

COUNTY OF PULASKI, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

County of Pulaski, Virginia
Annual Financial Report
For the Fiscal Year Ended June 30, 2017

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INTRODUCTORY SECTION

COUNTY OF PULASKI, VIRGINIA

Board of Supervisors

Charles R. Bopp, Vice Chairman
Ranny E. O'Dell

Andy McCready, Chair

Ashley Edmonds, Clerk

Joseph Guthrie
Dean K. Pratt

County School Board

Michael Barbour, Vice Chair
Dr. Paige Cash

Timothy Hurst, Chair

Teresa Porter, Clerk

Bill Benson
Beckie Cox

Social Services Board

Charles Bopp
Joseph L. Sheffey

Charles Bopp, Chair

Rev. Vicki Houk, Alternate Member
Kendell Stuart, Clerk

Joseph Blankenship
Elaine Powell

Library Board

Margaret Spradlin, Vice Chair
Nancy Hudson
Lynne Clark
Dr. Kevin Siers

Laura Walters, Chair

Robert Bopp
Meagan Pratt
Penny Golden
Parks Lanier, Jr.

COUNTY OF PULASKI, VIRGINIA

Other Officials

Judge of the Circuit Court Brett L. Geisler
Judge of the Circuit Court Josiah T. Showalter Jr
Judge of the Circuit Court Robert M. D. Turk
Judge of the Circuit Court Bradley Finch
Judge of the Circuit Court H. Lee Harrell
Judge of the Circuit Court Marcus H. Long Jr
Clerk of the Circuit Court Maetta H. Crewe
Judge of the General District Court Erin J. DeHart
Judge of the General District Court Randal J. Duncan
Judge of the General District Court J.D. Bolt
Judge of the General District Court Gino W. Williams
Clerk of the General District Court Sharon Collins
Judge of the Juvenile and Domestic Relations Court..... H. Lee Chitwood
Judge of the Juvenile and Domestic Relations Court..... Robert C. Viar, Jr
Judge of the Juvenile and Domestic Relations Court..... Monica D. Cox
Judge of the Juvenile and Domestic Relations Court..... Bradley G. Dalton
Judge of the Juvenile and Domestic Relations Court..... Stephanie M. Shortt
Clerk of the Juvenile and Domestic Relations Court..... Anne Helms
Commonwealth's Attorney..... K. Mike Fleenor
Commissioner of the Revenue..... Trina Rupe
Treasurer Melinda Worrell
Sheriff James A. Davis
Superintendent of Schools Dr. Kevin Siers
Director of Social Services Guy Smith
County Administrator Jonathan Sweet
County Attorney Timothy Kirtner

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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, 2017, 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, 2017, 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.

Change in Accounting Principle

As described in Note 18 to the financial statements, in 2017, the County adopted new accounting guidance, GASB Statement No. 77 Tax Abatement Disclosures. 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 6-15, 89, and 90-94 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.

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* (CFR) 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 supplementary 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.

Other Information (continued)

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 December 5, 2017 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 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 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, Famer, Cox Associates

Blacksburg, Virginia
December 5, 2017

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, 2017 (FY17) 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 Industrial Development Authority of Pulaski County (IDA).

Financial Highlights for Fiscal Year 2016-17

- Total net position value of the primary government was \$43.2 million at the end of FY 17 based on total assets of \$84.5 million, total liabilities of \$35.3 million, deferred outflows of resources of \$2.2 million, and deferred inflows of resources of \$8.2 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 benefits while the total assets reflect the depreciated value of existing county owned facilities.
- For FY 17 combined program and general revenues of \$51.6 million exceeded general expenditures of \$48.3 million by approximately \$3.5 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 \$1.6 million or 3% less than the budgeted \$53.8 million revenue estimate while expenditures were \$7.8 million, or 1.5% less than the \$54.7 million budgeted expenditures (including transfers). The net change in fund balance was an increase of \$2.0 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 benefits showed a net decrease of \$0.55 million from \$31.59 million on July 1, 2016 to \$31.04 million on June 30, 2017.
- As described in Note 17, the unassigned fund balance as of June 30, 2017 for the General fund was \$15.16 million, or 17.14% of budgeted FY 17 total County General fund, other governmental funds and Component Unit, School Board operating expenditures in the amount of \$88.45 million. The Board of Supervisors has historically tried to maintain a reserve of the General fund balance of at least 10% of General, Special Revenue and Component Unit fund expenditures 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 \$2.0 million. That amount is explained further in the Analysis of the County Funds section below.

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Overview of the Financial Statements

This discussion and analysis is 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 Industrial 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 Industrial 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 17 can be found in Exhibit 1. The following table reflects the condensed Statement of Net Position (in millions) comparing FY 16 to FY 17.

Summary of Net Position:

	Total Primary Government		Component Unit School Board	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 34.6	\$ 32.2	\$ 5.2	\$ 5.5
Capital assets, net	49.9	51.0	9.4	8.7
Total assets	<u>\$ 84.5</u>	<u>\$ 83.2</u>	<u>\$ 14.6</u>	<u>\$ 14.2</u>
Deferred Outflows of Resources	<u>\$ 2.2</u>	<u>\$ 1.5</u>	<u>\$ 5.8</u>	<u>\$ 3.2</u>
Other liabilities	\$ 4.2	\$ 3.9	\$ 4.6	\$ 4.4
Long term liabilities	31.1	31.6	43.3	39.7
Total liabilities	<u>\$ 35.3</u>	<u>\$ 35.5</u>	<u>\$ 47.9</u>	<u>\$ 44.1</u>
Deferred Inflows of Resources	<u>\$ 8.2</u>	<u>\$ 9.1</u>	<u>\$ 3.6</u>	<u>\$ 5.0</u>
Net Position:				
Net investment in capital assets	\$ 27.1	\$ 25.6	\$ 9.4	\$ 8.7
Restricted	0.5	0.8	0.0	0.0
Unrestricted	15.6	13.7	(40.5)	(40.4)
Total net position	<u>\$ 43.2</u>	<u>\$ 40.1</u>	<u>\$ (31.1)</u>	<u>\$ (31.7)</u>

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

The County's combined net position increased from \$40.1 million to \$43.2 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 \$15.6 million. The County's net investment in capital assets represents the amount of capital assets owned by the County totaling \$27 million. 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. For example, seized asset funds are restricted so that they can be used for specific law enforcement purposes. The Component Unit School Board net position increased by \$.6 million, from \$(31.7) million in FY16 to \$(31.1) million in FY 17. The School Board net investment in capital assets totaled \$9.4 million.

Capital Assets

The following tables display the County's and School Board's (Component Unit) capital assets at June 30, 2017, as well as the change in capital assets for FY 17 in millions of dollars:

Capital Assets:

	Total Primary Government		Component Unit School Board	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Non-Depreciable Assets:				
Land	\$ 2.6	\$ 2.5	\$ 0.5	\$ 0.5
Construction in Progress	0.8	4.7	0.5	0.5
Other Capital Assets:				
Buildings and systems	61.0	57.1	21.4	20.9
Machinery and Equipment	14.7	14.4	10.1	9.2
Accumulated Depreciation	(29.2)	(27.7)	(23.1)	(22.4)
Totals	<u>\$ 49.9</u>	<u>\$ 51.0</u>	<u>\$ 9.4</u>	<u>\$ 8.7</u>

Primary Government:**Changes in Capital Assets:**

	Balance, June 30, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2017</u>
Non-Depreciable Assets:				
Land	\$ 2.5	\$ 0.1	\$ -	\$ 2.6
Construction in Progress	4.7	0.1	(4.0)	0.8
Other Capital Assets:				
Buildings and systems	57.0	4.3	(0.3)	61.0
Machinery and Equipment	14.4	0.9	(0.6)	14.7
Accumulated Depreciation	(27.7)	(2.4)	0.9	(29.2)
Totals	<u>\$ 50.9</u>	<u>\$ 3.0</u>	<u>\$ (4.0)</u>	<u>\$ 49.9</u>

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COUNTY OF PULASKI, VIRGINIA

Management's Discussion and Analysis (continued)

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

	Balance, June 30, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2017</u>
Non-Depreciable Assets:				
Land	\$ 0.5	\$ -	\$ -	\$ 0.5
Construction in Progress	0.5	0.4	(0.4)	0.5
Other Capital Assets:				
Buildings and systems	20.9	0.7	(0.2)	21.4
Machinery and Equipment	9.2	1.1	(0.3)	10.0
Accumulated Depreciation	(22.4)	(1.1)	0.5	(23.0)
Totals	<u>\$ 8.7</u>	<u>\$ 1.1</u>	<u>\$ (0.4)</u>	<u>\$ 9.4</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 11 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, 2017, in millions of dollars:

	Primary Government		Component Unit School Board	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
General Obligation Bonds	\$ 9.4	\$ 10.5	\$ -	\$ -
Literary Loans	4.6	5.0	-	-
Lease Revenue Note	8.7	9.6	-	-
Notes Payable	0.1	0.2	-	-
Unamortized Bond Premium	0.4	0.4	-	-
Landfill Post Closure Liability	0.3	0.3	-	-
Net OPEB Obligation	0.5	0.4	1.4	1.2
Net Pension Liability	5.9	4.2	40.5	36.9
Compensated Absences	1.1	1.0	1.5	1.6
Total	<u>\$ 31.0</u>	<u>\$ 31.6</u>	<u>\$ 43.4</u>	<u>\$ 39.7</u>

Long-term obligations for the County decreased by \$0.6 million in FY17. Long-term obligations of the Component Unit-School Board increased by \$3.7 million due to a significant increase in net pension liability. Additional detailed information on long-term obligations activity can be found in Note 6, Note 7, Note 8, and Note 9 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 FY17 and the fiscal year ended June 30, 2016 (FY16) (in millions) as show in Exhibit 2:

	Total Primary Government		Component Unit School Board	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues:				
Program Revenues:				
Charges for services	\$ 0.8	\$ 0.7	\$ 1.4	\$ 1.3
Operating grants and contributions	13.7	12.0	31.3	30.7
Capital grants and contributions	0.1	1.3	-	-
General Revenues:				
General property taxes	26.6	26.0	-	-
Other local taxes	7.5	7.2	-	-
Other	0.5	0.7	-	-
Payments from County	-	-	14.4	14.0
Total Revenues	<u>\$ 49.2</u>	<u>\$ 47.9</u>	<u>\$ 47.1</u>	<u>\$ 46.0</u>
Expenses:				
General government	\$ 2.7	\$ 2.3	\$ -	\$ -
Judicial administration	2.1	1.8	-	-
Public safety	10.8	9.1	-	-
Public works	2.6	2.2	-	-
Health and welfare	11.0	10.8	-	-
Education	15.5	15.1	46.5	44.8
Parks, recreation and cultural	1.6	1.5	-	-
Community development	1.2	2.4	-	-
Interest on long term debt	0.8	0.9	-	-
Total Expenses	<u>\$ 48.3</u>	<u>\$ 46.1</u>	<u>\$ 46.5</u>	<u>\$ 44.8</u>
Grants and Contributions (Not related to specific programs)	\$ 2.7	\$ 2.6	\$ -	\$ 0.6
Transfers	-	-	-	-
Net Position, Beginning of Year	39.6	35.7	(31.7)	(33.5)
Net Position, End of Year	<u>\$ 43.2</u>	<u>\$ 40.1</u>	<u>\$ (31.1)</u>	<u>\$ (31.7)</u>

Revenues

For FY17, revenues from governmental funds totaled \$49.2 million. General property tax revenues, the County's largest revenue source, were \$26.6 million, an increase of \$0.6 million. Other local taxes (including local sales tax, communications tax, hotel and motel room taxes, and meals tax) were \$7.5 million, an increase of approximately \$0.3 million over FY16.

The Component Unit School Board revenues totaled \$47.1 million for FY17, an increase of \$1.1 million from June 30, 2016 to June 30, 2017 while expenses increased by \$1.7 million. Component Unit School Board state and federal revenues decreased by \$0.6 million, while charges for services increased by \$0.1 million which resulted in an increase of local government transfer of \$0.4 million.

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

Expenses

For FY 17, expenses for primary governmental activities totaled \$48.3 million, an increase of \$2.2 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 \$14.4 million to the operation of the Pulaski County schools excluding debt service costs. This accounts for approximately 35% of the County's total budgeted expenditures. It should also be noted that the Board of Supervisors has carried over any unused portion of the FY17 contribution to FY18 to use towards School capital improvements in the amount of \$512,413.

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COUNTY OF PULASKI, VIRGINIA

Management's Discussion and Analysis (continued)

Financial Analysis of the County's Funds

For FY17, the general fund reflects a fund balance of \$15.9 million, an increase of \$1.4 million from FY16. The following table shows a comparison of revenues and expenditures between the fiscal year ended June 30, 2016 to the fiscal year ended June 30, 2017 amounts for the General Fund as shown in Exhibit 5.

	General Fund		
	2017	2016	Change
Revenues:			
General Property Taxes	\$ 26.3	\$ 25.7	\$ 0.6
Other Local Taxes	7.5	7.2	0.3
Permits, Fees and Licences	0.1	0.1	-
Fines and Forfeitures	-	0.1	(0.1)
Revenue from Use of Money/Property	0.4	0.3	0.1
Charges for Services	0.6	0.6	-
Miscellaneous	0.2	0.1	0.1
Recovered Costs	1.7	0.9	0.8
Revenue from Commonwealth	11.7	11.1	0.6
Revenue from Federal Government	3.7	4.2	(0.5)
Total Revenues	<u>\$ 52.2</u>	<u>\$ 50.3</u>	<u>\$ 1.9</u>
Expenditures:			
General Government Administration	\$ 2.6	\$ 2.4	\$ 0.2
Judicial Administration	2.0	1.9	0.1
Public Safety	8.9	8.8	0.1
Public Works	2.0	1.9	0.1
Health and Welfare	11.0	10.9	0.1
Education	14.1	13.6	0.5
Parks, Recreation and Cultural	1.4	1.4	-
Community Development	1.7	2.3	(0.6)
Non-Departmental	-	0.1	(0.1)
Principal	2.4	7.1	(4.7)
Interest	0.8	0.9	(0.1)
Total Expenditures	<u>\$ 46.9</u>	<u>\$ 51.3</u>	<u>\$ (4.4)</u>
Excess	\$ 5.3	\$ (1.0)	\$ 6.3
Other Financing Sources (Uses)	(3.3)	2.0	(5.3)
Net Change in Fund Balance	2.00	1.00	1.0
Fund Balance, Beginning of Year	13.9	13.5	0.4
Fund Balance, End of Year	<u>\$ 15.9</u>	<u>\$ 14.5</u>	<u>\$ 1.4</u>

The General Fund revenues saw increases in all categories except federal grant revenues from FY16 to FY17 with an overall increase of \$1.9 million due mainly to an increase in the real estate and local tax collections, and increases in recovered costs and state revenues. There were no increases in property tax rates during FY17.

The General Fund expenditures were decreased by \$4.4 million due largely to the refunding of debt expenditures incurred in FY 2016 and a decrease in community development expenditures. Overall, other expenditure categories remained fairly consistent in FY17 with FY16 figures, aside from an increase of \$0.5 million in education expenses.

All school board unused appropriations from the 2017 fiscal year were carried over by the Board of Supervisors for use in the FY 2018 School Capital fund capital improvements in the amount of \$512,413.

COUNTY OF PULASKI, VIRGINIA

Management's Discussion and Analysis (continued)

General Fund Budgetary Highlights

The following table presents revenues and expenditures for the General Fund only for FY 17 (in millions):

	Original Budget	Amended Budget	Actual	Variance
Revenues:				
Property Taxes	\$ 25.5	\$ 26.0	\$ 26.3	0.3
Other Local Taxes	7.3	7.4	7.5	0.1
Permits, Fees and Licenses	0.1	0.0	0.1	0.1
Fines and Forfeitures	0.1	0.1	0.0	(0.1)
Revenue from Use of Money and Property	0.3	0.3	0.4	0.1
Charges for Services	0.5	0.6	0.6	-
Miscellaneous	0.1	0.1	0.2	0.1
Recovered Costs	0.9	1.6	1.7	0.1
Intergovernmental	16.9	17.6	15.4	(2.2)
Other	0.0	0.0	0.0	0.0
Total	\$ 51.7	\$ 53.7	\$ 52.2	(1.5)
Expenditures and transfers:				
General Government Administration	\$ 2.3	\$ 2.6	\$ 2.6	0.0
Judicial Administration	1.9	2.3	2.0	0.3
Public Safety	9.1	9.6	8.9	0.7
Public Works	2.0	2.1	2.0	0.1
Health and Welfare	13.6	13.6	11.0	2.6
Education	14.2	14.8	14.1	0.7
Parks, Recreation and Cultural	1.4	1.5	1.4	0.1
Community Development	1.5	1.9	1.7	0.2
Non-departmental	0.2	0.5	0.0	0.5
Debt Service	5.7	5.7	3.2	2.5
Transfers	2.2	5.1	3.3	1.8
Total	\$ 54.1	\$ 59.7	\$ 50.2	9.5

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, economic development projects, and unused FY16 local funding for the Component Unit – School Board. This trend will continue until building space needs are met by the renovation of County facilities.

