

COUNTY OF PULASKI, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

County of Pulaski, Virginia
Annual Financial Report
For the Fiscal Year Ended June 30, 2020

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INTRODUCTORY SECTION

COUNTY OF PULASKI, VIRGINIA

Board of Supervisors

Charles R. Bopp, Vice Chairman
Laura Walters

Joe Guthrie, Chair

Ashley Edmonds, Clerk

Dirksen Compton
John Travis

County School Board

Dr. Paige Cash, Vice Chair
Penny Golden

Timothy Hurst, Chair

Teresa Porter, Clerk

Bill Benson
Beckie Cox

Social Services Board

Dean Pratt, Vice Chair
Kimberly Matthews

Faye Powell, Chair

Kim Riffey, Clerk

Don Hanshew
Charles R. Bopp

Library Board

Jennifer McCarthy, Vice Chair
Margaret Spradlin
Lynne Clark
Ashley Hale

Meagan Pratt, Chair

Margaret Brewster
Jan Booker
Andrew Foxx
Dr. Kevin Siers

COUNTY OF PULASKI, VIRGINIA

Other Officials

Commonwealth's Attorney..... K. Mike Fleenor
Commissioner of the Revenue..... Kim Matthews
Treasurer Melinda Worrell
SheriffMichael W. Worrell
Clerk of the Circuit Court Maetta H. Crewe
Superintendent of Schools Dr. Kevin Siers
Director of Social ServicesGuy Smith
County AdministratorJonathan Sweet
County Attorney Timothy Kirtner

FINANCIAL SECTION



Independent Auditors' Report

**To the Honorable Members of
the Board of Supervisors
County of Pulaski, Virginia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Pulaski, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Pulaski, Virginia, as of June 30, 2020, 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.

Restatement of Beginning Balances

As described in Note 25 to the financial statements, in 2020, the County of Pulaski, Virginia restated beginning balances to reflect the correction of an error. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 6-16, 104, and 105-117 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Pulaski, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of

federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2021 on our consideration of the County of Pulaski, Virginia'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 County of Pulaski, Virginia'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 County of Pulaski, Virginia's internal control over financial reporting and compliance.

Robinson, Jarmer, Cox, Associates

Blacksburg, Virginia
April 9, 2021

COUNTY OF PULASKI, VIRGINIA
Management's Discussion and Analysis

The discussion and analysis of the Pulaski County finances for the fiscal year ending June 30, 2020 (FY20) is offered as a way to broaden understanding of the County finances and the impact of those finances on services provided to Pulaski County residents. This report should be read in conjunction with the County's financial statements, which follow this section. In accordance with GASB 34 accounting standards, this report includes all County government functions including the Board of Supervisors and the Discretely Presented Component Units School Board, Pulaski County Public Service Authority (PSA), and Economic Development Authority of Pulaski County (EDA).

Financial Highlights for Fiscal Year 2019-20

- Total net position value of the primary government was \$61.0 million at the end of FY 20 based on total assets of \$148.8 million, total liabilities of \$79.7 million, deferred outflows of resources of \$2.7 million, and deferred inflows of resources of \$10.8 million (Exhibit 1). As noted in Exhibit 1, liabilities include total payout of long-term debt associated with school construction and remodeling, lease purchase agreements, landfill post-closure monitoring costs, compensated absences, pension liabilities, and other post-employment benefit liabilities while the total assets reflect the depreciated value of existing county owned facilities.
- For FY 20 combined program and general revenues of \$59.5 million exceeded general expenditures of \$50.9 million by approximately \$8.5 million (Exhibit 2). The increase in net position is explained further in the Statement of Activities analysis of the Financial Analysis of the County as a Whole section below.
- As described in Exhibit 11, total general fund revenues were \$1.5 million or 2% less than the budgeted \$60.7 million revenue estimate while expenditures were \$3.4 million, or 6% less than the \$60.7 million budgeted expenditures (including transfers). The net change in fund balance was an increase of \$1.9 million.
- The County's total outstanding debt for school improvements, school construction, economic development, compensated absences, landfill monitoring, net pension liability, and other post-employment benefit liabilities showed a net decrease of \$2.3 million from \$71.4 million on July 1, 2019 to \$69.1 million on June 30, 2020 (Note 6).
- As described in Note 20, the unassigned fund balance as of June 30, 2020 for the General fund was \$18 million, or 34% of budgeted FY 20 total County General fund in the amount of \$60.7 million. The Board of Supervisors has a fund balance policy that requires the County to maintain a fund balance reserve of a minimum of 10% of the General fund budget in order to ensure adequate cash flow throughout the budget cycle and in accordance with good management practices.
- As described in Exhibit 5, the general fund balance increased by approximately \$1.9 million. Overall, combined Governmental fund balance decreased by \$23.4 million due to construction, furniture and fixtures payments on the new middle school project with funding coming from the cash reserves from school debt service funding. This project was nearing completion at the end of fiscal year 2020. These fund balance amounts are explained further in the Analysis of the County Funds section below.

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Overview of the Financial Statements

This management discussion and analysis are intended to serve as an introduction to the County of Pulaski's basic financial statements which are comprised of three sections: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the County's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the County is improving or deteriorating when considering both financial condition and physical assets.

The *statement of activities* shows how the government's *net position* changed during the recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for items that will result in financial changes in the present *and* future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, judicial administration, public safety, public works, health and welfare, education, parks, recreation and cultural, and community development. Business-type activities include the operation of the water, sewer, and refuse services by the Public Service Authority; and leasing of industrial buildings by the Economic Development Authority.

The government-wide financial statements include the County (known as the *primary government*), as well as funds of the Pulaski County School Board, the Pulaski County Public Service Authority, and the Economic Development Authority of Pulaski County (known as the *component units*). Financial information for component units are reported separately from the financial information presented for the primary government.

Fund Financial Statements

Traditional users of governmental financial statements will find this portion of the audit report more familiar. The focus of this section of the audit report is on the County's most significant funds, and the fund financial statements provide more information about these funds – not the County as a whole.

The County has three kinds of funds:

Governmental funds – Most of the County's basic services are included in governmental funds, which focus on how cash and other financial assets, that can readily be converted to cash, flow in and out and the balances left at year end that are available for spending. Consequently, the governmental funds statements report financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided in separate exhibits (4&6) that explains the relationship (or difference) between them.

Proprietary funds – When the County charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported utilizing the full accrual accounting method as are all activities reported in the Statement of Net Position and Statement of Activities. The County's proprietary funds consist of two internal service funds, the Health Insurance Premiums Fund and the Information Technology, Garage, and Communication Service Fund. The assets, deferred outflows of

COUNTY OF PULASKI, VIRGINIA**Management's Discussion and Analysis (continued)**

resources, liabilities, deferred inflows of resources, and net revenue of certain activities of internal service funds are reported in the governmental activities on the Statement of Net Position and Statement of Activities.

Fiduciary funds – The County is the trustee, or fiduciary, for the County's agency funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Changes in Assets and Liabilities – Agency Funds. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. The County's fiduciary funds include Special Welfare, Performance Bond, and the Employee Flexible Benefits.

Notes to the basic financial statements - The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required supplementary information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's budgetary comparisons and progress in funding its obligation to provide pension benefits to its employees.

Financial Analysis of the County as a Whole

A comparative analysis of government-wide information is as follows:

Summary of Net Position:

Details in the government-wide financial statements for FY 20 can be found in Exhibit 1. The following table reflects the condensed Statement of Net Position (in millions) comparing FY 19 to FY 20.

Summary of Net Position:

	Total Primary Government		Component Unit School Board	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 57.1	\$ 80.0	\$ 6.5	\$ 5.7
Capital assets, net	91.7	64.7	9.7	9.8
Total assets	<u>\$ 148.8</u>	<u>\$ 144.7</u>	<u>\$ 16.2</u>	<u>\$ 15.5</u>
Deferred Outflows of Resources	<u>\$ 2.7</u>	<u>\$ 1.4</u>	<u>\$ 8.2</u>	<u>\$ 4.6</u>
Other liabilities	\$ 10.6	\$ 11.2	\$ 3.8	\$ 3.7
Long term liabilities	69.1	70.0	44.5	41.3
Total liabilities	<u>\$ 79.7</u>	<u>\$ 81.2</u>	<u>\$ 48.3</u>	<u>\$ 45.0</u>
Deferred Inflows of Resources	<u>\$ 10.8</u>	<u>\$ 10.9</u>	<u>\$ 6.3</u>	<u>\$ 6.6</u>
Net Position:				
Net investment in capital assets	\$ 37.5	\$ 33.9	\$ 9.7	\$ 9.8
Restricted	0.7	0.3	0.0	0.0
Unrestricted	22.8	19.8	(39.9)	(41.2)
Total net position	<u>\$ 61.0</u>	<u>\$ 54.0</u>	<u>\$ (30.2)</u>	<u>\$ (31.4)</u>

COUNTY OF PULASKI, VIRGINIA**Management's Discussion and Analysis (continued)**

The County's combined net position increased from \$54 million to \$61 million, as explained in the Statement of Activities section below. Unrestricted net position, the portion of net position that can be used to finance the day-to-day activities of the County, totaled \$22.8 million. The County's net investment in capital assets represents the amount of capital assets owned by the County totaling \$37.5 million. Restricted net position total \$0.7 million or 1% of the total net position. Net position is reported as restricted when constraints on asset use are externally imposed by creditors, grantors, contributors, regulators, or imposed by law through constitutional provisions or enabling legislation. The Component Unit School Board net position increased by \$1.2 million, from \$(31.4) million in FY19 to \$(30.2) million in FY 20. The School Board net investment in capital assets totaled \$9.7 million.

Capital Assets

The following tables display the County's and School Board's (Component Unit) capital assets at June 30, 2020, as well as the change in capital assets for FY 20 in millions of dollars:

Capital Assets:

	Total Primary Government		Component Unit School Board	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Non-Depreciable Assets:				
Land	\$ 3.1	\$ 3.0	\$ 0.9	\$ 0.9
Construction in Progress	44.7	17.0	0.0	0.2
Other Capital Assets:				
Buildings and systems	62.9	62.3	21.8	21.7
Machinery and Equipment	17.9	16.5	11.9	11.0
Accumulated Depreciation	(36.9)	(34.1)	(24.9)	(24.0)
Totals	<u>\$ 91.7</u>	<u>\$ 64.7</u>	<u>\$ 9.7</u>	<u>\$ 9.8</u>

**County
Changes in Capital Assets:**

	Balance, June 30, <u>2019</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2020</u>
Non-Depreciable Assets:				
Land	\$ 3.0	\$ 0.1	\$ -	\$ 3.1
Construction in Progress	17.0	27.7	0.0	44.7
Other Capital Assets:				
Buildings and systems	62.3	0.6	0.0	62.9
Machinery and Equipment	16.5	1.6	(0.2)	17.9
Accumulated Depreciation	(34.1)	(2.9)	0.1	(36.9)
Totals	<u>\$ 64.7</u>	<u>\$ 27.1</u>	<u>\$ (0.1)</u>	<u>\$ 91.7</u>

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**Component Unit-School Board
Changes in Capital Assets:**

	Balance, June 30, <u>2019</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2020</u>
Non-Depreciable Assets:				
Land	\$ 0.9	\$ -	\$ -	\$ 0.9
Construction in Progress	0.2	0.0	(0.2)	0.0
Other Capital Assets:				
Buildings and systems	21.7	0.1	0.0	21.8
Machinery and Equipment	11.0	1.0	(0.1)	11.9
Accumulated Depreciation	(24.0)	(1.0)	0.1	(24.9)
Totals	<u>\$ 9.8</u>	<u>\$ 0.1</u>	<u>\$ (0.2)</u>	<u>\$ 9.7</u>

These amounts include School Board assets presented as part of the Primary Government's capital assets because they are financed through long-term debt. Additional detailed capital asset information can be found in Note 14 in the "Notes to Financial Statements" section of the report.

Long-Term Obligations

The following table displays the County and Component Unit – School Board's outstanding long-term obligations at June 30, 2020, in millions of dollars:

	Primary Government		Component Unit School Board	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
General Obligation Bonds	\$ 48.9	\$ 51.8	\$ -	\$ -
Literary Loans	3.3	3.7	-	-
Lease Revenue Note	7.4	8.4	-	-
Unamortized Bond Premium	1.2	1.6	-	-
Unamortized Bond Discount	(0.4)	(0.5)	-	-
Lease Purchase Agreement	0.2	-	-	-
Landfill Post Closure Liability	0.3	0.3	-	-
Net OPEB Liabilities	2.2	2.0	8.6	8.3
Net Pension Liability	4.7	2.9	34.5	31.6
Compensated Absences	1.3	1.3	1.4	1.4
Total	<u>\$ 69.1</u>	<u>\$ 71.5</u>	<u>\$ 44.5</u>	<u>\$ 41.3</u>

Long-term obligations for the County decreased by \$2.4 million in FY20. Long-term obligations of the Component Unit-School Board increased by \$3.2 million due to a significant increase in net pension liability. Additional detailed information on long-term obligations activity can be found in Note 6 and Note 7 in the "Notes to Financial Statements".

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COUNTY OF PULASKI, VIRGINIA**Management's Discussion and Analysis (continued)****Statement of Activities:**

The following comparative table shows the revenues and expenses of the governmental activities for FY19 and the fiscal year ended June 30, 2020 (FY20) (in millions) as show in Exhibit 2:

	Total Primary Government		Component Unit School Board	
	2020	2019*	2020	2019
Revenues:				
Program Revenues:				
Charges for services	\$ 2.0	\$ 1.2	\$ 1.0	\$ 1.1
Operating grants and contributions	12.8	12.0	33.4	32.5
Capital grants and contributions	0.4	0.1	-	-
General Revenues:				
General property taxes	31.4	31.4	-	-
Other local taxes	8.2	7.8	-	-
Other	1.9	1.9	-	0.1
Payments from County	-	-	14.6	14.9
Total Revenues	<u>\$ 56.7</u>	<u>\$ 54.4</u>	<u>\$ 49.0</u>	<u>\$ 48.6</u>
Expenses:				
General government	\$ 3.1	\$ 2.7	\$ -	\$ -
Judicial administration	2.2	1.9	-	-
Public safety	12.5	10.7	-	-
Public works	2.2	1.9	-	-
Health and welfare	10.2	9.5	-	-
Education	15.8	15.5	47.8	45.4
Parks, recreation and cultural	1.8	1.6	-	-
Community development	1.1	1.2	-	-
Interest on long term debt	1.9	1.9	-	-
Total Expenses	<u>\$ 50.8</u>	<u>\$ 46.9</u>	<u>\$ 47.8</u>	<u>\$ 45.4</u>
Grants and Contributions (Not related to specific programs)	\$ 2.6	\$ 2.7	\$ -	\$ -
Transfers	-	-	-	-
Net Position, Beginning of Year	52.5	43.7	(31.4)	(34.6)
Net Position, End of Year	<u>\$ 61.0</u>	<u>\$ 53.9</u>	<u>\$ (30.2)</u>	<u>\$ (31.4)</u>

*Amounts do not reflect the restatement disclosed in Note 25.

Revenues

For FY20, revenues from governmental funds totaled \$56.1 million. General property tax revenues, the County's largest revenue source, were \$31.5 million, an increase of \$0.1 million. Other local taxes (including local sales tax, communications tax, hotel and motel room taxes, and meals tax) were \$8.3 million, with a \$0.5 increase over FY19. All other revenues increased with the exception of operating grants and other revenues.

The Component Unit School Board revenues totaled \$49.0 million for FY20 increasing by \$0.4 million from FY19 to FY20. Component Unit School Board state, federal and grant revenues increased by \$1.3 million, while local revenues remained relatively flat which resulted in a decrease in the governmental transfer of \$0.2 million.

COUNTY OF PULASKI, VIRGINIA**Management's Discussion and Analysis (continued)**

Expenses

For FY 20, expenses for primary governmental activities totaled \$50.8 million, an increase of \$3.9 million over the prior year. Details on categorical expenditures are shown in the Statement of Revenue, Expenditures and Changes in Fund Balance chart below.

Education is a very high priority in Pulaski County; consequently, the Board of Supervisors contributed \$14.6 million to the operation of the Pulaski County schools excluding debt service expenses. This accounts for approximately 24% of the County's total budgeted expenditures. It should also be noted that the Board of Supervisors has a policy to carry over any unused portion of the annual school contribution into the next fiscal year to be used by the School Board for capital improvements. In FY 21 the County will transfer \$866,766 to the School Board while retaining \$500,000 to be used in the General Fund budget.

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COUNTY OF PULASKI, VIRGINIA**Management's Discussion and Analysis (continued)****Financial Analysis of the County's Funds**

For FY20, the general fund reflects a fund balance of \$20.6 million, an increase of \$1.8 million from FY19. The following table shows a comparison of revenues and expenditures between the fiscal year ended June 30, 2019 to the fiscal year ended June 30, 2020 amounts for the General Fund as shown in Exhibit 5.

Statement of Revenues, Expenditures and Changes in Fund Balance

	General Fund		
	<u>2020</u>	<u>2019</u>	<u>Change</u>
Revenues:			
General Property Taxes	\$ 31.1	\$ 31.3	\$ (0.2)
Other Local Taxes	8.3	7.8	0.5
Permits, Fees and Licences	0.1	0.3	(0.2)
Fines and Forfeitures	0.2	0.4	(0.2)
Revenue from Use of Money/Property	0.5	0.5	-
Charges for Services	1.7	0.5	1.2
Miscellaneous	0.2	0.2	-
Recovered Costs	1.5	0.9	0.6
Revenue from Local Government	-	-	-
Revenue from Commonwealth	11.6	11.3	0.3
Revenue from Federal Government	3.9	3.5	0.4
Total Revenues	<u>\$ 59.1</u>	<u>\$ 56.7</u>	<u>\$ 2.4</u>
Expenditures:			
General Government Administration	\$ 3.1	\$ 2.9	\$ 0.2
Judicial Administration	2.1	2.1	-
Public Safety	12.3	9.8	2.5
Public Works	2.2	2.2	-
Health and Welfare	10.1	9.8	0.3
Education	14.7	14.9	(0.2)
Parks, Recreation and Cultural	1.6	1.6	-
Community Development	1.2	1.2	-
Non-Departmental	-	-	-
Principal	4.2	4.2	-
Interest	2.2	2.1	0.1
Bond Issuance Costs	-	-	-
Total Expenditures	<u>\$ 53.7</u>	<u>\$ 50.8</u>	<u>\$ 2.9</u>
Excess	\$ 5.4	\$ 5.9	\$ (0.5)
Other Financing Sources (Uses)	(3.5)	(1.9)	(1.6)
Net Change in Fund Balance	1.90	4.00	(2.1)

The General Fund saw decreases in several revenue categories except for other local taxes, charges for services, and recovered costs from FY 19 to FY 20 with an overall increase in revenues of \$2.4 million.

The total General Fund expenditures increased by \$2.9 million due largely to public safety. In FY 20, the County assumed the operations of REMSI (Regional Emergency Medical Services) and converted it into a County department called the Pulaski County Public Safety Department. Other financing uses increased \$1.6 million. All other expenditure categories remained fairly consistent in FY 20 with FY 19 figures resulting in an overall net increase in fund balance of \$1.9 million during FY 20.

COUNTY OF PULASKI, VIRGINIA**Management's Discussion and Analysis (continued)**

The school board unused appropriations from the 2020 fiscal year totaled \$1,366,766. Of that \$1.4 million \$866,766 was carried over by the Board of Supervisors for use in the FY 2021 School Capital Improvements fund while the County retained \$500,000 to use toward the transfer to the Schools in FY 21 for possible County revenue fluctuations due to COVID-19.

General Fund Budgetary Highlights

The following table presents revenues and expenditures for the General Fund only for FY 20 (in millions):

	Original Budget	Amended Budget	Actual	Variance
Revenues:				
Property Taxes	\$ 31.2	\$ 31.3	\$ 31.1	(0.2)
Other Local Taxes	7.9	8.1	8.3	0.2
Permits, Fees and Licenses	0.2	0.2	0.1	(0.1)
Fines and Forfeitures	0.3	0.2	0.2	-
Revenue from Use of Money and Property	0.4	0.4	0.5	0.1
Charges for Services	2.0	2.0	1.7	(0.3)
Miscellaneous	0.1	0.0	0.2	0.2
Recovered Costs	1.3	1.5	1.5	-
Intergovernmental	14.7	14.9	15.5	0.6
Other	0.0	0.0	0.0	-
Total	\$ 58.1	\$ 58.6	\$ 59.1	0.5
Expenditures and transfers:				
General Government Administration	\$ 3.2	\$ 3.3	\$ 3.1	0.2
Judicial Administration	2.1	2.2	2.1	0.1
Public Safety	12.1	13.0	12.3	0.7
Public Works	2.5	2.6	2.2	0.4
Health and Welfare	12.1	12.1	10.1	2.0
Education	15.6	16.2	14.7	1.5
Parks, Recreation and Cultural	1.6	1.6	1.5	0.1
Community Development	1.3	1.5	1.2	0.3
Non-departmental	0.0	0.0	0.0	-
Debt Service	6.4	6.4	6.4	-
Transfers	1.3	1.5	3.5	(2.0)
Total	\$ 58.2	\$ 60.4	\$ 57.1	3.3

It should be noted that this schedule is shown on the budgetary basis. In comparing the original budget to the amended budget both revenues and expenditures increased with the amended budget. Most of this change can be attributed to carry-over appropriations for County construction projects, and unused FY19 local funding for the Component Unit – School Board.

Economic Factors and Future Budgets

The primary factors affecting the financial viability of Pulaski County are limited options for revenue increases, continued fluctuations in state and federal revenues, public school funding demands, and capital projects and improvement priorities.

Limited Revenue Options - Community needs and inflationary pressures require that revenues or governmental efficiencies continue to increase in order to maintain and improve the quality of public services currently enjoyed by county residents. Locally generated revenues have historically increased at a rate of approximately 3%. During FY 2019, the rate of increase in local revenues was 1.7%, however we expect the trend to continue at 3% annually. There are legal limits placed by the General Assembly on how

COUNTY OF PULASKI, VIRGINIA

Management's Discussion and Analysis (continued)

counties can raise revenue to meet community needs. An analysis of options indicates that the primary remaining options for raising needed revenue are limited to real estate taxes and personal property taxes.

State Revenues - Currently, state funding is projected to amount to 34% or \$36.4 million, of the County and Component Unit School Board FY 2021 total budget, while local real estate taxes account for 39.9% percent of total County general fund revenues. A one percent change in state revenue results in a \$0.364 million change in the local budget, or the equivalent of a \$0.014 cent change on the real estate tax rate. Changes in State revenue have a direct impact on the financial picture of the County and on its ability to meet the needs of County residents.

Public School Funding – The demand for public school funding continues to increase year-to-year based on various factors relating to operations, personnel, capital needs and the continuation of the State to partially fund initiatives. General fund contributions to the public-school system amount to 30.7% of the county's annual budget in FY 21. In addition, there was no increase in the local contribution for FY 20-21 over the FY 19-20 contribution.

