| Accounts payable | \$ 260,865 | \$ 80,132 | \$ 340,997 | \$ 979 |
| Accrued liabilities and wages | 33,117 | 10,351 | 43,468 | - |
| Due to Other Governments | - | - | - | - |
| Payable From Restricted Assets: | | | | |
| Deposits | - | 11,000 | 11,000 | - |
| Matured revenue interest | 1,423 | 7,904 | 9,327 | 61,968 |
| OPEB Liability | 60,676 | 29,534 | 90,210 | - |
| Long-term liabilities | | | | |
| Net Pension Liability | 452,275 | 193,832 | 646,107 | - |
| Due within one year | 537,295 | 425,788 | 963,083 | 101,263 |
| Due in more than one year | 392,946 | 5,868,789 | 6,261,735 | 3,002,658 |
| Lease liabilities | | | | |
| Due within one year | 1,463 | - | 1,463 | - |
| Due in more than one year | 6,771 | - | 6,771 | - |
| Compensated absences | | | | |
| Due within one year | 22,995 | 15,063 | 38,058 | - |
| Due in more than one year | 34,492 | 22,595 | 57,087 | - |
| | <u>1,804,318</u> | <u>6,664,988</u> | <u>8,469,306</u> | <u>3,166,868</u> |
| <u>DEFERRED INEWS</u> | | | | |
| Dominion Diffuser Agreement Advance | - | 1,373,077 | 1,373,077 | - |
| ARPA Grant Revenue | 419,837 | | 419,837 | |
| OPEB-Related inflows | 12,474 | 6,717 | 19,191 | - |
| Pension-related inflows | 264,166 | 113,214 | 377,380 | - |
| Total Deferred Inflows | <u>696,477</u> | <u>1,493,008</u> | <u>2,189,485</u> | <u>-</u> |
| <u>NET POSITION</u> | | | | |
| Net investment in capital assets | 5,887,441 | 9,535,366 | 15,422,807 | 138,236 |
| Restricted | 465,912 | - | 465,912 | - |
| Unrestricted | 4,845,681 | (965,857) | 3,879,824 | 2,768,739 |
| | <u>\$ 11,199,034</u> | <u>\$ 8,569,509</u> | <u>\$ 19,768,543</u> | <u>\$ 2,906,975</u> |

The accompanying notes are an integral part of the financial statements

TOWN OF SAINT PAUL, VIRGINIA
STATEMENT OF ACTIVITIES
June 30, 2022

EXHIBIT 2

| FUNCTIONS/PROGRAMS: | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | | Component Units |
|--|---------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|-----------------------|---------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | | |
| | | | | | Governmental Activities | Business-Type Activities | Total | |
| Governmental Activities: | | | | | | | | |
| General government | \$ 1,120,489 | \$ - | \$ - | \$ - | \$ (1,120,489) | \$ - | \$ (1,120,489) | - |
| Public safety | 623,445 | - | 40,609 | 9,576 | (573,260) | - | (573,260) | - |
| Public works | 892,349 | 90,077 | 28,934 | - | (773,338) | - | (773,338) | - |
| Parks, recreation, and cultural | 168,834 | 26,744 | - | - | (142,090) | - | (142,090) | - |
| Community development | 217,690 | - | - | 109,074 | (108,616) | - | (108,616) | - |
| Interest on long-term debt | 10,450 | - | - | - | (10,450) | - | (10,450) | - |
| Total Governmental Activities | 3,033,257 | 116,821 | 69,543 | 118,650 | (2,728,243) | - | (2,728,243) | - |
| Business-Type Activities: | | | | | | | | |
| Water and Sewer | 1,537,719 | 1,166,153 | - | 119,188 | - | (252,378) | (252,378) | - |
| Total Business-Type Activities | 1,537,719 | 1,166,153 | - | 119,188 | - | (252,378) | (252,378) | - |
| TOTAL PRIMARY GOVERNMENT | \$ 4,570,976 | \$ 1,282,974 | \$ 69,543 | \$ 237,838 | \$ (2,728,243) | \$ (252,378) | \$ (2,980,621) | \$ - |
| COMPONENT UNIT: | | | | | | | | |
| Industrial Development Authority | 162,147 | - | - | 782,226 | - | - | - | 620,079 |
| General Revenues: | | | | | | | | |
| Property taxes | | | | | 2,521,015 | - | 2,521,015 | - |
| Local sales & use tax | | | | | 54,228 | - | 54,228 | - |
| Utility tax | | | | | 45,761 | - | 45,761 | - |
| Business license tax | | | | | 113,135 | - | 113,135 | - |
| Lodging taxes | | | | | 29,687 | - | 29,687 | - |
| Motor vehicle license | | | | | 40 | - | 40 | - |
| Bank stock tax | | | | | 40,126 | - | 40,126 | - |
| Cigarette tax | | | | | 20,189 | - | 20,189 | - |
| Restaurant food tax | | | | | 333,369 | - | 333,369 | - |
| Coal road improvement tax | | | | | 17,486 | - | 17,486 | - |
| Unrestricted intergovernmental revenue | | | | | 5,630 | - | 5,630 | - |
| Unrestricted investment earnings | | | | | 43,914 | 17,795 | 61,709 | 279 |
| Rental of Town property | | | | | 5,600 | - | 5,600 | - |
| Gain on disposal of capital assets | | | | | - | - | - | - |
| Recovered Costs | | | | | 58,499 | - | 58,499 | - |
| Transfers-Primay Government | | | | | (100,000) | 100,000 | - | - |
| Other | | | | | 111,514 | 3,220 | 114,734 | 270,066 |
| Total general revenues and transfers | | | | | 3,300,193 | 121,015 | 3,421,208 | 270,345 |
| Change in net position | | | | | 571,950 | (131,363) | 440,587 | 890,424 |
| NET POSITION - JULY 1 | | | | | 10,627,084 | 8,700,872 | 19,327,956 | 2,016,551 |
| NET POSITION - JUNE 30 | | | | | \$ 11,199,034 | \$ 8,569,509 | \$ 19,768,543 | \$ 2,906,975 |

TOWN OF SAINT PAUL, VIRGINIA
BALANCE SHEET - GOVERNMENTAL FUNDS
Year Ended June 30, 2022

EXHIBIT 3

| | General Fund | Special Revenue Fund | Total |
|--|-------------------------|---------------------------------|---------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 5,527,272 | \$ 2,716 | \$ 5,529,988 |
| Receivables: | | | |
| Taxes | 46,093 | - | 46,093 |
| Accounts | 48,336 | - | 48,336 |
| Other | 20,484 | - | 20,484 |
| Due From other funds | 565,878 | - | 565,878 |
| Due from other governmental units | 20,125 | - | 20,125 |
| Restricted Assets: | | | |
| Cash | <u>465,912</u> | <u>-</u> | <u>465,912</u> |
| Total Assets | <u>\$ 6,694,100</u> | <u>\$ 2,716</u> | <u>\$ 6,696,816</u> |
| LIABILITIES | | | |
| Accounts payable | 260,865 | - | 260,865 |
| Accrued payroll and related liabilities | 33,117 | - | 33,117 |
| Due to Other Governments | - | - | - |
| Due to Other Funds | <u>-</u> | <u>2,000</u> | <u>2,000</u> |
| Total Liabilities | <u>293,982</u> | <u>2,000</u> | <u>295,982</u> |
| DEFERRED INFLOWS | | | |
| ARPA Grant Revenue | 419,837 | - | 419,837 |
| Deferred property taxes | <u>43,996</u> | <u>-</u> | <u>43,996</u> |
| Total Deferred Inflows | <u>463,833</u> | <u>-</u> | <u>43,996</u> |
| FUND BALANCES | | | |
| Non-Spendable | 565,878 | - | 565,878 |
| Restricted | 465,912 | - | 465,912 |
| Committed | 19,865 | 716 | 20,581 |
| Assigned | - | - | - |
| Unassigned | <u>4,884,630</u> | <u>-</u> | <u>4,884,630</u> |
| Total Fund Balances | <u>5,936,285</u> | <u>716</u> | <u>5,937,001</u> |
| Total Liabilities, Deferred Inflows, and Fund Balances | <u>\$ 6,694,100</u> | <u>\$ 2,716</u> | <u>\$ 6,276,979</u> |

TOWN OF SAINT PAUL, VIRGINIA
BALANCE SHEET - GOVERNMENTAL FUNDS
Year Ended June 30, 2022

EXHIBIT 4

| | |
|--|----------------------|
| Total Fund Balances per Exhibit 3-Balance Sheet-Governmental Funds | \$ 5,937,001 |
| | |
| 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. | 6,825,916 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. | 43,996 |
| 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 | (930,241) |
| Accrued interest payable | (1,423) |
| Leases payable | (8,234) |
| Compensated absences | (57,487) |
| 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 2022 employer contributions | 3,069 |
| Deferred outflows of resources related to other postemployment benefits | 6,793 |
| Deferred inflows of resources related to other postemployment benefits | (12,474) |
| Net other postemployment benefit liability | (60,676) |
| Financial statement elements related to pensions are applicable to future periods, and therefore, are not reported in the funds. | |
| Deferred outflows of resources for 2022 employer contributions | 82,389 |
| Deferred outflows of resources for the net difference between projected and actual earnings on pension plan investments | 86,846 |
| Deferred outflows (inflows) of resources for the net difference between projected and actual earnings on pension plan investments | (264,166) |
| Net pension liability | (452,275) |
| Net Position of Governmental Activities | \$ 11,199,034 |

TOWN OF SAINT PAUL, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUNDS
Year Ended June 30, 2022

EXHIBIT 5

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Total</u> |
|--|-------------------------|---------------------------------|---------------------|
| REVENUES: | | | |
| General property taxes | \$ 2,506,366 | \$ - | \$ 2,506,366 |
| Other local taxes | 654,496 | - | 654,496 |
| Permits, privilege fees and regulatory licenses | 1,120 | - | 1,120 |
| Fines and forfeitures | 2,959 | - | 2,959 |
| Revenue from use of money and property | 49,514 | 3 | 49,517 |
| Charges for services | 116,821 | - | 116,821 |
| Miscellaneous | 106,960 | - | 106,960 |
| Recovered costs | 33,426 | - | 33,426 |
| Intergovernmental | 200,865 | - | 200,865 |
| Total Revenues | <u>3,672,527</u> | <u>3</u> | <u>3,672,530</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| General government administration | 864,887 | - | 864,887 |
| Public safety | 614,587 | - | 614,587 |
| Public works | 827,707 | - | 827,707 |
| Parks, recreation and cultural | 199,967 | - | 199,967 |
| Community development | 1,445,836 | - | 1,445,836 |
| Debt Service: | | | |
| Principal retirement | 97,411 | - | 97,411 |
| Interest | 15,175 | - | 15,175 |
| Total Expenditures | <u>4,065,570</u> | <u>-</u> | <u>4,065,570</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (393,043) | 3 | (393,040) |
| OTHER FINANCING SOURCES (USES): | | | |
| Insurance recoveries | 25,073 | - | 25,073 |
| Loan Proceeds | 459,543 | - | 459,543 |
| Transfers in (out) | (100,000) | - | (100,000) |
| Total Other Financing Sources (Uses) | 384,616 | - | 384,616 |
| Net Change in Fund Balance | (8,427) | 3 | (8,424) |
| FUND BALANCE AT JULY 1 | <u>5,944,712</u> | <u>713</u> | <u>5,945,425</u> |
| FUND BALANCE AT JUNE 30 | <u>\$ 5,936,285</u> | <u>\$ 716</u> | <u>\$ 5,937,001</u> |