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, capital projects and improvement priorities, and an anemic national economy.

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 FY17, the rate of increase in local revenues was 3%. There are legal limits placed by the General Assembly on how 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.

COUNTY OF PULASKI, VIRGINIA

Management's Discussion and Analysis (continued)

State Revenues - Currently, state funding is projected to account for 46.6% or \$43.8 million, of the County and Component Unit School Board FY 2018 total budget, while local real estate taxes account for 38.8% percent of total County general fund revenues. A one percent change in state revenue results in a \$0.44 million change in the local budget, or the equivalent of a \$0.018 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 and capital needs. General fund contributions to the public school system amount to 33% of the county's annual budget in FY 17-18 and there was a 2.8% increase in the local contribution for FY 17-18 over the FY 16-17 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 are 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. Loss of capacity to further adjust the tax levy for future need based on the required increase needed to service the debt for the new \$47 million consolidated Pulaski County Middle School project.
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 pension liability through the Virginia Retirement System.
4. Funding for the Capital Improvement Plan will need to address office space needs, preventative and proactive maintenance of the facilities, funding for the dissolution of joint services with the school system, and equipment replacement.
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 increasing healthcare costs and additional healthcare requirements in future budgets with the continued implementation of the Affordable Care Act.
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.
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 slow improvement.

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 County Administrator or the Finance Director 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 tmda updatedhe community.

Basic Financial Statements

County of Pulaski, Virginia
Statement of Net Position
June 30, 2017

	Primary Government	Component Units		
	Governmental	School	Public Service	Industrial Development
	Activities	Board	Authority	Authority
ASSETS				
Cash and Cash Equivalents	\$ 19,208,944	\$ 1,331,345	\$ 1,524,311	\$ 328,846
Investments	163,254	-	-	-
Receivables (Net of Allowance for Uncollectibles):				
Taxes	10,869,752	-	-	-
Other Local Taxes and Fees	441,365	-	-	-
Accounts Receivable	102,508	-	1,548,112	46,914
Capital Lease Receivable	-	-	-	7,290,524
Note Receivable	182,911	-	1,297,405	16,985,382
Rent Receivable	-	-	-	91,351
Interest Receivable	-	-	-	26,012
Prepaid Items	79,407	280,436	11,011	9,812
Due from Primary Government	-	2,258,138	-	-
Due from Other Governmental Units	2,490,426	1,356,460	-	-
Due from Component Units	303,513	-	-	-
Advances to Component Units	500,000	-	-	-
Restricted Assets:				
Cash and Cash Equivalents (Held for Others)	286,099	-	1,058,678	794,559
Cash and Cash Equivalents (in Custody of Others)	-	-	-	-
Organization Expense (Net of Accumulated Amortization)	-	-	669	-
Capital Assets:				
Land	2,548,762	528,360	225,354	1,537,727
Buildings and Improvements	42,841,046	5,265,254	486,635	8,781,570
Machinery and Equipment	3,645,320	3,130,465	1,765,381	34,642
Infrastructure	-	-	22,752,038	-
Construction in Progress	844,665	510,542	750,641	-
Total Assets	<u>\$ 84,507,972</u>	<u>\$ 14,661,000</u>	<u>\$ 31,420,235</u>	<u>\$ 35,927,339</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Charges on Refunding	\$ 343,389	\$ -	\$ -	\$ -
Pension Contributions Subsequent to Measurement Date	886,604	3,295,100	142,214	-
Items Related to Measurement of Net Pension Liability	995,139	2,497,472	145,762	-
Total Deferred Outflows of Resources	<u>\$ 2,225,132</u>	<u>\$ 5,792,572</u>	<u>\$ 287,976</u>	<u>\$ -</u>
LIABILITIES				
Accounts Payable	\$ 1,762,804	\$ 880,249	\$ 460,289	\$ 134,280
Amounts Held for Others	-	-	-	794,559
Accrued Wages	-	3,691,811	-	-
Customer Deposits	-	-	136,812	-
Accrued Interest Payable	275,546	-	16,003	16,617
Due to Component Units	2,258,138	-	-	-
Due to Primary Government	-	-	-	303,513
Advances Due to Primary Government	-	-	-	500,000
Unearned Revenue	-	-	-	21,883
Other liabilities	26,423	-	-	-
Long-Term Liabilities:				
Due Within One Year	3,373,186	1,087,490	571,490	1,470,021
Due in More Than One Year	27,665,940	42,256,493	10,873,193	15,507,955
Total Liabilities	<u>\$ 35,362,037</u>	<u>\$ 47,916,043</u>	<u>\$ 12,057,787</u>	<u>\$ 18,748,828</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Revenue - Property Taxes	\$ 8,104,976	\$ -	\$ -	\$ -
Items Related to Measurement of Net Pension Liability	105,578	3,604,688	34,718	-
Total Deferred Inflows of Resources	<u>\$ 8,210,554</u>	<u>\$ 3,604,688</u>	<u>\$ 34,718</u>	<u>\$ -</u>
NET POSITION				
Net Investment in Capital Assets	\$ 27,040,350	\$ 9,434,621	\$ 15,697,820	\$ 10,353,939
Restricted	528,731	-	1,058,678	-
Unrestricted (Deficit)	15,591,432	(40,501,780)	2,859,208	6,824,572
Total Net Position	<u>\$ 43,160,513</u>	<u>\$ (31,067,159)</u>	<u>\$ 19,615,706</u>	<u>\$ 17,178,511</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, 2017

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component Units	
					School Board	Public Service Authority Industrial Development Authority
Primary Government:						
Governmental Activities:						
General Government Administration	\$ 2,700,402	\$ 1,220	\$ 362,496	\$ -		
Judicial Administration	2,109,851	78,283	2,022,409	-		
Public Safety	10,833,574	271,434	3,169,915	-		
Public Works	2,617,920	70,124	12,496	-		
Health and Welfare	10,957,406	-	7,830,455	-		
Education	15,480,363	-	-	-		
Parks, Recreation and Cultural	1,615,012	363,243	297,978	-		
Community Development	1,149,908	-	-	139,906		
Interest	785,624	-	-	-		
Total Primary Government	\$ 48,250,061	\$ 784,304	\$ 13,695,749	\$ 139,906	\$ (13,824,646)	\$ -
Component Units:						
School Board	\$ 46,471,436	\$ 1,362,557	\$ 31,284,233	\$ -	\$ -	\$ -
Public Service Authority	9,570,849	9,613,146	38,000	-	80,297	-
Industrial Development Authority	1,534,486	697,510	-	221,404	-	(615,572)
Total Component Units	\$ 57,576,771	\$ 11,673,213	\$ 31,322,233	\$ 221,404	\$ (13,824,646)	\$ (615,572)
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						
Miscellaneous					11,740	4,671
Payments from Primary Government					62,939	10,261
Grants and Contributions Not Restricted to Specific Programs					14,394,101	127,393
Total General Revenues					\$ -	\$ -
Change in Net Position					\$ 14,468,780	\$ 399,953
Net Position - Beginning, as restated					644,134	480,250
Net Position - Ending					\$ (31,067,159)	\$ 19,135,456
					\$ (31,067,159)	\$ 17,178,511

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

County of Pulaski, Virginia
Balance Sheet
Governmental Funds
June 30, 2017

	<u>General</u>	<u>Other Governmental</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 15,870,899	\$ 16,645	\$ 15,887,544
Cash held for others	-	286,099	286,099
Investments	109,291	53,963	163,254
Receivables (Net of Allowance for Uncollectibles):			
Taxes	10,869,752	-	10,869,752
Other Local Taxes and Fees	441,365	-	441,365
Accounts	3,871	-	3,871
Loans	182,911	-	182,911
Due from Other Funds	-	113,184	113,184
Due from Other Governmental Units	2,301,734	161,375	2,463,109
Prepaid items	47,934	6,405	54,339
Due from Component Units	133,689	169,824	303,513
Advances to Component Units	500,000	-	500,000
Total Assets	<u>\$ 30,461,446</u>	<u>\$ 807,495</u>	<u>\$ 31,268,941</u>
LIABILITIES			
Accounts Payable	\$ 1,039,483	\$ 56,758	\$ 1,096,241
Due to Other Funds	183,001	-	183,001
Due to Component Units	2,258,138	-	2,258,138
Accrued liabilities	26,423	-	26,423
Total Liabilities	<u>\$ 3,507,045</u>	<u>\$ 56,758</u>	<u>\$ 3,563,803</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	\$ 10,795,447	\$ -	\$ 10,795,447
Unearned Revenue - Loans	182,911	-	182,911
Total Deferred Inflows of Resources	<u>\$ 10,978,358</u>	<u>\$ -</u>	<u>\$ 10,978,358</u>
FUND BALANCE			
Nonspendable	\$ 500,000	\$ 6,405	\$ 506,405
Restricted	242,632	286,099	528,731
Committed	-	458,233	458,233
Assigned	72,230	-	72,230
Unassigned	15,161,181	-	15,161,181
Total Fund Balances	<u>\$ 15,976,043</u>	<u>\$ 750,737</u>	<u>\$ 16,726,780</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 30,461,446</u>	<u>\$ 807,495</u>	<u>\$ 31,268,941</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, 2017

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 16,909,691

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.

Land	\$ 2,548,762	
Building and Improvements	42,841,046	
Machinery and Equipment	3,645,320	
Construction in Progress	<u>844,665</u>	49,879,793

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	\$ 2,690,471	
Loans Receivable	182,911	
Items Related to Measurement of Net Pension Liability (excludes \$3,584 in Internal Service Fund items related to measurement of net pension liability)	<u>(101,994)</u>	2,771,388

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. 2,737,812

Pension contributions subsequent to the measurement date will be a reduction in the net pension liability in the next fiscal year and, therefore, are not reported in the funds (excludes \$56,145 in Internal Service Fund pension contributions subsequent to measurement date). 830,459

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds (excludes \$272,422 and \$3,584 in Internal Service Fund net pension liability and deferred outflows of resources, respectively).

General Obligation Bonds	\$ (9,392,085)	
Literary Loans	(4,578,364)	
Lease Revenue Notes	(8,738,695)	
Note Payable	(125,739)	
Unamortized Bond Premiums	(347,949)	
Landfill Post-Closure Monitoring Costs	(264,686)	
Net Pension Liability	(5,676,551)	
Deferred Outflows Related to Measurement of Net Pension Liability	913,142	
Net OPEB Obligation	(510,500)	
Deferred Charges on Refunding	343,389	
Compensated Absences	(1,132,135)	
Accrued Interest Payable	<u>(275,546)</u>	(29,785,719)

Net Position of Governmental Activities \$ 43,343,424

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, 2017

	General Fund	Other Governmental Funds	Total
REVENUES			
General Property Taxes	\$ 26,298,277	\$ -	\$ 26,298,277
Other Local Taxes	7,476,305	-	7,476,305
Permits, Privilege Fees and Regulatory Licenses	134,340	-	134,340
Fines and Forfeitures	60,363	-	60,363
Revenue from Use of Money and Property	371,537	419	371,956
Charges for Services	589,601	-	589,601
Miscellaneous	164,657	-	164,657
Recovered Costs	1,668,316	152,824	1,821,140
Intergovernmental	15,469,984	1,019,207	16,489,191
Total Revenues	\$ 52,233,380	\$ 1,172,450	\$ 53,405,830
EXPENDITURES			
Current:			
General Government Administration	\$ 2,590,999	\$ 114,364	\$ 2,705,363
Judicial Administration	2,015,564	-	2,015,564
Public Safety	8,916,280	1,848,087	10,764,367
Public Works	1,961,506	794,303	2,755,809
Health and Welfare	10,933,337	166,435	11,099,772
Education	14,104,716	301,628	14,406,344
Parks, Recreation and Cultural	1,424,272	130,790	1,555,062
Community Development	1,711,946	177,773	1,889,719
Debt Service:			
Principal Retirement	2,433,902	-	2,433,902
Interest and Other Fiscal Charges	819,279	-	819,279
Total Expenditures	\$ 46,911,801	\$ 3,533,380	\$ 50,445,181
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 5,321,579	\$ (2,360,930)	\$ 2,960,649
Other Financing Sources (Uses)			
Transfers In	\$ -	\$ 2,315,679	\$ 2,315,679
Transfers Out	(3,286,325)	-	(3,286,325)
Total Other Financing Sources (Uses)	\$ (3,286,325)	\$ 2,315,679	\$ (970,646)
Net Change in Fund Balance	\$ 2,035,254	\$ (45,251)	\$ 1,990,003
Fund Balance - Beginning, as restated	13,940,789	795,988	14,736,777
Fund Balance - Ending	\$ 15,976,043	\$ 750,737	\$ 16,726,780

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, 2017

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

Net changes in fund balance - total governmental funds \$ 1,990,003

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 depreciation exceeded capital outlays in the current period.

Capital outlays	\$ 1,438,547	
Depreciation expenses	<u>(2,423,007)</u>	(984,460)

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	\$ (9,021)	
Transfer of asset to IDA	<u>(30,000)</u>	(39,021)

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	\$ 258,148	
Decrease (Increase) in unavailable revenue - loans	(50,702)	
(Increase) Decrease in deferred inflows of resources related to the measurement of the net pension liability (excludes Internal Service Fund-\$35,632)	<u>933,495</u>	1,140,941

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:		
Landfill post-closure monitoring costs	\$ (2,654)	
Principal repayments:		
General obligation bonds	1,082,882	
Literary loans	408,809	
Lease revenue notes	881,107	
Note payable	<u>61,104</u>	2,431,248

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.

(Increase) Decrease in compensated absences	\$ (174,431)	
(Increase) Decrease in net OPEB obligation	(46,300)	
(Increase) Decrease in accrued interest payable	26,706	
Decrease (Increase) in net pension liability (excludes Internal Service Fund-\$117,443)	(1,584,408)	
Increase (Decrease) in deferred outflows of resources (excludes Internal Service Fund-\$95,493)	686,290	
Increase (Decrease) in deferred charge on refunding	(34,338)	
Amortization of bond premiums	<u>41,287</u>	(1,085,194)

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.