Capital Projects and Improvement Priorities – The County has more than 50 general properties and buildings to maintain with more than 622,000 sq. ft. of facility space. Significant maintenance and repairs on many of these facilities continue to be necessary in the next few years to insure their safe and continued use. Along with this need, the county will responsibly continue with their plans to replace expensive first responder apparatus that is reaching the end of its useful life.

Other factors that are expected to impact future budgets include:

1. Results of the 6-year reassessment in FY-21 and corresponding tax decreases or increases related to those results.
2. Future anticipated GASB Statement #75 increases for currently unfunded other post employment benefits.
3. Future anticipated GASB Statement #68 increases in County and School unfunded pension liability through the Virginia Retirement System.
4. Funding for the Capital Improvement Plan will need to address office space renovation needs, preventative and proactive maintenance of the facilities, and maintaining future equipment replacement schedules.
5. The ability to maintain increasing operational costs will be dependent on revenue growth from business activity in the County and/or finding better ways of providing community services through resourceful and innovative means.
6. Funding of potential increases in healthcare costs.
7. Funding of continually increasing costs for the regional jail, social services, and State mandated comprehensive services provided to certain County youth.
8. The County will need to invest in additional economic development initiatives including the purchase of the next industrial park and conceptualization of future "shell" buildings making possible rapid response to business and industrial needs for new facilities. In conjunction with the Economic Development Authority of Pulaski County, the County will also need to maintain relationships with current employers and potentially provide economic development assistance with any expansions of current operations.
9. There remains a long-term need for reducing operational costs through joint services, initiatives in the provision of public safety services, tax bill collections, and improved property maintenance.
10. The condition of the local, regional, state, and national economies and a resulting increase in demand for services should economic conditions continue their decline during the COVID-19 pandemic.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the resources it receives and their uses. Questions concerning this report or requests for additional financial information should be directed to the Jonathan Sweet, County Administrator at 143 Third Street NW, Suite 1, Pulaski, Virginia 24301, or telephone (540) 980-7705. The County's website address is www.pulaskicounty.org. We welcome the opportunity to present the financial status of the County to citizens, community groups, and state agencies in which the resources of the County have a direct effect on the ability to improve the quality of life, while addressing nationwide economic and social changes impacting the community.

Basic Financial Statements

County of Pulaski, Virginia
Statement of Net Position
June 30, 2020

	Primary Government		Component Units		
	Governmental	School	Public Service	Economic Development	
	Activities	Board	Authority	Authority	
ASSETS					
Cash and Cash Equivalents	\$ 30,175,778	\$ 2,414,591	\$ 4,627,598	\$ 213,776	
Receivables (Net of Allowance for Uncollectibles):					
Taxes	13,283,433	-	-	-	
Other Local Taxes and Fees	386,454	-	-	-	
Accounts Receivable	268,467	-	1,745,113	382,885	
Capital Lease Receivable	-	-	-	4,540,188	
Note Receivable	112,259	-	2,630,581	30,600,973	
Rent Receivable	-	-	-	89,053	
Interest Receivable	-	-	-	140,959	
Prepaid Items	165,969	542,292	15,389	3,235	
Due from Primary Government	-	2,318,950	-	-	
Due from Other Governmental Units	2,280,938	1,204,877	-	-	
Due from Component Units	1,332,950	-	-	-	
Advances to Component Units	500,000	-	-	-	
Restricted Assets:					
Cash and Cash Equivalents	8,602,021	-	337,380	514,098	
Capital Assets:					
Land	3,112,565	858,360	225,354	2,568,872	
Buildings and Improvements	39,804,924	5,093,062	452,604	11,083,445	
Machinery and Equipment	4,097,764	3,727,356	2,270,956	37,265	
Infrastructure	-	-	22,272,368	-	
Construction in Progress	44,699,200	-	221,770	-	
Total Assets	<u>\$ 148,822,722</u>	<u>\$ 16,159,488</u>	<u>\$ 34,799,113</u>	<u>\$ 50,174,749</u>	
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Charges on Refunding	\$ 240,372	\$ -	\$ -	\$ -	
Pension Related Items	2,139,046	7,062,338	340,603	-	
OPEB Related Items	343,028	1,146,015	38,410	-	
Total Deferred Outflows of Resources	<u>\$ 2,722,446</u>	<u>\$ 8,208,353</u>	<u>\$ 379,013</u>	<u>\$ -</u>	
LIABILITIES					
Accounts Payable	\$ 4,723,748	\$ 219,641	\$ 312,854	\$ 108,315	
Amounts Held for Others	-	-	-	514,098	
Accrued Wages	-	3,611,803	-	-	
Customer Deposits	-	-	157,529	-	
Accrued Interest Payable	826,312	-	15,598	38,606	
Due to Component Units	2,318,950	-	-	-	
Due to Primary Government	-	-	-	1,832,950	
Unearned Revenue	2,702,632	-	-	19,628	
Long-Term Liabilities:					
Due Within One Year	5,434,050	1,032,769	413,403	2,641,725	
Due in More Than One Year	63,688,307	43,410,931	11,841,352	31,768,330	
Total Liabilities	<u>\$ 79,693,999</u>	<u>\$ 48,275,144</u>	<u>\$ 12,740,736</u>	<u>\$ 36,923,652</u>	
DEFERRED INFLOWS OF RESOURCES					
Deferred Revenue - Property Taxes	\$ 10,009,389	\$ -	\$ -	\$ -	
Pension Related Items	686,798	5,449,114	96,133	-	
OPEB Related Items	126,374	831,500	40,095	-	
Total Deferred Inflows of Resources	<u>\$ 10,822,561</u>	<u>\$ 6,280,614</u>	<u>\$ 136,228</u>	<u>\$ -</u>	
NET POSITION					
Net Investment in Capital Assets	\$ 37,455,576	\$ 9,678,778	\$ 14,455,481	\$ 10,168,813	
Restricted	715,603	-	337,380	-	
Unrestricted (Deficit)	22,857,429	(39,866,695)	7,508,301	3,082,284	
Total Net Position	<u>\$ 61,028,608</u>	<u>\$ (30,187,917)</u>	<u>\$ 22,301,162</u>	<u>\$ 13,251,097</u>	

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

County of Pulaski, Virginia
Statement of Activities
For the Fiscal Year Ended June 30, 2020

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component Units		
					School Board	Public Service Authority	Economic Development Authority
Primary Government:							
Governmental Activities:							
General Government Administration	\$ 3,128,845	\$ -	\$ 320,032	\$ -	\$ (2,808,813)		
Judicial Administration	2,169,572	201,029	1,095,294	-	(873,249)		
Public Safety	12,496,921	1,524,697	3,453,177	-	(7,519,047)		
Public Works	2,230,327	108,632	9,741	-	(2,111,954)		
Health and Welfare	10,235,842	-	7,817,617	-	(2,418,225)		
Education	15,838,781	-	-	-	(15,838,781)		
Parks, Recreation and Cultural	1,840,271	190,838	137,843	-	(1,511,590)		
Community Development	1,105,826	-	-	407,169	(698,657)		
Interest on long-term debt	1,884,031	-	-	-	(1,884,031)		
Total Primary Government	\$ 50,930,416	\$ 2,025,196	\$ 12,833,704	\$ 407,169	\$ (35,664,347)		
Component Units:							
School Board	\$ 47,904,984	\$ 959,796	\$ 33,420,513	\$ -	\$ (13,524,675)	\$ -	\$ -
Public Service Authority	9,376,025	9,494,529	-	-	-	118,504	-
Economic Development Authority	3,550,835	718,403	1,504,451	-	-	-	(1,327,981)
Total Component Units	\$ 60,831,844	\$ 11,172,728	\$ 34,924,964	\$ -	\$ (13,524,675)	\$ 118,504	\$ (1,327,981)
General Revenues:							
General Property Taxes					\$ -	\$ -	\$ -
Other Local Taxes							
Local Sales and Use Taxes							
Consumers' Utility Taxes							
Business Licenses							
Consumption Taxes							
Motor Vehicle Licenses							
Bank Stock Taxes							
Taxes on Recordation and Wills							
Hotel and Motel Room Taxes							
Restaurant Food Taxes							
Unrestricted Revenues from Use of Money and Property					13,765	65,367	13,547
Miscellaneous					34,813	308,750	50
Payments from Primary Government					14,607,872	42,386	-
Grants and Contributions Not Restricted to Specific Programs					-	-	-
Special item - Government combination					-	-	-
Total General Revenues and Special Items					\$ 14,656,450	\$ 416,503	\$ 13,597
Change in Net Position					\$ 1,131,775	\$ 535,007	\$ (1,314,384)
Net Position - Beginning, as restated					(31,319,692)	21,766,155	14,565,481
Net Position - Ending					\$ (30,187,917)	\$ 22,301,162	\$ 13,251,097

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

County of Pulaski, Virginia
Balance Sheet
Governmental Funds
June 30, 2020

	<u>General</u>	<u>School CIP Fund</u>	<u>County CIP Fund</u>	<u>Total</u>
ASSETS				
Cash and Cash Equivalents	\$ 22,103,091	\$ 285,643	\$ 2,633,673	\$ 25,022,407
Receivables (Net of Allowance for Uncollectibles):				
Taxes	13,283,433	-	-	13,283,433
Other Local Taxes and Fees	386,454	-	-	386,454
Accounts	180,392	-	-	180,392
Loans	112,259	-	-	112,259
Due from Other Funds	261,640	294,412	-	556,052
Due from Other Governmental Units	2,244,133	-	36,805	2,280,938
Prepaid items	86,416	-	-	86,416
Due from Component Units	1,163,126	-	169,824	1,332,950
Advances to Component Units	500,000	-	-	500,000
Restricted:				
Cash and cash equivalents	-	8,602,021	-	8,602,021
Total Assets	<u>\$ 40,320,944</u>	<u>\$ 9,182,076</u>	<u>\$ 2,840,302</u>	<u>\$ 52,343,322</u>
LIABILITIES				
Accounts Payable	\$ 1,276,748	\$ 2,430,263	\$ 415,711	\$ 4,122,722
Due to Other Funds	175,256	248,104	181,228	604,588
Due to Component Units	2,318,950	-	-	2,318,950
Unearned Revenue	2,702,632	-	-	2,702,632
Total Liabilities	<u>\$ 6,473,586</u>	<u>\$ 2,678,367</u>	<u>\$ 596,939</u>	<u>\$ 9,748,892</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	\$ 13,160,450	\$ -	\$ -	\$ 13,160,450
Unearned Revenue - Loans	16,911	-	-	16,911
Total Deferred Inflows of Resources	<u>\$ 13,177,361</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,177,361</u>
FUND BALANCE				
Nonspendable	\$ 586,416	\$ -	\$ -	\$ 586,416
Restricted	383,652	6,503,709	-	6,887,361
Committed	-	-	2,243,363	2,243,363
Assigned	1,683,250	-	-	1,683,250
Unassigned	18,016,679	-	-	18,016,679
Total Fund Balances	<u>\$ 20,669,997</u>	<u>\$ 6,503,709</u>	<u>\$ 2,243,363</u>	<u>\$ 29,417,069</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 40,320,944</u>	<u>\$ 9,182,076</u>	<u>\$ 2,840,302</u>	<u>\$ 52,343,322</u>

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

County of Pulaski, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2020

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	29,417,069
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Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.

Land	\$ 3,112,565	
Building and Improvements	39,804,924	
Machinery and Equipment	4,097,764	
Construction in Progress	<u>44,699,200</u>	91,714,453

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.

Unavailable Revenue - Property Taxes	\$ 3,151,061	
Loans Receivable	<u>16,911</u>	3,167,972

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds.

The assets and deferred outflows and liabilities and deferred inflows of the internal service funds are included in governmental activities in the Statement of Net Position.		4,768,509
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Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

Pension related items	\$ 2,139,046	
OPEB related items	<u>343,028</u>	2,482,074

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds

General Obligation Bonds	\$ (49,029,539)	
Literary Loans	(3,296,487)	
Lease Revenue Notes	(7,378,129)	
Lease Purchase Agreement	(169,883)	
Unamortized Bond Premiums	(1,223,741)	
Unamortized Bond Discounts	426,772	
Landfill Post-Closure Monitoring Costs	(272,863)	
Net Pension Liability	(4,690,414)	
Net OPEB Liabilities	(2,200,162)	
Deferred Charge on Refunding	240,372	
Compensated Absences	(1,287,911)	
Accrued Interest Payable	<u>(826,312)</u>	(69,708,297)

Deferred inflows of resources are not due and payable in the current period, and, therefore, are not reported in the funds.

Pension related items	\$ (686,798)	
OPEB related items	<u>(126,374)</u>	(813,172)

Net Position of Governmental Activities	\$	<u><u>61,028,608</u></u>
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The notes to the financial statements are an integral part of this statement.

County of Pulaski, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2020

	General Fund	School CIP Fund	County CIP Fund	Total
REVENUES				
General Property Taxes	\$ 31,124,002	\$ -	\$ -	\$ 31,124,002
Other Local Taxes	8,270,789	-	-	8,270,789
Permits, Privilege Fees and Regulatory Licenses	160,975	-	-	160,975
Fines and Forfeitures	191,397	-	-	191,397
Revenue from Use of Money and Property	495,213	431,005	-	926,218
Charges for Services	1,672,824	-	-	1,672,824
Miscellaneous	175,637	39	8,789	184,465
Recovered Costs	1,525,696	-	-	1,525,696
Intergovernmental	15,420,763	-	407,169	15,827,932
Total Revenues	\$ 59,037,296	\$ 431,044	\$ 415,958	\$ 59,884,298
EXPENDITURES				
Current:				
General Government Administration	\$ 3,135,736	\$ -	\$ 415,330	\$ 3,551,066
Judicial Administration	2,090,825	-	-	2,090,825
Public Safety	12,336,574	-	310,038	12,646,612
Public Works	2,180,697	-	560,338	2,741,035
Health and Welfare	10,126,538	-	1,680	10,128,218
Education	14,715,707	-	-	14,715,707
Parks, Recreation and Cultural	1,547,224	-	895,951	2,443,175
Community Development	1,235,098	-	44,529	1,279,627
Capital Projects	-	26,706,407	-	26,706,407
Debt Service:				
Principal Retirement	4,170,638	-	20,485	4,191,123
Interest and Other Fiscal Charges	2,222,850	-	7,954	2,230,804
Total Expenditures	\$ 53,761,887	\$ 26,706,407	\$ 2,256,305	\$ 82,724,599
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 5,275,409	\$ (26,275,363)	\$ (1,840,347)	\$ (22,840,301)
Other Financing Sources (Uses)				
Transfers In	\$ -	\$ 230,976	\$ 2,528,678	\$ 2,759,654
Transfers Out	(3,528,365)	-	(181,228)	(3,709,593)
Issuance of capital lease	-	-	190,368	190,368
Total Other Financing Sources (Uses)	\$ (3,528,365)	\$ 230,976	\$ 2,537,818	\$ (759,571)
Special Item				
Government combination	\$ 156,573	\$ -	\$ -	\$ 156,573
Net Change in Fund Balance	\$ 1,903,617	\$ (26,044,387)	\$ 697,471	\$ (23,443,299)
Fund Balance - Beginning	18,766,380	32,548,096	1,545,892	52,860,368
Fund Balance - Ending	\$ 20,669,997	\$ 6,503,709	\$ 2,243,363	\$ 29,417,069

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

County of Pulaski, Virginia
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2020

Amounts reported for governmental activities in the Statement of Activities are different because:

Net changes in fund balance - total governmental funds \$ (23,443,299)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 28,927,942	
Depreciation expenses	<u>(2,928,397)</u>	25,999,545

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position.

Disposal of assets	(5,222)	
Transfer of assets from REMSI	1,037,749	1,032,527

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Decrease (Increase) in unavailable revenue - property taxes	\$ 322,590	
Decrease (Increase) in unavailable revenue - loans	<u>(75,790)</u>	246,800

The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligation consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the effect of these differences in the treatment of long-term debt and related items.

Debt issued or incurred:		
Lease Revenue Note	\$ (190,368)	
Landfill post-closure monitoring costs	(2,747)	
Principal repayments:		
General obligation bonds	2,725,048	
Literary loans	436,378	
Lease revenue notes	1,009,212	
Lease purchase agreement	<u>20,485</u>	3,998,008

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.

Changes in OPEB related items	\$ (189,951)	
Changes in pension related items	(355,956)	
(Increase) Decrease in compensated absences	(17,668)	
(Increase) Decrease in accrued interest payable	25,737	
Increase (Decrease) in deferred charge on refunding	(34,339)	
Amortization of bond premiums and discounts	<u>355,375</u>	(216,802)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

927,329

Change in net position of governmental activities	<u>\$ 8,544,108</u>
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The notes to the financial statements are an integral part of this statement.

County of Pulaski, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2020

	Health Insurance Premiums <u>Fund</u>	Information Technology, Garage, and Communication <u>Service Fund</u>	<u>Total Internal Service Funds</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 5,153,371	\$ -	\$ 5,153,371
Receivables (Net of Allowance for Uncollectibles):			
Accounts Receivable	-	88,075	88,075
Due from Other Funds	-	48,536	48,536
Prepaid Items	-	79,553	79,553
Total Assets	<u>\$ 5,153,371</u>	<u>\$ 216,164</u>	<u>\$ 5,369,535</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 61,030	\$ 87,578	\$ 148,608
IBNR Payable	452,418	-	452,418
Total Liabilities	<u>\$ 513,448</u>	<u>\$ 87,578</u>	<u>\$ 601,026</u>
NET POSITION			
Unrestricted	\$ 4,639,923	\$ 128,586	\$ 4,768,509
Total Net Position	<u>\$ 4,639,923</u>	<u>\$ 128,586</u>	<u>\$ 4,768,509</u>

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

County of Pulaski, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2020

	Health Insurance Premiums <u>Fund</u>	Information Technology, Garage, and Communication <u>Service Fund</u>	Total Internal <u>Service Funds</u>
OPERATING REVENUES			
Charges for Services:			
Information Technology Charges	\$ -	\$ 472,619	\$ 472,619
Garage Charges	-	1,408,251	1,408,251
Communication Charges	-	93,698	93,698
Other Revenues:			
Miscellaneous	-	28,933	28,933
Insurance Premiums	8,496,006	-	8,496,006
Total Operating Revenues	<u>\$ 8,496,006</u>	<u>\$ 2,003,501</u>	<u>\$ 10,499,507</u>
OPERATING EXPENSES			
Information Technology	\$ -	\$ 879,867	\$ 879,867
Central Garage	-	2,041,828	2,041,828
Communications	-	99,662	99,662
Insurance Claims and Expenses	7,500,760	-	7,500,760
Total Operating Expenses	<u>\$ 7,500,760</u>	<u>\$ 3,021,357</u>	<u>\$ 10,522,117</u>
Operating Income (Loss)	<u>\$ 995,246</u>	<u>\$ (1,017,856)</u>	<u>\$ (22,610)</u>
Transfer In	<u>\$ -</u>	<u>\$ 949,939</u>	<u>\$ 949,939</u>
Change in Net Position	\$ 995,246	\$ (67,917)	\$ 927,329
Net Position - Beginning	3,644,677	196,503	3,841,180
Net Position - Ending	<u>\$ 4,639,923</u>	<u>\$ 128,586</u>	<u>\$ 4,768,509</u>

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

County of Pulaski, Virginia
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2020

	Health Insurance Premiums Fund	Information Technology, Garage, and Communication Service Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Charges to County Department and other organizations	\$ -	\$ 2,004,853	\$ 2,004,853
Other receipts (payments)	-	28,933	28,933
Payments to suppliers for goods and services	-	(2,983,725)	(2,983,725)
Receipts for insurance premiums	8,496,006	-	8,496,006
Payments for insurance premiums	(7,638,644)	-	(7,638,644)
Total cash provided by (used for) operating activities	<u>\$ 857,362</u>	<u>\$ (949,939)</u>	<u>\$ (92,577)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	<u>\$ -</u>	<u>\$ 949,939</u>	<u>\$ 949,939</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 857,362</u>	<u>\$ -</u>	<u>\$ 857,362</u>
Cash and Cash Equivalents - Beginning	<u>\$ 4,296,009</u>	<u>\$ -</u>	<u>\$ 4,296,009</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 5,153,371</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,153,371</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Operating Income (Loss)	<u>\$ 995,246</u>	<u>\$ (1,017,856)</u>	<u>\$ (22,610)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Increase (Decrease) in Accounts Payable	\$ (3,324)	\$ 5,288	\$ 1,964
Increase (Decrease) in IBNR Payable	(134,560)	-	(134,560)
(Increase) Decrease in Accounts Receivable	-	10,393	10,393
(Increase) Decrease in Due from Other Funds	-	19,892	19,892
(Increase) Decrease in Prepaid Items	-	32,344	32,344
Total Adjustments	<u>\$ (137,884)</u>	<u>\$ 67,917</u>	<u>\$ (69,967)</u>
Net Cash Provided By (Used For) Operating Activities	<u><u>\$ 857,362</u></u>	<u><u>\$ (949,939)</u></u>	<u><u>\$ (92,577)</u></u>

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

County of Pulaski, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Agency Funds
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 258,269
	<u>258,269</u>
LIABILITIES	
Current Liabilities:	
Amounts Held for Others:	
Special Welfare Fund	\$ 27,786
Performance Bond Fund	144,868
Employee Flexible Benefits Fund	85,615
Total amounts held for others	<u>\$ 258,269</u>
Total Liabilities	<u>\$ 258,269</u>

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements June 30, 2020

Note 1-Summary of Significant Accounting Policies:

The financial statements of the County conform to generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

A. Financial Reporting Entity:

County of Pulaski, Virginia is a political subdivision governed by an elected five-member Board of Supervisors. The accompanying financial statements present the government and its component units, entities, for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the County's operations.

Blended Component Units - None

Discretely Presented Component Units - The component unit columns in the financial statements include the financial data of the County's discretely presented component units. The component units are reported in a separate column to emphasize that they are legally separate from the County.

The Pulaski County School Board operates the elementary and secondary schools in the County. School Board members are elected by popular vote. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School Board and provides significant funding to operate the public schools since the School Board does not have separate taxing powers. The School Board is presented as a governmental fund type. The School Board does not issue a separate report.

The Pulaski County Public Service Authority provides water, sewer, and garbage service to County residents. The Public Service Authority is fiscally dependent upon the County because the County has issued several bonds payable by the Authority. In addition, the County Board of Supervisors appoints the Board of Directors. A copy of the Public Service Authority's report can be obtained from the Public Service Authority.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued) June 30, 2020

Note 1- Summary of Significant Accounting Policies: (continued)

A. Financial Reporting Entity: (continued)

The Pulaski County Economic Development Authority encourages and provides financing for economic development in the County. The Authority is fiscally dependent upon the County. In addition, the Authority's Board is appointed by the County Board of Supervisors. A copy of the Economic Development Authority's report can be obtained from the Economic Development Authority.

Related Organizations - The County Board appoints board members to outside organizations, but the County's accountability for these organizations do not extend beyond making the appointments.