TOWN OF SAINT PAUL, VIRGINIA
RECONCILIATION OF THE REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

EXHIBIT 6

| | <u>Governmental Fund</u> |
|--|-------------------------------------|
| Net Change in Fund Balance Governmental Fund: | \$ (8,424) |
| 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 | 1,367,567 |
| Depreciation & amortization expense | <u>(377,815)</u> |
| | <u>989,752</u> |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | 7,607 |
| 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 | 97,065 |
| Lease | 346 |
| Proceeds from debt | (450,963) |
| Proceeds from lease | <u>(8,580)</u> |
| | <u>(362,132)</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 | 4,725 |
| Compensated absences | 8,375 |
| Other post-employment benefits | <u>20,283</u> |
| | <u>33,383</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>(88,236)</u> |
| Prior Period Adjustment due to errors with accounts payable and capital outlays | <u>-</u> |
| Change in Net Position of Governmental Activities | <u><u>\$ 571,950</u></u> |

TOWN OF SAINT PAUL, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2022

EXHIBIT 7

| | Business-Type Activities Proprietary Funds |
|---|---|
| | Water & Sewer Operation |
| <u>ASSETS</u> | |
| Cash and cash equivalents | \$ 1,041,537 |
| Receivables (Net of Allowance for Uncollectibles): | |
| Accounts | 182,637 |
| Accrued interest | 655 |
| Prepaid Insurance | - |
| Restricted Assets: | |
| Cash | 159,142 |
| Capital assets, non-depreciable | 171,405 |
| Capital assets, depreciable, net | 15,658,538 |
| Total Assets | \$ 17,213,914 |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | |
| Deferred Pension-Related Outflows | \$ 72,528 |
| Deferred OPEB-Related Outflows | 4,941 |
| Total Deferred Outflows | \$ 77,469 |
| <u>LIABILITIES</u> | |
| Current liabilities: | |
| Accounts payable | 80,132 |
| Accrued wages and liabilities | 10,351 |
| Payable From Restricted Assets: | |
| Customer deposits | 11,000 |
| Accrued interest payable | 7,904 |
| Due to other funds | 563,878 |
| Revenue bond payable | 425,788 |
| Compensated absences | 15,063 |
| Total Current Liabilities | 1,114,116 |
| Noncurrent liabilities: | |
| Revenue bond payable | 5,868,789 |
| Net Pension Liability | 193,832 |
| OPEB Liability | 29,534 |
| Compensated absences | 22,595 |
| Total Noncurrent Liabilities | 6,114,750 |
| Total Liabilities | 7,228,866 |
| <u>DEFERRED INFLOWS</u> | |
| Dominion Diffuser Agreement Advance | 1,373,077 |
| Pension-related inflows | 113,214 |
| OPEB-related inflows | 6,717 |
| Total Deferred Inflows | 1,493,008 |
| <u>NET POSITION</u> | |
| Net investment in capital assets | 9,535,366 |
| Restricted | - |
| Unrestricted | (965,857) |
| Total Net Position | 8,569,509 |

TOWN OF SAINT PAUL, VIRGINIA
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
For the Year Ended June 30, 2022

EXHIBIT 8

| | PROPRIETARY FUNDS |
|--|------------------------------------|
| | Water & Sewer Operation |
| OPERATING REVENUES: | |
| Water rents | 669,367 |
| Sewer rents | 398,220 |
| Penalties | 6,567 |
| Other income | 91,999 |
| Total Operating Revenues | 1,166,153 |
| OPERATING EXPENSES: | |
| Personnel services | 252,941 |
| Fringe benefits | 131,103 |
| Contractual services | 22,212 |
| Other charges | 370,940 |
| Depreciation and amortization | 625,043 |
| Total Operating Expenses | 1,402,239 |
| Operating Income (Loss) | (236,086) |
| NON-OPERATING REVENUES (EXPENSES) : | |
| Connection fees | 3,220 |
| Grant revenue | 119,188 |
| Interfund transfers | 100,000 |
| Interest income | 17,795 |
| Interest expense | (135,480) |
| Total Non-Operating Revenue (Expenses) | 104,723 |
| CHANGE IN NET POSITION | (131,363) |
| NET POSITION AT JULY 1 | 8,700,872 |
| NET POSITION AT JUNE 30 | \$ 8,569,509 |

TOWN OF SAINT PAUL, VIRGINIA
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 Year Ended June 30, 2022

EXHIBIT 9

| | PROPRIETARY FUNDS |
|--|------------------------------------|
| | Water & Sewer Operation |
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Cash received from customers | \$ 1,012,176 |
| Cash payments to suppliers for goods and services | (475,522) |
| Cash payments to employees for services | (357,436) |
| Other operating income | 91,999 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 271,217 |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES: | |
| Increase (decrease) in customer deposits | (200) |
| Increase (decrease) in due to other funds | 142,600 |
| (Increase) decrease transfers from other funds | 100,000 |
| NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES | 242,400 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | |
| (Increase) decrease in capital assets | (39,404) |
| (Increase) decrease in construction in progress | (44,927) |
| Principal paid on revenue bond maturities and equipment contracts | (420,754) |
| Principal advances from bond and note proceeds | - |
| Contributed capital - Grant revenue | 119,188 |
| Connection fees collected | 3,220 |
| Interest paid on revenue bonds and equipment contracts | (136,146) |
| NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES | (518,823) |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Interest and dividends on investments | 17,788 |
| NET CASH PROVIDED BY INVESTING ACTIVITIES | 17,788 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 12,582 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 1,188,097 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | \$ 1,200,679 |
| DISPLAYED AS: | |
| Cash and Cash Equivalents at June 30, 2022 | |
| Unrestricted | \$ 1,041,537 |
| Restricted | 159,142 |
| | \$ 1,200,679 |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | |
| Operating income (loss) | \$ (236,086) |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities: | |
| Depreciation and amortization | 625,043 |
| Provision for compensated absences | 5,010 |
| Change in Assets, Liabilities, Deferred Inflows/Outflows: | |
| (Increase) decrease in accounts receivable | (61,979) |
| (Increase) decrease in prepaid expenses | - |
| (Increase) decrease in deferred outflows of resources | 4,073 |
| Increase (decrease) in accounts payable | (55,875) |
| Increase (decrease) in OPEB liability | (18,760) |
| Increase (decrease) in Net Pension liability | (73,271) |
| Increase (decrease) in deferred inflows of resources | 79,393 |
| Increase (decrease) in wages payable and payroll liabilities | 3,669 |
| TOTAL ADJUSTMENTS | 507,303 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | \$ 271,217 |

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

TOWN OF SAINT PAUL, VIRGINIA
AGENCY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
Year Ended June 30, 2022

EXHIBIT 10

| | <u>Agency Fund</u> |
|--|------------------------|
| <u>ASSETS</u> | |
| Cash | \$ 1,040 |
| Capital asset, depreciable, net | 2,137 |
| TOTAL ASSETS | <u>3,177</u> |
| <u>NET POSITION</u> | |
| Funds held for Johnnie Ramey Memorial Fund | <u>\$ 3,177</u> |

TOWN OF SAINT PAUL, VIRGINIA
AGENCY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended June 30, 2022

EXHIBIT 11

| | Agency Fund |
|---|------------------------|
| Additions | |
| Donations | \$ - |
| Interest income | 1 |
| Total additions | 1 |
| Deductions | |
| Operating deductions | - |
| Total deductions | - |
| Change in net position | 1 |
| Net position - beginning of year | 3,176 |
| Net position - end of year | \$ 3,177 |

TOWN OF SAINT PAUL, VIRGINIA
DISCRETELY PRESENTED COMPONENT UNIT-INDUSTRIAL DEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION
June 30, 2022

EXHIBIT 12

ASSETS

| | | |
|---------------------------------------|----|---------------------|
| Cash and cash equivalents | \$ | 311,745 |
| Prepaid Expense | | 84 |
| Due from Others | | 20,185 |
| Interest Receivable | | 401,100 |
| Land and Improvements Held for Resale | | 273,174 |
| Restricted Cash | | 665,384 |
| Notes Receivable | | 4,263,935 |
| Capital assets, net | | <u>138,236</u> |
| Total Assets | | <u>\$ 6,073,843</u> |

LIABILITIES

| | | |
|-------------------|--|------------------|
| Accounts payable | | 979 |
| Interest Payable | | 61,968 |
| Notes payable | | <u>3,103,921</u> |
| Total Liabilities | | <u>3,166,868</u> |

NET POSITION

| | | |
|----------------------------------|--|-------------------------|
| Net investment in capital assets | | 138,236 |
| Unrestricted | | <u>2,768,739</u> |
| Total Net Position | | <u><u>2,906,975</u></u> |

TOWN OF SAINT PAUL, VIRGINIA
DISCRETELY PRESENTED COMPONENT UNIT-INDUSTRIAL DEVELOPMENT AUTHORITY
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2022

EXHIBIT 13

| | Total |
|--|------------------|
| REVENUES | |
| Property sales | \$ 325,000 |
| Cost of Property sold | (54,934) |
| Total Operating Revenues | 270,066 |
| EXPENDITURES: | |
| Contributions-Other | 105,602 |
| Board Expense | 840 |
| Staff Expense | 2,400 |
| Insurance | 3,027 |
| Legal and Accounting | 8,008 |
| Forgiveness of Debt | 37,281 |
| Office Expense | 77 |
| Dues & Fees | 125 |
| Depreciation Expense | 4,787 |
| Total Expenditures | 162,147 |
| Operating Income (Loss) | 107,919 |
| NON-OPERATING REVENUES (EXPENSES) : | |
| Contribution Income | 782,226 |
| Interest Income -Investments | 279 |
| Total Non-Operating Revenue (Expenses) | 782,505 |
| CHANGE IN NET POSITION | 890,424 |
| NET POSITION AT JULY 1 | 2,016,551 |
| NET POSITION AT JUNE 30 | \$ 2,906,975 |

June 30, 2022

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, 2022

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, 2022

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, 2022.

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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, 2022.

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, 2022 that are measured using Level 1, 2, or 3 inputs.

Capital Assets

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

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

Cash Equivalents

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

June 30, 2022

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, 2022

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, 2021 and prior to the reporting date of June 30, 2022, have been reported as deferred outflows of resources in the Statement of Net Position as of June 30, 2022. 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, 2021 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, 2022

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.

Adoption of new accounting standard

Effective July 1, 2021, the Town adopted Government Accounting Standards Board (GASB) Statement No. 87, *Leases*. The following discussion provides the Town's accounting policy regarding lease statements.

During the year of implementation of GASB 87, leases have been recognized and measured using the facts and circumstances that existed at the beginning of the year of implementation (i.e., as of July 1, 2021). The Town's leases in place at the implementation date had no prepayments (payments made at or before the commencement of the lease) and contained no incentives, as such, the lease receivable and lease liability have been recognized and measured at the same amount as the related deferred inflow of resources and right-to-use leases asset, respectively, as of the implementation date of (July 1, 2021). Therefore, no restatement of prior year net position was necessary.