88,558

Change in net position of governmental activities	<u>\$ 3,542,075</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, 2017

	Health Insurance Premiums <u>Fund</u>	Information Technology, Garage, and Communication <u>Service Fund</u>	Total Internal <u>Service Funds</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 3,329,714	\$ -	\$ 3,329,714
Investments			
Receivables (Net of Allowance for Uncollectibles):			
Accounts Receivable	-	98,637	98,637
Due from Other Funds	-	69,817	69,817
Due from Other Governmental Units	-	27,317	27,317
Prepaid Items	-	25,068	25,068
Total Assets	<u>\$ 3,329,714</u>	<u>\$ 220,839</u>	<u>\$ 3,550,553</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Contributions Subsequent to Measurement Date	\$ -	\$ 56,145	\$ 56,145
Items Related to Measurement of Net Pension Liability	-	81,997	81,997
Total Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ 138,142</u>	<u>\$ 138,142</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 104,295	\$ 125,810	\$ 230,105
IBNR Payable	436,458	-	436,458
Net Pension Liability	-	272,422	272,422
Reconciled Overdraft	-	8,314	8,314
Total Liabilities	<u>\$ 540,753</u>	<u>\$ 406,546</u>	<u>\$ 947,299</u>
DEFERRED INFLOWS OF RESOURCES			
Items Related to Measurement of Net Pension Liability	<u>\$ -</u>	<u>\$ 3,584</u>	<u>\$ 3,584</u>
NET POSITION			
Unrestricted	\$ 2,788,961	\$ (51,149)	\$ 2,737,812
Total Net Position	<u>\$ 2,788,961</u>	<u>\$ (51,149)</u>	<u>\$ 2,737,812</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, 2017

	Health Insurance Premiums <u>Fund</u>	Information Technology, Garage, and Communication <u>Service Fund</u>	Total Internal Service Funds
OPERATING REVENUES			
Charges for Services:			
Information Technology Charges	\$ -	\$ 242,962	\$ 242,962
Garage Charges	-	1,457,136	1,457,136
Communication Charges	-	118,317	118,317
Other Revenues:			-
Miscellaneous	-	35,740	35,740
Insurance Premiums	8,046,375	-	8,046,375
Total Operating Revenues	<u>\$ 8,046,375</u>	<u>\$ 1,854,155</u>	<u>\$ 9,900,530</u>
OPERATING EXPENSES			
Information Technology	\$ -	\$ 785,617	\$ 785,617
Central Garage	-	1,872,182	1,872,182
Communications	-	94,102	94,102
Insurance Claims and Expenses	8,030,717	-	8,030,717
Total Operating Expenses	<u>\$ 8,030,717</u>	<u>\$ 2,751,901</u>	<u>\$ 10,782,618</u>
Operating Income (Loss)	<u>\$ 15,658</u>	<u>\$ (897,746)</u>	<u>\$ (882,088)</u>
Transfer In	<u>\$ -</u>	<u>\$ 970,646</u>	<u>\$ 970,646</u>
Change in Net Position	<u>\$ 15,658</u>	<u>\$ 72,900</u>	<u>\$ 88,558</u>
Net Position - Beginning	2,773,303	(124,049)	2,649,254
Net Position - Ending	<u><u>\$ 2,788,961</u></u>	<u><u>\$ (51,149)</u></u>	<u><u>\$ 2,737,812</u></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, 2017

	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	\$ -	\$ 1,715,707	\$ 1,715,707
Other receipts (payments)	-	35,740	35,740
Payments to suppliers for goods and services	-	(2,708,411)	(2,708,411)
Payments to employees for services	-	(13,682)	(13,682)
Receipts for insurance premiums	8,046,375	-	8,046,375
Payments for insurance premiums	(8,051,542)	-	(8,051,542)
Total cash provided by (used for) operating activities	<u>\$ (5,167)</u>	<u>\$ (970,646)</u>	<u>\$ (975,813)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	<u>\$ -</u>	<u>\$ 970,646</u>	<u>\$ 970,646</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ (5,167)</u>	<u>\$ -</u>	<u>\$ (5,167)</u>
Cash and Cash Equivalents - Beginning	<u>\$ 3,334,881</u>	<u>\$ -</u>	<u>\$ 3,334,881</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 3,329,714</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,329,714</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Operating Income (Loss)	<u>\$ 15,658</u>	<u>\$ (897,746)</u>	<u>\$ (882,088)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash			
Provided by (used for) Operating Activities:			
Increase (Decrease) in Accounts Payable	\$ 76,700	\$ 60,244	\$ 136,944
Increase (Decrease) in IBNR Payable	(97,525)	-	(97,525)
Increase (Decrease) in Net Pension Liability	-	117,443	117,443
Increase (Decrease) in Reconciled Overdraft	-	8,314	8,314
Increase (Decrease) in Deferred Inflows of Resources	-	(35,632)	(35,632)
(Increase) Decrease in Deferred Outflows of Resources	-	(95,493)	(95,493)
(Increase) Decrease in Accounts Receivable	-	(44,900)	(44,900)
(Increase) Decrease in Due from Other Funds	-	(30,491)	(30,491)
(Increase) Decrease in Due from Other Governments	-	(27,317)	(27,317)
(Increase) Decrease in Prepaid Items	-	(25,068)	(25,068)
Total Adjustments	<u>\$ (20,825)</u>	<u>\$ (72,900)</u>	<u>\$ (93,725)</u>
Net Cash Provided By (Used For) Operating Activities	<u><u>\$ (5,167)</u></u>	<u><u>\$ (970,646)</u></u>	<u><u>\$ (975,813)</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, 2017

	<u>Agency Funds</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 145,165
	<u>145,165</u>
LIABILITIES	
Current Liabilities:	
Amounts Held for Others:	
Special Welfare Fund	\$ 14,382
Performance Bond Fund	44,683
Employee Flexible Benefits Fund	86,100
Total amounts held for others	<u>\$ 145,165</u>
Total Liabilities	<u>\$ 145,165</u>

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

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements June 30, 2017

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, 2017

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

A. Financial Reporting Entity: (continued)

The Pulaski County Industrial Development Authority encourages and provides financing for industrial 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 Industrial Development Authority's report can be obtained from the Industrial 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, 2017, the County paid \$1,802,908 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 \$90,489 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 \$117,161 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.

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. Under the GASB 34 reporting model, governments provide budgetary comparison information in their annual reports, including the original budget and a comparison of final budget and actual results.

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.

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*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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 expenditures, 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, 2017

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 County reports the following nonmajor governmental funds:

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than those dedicated for debt service or major capital projects. The Tornado Relief Fund and Highway Maintenance Fund are reported as a nonmajor special revenue funds.

The School CIP fund is reported as one of 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 school capital projects.

The County CIP fund is reported as another of 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, 2017

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.

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

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Investments

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs)) and external investment pools are measured at amortized cost. All other investments are reported at fair value.

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.

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.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

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

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

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 \$691,775 at June 30, 2017 and is comprised solely of real estate taxes delinquent for 20 years and personal property taxes delinquent for 5 years.

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.

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.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

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 (continued)

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:

<u>Asset Type</u>	<u>Years</u>
Buildings	40
Building Improvements	20-40
Structures, lines, and accessories	20-40
Machinery and Equipment	4-30

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 three 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. These include differences between expected and actual experience, change in assumptions, the net difference between projected and actual earnings on pension plan investments, and changes in proportion and differences between employer contributions and proportionate share of contributions. The last item is comprised of contributions to the pension plan made during the current year and subsequent to the net pension liability measurement date, which will be recognized as a reduction of the net pension liability next fiscal year. For more detailed information on this item, reference the pension note.

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 (continued)

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 two types of 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 are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, and the net difference between projected and actual earnings on pension plan investments. For more detailed information on these items, reference the pension note.

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. In accordance with the provisions of Government Accounting Standards No. 16, Accounting for Compensated Absences, 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.

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

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

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

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 Retirement Plan and the additions to/deductions from the County'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. 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 straight line 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.

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

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

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

13. Fund Balance

The County reports fund balance in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable - amounts that cannot be spent because they are not in spendable form, such as prepaid items and inventory or are required to be maintained intact (corpus of a permanent fund).

Restricted - amounts that are restricted by external parties such as creditors or imposed by grants, law or legislation.

Committed - amounts that have been committed (establish, modify, or rescind) by formal action by the entity's "highest level of decision-making authority"; which the County considers to be the Board of Directors.

Assigned - amounts that have been allocated by committee action where the government's intent is to use the funds for a specific purpose. The County considers this level of authority to be the Board of Directors or any Committee granted such authority by the Board of Directors.

Unassigned - this category is for any balances that have no restrictions placed upon them; positive amounts are only reported in the general fund.

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.

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

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

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

14. Net Position

Net position is the difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related 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 also included in this component of net position.

15. Net Position Flow Assumption

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.

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.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

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

A. Budgetary Information: (continued)

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. 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.

B. Excess of Expenditures Over Appropriations:

Expenditures did not exceed appropriations for any function during fiscal year 2017.

C. Deficit Fund Balance:

At June 30, 2017, there were no funds that had a deficit fund balance.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued) June 30, 2017

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 of Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

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	1 Year
LGIP	\$ 109,197	\$ 109,197
SNAP	53,963	53,963
Total	<u>\$ 163,160</u>	<u>\$ 163,160</u>

Custodial Credit Risk (Investments):

The County's rated debt investments as of June 30, 2017 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	\$ 109,197
SNAP	53,963
Total	<u>\$ 163,160</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

Note 3- Deposits and Investments: (continued)

External Investment Pools:

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission. In May 2016, the Board voted to convert the SNAP fund to an LGIP structure, which would be managed in conformance with GASB 79. On October 3, 2016, the Prime Series became a government money market fund and the name was changed to Government Select Series. The Government Select Series has a policy of investing at least 99.5% of its assets in cash, U.S. government securities (including securities issued or guaranteed by the U.S. government or its agencies or instrumentalities) and/or repurchase agreements that are collateralized fully.

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 is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP and SNAP are amortized cost basis portfolios under the provisions of GASB Statement No. 79. There are no withdrawal limitations or restrictions imposed on participants.

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	\$ 42,645	\$ -
City of Radford	40,562	-
Other local governments	27,317	-
Commonwealth of Virginia:		
Local sales tax	573,320	-
State sales tax	-	853,165
Communication sales tax	127,819	-
Other taxes	64,386	-
Categorical aid-shared expenses	271,130	-
Categorical aid-other	240,872	-
Categorical aid-VPA funds	181,095	-
Categorical aid-CSA funds	600,852	-
Federal Government:		
Categorical aid-VPA funds	258,256	-
Categorical aid-other	62,172	503,295
Totals	<u>2,490,426</u>	<u>1,356,460</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

Note 5- Interfund Balances and Transfers:

<u>Fund</u>	<u>Due to</u>	<u>Due from</u>
Primary Government:		
General Fund	\$ 2,441,139	\$ 633,689
County CIP Fund	-	169,824
School CIP Fund	-	113,184
Information Technology, Garage, and Communication Service Fund	-	69,817
Component Units:		
School Fund	-	2,258,138
Industrial Development Authority	803,513	-
Total	<u>\$ 3,244,652</u>	<u>\$ 3,244,652</u>
	<u>Transfers in</u>	<u>Transfers out</u>
Primary Government:		
General Fund	\$ -	\$ 3,286,325
County CIP Fund	2,315,679	-
Information Technology, Garage, and Communication Service Fund	970,646	-
Total	<u>\$ 3,286,325</u>	<u>\$ 3,286,325</u>

Details of advances to component unit amounts are as follows:

Pulaski County Industrial 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, 2017

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, 2017.

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
General obligation bonds	\$ 10,474,967	\$ -	\$ 1,082,882	\$ 9,392,085
Literary loans	4,987,173	-	408,809	4,578,364
Lease revenue notes	9,619,802	-	881,107	8,738,695
Note payable	186,843	-	61,104	125,739
Unamortized bond premiums	389,236	-	41,287	347,949
Landfill post-closure monitoring costs	262,032	2,654	-	264,686
Net OPEB obligation	464,200	95,000	48,700	510,500
Net pension liability	4,247,122	3,910,843	2,208,992	5,948,973
Compensated absences	957,704	892,709	718,278	1,132,135
Total	<u>\$ 31,589,079</u>	<u>\$ 4,901,206</u>	<u>\$ 5,451,159</u>	<u>\$ 31,039,126</u>

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

Year Ending June 30,	General Obligation Bonds		Lease Revenue Notes	
	Principal	Interest	Principal	Interest
2018	\$ 1,101,761	\$ 350,728	\$ 899,178	\$ 290,013
2019	1,115,736	306,194	912,549	263,188
2020	1,125,049	261,723	930,963	235,632
2021	959,539	220,082	944,553	207,345
2022	930,000	180,968	594,237	182,105
2023-2027	2,675,000	508,566	3,331,415	554,880
2028-2030	1,485,000	91,358	1,125,800	42,095
Totals	<u>\$ 9,392,085</u>	<u>\$ 1,919,619</u>	<u>\$ 8,738,695</u>	<u>\$ 1,775,258</u>

Year Ending June 30,	Literary Loans		Note payable	
	Principal	Interest	Principal	Interest
2018	\$ 419,585	\$ 91,567	\$ 62,274	\$ 1,947
2019	425,914	83,175	63,465	755
2020	436,378	74,657	-	-
2021	446,409	65,929	-	-
2022	451,338	57,001	-	-
2023-2027	2,398,740	145,851	-	-
Totals	<u>\$ 4,578,364</u>	<u>\$ 518,180</u>	<u>\$ 125,739</u>	<u>\$ 2,702</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

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
General obligation bonds:						
GO bond	4.975-5.85%	11/16/2000	2021	\$ 754,241	\$ 172,942	\$ 41,975
VPSA GO bond	2.35-5.1%	11/7/2002	2023	10,915,000	3,270,000	545,000
GO bond	3.175-4.05%	1/13/2010	2030	7,465,000	5,420,000	340,000
GO bond	1.81%	4/16/2014	2020	1,035,536	529,143	174,786
Subtotal GO bonds					<u>\$ 9,392,085</u>	<u>\$ 1,101,761</u>
Unamortized bond premium	n/a	11/7/2002	2023	436,841	131,053	21,842
Unamortized bond premium	n/a	1/13/2010	2030	40,136	25,084	2,007
Total general obligation bonds					<u>\$ 9,548,222</u>	<u>\$ 1,125,610</u>
Lease revenue notes:						
School lease revenue note	5.10%	5/15/2008	2029	5,255,000	\$ 3,765,000	\$ 235,000
Lease revenue note	2.47-3.25%	12/6/2013	2027	321,054	270,356	24,131
Lease revenue note	2.37%	6/15/2016	2028	3,443,000	3,192,000	257,000
School lease revenue note	2.05%	12/6/2013	2021	2,680,534	1,511,339	383,047
Subtotal lease revenue notes					<u>\$ 8,738,695</u>	<u>\$ 899,178</u>
Unamortized bond premium	n/a	5/15/2008	2029	348,754	191,812	17,438
Total lease revenue notes					<u>\$ 8,930,507</u>	<u>\$ 916,616</u>
Literary loans:						
Literary loan	2.00%	5/2/2016	2027	4,987,173	\$ 4,578,364	\$ 419,585
Note Payable						
Note Payable	1.900%	4/30/2012	2019	\$ 420,000	\$ 125,739	\$ 62,274
Other obligations:						
Landfill post-closure monitoring costs	n/a	n/a	n/a	n/a	\$ 264,686	\$ -
Net OPEB obligation	n/a	n/a	n/a	n/a	510,500	-
Net pension liability	n/a	n/a	n/a	n/a	5,948,973	-
Compensated absences	n/a	n/a	n/a	n/a	1,132,135	849,101
Total other obligations					<u>\$ 7,856,294</u>	<u>\$ 849,101</u>
Totals					<u>\$31,039,126</u>	<u>\$ 3,373,186</u>

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

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, 2017:

	Beginning Balance	Increases	Decreases	Ending Balance
Net OPEB obligation	\$ 1,165,100	\$ 283,900	\$ 81,700	\$ 1,367,300
Net pension liability	36,939,273	10,651,738	7,064,314	40,526,697
Compensated absences	1,550,008	1,062,484	1,162,506	1,449,986
Total	<u>\$ 39,654,381</u>	<u>\$ 11,998,122</u>	<u>\$ 8,308,520</u>	<u>\$ 43,343,983</u>

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 obligation	n/a	n/a	n/a	n/a	\$ 1,367,300	\$ -
Net pension liability	n/a	n/a	n/a	n/a	40,526,697	-
Compensated absences	n/a	n/a	n/a	n/a	1,449,986	1,087,490
Total other obligations					<u>\$43,343,983</u>	<u>\$ 1,087,490</u>

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued) June 30, 2017

Note 8-Pension Plan:

Plan Description

All full-time, salaried permanent employees of the County, the Component Unit - Pulaski County Public Service Authority ("PSA"), and (nonprofessional) employees of the public school divisions are automatically covered by the 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.

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).

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.

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. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members") <ul style="list-style-type: none">• The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

Note 8-Pension Plan: (continued)

Plan Description (continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
		<p>About the Hybrid Retirement Plan (Cont.)</p> <ul style="list-style-type: none"> • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision employees* • School division employees • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

Note 8-Pension Plan: (continued)

Plan Description (continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Hybrid Opt-In Election (Cont.) The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Hybrid Opt-In Election (Cont.) The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees. <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees are paying the full 5% as of July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees are paying the full 5% as of July 1, 2016.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

Note 8-Pension Plan: (continued)

Plan Description (continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Creditable Service Same as Plan 1.</p>	<p>Creditable Service <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u>Defined Contributions Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

Note 8-Pension Plan: (continued)

Plan Description (continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

Note 8-Pension Plan: (continued)

Plan Description (continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
		<p>Vesting (Cont.) <u>Defined Contributions Component:</u> (Cont.) Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>
<p>Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1.</p>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

Note 8-Pension Plan: (continued)

Plan Description (continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Calculating the Benefit (Cont.) An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>		<p>Calculating the Benefit (Cont.) <u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier <u>Defined Benefit Component:</u> VRS: The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

Note 8-Pension Plan: (continued)

Plan Description (continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivisions hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age <u>Defined Benefit Component:</u> VRS: Same as Plan 2.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p>Political subdivisions hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

Note 8-Pension Plan: (continued)

Plan Description (continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

Note 8-Pension Plan: (continued)

Plan Description (continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. <p>The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</p> <ul style="list-style-type: none"> • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

Note 8-Pension Plan: (continued)

Plan Description (continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>Disability Coverage Employees of political subdivisions and School divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
<p>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. <p><u>Defined Contribution Component:</u> Not applicable.</p>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

Note 8-Pension Plan: (continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2016 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2016-annual-report-pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The County of Pulaski and the PSA's contractually required contribution rate for the year ended June 30, 2017 was 9.67% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

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 \$886,604 and \$1,099,960 for the County and \$142,214 and \$169,248 for the PSA for the years ended June 30, 2017 and June 30, 2016, respectively.