The County along with the Counties of Carroll, Bland, Floyd, Giles, Grayson, and Wythe and the City of Radford participate in supporting the New River Valley Regional Jail Authority. The monthly payment made by the County to the Regional Jail is based on the number of prisoners housed for the County. For the year ended June 30, 2020, the County paid \$2,067,985 for the confinement of prisoners.

The County and the Counties of Montgomery, Giles, Floyd, and the City of Radford participate in supporting New River Valley Community Services. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. The County contributed \$96,000 to NRVCS for the current year.

The County along with Counties in the surrounding area participate in supporting the New River Valley Juvenile Detention Home. The County contributed \$113,314 to the NRV Juvenile Detention Home for the current year.

B. Government-wide and Fund Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary 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. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued) June 30, 2020

Note 1- Summary of Significant Accounting Policies: (continued)

B. Government-wide and Fund Financial Statements: (continued)

The Statement of Net Position is designed to display financial position of the primary government (governmental activities) and its discretely presented component units. Governments will report all capital assets in the government-wide Statement of Net Position and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are 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*.

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, if any, are reported as separate columns in the fund financial statements.

Budgetary comparison schedules demonstrate compliance with the adopted budget. It is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. The budgetary comparison schedules present the original budget, the final budget, and the actual activity of the major governmental funds.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued) June 30, 2020

Note 1- Summary of Significant Accounting Policies: (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation: (continued)

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of 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. This is the manner in which these funds are normally budgeted. Revenues are recognized when they have been earned and 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 government considers revenues to be available if they are collected within 60 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 principal and interest expenditures on general long-term debt, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The County's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Property taxes, franchise taxes, licenses, 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. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 1- Summary of Significant Accounting Policies: (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation: (continued)

Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the County.

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. All other revenue items are considered to be measurable and available only when the government receives cash.

The County reports the following major governmental fund:

The General Fund is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in other funds. The general fund includes the activities of the Virginia Public Assistance, Prepaid Taxes, Comprehensive Services Act funds, and Debt Service funds for both the County and School Board.

The School CIP fund is reported as the County's major *capital projects fund*. The fund accounts for and reports financial resources that are restricted, committed, or assigned to be used for the acquisition and construction of major school capital projects.

The County reports the following nonmajor governmental funds:

The County CIP fund is reported as the County's nonmajor *capital projects fund*. The fund accounts for and reports financial resources that are restricted, committed, or assigned to be used for the acquisition and construction of major County capital projects as well as acquisitions of other types of capital assets.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 1- Summary of Significant Accounting Policies: (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation: (continued)

Additionally, the County reports the following fund types:

Internal service funds (Proprietary funds) account for and report the financing of goods and services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The internal service funds consist of the Information Technology, Garage, and Communications Service Fund and the Health Insurance Premiums Fund.

Fiduciary funds (Trust and Agency funds) account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. The Special Welfare, Performance Bond, and Employee Flexible Benefit Funds are reported as agency funds.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the government's functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Pulaski County School Board reports the following major fund:

The School Operating Fund accounts for all revenues and expenditures applicable to the general operations of the public school system. Revenues are derived primarily from charges for services, appropriations from County of Pulaski, Virginia and state and federal grants.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 1- Summary of Significant Accounting Policies: (continued)

D. Assets, Liabilities, Deferred Outflows/inflows of Resources, and Net Position/ Fund Balance:

1. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Restricted cash consists of reserve accounts established as required by Rural Development bond covenants.

2. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, other nonparticipating investments, and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

3. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans). All other outstanding balances between funds are reported as "advances to/from other funds" (i.e., the noncurrent portion of interfund loans).

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance nonspendable account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 1- Summary of Significant Accounting Policies: (continued)

D. Assets, Liabilities, Deferred Outflows/inflows of Resources, and Net Position/Fund Balance:
(continued)

4. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1 of the following year if they remain unpaid. Real estate taxes are payable on June 5th and December 5th. Personal property taxes are due and collectible annually on October 15th. The County bills and collects its own property taxes.

5. Allowance for Uncollectible Amounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$2,187,495 at June 30, 2020 and is comprised of \$965,695 in real estate taxes delinquent for 20 years and personal property taxes delinquent for 5 years and \$1,221,800 for unpaid ambulance services.

6. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

7. Prepaid Items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 1- Summary of Significant Accounting Policies: (continued)

D. Assets, Liabilities, Deferred Outflows/inflows of Resources, and Net Position/Fund Balance:
(continued)

8. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment, and infrastructure of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Asset Type	Years
Building and Improvements	20-40
Infrastructure	20-40
Machinery and Equipment	4-30

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 1- Summary of Significant Accounting Policies: (continued)

D. Assets, Liabilities, Deferred Outflows/inflows of Resources, and Net Position/Fund Balance:
(continued)

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has multiple items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Another item is comprised of certain items related to the measurement of the net pension liability and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability and net OPEB liabilities measurement date. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has multiple items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability and net OPEB liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued) June 30, 2020

Note 1- Summary of Significant Accounting Policies: (continued)

D. Assets, Liabilities, Deferred Outflows/inflows of Resources, and Net Position/Fund Balance: (continued)

10. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. The County accrues salary-related payments associated with the payment of compensated absences. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

11. Pensions

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 County's and School Board's Retirement Plan and the additions to/deductions from the County's and School Board'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.

12. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI and Teacher HIC OPEB Plans and the additions to/deductions from the VRS OPEB Plans' 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.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued) June 30, 2020

Note 1- Summary of Significant Accounting Policies: (continued)

D. Assets, Liabilities, Deferred Outflows/inflows of Resources, and Net Position/Fund Balance: (continued)

13. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

14. Fund Balance

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance - amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Board of Supervisors prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another ordinance to remove or revise the limitation;
- Assigned fund balance - amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments general only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued) June 30, 2020

Note 1- Summary of Significant Accounting Policies: (continued)

D. Assets, Liabilities, Deferred Outflows/inflows of Resources, and Net Position/Fund Balance: (continued)

14. Fund Balance (continued)

The County's highest decision-making level is the Board of Supervisors. Action from the Board of Supervisors is required to commit or release funds from commitment.

The County's Board of Supervisors has authorized the County Administrator to assign fund balance to a specific purpose as approved within the County fund balance policy.

15. Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued) June 30, 2020

Note 2- Stewardship, Compliance, and Accountability:

A. Budgetary Information:

The following procedures are used by the County in establishing the budgetary data reflected in the financial statements:

1. Prior to April 1st, the County Administrator submits to the Board of Supervisors 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. All non-fiduciary funds have legally adopted budgets.
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 functional level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's subcategories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds, and the General Capital Projects Fund, as applicable. The School Fund and School Capital Projects Fund are integrated only at the level of legal adoption.
6. All budgets are adopted on a modified accrual basis.
7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.
8. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year-end, valid outstanding encumbrances (those for which performance under executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 2- Stewardship, Compliance, and Accountability: (continued)

B. Excess of Expenditures Over Appropriations:

Expenditures did not exceed appropriations for any function during fiscal year 2020.

C. Deficit Fund Balance:

At June 30, 2020, there were no funds that had a deficit fund balance.

Note 3- Deposits and Investments:

Deposits:

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the “Act”) Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments:

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper that has received at least two of the following ratings: P-1 by Moody’s Investors Service, Inc.; A-1 by Standard and Poor’s; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP).

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 3- Deposits and Investments: (continued)

Interest Rate Risk:

The County has not adopted an investment policy for interest rate risk. Investments subject to interest rate risk are presented below along with their corresponding maturities.

Investment Maturities (in years)			
Investment Type	Fair Value	Net Asset Value	
		(NAV)	1 Year
LGIP	\$ 115,454	\$ -	\$ 115,454
SNAP	8,602,021	-	8,602,021
VML/VACo Investment Pool	-	3,118,754	3,118,754
Total	<u>\$ 8,717,475</u>	<u>\$ 3,118,754</u>	<u>\$ 11,836,229</u>

Custodial Credit Risk (Investments):

The County's rated debt investments as of June 30, 2020 were rated by Standard and Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor's rating scale.

County's Rated Debt Investments' Values	
Rated Debt Investments	Ratings
	AAAm
LGIP	\$ 115,454
SNAP	8,602,021
VML/VACo Investment Pool	3,118,754
Total	<u>\$ 11,836,229</u>

External Investment Pools

The value of the positions in the external investment pools (Local Government Investment Pool and State Non-Arbitrage Pool) is the same as the value of the pool shares. As LGIP and SNAP are not SEC registered, regulatory oversight of the pools rests with the Virginia State Treasury. LGIP and SNAP are amortized cost basis portfolios. There are no withdrawal limitations or restrictions imposed on participants.

Redemption Restrictions

VML/VACO Virginia Investment Pool allows the County to have the option to have access to withdrawal funds twice a month, with a five-day period notice. Additionally, funds are available to meet unexpected needs such as fluctuations in revenue sources, one-time outlays (disasters, immediate capital needs, state budget cuts, and etc.).

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 4- Due From Other Governmental Units:

The following amounts represent receivables from other governments at year-end:

	Primary Government	Component Unit- School Board
Local governments:		
Town of Dublin	\$ 56,760	\$ -
Town of Pulaski	76,139	-
City of Radford	42,846	-
Other local governments	53,928	-
Commonwealth of Virginia:		
State sales tax	726,889	633,000
Communication sales tax	112,029	-
Other taxes	40,243	-
Categorical aid-shared expenses	287,176	-
Categorical aid-other	36,805	-
Categorical aid-VPA funds	145,118	-
Categorical aid-CSA funds	446,663	-
Federal Government:		
Categorical aid-VPA funds	249,727	-
Categorical aid-other	6,615	571,877
Totals	<u>\$ 2,280,938</u>	<u>\$ 1,204,877</u>

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 5- Interfund Balances and Transfers:

Fund	Due from	Due to
Primary Government:		
General Fund	\$ 1,924,766	\$ 2,494,206
County CIP Fund	169,824	181,228
School CIP Fund	294,412	248,104
Information Technology, Garage, and Communication Service Fund	48,536	-
Component Units:		
School Fund	2,318,950	-
Economic Development Authority	-	1,832,950
Total	<u>\$ 4,756,488</u>	<u>\$ 4,756,488</u>
	Transfers in	Transfers out
Primary Government:		
General Fund	\$ -	\$ 3,528,365
County CIP Fund	2,528,678	181,228
School CIP Fund	230,976	-
Information Technology, Garage, and Communication Service Fund	949,939	-
Total	<u>\$ 3,709,593</u>	<u>\$ 3,709,593</u>

Details of advances to component unit amounts are as follows:

Pulaski County Economic Development Authority:

During fiscal year 1990-91, \$500,000 was advanced to the Authority for construction of a building for Renfro, Inc. This advance was made with no repayment terms.

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 6- Long-Term Obligations:

Primary Government- Governmental Activities Indebtedness:

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2020.

	Beginning Balance - as restated	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Direct Borrowings and Placements:				
General obligation bonds	\$ 7,174,587	\$ -	\$ 1,125,048	\$ 6,049,539
Literary loans	3,732,865	-	436,378	3,296,487
Lease revenue notes	8,387,341	-	1,009,212	7,378,129
Unamortized bond premiums	265,375	-	41,287	224,088
General obligation bonds	44,580,000	-	1,600,000	42,980,000
Unamortized bond premiums	1,342,526	-	342,873	999,653
Unamortized bond discounts	(455,557)	-	(28,785)	(426,772)
Lease purchase agreement	-	190,368	20,485	169,883
Landfill post-closure monitoring costs	270,116	2,747	-	272,863
Net OPEB liabilities	2,007,449	461,969	269,256	2,200,162
Net pension liability	2,873,283	6,220,423	4,403,292	4,690,414
Compensated absences	1,270,243	970,350	952,682	1,287,911
Total	<u>\$ 71,448,228</u>	<u>\$ 7,845,857</u>	<u>\$ 10,171,728</u>	<u>\$ 69,122,357</u>

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending June 30,	Direct Borrowing and Placements		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2021	\$ 2,431,374	\$ 547,304	\$ 1,680,000	\$ 1,508,269
2022	2,059,157	470,728	1,765,000	1,424,269
2023	2,103,679	396,535	1,855,000	1,336,018
2024	1,607,497	333,597	1,945,000	1,243,268
2025	1,666,022	281,584	2,045,000	1,146,018
2026-2030	6,416,214	603,696	11,440,000	4,510,695
2031-2035	440,212	34,851	13,270,000	2,676,569
2036-2040	-	-	8,980,000	286,250
Totals	<u>\$ 16,724,155</u>	<u>\$ 2,668,295</u>	<u>\$ 42,980,000</u>	<u>\$ 14,131,356</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued) June 30, 2020

Note 6- Long-Term Obligations: (continued)

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Direct Borrowings and Placements:						
General obligation bonds:						
GO bond	4.975-5.85%	11/16/2000	2021	\$ 754,241	\$ 44,539	\$ 44,539
VPSA GO bond	2.35-5.1%	11/7/2002	2023	10,915,000	1,635,000	545,000
GO bond	3.175-4.05%	1/13/2010	2030	7,465,000	4,370,000	370,000
Subtotal GO bonds					\$ 6,049,539	\$ 959,539
Unamortized bond premium	n/a	11/7/2002	2023	436,841	65,527	21,842
Unamortized bond premium	n/a	1/13/2010	2030	40,136	19,063	2,007
Total general obligation bonds					\$ 6,134,129	\$ 983,388
Lease revenue notes:						
School lease revenue note	5.10%	5/15/2008	2029	5,255,000	\$ 3,025,000	\$ 270,000
Lease revenue note	2.47-3.25%	12/6/2013	2027	321,054	196,139	25,987
Lease revenue note	2.37%	6/15/2016	2028	3,443,000	2,402,300	276,000
School lease revenue note	2.05%	12/6/2013	2021	2,680,534	372,566	372,566
Landfill sewer line revenue note	3.30%	3/5/2014	2034	1,842,628	1,382,124	80,872
Subtotal lease revenue notes					\$ 7,378,129	\$ 1,025,425
Unamortized bond premium	n/a	5/15/2008	2029	348,754	139,498	34,887
Total lease revenue notes					\$ 7,517,627	\$ 1,060,312
Literary loans:						
Literary loan	2.00%	5/2/2016	2027	4,987,173	\$ 3,296,487	\$ 446,410
Total Direct Borrowings and Placements					\$ 16,948,243	\$ 2,490,110
General obligation bonds:						
GO bond	3.00-5.00%	3/1/2018	2038	46,240,000	\$ 42,980,000	\$ 1,680,000
Unamortized bond premium	n/a	3/1/2018	2029	1,739,614	999,653	291,905
Unamortized bond discount	n/a	3/1/2018	2038	(484,342)	(426,772)	(28,785)
Total general obligation bonds					\$ 43,552,881	\$ 1,943,120
Other obligations:						
Lease purchase agreement	5.797%	7/10/2019	2025	190,368	\$ 169,883	\$ 34,887
Landfill post-closure monitoring costs	n/a	n/a	n/a	n/a	272,863	-
Net OPEB liabilities	n/a	n/a	n/a	n/a	2,200,162	-
Net pension liability	n/a	n/a	n/a	n/a	4,690,414	-
Compensated absences	n/a	n/a	n/a	n/a	1,287,911	965,933
Total other obligations					\$ 8,621,233	\$ 1,000,820
Totals					\$ 69,122,357	\$ 5,434,050

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 6- Long-Term Obligations: (continued)

In the event of default, the Lender of the lease revenue notes may declare the entire unpaid principal and interest on the issuance as due and payable. In the event of default on the GO Bonds, the Commonwealth can withhold funding and apply a sufficient portion of the amount withheld to the defaulted principal and interest.

Note 7- Long-Term Obligations - Component Unit School Board:

Discretely Presented Component Unit- School Board-Long-term Obligations:

The following is a summary of long-term obligation transactions of the Component-Unit School Board for the year ended June 30, 2020:

	Beginning Balance	Increases	Decreases	Ending Balance
Net OPEB liabilities	\$ 8,363,700	\$ 1,451,158	\$ 1,243,826	\$ 8,571,032
Net pension liability	31,582,399	12,872,501	9,959,257	34,495,643
Compensated absences	1,397,770	1,027,583	1,048,328	1,377,025
Total	\$ 41,343,869	\$ 15,351,242	\$ 12,251,411	\$ 44,443,700

Details of Long-Term Obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Other obligations:						
Net OPEB liabilities	n/a	n/a	n/a	n/a	\$ 8,571,032	\$ -
Net pension liability	n/a	n/a	n/a	n/a	34,495,643	-
Compensated absences	n/a	n/a	n/a	n/a	1,377,025	1,032,769
Total other obligations					\$ 44,443,700	\$ 1,032,769

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 8-Capital Lease:

The County has entered into a lease purchase agreement for the purchase of vehicles. Total assets acquired through the capital lease are as follows:

Vehicles	\$ 254,176
Accumulated depreciation	(42,951)
Net book value of assets	<u>\$ 211,225</u>

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2020 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 43,939
2022	43,938
2023	43,939
2024	43,939
2025	17,646
Subtotal	<u>\$ 193,401</u>
Less: Amount representing interest	(23,518)
Present value of lease agreement	<u>\$ 169,883</u>

Note 9-Pension Plan:

Plan Description

All full-time, salaried permanent employees of the County and (nonprofessional) employees of the public school divisions are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. However, several entities whose financial information is not included in the primary government report, participate in the VRS plan through the County and the participating entities report their proportionate information on the basis of a cost-sharing plan. Members earn one month of service credit for each month they are employed and for which they and their employer pay 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.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued) June 30, 2020

Note 9-Pension Plan: (continued)

Benefit Structures

The System administers three different benefit structures for covered employees - Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees hired before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees hired on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013 are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees hired on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued) June 30, 2020

Note 9-Pension Plan: (continued)

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. 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.

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

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 County of Pulaski and the PSA's contractually required employer contribution rate for the year ended June 30, 2020 was 8.85% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with 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 were \$981,662 and \$859,240 for the County and \$150,256 and \$143,608 for the PSA for the years ended June 30, 2020 and June 30, 2019, respectively.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued) June 30, 2020

Note 9-Pension Plan: (continued)

Net Pension Liability

At June 30, 2020, the County and PSA reported a liability of \$4,690,414 and \$730,945 for their proportionate share of the net pension liability. The County and PSA's net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. In order to allocate the net pension liability to all employers included in the plan, the County and PSA are required to determine their proportionate share of the net pension liability. Creditable compensation as of June 30, 2019 and 2018 was used as a basis for allocation to determine the County's proportionate share of the net pension liability. At June 30, 2019 and 2018, the County's proportion was 85.7300% and 81.5237%, respectively. At June 30, 2019 and 2018, the PSA's proportion was 13.3600% and 12.8998%, respectively.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County of Pulaski and PSA's Retirement Plan and the Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan 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 return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 9-Pension Plan: (continued)

Actuarial Assumptions - General Employees (Continued)

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued) June 30, 2020

Note 9-Pension Plan: (continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County of Pulaski's Retirement Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan 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 return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 9-Pension Plan: (continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Long-Term Expected Rate of Return

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 9-Pension Plan: (continued)

Long-Term Expected Rate of Return (continued)

The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	<u>100.00%</u>		<u>5.13%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.63%</u>

* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 9-Pension Plan: (continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2019, the rate contribution by the school division for the VRS Teacher Retirement Plan was 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, 2019 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County and PSA's Proportionate Shares of the Net Pension Liability to Changes in the Discount Rate

The following presents the County and PSA's proportionate share of the net pension liability using the discount rate of 6.75%, as well as what the County and PSA's proportionate share of the 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:

	Rate		
	(5.75%)	(6.75%)	(7.75%)
County's proportionate share of the County Retirement Plan Net Pension Liability (Asset)	\$ 11,122,248	\$ 4,690,414	\$ (447,935)
PSA's proportionate share of the County Retirement Plan Net Pension Liability (Asset)	\$ 1,733,270	\$ 730,945	\$ (69,805)

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 9-Pension Plan: (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2020, the County and PSA recognized pension expense of \$1,192,142 and \$187,928, respectively. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2020, the County and PSA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit Pulaski County PSA	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 145,385	\$ 239,121	\$ 22,656	\$ 35,856
Change in assumptions	978,210	13,056	152,442	1,958
Net difference between projected and actual earnings on pension plan investments	-	386,370	-	58,319
Changes in proportion and differences between employer contributions and proportionate share of contributions	33,789	48,251	15,249	-
Employer contributions subsequent to the measurement date	981,662	-	150,256	-
Total	<u>\$ 2,139,046</u>	<u>\$ 686,798</u>	<u>\$ 340,603</u>	<u>\$ 96,133</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 9-Pension Plan: (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

\$981,662 and \$150,256 is reported as deferred outflows of resources related to pensions resulting from the County and PSA contributions subsequent to the measurement date, will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit Pulaski County PSA
2021	\$ 298,111	\$ 55,356
2022	55,767	16,002
2023	88,369	18,442
2024	28,339	4,414

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report-pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 9-Pension Plan: (continued)

Component Unit School Board (Nonprofessional)

Additional information related to the plan description, plan contribution requirements, actuarial assumptions, long-term expected rate of return, and discount rate is included in the first section of this note.

Employees Covered by Benefit Terms

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

	Component Unit School Board (Nonprofessional)
Inactive members or their beneficiaries currently receiving benefits	92
Inactive members:	
Vested inactive members	14
Non-vested members	58
Inactive members active elsewhere in VRS	29
Total inactive members	101
Active members	98
Total covered employees	291

Contributions

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2020 was 5.38% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 9-Pension Plan: (continued)

Component Unit School Board (Nonprofessional) (continued)

Contributions (continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$117,508 and \$116,793 for the years ended June 30, 2020 and June 30, 2019, 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. The Component Unit School Board's (nonprofessional) net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019.

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 9-Pension Plan: (continued)

Component Unit School Board (Nonprofessional) (continued)

Changes in Net Pension Liability

	Component School Board (Nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2018	\$ 10,872,994	\$ 10,820,595	\$ 52,399
Changes for the year:			
Service cost	\$ 205,580	\$ -	\$ 205,580
Interest	741,559	-	741,559
Differences between expected and actual experience	119,357	-	119,357
Assumption changes	314,083	-	314,083
Contributions - employer	-	116,646	(116,646)
Contributions - employee	-	109,242	(109,242)
Net investment income	-	710,228	(710,228)
Benefit payments, including refunds	(558,574)	(558,574)	-
Administrative expenses	-	(7,218)	7,218
Other changes	-	(447)	447
Net changes	\$ 822,005	\$ 369,877	\$ 452,128
Balances at June 30, 2019	\$ 11,694,999	\$ 11,190,472	\$ 504,527

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 9-Pension Plan: (continued)

Component Unit School Board (Nonprofessional) (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Component Unit School Board (nonprofessional) using the discount rate of 6.75%, as well as what the Component Unit School Board's (nonprofessional) 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:

	Rate		
	<u>(5.75%)</u>	<u>(6.75%)</u>	<u>(7.75%)</u>
Component Unit School Board (Nonprofessional)			
Net Pension Liability (Asset)	<u>\$ 1,908,159</u>	<u>\$ 504,527</u>	<u>\$ (620,624)</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2020, the Component Unit School Board (nonprofessional) recognized pension expense of \$198,001. At June 30, 2020, the Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Unit School Board (Nonprofessional)	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 69,417	\$ 14,646
Change in assumptions	182,668	-
Net difference between projected and actual earnings on pension plan investments	-	95,713
Employer contributions subsequent to the measurement date	<u>117,508</u>	<u>-</u>
Total	<u><u>\$ 369,593</u></u>	<u><u>\$ 110,359</u></u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 9-Pension Plan: (continued)

Component Unit School Board (Nonprofessional) (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

\$117,508 reported as deferred outflows of resources related to pensions resulting from the Component Unit School Board's (nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	Component Unit School Board Nonprofessional
2021	\$ 166,225
2022	(29,388)
2023	(2,173)
2024	7,062

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued) June 30, 2020

Note 9-Pension Plan: (continued)

Component Unit School Board (Professional)

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system).