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 \$31,079 at June 30, 2022, and is composed of the following:

| | | |
|--|--|------------------|
| General Fund: | | |
| Allowance for uncollectible property taxes | | \$ 5,121 |
| Allowance for uncollectible garbage billings | | 3,429 |
| Total General Fund | | <u>\$ 8,550</u> |
| Water and Sewer Fund: | | |
| Allowance for uncollectible water and sewer fee billings | | \$ 22,529 |
| Total Water and Sewer Fund | | <u>\$ 22,529</u> |

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

3. DEPOSITS AND INVESTMENTS

Deposits

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

Investments

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

Concentration of Credit Risk:

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

| | |
|--------------------|-----|
| Miner's Exchange | 29% |
| First Bank & Trust | 25% |
| Carter Bank | 23% |
| TruPoint Bank | 19% |

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, 2022, all of the Town's investments are held in a bank's trust department in the Town's name.

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

Deposits and investments:

| | |
|--------------|--------------------|
| Cash on hand | \$ 498 |
| Deposits | 1,877,585 |
| Investments | <u>5,318,496</u> |
| | <u>\$7,196,579</u> |

Statement of net position:

| | |
|--------------------------------------|--------------------|
| Cash and cash equivalents | \$6,571,525 |
| Investments | - |
| Restricted cash and cash equivalents | <u>625,054</u> |
| | <u>\$7,196,579</u> |

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

4. PROPERTY TAXES RECEIVABLE

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

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

5. DUE FROM OTHER GOVERNMENTAL UNITS

| | | | |
|--|----------|------------------|------------------|
| Federal Government: | | | |
| Virginia Department of Health | | <u>\$ 22,562</u> | |
| Total Federal Government | | | \$22,562 |
| Commonwealth of Virginia: | | | |
| Virginia Department of Environmental Quality | | 22,455 | |
| Local Sales Tax | | <u>12,749</u> | |
| Total Commonwealth of Virginia | | | 35,204 |
| Wise & Russell Counties: | | | |
| Coal haul road taxes | \$ 6,767 | | |
| Court fines/transfer fees | | <u>609</u> | |
| Total Wise & Russell Counties | | | <u>7,376</u> |
| Total Due From Other Governmental Units | | | <u>\$ 65,142</u> |

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 | - | <u>2,000</u> |
| 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 | \$ 15,913 |
| Public safety | 94,766 |
| Public works | 101,145 |
| Parks, recreation and cultural | 64,749 |
| Community development | 99,750 |
| Special Revenue Fund | <u>635</u> |
| Total depreciation expense – governmental activities | <u>\$ 376,958</u> |
| Business-type activities: | |
| Water and sewer | <u>\$ 625,043</u> |
| Total depreciation expense – business-type activity | <u>\$ 625,043</u> |

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

8. **CHANGES IN CAPITAL ASSETS**

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

| Governmental Activities | Beginning Balance | Increases | Decreases | Ending Balance |
|--|--------------------------|---------------------|------------------|-----------------------|
| Capital assets, depreciable | | | | |
| Buildings and improvements | \$4,736,950 | \$ 2,168,243 | \$ - | \$6,905,193 |
| Equipment | 2,321,061 | 113,049 | - | 2,434,110 |
| Special Revenue Fund | <u>30,055</u> | <u>-</u> | <u>-</u> | <u>30,055</u> |
| Total Capital Assets, depreciable | <u>7,088,066</u> | <u>2,281,292</u> | <u>-</u> | <u>9,369,358</u> |
| Less accumulated depreciation for | | | | |
| Buildings and improvements | \$1,460,136 | \$ 167,577 | \$ - | \$1,627,713 |
| Equipment | 1,653,336 | 208,746 | - | 1,862,082 |
| Special Revenue Fund | <u>29,420</u> | <u>635</u> | <u>-</u> | <u>30,055</u> |
| Total accumulated depreciation | <u>3,142,892</u> | <u>376,958</u> | <u>-</u> | <u>3,519,850</u> |
| Total Capital Assets, depreciable, net | <u>\$3,945,174</u> | <u>\$ 1,904,334</u> | <u>\$ -</u> | <u>\$5,849,508</u> |
| Right-to-use assets | | | | |
| Right-to-use assets | \$ - | \$ 8,580 | \$ - | \$ 8,508 |
| Less accumulated amortization | <u>-</u> | <u>858</u> | <u>-</u> | <u>858</u> |
| Total Right-to-use assets, net | <u>\$ -</u> | <u>\$ 7,722</u> | <u>\$ -</u> | <u>\$ 7,722</u> |
| Business Type Activities | Beginning Balance | Increases | Decreases | Ending Balance |
| Capital assets, depreciable | | | | |
| Buildings | \$ 868,724 | \$ - | \$ - | \$ 868,724 |
| Improvements | 21,014,779 | 623 | - | 21,015,402 |
| Equipment | <u>1,374,624</u> | <u>38,780</u> | <u>-</u> | <u>1,413,404</u> |
| Total Capital Assets, depreciable | <u>23,258,127</u> | <u>39,403</u> | <u>-</u> | <u>23,297,530</u> |
| Less accumulated depreciation for | | | | |
| Buildings | \$ 855,136 | \$ 406 | \$ - | \$ 855,542 |
| Improvements | 5,190,129 | 546,250 | - | 5,736,379 |
| Equipment | <u>968,684</u> | <u>78,387</u> | <u>-</u> | <u>1,047,071</u> |
| Total accumulated depreciation | <u>7,013,949</u> | <u>625,043</u> | <u>-</u> | <u>7,638,992</u> |
| Total Capital Assets, depreciable, net | <u>\$16,244,178</u> | <u>\$ (585,640)</u> | <u>\$ -</u> | <u>\$15,658,538</u> |

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

| Governmental Activities | Beginning Balance | Increases | Decreases | Ending Balance |
|--|--------------------------|-------------------|-----------------------|-----------------------|
| Capital assets, non-depreciable | | | | |
| Land | \$ 245,800 | \$ - | \$ - | \$ 245,800 |
| Construction in progress | <u>1,645,191</u> | <u>722,886</u> | <u>(1,645,191)</u> | <u>722,886</u> |
| Total Capital Assets, Non-depreciable | <u>\$1,890,991</u> | <u>\$ 722,886</u> | <u>\$ (1,645,191)</u> | <u>\$ 968,686</u> |
| Business Type Activities | Beginning Balance | Increases | Decreases | Ending Balance |
| Capital assets, non-depreciable | | | | |
| Land | \$ 92,500 | \$ - | \$ - | \$ 92,500 |
| Construction in progress | <u>33,980</u> | <u>44,925</u> | <u>-</u> | <u>78,905</u> |
| Total Capital Assets, Non-depreciable | <u>\$ 126,480</u> | <u>\$ 44,925</u> | <u>\$ -</u> | <u>\$ 171,405</u> |

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

9. LONG-TERM DEBT

The annual requirements to amortize proprietary debt outstanding as of June 30, 2022, 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 |
| 2023 | \$ 12,309 | \$ - | \$ 1,827 | \$ - | \$ 184,165 | \$ 46,248 | \$ 6,651 | \$ - |
| 2024 | 12,309 | - | 1,827 | - | 190,443 | 39,970 | 6,651 | - |
| 2025 | 12,309 | - | 1,827 | - | 199,192 | 31,221 | 6,651 | - |
| 2026 | 12,309 | - | 1,827 | - | 208,343 | 22,070 | 6,651 | - |
| 2027 | 12,309 | - | 1,827 | - | 217,914 | 12,499 | 6,651 | - |
| 2028-2032 | 61,545 | - | 9,135 | - | 572,917 | 34,867 | 33,256 | - |
| 2033-2037 | 6,156 | - | 1,825 | - | - | - | 33,256 | - |
| 2038-2042 | - | - | - | - | - | - | 23,281 | - |
| 2043-2047 | - | - | - | - | - | - | - | - |
| 2048-2052 | - | - | - | - | - | - | - | - |
| 2053-2057 | - | - | - | - | - | - | - | - |
| 2058-2062 | - | - | - | - | - | - | - | - |
| Total | \$ 129,246 | \$ - | \$ 20,095 | \$ - | \$ 1,572,974 | \$ 186,875 | \$ 123,048 | \$ - |

| Year Ending June 30, | Water & Sewer Loan | | Sewer Refunding Bond | | Water Bond | | Water Bond | |
|----------------------------|--------------------|-------------------|----------------------|-------------|-------------------|------------------|-------------------|-------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2023 | \$ 66,614 | \$ 34,331 | \$ 100,192 | \$ - | \$ 9,276 | \$ 3,669 | \$ 13,896 | \$ 11,319 |
| 2024 | 70,618 | 30,328 | 100,192 | - | 9,462 | 3,483 | 14,210 | 11,004 |
| 2025 | 74,861 | 26,084 | 100,192 | - | 9,652 | 3,293 | 14,532 | 10,683 |
| 2026 | 79,360 | 21,585 | 100,192 | - | 9,846 | 3,099 | 14,861 | 10,354 |
| 2027 | 84,129 | 16,816 | 100,192 | - | 10,044 | 2,901 | 15,197 | 10,018 |
| 2028-2032 | 238,350 | 19,293 | 500,960 | - | 53,332 | 11,394 | 81,300 | 44,772 |
| 2033-2037 | - | - | 500,960 | - | 58,911 | 5,814 | 90,924 | 35,149 |
| 2038-2042 | - | - | 150,296 | - | 20,960 | 635 | 101,687 | 24,386 |
| 2043-2047 | - | - | - | - | - | - | 113,723 | 12,350 |
| 2048-2052 | - | - | - | - | - | - | 46,788 | 1,256 |
| 2053-2057 | - | - | - | - | - | - | - | - |
| 2058-2062 | - | - | - | - | - | - | - | - |
| Total | \$ 613,932 | \$ 148,437 | \$ 1,653,176 | \$ - | \$ 181,483 | \$ 34,288 | \$ 507,118 | \$ 171,291 |

| Year Ending June 30, | General Obligation and Sewer Bond | | General Obligation and Sewer Bond | | Total | |
|----------------------------|--------------------------------------|-------------------|--------------------------------------|---------------|---------------------|---------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2023 | \$ 24,536 | \$ 37,180 | \$ 6,321 | \$ 208 | \$ 425,787 | \$ 132,955 |
| 2024 | 25,150 | 36,566 | - | - | 430,862 | 121,351 |
| 2025 | 25,779 | 35,937 | - | - | 444,995 | 107,218 |
| 2026 | 26,423 | 35,293 | - | - | 459,812 | 92,401 |
| 2027 | 27,084 | 34,632 | - | - | 475,347 | 76,866 |
| 2028-2032 | 145,919 | 162,661 | - | - | 1,696,714 | 272,987 |
| 2033-2037 | 165,094 | 143,486 | - | - | 857,126 | 184,449 |
| 2038-2042 | 186,789 | 121,791 | - | - | 483,013 | 146,812 |
| 2043-2047 | 211,334 | 97,246 | - | - | 325,057 | 109,596 |
| 2048-2052 | 239,106 | 69,474 | - | - | 285,894 | 70,730 |
| 2053-2057 | 270,526 | 38,054 | - | - | 270,526 | 38,054 |
| 2058-2062 | 139,445 | 6,055 | - | - | 139,445 | 6,055 |
| Total | \$ 1,487,185 | \$ 818,375 | \$ 6,321 | \$ 208 | \$ 6,294,578 | \$ 1,359,474 |