Net Pension Liability

At June 30, 2017, the County and PSA reported liabilities of \$5,948,973 and \$924,782 for their proportionate shares of the net pension liability. The County and PSA's net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2015, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016. 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 shares of the net pension liability. Pension contributions during the years ending June 30, 2016 and 2015 were used as a basis for allocation to determine the County and PSA's proportionate shares of the net pension liability. At June 30, 2016 and 2015, the County's proportion was 81.8900% and 81.3919%, respectively. At June 30, 2016 and 2015, the PSA's proportion was 12.7300% and 13.2000%, respectively.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued) June 30, 2017

Note 8-Pension Plan: (continued)

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County of Pulaski and PSA's Retirement Plan and the Pulaski County Public Schools Retirement Plan was based on an actuarial valuation as of June 30, 2015, 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, 2016.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0%, net of pension plan investment expense, 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates: 14% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement: RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement: RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement: RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) - Non-LEOS:

Pre-Retirement: RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement: RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement: RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

Note 8-Pension Plan: (continued)

Actuarial Assumptions - General Employees (continued)

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Actuarial Assumptions - Public Safety Employees

The total pension liability for Public Safety employees in the County of Pulaski's Retirement Plan was based on an actuarial valuation as of June 30, 2015, 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, 2016.

Inflation	2.5%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	7.0%, net of pension plan investment expense, 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

Note 8-Pension Plan: (continued)

Actuarial Assumptions - Public Safety Employees (continued)

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

Largest 10 - Non-LEOS:

- Pre-Retirement: RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years
- Post-Retirement: RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year
- Post-Disablement: RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) - Non-LEOS:

- Pre-Retirement: RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years
- Post-Retirement: RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year
- Post-Disablement: RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

Note 8-Pension Plan: (continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
		Inflation	2.50%
		*Expected arithmetic nominal return	8.33%

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

Note 8-Pension Plan: (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the Pulaski County and PSA Retirement Plan, Pulaski County Public Schools Retirement Plan, and the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed 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 7.00%, as well as what the County and PSA's proportionate shares of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	(6.00%)	(7.00%)	(8.00%)
County's proportionate share of the County Retirement Plan Net Pension Liability (Asset)	\$ 11,325,854	\$ 5,948,973	\$ 1,463,300
PSA's proportionate share of the County Retirement Plan Net Pension Liability (Asset)	\$ 1,760,632	\$ 924,782	\$ 227,474

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

Note 8-Pension Plan: (continued)

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

For the year ended June 30, 2017, the County and PSA recognized pension expense of \$822,703 and \$125,050, 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, 2017, 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	\$ -	\$ 93,811	\$ -	\$ 15,098
Net difference between projected and actual earnings on pension plan investments	962,578	-	145,762	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	32,561	11,767	-	19,620
Employer contributions subsequent to the measurement date	<u>886,604</u>	<u>-</u>	<u>142,214</u>	<u>-</u>
Total	<u>\$ 1,881,743</u>	<u>\$ 105,578</u>	<u>\$ 287,976</u>	<u>\$ 34,718</u>

\$886,604 and \$142,214 reported as deferred outflows of resources related to pensions resulting from the County and PSA contributions subsequent to the measurement date, respectively, will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2018. 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:

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

Note 8-Pension Plan: (continued)

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

\$886,604 and \$142,214 reported as deferred outflows of resources related to pensions resulting from the County and PSA contributions subsequent to the measurement date, respectively, will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Primary Government</u>	<u>Component Unit Pulaski County PSA</u>
2018	\$ (39,276)	\$ (14,660)
2019	(17,060)	(11,057)
2020	556,105	81,880
2021	389,792	54,881

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

Note 8-Pension Plan: (continued)

Component Unit School Board (nonprofessional)

Plan Description

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, 2015 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	76
Inactive members:	
Vested inactive members	17
Non-vested inactive members	45
Inactive members active elsewhere in VRS	15
Total inactive members	77
Active members	107
Total covered employees	260

Contributions

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2017 was 7.19% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

Note 8-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 \$151,735 and \$205,179 for the years ended June 30, 2017 and June 30, 2016, respectively.

Net Pension Liability

The Component Unit School Board's (nonprofessional) net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2015, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

Changes in Net Pension Liability

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2015	\$ 10,317,961	\$ 9,577,688	\$ 740,273
Changes for the year:			
Service cost	\$ 248,654	\$ -	\$ 248,654
Interest	703,996	-	703,996
Differences between expected and actual experience	(78,558)	-	(78,558)
Contributions - employer	-	202,984	(202,984)
Contributions - employee	-	111,956	(111,956)
Net investment income	-	164,816	(164,816)
Benefit payments, including refunds of employee contributions	(521,747)	(521,747)	-
Administrative expenses	-	(6,016)	6,016
Other changes	-	(72)	72
Net changes	\$ 352,345	\$ (48,079)	\$ 400,424
Balances at June 30, 2016	\$ 10,670,306	\$ 9,529,609	\$ 1,140,697

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

Note 8-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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	(6.00%)	(7.00%)	(8.00%)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 2,440,307	\$ 1,140,697	\$ 51,484

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

For the year ended June 30, 2017, the Component Unit School Board (nonprofessional) recognized pension expense of \$130,072. At June 30, 2017, 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)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 83,688
Net difference between projected and actual earnings on pension plan investments	247,472	-
Employer contributions subsequent to the measurement date	151,735	-
Total	<u>\$ 399,207</u>	<u>\$ 83,688</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

Note 8-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)

\$51,735 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 ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>School Board (nonprofessional)</u>
2018	\$ (53,723)
2019	(26,369)
2020	144,241
2021	99,635

Component Unit School Board (professional)

Plan Description

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

Contributions

Each School Division's contractually required contribution rate for the year ended June 30, 2017 was 14.66% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015 and reflects the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarial rate for the Teacher Retirement Plan was 16.32%. 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. Based on the provisions of §51.1-145 of the Code of Virginia, as amended the contributions were funded at 89.84% of the actuarial rate for the year ended June 30, 2017. Contributions to the pension plan from the School Board were \$3,143,365 and \$3,012,959 for the years ended June 30, 2017 and June 30, 2016, respectively.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

Note 8-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

At June 30, 2017, the school division reported a liability of \$39,386,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2016 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. 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, 2016 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2016, the school division's proportion was 0.28105% as compared to 0.28761% at June 30, 2015.

For the year ended June 30, 2017, the school division recognized pension expense of \$2,725,000. 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, 2017, 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	\$ -	\$ 1,277,000
Net difference between projected and actual earnings on pension plan investments	2,250,000	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	2,244,000
Employer contributions subsequent to the measurement date	3,143,365	-
Total	<u>\$ 5,393,365</u>	<u>\$ 3,521,000</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

Note 8-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)

\$3,143,365 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 ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>School Board (professional)</u>
2017	\$ (926,000)
2018	(926,000)
2019	414,000
2020	320,000
Thereafter	(153,000)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2015, 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, 2016.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.95%
Investment rate of return	7.0%, net of pension plan investment expense, 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

Note 8-Pension Plan: (continued)

Component Unit School Board (professional) (continued)

Actuarial Assumptions (continued)

Mortality rates:

- Pre-Retirement: RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females set back 5 years
- Post-Retirement: RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 3 years
- Post-Disablement: RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 1 year and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- Reduce rates of salary increase by 0.25% per year

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, 2017, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	\$	44,182,326
Plan Fiduciary Net Position		30,168,211
Employer's Net Pension Liability (Asset)	\$	14,014,115
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		68.28%

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

Note 8-Pension Plan: (continued)

Component Unit School Board (professional) (continued)

Net Pension Liability (continued)

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.

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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 56,146,000	\$ 39,386,000	\$ 25,581,000

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

Note 8-Pension Plan: (continued)

Component Unit School Board (professional) (continued)

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2016 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2016-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 9- Other Postemployment Benefits - Health Insurance:

A. Plan Description

The Pulaski Post-Retirement Medical Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the County. 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. The Plan does not issue a publicly available financial report.

B. Funding Policy

The County establishes employer medical contribution rates for all medical plan participants as part of the budgetary process each year. The County also determines how the plan will be funded each year, whether it will be partially funded or fully funded in the upcoming fiscal year.

The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the County. For fiscal year 2017, the County and School Board contributed (implicit subsidy) \$48,700 and \$81,700, respectively, for current costs of the Plan.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

Note 9- Other Postemployment Benefits - Health Insurance: (continued)

B. Funding Policy (continued)

For retirees of both the County and School Board, 100 percent of premiums for both the employee and spouse are the responsibility of the retiree. Coverage under the plan ceases when the employee reaches age 65. Premiums under the Plan are shown below:

	County			School Board		
	POS	PPO	Dental	POS	PPO	Dental
Employee Only	\$ 583	\$ 801	\$ 28	\$ 583	\$ 801	\$ 28
Employee and Spouse	1,171	1,614	46	1,171	1,614	46
Employee and Child	1,136	1,568	52	1,136	1,568	52
Family	1,632	2,249	84	1,632	2,249	84

C. Annual OPEB Cost and Net OPEB Obligation

The County's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's and School Board's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's and School Board's net OPEB obligation:

	County	School Board	Total
Annual required contribution	\$ 95,800	\$ 285,800	\$ 381,600
Interest on net OPEB obligation	18,500	46,600	65,100
Adjustment to annual required contribution	(19,300)	(48,500)	(67,800)
Annual OPEB cost (expense)	95,000	283,900	378,900
Contributions made (implicit subsidy)	(48,700)	(81,700)	(130,400)
Increase in net OPEB obligation	46,300	202,200	248,500
Net OPEB obligation - beginning of year	464,200	1,165,100	1,629,300
Net OPEB obligation - end of year	<u>\$ 510,500</u>	<u>\$ 1,367,300</u>	<u>\$ 1,877,800</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

Note 9- Other Postemployment Benefits - Health Insurance: (continued)

C. Annual OPEB Cost and Net OPEB Obligation

The County's and School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years were as follows:

Year Ended	OPEB Cost	Contributed	Obligation
County:			
6/30/2017	\$ 95,000	51%	\$ 510,500
6/30/2016	89,800	32%	464,200
6/30/2015	84,100	26%	403,100
School Board:			
6/30/2017	\$ 285,800	42%	\$ 1,367,300
6/30/2016	249,700	48%	1,165,100
6/30/2015	241,100	46%	1,034,500

D. Funded Status and Funding Progress

The funded status of the Plan (County and School Board combined) as of July 1, 2016, the most recent actuarial valuation date, was as follows:

	County	School Board	Total
Actuarial accrued liability (AAL)	\$ 1,184,500	\$ 3,023,200	\$ 4,207,700
Actuarial value of plan assets	-	-	-
Unfunded actuarial accrued liability (UAAL)	\$ 1,184,500	\$ 3,023,200	\$ 4,207,700
Funded ratio (actuarial value of plan assets/AAL)	0.00%	0.00%	0.00%
Covered payroll (active plan members)	\$ 8,644,980	\$ 22,064,588	\$ 30,709,568
UAAL as a percentage of covered payroll	13.70%	13.70%	13.70%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Note 9- Other Postemployment Benefits - Health Insurance: (continued)

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2016, the most recent actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return per annum. An annual healthcare cost trend rate of 7 percent initially, reduced by decrements of 0.5 percent until an ultimate rate of 5.0 percent is reached. Dental costs are assumed to increase 7 percent initially, decreasing by 0.5 percent yearly until and ultimate rate of 5 percent is reached. The UAAL is being amortized as a level percentage over the remaining amortization period, which at July 1, 2016, was 30 years.

Note 10- Other Postemployment Benefits - VRS Health Insurance Credit:

County:

A. Plan Description

The County participates in the Health Insurance Credit Program, a plan designed to assist retirees with the cost of health insurance coverage. This program is an agent and cost sharing, multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). The Virginia General Assembly establishes the dollar amount of the health insurance credit for each year of creditable service. The credit amount and eligibility differs for state, school division, political subdivision, local officer, local social services department and general registrar retirees.

An employee of the County, who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of \$1.50 per year of creditable service up to a maximum monthly credit of \$45. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive the maximum monthly health insurance credit of \$45.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

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

County: (continued)

A. Plan Description (continued)

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 8.

B. Funding Policy

As a participating local political subdivision, the County is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The County's contribution rate was 0.22% of covered payroll.

C. Annual OPEB Cost and Net OPEB Obligation

The annual cost of OPEB under Governmental Accounting Standards Board (GASB) 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, is based on the annual required contribution (ARC). The locality is required to contribute the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

For 2017, the County's contribution of \$12,789 was equal to the ARC and OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the two preceding years is as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net OPEB Obligation</u>
County:			
June 30, 2015	\$ 9,841	100%	-
June 30, 2016	11,355	100%	-
June 30, 2017	12,789	100%	-

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

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

County: (continued)

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2016, the most recent actuarial valuation date, is as follows:

	County
Actuarial accrued liability (AAL)	\$ 227,620
Actuarial value of plan assets	\$ 144,115
Unfunded actuarial accrued liability (UAAL)	\$ 83,505
Funded ratio (actuarial value of plan assets/AAL)	63.31%
Covered payroll (active plan members)	\$ 5,167,060
UAAL as a percentage of covered payroll	1.62%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future and reflect a long-term perspective. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used included techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.00% investment rate of return, compounded annually, including an inflation component of 2.50%, and a payroll growth rate of 3.00%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at July 1, 2016 was 18-27 years.

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

Professional Employees - Discretely Presented Component Unit School Board

A. Plan Description

The School Board participates in the Health Insurance Credit Program, a plan designed to assist retirees with the cost of health insurance coverage. This program is a cost sharing, multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). The Virginia General Assembly establishes the dollar amount of the health insurance credit for each year of creditable service.

A teacher, who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of \$4 per year of creditable service. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive a monthly health insurance credit of \$4 multiplied by the smaller of (i) twice the amount of their creditable service or (ii) the amount of creditable service they would have completed at age 60 if they had remained in service to that age.

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.11% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2017, 2016, and 2015 were \$241,967, \$227,151, and \$226,548, respectively and equaled the required contributions.