Additional information regarding the plan description is included in the first section of this note.

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 provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2020 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board were \$3,326,828 and \$3,309,921 for the years ended June 30, 2020 and June 30, 2019, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the school division reported a liability of \$33,991,116 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion was 0.25828% as compared to 0.26811% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized pension expense of \$2,489,340. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 9-Pension Plan: (continued)

Component Unit School Board (Professional) (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

At June 30, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Unit School Board (Professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,176,595
Net difference between projected and actual earnings on pension plan investments	-	746,364
Change in assumptions	3,365,917	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	2,415,796
Employer contributions subsequent to the measurement date	3,326,828	-
Total	<u>\$ 6,692,745</u>	<u>\$ 5,338,755</u>

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 9-Pension Plan: (continued)

Component Unit School Board (Professional) (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

\$3,326,828 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	Component Unit School Board Professional
2021	\$ (868,419)
2022	(1,285,648)
2023	(211,160)
2024	223,630
2025	168,759

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.95%
Investment rate of return	6.75%, net of pension plan 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 return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 9-Pension Plan: (continued)

Component Unit School Board (Professional) (continued)

Actuarial Assumptions (continued)

Mortality rates:

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 75 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 9-Pension Plan: (continued)

Component Unit School Board (Professional) (continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2019, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
		<hr/>
Total Pension Liability	\$	49,683,336
Plan Fiduciary Net Position		36,522,769
Employers' Net Pension Liability (Asset)	\$	<hr/> <hr/> 13,160,567
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		73.51%

The total pension 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 pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

The long-term expected rate of return and discount rate information previously described also apply to this plan.

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued) June 30, 2020

Note 9-Pension Plan: (continued)

Component Unit School Board (Professional) (continued)

Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the school division's proportionate share of the net pension liability using the discount rate of 6.75%, as well as what the school division's proportionate share of the 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:

	Rate		
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 51,171,396	\$ 33,991,116	\$ 19,786,206

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Primary Government and Component Unit School Board

Aggregate Pension Information

	Primary Government				Component Unit Pulaski County PSA				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:												
Primary Government	\$ 2,139,046	\$ 686,798	\$ 4,690,414	\$ 1,192,142	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Component Unit Pulaski County PSA	-	-	-	-	340,603	96,133	730,945	187,928	-	-	-	-
School Board Nonprofessional	-	-	-	-	-	-	-	-	369,593	110,359	504,527	198,001
School Board Professional	-	-	-	-	-	-	-	-	6,692,745	5,338,755	33,991,116	2,489,340
Totals	\$ 2,139,046	\$ 686,798	\$ 4,690,414	\$ 1,192,142	\$ 340,603	\$ 96,133	\$ 730,945	\$ 187,928	\$ 7,062,338	\$ 5,449,114	\$ 34,495,643	\$ 2,687,341

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued) June 30, 2020

Note 10-Other Postemployment Benefits - Health Insurance:

In addition to the pension benefits described in Note 9, the County and School Board administer the Pulaski Post-Retirement Medical Plan (the Plan), which is a single-employer defined benefit healthcare plan. Several entities participate in the defined benefit healthcare plan through the County of Pulaski, Virginia and the participating entities report their proportionate information on the basis of a cost-sharing plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the County's and School Board's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

The Plan provides health insurance benefits to eligible retirees and their spouses. To be eligible, employees must meet the age and service criteria for immediate retirement benefits under VRS, which requires that the employee be age 50 with 10 years of service or permanently, totally disabled and injured in the line of duty. Additionally, the employee must be of full-time status in VRS and must be covered by the active plan at the time of retirement or disability. The benefit provisions, including employer and employee contributions, are governed by the County and can be amended through County action.

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County Board. The amount paid by the County, PSA and School Board for OPEB as the benefits came due during the year ended June 30, 2020 was \$26,700, \$0, and \$170,300 respectively.

Total OPEB Liability

At June 30, 2020, the County, PSA, and School Board reported a liability of \$1,303,700, \$197,600 and \$3,197,800, respectively, for its proportionate share of the total OPEB liability. The total OPEB liability was measured as of July 1, 2019. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. At June 30, 2019 and 2018, the County's proportion was 27.70% and 27.37%, respectively, the PSA's proportion was 4.20% and 4.14%, respectively, and the School Board's proportion was 67.95% and 68.35%, respectively.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 10-Other Postemployment Benefits - Health Insurance: (continued)

Actuarial Assumptions

The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Actuarial Cost Method
Discount Rate	3.13%
Healthcare Trend Rate	0.00% for fiscal year end 2019 (to reflect actual experience), then 5.50% for fiscal year end 2020, decreasing 0.50% per year to an ultimate rate of 5.00%
Salary Scale	2.50%

Mortality rates use RP-2014 Mortality Table, fully generational with base year 2006, using two-dimensional improvement scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on July 1, 2018 valuation data. The methods, assumptions, and participant data used can be found in the July 1, 2018 actuarial valuation report.

Discount Rate

The discount rate has been set equal to 3.13% and represents the Municipal GO AA 20-year yield curve rate as of the measurement date.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 10-Other Postemployment Benefits - Health Insurance: (continued)

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

The following amounts present the total OPEB liability of the County, PSA, and School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.13%) or one percentage point higher (4.13%) than the current discount rate:

	Rate		
	1% Decrease (2.13%)	Current Discount (3.13%)	1% Increase (4.13%)
Proportionate share of the healthcare net OPEB liability:			
County	\$ 1,436,929	\$ 1,303,700	\$ 1,182,217
Component Unit Pulaski County PSA	\$ 217,793	\$ 197,600	\$ 179,187
Component Unit School Board	\$ 3,524,593	\$ 3,197,800	\$ 2,899,820

Sensitivity of the Employer's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the County, PSA, and School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	Rate		
	1% Decrease	Current Trend	1% Increase
Proportionate share of the healthcare net OPEB liability:			
County	\$ 1,131,491	\$ 1,303,700	\$ 1,508,572
Component Unit Pulaski County PSA	\$ 171,499	\$ 197,600	\$ 228,652
Component Unit School Board	\$ 2,775,395	\$ 3,197,800	\$ 3,700,323

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued) June 30, 2020

Note 10-Other Postemployment Benefits - Health Insurance: (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2020, the County, PSA, and School Board recognized OPEB expense in the amount of \$117,900, \$14,500 and \$254,200, respectively. At June 30, 2020, the County, PSA and School Board reported the following deferred outflows of resources and deferred inflows of resources related to OPEB:

	Primary Government		Component Unit Pulaski County PSA		Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 65,600	\$ 63,800	\$ -	\$ 22,900	\$ 126,100	\$ 74,400
Changes in assumptions	52,600	5,500	7,700	8,300	126,900	248,400
Employer contributions subsequent to the measurement date	26,700	-	-	-	170,300	-
Total	\$ 144,900	\$ 69,300	\$ 7,700	\$ 31,200	\$ 423,300	\$ 322,800

\$26,700, \$0, and \$170,300 were reported as deferred outflows of resources related to OPEB resulting from the County's, PSA's, and Component Unit School Board's, respectively, contributions subsequent to the measurement date and will be recognized as reduction of the Total OPEB liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized OPEB expense as follows:

Year Ended June 30	Primary Government	Component Unit Pulaski County PSA	Component Unit School Board
2021	\$ 9,500	\$ (4,500)	\$ (15,300)
2022	9,500	(4,500)	(15,300)
2023	9,500	(4,500)	(15,300)
2024	9,500	(4,500)	(15,300)
2025	9,500	(4,500)	(15,300)
Thereafter	1,400	(1,000)	6,700

Additional disclosures on changes in total OPEB liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued) June 30, 2020

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

The Group Life Insurance (GLI) Plan 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. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan 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 GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Plan. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured plan, it is not included as part of the GLI Plan OPEB.

The specific information for GLI Program OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,463 as of June 30, 2020.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Contributions

The contribution requirements for the GLI Plan 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 GLI Plan was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the Group Life Insurance Plan from the County were \$60,458 and \$52,381 for the years ended June 30, 2020 and June 30, 2019, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit Pulaski County PSA were \$9,256 and \$8,753 for the years ended June 30, 2020 and June 30, 2019, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit-School Board (Nonprofessional) were \$12,314 and \$12,082 for the years ended June 30, 2020 and June 30, 2019, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit-School Board (Professional) were \$112,852 and \$112,755 for the years ended June 30, 2020 and June 30, 2019, respectively.

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB

At June 30, 2020, the County reported a liability of \$896,462 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2020, the Component Unit Pulaski County PSA reported a liability of \$139,703 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2020, the Component Unit-School Board (Nonprofessional) reported a liability of \$192,831 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2020, the Component Unit-School Board (Professional) reported a liability of \$1,799,919 for its proportionate share of the Net GLI OPEB Liability.

The Net GLI OPEB Liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers.

At June 30, 2019, the County's proportion was 0.05509% as compared to 0.05197% at June 30, 2018.

At June 30, 2019, the Component Unit Pulaski County PSA's proportion was 0.008585% as compared to 0.008224% at June 30, 2018.

At June 30, 2019, the Component Unit-School Board (Nonprofessional) proportion was 0.01185% as compared to 0.01197% at June 30, 2018.

At June 30, 2019, the Component Unit-School Board (Professional) proportion was 0.11061% as compared to 0.11429% at June 30, 2018.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (Continued)

For the year ended June 30, 2020, the County recognized GLI OPEB expense of \$25,948. 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.

For the year ended June 30, 2020, the Component Unit Pulaski County PSA recognized GLI OPEB expense of \$4,044. 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.

For the year ended June 30, 2020, the Component-Unit School Board (Nonprofessional) recognized GLI OPEB expense of \$1,468. 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.

For the year ended June 30, 2020, the Component-Unit School Board (Professional) recognized GLI OPEB expense of \$19,280. 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, 2020, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component Unit Pulaski County PSA		Component Unit School Board (nonprofessional)		Component Unit School Board (professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 59,620	\$ 11,628	\$ 9,291	\$ 1,812	\$ 12,824	\$ 2,500	\$ 119,705	\$ 23,346
Change in assumptions	56,597	27,033	8,820	4,213	12,174	5,815	113,636	54,275
Net difference between projected and actual earnings on GLI OPEB plan investments	-	18,413	-	2,870	-	3,961	-	36,972
Changes in proportion	21,453	-	3,343	-	-	10,904	-	103,912
Employer contributions subsequent to the measurement date	60,458	-	9,256	-	12,314	-	112,852	-
Total	<u>\$ 198,128</u>	<u>\$ 57,074</u>	<u>\$ 30,710</u>	<u>\$ 8,895</u>	<u>\$ 37,312</u>	<u>\$ 23,180</u>	<u>\$ 346,193</u>	<u>\$ 218,505</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (Continued)

\$60,458, \$9,256, \$12,314, and \$112,852 reported as deferred outflows of resources related to the GLI OPEB resulting from the County's, Component Unit Pulaski County PSA's, Component-Unit School Board (Nonprofessional)'s, and Component-Unit School Board (Professional)'s, respectively, 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, 2021. 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:

Year Ended June 30	Primary Government	Component Unit Pulaski County PSA	Component Unit-School Board (Non- professional)	Component Unit-School Board (Professional)
2021	\$ 8,404	\$ 1,310	\$ (2,306)	\$ (15,946)
2022	8,405	1,310	(2,306)	(15,944)
2023	16,203	2,525	(628)	(286)
2024	21,946	3,420	2,388	15,736
2025	20,145	3,139	3,668	24,009
Thereafter	5,493	855	1,002	7,267

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, 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, 2019. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Actuarial Assumptions (Continued)

Inflation	2.50%
Salary increases, including inflation:	
Teachers	3.50%-5.95%
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, 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 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 OPEB liabilities.

Mortality Rates - Teachers

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Actuarial Assumptions (Continued)

Mortality Rates - Teachers (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Mortality Rates - Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period of July 1, 2021 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Actuarial Assumptions (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - General Employees (Continued)

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Actuarial Assumptions (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan'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, 2019, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	GLI OPEB Plan	
	<hr/>	
Total GLI OPEB Liability	\$	3,390,238
Plan Fiduciary Net Position		1,762,972
GLI Net OPEB Liability (Asset)	\$	<u>1,627,266</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.00%

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.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

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:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	<u>100.00%</u>		<u>5.13%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.63%</u>

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

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 ended June 30, 2019, 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, 2019 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:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Proportionate share of the GLI Plan Net OPEB Liability:			
County	\$ 1,177,704	\$ 896,462	\$ 668,384
Component Unit Pulaski County PSA	\$ 183,531	\$ 139,703	\$ 104,160
Component Unit-School Board (Nonprofessional)	\$ 253,327	\$ 192,831	\$ 143,771
Component Unit-School Board (Professional)	\$ 2,364,595	\$ 1,799,919	\$ 1,341,982

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued) June 30, 2020

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 12-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC Plan. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information for the Teacher HIC OPEB, including eligibility, coverage, and benefits is described below:

Eligible Employees

The Teacher Employee Retiree HIC Plan was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees include full-time permanent (professional) salaried employees of public school divisions covered under VRS. These employees are enrolled automatically upon employment.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 12-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Benefit Amounts

The Teacher Employee HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For Teacher and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: \$4.00 per month, multiplied by twice the amount of service credit, or \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2020 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate 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 from the school division to the VRS Teacher Employee HIC Plan were \$260,318 and \$259,911 for the years ended June 30, 2020 and June 30, 2019, respectively.

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 12-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Teacher Employee HIC OPEB Liabilities, Teacher Employee HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB

At June 30, 2020, the school division reported a liability of \$3,380,482 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2019 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion of the VRS Teacher Employee HIC Plan was 0.25823% as compared to 0.26811% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized VRS Teacher Employee HIC OPEB expense of \$239,279. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Program OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 19,146
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	213	-
Change in assumptions	78,679	23,490
Change in proportion	-	224,379
Employer contributions subsequent to the measurement date	<u>260,318</u>	<u>-</u>
Total	<u>\$ 339,210</u>	<u>\$ 267,015</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 12-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Teacher Employee HICOPEB Liabilities, Teacher Employee HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB (Continued)

\$260,318 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30

2021	\$ (35,736)
2022	(35,739)
2023	(34,258)
2024	(34,754)
2025	(30,066)
Thereafter	(17,570)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.95%
Investment rate of return	6.75%, net of pension plan 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 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 OPEB liabilities.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 12-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

Mortality Rates - Teachers

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 12-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2019, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
		<hr/>
Total Teacher Employee HIC OPEB Liability	\$	1,438,114
Plan Fiduciary Net Position		129,016
Teacher Employee net HIC OPEB Liability (Asset)	\$	<hr/> <u>1,309,098</u>
Plan Fiduciary Net Position as a Percentage		
of the Total Teacher Employee HIC OPEB Liability		8.97%

The total Teacher Employee HIC OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Teacher Employee HIC 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 VRS 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 VRS 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:

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 12-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return (continued)

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	<u>100.00%</u>		<u>5.13%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.63%</u>

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2019, the rate contributed by each school division for the VRS Teacher Employee HIC Plan 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, 2019 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB 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 Teacher Employee HIC OPEB liability.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued) June 30, 2020

Note 12-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Sensitivity of the School Division's Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the school division's proportionate share of the VRS Teacher Employee HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the school division's proportionate share of the net HIC 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:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 3,783,334	\$ 3,380,482	\$ 3,038,260

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Program's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 13-Aggregate OPEB Information:

	Primary Government				Component Unit Pulaski County PSA				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:												
Group Life Insurance Plan:												
County	\$ 198,128	\$ 57,074	\$ 896,462	\$ 25,948	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Component Unit Pulaski PSA	-	-	-	-	30,710	8,895	139,703	4,044	-	-	-	-
School Board Nonprofessional	-	-	-	-	-	-	-	-	37,312	23,180	192,831	1,468
School Board Professional	-	-	-	-	-	-	-	-	346,193	218,505	1,799,919	19,280
Teacher Health Insurance Credit Plan	-	-	-	-	-	-	-	-	339,210	267,015	3,380,482	239,279
County Stand-Alone Plan	144,900	69,300	1,303,700	117,900	7,700	31,200	197,600	14,500	423,300	322,800	3,197,800	254,200
Totals	\$ 343,028	\$ 126,374	\$ 2,200,162	\$ 143,848	\$ 38,410	\$ 40,095	\$ 337,303	\$ 18,544	\$ 1,146,015	\$ 831,500	\$ 8,571,032	\$ 514,227

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 14- Capital Assets:

Capital asset activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Primary Government:				
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,996,331	\$ 116,234	\$ -	\$ 3,112,565
Construction in progress	16,996,732	27,702,468	-	44,699,200
Total capital assets not being depreciated	<u>\$ 19,993,063</u>	<u>\$ 27,818,702</u>	<u>\$ -</u>	<u>\$ 47,811,765</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 62,381,811	\$ 479,682	\$ -	\$ 62,861,493
Machinery and equipment	16,460,950	1,667,307	(204,907)	17,923,350
Total capital assets, being depreciated	<u>\$ 78,842,761</u>	<u>\$ 2,146,989</u>	<u>\$ (204,907)</u>	<u>\$ 80,784,843</u>
Accumulated depreciation:				
Buildings and improvements	\$ (21,356,270)	\$ (1,700,299)	\$ -	\$ (23,056,569)
Machinery and equipment	(12,797,173)	(1,228,098)	199,685	(13,825,586)
Total accumulated depreciation	<u>\$ (34,153,443)</u>	<u>\$ (2,928,397)</u>	<u>\$ 199,685</u>	<u>\$ (36,882,155)</u>
Total capital assets being depreciated, net	<u>\$ 44,689,318</u>	<u>\$ (781,408)</u>	<u>\$ (5,222)</u>	<u>\$ 43,902,688</u>
Governmental activities capital assets, net	<u>\$ 64,682,381</u>	<u>\$ 27,037,294</u>	<u>\$ (5,222)</u>	<u>\$ 91,714,453</u>

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

Governmental activities:	
General government administration	\$ 183,306
Judicial administration	4,598
Public safety	1,084,294
Public works	330,451
Health and welfare	18,123
Education	1,074,019
Parks, recreation and cultural	219,983
Community development	<u>13,623</u>
Total depreciation expense-governmental activities	<u>\$ 2,928,397</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 14- Capital Assets: (continued)

Capital asset activity for the School Board for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Component Unit:				
School Board:				
Capital assets, not being depreciated:				
Land	\$ 858,360	\$ -	\$ -	\$ 858,360
Construction in progress	214,121	-	(214,121)	-
Total capital assets not being depreciated	<u>\$ 1,072,481</u>	<u>\$ -</u>	<u>\$ (214,121)</u>	<u>\$ 858,360</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 21,678,187	\$ 157,356	\$ -	\$ 21,835,543
Machinery and equipment	10,995,626	983,156	(52,800)	11,925,982
Total capital assets, being depreciated	<u>\$ 32,673,813</u>	<u>\$ 1,140,512</u>	<u>\$ (52,800)</u>	<u>\$ 33,761,525</u>
Accumulated depreciation:				
Buildings and improvements	\$ (16,343,429)	\$ (399,052)	\$ -	\$ (16,742,481)
Machinery and equipment	(7,646,550)	(604,876)	52,800	(8,198,626)
Total accumulated depreciation	<u>\$ (23,989,979)</u>	<u>\$ (1,003,928)</u>	<u>\$ 52,800</u>	<u>\$ (24,941,107)</u>
Total capital assets being depreciated, net	<u>\$ 8,683,834</u>	<u>\$ 136,584</u>	<u>\$ -</u>	<u>\$ 8,820,418</u>
Governmental activities capital assets, net	<u><u>\$ 9,756,315</u></u>	<u><u>\$ 136,584</u></u>	<u><u>\$ (214,121)</u></u>	<u><u>\$ 9,678,778</u></u>

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 15- Risk Management:

The County and its component unit- School Board are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County and its component unit- School Board participate with other localities in a public entity risk pool for their coverage of general liability and auto insurance with the Virginia Association of Counties (VACO). Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The County and its component unit- School Board pay the VACO contributions and assessments based upon classification and rates into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of a loss, deficit or depletion of all available excess insurance, the pool may assess all members in the proportion in which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The County and its component unit- School Board continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

Self-Insurance - The County established a limited risk management program for health insurance in fiscal year 2010. Premiums are paid into the health plan fund from the County and are available to pay claims, and administrative costs of the program. During the fiscal year 2020, a total of \$7,500,760 was paid by the County in benefits and administrative costs. The risk assumed by the County is based on the number of participants in the program. The risk varies by the number of participants and their specific plan type (Keycare, Bluecare, etc.). Incurred but not reported claims of \$452,418 have been accrued as a liability based primarily on actual cost incurred prior to June 30 but paid after year-end. Liabilities are determined using a combination of actual claims experience and actuarially determined amounts and include incremental claim adjustment expenses and estimated recoveries. An independent contractor processes claims and the County records a provision and liability in the government-wide statements and General Fund (current portion only) for an estimate of incurred but not reported claims.

Changes in the claims liability for the current and two prior fiscal years is as follows:

Fiscal Year	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Fiscal Year
2019-20	\$ 586,978	\$ 7,366,200	\$ (7,500,760)	\$ 452,418
2018-19	389,858	7,809,003	(7,611,883)	586,978
2017-18	436,458	8,200,409	(8,247,009)	389,858

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 16- Contingent Liabilities:

Federal programs in which the County and its component units participate were audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirement for Federal Awards*. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

Note 17- Surety Bonds:

Primary Government:

Fidelity and Deposit Company of Maryland-Surety	
Maetta H. Crewe, Clerk of Circuit Court	\$ 145,000
Melinda Worrell, Treasurer	500,000
Kim Matthews, Commissioner of the Revenue	3,000
Michael Worrell, Sheriff	30,000
The above constitutional officers' employees - blanket bond	50,000
All Social Services employees - blanket bond	100,000

VaCo Risk Management Programs	
All County employees - blanket bond	\$ 250,000

United States Fidelity and Guaranty	
Jonathan Sweet, County Administrator	\$ 2,000

Component Unit - School Board:

VaCo Risk Management Programs	
All School Board employees - blanket bond	\$ 250,000

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 18- Landfill Liability:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County closed its landfill at Cloyd's Mountain in 1989. At June 30, 2020, the total post-closure care liability (which represents the 2 years remaining) was \$272,863 representing what it would cost to perform all post-closure care in fiscal year 2020. Actual costs for both post-closure monitoring may change due to inflation, deflation, changes in technology, or changes in regulations. The County demonstrated financial assurance requirements for closure, post-closure care through the submission of a Local Government Financial Test to the Virginia Department of environmental Quality in accordance with section 9VA C20-70 of the Virginia Administrative Code.