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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

The annual requirements to amortize governmental debt outstanding as of June 30, 2022, 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 |
| 2023 | 39,270 | 8,510 | 450,963 | 3,194 | 5,187 | 173 | 30,945 | 1,623 |
| 2024 | 40,112 | 7,669 | - | - | 2,642 | 24 | 18,980 | 617 |
| 2025 | 40,971 | 6,809 | - | - | - | - | - | - |
| 2026 | 41,849 | 5,931 | - | - | - | - | - | - |
| 2027 | 42,746 | 5,034 | - | - | - | - | - | - |
| 2028-2032 | 194,393 | 11,025 | - | - | - | - | - | - |
| 2033-2037 | - | - | - | - | - | - | - | - |
| Total | <u>\$ 399,341</u> | <u>\$ 44,978</u> | <u>\$ 450,963</u> | <u>\$ 3,194</u> | <u>\$ 7,829</u> | <u>\$ 197</u> | <u>\$ 49,925</u> | <u>\$ 2,240</u> |

| Year Ending June 30, | Note Payable | | Total | |
|----------------------------|------------------|-----------------|-------------------|------------------|
| | Principal | Interest | Principal | Interest |
| 2023 | \$ 10,929 | \$ 688 | \$ 537,294 | \$ 14,188 |
| 2024 | 11,254 | 349 | 72,988 | 8,659 |
| 2025 | - | - | 40,971 | 6,809 |
| 2026 | - | - | 41,849 | 5,931 |
| 2027 | - | - | 42,746 | 5,034 |
| 2028-2032 | - | - | 194,393 | 11,025 |
| 2033-2037 | - | - | - | - |
| Total | <u>\$ 22,183</u> | <u>\$ 1,037</u> | <u>\$ 930,241</u> | <u>\$ 51,646</u> |

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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, 2022:

| | Balance 7/1/2021 | Additions/ Proceeds | Payments/ Reductions | Balance 6/30/2022 |
|----------------------------------|---------------------|------------------------|-------------------------|----------------------|
| Business-Type Activities: | | | | |
| Revenue bonds | \$ 6,020,066 | \$ - | \$ (345,743) | \$ 5,674,323 |
| Notes payable | 695,264 | - | (75,010) | 620,254 |
| Net Pension Liability | 267,103 | - | (73,271) | 193,832 |
| OPEB | 48,294 | - | (18,760) | 29,534 |
| Accrued Compensated Absences | 32,648 | 5,010 | - | 37,658 |
| Total | \$ 7,063,375 | \$ 5,010 | \$ (512,784) | \$ 6,555,601 |
| | | | | |
| | Balance 7/1/2021 | Additions/ Proceeds | Payments/ Reductions | Balance 6/30/2022 |
| Governmental Activities: | | | | |
| Revenue Bonds | \$ 435,896 | \$ - | \$ (36,555) | \$ 399,341 |
| Notes payable | 140,447 | 450,963 | (60,510) | 530,900 |
| Lease Liability | - | 8,580 | (346) | 8,234 |
| Net Pension Liability | 623,241 | - | (170,966) | 452,275 |
| OPEB | 89,689 | - | (29,013) | 60,676 |
| Accrued Compensated Absences | 65,862 | - | (8,375) | 57,487 |
| Total | \$ 1,355,135 | \$ 459,543 | \$ (305,765) | \$ 1,508,913 |

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. | \$ 1,572,974 |
| \$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. | 123,048 |
| \$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. | 129,246 |
| \$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. | 20,095 |
| \$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. | 613,932 |

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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. | 1,653,175 |
| \$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. | 181,483 |
| \$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. | 1,487,185 |
| \$25,743 Promissory Note to Carter Bank & Trust, issued February 13, 2020, payable in quarterly installments of \$2,264 at 3.29% interest. Final payment of principal is due February 15, 2023. | 6,321 |
| \$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>507,118</u> |
| TOTAL ENTERPRISE FUNDS LONG-TERM DEBT | <u>\$ 6,294,577</u> |

Governmental Fund:

Bonds and Obligations – direct borrowings:

| | |
|--|------------------|
| \$540,000 Bond Payable to Virginia Resources Authority, issued on November 29, 2017, payable in semi-annual installments of \$23,890 at 2.63% interest. Final principal payment is due on January 1, 2032. | 399,341 |
| \$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. | 450,963 |
| \$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. | 7,829 |
| \$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. | 22,183 |
| \$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>\$ 49,925</u> |

TOTAL GOVERNMENTAL FUNDS LONG-TERM DEBT **\$ 930,241**

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 \$57,487 in the General Fund and \$37,658 in the Water and Sewer Fund.

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

11. FUND BALANCES—GOVERNMENTAL FUNDS

As of June 30, 2022, 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 | 24,449 | - | 24,449 |
| ARPA Funds | 441,463 | - | 441,463 |
| Committed: | | | |
| Lake Estonia | 19,865 | - | 19,865 |
| Community Development | - | 716 | 716 |
| Assigned: | | | |
| | - | - | - |
| Unassigned: | | | |
| | 4,884,630 | | 4,884,630 |
| Total fund balances | <u>\$ 5,936,285</u> | <u>\$ 716</u> | <u>\$ 5,937,001</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 \$43,996 at June 30, 2022.

Deferred Grant Revenue:

Deferred revenue representing ARPA grant funds not available for spending until fiscal year 2023 totaled \$419,837 at June 30, 2022.

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, 2022 was \$1,373,077.

June 30, 2022

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 Plan 2 is a defined benefit plan. The retirement benefit is based on a member’s age, service credit and average final compensation at retirement using a formula.</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. |
| | | <ul style="list-style-type: none"> • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees. |

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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

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

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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

| | | |
|---|---|---|
| <p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p> | <p>Vesting Same as Plan 1</p> | <p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Define Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required, except as governed by law.</p> |
|---|---|---|

TOWN OF SAINT PAUL, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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

| | | |
|---|--|--|
| <p>Calculating the Benefit The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.</p> | <p>Calculating the Benefit See definition under Plan 1</p> | <p>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1</p> <p><u>Defined Contribution component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p> |
| <p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p> | <p>Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p> | <p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p> |
| <p>Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%</p> <p>Sheriffs and regional jail superintendents: Not Applicable</p> <p>Political Subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p> | <p>Service Retirement Multiplier VRS: The same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for 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>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> |

TOWN OF SAINT PAUL, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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

| | | |
|---|---|---|
| <p>Normal Retirement Age VRS: Age 65</p> <p>Political subdivision hazardous duty employees: Age 60.</p> | <p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p> | <p>Normal Retirement Age Defined Benefit Component: VRS: Same as Plan 2.</p> <p>Political subdivisions hazardous duty employees: Not applicable</p> <p>Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p> |
| <p>Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of creditable service.</p> <p>Political Subdivisions hazardous duty employees: Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.</p> <p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of creditable service.</p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of service credit.</p> | <p>Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service equal 90.</p> <p>Political Subdivisions hazardous duty employees: Same as Plan 1</p> <p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of service credit.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1</p> | <p>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 Defined Benefit Component: VRS: Age 60 with at least five years (60 months) of service credit.</p> <p>Political subdivisions hazardous duty employees: Not Applicable</p> <p>Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p> |

TOWN OF SAINT PAUL, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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

| Cost-of-Living Adjustment (COLA) in Retirement | Cost-of-Living Adjustment (COLA) in Retirement | Cost-of-Living Adjustment (COLA) in Retirement |
|--|---|---|
| <p>The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability. • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce | <p>The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as Plan 1</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1</p> | <p><u>Defined Benefit Component:</u> Same as Plan 2</p> <p><u>Defined Contribution Component:</u> Not applicable</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2</p> |

TOWN OF SAINT PAUL, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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

| | | |
|---|---|---|
| <p>Transition Act or the Transitional Benefits Program.</p> <ul style="list-style-type: none"> The member dies in service and the member’s survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. | | |
| <p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> | <p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> | <p>Disability Coverage Employees of political subdivisions (Including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p> |
| <p>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.</p> | <p>Purchase of Prior Service Same as Plan 1</p> | <p>Purchase of Prior Service Defined Benefit Component: Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> Hybrid Retirement Plan members are ineligible for ported service. <p>Defined Contribution Component: Not applicable</p> |

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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

Employees Covered by Benefit Terms – As of June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

| | <u>Number</u> |
|--|---------------|
| Inactive members or their beneficiaries currently receiving benefits | <u>13</u> |
| Inactive Members: | |
| Vested Inactive Members | 2 |
| Non-vested Inactive Members | 4 |
| LTD | 0 |
| Active Elsewhere in VRS | <u>13</u> |
| Total Inactive Members | 19 |
| Active Members | <u>20</u> |
| Total Covered Employees | 52 |

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, 2022 was 14.32% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020.

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 \$117,698 and \$114,176 for the years ended June 30, 2022 and June 30, 2021, respectively.

Net Pension Liability – The net pension liability (NPL) is calculated separately for each employer and represents that particular employer’s total pension liability determined in accordance with GASB Statement No. 68, less that employer’s fiduciary net position. For political the Town of St. Paul, Virginia, the net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020, rolled forward to the measurement date of June 30, 2021.

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, 2020, 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, 2021.

| | |
|---------------------------------------|--|
| 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* |

June 30, 2022

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

Actuarial Assumptions – General Employees (continued)

Mortality rates:

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

Pre-Retirement:

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

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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 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:

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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

Actuarial Assumptions – General Employees (continued)

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 |

Actuarial Assumptions – Public Safety Employees – The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Town’s Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

| | |
|---------------------------------------|--|
| 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* |

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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

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

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

Pre-Retirement:

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.

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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 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:

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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

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 |

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:

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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

| Asset Class (Strategy) | Target Allocation | Arithmetic Long-Term Expected Rate of Return | Weighted Average Long-Term Expected Rate of Return |
|--------------------------------|-------------------------------------|--|--|
| Public Equity | 34.00% | 5.00% | 1.70% |
| Fixed Income | 15.00% | 0.57% | 0.09% |
| Credit Strategies | 14.00% | 4.49% | 0.63% |
| Real Assets | 14.00% | 4.76% | 0.67% |
| Private Equity | 14.00% | 9.94% | 1.39% |
| Multi-Asset Public Strategies | 6.00% | 3.29% | 0.20% |
| Private Investment Partnership | 3.00% | 6.84% | 0.21% |
| Total | <u>100.00%</u> | | <u>4.89%</u> |
| | Inflation | | <u>2.50%</u> |
| | *Expected Arithmetic Nominal Return | | <u>7.39%</u> |

*The above allocation provides a one-year expected return of 7.39%. 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 6.94%, 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%.