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

Note 11- Capital Assets:

Capital asset activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Primary Government:				
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,483,711	\$ 103,527	\$ (38,476)	\$ 2,548,762
Construction in progress	4,697,373	165,513	(4,018,221)	844,665
Total capital assets not being depreciated	<u>\$ 7,181,084</u>	<u>\$ 269,040</u>	<u>\$ (4,056,697)</u>	<u>\$ 3,393,427</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 57,035,344	\$ 4,287,464	\$ (342,853)	\$ 60,979,955
Machinery and equipment	14,392,615	900,264	(558,067)	14,734,812
Total capital assets, being depreciated	<u>\$ 71,427,959</u>	<u>\$ 5,187,728</u>	<u>\$ (900,920)</u>	<u>\$ 75,714,767</u>
Accumulated depreciation:				
Buildings and improvements	\$ (16,919,433)	\$ (1,562,329)	\$ 342,853	\$ (18,138,909)
Machinery and equipment	(10,786,336)	(860,678)	557,522	(11,089,492)
Total accumulated depreciation	<u>\$ (27,705,769)</u>	<u>\$ (2,423,007)</u>	<u>\$ 900,375</u>	<u>\$ (29,228,401)</u>
Total capital assets being depreciated, net	<u>\$ 43,722,190</u>	<u>\$ 2,764,721</u>	<u>\$ (545)</u>	<u>\$ 46,486,366</u>
Governmental activities capital assets, net	<u>\$ 50,903,274</u>	<u>\$ 3,033,761</u>	<u>\$ (4,057,242)</u>	<u>\$ 49,879,793</u>

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

Governmental activities:	
General government administration	\$ 136,324
Judicial administration	1,299
Public safety	792,376
Public works	251,076
Health and welfare	17,571
Education	1,074,019
Parks, recreation and cultural	131,744
Community development	18,598
Total depreciation expense-governmental activities	<u>\$ 2,423,007</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

Note 11- Capital Assets: (continued)

Capital asset activity for the School Board for the year ended June 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Component Unit:				
School Board:				
Capital assets, not being depreciated:				
Land	\$ 528,360	\$ -	\$ -	\$ 528,360
Construction in progress	513,755	374,157	(377,370)	510,542
Total capital assets not being depreciated	<u>\$ 1,042,115</u>	<u>\$ 374,157</u>	<u>\$ (377,370)</u>	<u>\$ 1,038,902</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 20,828,537	\$ 728,308	\$ (194,066)	\$ 21,362,779
Machinery and equipment	9,272,905	1,074,497	(295,509)	10,051,893
Total capital assets, being depreciated	<u>\$ 30,101,442</u>	<u>\$ 1,802,805</u>	<u>\$ (489,575)</u>	<u>\$ 31,414,672</u>
Accumulated depreciation:				
Buildings and improvements	\$ (15,946,251)	\$ (345,340)	\$ 194,066	\$ (16,097,525)
Machinery and equipment	(6,479,910)	(737,027)	295,509	(6,921,428)
Total accumulated depreciation	<u>\$ (22,426,161)</u>	<u>\$ (1,082,367)</u>	<u>\$ 489,575</u>	<u>\$ (23,018,953)</u>
Total capital assets being depreciated, net	<u>\$ 7,675,281</u>	<u>\$ 720,438</u>	<u>\$ -</u>	<u>\$ 8,395,719</u>
Governmental activities capital assets, net	<u>\$ 8,717,396</u>	<u>\$ 1,094,595</u>	<u>\$ (377,370)</u>	<u>\$ 9,434,621</u>

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COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

Note 12- 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 2017, a total of \$8,030,717 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 \$436,458 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:

<u>Fiscal Year</u>	<u>Balance at Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at End of Fiscal Year</u>
2016-17	\$ 533,983	\$ 6,423,741	\$ (6,521,266)	\$ 436,458
2015-16	442,223	5,938,322	(5,846,562)	533,983
2014-15	242,783	6,524,183	(6,324,743)	442,223

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued) June 30, 2017

Note 13- 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 14- Surety Bonds:

Primary Government:

<u>Fidelity and Deposit Company of Maryland-Surety</u>	
Maetta H. Crewe, Clerk of the Circuit Court	\$ 145,000
Melinda Worrell, Treasurer	500,000
Trina Rupe, Commissioner of the Revenue	3,000
James A. Davis, Sheriff	30,000
The above constitutional officers' employees - blanket bond	50,000
All Social Services employees - blanket bond	100,000
 <u>VACo Risk Management Programs</u>	
All County employees - blanket bond	\$ 250,000
 <u>United States Fidelity and Guaranty</u>	
Jonathan Sweet, County Administrator	\$ 2,000

Component Unit - School Board:

<u>VACo Risk Management Programs</u>	
All School Board employees - blanket bond	\$ 250,000

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

Note 15- 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, 2017, the total post-closure care liability (which represents the 2 years remaining) was \$264,686 representing what it would cost to perform all post-closure care in fiscal year 2017. 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 16- 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.

	Government-wide Statements	Balance Sheet
	<u>Governmental Activities</u>	<u>Governmental Funds</u>
Unearned revenue representing uncollected loans receivable not available for funding current expenditures	\$ -	\$ 182,911
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	-	2,690,471
2nd half assessments due in December 2017	7,927,428	7,927,428
Prepaid property taxes due in December 2017 but paid in advance by taxpayers	177,548	177,548
	<u>\$ 8,104,976</u>	<u>\$ 10,978,358</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

Note 17- Fund Balance Classifications:

	General Fund	Tornado Relief Fund	School CIP Fund	County CIP Fund
Nonspendable:				
Advances to Component Units	\$ 500,000	\$ -	\$ -	\$ -
Prepaid Items	-	-	-	6,405
Total Nonspendable	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,405</u>
Restricted:				
Commonwealth Attorney Seized Assets, State & Federal	\$ 13,308	\$ -	\$ -	\$ -
Sheriff Seized Assets	17,979	-	-	-
Community Corrections Admin Fees	211,345	-	-	-
Construction	-	-	286,099	-
Total Restricted	<u>\$ 242,632</u>	<u>\$ -</u>	<u>\$ 286,099</u>	<u>\$ -</u>
Committed:				
Tornado cleanup and assistance	\$ -	\$ 16,645	\$ -	\$ -
School Construction	-	-	167,147	-
County Construction	-	-	-	274,441
Total Committed	<u>\$ -</u>	<u>\$ 16,645</u>	<u>\$ 167,147</u>	<u>\$ 274,441</u>
Assigned:				
Outstanding Encumbrances				
06/30/17 - Various Departments	\$ 592	\$ -	\$ -	\$ -
Court Services Unit CE Richardson Grant	2,066	-	-	-
Sheriff Equipment	33,038	-	-	-
Office on Youth Kids Fishing Day	6,773	-	-	-
Transfer to County CIP Fund	1,805	-	-	-
Transfer to Internal Service Fund	27,956	-	-	-
Total Assigned	<u>\$ 72,230</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Unassigned:				
10% (Original FY 2017 Budget) Reserve Fund Balance	\$ 8,883,211	\$ -	\$ -	\$ -
Unassigned	6,277,970	-	-	-
Total Unassigned	<u>\$ 15,161,181</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Fund Balance	<u>\$ 15,976,043</u>	<u>\$ 16,645</u>	<u>\$ 453,246</u>	<u>\$ 280,846</u>

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

Note 18 - Tax Abatement Programs:

In fiscal year 2017, the County adopted new accounting principles by adopting GASB Statement No. 77, Tax Abatement Disclosures.

A tax abatement as defined by GASB Statement No. 77, Tax Abatement Disclosures 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 10 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 19 - Restatement of beginning balances:

	General Fund
Beginning Fund Balance, as previously reported	\$ 14,482,804
Adjustment for accounts payable	(542,015)
Beginning Fund Balance, as restated	<u>\$ 13,940,789</u>
	Governmental
	Activities
Beginning Net Position, as previously reported	\$ 40,160,453
Adjustment for accounts payable	(542,015)
Beginning Net Position, as restated	<u>\$ 39,618,438</u>

Note 20 - Upcoming Pronouncements:

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017.

Statement No. 81, *Irrevocable Split-Interest Agreements*, improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively.

Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 86, *Certain Debt Extinguishment Issues*, improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

COUNTY OF PULASKI, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2017

Note 20 - Upcoming Pronouncements: (continued)

Statement No. 87, *Leases*, increases the usefulness of governments' financial statements by requiring 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. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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, 2017

	Budget Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget Pos (Neg)
REVENUES				
General Property Taxes	\$ 25,486,600	\$ 26,013,273	\$ 26,298,277	\$ 285,004
Other Local Taxes	7,342,500	7,410,287	7,476,305	66,018
Permits, Privilege Fees and Regulatory Licenses	129,150	129,150	134,340	5,190
Fines and Forfeitures	29,000	49,000	60,363	11,363
Revenue from Use of Money and Property	259,210	325,210	371,537	46,327
Charges for Services	479,120	552,776	589,601	36,825
Miscellaneous	52,600	83,177	164,657	81,480
Recovered Costs	846,757	1,645,892	1,668,316	22,424
Intergovernmental:				
Commonwealth	13,324,089	13,433,758	11,736,437	(1,697,321)
Federal Government	3,708,868	4,242,565	3,733,547	(509,018)
Total Revenues	\$ 51,657,894	\$ 53,885,088	\$ 52,233,380	\$ (1,651,708)
EXPENDITURES:				
Current:				
General Government Administration	\$ 2,310,196	\$ 2,614,074	\$ 2,590,999	\$ 23,075
Judicial Administration	1,922,434	2,326,620	2,015,564	311,056
Public Safety	9,090,171	9,622,944	8,916,280	706,664
Public Works	2,031,741	2,142,246	1,961,506	180,740
Health and Welfare	13,566,755	13,635,277	10,933,337	2,701,940
Education	14,220,355	14,821,313	14,104,716	716,597
Parks, Recreation and Cultural	1,376,034	1,499,364	1,424,272	75,092
Community Development	1,476,568	1,906,131	1,711,946	194,185
Non-Departmental	202,208	493,440	-	493,440
Debt Service:				
Principal Retirement	1,685,109	1,685,109	2,433,902	(748,793)
Interest and Other Fiscal Charges	1,568,472	1,568,472	819,279	749,193
Total Expenditures	\$ 49,450,043	\$ 52,314,990	\$ 46,911,801	\$ 5,403,189
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	\$ 2,207,851	\$ 1,570,098	\$ 5,321,579	\$ 3,751,481
Other Financing Sources (Uses)				
Transfers Out	\$ (2,207,851)	\$ (5,085,535)	\$ (3,286,325)	\$ 1,799,210
Net Change in Fund Balance				
Fund Balance - Beginning, as restated	\$ -	\$ (3,515,437)	\$ 2,035,254	\$ 5,550,691
Fund Balance - Ending	\$ -	3,515,437	13,940,789	10,425,352
	\$ -	\$ -	\$ 15,976,043	\$ 15,976,043

County of Pulaski, Virginia
Schedule of OPEB Funding
For the Fiscal Year Ended June 30, 2017

Primary Government: Post-Retirement Medical Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio (2)/(3)	Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
July 1, 2016	\$ -	\$ 1,184,500	\$ 1,184,500	0.00%	\$ 8,644,980	13.70%
July 1, 2014	-	1,008,800	1,008,800	0.00%	8,554,101	11.79%
July 1, 2012	-	944,000	944,000	0.00%	7,018,201	13.45%

School Board: Post-Retirement Medical Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio (2)/(3)	Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
July 1, 2016	\$ -	\$ 3,023,200	\$ 3,023,200	0.00%	\$ 22,064,588	13.70%
July 1, 2014	-	2,694,800	2,694,800	0.00%	22,850,508	11.79%
July 1, 2012	-	3,900,000	3,900,000	0.00%	29,736,727	13.12%

Primary Government: Virginia Retirement System - Health Insurance Credit

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio (2)/(3)	Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2016	\$ 144,115	\$ 227,620	\$ 83,505	63.31%	\$ 5,167,060	1.62%
June 30, 2015	147,303	231,660	84,357	63.59%	4,852,430	1.74%
June 30, 2014	146,600	224,000	77,400	65.45%	4,537,070	1.71%

County of Pulaski, Virginia
Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset)
For the Years Ended June 30, 2015 through June 30, 2017

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 Retirement Plan					
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					
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)					
2016	0.2811%	\$ 39,386,000	\$ 21,429,302	183.80%	68.28%
2015	0.2876%	36,199,000	21,994,717	164.58%	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 Years Ended June 30, 2015 through June 30, 2017

	2016	2015	2014
Total pension liability			
Service cost	\$ 248,654	\$ 265,386	\$ 259,384
Interest	703,996	680,732	653,059
Differences between expected and actual experience	(78,558)	(89,812)	-
Benefit payments, including refunds of employee contributions	(521,747)	(526,169)	(508,058)
Net change in total pension liability	\$ 352,345	\$ 330,137	\$ 404,385
Total pension liability - beginning	10,317,961	9,987,824	9,583,439
Total pension liability - ending (a)	\$ 10,670,306	\$ 10,317,961	\$ 9,987,824
Plan fiduciary net position			
Contributions - employer	\$ 202,984	\$ 218,738	\$ 245,465
Contributions - employee	111,956	121,343	123,727
Net investment income	164,816	424,421	1,281,760
Benefit payments, including refunds of employee contributions	(521,747)	(526,169)	(508,058)
Administrative expense	(6,016)	(5,914)	(6,966)
Other	(72)	(90)	68
Net change in plan fiduciary net position	\$ (48,079)	\$ 232,329	\$ 1,135,996
Plan fiduciary net position - beginning	9,577,688	9,345,359	8,209,363
Plan fiduciary net position - ending (b)	\$ 9,529,609	\$ 9,577,688	\$ 9,345,359
School Division's net pension liability - ending (a) - (b)	\$ 1,140,697	\$ 740,273	\$ 642,465
Plan fiduciary net position as a percentage of the total pension liability	89.31%	92.83%	93.57%
Covered payroll	\$ 2,279,771	\$ 2,434,851	\$ 2,474,506
School Division's net pension liability as a percentage of covered payroll	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
For the Years Ended June 30, 2008 through June 30, 2017

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					
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					
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)					
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%
2010	145,637	145,637	-	2,322,755	6.27%
2009	147,617	147,617	-	2,354,337	6.27%
2008	157,695	157,695	-	2,259,237	6.98%
Component Unit School Board (professional)					
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	-	21,994,717	14.06%
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%
2010	1,398,761	1,398,761	-	15,876,969	8.81%
2009	1,987,019	1,987,019	-	22,554,132	8.81%
2008	2,290,609	2,290,609	-	22,238,922	10.30%

Current year contributions are from County, PSA, and School Board records and prior year contributions are from the VRS actuarial valuation performed each year.

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.

County of Pulaski, Virginia
Notes to Required Supplementary Information
For the Year Ended June 30, 2017

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2016 are not material.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

Component Unit School Board - Professional Employees

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Other Supplementary Information

County of Pulaski, Virginia
Nonmajor Funds
Combining Balance Sheet
June 30, 2017

	<u>Special Revenue Fund</u>	<u>Capital Projects Funds</u>		
	<u>Tornado</u>	<u>School</u>	<u>County</u>	
	<u>Relief Fund</u>	<u>CIP Fund</u>	<u>CIP Fund</u>	<u>Total</u>
ASSETS				
Cash and Cash Equivalents	\$ 16,645	\$ -	\$ -	\$ 16,645
Cash held by others	-	286,099	-	286,099
Investments	-	53,963	-	53,963
Due from Other Funds	-	113,184	-	113,184
Due from Other Governmental Units	-	-	161,375	161,375
Prepaid items	-	-	6,405	6,405
Due from Component Units	-	-	169,824	169,824
Total Assets	<u>\$ 16,645</u>	<u>\$ 453,246</u>	<u>\$ 337,604</u>	<u>\$ 807,495</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ -	\$ -	\$ 56,758	\$ 56,758
Fund Balances:				
Nonspendable:				
Prepaid items	\$ -	\$ -	\$ 6,405	\$ 6,405
Restricted:				
Construction	-	286,099	-	286,099
Committed:				
Tornado cleanup and assistance	16,645	-	-	16,645
Construction	-	167,147	274,441	441,588
Total Fund Balances	<u>\$ 16,645</u>	<u>\$ 453,246</u>	<u>\$ 280,846</u>	<u>\$ 750,737</u>
Total Liabilities and Fund Balances	<u>\$ 16,645</u>	<u>\$ 453,246</u>	<u>\$ 337,604</u>	<u>\$ 807,495</u>

County of Pulaski, Virginia
Nonmajor Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2017

	Special Revenue Funds		Capital Projects Funds		
	Tornado Relief Fund	Highway Maintenance	School CIP Fund	County CIP Fund	Total
REVENUES					
Revenue from Use of Money and Property	\$ -	\$ 9	\$ 410	\$ -	\$ 419
Recovered Costs	-	77,824	-	75,000	152,824
Intergovernmental:					
Commonwealth	-	-	-	339,160	339,160
Federal Government	-	-	-	680,047	680,047
Total Revenues	<u>\$ -</u>	<u>\$ 77,833</u>	<u>\$ 410</u>	<u>\$ 1,094,207</u>	<u>\$ 1,172,450</u>
EXPENDITURES:					
Current:					
General Government Administration	\$ -	\$ -	\$ -	\$ 114,364	\$ 114,364
Public Safety	-	-	-	1,848,087	1,848,087
Public Works	-	139,480	-	654,823	794,303
Health and Welfare	-	-	-	166,435	166,435
Education	-	-	-	301,628	301,628
Parks, Recreation and Cultural	-	-	-	130,790	130,790
Community Development	-	-	-	177,773	177,773
Total Expenditures	<u>\$ -</u>	<u>\$ 139,480</u>	<u>\$ -</u>	<u>\$ 3,393,900</u>	<u>\$ 3,533,380</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (61,647)</u>	<u>\$ 410</u>	<u>\$ (2,299,693)</u>	<u>\$ (2,360,930)</u>
Other Financing Sources (Uses)					
Transfers In	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,315,679</u>	<u>\$ 2,315,679</u>
Net Change in Fund Balance	\$ -	\$ (61,647)	\$ 410	\$ 15,986	\$ (45,251)
Fund Balance - Beginning	16,645	61,647	452,836	264,860	795,988
Fund Balance - Ending	<u>\$ 16,645</u>	<u>\$ -</u>	<u>\$ 453,246</u>	<u>\$ 280,846</u>	<u>\$ 750,737</u>