Note 19- Unavailable/Deferred Revenue:

Unavailable/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. Under the accrual basis, assessments for future periods are deferred.

	<u>Government-wide Statements</u>	<u>Balance Sheet</u>
	<u>Governmental Activities</u>	<u>Governmental Funds</u>
Unearned revenue representing uncollected loans receivable not available for funding current expenditures	\$ -	\$ 16,911
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current	-	3,151,061
2nd half assessments due in December 2020	9,754,451	9,754,451
Prepaid property taxes due in December 2020 but paid in advance by taxpayers	254,938	254,938
	<u>\$ 10,009,389</u>	<u>\$ 13,177,361</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued) June 30, 2020

Note 20- Fund Balance Classifications:

	General Fund	School CIP Fund	County CIP Fund
Nonspendable:			
Advances to Component Units	\$ 500,000	\$ -	\$ -
Prepaid Items	86,416	-	-
Total Nonspendable	<u>\$ 586,416</u>	<u>\$ -</u>	<u>\$ -</u>
Restricted:			
Commonwealth Attorney Seized			
Assets, State & Federal	\$ 16,264	\$ -	\$ -
Sheriff Seized Assets	49,468	-	-
Community Corrections Admin Fees	166,140	-	-
Clerk of Circuit Court TTF Funds	6,912	-	-
Employee Escrow Account	144,868	-	-
School Construction	-	6,503,709	-
Total Restricted	<u>\$ 383,652</u>	<u>\$ 6,503,709</u>	<u>\$ -</u>
Committed:			
County Construction	\$ -	\$ -	\$ 2,243,363
Total Committed	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,243,363</u>
Assigned:			
Outstanding Encumbrances			
06/30/20 - Various Departments	\$ 493,255	\$ -	\$ -
Court Services Unit CE Richardson Grant	491	-	-
Sheriff Equipment & Maintenance	51,586	-	-
Joint Dispatch Equipment	127,521	-	-
Claytor Lake Festival	10,000	-	-
Office on Youth Kids Fishing Day	19,166	-	-
Wounded Warrior Donations	2,625	-	-
REMSI	99,001	-	-
Transfer to School Capital Fund	866,766	-	-
Transfer to Internal Service Fund	12,839	-	-
Total Assigned	<u>\$ 1,683,250</u>	<u>\$ -</u>	<u>\$ -</u>
Unassigned:			
10% (Original FY 2020 Budget) Reserve Fund Balance	\$ 10,368,300	\$ -	\$ -
Unassigned	7,648,379	-	-
Total Unassigned	<u>\$ 18,016,679</u>	<u>\$ -</u>	<u>\$ -</u>
Total Fund Balance	<u>\$ 20,669,997</u>	<u>\$ 6,503,709</u>	<u>\$ 2,243,363</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued) June 30, 2020

Note 21 - Tax Abatement Programs:

A tax abatement consists of “a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of these governments.”

Pulaski County has several agreements with local companies for the purposes of economic development which conform to that definition. Tax abatements related to various tax types of \$225,000 have been agreed to in aggregate and are applied over the next 9 years. The companies regularly pay their taxes and on an annual basis prove they have met certain requirements for the grant program on an individual basis. These requirements include new jobs, which is verified by the Virginia Employment Commission, and taxable improvements to real estate or machinery and tools tax. Any company failing to maintain their end of the agreement will forfeit any further abatement reimbursements. The County is currently negotiating the terms of some of the aforementioned agreements, but no updating agreements have been finalized.

Note 22 - Commitments and Contingencies:

The County was involved in major construction projects during the fiscal year as presented below, along with the anticipated funding source.

<u>Project</u>	<u>Contract Amount</u>	<u>Contract Amount</u>	<u>Funding Source</u>
		<u>Outstanding at June 30, 2020</u>	
Branch Builds, Inc.-Pulaski Co. Middle School Construction	\$ 32,387,559	\$ 3,589,571	Local Funds
Inland Construction-New River Trail Ext	816,232	209,332	Local Funds
Froehling & Robertson-Pulaski Co. Middle School Construction	243,977	33,117	Local Funds
RRMM Architect-Pulaski Co. Middle School Construction	2,041,675	125,359	Local Funds
Skanska USA-Pulaski Co. Middle School Construction	650,000	105,185	Local Funds

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued) June 30, 2020

Note 23 - COVID-19 Pandemic Subsequent Event:

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency stemming from a new strain of coronavirus that was spreading globally (the “COVID-19 outbreak”). On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, triggering volatility in financial markets and a significant negative impact on the global economy. The COVID-19 pandemic has developed rapidly in 2020 and remains a quickly evolving situation. As a result of the spread of COVID-19, economic uncertainties have arisen which are likely to negatively impact economic activity. County of Pulaski, Virginia is not able to estimate the effects of the COVID-19 pandemic for fiscal year 2021.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic. Among the CARES Act key provisions was \$339.8 billion designated for programs for state and local government, which included \$150 billion in direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF), pursuant to the federal CARES Act, to address spending shortages related to the COVID-19 pandemic.

The Commonwealth of Virginia received approximately \$3.1 billion from the CRF, of which \$1.3 billion was allocated for localities with fewer than 500,000 people. Localities with populations greater than 500,000 could apply to receive funds directly. All other CRF funds were distributed to the states to determine the allocations to localities.

On May 12, 2020, the first round of the allocations to local governments was authorized by the Commonwealth. On June 1, 2020, each locality received its share of the first half, or fifty (50) percent, of the locally based allocations. Unspent funds at June 30 from the initial allocation are reported as unearned revenue. Like the first round, the second round of allocations was based on population and was for the same total amount distributed in the first round. County of Pulaski, Virginia, received the second round of CRF funds in the amount of \$2,968,725 on September 8, 2020.

The federal guidance for the CARES Act states that the CRF funds can be used only for the direct costs associated with the response to the COVID-19 pandemic and cannot be used to address revenue shortfalls. CRF funds are considered one-time funds and should not be used for ongoing services or base operations. As a condition of receiving CRF funds, any funds unexpended as of December 30, 2021 will be returned to the federal government.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued) June 30, 2020

Note 24 - Government Combination:

During the year, the County reported a transfer of operations from Regional Emergency Services, Inc. (REMSI). The following is the impact of the transfer of operations on fund balance and net position, respectively.

	General Fund	Primary Government Governmental Activities
	Fund Balance	Net Position
Current assets	\$ 296,914	\$ 296,914
Noncurrent assets	-	1,037,749
Deferred outflows of resources	-	81,329
Current liabilities	(140,341)	(140,341)
Noncurrent liabilities	-	(353,511)
Deferred inflows of resources	-	(53,018)
Net fund balance/net position impact	<u>\$ 156,573</u>	<u>\$ 869,122</u>

Note 25 - Restatement of Beginning Balance:

	Primary Government Governmental Activities	Component Unit - School Board	
	Net Position	Fund Balance	Net Position
Beginning balance, as previously reported	\$ 53,944,872	\$ 2,100,035	\$ (31,445,504)
Lease revenue note adjustment	(1,460,372)	-	-
Accounts receivable adjustment	-	125,812	125,812
Beginning balance, as restated	<u>\$ 52,484,500</u>	<u>\$ 2,225,847</u>	<u>\$ (31,319,692)</u>

Note 26 - Upcoming Pronouncements:

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued) June 30, 2020

Note 26 - Upcoming Pronouncements: (continued)

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*, provides guidance for reporting a government's majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics such as leases, assets related to pension and postemployment benefits, and reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. The effective dates differ by topic, ranging from January 2020 to periods beginning after June 15, 2021.

Statement No. 93, *Replacement of Interbank Offered Rates*, establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement, except for removal of London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate and the requirements related to lease modifications, are effective for reporting periods beginning after June 15, 2020. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All requirements related to lease modifications in this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

Note 26 - Upcoming Pronouncements: (continued)

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement. No 32*, (1) increases consistency and comparability related to reporting of fiduciary component units in certain circumstances; (2) mitigates costs associated with the reporting of certain plans as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans. The effective dates differ based on the requirements of the Statement, ranging from June 2020 to reporting periods beginning after June 15, 2021.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

Required Supplementary Information

County of Pulaski, Virginia
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Pos (Neg)</u>
REVENUES				
General Property Taxes	\$ 31,161,471	\$ 31,347,810	\$ 31,124,002	\$ (223,808)
Other Local Taxes	7,860,000	8,127,487	8,270,789	143,302
Permits, Privilege Fees and Regulatory Licenses	162,150	162,150	160,975	(1,175)
Fines and Forfeitures	355,000	213,245	191,397	(21,848)
Revenue from Use of Money and Property	404,000	407,000	495,213	88,213
Charges for Services	1,974,490	1,987,891	1,672,824	(315,067)
Miscellaneous	150,100	53,229	175,637	122,408
Recovered Costs	1,322,206	1,526,783	1,525,696	(1,087)
Intergovernmental:				
Commonwealth	12,109,645	12,175,290	11,560,252	(615,038)
Federal Government	2,667,254	2,724,899	3,860,511	1,135,612
Total Revenues	\$ 58,166,316	\$ 58,725,784	\$ 59,037,296	\$ 311,512
EXPENDITURES:				
Current:				
General Government Administration	\$ 3,178,354	\$ 3,256,000	\$ 3,135,736	\$ 120,264
Judicial Administration	2,092,975	2,177,764	2,090,825	86,939
Public Safety	12,116,661	12,999,036	12,336,574	662,462
Public Works	2,547,794	2,557,821	2,180,697	377,124
Health and Welfare	12,132,420	12,148,648	10,126,538	2,022,110
Education	15,592,792	16,240,296	14,715,707	1,524,589
Parks, Recreation and Cultural	1,582,165	1,649,881	1,547,224	102,657
Community Development	1,268,506	1,480,752	1,235,098	245,654
Debt Service:				
Principal Retirement	4,161,821	4,198,722	4,170,638	28,084
Interest and Other Fiscal Charges	2,218,150	2,237,818	2,222,850	14,968
Total Expenditures	\$ 56,891,638	\$ 58,946,738	\$ 53,761,887	\$ 5,184,851
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 1,274,678	\$ (220,954)	\$ 5,275,409	\$ 5,496,363
Other Financing Sources (Uses)				
Transfers In	\$ 259,678	\$ 259,678	\$ -	\$ (259,678)
Transfers Out	(1,584,356)	(1,735,918)	(3,528,365)	(1,792,447)
Total Other Financing Sources (Uses)	\$ (1,324,678)	\$ (1,476,240)	\$ (3,528,365)	\$ (2,052,125)
Special Item				
Government combination	\$ -	\$ -	\$ 156,573	\$ 156,573
Net Change in Fund Balance	\$ (50,000)	\$ (1,697,194)	\$ 1,903,617	\$ 3,600,811
Fund Balance - Beginning	50,000	1,697,194	18,766,380	17,069,186
Fund Balance - Ending	\$ -	\$ -	\$ 20,669,997	\$ 20,669,997

County of Pulaski, Virginia
 Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset)
 For the Measurement Dates of June 30, 2014 through June 30, 2019

Date (1)	Proportion of the Net Pension Liability (Asset) (NPLA) (2)	Proportionate Share of the NPLA (3)	Covered Payroll (4)	Proportionate Share of the NPLA as a Percentage of Covered Payroll (3)/(4) (5)	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (Asset) (6)
Primary Government - County of Pulaski Retirement Plan					
2019	85.7300%	\$ 4,690,414	\$ 10,056,520	46.64%	90.73%
2018	81.5237%	2,873,283	9,814,514	29.28%	93.59%
2017	81.5237%	3,619,908	9,341,508	38.75%	91.72%
2016	81.8900%	5,948,972	9,046,509	65.76%	86.10%
2015	81.3919%	4,247,122	8,486,988	50.04%	89.62%
2014	81.2400%	3,792,677	8,225,333	46.11%	90.36%
Component Unit Public Service Authority					
2019	13.3600%	\$ 730,945	\$ 1,680,489	43.50%	90.73%
2018	12.8998%	454,651	1,552,987	29.28%	93.59%
2017	12.8998%	572,792	1,498,406	38.23%	91.72%
2016	12.7300%	924,782	1,399,901	66.06%	86.10%
2015	13.2000%	688,791	1,380,323	49.90%	89.62%
2014	13.2000%	615,090	1,341,630	45.85%	90.36%
Component Unit School Board (professional)					
2019	0.2583%	\$ 33,991,116	\$ 21,659,328	156.94%	73.51%
2018	0.2681%	31,530,000	21,717,893	145.18%	74.81%
2017	0.2761%	33,960,000	21,798,816	155.79%	72.92%
2016	0.2811%	39,386,000	21,429,302	183.80%	68.28%
2015	0.2876%	36,199,000	21,387,353	169.25%	70.68%
2014	0.3002%	36,277,000	21,994,717	164.94%	70.88%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

County of Pulaski, Virginia
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Component Unit School Board (nonprofessional)
For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 205,580	\$ 205,130	\$ 217,216	\$ 248,654	\$ 265,386	\$ 259,384
Interest	741,559	721,459	727,532	703,996	680,732	653,059
Differences between expected and actual experience	119,357	(75,674)	(407,240)	(78,558)	(89,812)	-
Changes of assumptions	314,083	-	(62,808)	-	-	-
Benefit payments	(558,574)	(568,951)	(553,976)	(521,747)	(526,169)	(508,058)
Net change in total pension liability	\$ 822,005	\$ 281,964	\$ (79,276)	\$ 352,345	\$ 330,137	\$ 404,385
Total pension liability - beginning	10,872,994	10,591,030	10,670,306	10,317,961	9,987,824	9,583,439
Total pension liability - ending (a)	\$ 11,694,999	\$ 10,872,994	\$ 10,591,030	\$ 10,670,306	\$ 10,317,961	\$ 9,987,824
Plan fiduciary net position						
Contributions - employer	\$ 116,646	\$ 156,401	\$ 151,950	\$ 202,984	\$ 218,738	\$ 245,465
Contributions - employee	109,242	108,131	105,216	111,956	121,343	123,727
Net investment income	710,228	761,233	1,146,141	164,816	424,421	1,281,760
Benefit payments	(558,574)	(568,951)	(553,976)	(521,747)	(526,169)	(508,058)
Administrator charges	(7,218)	(6,699)	(6,774)	(6,016)	(5,914)	(6,966)
Other	(447)	(672)	(1,014)	(72)	(90)	68
Net change in plan fiduciary net position	\$ 369,877	\$ 449,443	\$ 841,543	\$ (48,079)	\$ 232,329	\$ 1,135,996
Plan fiduciary net position - beginning	10,820,595	10,371,152	9,529,609	9,577,688	9,345,359	8,209,363
Plan fiduciary net position - ending (b)	\$ 11,190,472	\$ 10,820,595	\$ 10,371,152	\$ 9,529,609	\$ 9,577,688	\$ 9,345,359
School Division's net pension liability - ending (a) - (b)	\$ 504,527	\$ 52,399	\$ 219,878	\$ 1,140,697	\$ 740,273	\$ 642,465
Plan fiduciary net position as a percentage of the total pension liability	95.69%	99.52%	97.92%	89.31%	92.83%	93.57%
Covered payroll	\$ 2,320,345	\$ 2,271,156	\$ 2,171,340	\$ 2,279,771	\$ 2,434,851	\$ 2,474,506
School Division's net pension liability as a percentage of covered payroll	21.74%	2.31%	10.13%	50.04%	30.40%	25.96%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

County of Pulaski, Virginia
Schedule of Employer Contributions - Pension Plans
For the Years Ended June 30, 2011 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2020	\$ 981,662	\$ 981,662	\$ -	\$ 11,615,916	8.45%
2019	859,240	859,240	-	10,056,520	8.54%
2018	923,644	923,644	-	9,814,514	9.41%
2017	886,604	886,604	-	9,341,508	9.49%
2016	1,099,960	1,099,960	-	9,046,509	12.16%
2015	1,018,523	1,018,523	-	8,486,988	12.00%
Component Unit Public Service Authority					
2020	\$ 150,256	\$ 150,256	\$ -	\$ 1,778,429	8.45%
2019	143,608	143,608	-	1,680,489	8.55%
2018	146,152	146,152	-	1,552,987	9.41%
2017	142,214	142,214	-	1,498,406	9.49%
2016	169,248	169,248	-	1,399,901	12.09%
2015	166,881	166,881	-	1,380,323	12.09%
Component Unit School Board (nonprofessional)					
2020	\$ 117,508	\$ 117,508	\$ -	\$ 2,355,416	4.99%
2019	116,793	116,793	-	2,320,345	5.03%
2018	156,538	156,538	-	2,271,156	6.89%
2017	151,735	151,735	-	2,171,340	6.99%
2016	205,179	205,179	-	2,279,771	9.00%
2015	219,137	219,137	-	2,434,851	9.00%
2014	245,471	245,471	-	2,474,506	9.92%
2013	238,765	238,765	-	2,406,908	9.92%
2012	164,102	164,102	-	2,304,799	7.12%
2011	155,834	155,834	-	2,188,681	7.12%
Component Unit School Board (professional)					
2020	\$ 3,326,828	\$ 3,326,828	\$ -	\$ 21,758,155	15.29%
2019	3,309,921	3,309,921	-	21,659,328	15.28%
2018	3,473,102	3,473,102	-	21,717,893	15.99%
2017	3,143,365	3,143,365	-	21,798,816	14.66%
2016	3,012,959	3,012,959	-	21,429,302	14.06%
2015	3,092,245	3,092,245	-	21,387,353	14.46%
2014	2,564,584	2,564,584	-	21,994,717	11.66%
2013	2,567,054	2,567,054	-	22,015,901	11.66%
2012	1,342,616	1,342,616	-	21,210,363	6.33%
2011	818,957	818,957	-	20,838,601	3.93%

Schedule is intended to show information for 10 years. Prior to 2015, the County information reported in the County's report included participants that are not reported in the County's report. Therefore, no additional data is currently available for the County. The PSA participates in VRS plans through the County; therefore, no additional data is currently available for the PSA as a result.

County of Pulaski, Virginia
Notes to Required Supplementary Information - Pension Plans
For the Year Ended June 30, 2020

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2018, valuations were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Component Unit School Board - Professional Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

County of Pulaski, Virginia
Schedule of County's Share of Net OPEB Liability
Healthcare OPEB Plan
For the Years Ended June 30, 2018 through June 30, 2020

Date (1)	Employer's Proportion of the Net OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)
<u>Primary Government:</u>				
2019	27.70%	\$ 1,303,700	N/A	N/A
2018	27.37%	1,218,300	N/A	N/A
2017	26.28%	1,191,800	N/A	N/A
<u>Component Unit Public Service Authority:</u>				
2019	4.20%	\$ 197,600	N/A	N/A
2018	4.14%	184,400	N/A	N/A
2017	4.24%	192,300	N/A	N/A
<u>Component Unit - School Board:</u>				
2019	67.95%	\$ 3,197,800	N/A	N/A
2018	68.35%	3,042,700	N/A	N/A
2017	69.26%	3,141,200	N/A	N/A

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

County of Pulaski, Virginia
Schedule of Employer Contributions
Healthcare OPEB Plan
For the Years Ended June 30, 2018 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<u>Primary Government:</u>					
2020	\$ 26,700	\$ 26,700	\$ -	N/A	N/A
2019	124,300	124,300	-	N/A	N/A
2018	48,800	48,800	-	N/A	N/A
2017	48,800	48,800	-	N/A	N/A
<u>Component Unit Public Service Authority:</u>					
2020	\$ -	\$ -	\$ -	N/A	N/A
2019	-	-	-	N/A	N/A
2018	900	900	-	N/A	N/A
2017	900	900	-	N/A	N/A
<u>Component Unit - School Board:</u>					
2020	\$ 170,300	\$ 170,300	\$ -	N/A	N/A
2019	206,700	206,700	-	N/A	N/A
2018	81,700	81,700	-	N/A	N/A
2017	81,700	81,700	-	N/A	N/A

Schedule is intended to show information for 10 years. Information prior to the 2018 valuation is not available. However, additional years will be included as they become available.

County of Pulaski, Virginia
Notes to Required Supplementary Information - County OPEB
For the Year Ended June 30, 2020

Valuation Date: 7/1/2018
Measurement Date: 7/1/2019

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age actuarial cost method
Discount Rate	3.13%
Healthcare Trend Rate	0.00% for fiscal year end 2019 (to reflect actual experience), then 5.50% for fiscal year end 2020, decreasing 0.50% per year to an ultimate rate of 5.00%
Salary Scale	2.50%
Mortality Rates	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2019

County of Pulaski, Virginia
Schedule of County's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2019

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2019	0.05509%	\$ 896,462	\$ 10,073,360	8.90%	52.00%
2018	0.05197%	789,149	9,814,514	8.04%	51.22%
2017	0.05163%	777,136	9,341,508	8.32%	48.86%
Component Unit Public Service Authority					
2019	0.00859%	\$ 139,703	\$ 1,683,303	8.30%	52.00%
2018	0.00822%	124,870	1,552,987	8.04%	51.22%
2017	0.00803%	120,808	1,498,406	8.06%	48.86%
Component Unit - School Board (nonprofessional)					
2019	0.01185%	\$ 192,831	\$ 2,323,486	8.30%	52.00%
2018	0.01197%	182,000	2,271,156	8.01%	51.22%
2017	0.01177%	177,000	2,171,340	8.15%	48.86%
Component Unit - School Board (professional)					
2019	0.11061%	\$ 1,799,919	\$ 21,683,706	8.30%	52.00%
2018	0.11429%	1,735,000	21,717,893	7.99%	51.22%
2017	0.11814%	1,778,000	21,798,816	8.16%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

County of Pulaski, Virginia
Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2011 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government:					
2020	\$ 60,458	\$ 60,458	\$ -	\$ 11,615,916	0.52%
2019	52,381	52,381	-	10,073,360	0.52%
2018	51,268	51,268	-	9,814,514	0.52%
2017	49,634	49,634	-	9,341,508	0.53%
Component Unit Public Service Authority					
2020	\$ 9,256	\$ 9,256	\$ -	\$ 1,786,764	0.52%
2019	8,753	8,753	-	1,683,303	0.52%
2018	8,112	8,112	-	1,552,987	0.52%
2017	7,716	7,716	-	1,498,406	0.51%
Component Unit - School Board (nonprofessional)					
2020	\$ 12,314	\$ 12,314	\$ -	\$ 2,365,581	0.52%
2019	12,082	12,082	-	2,323,486	0.52%
2018	11,831	11,831	-	2,271,156	0.52%
2017	11,291	11,291	-	2,171,340	0.52%
2016	10,943	10,943	-	2,279,771	0.48%
2015	11,708	11,708	-	2,434,851	0.48%
2014	11,901	11,901	-	2,474,506	0.48%
2013	11,730	11,730	-	2,406,908	0.49%
2012	6,487	6,487	-	2,304,799	0.28%
2011	6,160	6,160	-	2,188,681	0.28%
Component Unit - School Board (professional)					
2020	\$ 112,852	\$ 112,852	\$ -	\$ 21,762,660	0.52%
2019	112,755	112,755	-	21,683,706	0.52%
2018	113,185	113,185	-	21,717,893	0.52%
2017	113,316	113,316	-	21,798,816	0.52%
2016	102,879	102,879	-	21,429,302	0.48%
2015	102,659	102,659	-	21,387,353	0.48%
2014	105,375	105,375	-	21,994,717	0.48%
2013	105,730	105,730	-	22,015,901	0.48%
2012	59,427	59,427	-	21,210,363	0.28%
2011	58,356	58,356	-	20,838,601	0.28%

Schedule is intended to show information for 10 years. Prior to the 2017, the County information reported in the County's report included participants that are not reported in the County's report. Therefore, no additional data is currently available for the County.