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, 2021, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever was greater. From July 1, 2021 on, participating employers are assumed to continue to contribution 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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

Changes in Net Pension Liability

| | Increase (Decrease) | | |
|---|-------------------------------|-----------------------------------|-----------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| | (a) | (b) | (a) – (b) |
| Balances at June 30, 2020 | \$3,530,347 | \$2,640,003 | \$890,344 |
| Changes for the year: | | | |
| Service Cost | 83,500 | | 83,500 |
| Interest | 233,367 | | 233,367 |
| Changes in benefit terms | 157,434 | | 157,434 |
| Changes of assumptions | 137,426 | | 137,426 |
| Differences between expected and actual experience | 23,245 | | 23,245 |
| Contributions – Employer | | 110,853 | (110,853) |
| Contributions – Employee | | 39,794 | (39,794) |
| Net Investment Income | | 730,259 | (730,259) |
| Benefit payments, including refunds | | | |
| Refunds of employee contributions | (146,115) | (146,115) | - |
| Administrative Expenses | | (1,766) | 1,766 |
| Other Changes | - | 69 | (69) |
| Net Changes | <u>488,857</u> | <u>733,094</u> | <u>(244,237)</u> |
| Balances at June 30, 2021 | <u>\$4,019,204</u> | <u>\$3,373,097</u> | <u>\$646,107</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 | \$1,198,407 | \$646,107 | \$192,546 |

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended June 30, 2022, the Town recognized pension expense of \$240,426. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 17,648 | \$ 11,469 |
| Changes in assumptions | 106,418 | - |
| Net differences between projected and actual earnings on plan investments | - | 365,911 |
| Employer contributions subsequent to the measurement date | <u>117,697</u> | <u>-</u> |
| Total | <u>\$ 241,763</u> | <u>\$ 377,380</u> |

\$117,697 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, 2023. 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:

| <u>Year Ended June 30:</u> | |
|----------------------------|-----------|
| 2023 | (36,703) |
| 2024 | (37,587) |
| 2025 | (68,633) |
| 2026 | (110,391) |
| 2027 | 0 |
| Thereafter | 0 |

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (CAFR). A copy of the 2020 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report-pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

At June 30, 2022, the Town reported a payable of \$12,212 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2022.

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

Plan Description

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

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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

Benefits Provided

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

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

Employees Covered by Benefit Terms

As of the June 30, 2020 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><u>22</u></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, 2022

16. **OTHER POST-EMPLOYMENT BENEFITS LIABILITY (OPEB)- LOCALITY PLAN 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 | - |
| 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 |

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

Plan Description

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

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

June 30, 2022

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

Plan Description (continued)

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

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

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

Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 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 \$4,721 and \$4,376 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

At June 30, 2022, the Town reported a liability of \$45,756 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the participating employer's proportion was 0.00393% as compared to 0.00374% at June 30, 2020.

For the year ended June 30, 2022, the participating employer recognized GLI OPEB expense of \$1,875. 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.

At June 30, 2022, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Difference between expected and Actual experience | \$ 5,219 | \$ 349 |
| Net difference between projected and Actual earnings on GLI OPEB Program investments | - | 10,921 |
| Changes in assumptions | 2,523 | 6,260 |
| Changes in proportion | 2,340 | 1,661 |
| Employer contributions subsequent to the Measurement date | <u>4,721</u> | <u>-</u> |
| Total | <u>\$ 14,803</u> | <u>\$ 19,191</u> |

\$4,721 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, 2023. 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 2023 | \$ (2,253) |
| FY 2024 | (1,746) |
| FY 2025 | (1,723) |
| FY 2026 | (3,173) |
| FY 2027 | (214) |
| Thereafter | (0) |

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

| | |
|--|---|
| Inflation | 2.5 percent |
| Salary increases, including inflation— | |
| General state employees | 3.5 percent - 5.35 percent |
| Teachers | 3.5 percent – 5.95 percent |
| SPORS employees | 3.5 percent – 4.75 percent |
| VaLORS employees | 3.5 percent – 4.75 percent |
| JRS employees | 4.5 percent |
| Locality – General employees | 3.5 percent – 5.35 percent |
| Locality – Hazardous Duty employees | 3.5 percent – 4.75 percent |
| Investment rate of return | 6.75 Percent, net of investment expenses, Including inflation* |

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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

return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities.

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

Net GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the Measurement Date of June 30, 2021, NOL amounts for the Group Life Insurance Program are as follows (amounts expressed in thousands):

| | |
|--|--|
| | <u>Group Life Insurance OPEB Program</u> |
| Total GLI OPEB Liability | \$ 3,577,346 |
| Plan Fiduciary Net Position | <u>2,413,074</u> |
| Employers' Net GLI OPEB Liability (Asset) | <u>\$ 1,164,272</u> |
| Plan Fiduciary Net Position as a Percentage Of the Total GLI OPEB Liability | 67.45% |

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% | 5.00% | 1.70% |
| Fixed Income | 15.00% | 0.57% | 0.09% |
| Credit Strategies | 14.00% | 4.49% | 0.63% |
| Real Assets | 14.00% | 4.76% | 0.67% |
| Private Equity | 14.00% | 9.94% | 1.39% |
| Multi-Asset Public Strategies | 6.00% | 3.29% | 0.20% |
| Private Investment Partnership | 3.00% | 6.87% | 0.21% |
| Total | <u>100.00%</u> | | <u>4.89%</u> |
| | Inflation | | <u>2.50%</u> |
| | *Expected Arithmetic Nominal Return | | <u>7.39%</u> |

June 30, 2022

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

The above allocation provides a one-year return of 7.39%. 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 6.94%, 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, 2021, 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, 2021 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 | \$ 66,851 | \$ 45,756 | \$ 28,720 |

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 2021 Comprehensive Annual Financial Report (CAFR). A copy of the 2021 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-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, 2022, the Town reported a payable of \$1,097 for the outstanding amount of contributions to the group life insurance OPEB plan required for the year ended June 30, 2022.

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

18. **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 | \$ 86,846 | \$ 37,220 | \$ 124,066 |
| Deferred outflow-Contributions after the measurement date | | | |
| VRS-Defined Benefit Pension Plan | 82,389 | 35,308 | 117,697 |
| Total deferred outflow of resources - Pensions | <u>\$ 169,235</u> | <u>\$ 72,528</u> | <u>\$ 241,763</u> |
| Deferred outflows of resources - OPEB | | | |
| Deferred outflow-Differences in expected/actual and assumptions | | | |
| VRS-GLI-OPEB Proram | \$ 6,553 | \$ 3,529 | \$ 10,082 |
| Deferred outflow-Contributions after the measurement date | | | |
| VRS-GLI-OPEB Proram | 3,069 | 1,652 | 4,721 |
| Total deferred outflow of resources - OPEB | <u>\$ 9,622</u> | <u>\$ 5,181</u> | <u>\$ 14,803</u> |
| Net pension liability | | | |
| VRS-Defined Benefit Pension Plan | <u>\$ 452,275</u> | <u>\$ 193,832</u> | <u>\$ 646,107</u> |
| Total net pension liability | <u>\$ 452,275</u> | <u>\$ 193,832</u> | <u>\$ 646,107</u> |
| Net OPEB liability | | | |
| Local Health | \$ 28,894 | \$ 15,559 | \$ 44,453 |
| VRS-GLI | 31,782 | 13,975 | 45,757 |
| Total net OPEB liability | <u>\$ 60,676</u> | <u>\$ 29,534</u> | <u>\$ 90,210</u> |
| Deferred inflows of resources - Related to Pensions | | | |
| Deferred inflow-Differences in expected/ actual and assumptions | | | |
| VRS-Defined Benefit Pension Plan | \$ 264,166 | \$ 113,214 | \$ 377,380 |
| Total deferred inflow of resources - Pensions | <u>\$ 264,166</u> | <u>\$ 113,214</u> | <u>\$ 377,380</u> |
| Deferred inflows of resources - OPEB | | | |
| Deferred inflows-Differences in expected/actual and assumptision | | | |
| VRS-GLI-Cost Sharing-Multiple-Employer | \$ 12,474 | \$ 6,717 | \$ 19,191 |
| Total deferred inflow of resources - OPEB | <u>\$ 12,474</u> | <u>\$ 6,717</u> | <u>\$ 19,191</u> |

19. **SURETY BONDS**

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

June 30, 2022

20. ***FUTURE ACCOUNTING PRONOUNCEMENTS***

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

Statement No. 90, *Majority Equity Interests—(An Amendment of GASB Statements No. 14 and No. 61)*, defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The requirements of this statement are effective for reporting periods beginning after December 15, 2018. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

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

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

21. ***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.

TOWN OF SAINT PAUL, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

21. **Lease Liability (continued)**

Governmental Activities

| | Balance | | | Balance |
|---------------------------------------|----------------------|------------------|------------------|----------------------|
| | June 30, 2021 | Additions | Deletions | June 30, 2022 |
| 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) | - | (858.00) |
| Total Net of Accumulated Amortization | - | (858.00) | - | (858.00) |
| Total Net of Amortization | - | 7,722.00 | - | 7,722.00 |

Principal and Interest Requirements to Maturity

| <u>Years</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------|------------------|-----------------|------------------|
| 2023 | \$ 1,463 | \$ 661 | \$ 2,124 |
| 2024 | 1,596 | 528 | 2,124 |
| 2025 | 1,741 | 383 | 2,124 |
| 2026 | 1,899 | 225 | 2,124 |
| 2027 | 1,536 | 56 | 1,593 |
| | <u>\$ 8,234</u> | <u>\$ 1,854</u> | <u>\$ 10,088</u> |

22. **CONTRACTUAL AGREEMENT**

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
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2022

EXHIBIT 14

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|-------------------------|--------------|---------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| General property taxes | \$ 2,446,585 | \$ 2,476,585 | \$ 2,506,366 | \$ 29,781 |
| Other local taxes | 578,135 | 586,135 | 654,496 | 68,361 |
| Permits, privilege fees and regulatory licenses | 2,600 | 2,600 | 1,120 | (1,480) |
| Fines and forfeitures | 4,000 | 3,000 | 2,959 | (41) |
| Revenue from use of money and property | 42,800 | 42,800 | 49,514 | 6,714 |
| Charges for services | 97,100 | 97,100 | 116,821 | 19,721 |
| Miscellaneous | 9,475 | 9,475 | 106,960 | 97,485 |
| Recovered costs | 32,500 | 32,500 | 33,426 | 926 |
| Intergovernmental | 431,404 | 431,404 | 200,865 | (230,539) |
| Total revenue | 3,644,599 | 3,681,599 | 3,672,527 | (9,072) |
| EXPENDITURES: | | | | |
| General government administration | 962,363 | 927,113 | 864,887 | (62,226) |
| Public safety | 624,573 | 647,573 | 614,587 | (32,986) |
| Public works | 877,231 | 918,831 | 827,707 | (91,124) |
| Parks, recreation, and cultural | 186,474 | 198,974 | 199,967 | 993 |
| Community development | 821,530 | 963,680 | 1,445,836 | 482,156 |
| Non-departmental | 165,000 | - | - | - |
| Debt Service | 132,428 | 100,428 | 112,586 | 12,158 |
| Total Expenditures | 3,769,599 | 3,756,599 | 4,065,570 | 308,971 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Insurance recoveries | - | - | 25,073 | 25,073 |
| Loan proceeds | 175,000 | 175,000 | 459,543 | 284,543 |
| Transfers in (out) | (50,000) | (100,000) | (100,000) | - |
| Prior Year Surplus | - | - | - | - |
| Total Other Financing Sources (Uses) | 125,000 | 75,000 | 384,616 | 309,616 |
| Net Change in Fund Balance | \$ - | \$ - | \$ (8,427) | \$ (8,427) |

TOWN OF SAINT PAUL, VIRGINIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
JUNE 30, 2022