County of Pulaski, Virginia
 Nonmajor Special Revenue Funds
 Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended June 30, 2017

	Tornado Relief Fund				Highway Maintenance Fund				Total			
	Budget Amounts		Actual Amounts		Budget Amounts		Actual Amounts		Budget Amounts		Actual Amounts	
	Original	Final	Original	Final	Original	Final	Original	Final	Original	Final	Original	Final
REVENUES												
Revenue from Use of Money and Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Recovered Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:												
Current:												
Public Works	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Health and Welfare	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Excess (Deficiency) of Revenues Over (Under)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Change in Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance - Beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

County of Pulaski, Virginia
Nonmajor 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, 2017

	<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	\$ -	\$ -	\$ 410	\$ 410
EXPENDITURES				
Current:				
Capital Projects	\$ -	\$ 479,643	\$ -	\$ 479,643
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ (479,643)	\$ 410	\$ 480,053
Net Change in Fund Balance	\$ -	\$ (479,643)	\$ 410	\$ 480,053
Fund Balance - Beginning	-	479,643	452,836	(26,807)
Fund Balance - Ending	\$ -	\$ -	\$ 453,246	\$ 453,246

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, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Pos (Neg)
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ 7,214	\$ -	\$ (7,214)
Recovered Costs	-	75,000	75,000	-
Intergovernmental:				
Commonwealth	-	633,159	339,160	(293,999)
Federal Government	-	1,279,484	680,047	(599,437)
Total Revenues	\$ -	\$ 1,994,857	\$ 1,094,207	\$ (900,650)
EXPENDITURES:				
Current:				
General Government Administration	\$ 89,334	\$ 909,446	\$ 114,364	\$ 795,082
Public Safety	322,000	1,998,454	1,848,087	150,367
Public Works	544,400	2,221,292	654,823	1,566,469
Health and Welfare	-	446,018	166,435	279,583
Education	302,357	301,628	301,628	-
Parks, Recreation and Cultural	44,000	169,166	130,790	38,376
Community Development	385,000	492,442	177,773	314,669
Total Expenditures	\$ 1,687,091	\$ 6,538,446	\$ 3,393,900	\$ 3,144,546
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (1,687,091)	\$ (4,543,589)	\$ (2,299,693)	\$ 2,243,896
Other Financing Sources (Uses)				
Transfers In	\$ 1,687,091	\$ 4,543,589	\$ 2,315,679	\$ (2,227,910)
Net Change in Fund Balance	\$ -	\$ -	\$ 15,986	\$ 15,986
Fund Balance - Beginning	-	-	264,860	264,860
Fund Balance - Ending	\$ -	\$ -	\$ 280,846	\$ 280,846

County of Pulaski, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Agency Funds			
	Special Welfare	Performance Bond	Employee Flexible Benefits	Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 14,382	\$ 44,683	\$ 86,100	\$ 145,165
LIABILITIES				
Current Liabilities:				
Amounts Held for Others:				
Special Welfare Fund	\$ 14,382	\$ -	\$ -	\$ 14,382
Performance Bond Fund	-	44,683	-	44,683
Employee Flexible Benefits Fund	-	-	86,100	86,100
Total amounts held for others	\$ 14,382	\$ 44,683	\$ 86,100	\$ 145,165
Total Liabilities	\$ 14,382	\$ 44,683	\$ 86,100	\$ 145,165

County of Pulaski, Virginia
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
ASSETS				
Current Assets:				
Cash and Cash Equivalents:				
Special Welfare Fund	\$ 13,184	\$ 34,409	\$ 33,211	\$ 14,382
Performance Bond Fund	53,313	300	8,930	44,683
Employee Flexible Benefits Fund	84,630	42,399	40,929	86,100
Total cash and cash equivalents	<u>\$ 151,127</u>	<u>\$ 77,108</u>	<u>\$ 83,070</u>	<u>\$ 145,165</u>
Total Assets	<u>\$ 151,127</u>	<u>\$ 77,108</u>	<u>\$ 83,070</u>	<u>\$ 145,165</u>
LIABILITIES				
Current Liabilities:				
Amounts Held for Others:				
Special Welfare Fund	\$ 13,184	\$ 34,409	\$ 33,211	\$ 14,382
Performance Bond Fund	53,313	300	8,930	44,683
Employee Flexible Benefits Fund	84,630	42,399	40,929	86,100
Total amounts held for others	<u>\$ 151,127</u>	<u>\$ 77,108</u>	<u>\$ 83,070</u>	<u>\$ 145,165</u>
Total Liabilities	<u>\$ 151,127</u>	<u>\$ 77,108</u>	<u>\$ 83,070</u>	<u>\$ 145,165</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, 2017

	School Operating Fund
ASSETS	
Cash and Cash Equivalents	\$ 1,331,345
Prepaid Items	280,436
Due from Primary Government	2,258,138
Due from Other Governmental Units	1,356,460
Total Assets	<u>\$ 5,226,379</u>
LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts Payable	\$ 880,249
Accrued Wages	3,691,811
Total Liabilities	<u>\$ 4,572,060</u>
Fund Balances	
Nonspendable - Prepaid Items	\$ 280,436
Committed	373,883
Total Fund Balances	<u>\$ 654,319</u>
Total Liabilities and Fund Balances	<u>\$ 5,226,379</u>
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:	
Total fund balances - per above	\$ 654,319
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Land	\$ 528,360
Building and System	5,265,254
Machinery and Equipment	3,130,465
Construction in Progress	<u>510,542</u>
	9,434,621
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.	
Items related to the measurement of the net pension liability	(3,604,688)
Pension contributions subsequent to the measurement date will be a reduction in the net pension liability in the next fiscal year and, therefore, are not reported in the funds.	
	3,295,100
Long-term liabilities, including compensated absences and net OPEB obligation are not due and payable in the current period and therefore, are not reported in the funds.	
Compensated Absences	\$ (1,449,986)
Net Pension Liability	(40,526,697)
Deferred Outflows Related to Measurement of Net Pension Liability	2,497,472
Net OPEB Obligation	<u>(1,367,300)</u>
	(40,846,511)
Net position of governmental activities - component unit school board	<u>\$ (31,067,159)</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, 2017

	School Operating Fund
REVENUES	
Revenue from Use of Money and Property	\$ 11,740
Charges for Services	1,362,557
Miscellaneous	62,939
Recovered Costs	687,647
Intergovernmental:	
Local Government	14,394,101
Commonwealth	26,765,018
Federal Government	4,519,215
Total Revenues	<u>\$ 47,803,217</u>
EXPENDITURES:	
Current:	
Education	<u>\$ 48,184,004</u>
Excess (Deficiency) of Revenues Over (Under)	
Expenditures	<u>\$ (380,787)</u>
Net Change in Fund Balance	\$ (380,787)
Fund Balance - Beginning	1,035,106
Fund Balance - Ending	<u><u>\$ 654,319</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	\$ (380,787)
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	\$ 1,799,592
Depreciation	<u>(1,082,367)</u>
	717,225
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
(Increase) Decrease in deferred inflows related to the measurement of the net pension liability	\$ 1,422,864
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	\$ 100,022
(Increase) Decrease in net pension liability	(3,587,424)
(Increase) Decrease in net OPEB obligation	(202,200)
Increase (Decrease) in deferred outflows related to measurement of net pension liability	2,497,472
Increase (Decrease) in deferred outflows related to pension contributions subsequent to measurement date	<u>76,962</u>
	(1,115,168)
Change in net position of governmental funds - component unit school board	<u><u>\$ 644,134</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, 2017

	<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	\$ 7,602	\$ 7,602	\$ 11,740	\$ 4,138
Charges for Services	1,481,100	1,481,100	1,362,557	(118,543)
Miscellaneous	67,150	74,950	62,939	(12,011)
Recovered Costs	757,116	757,116	687,647	(69,469)
Intergovernmental:				
Local Government	14,204,031	14,804,989	14,394,101	(410,888)
Commonwealth	26,677,030	26,901,518	26,765,018	(136,500)
Federal Government	6,227,202	5,734,304	4,519,215	(1,215,089)
Total Revenues	<u>\$ 49,421,231</u>	<u>\$ 49,761,579</u>	<u>\$ 47,803,217</u>	<u>\$ (1,958,362)</u>
EXPENDITURES:				
Current:				
Education	\$ 49,421,231	\$ 50,146,257	\$ 48,184,004	\$ 1,962,253
Total Expenditures	<u>\$ 49,421,231</u>	<u>\$ 50,146,257</u>	<u>\$ 48,184,004</u>	<u>\$ 1,962,253</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	\$ -	\$ (384,678)	\$ (380,787)	\$ 3,891
Net Change in Fund Balance	\$ -	\$ (384,678)	\$ (380,787)	\$ 3,891
Fund Balance - Beginning	-	384,678	1,035,106	650,428
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 654,319</u>	<u>\$ 654,319</u>

County of Pulaski, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2017

<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	\$ 15,860,000	\$ 15,984,923	\$ 15,927,421	\$ (57,502)
Real and personal public service corporation taxes	860,000	960,026	959,977	(49)
Personal property taxes	4,763,000	5,033,974	5,216,583	182,609
Mobile home taxes	45,000	45,000	39,438	(5,562)
Machinery and tools taxes	3,500,000	3,521,385	3,598,149	76,764
Airplane taxes	8,600	11,581	13,966	2,385
Penalties	190,000	196,384	239,523	43,139
Interest	200,000	200,000	246,468	46,468
Collection fees	60,000	60,000	56,752	(3,248)
Total General Property Taxes	\$ 25,486,600	\$ 26,013,273	\$ 26,298,277	\$ 285,004
Other Local Taxes:				
Local sales and use taxes	\$ 3,300,000	\$ 3,300,000	\$ 3,317,326	\$ 17,326
Consumers' utility taxes	640,000	640,000	652,339	12,339
Business licenses	680,000	726,921	740,266	13,345
Cable TV Franchise	6,500	6,500	-	(6,500)
Consumption taxes	113,000	113,000	111,661	(1,339)
Motor vehicle licenses	550,000	570,866	582,547	11,681
Bank stock taxes	8,000	8,000	14,862	6,862
Taxes on recordation and wills	195,000	195,000	190,615	(4,385)
Hotel and motel room taxes	400,000	400,000	370,651	(29,349)
Restaurant food taxes	1,450,000	1,450,000	1,496,038	46,038
Total Other Local Taxes	\$ 7,342,500	\$ 7,410,287	\$ 7,476,305	\$ 66,018
Permits, Privilege Fees and Regulatory Licenses:				
Animal licenses	\$ 20,000	\$ 20,000	\$ 20,844	\$ 844
Land use application fees	650	650	453	(197)
Transfer fees	1,000	1,000	1,129	129
Zoning and subdivision permits	7,000	7,000	7,135	135
Erosion and sediment control permits	500	500	750	250
Building permits	100,000	100,000	104,029	4,029
Total Permits, Privilege Fees and Regulatory Licenses	\$ 129,150	\$ 129,150	\$ 134,340	\$ 5,190
Fines and Forfeitures:				
Court fines and forfeitures	\$ 26,000	\$ 46,000	\$ 56,016	\$ 10,016
Interest on local fines	3,000	3,000	4,347	1,347
Total Fines and Forfeitures	\$ 29,000	\$ 49,000	\$ 60,363	\$ 11,363
Revenue from Use of Money and Property:				
Revenue from use of money	\$ 223,570	\$ 276,570	\$ 320,683	\$ 44,113
Revenue from use of property	35,640	48,640	50,854	2,214
Total Revenue from Use of Money and Property	\$ 259,210	\$ 325,210	\$ 371,537	\$ 46,327
Charges for Services:				
Charges for clerk copies	\$ 8,150	\$ 10,150	\$ 11,898	\$ 1,748
Charges for courthouse maintenance	18,500	18,500	18,359	(141)
Charges for courthouse security	83,000	83,000	78,288	(4,712)

County of Pulaski, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2017

<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	\$ 3,638	\$ 3,625	\$ (13)
Share of seized property	-	28,054	28,054	-
Charges for Commonwealth's Attorney	5,000	5,000	6,022	1,022
Miscellaneous jail and inmate fees	6,000	6,000	6,044	44
Concealed handgun permits	10,000	10,000	11,870	1,870
Charges for parks and recreation	277,300	303,300	340,110	36,810
Sale of maps and publications	-	750	750	-
Town tax book preparation	470	470	470	-
Charges for animal pound	8,000	8,000	9,213	1,213
Charges for landfill	38,000	54,234	51,765	(2,469)
Charges for library	21,200	21,680	23,133	1,453
Total Charges for Services	\$ 479,120	\$ 552,776	\$ 589,601	\$ 36,825
Miscellaneous:				
Local contributions	\$ -	\$ -	\$ 16,445	\$ 16,445
Miscellaneous	52,600	83,177	148,212	65,035
Total Miscellaneous	\$ 52,600	\$ 83,177	\$ 164,657	\$ 81,480
Recovered Costs:				
Administrative fees	\$ 93,000	\$ 93,000	\$ 82,902	\$ (10,098)
Airport recoveries	172,005	199,637	189,174	(10,463)
Juror costs	9,000	9,000	4,950	(4,050)
CSA recoveries	-	-	58,748	58,748
Insurance recoveries	-	13,497	13,675	178
Parks and recreation	37,336	117,336	79,677	(37,659)
Public safety recoveries	466,416	466,416	443,843	(22,573)
Pulaski IDA reimbursements	-	650,000	650,000	-
Other recoveries	69,000	97,006	145,347	48,341
Total Recovered Costs	\$ 846,757	\$ 1,645,892	\$ 1,668,316	\$ 22,424
Total Revenue from Local Sources	\$ 34,624,937	\$ 36,208,765	\$ 36,763,396	\$ 554,631
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical Aid:				
Motor vehicle carriers' tax	\$ 50,000	\$ 50,000	\$ 84,211	\$ 34,211
Mobile home titling tax	20,000	35,473	27,472	(8,001)
Motor vehicle rental tax	3,500	3,500	3,384	(116)
Grantor's tax	125,000	125,000	73,681	(51,319)
State recordation tax	-	-	62,863	62,863
Telecommunication taxes	800,000	800,000	777,482	(22,518)
Personal property tax relief funds	1,594,000	1,594,000	1,594,529	529
Total Noncategorical Aid	\$ 2,592,500	\$ 2,607,973	\$ 2,623,622	\$ 15,649
Categorical Aid:				
Shared Expenses:				
Commonwealth's Attorney	\$ 656,486	\$ 656,486	\$ 636,245	\$ (20,241)
Sheriff	1,804,107	1,804,107	1,761,826	(42,281)

County of Pulaski, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2017

<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)				
Categorical Aid: (continued)				
Shared Expenses: (continued)				
Commissioner of the Revenue	\$ 143,254	\$ 143,254	\$ 140,989	\$ (2,265)
Treasurer	111,047	111,047	109,510	(1,537)
Registrar/Electoral Board	41,000	41,000	41,997	997
Clerk of the Circuit Court	351,689	375,971	375,850	(121)
Total Shared Expenses	\$ 3,107,583	\$ 3,131,865	\$ 3,066,417	\$ (65,448)
Other Categorical Aid:				
Public assistance and welfare administration	\$ 2,894,982	\$ 2,894,982	\$ 2,142,316	\$ (752,666)
Comprehensive Services Act (CSA)	3,541,449	3,541,449	2,397,460	(1,143,989)
DMV animal friendly plates	-	-	672	672
Department of Health grant	-	2,047	2,047	-
E-911 wireless grant	-	-	1,834	1,834
Victim's assistance grant	46,329	46,329	46,329	-
Litter control grant	12,971	12,971	12,496	(475)
Library grant	137,020	137,020	136,998	(22)
Pretrial services grant	821,435	823,037	1,010,314	187,277
Fire programs	60,000	73,695	149,151	75,456
Virginia Juvenile Commission Crime Control	21,320	21,320	21,321	1
Domestic violence DCJS grant	45,000	45,000	45,000	-
Sheriff seized assets	-	30,659	30,659	-
Public safety answer grant	43,000	43,000	49,519	6,519
DEQ grant	500	500	282	(218)
DMV alcohol safety grant	-	18,540	-	(18,540)
Other categorical aid	-	3,371	-	(3,371)
Total Other Categorical Aid	\$ 7,624,006	\$ 7,693,920	\$ 6,046,398	\$ (1,647,522)
Total Revenue from the Commonwealth	\$ 13,324,089	\$ 13,433,758	\$ 11,736,437	\$ (1,697,321)
Revenue from the Federal Government:				
Noncategorical Aid:				
Payment in lieu of taxes	\$ 25,000	\$ 25,000	\$ 29,914	\$ 4,914
Categorical Aid:				
Public assistance and welfare administration	\$ 3,522,975	\$ 3,522,975	\$ 3,288,632	\$ (234,343)
CDBG grants	-	19,587	71,380	51,793
Emergency management preparedness grant	16,904	33,808	31,300	(2,508)
State and community highway safety	-	14,234	18,305	4,071
DCJS alternative community sentencing	-	59,537	13,332	(46,205)
HIDTA drug grant	-	17,000	2,617	(14,383)
Drug court	-	345,617	110,333	(235,284)
Commission on the arts	5,000	5,000	5,000	-
Farmer's market promotion	-	24,032	23,745	(287)
Victim witness	138,989	138,989	138,989	-
Local law enforcement block grant	-	16,799	-	(16,799)
Other categorical aid	-	19,987	-	(19,987)
Total Categorical Aid	\$ 3,683,868	\$ 4,217,565	\$ 3,703,633	\$ (513,932)