County of Pulaski, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2020

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

County of Pulaski, Virginia
 Schedule of County School Board's Share of Net OPEB Liability
 Teacher Employee Health Insurance Credit (HIC) Plan
 For the Measurement Dates June 30, 2017 through June 30, 2019

Date	Employer's Proportion of the Net HIC OPEB Liability (Asset)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability
(1)	(2)	(3)	(4)	(5)	(6)
2019	0.25823%	\$ 3,380,482	\$ 21,659,328	15.61%	8.97%
2018	0.26811%	3,404,000	21,717,893	15.67%	8.08%
2017	0.27607%	3,503,000	21,798,816	16.07%	7.04%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

County of Pulaski, Virginia
Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2011 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2020	\$ 260,318	\$ 260,318	\$ -	\$ 21,758,155	1.20%
2019	259,911	259,911	-	21,659,328	1.20%
2018	267,130	267,130	-	21,717,893	1.23%
2017	241,839	241,839	-	21,798,816	1.11%
2016	227,151	227,151	-	21,429,302	1.06%
2015	226,667	226,667	-	21,387,353	1.06%
2014	243,679	243,679	-	21,994,717	1.11%
2013	244,383	244,383	-	22,015,901	1.11%
2012	127,262	127,262	-	21,210,363	0.60%
2011	125,052	125,052	-	20,838,601	0.60%

County of Pulaski, Virginia
Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2020

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Other Supplementary Information

County of Pulaski, Virginia
Nonmajor Capital Projects Fund-County CIP Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Pos (Neg)</u>
REVENUES				
Miscellaneous	\$ -	\$ 8,789	\$ 8,789	\$ -
Intergovernmental:				
Commonwealth	-	1,632,466	407,169	(1,225,297)
Total Revenues	\$ -	\$ 1,641,255	\$ 415,958	\$ (1,225,297)
EXPENDITURES:				
Current:				
General Government Administration	\$ 1,106,500	\$ 2,280,659	\$ 415,330	\$ 1,865,329
Public Safety	566,678	710,072	310,038	400,034
Public Works	550,000	1,214,133	560,338	653,795
Health and Welfare	-	-	1,680	(1,680)
Parks, Recreation and Cultural	245,500	1,383,864	895,951	487,913
Community Development	55,000	510,811	44,529	466,282
Debt Service:				
Principal Retirement	-	-	20,485	(20,485)
Interest and Other Fiscal Charges	-	-	7,954	(7,954)
Total Expenditures	\$ 2,523,678	\$ 6,099,539	\$ 2,256,305	\$ 3,843,234
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (2,523,678)	\$ (4,458,284)	\$ (1,840,347)	\$ 2,617,937
Other Financing Sources (Uses)				
Transfers In	\$ 2,523,678	\$ 2,751,667	\$ 2,528,678	\$ (222,989)
Transfers Out	-	-	(181,228)	(181,228)
Issuance of capital lease	-	-	190,368	190,368
Total Other Financing Sources (Uses)	\$ 2,523,678	\$ 2,751,667	\$ 2,537,818	\$ (213,849)
Net Change in Fund Balance	\$ -	\$ (1,706,617)	\$ 697,471	\$ 2,404,088
Fund Balance - Beginning	-	1,706,617	1,545,892	(160,725)
Fund Balance - Ending	\$ -	\$ -	\$ 2,243,363	\$ 2,243,363

County of Pulaski, Virginia
Major Capital Projects Fund-School CIP Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Pos (Neg)</u>
REVENUES				
Revenue from Use of Money and Property	\$ 32,886,730	\$ 723,868	\$ 431,005	\$ (292,863)
Miscellaneous	-	-	39	39
Total Revenues	\$ 32,886,730	\$ 723,868	\$ 431,044	\$ (292,824)
EXPENDITURES				
Capital Projects	\$ 4,628,748,490	\$ 85,144,893	\$ 26,706,407	\$ (58,438,486)
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	\$ (4,595,861,760)	\$ (84,421,025)	\$ (26,275,363)	\$ 58,145,662
Other Financing Sources (Uses)				
Transfers In	\$ -	\$ 181,229	\$ 230,976	\$ 49,747
Net Change in Fund Balance	\$ (4,595,861,760)	\$ (84,239,796)	\$ (26,044,387)	\$ 58,195,409
Fund Balance - Beginning	4,595,861,760	84,239,796	32,548,096	(51,691,700)
Fund Balance - Ending	\$ -	\$ -	\$ 6,503,709	\$ 6,503,709

County of Pulaski, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Agency Funds			
	Special Welfare	Performance Bond	Employee Flexible Benefits	Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 27,786	\$ 144,868	\$ 85,615	\$ 258,269
LIABILITIES				
Current Liabilities:				
Amounts Held for Others:				
Special Welfare Fund	\$ 27,786	\$ -	\$ -	\$ 27,786
Performance Bond Fund	-	144,868	-	144,868
Employee Flexible Benefits Fund	-	-	85,615	85,615
Total amounts held for others	\$ 27,786	\$ 144,868	\$ 85,615	\$ 258,269
Total Liabilities	\$ 27,786	\$ 144,868	\$ 85,615	\$ 258,269

County of Pulaski, Virginia
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
ASSETS				
Current Assets:				
Cash and Cash Equivalents:				
Special Welfare Fund	\$ 18,928	\$ 62,085	\$ 53,227	\$ 27,786
Performance Bond Fund	125,042	19,826	-	144,868
Employee Flexible Benefits Fund	85,151	42,732	42,268	85,615
Total cash and cash equivalents	<u>\$ 229,121</u>	<u>\$ 124,643</u>	<u>\$ 95,495</u>	<u>\$ 258,269</u>
Total Assets	<u>\$ 229,121</u>	<u>\$ 124,643</u>	<u>\$ 95,495</u>	<u>\$ 258,269</u>
LIABILITIES				
Current Liabilities:				
Amounts Held for Others:				
Special Welfare Fund	\$ 18,928	\$ 62,085	\$ 53,227	\$ 27,786
Performance Bond Fund	125,042	19,826	-	144,868
Employee Flexible Benefits Fund	85,151	42,732	42,268	85,615
Total amounts held for others	<u>\$ 229,121</u>	<u>\$ 124,643</u>	<u>\$ 95,495</u>	<u>\$ 258,269</u>
Total Liabilities	<u>\$ 229,121</u>	<u>\$ 124,643</u>	<u>\$ 95,495</u>	<u>\$ 258,269</u>

DISCRETELY PRESENTED COMPONENT UNIT- SCHOOL BOARD

MAJOR GOVERNMENTAL FUND

School Operating Fund - The School Operating Fund accounts for the operations of the County's school system. Financing is provided by the State and Federal governments as well as contributions from the General Fund of the County. The Cafeteria and Governor's School Funds have been merged for reporting purposes.

County of Pulaski, Virginia
Discretely Presented Component Unit - School Board
Balance Sheet
June 30, 2020

	School Operating Fund
ASSETS	
Cash and Cash Equivalents	\$ 2,414,591
Prepaid Items	542,292
Due from Primary Government	2,318,950
Due from Other Governmental Units	1,204,877
Total Assets	<u>\$ 6,480,710</u>
LIABILITIES	
Accounts Payable	\$ 219,641
Accrued Wages	3,611,803
Total Liabilities	<u>\$ 3,831,444</u>
FUND BALANCES	
Nonspendable - Prepaid Items	\$ 542,292
Committed	2,106,974
Total Fund Balances	<u>\$ 2,649,266</u>
Total Liabilities and Fund Balances	<u>\$ 6,480,710</u>
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:	
Total fund balances - per above	\$ 2,649,266
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Land	\$ 858,360
Building and System	5,093,062
Machinery and Equipment	<u>3,727,356</u>
	9,678,778
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	
Pension Related Items	\$ 7,062,338
OPEB Related Items	<u>1,146,015</u>
	8,208,353
Long-term liabilities, including compensated absences, net pension liability, and net OPEB liabilities are not due and payable in the current period and therefore, are not reported in the funds.	
Compensated Absences	\$ (1,377,025)
Net Pension Liability	(34,495,643)
Net OPEB liabilities	<u>(8,571,032)</u>
	(44,443,700)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds	
Pension Related Items	\$ (5,449,114)
OPEB Related Items	<u>(831,500)</u>
	(6,280,614)
Net position of governmental activities - component unit school board	<u>\$ (30,187,917)</u>

County of Pulaski, Virginia
Discretely Presented Component Unit-School Board
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2020

	School Operating Fund
REVENUES	
Revenue from Use of Money and Property	\$ 13,765
Charges for Services	959,796
Miscellaneous	34,813
Recovered Costs	750,501
Intergovernmental:	
Local Government	14,607,872
Commonwealth	28,563,078
Federal Government	4,857,435
Total Revenues	<u>\$ 49,787,260</u>
EXPENDITURES:	
Current:	
Education	<u>\$ 49,363,841</u>
Excess (Deficiency) of Revenues Over (Under)	
Expenditures	<u>\$ 423,419</u>
Net Change in Fund Balance	\$ 423,419
Fund Balance - Beginning, as restated	2,225,847
Fund Balance - Ending	<u><u>\$ 2,649,266</u></u>
Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:	
Net change in fund balance - total governmental funds - per above	\$ 423,419
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 and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
Capital Outlay	\$ 1,140,512
Depreciation	<u>(1,003,928)</u>
	136,584
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.	(214,121)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditure in governmental funds.	
(Increase) Decrease in compensated absences	\$ 20,745
Changes in pension related items	755,313
Changes in OPEB related items	<u>9,835</u>
	785,893
Change in net position of governmental funds - component unit school board	<u><u>\$ 1,131,775</u></u>

County of Pulaski, Virginia
Discretely Presented Component Unit-School Board
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Pos (Neg)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from Use of Money and Property	\$ 7,200	\$ 7,200	\$ 13,765	\$ 6,565
Charges for Services	1,173,200	1,173,200	959,796	(213,404)
Miscellaneous	24,137	24,137	34,813	10,676
Recovered Costs	670,500	670,500	750,501	80,001
Intergovernmental:				
Local Government	15,327,134	15,327,134	14,607,872	(719,262)
Commonwealth	27,472,361	27,472,361	28,563,078	1,090,717
Federal Government	6,178,762	6,178,762	4,857,435	(1,321,327)
Total Revenues	<u>\$ 50,853,294</u>	<u>\$ 50,853,294</u>	<u>\$ 49,787,260</u>	<u>\$ (1,066,034)</u>
EXPENDITURES:				
Current:				
Education	\$ 50,853,294	\$ 50,853,294	\$ 49,363,841	\$ 1,489,453
Total Expenditures	<u>\$ 50,853,294</u>	<u>\$ 50,853,294</u>	<u>\$ 49,363,841</u>	<u>\$ 1,489,453</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	\$ -	\$ -	\$ 423,419	\$ 423,419
Net Change in Fund Balance	\$ -	\$ -	\$ 423,419	\$ 423,419
Fund Balance - Beginning, as restated	-	-	2,225,847	2,225,847
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,649,266</u>	<u>\$ 2,649,266</u>

Supporting Schedules

County of Pulaski, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2020

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Primary Government:				
General Fund:				
Revenue from Local Sources:				
General Property Taxes:				
Real property taxes	\$ 19,740,000	\$ 19,758,000	\$ 19,611,698	\$ (146,302)
Real and personal public service corporation taxes	1,100,000	1,100,000	1,064,866	(35,134)
Personal property taxes	5,464,471	5,632,810	5,672,375	39,565
Mobile home taxes	41,000	41,000	71,215	30,215
Machinery and tools taxes	4,300,000	4,300,000	4,119,661	(180,339)
Airplane taxes	16,000	16,000	10,475	(5,525)
Penalties	235,000	235,000	250,343	15,343
Interest	235,000	235,000	264,834	29,834
Collection fees	30,000	30,000	58,535	28,535
Total General Property Taxes	\$ 31,161,471	\$ 31,347,810	\$ 31,124,002	\$ (223,808)
Other Local Taxes:				
Local sales and use taxes	\$ 3,500,000	\$ 3,767,487	\$ 3,882,676	\$ 115,189
Moped sales tax	-	-	516	516
Consumers' utility taxes	658,000	658,000	681,589	23,589
Business licenses	760,000	760,000	947,738	187,738
Consumption taxes	100,000	100,000	95,356	(4,644)
Motor vehicle licenses	602,000	602,000	597,153	(4,847)
Bank stock taxes	15,000	15,000	7,955	(7,045)
Taxes on recordation and wills	215,000	215,000	264,667	49,667
Hotel and motel room taxes	410,000	410,000	344,864	(65,136)
Restaurant food taxes	1,600,000	1,600,000	1,448,275	(151,725)
Total Other Local Taxes	\$ 7,860,000	\$ 8,127,487	\$ 8,270,789	\$ 143,302
Permits, Privilege Fees and Regulatory Licenses:				
Animal licenses	\$ 22,000	\$ 22,000	\$ 23,338	\$ 1,338
Land use application fees	650	650	998	348
Transfer fees	1,000	1,000	1,196	196
Zoning and subdivision permits	8,000	8,000	3,880	(4,120)
Erosion and sediment control permits	500	500	600	100
Building permits	130,000	130,000	130,963	963
Total Permits, Privilege Fees and Regulatory Licenses	\$ 162,150	\$ 162,150	\$ 160,975	\$ (1,175)
Fines and Forfeitures:				
Court fines and forfeitures	\$ 350,000	\$ 208,245	\$ 187,917	\$ (20,328)
Interest on local fines	5,000	5,000	3,480	(1,520)
Total Fines and Forfeitures	\$ 355,000	\$ 213,245	\$ 191,397	\$ (21,848)
Revenue from Use of Money and Property:				
Revenue from use of money	\$ 350,000	\$ 350,000	\$ 446,969	\$ 96,969
Revenue from use of property	54,000	57,000	48,244	(8,756)
Total Revenue from Use of Money and Property	\$ 404,000	\$ 407,000	\$ 495,213	\$ 88,213
Charges for Services:				
Charges for clerk copies	\$ 8,020	\$ 8,020	\$ 5,684	\$ (2,336)
Charges for courthouse maintenance	24,000	24,000	17,916	(6,084)
Charges for courthouse security	110,000	110,000	78,302	(31,698)

County of Pulaski, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2020

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Primary Government: (continued)				
General Fund: (continued)				
Revenue from Local Sources: (continued)				
Charges for Services: (continued)				
Fees of Sheriff	\$ 3,500	\$ 15,279	\$ 12,159	\$ (3,120)
Charges for Commonwealth's Attorney	5,000	5,000	3,948	(1,052)
Miscellaneous jail and inmate fees	41,500	41,500	4,473	(37,027)
Concealed handgun permits	10,000	10,000	29,270	19,270
Charges for parks and recreation	285,000	285,000	174,488	(110,512)
Town tax book preparation	470	470	-	(470.00)
Charges for animal pound	10,000	10,000	8,566	(1,434)
Charges for landfill	40,000	40,000	90,716	50,716
Charges for law library	4,000	4,000	3,501	(499)
Charges for library	19,000	20,272	12,849	(7,423)
EMS billings	1,366,000	1,366,000	1,186,032	(179,968)
Ambulance memberships	45,000	45,000	43,525	(1,475)
Other charges for services	3,000	3,350	1,395	(1,955)
Total Charges for Services	\$ 1,974,490	\$ 1,987,891	\$ 1,672,824	\$ (315,067)
Miscellaneous:				
Local contributions	\$ 5,500	\$ 31,488	\$ 36,944	\$ 5,456
Miscellaneous	144,600	21,741	138,693	116,952
Total Miscellaneous	\$ 150,100	\$ 53,229	\$ 175,637	\$ 122,408
Recovered Costs:				
Administrative fees	\$ 120,000	\$ 138,585	\$ 136,190	\$ (2,395)
Airport recoveries	270,000	270,000	221,951	(48,049)
Insurance recoveries	-	4,845	6,165	1,320
Parks and recreation	90,000	90,000	102,280	12,280
Public safety recoveries	480,894	539,854	598,118	58,264
Public works recoveries	44,516	44,516	46,666	2,150
Welfare recoveries	42,000	42,000	-	(42,000)
Pulaski EDA reimbursements	161,822	161,822	184,471	22,649
Drug court	-	-	120	120
Other recoveries	112,974	235,161	229,735	(5,426)
Total Recovered Costs	\$ 1,322,206	\$ 1,526,783	\$ 1,525,696	\$ (1,087)
Total Revenue from Local Sources	\$ 43,389,417	\$ 43,825,595	\$ 43,616,533	\$ (209,062)
Revenue from the Commonwealth:				
Noncategorical Aid:				
Motor vehicle carriers' tax	\$ 43,000	\$ 43,000	\$ 40,049	\$ (2,951)
Mobile home titling tax	35,000	35,000	71,598	36,598
Motor vehicle rental tax	5,000	5,000	4,544	(456)
Grantor's tax	140,000	140,000	72,906	(67,094)
State recordation tax	-	-	66,625	66,625
Telecommunication taxes	750,000	750,000	682,793	(67,207)
Personal property tax relief funds	1,594,529	1,594,529	1,594,529	-
Total Noncategorical Aid	\$ 2,567,529	\$ 2,567,529	\$ 2,533,044	\$ (34,485)

County of Pulaski, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2020

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Primary Government: (continued)				
General Fund: (continued)				
Intergovernmental: (continued)				
Revenue from the Commonwealth: (continued)				
Categorical Aid:				
Shared Expenses:				
Commonwealth's Attorney	\$ 684,402	\$ 684,402	\$ 682,775	\$ (1,627)
Sheriff	1,924,880	1,924,880	1,930,502	5,622
Commissioner of the Revenue	141,517	141,517	141,138	(379)
Treasurer	115,966	115,966	115,873	(93)
Registrar/Electoral Board	42,500	59,396	63,021	3,625
Clerk of the Circuit Court	401,703	427,768	412,519	(15,249)
Total Shared Expenses	\$ 3,310,968	\$ 3,353,929	\$ 3,345,828	\$ (8,101)
Other Categorical Aid:				
Public assistance and welfare administration	\$ 3,626,945	\$ 3,626,945	\$ 1,980,590	\$ (1,646,355)
Comprehensive Services Act (CSA)	1,169,200	1,169,200	2,300,928	1,131,728
DMV animal friendly plates	600	600	906	306
Victim's assistance grant	189,024	189,024	59,070	(129,954)
Litter control grant	12,000	12,000	9,741	(2,259)
Library grant	129,313	133,343	133,343	-
Fire programs	75,000	75,000	84,687	9,687
Virginia Juvenile Commission Crime Control	21,321	21,321	21,321	-
Domestic violence DCJS grant	45,000	45,000	56,250	11,250
Commission on the arts	4,500	4,500	4,500	-
Public safety answer grant	126,160	140,355	158,664	18,309
DEQ grant	200	200	409	209
CCCA grant	831,885	833,844	864,253	30,409
Other categorical aid	-	2,500	6,718	4,218
Total Other Categorical Aid	\$ 6,231,148	\$ 6,253,832	\$ 5,681,380	\$ (572,452)
Total Revenue from the Commonwealth	\$ 12,109,645	\$ 12,175,290	\$ 11,560,252	\$ (615,038)
Revenue from the Federal Government:				
Noncategorical Aid:				
Payment in lieu of taxes	\$ 30,000	\$ 30,000	\$ 54,015	\$ 24,015
Categorical Aid:				
Public assistance and welfare administration	\$ 2,620,350	\$ 2,620,350	\$ 3,270,006	\$ 649,656
Emergency management preparedness grant	16,904	16,904	-	(16,904)
State and community highway safety	-	-	18,261	18,261
DCJS alternative community sentencing	-	15,685	8,954	(6,731)
HIDTA drug grant	-	13,000	10,835	(2,165)
Drug court	-	25,935	-	(25,935)
COVID-19 Coronavirus Relief Funds	-	-	266,093	266,093
COVID-19 Provider Relief Funds	-	-	54,179	54,179
National Priority Safety Programs	-	-	2,142	2,142
Victim witness	-	-	141,768	141,768
Edward Byrne JAG Program	-	3,025	3,025	-
VDEM disaster grant	-	-	6,830	6,830
DMV DUI Grant	-	-	24,403	24,403
Total Categorical Aid	\$ 2,637,254	\$ 2,694,899	\$ 3,806,496	\$ 1,111,597
Total Revenue from the Federal Government	\$ 2,667,254	\$ 2,724,899	\$ 3,860,511	\$ 1,135,612
Total General Fund	\$ 58,166,316	\$ 58,725,784	\$ 59,037,296	\$ 311,512

County of Pulaski, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2020

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Major Capital Projects Funds:				
School CIP Fund:				
Revenue from Use of Money and Property:				
Revenue from use of money	\$ 32,886,730	\$ 723,868	\$ 431,005	\$ (292,863)
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 39	\$ 39
Total School CIP Fund	\$ 32,886,730	\$ 723,868	\$ 431,044	\$ (292,824)
Nonmajor Capital Projects Funds:				
County CIP Fund:				
Revenue from Local Sources:				
Miscellaneous:				
Miscellaneous	\$ -	\$ 8,789	\$ 8,789	\$ -
Total Revenue from Local Sources	\$ -	\$ 8,789	\$ 8,789	\$ -
Intergovernmental:				
Revenue from the Commonwealth:				
Other Categorical Aid:				
VDOT grants	\$ -	\$ 1,531,116	\$ 407,169	\$ (1,123,947)
Other categorical aid	-	101,350	-	(101,350)
Total Other Categorical Aid	\$ -	\$ 1,632,466	\$ 407,169	\$ (1,225,297)
Total Revenue from the Commonwealth	\$ -	\$ 1,632,466	\$ 407,169	\$ (1,225,297)
Total County CIP Fund	\$ -	\$ 1,641,255	\$ 415,958	\$ (1,225,297)
Total Nonmajor Capital Projects Funds	\$ 32,886,730	\$ 2,365,123	\$ 847,002	\$ (1,518,121)
Total Primary Government	\$ 91,053,046	\$ 61,090,907	\$ 59,884,298	\$ (1,206,609)
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Revenue from Local Sources:				
Revenue from Use of Money and Property:				
Revenue from use of money	\$ 4,800	\$ 4,800	\$ 12,565	\$ 7,765
Revenue from use of property	2,400	2,400	1,200	(1,200)
Total Revenue from Use of Money and Property	\$ 7,200	\$ 7,200	\$ 13,765	\$ 6,565