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total pension liability | | | | | | | | |
| Service cost | \$ 83,500 | \$ 58,446 | \$ 62,641 | \$ 60,591 | \$ 72,197 | \$ 73,571 | \$ 65,738 | \$ 63,895 |
| Interest | 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 | 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 contributions | (146,115) | (122,105) | (118,997) | (96,843) | (155,076) | (65,698) | (48,629) | (61,492) |
| Net change in total pension liability | <u>488,857</u> | <u>130,145</u> | <u>267,454</u> | <u>364,945</u> | <u>45,261</u> | <u>190,272</u> | <u>271,891</u> | <u>148,110</u> |
| Total pension liability-beginning | <u>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> | <u>2,112,269</u> |
| Total pension liability-ending | <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 | \$ 110,853 | \$ 94,457 | \$ 77,130 | \$ 70,074 | \$ 67,751 | \$ 65,638 | \$ 66,048 | \$ 58,312 |
| Contributions-employee | 39,794 | 37,875 | 36,341 | 36,259 | 35,123 | 35,856 | 36,118 | 34,450 |
| Net investment income | 730,259 | 49,676 | 163,183 | 166,947 | 247,294 | 36,222 | 86,356 | 251,190 |
| Benefit payments, including refunds of employee contributions | (146,115) | (122,105) | (118,997) | (96,843) | (155,076) | (65,698) | (48,629) | (61,492) |
| Administrative expense | (1,766) | (1,633) | (1,575) | (1,403) | (1,445) | (1,201) | (1,111) | (1,314) |
| Other | 69 | (59) | (103) | (151) | (220) | (15) | (19) | 13 |
| Net change in total pension liability | <u>733,094</u> | <u>58,211</u> | <u>155,979</u> | <u>174,883</u> | <u>193,427</u> | <u>70,802</u> | <u>138,763</u> | <u>281,159</u> |
| Total pension liability-beginning | <u>2,640,003</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> | <u>1,566,779</u> |
| Total pension liability-ending | <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 | <u>\$ 646,107</u> | <u>\$ 890,344</u> | <u>\$ 818,410</u> | <u>\$ 706,935</u> | <u>\$ 516,873</u> | <u>\$ 665,039</u> | <u>\$ 545,569</u> | <u>\$ 412,441</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 83.92% | 74.78% | 75.93% | 77.43% | 81.33% | 75.57% | 78.46% | 81.75% |
| Covered-employee payroll | \$ 821,911 | \$ 797,317 | \$ 748,810 | \$ 745,374 | \$ 724,574 | \$ 735,332 | \$ 732,836 | \$ 674,349 |
| Political subdivision's net pension liability as a percentage of covered-employee payroll | 78.61% | 111.67% | 109.29% | 94.84% | 71.33% | 90.44% | 74.45% | 61.16% |

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

TOWN OF SAINT PAUL, VIRGINIA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
JUNE 30, 2022

| Date | Contractually Required Contribution | Contributions In Relation to Contractually Required Contribution | Contribution Deficiency (Excess) | Employer's Covered Employee Payroll | Contributions as a % of Covered Employee Payroll |
|------|---|--|--|--|--|
| 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% |
| 2013 | 81,385 | 81,385 | - | 665,132 | 12.24% |

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, 2022

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|------------------|------------------|------------------|------------------|------------------|
| Total OPEB Liability | | | | | |
| Service cost | 4,241 | 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 | (40,712) | 407 | 407 | 6,976 | (69,652) |
| Changes in assumptions | - | - | - | (410) | (9,926) |
| Benefit payments, including refunds of employee contributions | (4,322) | (7,170) | (14,711) | (13,752) | (13,752) |
| Net change in total OPEB liability | (38,266) | - | (7,541) | - | (65,585) |
| Total OPEB liability-beginning | 82,718 | 75,569 | 83,110 | 83,110 | 148,695 |
| Total OPEB liability-ending | \$ 44,452 | \$ 75,569 | \$ 75,569 | \$ 83,110 | \$ 83,110 |
| | | | | | |
| Covered-employee payroll | 874,289 | 797,317 | 769,697 | 748,810 | 748,810 |
| | | | | | |
| Political subdivision's net OPEB liability as a percentage of covered-employee payroll | 5.08% | 9.48% | 9.82% | 11.10% | 11.10% |

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 | 2.660% |
| 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, 2022

| * | Employer's | Employer's | Employer's | Employer's | Plan |
|---|-------------------|-------------------|-----------------|---------------------|----------------|
| Fiscal | Portion | Proportionate | Employer's | Proportionate Share | Fiduciary |
| Year | of the | Share of the | Covered | of the Net OPEB | Net Postion |
| Ended | Net OPEB | Net OPEB | Payroll | Liability (Asset) | as a % of the |
| 30-Jun | Liability (Asset) | Liability (Asset) | Payroll | as % of its | Total |
| | Covered Payroll | Covered Payroll | Covered Payroll | Covered Payroll | OPEB Liability |
| VRS-Group Life Insurance-General Employees | | | | | |
| 2022 | 0.00393% | 45,756 | 874,289 | 5.23% | 67.45% |
| 2021 | 0.00374% | 62,414 | 797,317 | 7.83% | 52.64% |
| 2020 | 0.00382% | 62,161 | 769,697 | 8.08% | 52.00% |
| 2019 | 0.00392% | 59,000 | 748,810 | 7.88% | 51.22% |
| 2018 | 0.00387% | 58,000 | 745,374 | 7.78% | 48.86% |

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

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only 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, 2022

| 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 | | | | | |
| 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 four years of data is available. Additional years will be included as they become available.

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

TOWN OF ST. PAUL, VIRGINIA
Notes to Required Supplementary Information (unaudited)
June 30, 2022

Note 1. Change of benefit terms

Pension

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Other Postemployment Benefits (OPEB)

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Note 2. experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on

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 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 |
| Applicable to: | Pension, GLI OPEB |

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 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 |
| Applicable to: | Pension, GLI OPEB |

Largest 10 -- Hazardous Duty/Public Safety Employees:

| | |
|---|---|
| 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 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 |
| Applicable to: | Pension, GLI OPEB, and LODA OPEB |

All Others (Non 10 Largest) -- Hazardous Duty/Public Safety Employees:

| | |
|---|---|
| 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 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 |
| Applicable to: | Pension, GLI OPEB, and LODA OPEB |

TOWN OF SAINT PAUL, VIRGINIA
GOVERNMENTAL FUND REVENUES
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2022

| | <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 | \$ 2,400,000 | \$ 2,430,000 | \$ 2,464,776 | \$ 34,776 |
| Real and personal public service corporation property taxes | - | - | - | - |
| Personal property taxes | 44,885 | 44,885 | 38,417 | (6,468) |
| Penalties and interest | 1,700 | 1,700 | 3,173 | 1,473 |
| Total General Property Taxes | 2,446,585 | 2,476,585 | 2,506,366 | 29,781 |
| Other Local Taxes: | | | | |
| Local sales and use taxes | 52,000 | 52,000 | 54,228 | 2,228 |
| Cigarette taxes | 20,000 | 20,000 | 20,189 | 189 |
| Utility taxes | 49,000 | 47,000 | 45,761 | (1,239) |
| Business licenses taxes | 106,125 | 106,125 | 113,610 | 7,485 |
| Motor vehicle licenses | 10 | 10 | 40 | 30 |
| Bank stock taxes | 35,000 | 35,000 | 40,126 | 5,126 |
| Hotel and motel room taxes | 28,000 | 28,000 | 29,687 | 1,687 |
| Restaurant food taxes | 274,000 | 284,000 | 333,369 | 49,369 |
| Coal road improvement taxes | 14,000 | 14,000 | 17,486 | 3,486 |
| Total Other Local Taxes | 578,135 | 586,135 | 654,496 | 68,361 |
| Permits, Privilege Fees, And Regulatory Licenses | 2,600 | 2,600 | 1,120 | (1,480) |
| Fines and Forfeitures | 4,000 | 3,000 | 2,959 | (41) |
| Revenue From Use Of Money and Property: | | | | |
| Revenue from use of money | 38,000 | 38,000 | 43,914 | 5,914 |
| Revenue from use of property | 4,800 | 4,800 | 5,600 | 800 |
| Total Revenue From Use of Money and Property | 42,800 | 42,800 | 49,514 | 6,714 |
| Charges For Services: | | | | |
| Charges for sanitation and waste removal | 87,100 | 87,100 | 90,077 | 2,977 |
| Charges for parks and recreation | - | - | - | - |
| Swimming pool | 10,000 | 10,000 | 26,744 | 16,744 |
| Total Charges For Services | 97,100 | 97,100 | 116,821 | 19,721 |
| Miscellaneous Revenue | 9,475 | 9,475 | 106,960 | 97,485 |
| Recovered Costs | 32,500 | 32,500 | 33,426 | 926 |
| Total Revenue From Local Sources | \$ 3,213,195 | \$ 3,250,195 | \$ 3,471,662 | \$ 221,467 |

TOWN OF SAINT PAUL, VIRGINIA
GOVERNMENTAL FUND REVENUES
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2022

SCHEDULE 1
Page 2

| | <u>Budget</u> | <u>Budget as Amended</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|---|---------------|--------------------------|---------------|---|
| Revenue From The Commonwealth: | | | | |
| Non-Categorical Aid: | | | | |
| Mobile home titling taxes | \$ 100 | \$ 100 | \$ 75 | \$ (25) |
| Rolling stock taxes | 5,600 | 5,600 | 5,555 | (45) |
| VDOT-Snow Removal | - | - | 27,605 | 27,605 |
| Assistance to localities with police departments | 25,604 | 25,604 | 25,609 | 5 |
| Total Non-Categorical Aid | 31,304 | 31,304 | 58,844 | 27,540 |
| Other Categorical Aid: | | | | |
| Lyric Project-VCEDA | - | - | - | - |
| Litter control | 900 | 900 | 1,329 | 429 |
| TIC Grant Revenue | 349,000 | 349,000 | 67,022 | (281,978) |
| IRF Grant Revenue | - | - | - | - |
| VTC Grant | 20,000 | 20,000 | 1,298 | (18,702) |
| VA Commission for the Arts | 500 | 500 | - | (500) |
| Fire programs fund | 10,000 | 10,000 | 15,000 | 5,000 |
| Total Other Categorical Aid | 380,400 | 380,400 | 84,649 | (295,751) |
| Total Revenue From The Commonwealth | 411,704 | 411,704 | 143,493 | (268,211) |
| Revenue From The Federal Government: | | | | |
| Payment In Lieu of Taxes: | | | | |
| Payment in lieu of property taxes | 6,300 | 6,300 | 7,042 | 742 |
| Total Payment in Lieu of Taxes | 6,300 | 6,300 | 7,042 | 742 |
| Categorical Aid: | | | | |
| Rural Development Grant | - | - | - | - |
| ARC Grant Revenue | - | - | 25,000 | 25,000 |
| Department of Justice Grant | 6,200 | 6,200 | 6,296 | 96 |
| ARPA grant | - | - | - | - |
| DMV grant | 5,000 | 5,000 | 3,280 | (1,720) |
| DHCD grant | - | - | 2,500 | 2,500 |
| Department of Forestry | 2,200 | 2,200 | - | (2,200) |
| VA Commission for the Arts | - | - | - | - |
| CDBG Planning Grant | - | - | 13,254 | 13,254 |
| LLEBG-Block Grant | - | - | - | - |
| Total Categorical Aid | 13,400 | 13,400 | 50,330 | 36,930 |
| Total Revenue From The Federal Government | 19,700 | 19,700 | 57,372 | 37,672 |
| Prior Years Surplus | - | - | - | - |
| TOTAL GENERAL FUND | 3,644,599 | 3,681,599 | 3,672,527 | (9,072) |
| SPECIAL REVENUE FUNDS: | | | | |
| Veteran's Memorial Wall | | | | |
| Revenue From Local Sources: | | | | |
| Revenue from Use of Money and Property: | 2 | 2 | 3 | 1 |
| Transfers in (out) | - | - | - | - |
| Total Revenue Veteran's Memorial Wall | 2 | 2 | 3 | 1 |
| Prior Years Surplus | - | - | - | - |
| Total Special Revenue Funds | 2 | 2 | 3 | 1 |
| GRAND TOTALS - REVENUES - GOVERNMENTAL FUNDS | \$ 3,644,601 | \$ 3,681,601 | \$ 3,672,530 | \$ (9,071) |