County of Pulaski, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2017

<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 the Federal Government: (continued)				
Categorical Aid: (continued)				
Total Revenue from the Federal Government	\$ 3,708,868	\$ 4,242,565	\$ 3,733,547	\$ (509,018)
Total General Fund	\$ 51,657,894	\$ 53,885,088	\$ 52,233,380	\$ (1,651,708)
Nonmajor Special Revenue Funds:				
Highway Maintenance Fund				
Revenue from Local Sources:				
Revenue from Use of Money and Property:				
Revenue from use of money	\$ -	\$ 9	\$ 9	\$ -
Recovered Costs:				
NRCC	\$ -	\$ 77,824	\$ 77,824	\$ -
Total Highway Maintenance Fund	\$ -	\$ 77,833	\$ 77,833	\$ -
Nonmajor Capital Projects Funds:				
School CIP Fund:				
Revenue from Use of Money and Property:				
Revenue from use of money	\$ -	\$ -	\$ 410	\$ 410
Total School Construction Fund	\$ -	\$ -	\$ 410	\$ 410
County CIP Fund:				
Revenue from Local Sources:				
Miscellaneous:				
Miscellaneous	\$ -	\$ 7,214	\$ -	\$ (7,214)
Recovered Costs:				
Other recoveries	\$ -	\$ 75,000	\$ 75,000	\$ -
Total Revenue from Local Sources	-	82,214	75,000	(7,214)
Intergovernmental:				
Revenue from the Commonwealth:				
Other Categorical Aid:				
VDOT grants	\$ -	\$ 325,659	\$ 144,160	\$ (181,499)
Land conservation grant	-	125,000	125,000	-
Other categorical aid	-	182,500	70,000	(112,500)
Total Revenue from the Commonwealth	\$ -	\$ 633,159	\$ 339,160	\$ (293,999)
Revenue from the Federal Government:				
Categorical Aid:				
FEMA	\$ -	\$ 604,455	\$ 604,286	\$ (169)
VDOT	-	7,235	7,235	-
CDBG	-	667,794	68,526	(599,268)
Total Categorical Aid	\$ -	\$ 1,279,484	\$ 680,047	\$ (599,437)

County of Pulaski, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2017

<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>
Nonmajor Capital Projects Funds: (continued)				
School Construction Fund: (continued)				
Revenue from the Federal Government: (continued)				
Total Revenue from the Federal Government	\$ -	\$ 1,279,484	\$ 680,047	\$ (599,437)
Total County CIP Fund	\$ -	\$ 1,994,857	\$ 1,094,207	\$ (900,650)
Total Nonmajor Capital Projects Funds	\$ -	\$ 1,994,857	\$ 1,094,617	\$ (900,240)
Total Primary Government	\$ 51,657,894	\$ 55,957,778	\$ 53,405,830	\$ (2,551,948)
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	\$ 5,202	\$ 5,202	\$ 8,590	\$ 3,388
Revenue from use of property	2,400	2,400	3,150	750
Total Revenue from Use of Money and Property	\$ 7,602	\$ 7,602	\$ 11,740	\$ 4,138
Charges for Services:				
Charges for education	\$ 144,500	\$ 144,500	\$ 185,879	\$ 41,379
Cafeteria sales	894,000	894,000	699,278	(194,722)
Tuition and payments from other divisions	442,600	442,600	477,400	34,800
Total Charges for Services	\$ 1,481,100	\$ 1,481,100	\$ 1,362,557	\$ (118,543)
Miscellaneous:				
Miscellaneous	\$ 67,150	\$ 74,950	\$ 62,939	\$ (12,011)
Recovered Costs:				
Medicaid reimbursements	\$ 60,000	\$ 60,000	\$ 116,922	\$ 56,922
Insurance recoveries	-	-	201	201
Joint services reimbursements	242,532	242,532	222,373	(20,159)
Salary reimbursements	87,500	87,500	92,943	5,443
School activity reimbursements	125,000	125,000	54,489	(70,511)
Title I indirect costs	-	-	7,925	7,925
Other recoveries	242,084	242,084	192,794	(49,290)
Total Recovered Costs	\$ 757,116	\$ 757,116	\$ 687,647	\$ (69,469)
Total Revenue from Local Sources	\$ 2,312,968	\$ 2,320,768	\$ 2,124,883	\$ (195,885)
Intergovernmental:				
Revenue from Local Governments:				
Contribution from County of Pulaski, Virginia-General Fund	\$ 14,204,031	\$ 14,804,989	\$ 14,394,101	\$ (410,888)
Revenue from the Commonwealth:				
Categorical Aid:				
At risk four-year olds	\$ 363,194	\$ 363,194	\$ 363,194	\$ -
At risk payments	512,215	512,215	508,510	(3,705)
Basic school aid	13,040,350	13,040,350	13,002,273	(38,077)
Career technology education	43,773	43,773	5,617	(38,156)

County of Pulaski, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2017

<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)				
CTE STEM-H industry credentials	\$ -	\$ -	\$ 1,734	\$ 1,734
Early reading intervention	87,803	87,803	108,065	20,262
English as a second language	21,849	21,849	21,404	(445)
Enrollment loss	-	-	200,103	200,103
Gifted and talented	136,592	136,592	135,563	(1,029)
GLI instructional	56,913	56,913	56,485	(428)
Governor's School	449,564	449,564	347,208	(102,356)
Homebound education	41,099	41,099	31,988	(9,111)
ISAEF	15,717	15,717	16,835	1,118
Mentor teaching program	4,292	4,292	4,002	(290)
Special education jail	10,236	20,423	5,449	(14,974)
Preschool social services	-	-	3,449	3,449
Primary class size	633,008	633,008	605,051	(27,957)
Project graduation	-	-	34,386	34,386
Remedial education	546,369	546,369	542,251	(4,118)
Remedial summer education	69,433	69,433	106,741	37,308
Retirement	1,698,865	1,698,865	1,686,063	(12,802)
School food	40,346	40,346	45,758	5,412
Share of state sales tax	4,822,476	4,822,476	4,720,949	(101,527)
Social security	825,244	825,244	819,026	(6,218)
Special education	1,764,315	1,764,315	1,751,020	(13,295)
Special education - foster care	24,689	24,689	17,055	(7,634)
Standards of learning algebra readiness	55,499	55,499	62,376	6,877
State lottery payments	149,170	149,170	148,441	(729)
Textbook payment	312,398	312,398	310,044	(2,354)
Vocational education-equipment	-	-	12,607	12,607
Vocational occupational preparedness	-	-	26,159	26,159
Vocational standards of quality payments	404,085	404,085	401,040	(3,045)
VPSA technology grant	284,000	284,000	283,990	(10)
PBIS grant	-	46,070	25,000	(21,070)
VDH NRV district money	-	3,700	3,700	-
VTSF Virginia tobacco settlement	59,100	59,100	59,500	400
VA workplace readiness skills	-	-	1,070	1,070
Gear up access Virginia	-	80,000	178,561	98,561
Race to GED grant	-	44,531	44,351	(180)
Plugged in VA grant	-	40,000	40,000	-
Math and science teacher recruitment	-	-	28,000	28,000
Compensation supplement	204,436	204,436	-	(204,436)
Total Categorical Aid	\$ 26,677,030	\$ 26,901,518	\$ 26,765,018	\$ (136,500)
Total Revenue from the Commonwealth	\$ 26,677,030	\$ 26,901,518	\$ 26,765,018	\$ (136,500)

County of Pulaski, Virginia
Schedule of Revenues-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2017

<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 Federal Government:				
Categorical Aid:				
Forest reserve funds	\$ -	\$ -	\$ 2,745	\$ 2,745
Advanced placement grant	-	-	228	228
Title I	1,401,785	1,392,442	1,025,722	(366,720)
Title VI-B, special education	1,582,801	1,454,958	1,086,505	(368,453)
Title VI-B, pre-school	31,814	32,999	18,456	(14,543)
Vocational education	73,275	73,275	74,739	1,464
Title III, LEP	-	-	2,538	2,538
Title II, Part A-Teacher quality grant	311,824	308,608	217,359	(91,249)
Title IV, Part 21	752,559	398,878	312,218	(86,660)
School food	1,441,245	1,441,245	1,675,536	234,291
School food-Summer program	-	-	58,283	58,283
Project aware	592,227	592,227	42,160	(550,067)
Other	39,672	39,672	2,726	(36,946)
Total Categorical Aid	\$ 6,227,202	\$ 5,734,304	\$ 4,519,215	\$ (1,215,089)
Total Revenue from the Federal Government	\$ 6,227,202	\$ 5,734,304	\$ 4,519,215	\$ (1,215,089)
Total Discretely Presented Component Unit-School Board	\$ 49,421,231	\$ 49,761,579	\$ 47,803,217	\$ (1,958,362)

County of Pulaski, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2017

<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	\$ 153,685	\$ 223,701	\$ 200,714	\$ 22,987
General and Financial Administration:				
County Administrator	\$ 251,553	\$ 429,813	\$ 511,175	\$ (81,362)
Assistant County Administrator	124,242	125,800	123,726	2,074
County Attorney	33,675	39,625	33,302	6,323
Independent Auditor	70,000	70,000	66,963	3,037
Commissioner of the Revenue	454,575	455,881	441,908	13,973
Treasurer	518,794	520,380	505,482	14,898
Management Services	173,529	174,459	173,138	1,321
Director of Finance	224,703	224,703	223,532	1,171
Other General and Financial Administration	118,274	161,419	157,170	4,249
Total General and Financial Administration	\$ 1,969,345	\$ 2,202,080	\$ 2,236,396	\$ (34,316)
Board of Elections:				
Electoral Board	\$ 77,048	\$ 77,048	\$ 48,614	\$ 28,434
Registrar	110,118	111,245	105,275	5,970
Total Board of Elections	\$ 187,166	\$ 188,293	\$ 153,889	\$ 34,404
Total General Government Administration	\$ 2,310,196	\$ 2,614,074	\$ 2,590,999	\$ 23,075
Judicial Administration:				
Courts:				
Circuit Court	\$ 68,477	\$ 68,477	\$ 65,949	\$ 2,528
General District Court	6,050	6,152	5,140	1,012
Juvenile and Domestic Relations Court	5,812	6,033	5,061	972
Clerk of the Circuit Court	633,007	657,289	619,142	38,147
Law Library	4,500	6,235	5,719	516
Victim's Witness Assistance	210,297	231,980	212,605	19,375
Drug Court Local Assistance	-	27,018	26,399	619
Domestic Relations Legal Services	45,000	332,395	134,709	197,686
Women's Resource Victims Assistance	22,889	22,889	22,889	-
Total Courts	\$ 996,032	\$ 1,358,468	\$ 1,097,613	\$ 260,855
Commonwealth's Attorney:				
Commonwealth's Attorney	\$ 926,402	\$ 968,152	\$ 917,951	\$ 50,201
Total Judicial Administration	\$ 1,922,434	\$ 2,326,620	\$ 2,015,564	\$ 311,056
Public Safety				
Law Enforcement and Traffic Control:				
Sheriff	\$ 3,429,415	\$ 3,574,201	\$ 3,640,372	\$ (66,171)

County of Pulaski, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2017

<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	\$ 1,176,642	\$ 1,273,372	\$ 1,225,984	\$ 47,388
Wireless E-911	-	2,375	2,250	125
Forest Fire Protection	8,661	8,661	8,661	-
Fire Department	14,000	14,000	13,865	135
Volunteer Fire Departments	272,888	357,804	313,215	44,589
Alternative Community Sentencing	-	59,537	14,945	44,592
Pulaski County Special Operations	6,000	8,930	8,267	663
Western Virginia EMS	7,352	7,352	7,352	-
Contribution to REMSI	309,605	309,605	309,605	-
Total Fire and Rescue Services	\$ 1,795,148	\$ 2,041,636	\$ 1,904,144	\$ 137,492
Correction and Detention:				
Regional Jail Payments	\$ 2,201,294	\$ 2,201,294	\$ 1,802,908	\$ 398,386
Court Services	6,100	8,174	6,340	1,834
Pretrial Services Grant	320,762	928,252	707,634	220,618
NRV Juvenile Detention Home	117,161	117,162	117,161	1
Community Corrections	530,673	-	215	(215)
Total Correction and Detention	\$ 3,175,990	\$ 3,254,882	\$ 2,634,258	\$ 620,624
Inspections:				
Building Inspections	\$ 180,004	\$ 183,874	\$ 176,492	\$ 7,382
Code Enforcement	71,619	73,398	72,128	1,270
Total Inspections	\$ 251,623	\$ 257,272	\$ 248,620	\$ 8,652
Other Protection:				
Animal Control	\$ 315,071	\$ 348,543	\$ 343,392	\$ 5,151
Medical Examiner	1,000	1,000	740	260
Emergency Management	121,924	145,410	144,754	656
Total Other Protection	\$ 437,995	\$ 494,953	\$ 488,886	\$ 6,067
Total Public Safety	\$ 9,090,171	\$ 9,622,944	\$ 8,916,280	\$ 706,664
Public Works:				
Sanitation and Waste Removal:				
General Engineering	\$ 315,466	\$ 318,131	\$ 318,338	\$ (207)
Landfill	119,010	150,025	126,961	23,064
Clean Community Council	24,007	24,007	20,442	3,565
Total Sanitation and Waste Removal	\$ 458,483	\$ 492,163	\$ 465,741	\$ 26,422
Maintenance of General Building and Grounds:				
General Properties	\$ 1,049,395	\$ 1,060,015	\$ 936,495	\$ 123,520
Cleaning Services	219,619	220,223	192,404	27,819
NRV Airport Salaries and Benefits Reimbursement	172,005	208,291	206,984	1,307
NRV Airport Maintenance Contribution	107,239	107,239	107,239	-
Natural disaster cleanup	-	1,683	1,682	1
Property cleanup	25,000	52,632	50,961	1,671
Total Maintenance of General Buildings and Grounds	\$ 1,573,258	\$ 1,650,083	\$ 1,495,765	\$ 154,318
Total Public Works	\$ 2,031,741	\$ 2,142,246	\$ 1,961,506	\$ 180,740

County of Pulaski, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2017

<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	\$ 339,922	\$ 339,922	\$ 339,922	\$ -
Mental health and mental Retardation:				
Community Services Board	\$ 90,489	\$ 90,489	\$ 90,489	\$ -
Welfare:				
Public Assistance	\$ 7,329,606	\$ 7,350,606	\$ 6,098,412	\$ 1,252,194
Welfare Administration	60,625	60,625	40,253	20,372
Comprehensive Services Act	5,004,167	5,004,167	3,597,252	1,406,915
Area Agency on Aging	17,312	17,312	17,312	-
Office on Youth	132,407	173,279	158,276	15,003
Feeding America	2,820	5,640	5,640	-
Pulaski Area Transit	62,000	62,000	62,000	-
New River Community Action	47,660	47,660	47,660	-
NRV Disability Services	12,209	12,209	12,209	-
Virginia Juvenile Commission on Crime	77,240	77,640	75,876	1,764
Fairview District Home	90,730	90,730	90,729	1
Brain Injury Services of SWVa	2,500	2,500	2,500	-
RSVP Program	17,037	17,037	17,037	-
Beans and Rice	11,500	11,500	11,500	-
NRV Cares	847	847	847	-
Free Clinic of Pulaski County	53,000	53,000	53,000	-
Literacy Volunteers of America	2,250	2,250	2,250	-
Commission on Children and Families	151,434	155,864	155,173	691
Contributions to Other Local Organizations	61,000	60,000	55,000	5,000
Total Welfare	\$ 13,136,344	\$ 13,204,866	\$ 10,502,926	\$ 2,701,940
Total Health and Welfare	\$ 13,566,755	\$ 13,635,277	\$ 10,933,337	\$ 2,701,940
Education:				
Other Instructional Costs:				
Contribution to New River Community College	\$ 16,324	\$ 16,324	\$ 12,243	\$ 4,081
Contribution to Pulaski County School Board	14,204,031	14,804,989	14,092,473	712,516
Total Education	\$ 14,220,355	\$ 14,821,313	\$ 14,104,716	\$ 716,597
Parks, Recreational and Cultural:				
Parks and Recreation:				
Parks	\$ 24,420	\$ 15,504	\$ 12,486	\$ 3,018
Recreation	399,261	412,811	404,118	8,693
Friends of Claytor Lake	37,335	117,335	106,923	10,412
Randolph Park	218,996	234,720	228,983	5,737
Claytor Lake Celebration	10,000	12,525	7,475	5,050
Total Parks and Recreation	\$ 690,012	\$ 792,895	\$ 759,985	\$ 32,910
Cultural Enrichment:				
Fine Arts Center	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Historical Landmarks	6,000	6,000	6,000	-