County of Pulaski, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2020

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Discretely Presented Component Unit-School Board: (continued)				
School Operating Fund: (continued)				
Revenue from Local Sources: (continued)				
Charges for Services:				
Charges for education	\$ 150,000	\$ 150,000	\$ 129,091	\$ (20,909)
Cafeteria sales	561,200	561,200	392,655	(168,545)
Tuition and payments from other divisions	462,000	462,000	438,050	(23,950)
Total Charges for Services	\$ 1,173,200	\$ 1,173,200	\$ 959,796	\$ (213,404)
Miscellaneous:				
Miscellaneous	\$ 24,137	\$ 24,137	\$ 34,813	\$ 10,676
Recovered Costs:				
Medicaid reimbursements	\$ 212,500	\$ 212,500	\$ 156,730	\$ (55,770)
Insurance recoveries	-	-	14,894	14,894
E-Rate	110,000	110,000	48,447	(61,553)
Salary reimbursements	80,000	80,000	60,808	(19,192)
School activity reimbursements	65,000	65,000	46,652	(18,348)
Title I indirect costs	-	-	22,810	22,810
Other recoveries	203,000	203,000	400,160	197,160
Total Recovered Costs	\$ 670,500	\$ 670,500	\$ 750,501	\$ 80,001
Total Revenue from Local Sources	\$ 1,875,037	\$ 1,875,037	\$ 1,758,875	\$ (116,162)
Intergovernmental:				
Revenue from Local Governments:				
Contribution from County of Pulaski, Virginia-General Fund	\$ 15,327,134	\$ 15,327,134	\$ 14,607,872	\$ (719,262)
Revenue from the Commonwealth:				
Categorical Aid:				
At risk four-year olds	\$ 417,754	\$ 417,754	\$ 417,754	\$ -
CTE STEM-H industry credentials	-	-	1,320	1,320
At risk payments	621,257	621,257	638,572	17,315
Basic school aid	12,116,244	12,116,244	12,484,745	368,501
Career technology education	42,191	42,191	-	(42,191)
Early reading intervention	125,160	125,160	161,571	36,411
English as a second language	39,847	39,847	45,343	5,496
Gifted and talented	129,100	129,100	132,709	3,609
GLI instructional	54,222	54,222	55,738	1,516
Governor's School	-	356,446	375,513	19,067
Homebound education	38,632	38,632	19,081	(19,551)
ISAEF	16,710	16,710	16,773	63
Mentor teaching program	4,333	4,333	2,317	(2,016)
Special education jail	9,646	9,646	-	(9,646)
Preschool social services	-	-	10,393	10,393
Primary class size	632,035	632,035	661,964	29,929
Project graduation	7,147	7,147	7,147	-
Gear up Virginia	-	-	76,540	76,540
Remedial education	513,818	513,818	528,182	14,364
Remedial summer education	119,793	119,793	162,818	43,025
Retirement	1,735,105	1,735,105	1,783,609	48,504
School food	-	-	18,319	18,319
Share of state sales tax	5,023,005	5,023,005	5,134,134	111,129
Social security	787,511	787,511	806,089	18,578

County of Pulaski, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2020

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Discretely Presented Component Unit-School Board: (continued)				
School Operating Fund: (continued)				
Intergovernmental: (continued)				
Revenue from the Commonwealth: (continued)				
Categorical Aid: (continued)				
VPESA E-learning backpack grant	\$ -	\$ -	\$ 165,200	\$ 165,200
Special education	1,789,327	1,789,327	2,113,013	323,686
Special education - foster care	-	-	4,381	4,381
Standards of learning algebra readiness	60,128	60,128	55,613	(4,515)
State lottery payments	948,731	948,731	971,457	22,726
Textbook payment	259,982	259,982	267,249	7,267
Vocational education-equipment	-	-	13,686	13,686
Vocational occupational preparedness	-	-	36,994	36,994
Vocational standards of quality payments	423,448	423,448	435,286	11,838
VPESA technology grant	284,000	284,000	-	(284,000)
PBIS grant	-	-	29,348	29,348
State cybercamp program	49,456	49,456	42,949	(6,507)
CTE STEM Academy Supplement	-	-	3,946	3,946
VTSF Virginia tobacco settlement	59,100	59,100	25,269	(33,831)
VA workplace readiness skills	-	-	80	80
Race to GED grant	-	-	44,093	44,093
Math and science teacher recruitment	-	-	4,000	4,000
Virginia's PDG B-5 Grant	-	-	2,500	2,500
Compensation supplement	808,233	808,233	807,383	(850)
Other categorical aid	356,446	-	-	-
Total Categorical Aid	\$ 27,472,361	\$ 27,472,361	\$ 28,563,078	\$ 1,090,717
Total Revenue from the Commonwealth	\$ 27,472,361	\$ 27,472,361	\$ 28,563,078	\$ 1,090,717
Revenue from the Federal Government:				
Categorical Aid:				
Forest reserve funds	\$ -	\$ -	\$ 17,973	\$ 17,973
Title I	1,635,159	1,635,159	1,062,261	(572,898)
Title VI-B, special education	1,644,307	1,644,307	820,285	(824,022)
Title VI-B, pre-school	41,450	41,450	40,441	(1,009)
Title V	66,154	66,154	57,902	(8,252)
Vocational education	87,462	87,462	131,267	43,805
Fresh fruits and vegetables	-	-	48,335	48,335
CACFP	-	-	43,380	43,380
Title II, Part A-Teacher quality grant	235,917	235,917	125,566	(110,351)
School Improvement	123,580	123,580	53,906	(69,674)
Title IV, Part 21	412,000	412,000	252,218	(159,782)
School food	1,750,000	1,750,000	1,576,609	(173,391)
School food-Summer program	-	-	626,942	626,942
Project aware	162,888	162,888	-	(162,888)
Summer management workshop	-	-	350	350
Other	19,845	19,845	-	(19,845)
Total Categorical Aid	\$ 6,178,762	\$ 6,178,762	\$ 4,857,435	\$ (1,321,327)
Total Revenue from the Federal Government	\$ 6,178,762	\$ 6,178,762	\$ 4,857,435	\$ (1,321,327)
Total Discretely Presented Component Unit-School Board	\$ 50,853,294	\$ 50,853,294	\$ 49,787,260	\$ (1,066,034)

County of Pulaski, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2020

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Primary Government:				
General Fund:				
General Government Administration:				
Legislative:				
Board of Supervisors	\$ 193,146	\$ 207,834	\$ 202,245	\$ 5,589
General and Financial Administration:				
County Administrator	\$ 589,701	\$ 602,059	\$ 598,064	\$ 3,995
Assistant County Administrator	146,261	146,261	142,112	4,149
County Attorney	37,450	37,450	33,120	4,330
Commissioner of the Revenue	478,633	479,376	472,721	6,655
Treasurer	535,363	552,641	550,519	2,122
Management Services	231,176	231,176	224,849	6,327
Director of Finance	233,013	263,013	240,165	22,848
Grants Writer	16,000	16,000	15,600	400
GIS Department	92,940	101,540	94,443	7,097
Other General and Financial Administration	378,267	343,267	325,601	17,666
Total General and Financial Administration	\$ 2,738,804	\$ 2,772,783	\$ 2,697,194	\$ 75,589
Board of Elections:				
Electoral Board	\$ 101,996	\$ 118,892	\$ 83,361	\$ 35,531
Registrar	144,408	156,491	152,936	3,555
Total Board of Elections	\$ 246,404	\$ 275,383	\$ 236,297	\$ 39,086
Total General Government Administration	\$ 3,178,354	\$ 3,256,000	\$ 3,135,736	\$ 120,264
Judicial Administration:				
Courts:				
Circuit Court	\$ 153,225	\$ 140,225	\$ 52,336	\$ 87,889
General District Court	4,781	5,024	4,661	363
Juvenile and Domestic Relations Court	7,772	7,961	6,178	1,783
Clerk of the Circuit Court	678,733	727,710	708,656	19,054
Law Library	6,636	6,636	6,209	427
Victim's Witness Assistance	214,776	214,776	214,342	434
Drug Court Local Assistance	45,000	45,000	50,861	(5,861)
Domestic Relations Legal Services	-	-	44,109	(44,109)
Women's Resource Victims Assistance	24,768	24,768	24,768	-
Total Courts	\$ 1,135,691	\$ 1,172,100	\$ 1,112,120	\$ 59,980
Commonwealth's Attorney:				
Commonwealth's Attorney	\$ 957,284	\$ 1,005,664	\$ 978,705	\$ 26,959
Total Judicial Administration	\$ 2,092,975	\$ 2,177,764	\$ 2,090,825	\$ 86,939
Public Safety:				
Law Enforcement and Traffic Control:				
Sheriff	\$ 3,979,849	\$ 4,419,158	\$ 4,412,589	\$ 6,569

County of Pulaski, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2020

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Primary Government: (continued)				
General Fund: (continued)				
Public Safety: (continued)				
Fire and Rescue Services:				
E-911	\$ 1,759,153	\$ 1,969,488	\$ 1,669,587	\$ 299,901
Forest Fire Protection	8,661	-	5,480	(5,480)
Volunteer Fire Departments	337,200	373,795	339,221	34,574
Alternative Community Sentencing	-	14,884	6,655	8,229
Pulaski County Special Operations	12,000	12,500	9,166	3,334
Ambulance and Rescue Services	2,290,005	2,275,121	2,110,298	164,823
Total Fire and Rescue Services	<u>\$ 4,407,019</u>	<u>\$ 4,645,788</u>	<u>\$ 4,140,407</u>	<u>\$ 505,381</u>
Correction and Detention:				
Regional Jail Payments	\$ 1,900,000	\$ 1,900,000	\$ 2,067,985	\$ (167,985)
Court Services	4,460	5,718	4,353	1,365
Pretrial Services Grant	926,885	1,091,773	841,782	249,991
NRV Juvenile Detention Home	113,704	113,704	113,314	390
Total Correction and Detention	<u>\$ 2,945,049</u>	<u>\$ 3,111,195</u>	<u>\$ 3,027,434</u>	<u>\$ 83,761</u>
Inspections:				
Building Inspections	\$ 186,077	\$ 187,330	\$ 160,762	\$ 26,568
Code Enforcement	83,247	83,247	82,318	929
Total Inspections	<u>\$ 269,324</u>	<u>\$ 270,577</u>	<u>\$ 243,080</u>	<u>\$ 27,497</u>
Other Protection:				
Animal Control	\$ 364,471	\$ 401,569	\$ 380,374	\$ 21,195
Emergency Management	150,949	150,749	132,690	18,059
Total Other Protection	<u>\$ 515,420</u>	<u>\$ 552,318</u>	<u>\$ 513,064</u>	<u>\$ 39,254</u>
Total Public Safety	<u>\$ 12,116,661</u>	<u>\$ 12,999,036</u>	<u>\$ 12,336,574</u>	<u>\$ 662,462</u>
Public Works:				
Sanitation and Waste Removal:				
General Engineering	\$ 329,491	\$ 328,491	\$ 302,353	\$ 26,138
Landfill	153,410	160,448	129,048	31,400
Clean Community Council	96,326	78,926	20,845	58,081
Total Sanitation and Waste Removal	<u>\$ 579,227</u>	<u>\$ 567,865</u>	<u>\$ 452,246</u>	<u>\$ 115,619</u>
Maintenance of General Building and Grounds:				
General Properties	\$ 1,272,161	\$ 1,293,496	\$ 1,094,705	\$ 198,791
Cleaning Services	273,028	273,082	239,570	33,512
NRV Airport Salaries and Benefits Reimbursement	402,378	402,378	354,266	48,112
Natural disaster cleanup	-	-	38,412	(38,412)
Property cleanup	21,000	21,000	1,498	19,502
Total Maintenance of General Buildings and Grounds	<u>\$ 1,968,567</u>	<u>\$ 1,989,956</u>	<u>\$ 1,728,451</u>	<u>\$ 261,505</u>
Total Public Works	<u>\$ 2,547,794</u>	<u>\$ 2,557,821</u>	<u>\$ 2,180,697</u>	<u>\$ 377,124</u>

County of Pulaski, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2020

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Primary Government: (continued)				
General Fund: (continued)				
Health and Welfare:				
Health:				
Supplement of Local Health Department	\$ 344,679	\$ 344,679	\$ 430,849	\$ (86,170)
Behavioral Health and Development Services:				
Community Services Board	\$ 96,000	\$ 96,000	\$ 96,000	\$ -
Welfare:				
Public Assistance	\$ 7,069,178	\$ 7,069,178	\$ 5,870,244	\$ 1,198,934
Comprehensive Services Act	4,000,000	4,000,000	3,249,875	750,125
Office on Youth	138,974	152,702	100,639	52,063
New River Community Action	50,043	50,043	50,043	-
NRV Disability Services	14,551	17,051	17,051	-
Virginia Juvenile Commission on Crime	91,548	91,548	83,117	8,431
Fairview District Home	77,025	77,025	77,025	-
Brain Injury Services of SWVa	4,300	4,300	4,300	-
Beans and Rice	8,750	8,750	8,750	-
NRV Cares	850	850	850	-
Free Clinic of Pulaski County	64,500	64,500	64,500	-
Literacy Volunteers of America	2,295	2,295	2,295	-
United Way	2,500	2,500	1,000	1,500
Commission on Children and Families	25,000	25,000	25,000	-
Contributions to Other Local Organizations	142,227	142,227	45,000	97,227
Total Welfare	\$ 11,691,741	\$ 11,707,969	\$ 9,599,689	\$ 2,108,280
Total Health and Welfare	\$ 12,132,420	\$ 12,148,648	\$ 10,126,538	\$ 2,022,110
Education:				
Other Instructional Costs:				
Contribution to New River Community College	\$ 115,658	\$ 115,658	\$ 107,835	\$ 7,823
Contribution to Pulaski County School Board	15,477,134	16,124,638	14,607,872	1,516,766
Total Education	\$ 15,592,792	\$ 16,240,296	\$ 14,715,707	\$ 1,524,589
Parks, Recreational and Cultural:				
Parks and Recreation:				
Parks	\$ 15,404	\$ 19,404	\$ 18,403	\$ 1,001
Recreation	441,158	441,159	413,428	27,731
Friends of Claytor Lake	148,655	152,251	154,415	(2,164)
Randolph Park	224,078	227,773	168,282	59,491
Pulaski JAMS	-	4,300	4,300	-
Total Parks and Recreation	\$ 829,295	\$ 844,887	\$ 758,828	\$ 86,059
Cultural Enrichment:				
Fine Arts Center	\$ 4,500	\$ 4,500	\$ 4,500	\$ -
Historical Landmarks	10,000	10,000	10,000	-
Friends of the Pulaski Theater	4,500	4,500	4,500	-
Courthouse exhibits and commemorative items	750	22,422	15,860	6,562
Total Cultural Enrichment	\$ 19,750	\$ 41,422	\$ 34,860	\$ 6,562

County of Pulaski, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2020

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Primary Government: (continued)				
General Fund: (continued)				
Parks, Recreation and Cultural: (continued)				
Library:				
Library Administration	\$ 603,807	\$ 630,229	\$ 623,441	\$ 6,788
Library State Aid	129,313	133,343	130,095	3,248
Total Library	<u>\$ 733,120</u>	<u>\$ 763,572</u>	<u>\$ 753,536</u>	<u>\$ 10,036</u>
Total Parks, Recreation and Cultural	<u>\$ 1,582,165</u>	<u>\$ 1,649,881</u>	<u>\$ 1,547,224</u>	<u>\$ 102,657</u>
Community Development:				
Planning and Community Development:				
Community Development	\$ 509,330	\$ 413,671	\$ 506,580	\$ (92,909)
Economic Development	231,855	229,855	229,088	767
Chamber of Commerce	10,000	10,000	10,000	-
Visitors' Center	96,001	106,861	80,407	26,454
Planning and Zoning	215,715	214,760	207,589	7,171
NRV Planning District Commission	29,552	29,552	29,551	1
NR Highland RC&D	-	-	9,600	(9,600)
NRV Business Center	10,600.00	10,600.00	9,100	1,500
I 81 Corridor Coalition	4,000	4,000	4,000	-
Contribution to Pulaski County IDA	-	300,000	-	300,000
Beans and Rice microenterprise	22,400	22,400	22,400	-
Total Planning and Community Development	<u>\$ 1,129,453</u>	<u>\$ 1,341,699</u>	<u>\$ 1,108,315</u>	<u>\$ 233,384</u>
Environmental Management:				
Contribution to Soil and Water District	<u>\$ 22,600</u>	<u>\$ 22,600</u>	<u>\$ 13,000</u>	<u>\$ 9,600</u>
Cooperative Extension Program:				
Extension Office	<u>\$ 116,453</u>	<u>\$ 116,453</u>	<u>\$ 113,783</u>	<u>\$ 2,670</u>
Total Community Development	<u>\$ 1,268,506</u>	<u>\$ 1,480,752</u>	<u>\$ 1,235,098</u>	<u>\$ 245,654</u>
Debt Service:				
Principal Retirement	\$ 4,161,821	\$ 4,198,722	\$ 4,170,638	\$ 28,084
Interest and Other Fiscal Charges	2,218,150	2,237,818	2,222,850	14,968
Total Debt Service	<u>\$ 6,379,971</u>	<u>\$ 6,436,540</u>	<u>\$ 6,393,488</u>	<u>\$ 43,052</u>
Total General Fund	<u>\$ 56,891,638</u>	<u>\$ 58,946,738</u>	<u>\$ 53,761,887</u>	<u>\$ 5,184,851</u>

County of Pulaski, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2020

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Primary Government: (continued)				
Major Capital Project Funds:				
School CIP Fund:				
Capital Projects:				
Middle School Replacement	\$ 4,628,748,490	\$ 85,144,893	\$ 26,706,407	\$ 58,438,486
Total School CIP Fund	\$ 4,628,748,490	\$ 85,144,893	\$ 26,706,407	\$ 58,438,486
Nonmajor Capital Project Funds:				
County CIP Fund:				
General Government Administration:				
County Administrator	\$ 410,000	\$ 1,193,748	\$ -	\$ 1,193,748
Information Technology	475,000	685,314	230,227	455,087
Communications	-	28,000	-	28,000
Central Garage	66,500	18,597	-	18,597
Commissioner of Revenue	150,000	350,000	185,103	164,897
Total General Government Administration	\$ 1,101,500	\$ 2,275,659	\$ 415,330	\$ 1,860,329
Board of Elections:				
Electoral Board	\$ 5,000	\$ 5,000	\$ -	\$ 5,000
Total General Government Administration	\$ 1,106,500	\$ 2,280,659	\$ 415,330	\$ 1,865,329
Public Safety:				
Law Enforcement and Traffic Control:				
Sheriff	\$ 270,000	\$ 270,000	\$ 255,959	\$ 14,041
Fire and Rescue Services:				
Volunteer Fire Departments	\$ -	\$ 3,148	\$ 3,148	\$ -
Public Safety	296,678	436,924	50,931	385,993
Total Fire and Rescue Services	\$ 296,678	\$ 440,072	\$ 54,079	\$ 385,993
Total Public Safety	\$ 566,678	\$ 710,072	\$ 310,038	\$ 400,034
Public Works:				
Maintenance of Highways, Streets, Bridges, and Sidewalks:				
Maintenance	\$ 375,000	\$ 920,124	\$ 33,773	\$ 886,351
Maintenance of General Building and Grounds:				
General Properties	\$ 175,000	\$ 294,009	\$ 526,565	\$ (232,556)
Total Public Works	\$ 550,000	\$ 1,214,133	\$ 560,338	\$ 653,795
Health and Welfare:				
Health:				
Health department renovations	\$ -	\$ -	\$ 1,680	\$ (1,680)

County of Pulaski, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2020

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>
Primary Government: (continued)				
Nonmajor Capital Project Funds: (continued)				
County CIP Fund: (continued)				
Parks, Recreational and Cultural:				
Parks and Recreation:				
Parks	\$ 45,000	\$ 185,535	\$ 71,946	\$ 113,589
Recreation	200,500	1,198,329	674,185	524,144
Friends of Claytor Lake	-	-	60,000	(60,000)
Swimming pools	-	-	89,820	(89,820)
Total Parks and Recreation	\$ 245,500	\$ 1,383,864	\$ 895,951	\$ 487,913
Total Parks, Recreation and Cultural	\$ 245,500	\$ 1,383,864	\$ 895,951	\$ 487,913
Community Development:				
Planning and Community Development:				
County building improvements	\$ -	\$ 452,750	\$ 34,529	\$ 418,221
Other community development	55,000	58,061	10,000	48,061
Total Community Development	\$ 55,000	\$ 510,811	\$ 44,529	\$ 466,282
Debt Service:				
Principal Retirement	\$ -	\$ -	\$ 20,485	\$ (20,485)
Interest and Other Fiscal Charges	-	-	7,954	(7,954)
Total Debt Service	\$ -	\$ -	\$ 28,439	\$ (28,439)
Total County CIP Fund	\$ 2,523,678	\$ 6,099,539	\$ 2,256,305	\$ 3,843,234
Total Nonmajor Capital Project Funds	\$ 4,631,272,168	\$ 91,244,432	\$ 28,962,712	\$ 62,281,720
Total Primary Government	\$ 4,688,163,806	\$ 150,191,170	\$ 82,724,599	\$ 67,466,571
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration, health and attendance	\$ 2,114,007	\$ 2,114,007	\$ 2,081,644	\$ 32,363
Instructional:				
Instruction	\$ 35,426,894	\$ 35,426,894	\$ 33,591,050	\$ 1,835,844
Other operating costs:				
Pupil transportation	\$ 2,773,877	\$ 2,773,877	\$ 2,903,815	\$ (129,938)
Operation and maintenance of school plant	5,883,642	5,883,642	5,648,867	234,775
Food services	2,420,727	2,420,727	2,499,170	(78,443)
Technical resources	2,234,147	2,234,147	2,463,960	(229,813)
Facilities	-	-	175,335	(175,335)
Total other operating costs	\$ 13,312,393	\$ 13,312,393	\$ 13,691,147	\$ (378,754)
Total Education	\$ 50,853,294	\$ 50,853,294	\$ 49,363,841	\$ 1,489,453
Total Discretely Presented Component Unit-School Board	\$ 50,853,294	\$ 50,853,294	\$ 49,363,841	\$ 1,489,453