TOWN OF SAINT PAUL, VIRGINIA
GOVERNMENTAL FUND EXPENDITURES
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2022

SCHEDULE 2
Page 1

| | Original Budget | Budget as Amended | Actual | Variance with Final Budget Positive (Negative) |
|--|----------------------------|------------------------------|---------------|---|
| <u>PRIMARY GOVERNMENT</u> | | | | |
| GENERAL FUND: | | | | |
| General Government Administration: | | | | |
| Legislative: | | | | |
| Mayor | \$ 4,800 | \$ 4,800 | \$ 4,800 | \$ - |
| Total Legislative | 4,800 | 4,800 | 4,800 | - |
| General and Financial Administration: | | | | |
| Salaries and Wages | 223,874 | 177,624 | 169,755 | 7,869 |
| Payroll taxes | 16,480 | 16,480 | 13,194 | 3,286 |
| Health insurance | 67,986 | 67,986 | 48,157 | 19,829 |
| Retirement | 46,963 | 46,963 | 42,846 | 4,117 |
| Insurance-Worker's Compensation | 242 | 242 | 230 | 12 |
| Other Employee Benefits | 2,931 | 2,931 | 2,403 | 528 |
| Legal fees | 15,000 | 15,000 | 9,000 | 6,000 |
| Accounting | 12,000 | 12,000 | 15,300 | (3,300) |
| Audit expense | 15,000 | 15,000 | 13,025 | 1,975 |
| Dues, Licenses & Fees | 2,200 | 2,200 | 3,229 | (1,029) |
| Advertising | 2,000 | 2,000 | 825 | 1,175 |
| Computer expense | 10,000 | 13,000 | 12,126 | 874 |
| Insurance-General Liability | 5,000 | 5,000 | 5,225 | (225) |
| Insurance-Bond Coverage | 322 | 322 | 308 | 14 |
| Miscellaneous | 28,365 | 21,365 | 10,431 | 10,934 |
| Supplies & Equipment | 13,600 | 13,600 | 23,370 | (9,770) |
| Telephone | 5,800 | 5,800 | 5,356 | 444 |
| Travel, Lodging & Entertainment | 10,000 | 10,000 | 3,553 | 6,447 |
| Tax Ticket Preparation | 800 | 800 | 531 | 269 |
| Tax Credit-WC IDA | 456,000 | 471,000 | 471,026 | (26) |
| Cigarette Tax Costs | 3,000 | 3,000 | 3,452 | (452) |
| Capital Outlay | 20,000 | 20,000 | 6,745 | 13,255 |
| Total General and Financial Administration | 957,563 | 922,313 | 860,087 | 62,226 |
| Total General Government Administration | 962,363 | 927,113 | 864,887 | 62,226 |
| Public Safety: | | | | |
| Law Enforcement and Traffic Control: | | | | |
| Salaries and Wages | 259,798 | 259,798 | 266,840 | (7,042) |
| Payroll taxes | 20,273 | 20,273 | 20,039 | 234 |
| Health insurance | 105,468 | 105,468 | 118,404 | (12,936) |
| Retirement | 33,362 | 33,362 | 34,177 | (815) |
| Insurance-Worker's Compensation | 6,930 | 6,930 | 8,057 | (1,127) |
| Employee Medical | 500 | 500 | 175 | 325 |
| Other Employee benefits | 3,122 | 3,122 | 3,621 | (499) |
| Uniforms | 2,500 | 6,500 | 9,524 | (3,024) |
| Legal Fees | 1,200 | 1,200 | - | 1,200 |
| Dues, Licenses & Fees | 2,100 | 2,100 | 3,200 | (1,100) |
| Liability Insurance | 4,125 | 4,125 | 3,847 | 278 |
| Materials and Supplies | 29,068 | 29,068 | 19,228 | 9,840 |
| Materials and Supplies-Christmas Toy Drive | 7,400 | 7,400 | 11,082 | (3,682) |
| Training and Education | 2,500 | 2,500 | 1,138 | 1,362 |
| Telephone | 10,000 | 10,000 | 6,428 | 3,572 |
| Utilities | 4,500 | 4,500 | 3,896 | 604 |
| Miscellaneous | 6,300 | 11,300 | 14,732 | (3,432) |
| Vehicle Expense | 17,640 | 31,640 | 35,409 | (3,769) |
| Line of Duty expense | 42,287 | 42,287 | 40,370 | 1,917 |
| Capital Outlay | 45,000 | 45,000 | - | 45,000 |
| Total Law Enforcement and Traffic Control | 604,073 | 627,073 | 600,167 | 26,906 |

TOWN OF SAINT PAUL, VIRGINIA
GOVERNMENTAL FUND EXPENDITURES
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2022

SCHEDULE 2
Page 2

| | <u>Budget</u> | <u>Budget as Amended</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|---|---------------|--------------------------|---------------|---|
| Fire and Rescue Services: | | | | |
| Vehicle expense | 2,000 | 2,000 | 5,911 | (3,911) |
| Insurance | 5,500 | 5,500 | 8,417 | (2,917) |
| Fire programs | 10,000 | 10,000 | - | 10,000 |
| Miscellaneous | 3,000 | 3,000 | 92 | 2,908 |
| Total Fire and Rescue Services | 20,500 | 20,500 | 14,420 | 6,080 |
| Total Public Safety | 624,573 | 647,573 | 614,587 | 32,986 |
| Public Works: | | | | |
| Maintenance of Highways, Streets, Bridges and Sidewalks: | | | | |
| Salaries and Wages | 285,993 | 285,993 | 336,045 | (50,052) |
| Payroll taxes | 22,543 | 22,543 | 24,765 | (2,222) |
| Health insurance | 156,989 | 156,989 | 148,001 | 8,988 |
| Retirement | 41,841 | 41,841 | 38,695 | 3,146 |
| Insurance-Worker's Compensation | 11,935 | 11,935 | 11,873 | 62 |
| Other employee benefits | 5,040 | 5,040 | 5,209 | (169) |
| Uniforms | 14,700 | 14,700 | 14,945 | (245) |
| Miscellaneous | - | - | 218 | (218) |
| Inmate Expense | 500 | 500 | 3,090 | (2,590) |
| Litter Control | 900 | 900 | 530 | 370 |
| Materials & Supplies | 20,200 | 20,200 | 25,032 | (4,832) |
| Telephone | 530 | 530 | 485 | 45 |
| Utilities | 35,000 | 35,000 | 34,607 | 393 |
| Vehicle expense | 46,550 | 73,550 | 81,538 | (7,988) |
| Capital Outlay | 200,000 | 205,000 | 66,391 | 138,609 |
| Total Maintenance of Highways, Streets, Bridges, and Sidewalks | 842,721 | 874,721 | 791,424 | 83,297 |
| Maintenance of General Buildings and Grounds: | | | | |
| Wages-Custodial | 6,130 | 6,130 | 6,153 | (23) |
| Materials & Supplies | 17,300 | 26,900 | 20,282 | 6,618 |
| Insurance-Buildings & Property | 11,080 | 11,080 | 9,848 | 1,232 |
| Capital Outlay | - | - | - | - |
| Total Maintenance of General Buildings and Grounds | 34,510 | 44,110 | 36,283 | 7,827 |
| Total Public Works | 877,231 | 918,831 | 827,707 | 91,124 |
| Parks, Recreation and Cultural: | | | | |
| Salaries and Wages | 22,804 | 22,804 | 30,723 | (7,919) |
| Payroll Taxes | 1,935 | 1,935 | 2,546 | (611) |
| Insurance-Worker's Compensation | 505 | 505 | 658 | (153) |
| Miscellaneous | 12,500 | 17,500 | 12,774 | 4,726 |
| Concessions | 2,000 | 6,000 | 10,342 | (4,342) |
| Maintenance & Repairs | 53,000 | 53,000 | 34,878 | 18,122 |
| Materials & supplies | 25,800 | 25,800 | 25,384 | 416 |
| Telephone | 3,000 | 3,000 | 1,245 | 1,755 |
| Utilities | 10,000 | 10,000 | 8,227 | 1,773 |
| Capital Outlay | 35,000 | 35,000 | 49,576 | (14,576) |
| Total Parks and Recreation | 166,544 | 175,544 | 176,353 | (809) |

TOWN OF SAINT PAUL, VIRGINIA
GOVERNMENTAL FUND EXPENDITURES
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2022

SCHEDULE 2
Page 3

**Variance with
Final Budget
Positive
(Negative)**

| | <u>Budget</u> | <u>Budget as Amended</u> | <u>Actual</u> | <u>(Negative)</u> |
|--|---------------------|--------------------------|---------------------|-------------------|
| Cultural Enrichment: | | | | |
| Pro-Art | 1,000 | 1,000 | - | 1,000 |
| Fourth of July Celebration | 5,000 | 5,000 | 9,328 | (4,328) |
| Civic-Little League | 1,000 | 1,000 | 356 | 644 |
| Miscellaneous | 3,930 | 7,430 | 9,065 | (1,635) |
| Total Cultural Enrichment | <u>10,930</u> | <u>14,430</u> | <u>18,749</u> | <u>(4,319)</u> |
| Library: | | | | |
| Payments to regional library | 9,000 | 9,000 | 4,865 | 4,135 |
| Total Parks, Recreation and Cultural | <u>186,474</u> | <u>198,974</u> | <u>199,967</u> | <u>(993)</u> |
| Community Development: | | | | |
| Lake Estonoa Learning Center | 17,800 | 17,800 | 16,465 | 1,335 |
| Lyric Theater Expense | 649,000 | 708,000 | 1,235,246 | (527,246) |
| Farmers' Market expense | 5,000 | 5,000 | 5,051 | (51) |
| Community development | 149,730 | 232,880 | 189,074 | 43,806 |
| Total Planning and Community Development | <u>821,530</u> | <u>963,680</u> | <u>1,445,836</u> | <u>(482,156)</u> |
| Total Community Development | <u>821,530</u> | <u>963,680</u> | <u>1,445,836</u> | <u>(482,156)</u> |
| Non-Departmental | | | | |
| Contingency | 165,000 | - | - | - |
| Total Non-Departmental | <u>165,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Debt Service: | | | | |
| Principal retirement | 132,428 | 100,428 | 97,411 | \$ 3,017 |
| Interest | - | - | 15,175 | (15,175) |
| Total Debt Service | <u>132,428</u> | <u>100,428</u> | <u>112,586</u> | <u>(12,158)</u> |
| TOTAL GENERAL FUND | <u>3,769,599</u> | <u>3,756,599</u> | <u>4,065,570</u> | <u>138,609</u> |
| GRAND TOTAL - EXPENDITURES - PRIMARY GOVERNMENT FUNDS | <u>\$ 3,769,599</u> | <u>\$ 3,756,599</u> | <u>\$ 4,065,570</u> | <u>\$ 97,353</u> |
| OTHER FINANCING RESOURCES (USES): | | | | |
| Insurance recoveries | - | - | 25,073 | 25,073 |
| Loan Proceeds | 175,000 | 175,000 | 459,543 | 284,543 |
| Transfers in (out) | (50,000) | (100,000) | (100,000) | - |
| Total Other Financing Sources (Uses) | <u>125,000</u> | <u>75,000</u> | <u>384,616</u> | <u>309,616</u> |
| Net Increase (Decrease) in General Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (8,427)</u> | <u>\$ (8,427)</u> |
| SPECIAL REVENUE FUNDS: | | | | |
| Veteran's Memorial Wall | | | | |
| Miscellaneous | 2 | 2 | - | (2) |
| Total Revenue Veteran's Memorial Wall | <u>2</u> | <u>2</u> | <u>-</u> | <u>(2)</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>2</u> | <u>2</u> | <u>-</u> | <u>(2)</u> |
| Grand Total Expenditures-Governmental Funds | <u>3,894,601</u> | <u>3,831,601</u> | <u>4,450,186</u> | <u>406,967</u> |
| Net Increase (Decrease) in Governmental Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (8,424)</u> | <u>\$ (8,424)</u> |