Other Statistical Information

Table 1

County of Pulaski, Virginia
Government-Wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General Government		Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long- Term Debt	Total
	Administration	Government									
2019-20	\$ 3,128,845	\$	2,169,572	\$ 12,496,921	\$ 2,230,327	\$ 10,235,842	\$ 15,838,781	\$ 1,840,271	\$ 1,105,826	\$ 1,884,031	\$ 50,930,416
2018-19	2,660,377		1,945,251	10,668,415	1,949,125	9,518,680	15,549,922	1,566,378	1,181,486	1,870,352	46,909,986
2017-18	2,801,349		2,067,758	9,874,829	2,586,077	10,515,792	16,553,189	1,621,925	3,504,042	1,717,409	51,242,370
2016-17	2,700,402		2,109,851	10,833,574	2,617,920	10,957,406	15,480,363	1,615,012	1,149,908	785,624	48,250,060
2015-16	2,271,956		1,839,512	9,084,993	2,248,209	10,778,762	15,078,566	1,474,176	2,444,344	854,398	46,074,916
2014-15	2,297,377		1,763,999	8,960,435	3,355,036	10,387,390	14,981,310	1,581,597	5,180,699	780,400	49,288,243
2013-14	2,674,206		1,444,538	8,526,040	1,601,211	11,482,125	14,300,540	1,424,232	3,023,726	1,210,907	45,687,525
2012-13	3,029,596		1,663,626	8,279,912	2,457,115	11,585,645	12,845,614	1,676,018	1,872,699	1,135,681	44,545,906
2011-12	2,733,560		1,594,599	8,092,547	1,701,286	11,078,762	14,686,128	1,457,169	7,503,176	1,145,941	49,993,168
2010-11	2,354,362		1,598,836	7,767,882	1,631,480	10,646,521	12,492,540	1,461,399	4,730,543	938,678	43,622,241

Table 2

County of Pulaski, Virginia
Government-Wide Revenues
Last Ten Fiscal Years

Fiscal Year	Program Revenues			General Revenues						Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions		
								Not Restricted to Specific Programs		
2019-20	\$ 2,025,196	\$ 12,833,704	\$ 407,169	\$ 31,446,592	\$ 8,270,789	\$ 926,218	\$ 108,675	\$ 2,587,059	\$ 58,605,402	
2018-19	1,151,680	12,089,326	128,397	31,370,107	7,849,693	1,612,865	301,726	2,663,341	57,167,135	
2017-18	730,770	12,636,401	123,701	28,799,097	7,479,531	669,250	137,700	2,624,484	53,200,934	
2016-17	784,304	13,695,749	139,906	26,556,425	7,476,305	371,956	113,955	2,653,536	51,792,136	
2015-16	722,159	12,010,459	1,364,931	25,966,779	7,247,877	306,940	363,247	2,582,112	50,564,504	
2014-15	846,761	12,748,161	106,529	25,590,142	7,120,592	268,759	352,115	2,637,132	49,670,191	
2013-14	715,688	12,782,630	268,452	24,368,213	6,839,403	405,155	127,828	2,651,916	48,159,285	
2012-13	715,424	12,238,191	366,974	23,279,472	6,581,448	433,446	118,247	3,572,616	47,305,818	
2011-12	725,715	12,511,682	72,633	21,993,777	6,523,924	379,141	391,985	2,514,364	45,113,221	
2010-11	1,256,990	11,842,138	1,766,976	21,623,192	5,617,664	329,563	394,290	1,040,960	43,871,773	

Table 3

County of Pulaski, Virginia
General Governmental Expenditures by Function (1)
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Non-Departmental	Debt Service (3)	Total
2019-20	\$ 3,551,066	\$ 2,090,825	\$ 12,646,612	\$ 2,741,035	\$ 10,128,218	\$ 49,471,676	\$ 2,443,175	\$ 1,279,627	\$ -	\$ 6,421,927	\$ 90,774,161
2018-19	3,309,300	2,083,683	11,350,386	2,364,247	9,777,818	49,109,733	2,087,391	1,211,765	-	6,368,340	87,662,663
2017-18	3,256,810	2,061,752	9,584,427	3,266,501	10,519,706	47,520,022	1,600,164	3,481,924	52,143	3,685,580	85,029,029
2016-17	2,705,363	2,015,564	10,764,367	2,755,809	11,099,772	48,196,247	1,555,062	1,889,719	-	3,253,181	84,235,084
2015-16	2,656,161	1,936,077	9,472,446	2,399,136	11,601,877	47,273,041	1,571,268	2,445,903	11,203	7,969,056	87,336,168
2014-15	2,682,677	1,855,350	9,701,372	3,541,420	10,417,669	46,858,303	1,550,851	5,233,090	149,816	3,013,268	85,003,816
2013-14	2,760,506	1,763,092	10,944,572	3,190,606	11,523,164	46,534,079	1,825,172	3,350,445	62,946	3,235,756	85,190,338
2012-13	3,022,341	1,658,842	8,687,200	2,945,057	11,833,951	46,184,157	1,779,669	1,987,979	48,676	3,392,643	81,540,515
2011-12	2,290,446	1,620,149	8,029,761	1,812,147	11,360,061	46,334,107	1,604,803	7,635,743	-	3,366,806	84,054,023
2010-11	2,127,956	1,581,628	7,775,675	1,542,354	10,859,550	44,568,538	1,547,452	4,840,124	-	3,185,949	78,029,226

(1) Includes Primary Government (excluding School Construction) and its Discretely Presented Component Unit-School Board.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit-School Board.

(3) Debt service increased in fiscal year 2018-19 to reflect the PCMS Bonds repayments.

Table 4

County of Pulaski, Virginia
General Governmental Revenues by Source (1)
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2019-20	\$ 31,124,002	\$ 8,270,789	\$ 160,975	\$ 191,397	\$ 508,978	\$ 2,632,620	\$ 219,239	\$ 2,276,197	\$ 49,248,445	\$ 94,632,642
2018-19	31,255,925	7,849,693	258,938	390,284	546,004	1,634,994	374,573	1,529,417	47,423,369	91,263,197
2017-18	28,775,279	7,479,531	145,952	83,229	379,044	1,947,060	228,308	2,013,767	46,775,323	87,827,493
2016-17	26,298,277	7,476,305	134,340	60,363	383,286	1,952,158	227,596	2,508,787	47,773,424	86,814,536
2015-16	25,713,685	7,247,877	128,556	30,051	319,238	1,887,874	138,056	1,670,611	46,644,090	83,780,038
2014-15	25,192,418	7,120,592	147,521	120,427	287,464	2,198,388	361,530	1,694,079	46,388,682	83,511,101
2013-14	24,638,943	6,839,403	137,443	97,337	420,047	1,477,261	188,158	2,064,141	46,426,984	82,289,717
2012-13	23,174,130	6,581,448	135,413	72,758	445,996	1,618,580	130,309	3,557,119	47,237,838	82,953,591
2011-12	21,788,104	6,523,924	129,393	35,874	398,689	1,706,348	430,075	1,829,882	47,272,325	80,114,614
2010-11	21,658,330	5,617,664	692,279	37,738	340,570	1,594,988	529,614	1,853,759	45,719,285	78,044,227

(1) Includes Primary Government (excluding School Construction) and its Discretely Presented Component Unit-School Board.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit-School Board.

Table 5

County of Pulaski, Virginia
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2019-20	\$ 33,288,666	\$ 32,043,223	96.26%	\$ 101,596	\$ 32,144,819	96.56%	\$ 4,494,676	13.50%
2018-19	32,948,802	32,161,771	97.61%	104,256	32,266,027	97.93%	4,187,829	12.71%
2017-18	30,535,084	29,717,045	97.32%	110,615	29,827,660	97.68%	3,749,643	12.28%
2016-17	28,049,095	27,267,139	97.21%	82,924	27,350,063	97.51%	3,634,099	12.96%
2015-16	27,548,852	26,677,079	96.84%	170,543	26,847,622	97.45%	3,232,106	11.73%
2014-15	26,742,150	26,254,911	98.18%	93,368	26,348,279	98.53%	3,428,552	12.82%
2013-14	25,423,667	24,518,687	96.44%	1,167,629	25,686,316	101.03%	2,978,078	11.71%
2012-13	25,044,163	24,190,958	96.59%	160,657	24,351,615	97.23%	2,434,494	9.72%
2011-12	24,009,139	22,561,415	93.97%	761,290	23,322,705	97.14%	2,612,718	10.88%
2010-11	23,286,597	22,070,924	94.78%	540,891	22,611,815	97.10%	2,970,797	12.76%

(1) Includes penalty and interest.

Table 6

County of Pulaski, Virginia
Assessed Value (1) of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Personal Property and Mobile		Machinery and Tools		Public Service (2)		Total
	Real Estate	Home					
2019-20	\$ 2,601,630,003	\$ 351,551,716	\$ 275,139,003	\$ 138,554,825	\$ 3,366,875,547		
2018-19	2,575,140,103	342,672,126	280,377,041	138,533,409	3,336,722,679		
2017-18	2,550,432,050	332,759,391	260,827,009	145,064,073	3,289,082,523		
2016-17	2,537,515,050	319,208,214	236,896,594	149,228,267	3,242,848,125		
2015-16	2,524,308,875	308,155,852	228,505,168	144,390,827	3,205,360,722		
2014-15	2,599,360,300	299,330,652	208,708,502	141,855,487	3,249,254,941		
2013-14	2,771,466,000	309,328,321	187,946,761	132,601,989	3,401,343,071		
2012-13	2,855,125,100	309,328,321	187,946,761	134,148,506	3,486,548,688		
2011-12	2,749,057,900	283,251,757	173,603,157	132,152,095	3,338,064,909		
2010-11	2,607,713,654	277,054,341	186,011,482	132,610,234	3,203,389,711		

(1) Assessments at 100% of fair market value.

(2) Assessed values are established by the State Corporation Commission.

Table 7

**County of Pulaski, Virginia
Property Tax Rates (1)
Last Ten Fiscal Years**

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Mobile Homes
2019-20	\$ 0.77	\$ 2.35	\$ 1.50	\$ 0.77
2018-19	0.77	2.35	1.50	0.77
2017-18 (4)	0.64/0.77	2.35	1.50	0.64
2016-17	0.64	2.35	1.50	0.64
2015-16	0.64	2.35	1.50	0.64
2014-15 (3)	0.59/0.64	2.35	1.50	0.64
2013-14	0.59	2.35	1.50	0.59
2012-13 (2)	0.54/0.59	2.35	1.50	0.59
2011-12	0.54	2.14	1.50	0.54
2010-11	0.54	2.14	1.50	0.54

(1) Per \$100 of assessed value.

(2) Real estate rates increased from \$0.54 to \$0.59 beginning with the first half 2013

(3) Real estate rates increased from \$0.59 to \$0.64 beginning with the first half 2015

(4) Real estate rates increased from \$0.64 to \$0.77 beginning with the first half 2018.

Table 8

County of Pulaski, Virginia
Ratio of Net Bonded Debt to Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (in Thousands) (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of	
					Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2019-20	34,872	\$ 3,366,876	\$ 59,704,155	\$ 59,704,155	1.77%	\$ 1,712
2018-19	34,872	3,336,723	63,874,793	63,874,793	1.91%	1,832
2017-18	34,872	3,289,083	66,528,621	66,528,621	2.02%	1,908
2016-17	34,872	3,242,848	22,709,144	22,709,144	0.70%	651
2015-16	34,872	3,205,361	20,094,769	20,094,769	0.63%	576
2014-15	34,872	3,249,255	23,671,302	23,671,302	0.73%	679
2013-14	34,872	3,401,343	25,721,676	25,721,676	0.76%	738
2012-13	34,872	3,486,549	26,807,252	26,807,252	0.77%	769
2011-12	34,872	3,338,065	28,919,439	28,919,439	0.87%	829
2010-11	34,872	3,203,390	30,994,428	30,994,428	0.97%	889

(1) Bureau of the Census.

(2) Assessments at 100% of fair market value.

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans. Excludes revenue bonds, landfill post-closure monitoring, capital lease and compensated absences.

Table 9

County of Pulaski, Virginia

Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures (1)

Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2019-20	\$ 4,170,638	\$ 2,222,850	\$ 6,393,488	\$ 90,774,161	7.04%
2018-19	4,177,665	2,190,675	6,368,340	87,662,663	7.26%
2017-18	2,482,797	738,402	3,221,199	85,029,029	3.79%
2016-17	2,433,902	819,279	3,253,181	84,235,084	3.86%
2015-16	7,095,430	873,626	7,969,056	87,336,168	9.12%
2014-15	2,109,205	904,063	3,157,011	85,003,816	3.71%
2013-14	2,042,293	1,114,718	3,157,011	85,190,338	3.71%
2012-13	2,169,831	1,222,812	3,392,643	81,540,515	4.16%
2011-12	2,074,988	1,291,818	3,366,806	84,054,023	4.01%
2010-11	2,094,711	1,091,238	3,185,949	78,029,226	4.08%

(1) Includes Primary Government (excluding School Construction) and its Discretely Presented Component Unit-School Board.

COMPLIANCE SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

**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 Board of Supervisors
County of Pulaski, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Pulaski, Virginia as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County of Pulaski, Virginia's basic financial statements and have issued our report thereon dated April 9, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of Pulaski, Virginia'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 County of Pulaski, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Pulaski, Virginia'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 and 2020-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Pulaski, Virginia'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*.

County of Pulaski, Virginia's Response to Findings

County of Pulaski, Virginia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. County of Pulaski, Virginia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Robinson, Jarmon, Cox, Associates

Blacksburg, Virginia
April 9, 2021



**Independent Auditors' Report on Compliance For Each Major Program and on
Internal Control over Compliance Required by the Uniform Guidance**

**To the Honorable Members of
the Board of Supervisors
County of Pulaski, Virginia**

Report on Compliance for Each Major Federal Program

We have audited the County of Pulaski, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Pulaski, Virginia's major federal programs for the year ended June 30, 2020. County of Pulaski, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County of Pulaski, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, the County of Pulaski, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

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

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

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

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

Robinson, Jarmon, Cox, Associates

Blacksburg, Virginia
April 9, 2021

County of Pulaski, Virginia
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2020

Federal Grantor/State Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number			Federal Expenditures	Expenditures to Suprecipients
Department of Health and Human Services:						
Pass through Payments:						
Department of Social Services:						
CCDF Cluster:						
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	760118/760119			\$ 78,917	
Promoting Safe and Stable Families Program	93.556	950117/950118			4,407	
Temporary Assistance for Needy Families (TANF)	93.558	400118/400119			409,172	
Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	93.566	500118/500119			615	
Low-Income Home Energy Assistance	93.568	600418/600419			79,989	
Stephanie Tubbs Jones Child Welfare Services Program	93.645	900118			1,053	
Adoption and Legal Guardianship Incentive Payments	93.603	Not available			3,973	
Foster Care - Title IV-E	93.658	1100118/1100119			348,987	
Adoption Assistance	93.659	1120118/1120119			810,797	
Social Services Block Grant	93.667	1000118/1000119			385,660	
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150118			7,884	
Children's Health Insurance Program	93.767	540118/540119			9,453	
Medicaid Cluster:						
Medical Assistance Program	93.778	1200118/1200119			574,214	
Chafee Education and Training Vouchers Program	93.599	9160118			9,196	
Total Department of Health and Human Services					\$ 2,724,317	
Department of Agriculture:						
Pass through Payments:						
Department of Agriculture:						
Child Nutrition Cluster:						
Summer Food Service Program for Children	10.559	60302/60303	\$ 204,391			
Summer Food Service Program for Children (Note 3)	10.559	60302/60303	2,524			
COVID-19 - Summer Food Service Program for Children	10.559	60302/60303	422,551	\$ 629,466		
National School Lunch Program (Note 3)	10.555	40252/40253	\$ 205,479			
Department of Education:						
National School Lunch Program	10.555	40254	866,719			
COVID-19 - National School Lunch Program	10.555	40254	58,680	1,130,878		
School Breakfast Program	10.553	40253	\$ 413,971			
COVID-19 - School Breakfast Program	10.553	40253	29,236	443,207		
Total Child Nutrition Cluster					\$ 2,203,551	
Child and Adult Care Food Program (CACFP)	10.558	70027/70028	\$ 38,240			
COVID-19 - Child and Adult Care Food Program (CACFP)	10.558	70027/70028	5,140			
Fresh Fruit and Vegetable Program	10.582	40252			48,335	
Forest Service Schools and Roads Cluster:						
Schools and Roads - Grants to States	10.665	Not available			17,973	
State Administrative Expenses for Child Nutrition	10.560	Not available			350	
Department of Social Services:						
SNAP Cluster:						
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	10118/10119 40118/40119			545,689	
Total Department of Agriculture					\$ 2,859,278	
Department of Justice:						
Pass through Payments:						
Department of Criminal Justice Services:						
Juvenile Justice and Delinquency Prevention	16.540	13MUF0045/13MUF0045			\$ 8,954	
Crime Victim Assistance	16.575	17VAGX0018			141,768	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Not available			3,025	
Total Department of Justice					\$ 153,747	
Department of Transportation:						
Pass-through payments:						
Department of Motor Vehicles:						
Alcohol Open Container Requirements	20.607	154AL-2018-58020-8020			\$ 24,403	
Virginia Department of Transportation:						
Highway Safety Cluster:						
State and Community Highway Safety	20.600	FSC-2018-58032-8032	\$ 18,261			
National Priority Safety Programs	20.616	Not available	2,142			
Total Highway Safety Cluster					20,403	
Total Department of Transportation					\$ 44,806	
Department of Education:						
Pass through Payments:						
Department of Education:						
Title I: Grants to Local Educational Agencies	84.010	429010			\$ 1,062,261	
Special Education Cluster:						
Special Education - Grants to States	84.027	430710	\$ 820,285			
Special Education - Preschool Grants	84.173	625210	40,441			
Total Special Education Cluster					860,726	
Career and Technical Education - Basic Grants to States	84.048	610950			131,267	
Twenty-first Century Community Learning Centers	84.287	605650			252,218	
School Improvement Grants	84.377	430400			53,906	
Supporting Effective Instruction State Grant	84.367	614800			125,566	
Student Support and Academic Enrichment Program	84.424	602810			57,902	
Total Department of Education					\$ 2,543,846	

County of Pulaski, Virginia
Schedule of Expenditures of Federal Awards (continued)
For the Fiscal Year Ended June 30, 2020

Federal Grantor/State Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number		Federal Expenditures	Expenditures to Suprecipients
Department of Labor:					
Pass through Payments:					
Virginia Community College System:					
WIOA Cluster:					
WIA/WIOA Adult Program	17.258	AA-30941-17-55-A-51/ AA-32183-18-55-A-51	\$ 581,807		
WIA/WIOA Dislocated Worker Formula Grants	17.278	AA-30941-17-55-A-51/ AA-32183-18-55-A-51	610,344		
WIA/WIOA Youth Activities	17.259	AA-30941-17-55-A-51/ AA-32183-18-55-A-51	696,145		
Total WIOA Cluster				\$ 1,888,296	\$ 1,888,296
Total Department of Labor				\$ 1,888,296	
Executive Office of the President					
Pass through Payments:					
Appalachia HIDTA					
High Intensity Drug Trafficking Areas Program	95.001	Not available		\$ 10,835	
Department of Homeland Security:					
Pass through Payments:					
Department of Emergency Management:					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Not available		\$ 6,830	
Department of Treasury:					
Pass through Payments:					
Department of Accounts:					
COVID-19 - Coronavirus Relief Fund	21.019	SLT0022		\$ 266,093	
Total Federal Expenditures				\$ 10,498,048	\$ 1,888,296
Notes to Schedule of Expenditures of Federal Awards					
Note 1 -- Basis of Presentation					
The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of County of Pulaski, Virginia under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of County of Pulaski, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of County of Pulaski, Virginia.					
Note 2 -- Summary of Significant Accounting Policies					
(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.					
(2) Pass through entity identifying numbers are presented where available.					
(3) The County did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.					
Note 3 -- Food Donation					
Nonmonetary assistance is reported in the schedule at the fair market value of commodities received and disbursed. At June 30, 2020, the County had no food commodities in inventory.					
Note 4 -- Outstanding Balance of Federal Loans					
The County did not have any loans or loan guarantees which are subject to reporting requirements for the current year.					
Note 5 -- Relationship to the Financial Statements:					
Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:					
Intergovernmental federal revenues per the basic financial statements:					
Primary Government:					
General Fund			\$ 15,420,763		
Other Governmental Funds			407,169		
Less: Payments from Commonwealth			(11,967,421)		
Add: Direct Payments to New River Valley Regional Commission			1,888,296		
Less: Payments in Lieu of Taxes			(54,015)		
Less: Provider Relief Funds			(54,179)		
Total Primary Government			\$ 5,640,613		
Component Unit School Board:					
School Operating Fund			\$ 4,857,435		
Total federal expenditures per the Schedule of Expenditures of Federal Awards				\$ 10,498,048	

County of Pulaski, Virginia

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies)?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies)?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section, 200.516 (a)?	No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
10.553/10.555/10.559	Child Nutrition Cluster
21.019	COVID-19 - Coronavirus Relief Funds
17.258/17.278/17.259	WIOA Cluster
93.659	Adoption Assistance

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
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Auditee qualified as low-risk auditee?	No
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County of Pulaski, Virginia

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2020

Section II - Financial Statement Findings

2020-001

Criteria:	An auditee should have sufficient controls in place to produce financial statements in accordance with applicable standards.
Condition:	The financial statements as presented for audit, did not contain all necessary adjustments to comply with generally accepted accounting principles (GAAP). As such, proposed adjustments that were material to the financial statements were necessary.
Effect of Condition:	There is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected by the County's internal controls over financial reporting.
Cause of Condition:	The County does not have proper controls in place to detect and correct adjustments in closing their year end financial statements.
Recommendation:	The County should review the auditors' proposed audit adjustments for the fiscal year and develop a plan to ensure the trial balances and related schedules are accurately presented for audit.
Management's Response:	The County will review the auditors' proposed audit adjustments for the fiscal year and will develop a plan of action to ensure that all adjusting entries are made prior to final audit fieldwork next year.

2020-002

Criteria:	General and subsidiary ledgers should reconcile to one another.
Condition:	The County maintains accounting systems in the Treasurer's Office and the County Office that are not integrated. Accordingly, a batch upload process and reconciliations between the systems are necessary to ensure the County's financial statements are correct.
Effect of Condition:	The County has been unable to close months in the system in a timely manner; therefore, interim reporting was inaccurate and the annual close process was delayed significantly.
Cause of Condition:	A lack of monthly reconciliations and routine batch upload processes.
Recommendation:	The County should implement a process wherein batch uploads are performed at a minimum weekly and a reconciliation between systems is performed monthly. The monthly close process should occur within 30 days after month end. Alternatively, the systems should be integrated.
Management's Response:	Management concurs with the recommendation and is working to address the issues noted.

Section III - Federal Award Findings and Questioned Costs

None reported.

County of Pulaski, Virginia

Schedule of Prior Audit Findings
For the Year Ended June 30, 2020

Section I - Summary of Auditors' Results

2019-001

Condition:	The financial statements, as presented for audit, did not contain all necessary adjustments to comply with generally accepted accounting principles (GAAP).
Recommendation:	The County should review the auditors' proposed audit adjustments for 2019 and develop a plan to ensure the trial balances and related schedules are accurately presented for audit.
Current Status:	Finding 2019-001 was repeated in the current year as 2020-001.