TOWN OF SAINT PAUL, VIRGINIA
 ENTERPRISE REVENUES AND EXPENSES
 BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2022

| | <u>Original Budget</u> | <u>Budget as Amended</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|-----------------------------------|----------------------------|------------------------------|------------------|---|
| OPERATING REVENUES: | | | | |
| Charges for Services: | | | | |
| Water Services | 656,700 | 656,700 | 669,368 | \$ 12,668 |
| Sewer Services | 408,800 | 408,800 | 398,220 | (10,580) |
| Penalties | 8,500 | 8,500 | 6,567 | (1,933) |
| Other Income | 64,148 | 64,148 | 91,999 | 27,851 |
| | <u>1,138,148</u> | <u>1,138,148</u> | <u>1,166,154</u> | <u>28,006</u> |
| OPERATING EXPENSES: | | | | |
| Water Department: | | | | |
| Salaries & Wages | 139,716 | 139,716 | 147,175 | (7,459) |
| Payroll Taxes | 10,821 | 10,821 | 10,885 | (64) |
| Retirement & Life | 18,898 | 18,898 | 27,296 | (8,398) |
| Insurance - Health | 37,498 | 37,498 | 38,329 | (831) |
| Insurance - Workmens Compensation | 3,310 | 3,310 | 2,992 | 318 |
| Audit Fees | 750 | 750 | - | 750 |
| Chemicals | 30,000 | 30,000 | 34,320 | (4,320) |
| Miscellaneous | 17,400 | 17,400 | 4,925 | 12,475 |
| Fuel, Oil & Gas | 700 | 700 | 1,238 | (538) |
| Insurance-Buildings & Property | 5,986 | 5,986 | 8,933 | (2,947) |
| Insurance-Vehicles | 1,910 | 1,910 | 3,012 | (1,102) |
| Licenses, Permits & Fees | 6,585 | 6,585 | 3,984 | 2,601 |
| Office Equipment & Supplies | 30,500 | 30,500 | 38,591 | (8,091) |
| Postage | 3,700 | 3,700 | 3,536 | 164 |
| Repairs & Maintenance | 25,250 | 25,250 | 11,066 | 14,184 |
| Utilities | 58,000 | 58,000 | 58,677 | (677) |
| Uniforms | 8,000 | 8,000 | 2,020 | 5,980 |
| Capital Outlay | 662,730 | 662,730 | - | 662,730 |
| TOTAL WATER DEPARTMENT | <u>1,061,754</u> | <u>1,061,754</u> | <u>396,979</u> | <u>664,775</u> |
| Sewer Department: | | | | |
| Salaries & Wages | 86,789 | 86,789 | 107,565 | (20,776) |
| Payroll Taxes | 6,707 | 6,707 | 8,086 | (1,379) |
| Retirement & Life | 8,067 | 8,067 | 22,012 | (13,945) |
| Insurance - Health | 8,244 | 8,244 | 21,692 | (13,448) |
| Insurance - Property | 8,661 | 8,661 | 6,270 | 2,391 |
| Audit Fees | 500 | 500 | - | 500 |
| Chemical Testing | 5,000 | 5,000 | 4,236 | 764 |

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

TOWN OF SAINT PAUL, VIRGINIA
 ENTERPRISE REVENUES AND EXPENSES
 BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2022

| | <u>Original Budget</u> | <u>Budget as Amended</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|----------------------------|------------------------------|------------------|---|
| Sewer Department: (Cont.) | | | | |
| Fuel, Oil & Gas | 1,200 | 1,200 | 2,660 | (1,460) |
| Licenses, Permits & Fees | 2,410 | 2,410 | 3,630 | (1,220) |
| Materials & Supplies | 6,500 | 6,500 | 6,968 | (468) |
| Repairs & Maintenance | 53,300 | 53,300 | 43,149 | 10,151 |
| Utilities | 48,800 | 48,800 | 49,245 | (445) |
| Miscellaneous | 21,500 | 21,500 | 3,897 | 17,603 |
| Capital Outlay | - | - | 102,607 | (102,607) |
| TOTAL SEWER DEPARTMENT | 257,678 | 257,678 | 382,017 | (124,339) |
| | | | | |
| TOTAL OPERATING EXPENSES BEFORE DEPRECIATION | 1,319,432 | 1,319,432 | 778,996 | 540,436 |
| Depreciation Expense & Amortization | - | - | 625,043 | (625,043) |
| TOTAL OPERATING EXPENSES | 1,319,432 | 1,319,432 | 1,404,039 | (84,607) |
| | | | | |
| OPERATING INCOME (LOSS) | (181,284) | (181,284) | (237,885) | (56,601) |
| NON-OPERATING REVENUES (EXPENSES): | | | | |
| Interest Income | 15,000 | 15,000 | 17,795 | 2,795 |
| Interest Expense | - | - | (135,480) | (135,480) |
| Connection Fees | 3,750 | 3,750 | 3,220 | (530) |
| Gain/(Loss) from Asset Disposal | - | - | - | - |
| Loan Proceeds | 463,911 | 463,911 | - | (463,911) |
| Grant Revenue | 198,819 | 198,819 | 119,188 | (79,631) |
| TOTAL NON-OPERATING REVENUES (EXPENSES) | 681,480 | 681,480 | 4,723 | (676,757) |
| | | | | |
| INCOME (LOSS) BEFORE OPERATING TRANSFERS | 500,196 | 500,196 | (233,162) | (733,358) |
| | | | | |
| Operating Transfer In (Out) | 50,000 | 50,000 | 100,000 | 50,000 |
| Debt Service | (550,196) | (550,196) | - | 550,196 |
| Reappropriation of Retained Earnings | - | - | - | - |
| TOTAL OPERATING TRANSFERS | (500,196) | (500,196) | 100,000 | 600,196 |
| | | | | |
| NET INCOME (LOSS) | - | - | (133,162) | (133,162) |

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, 2022

SCHEDULE 4

PROPERTY TAX LEVIES AND COLLECTIONS

| FISCAL YEAR | TOTAL (1) TAX LEVY | CURRENT TAX (1) COLLECTIONS | PERCENT OF LEVY COLLECTED | DELINQUENT | | TOTAL TAX COLLECTIONS | PERCENT OF TOTAL TAX COLLECTIONS OF TAX LEVY | OUTSTANDING (1) DELINQUENT TAXES | PERCENT OF DELINQUEN T TAXES TO TAX LEVY |
|-------------|-----------------------|-----------------------------------|---------------------------------|-------------------------------|--|-----------------------------|---|---|--|
| | | | | (1) TAX (2) COLLECTIONS | | | | | |
| 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% |
| 2013 | 1,107,642 | 1,021,968 | 92.27% | 5,526 | | 1,027,494 | 92.76% | 22,163 | 2.00% |

ASSESSED VALUE OF TAXABLE PROPERTY

| FISCAL YEAR | REAL ESTATE TAX RATE: .18 PER \$100 | | PERSONAL PROPERTY TAX RATE: .31 PER \$100 | | | |
|-------------|--|----------------|--|-------------|----------------|-------------------------|
| | WISE COUNTY | RUSSELL COUNTY | TOTAL REAL ESTATE | WISE COUNTY | RUSSELL COUNTY | TOTAL PERSONAL PROPERTY |
| 2022 | 1,355,835,617 | 13,090,954 | 1,368,926,571 | 11,134,586 | 2,114,488 | 13,249,074 |
| 2021 | 1,334,156,930 | 16,873,434 | 1,351,030,364 | 14,827,059 | 2,015,428 | 16,842,487 |
| 2020 | 1,289,149,645 | 16,946,234 | 1,306,095,879 | 14,235,795 | 2,207,997 | 16,443,792 |
| 2019 | 1,353,241,353 | 16,406,722 | 1,369,648,075 | 8,872,510 | 2,043,714 | 10,916,224 |
| 2018 | 1,341,081,192 | 16,390,887 | 1,357,472,079 | 22,290,807 | 2,236,010 | 24,526,817 |
| 2017 | 1,365,402,143 | 16,449,009 | 1,381,851,152 | 12,198,866 | 2,314,548 | 14,513,414 |
| 2016 | 1,382,650,906 | 27,036,223 | 1,409,687,129 | 15,893,002 | 2,432,132 | 18,325,134 |
| 2015 | 1,285,537,984 | 15,771,000 | 1,301,308,984 | 18,334,975 | 2,124,626 | 20,459,601 |
| 2014 | 1,367,967,435 | 16,442,116 | 1,384,409,551 | 11,541,942 | 2,473,023 | 14,014,965 |
| 2013 | 558,526,438 | 12,355,600 | 570,882,038 | 24,266,395 | 1,509,360 | 25,775,755 |

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, 2022

| 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 | | | |
| 2022 | 1,000 | \$ 1,368,927 | \$ 7,233,052 | - | \$ 6,294,577 | 938,475 | 0.0007 | \$ 938.48 |
| 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 | - | - | - |
| 2013 | 1,000 | 570,882 | 4,582,582 | - | 4,582,582 | - | - | - |

Notes:

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

The accompanying notes are an integral part of the financial statements

TOWN OF SAINT PAUL, VIRGINIA
COMPUTATION OF LEGAL DEBT MARGIN
Year Ended June 30, 2022

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>\$ 1,368,926,571</u> |
| Legal debt limit, 10% of assessed value | | 136,892,657 |
| Total bonded debt: | \$ 7,233,052 | |
| Less: Water and Sewer revenue bonds | <u>(6,294,577)</u> | |
| Net bonded debt | | <u>938,475</u> |
| Legal Debt Margin | | <u><u>\$ 135,954,182</u></u> |



Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of St. Paul, Virginia (the "Town"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated June 10, 2024.

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 deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Rodger Mass & Co, PLLC

Norton, Virginia
June 10, 2024