County of Pulaski, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2017

<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)				
Cultural Enrichment: (continued)				
Friends of the Pulaski Theater	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Cloyd's Mountain	-	112	111	1
Round the Mountain	5,531	5,531	-	5,531
Commemorative Items	-	15	10	5
Total Cultural Enrichment	<u>\$ 21,531</u>	<u>\$ 21,658</u>	<u>\$ 16,121</u>	<u>\$ 5,537</u>
Library:				
Library Administration	\$ 527,471	\$ 547,791	\$ 516,590	\$ 31,201
Library State Aid	137,020	137,020	131,576	5,444
Total Library	<u>\$ 664,491</u>	<u>\$ 684,811</u>	<u>\$ 648,166</u>	<u>\$ 36,645</u>
Total Parks, Recreation and Cultural	<u>\$ 1,376,034</u>	<u>\$ 1,499,364</u>	<u>\$ 1,424,272</u>	<u>\$ 75,092</u>
Community Development:				
Planning and Community Development:				
Community Development	\$ 45,827	\$ 47,267	\$ 45,335	\$ 1,932
Economic Development	450,525	625,510	576,226	49,284
Chamber of Commerce	10,000	10,000	10,000	-
Industrial Park Maintenance	135	135	123	12
Visitors' Center	87,740	106,772	101,255	5,517
Planning and Zoning	181,546	183,546	178,417	5,129
NRV Planning District Commission	29,995	29,996	29,995	1
Baskerville Housing Project	-	1,945	-	1,945
NR Highland RC&D	8,800	9,000	9,000	-
NRV Competitiveness Center	40,000	40,650	23,640	17,010
I 81 Corridor Coalition	4,000	4,000	4,000	-
VDOT Refund - Shae Dawn Project	-	130,000	130,000	-
Contribution to Pulaski County IDA	366,085	441,008	349,909	91,099
Contribution to Pulaski County PSA	125,259	147,246	127,393	19,853
Total Planning and Community Development	<u>\$ 1,349,912</u>	<u>\$ 1,777,075</u>	<u>\$ 1,585,293</u>	<u>\$ 191,782</u>
Environmental Management:				
Contribution to Soil and Water District	\$ 13,000	\$ 13,000	\$ 13,000	\$ -
Cooperative Extension Program:				
Extension Office	\$ 113,656	\$ 116,056	\$ 113,653	\$ 2,403
Total Community Development	<u>\$ 1,476,568</u>	<u>\$ 1,906,131</u>	<u>\$ 1,711,946</u>	<u>\$ 194,185</u>
Non-Departmental:				
Other Non-Departmental	\$ 202,208	\$ 493,440	\$ -	\$ 493,440
Debt Service:				
Principal Retirement	\$ 1,685,109	\$ 1,685,109	\$ 2,433,902	\$ (748,793)
Interest and Other Fiscal Charges	1,568,472	1,568,472	819,279	749,193
Total Debt Service	<u>\$ 3,253,581</u>	<u>\$ 3,253,581</u>	<u>\$ 3,253,181</u>	<u>\$ 400</u>
Total General Fund	<u>\$ 49,450,043</u>	<u>\$ 52,314,990</u>	<u>\$ 46,911,801</u>	<u>\$ 5,403,189</u>

County of Pulaski, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2017

<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 Special Revenue Funds:				
Tornado Relief Fund:				
Welfare:				
Tornado relief cleanup	\$ -	\$ 16,645	\$ -	\$ 16,645
Total Tornado Relief Fund	\$ -	\$ 16,645	\$ -	\$ 16,645
Highway Maintenance Fund:				
Public Works:				
Streets and Highways:				
Engineering & Architectural	\$ -	\$ 139,480	\$ 139,480	\$ -
Total Highway Maintenance Fund	\$ -	\$ 139,480	\$ 139,480	\$ -
Total Nonmajor Special Revenue Funds	\$ -	\$ 156,125	\$ 139,480	\$ 16,645
Nonmajor Capital Project Funds:				
School CIP Fund:				
General Government Administration:				
Capital Projects:				
Dublin Elementary School	\$ -	\$ 426,061	\$ -	\$ 426,061
Miscellaneous	-	53,582	-	53,582
Total Capital Projects	\$ -	\$ 479,643	\$ -	\$ 479,643
Total School Construction Fund	\$ -	\$ 479,643	\$ -	\$ 479,643
Nonmajor Capital Project Funds:				
County CIP Fund:				
General Government Administration:				
General and Financial Administration:				
Treasurer	\$ -	\$ 9,469	\$ -	\$ 9,469
Information Technology	29,334	372,119	58,708	313,411
Communications	60,000	114,901	55,656	59,245
Commissioner of Revenue	-	412,957	-	412,957
Total General and Financial Administration	\$ 89,334	\$ 909,446	\$ 114,364	\$ 795,082
Public Safety				
Law Enforcement and Traffic Control:				
Pulaski County Special Operations	\$ -	\$ 4,790	\$ 4,790	\$ -
Sheriff	162,000	131,320	125,002	6,318
Total Law Enforcement and Traffic Control	\$ 162,000	\$ 136,110	\$ 129,792	\$ 6,318
Fire and Rescue Services:				
Volunteer Fire Departments	\$ 160,000	\$ 1,788,396	\$ 1,490,728	\$ 297,668
Contribution to REMSI	-	-	220,000	(220,000)

County of Pulaski, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2017

<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 Fund: (continued)				
County CIP Fund: (continued)				
Emergency Services	\$ -	\$ 7,567	\$ 7,567	\$ -
Total Fire and Rescue Services	\$ 160,000	\$ 1,795,963	\$ 1,718,295	\$ 77,668
Inspections:				
Building Inspection	\$ -	\$ 66,381	\$ -	\$ 66,381
Total Public Safety	\$ 322,000	\$ 1,998,454	\$ 1,848,087	\$ 150,367
Public Works:				
Sanitation and Waste Removal:				
Refuse collection and disposal	\$ 100,000	\$ 32,428	\$ 32,427	\$ 1
Maintenance of Highways, Streets, Bridges, and Sidewalks:				
Maintenance	\$ -	\$ 649,316	\$ 349,514	\$ 299,802
Maintenance of General Building and Grounds:				
General Properties	\$ 444,400	\$ 1,539,548	\$ 272,882	\$ 1,266,666
Total Public Works	\$ 544,400	\$ 2,221,292	\$ 654,823	\$ 1,566,469
Health and Welfare:				
Welfare:				
Public Assistance	\$ -	\$ 446,018	\$ 166,435	\$ 279,583
Education:				
Contribution to Pulaski County School Board:				
School Buses	\$ 302,357	\$ 301,628	\$ 301,628	\$ -
Parks, Recreational and Cultural:				
Parks and Recreation:				
Recreation	\$ 10,000	\$ 89,928	74,054	15,874
Friends of Claytor Lake	-	30,000	30,000	-
Swimming pools	-	-	48	(48)
Loving field	-	9,566	4,488	5,078
NRV Fair	34,000	34,000	22,200	11,800
Historical landmarks	-	1,258	-	1,258
Total Parks and Recreation	\$ 44,000	\$ 164,752	\$ 130,790	\$ 33,962
Cultural Enrichment:				
Library	\$ -	\$ 4,414	\$ -	\$ 4,414
Total Cultural Enrichment	\$ -	\$ 4,414	\$ -	\$ 4,414
Total Parks, Recreation and Cultural	\$ 44,000	\$ 169,166	\$ 130,790	\$ 38,376

County of Pulaski, Virginia
Schedule of Expenditures-Budget and Actual
Governmental Funds
For the Fiscal Year Ended June 30, 2017

<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 Fund: (continued)				
County CIP Fund: (continued)				
Community Development:				
Planning and Community Development:				
County building improvements	\$ 160,000	\$ 272,442	\$ 2,750	\$ 269,692
Contribution to IDA	-	-	175,023	(175,023)
Contribution to REMSI	220,000	220,000	-	220,000
Total Community Development	<u>\$ 385,000</u>	<u>\$ 492,442</u>	<u>\$ 177,773</u>	<u>\$ 314,669</u>
Total County CIP Fund	<u>\$ 1,687,091</u>	<u>\$ 6,538,446</u>	<u>\$ 3,393,900</u>	<u>\$ 3,144,546</u>
Total Nonmajor Capital Project Funds	<u>\$ 1,687,091</u>	<u>\$ 7,018,089</u>	<u>\$ 3,393,900</u>	<u>\$ 3,624,189</u>
Total Primary Government	<u>\$ 51,137,134</u>	<u>\$ 59,489,204</u>	<u>\$ 50,445,181</u>	<u>\$ 9,044,023</u>
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration, health and attendance	\$ 2,235,539	\$ 2,235,539	\$ 2,133,804	\$ 101,735
Instructional:				
Instruction	<u>\$ 34,879,387</u>	<u>\$ 34,435,277</u>	<u>\$ 32,590,103</u>	<u>\$ 1,845,174</u>
Other operating costs:				
Pupil transportation	\$ 2,456,639	\$ 2,456,639	\$ 2,735,596	\$ (278,957)
Operation and maintenance of school plant	5,332,406	5,424,406	5,460,318	(35,912)
Food services	2,422,877	2,434,377	2,550,563	(116,186)
Technical resources	2,019,798	2,019,798	2,113,890	(94,092)
Facilities	74,585	1,140,221	599,730	540,491
Total other operating costs	<u>\$ 12,306,305</u>	<u>\$ 13,475,441</u>	<u>\$ 13,460,097</u>	<u>\$ 15,344</u>
Total Discretely Presented Component Unit-School Board	<u>\$ 49,421,231</u>	<u>\$ 50,146,257</u>	<u>\$ 48,184,004</u>	<u>\$ 1,962,253</u>

Supporting Schedules

Table 1

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Total
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	\$ 48,250,061
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
2009-10	2,227,515	1,548,396	7,995,638	1,480,384	11,030,808	10,321,494	1,345,770	5,006,587	1,661,533	42,618,125
2008-09	2,645,693	1,483,884	6,411,555	1,426,527	10,201,396	13,587,527	1,411,956	3,808,164	1,289,490	42,266,192
2007-08	2,232,051	1,292,617	7,349,363	208,747	9,705,772	12,024,573	1,405,132	1,642,552	1,378,323	37,239,130

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	
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
2009-10	1,212,825	12,010,339	3,682,304		21,173,271	5,171,842	297,227	208,630	2,631,288	46,387,726
2008-09	1,236,901	12,077,362	-		20,175,233	6,565,919	540,453	526,812	2,143,390	43,266,070
2007-08	476,063	11,410,564	-		19,521,565	6,775,619	1,498,977	18,634	1,863,623	41,565,045

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
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
2009-10	1,982,852	1,547,625	7,370,735	1,408,091	11,192,888	47,643,617	1,397,056	5,571,584	-	11,032,436	89,146,884
2008-09	2,583,215	1,479,967	7,241,921	1,468,888	10,394,049	48,062,018	1,555,062	1,889,719	-	3,293,977	77,968,816
2007-08	2,121,307	1,330,527	7,030,814	1,268,510	9,669,237	46,646,147	1,399,957	1,596,685	-	2,634,931	73,698,115

(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 2009-10 due to repayment of the IDA lease revenue note in the amount of \$7,735,000.

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
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
2009-10	20,836,110	5,171,842	664,789	31,439	311,542	1,528,819	222,348	1,947,692	52,933,326	83,647,907
2008-09	20,112,490	6,565,919	708,997	24,895	562,575	1,551,254	536,379	1,558,694	49,182,768	80,803,971
2007-08	19,158,479	6,775,619	704,918	34,685	1,540,511	1,567,349	26,151	1,219,985	46,144,874	77,172,571

(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
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%
2009-10	22,938,080	22,037,293	96.07%	82,243	22,119,536	96.43%	2,468,936	10.76%
2008-09	21,519,644	21,160,816	98.33%	120,144	21,280,960	98.89%	2,571,593	11.95%
2007-08	19,683,092	18,819,285	95.61%	80,471	18,899,756	96.02%	2,400,211	12.19%

(1) Includes penalty and interest.

Table 6

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

Fiscal Year	Real Estate	Personal Property and Mobile Home	Machinery and Tools	Merchants' Capital (3)	Public Service (2)	Total
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
2009-10	2,627,789,925	285,048,023	182,554,833	-	129,791,012	3,225,183,793
2008-09	2,286,209,060	311,944,879	127,627,258	-	91,287,377	2,817,068,574
2007-08	1,984,287,485	288,718,297	174,231,700	5,330,647	95,857,158	2,548,425,287

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

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

(3) The County stopped collecting merchants' capital taxes in fiscal year 2008-09.

Table 7

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Merchants' Capital (6)	Mobile Homes
2016-17	\$ 0.64	2.35	1.50	\$ -	0.64
2015-16	0.64	2.35	1.50	-	0.64
2014-15 (5)	0.59/0.64	2.35	1.50	-	0.64
2013-14	0.59	2.35	1.50	-	0.59
2012-13 (4)	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
2009-10 (3)	0.50/0.54	2.14	1.50	-	0.50
2008-09 (2)	0.62/0.50	2.14	1.50	-	0.50
2007-08	0.62	2.00	1.50	4.80	0.62

(1) Per \$100 of assessed value.

(2) Real estate rates decreased from \$0.62 to \$0.50 beginning with the first half 2009.

(3) Real estate rates increased from \$0.50 to \$0.54 beginning with the first half 2010.

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

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

(6) The County stopped collecting merchants' capital taxes in fiscal year 2008-09.

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
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
2009-10	35,127	3,225,184	33,006,407	33,006,407	1.02%	940
2008-09	35,127	2,817,069	35,315,701	35,315,701	1.25%	1,005
2007-08	35,127	2,548,425	36,984,070	36,984,070	1.45%	1,053

(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
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%
2009-10	9,442,120	1,590,316	11,032,436	89,146,884	12.38%
2008-09	1,757,773	1,536,795	3,294,568	77,968,816	4.23%
2007-08	1,269,450	1,365,481	2,634,931	73,698,115	3.58%

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

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

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, 2017, 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 December 5, 2017.

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) to determine the 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.

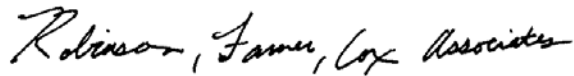
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Robinson, Famer, Cox Associates".

Blacksburg, Virginia
December 5, 2017

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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, 2017. 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, 2017.

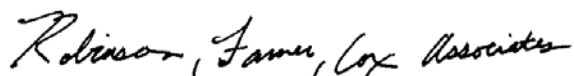
Report on Internal Control over Compliance

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.



Blacksburg, Virginia
December 5, 2017

County of Pulaski, Virginia
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2017

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:						
<i>Child Care and Development Fund Cluster:</i>						
Child Care and Development Block Grant	93.575	770116		\$ (1,543)		
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	760115/760116		86,363		
<i>Total Child Care and Development Fund Cluster</i>				\$	84,820	
Promoting Safe and Stable Families	93.556	950114/950115			12,286	
Temporary Assistance for Needy Families (TANF)	93.558	400115/400116			428,608	
Refugee and Entrant Assistance - State Administered Programs	93.566	500115/500116			1,608	
Low-Income Home Energy Assistance	93.568	600415/600416			52,216	
Stephanie Tubbs Jones Child Welfare Services Program	93.645	900115/900116			879	
Foster Care - Title IV-E	93.658	1100115/1100116			693,564	
Adoption Assistance	93.659	1120115/1120116			643,152	
Social Services Block Grant	93.667	1000115/1000116			302,087	
Chafee Foster Care Independence Program	93.674	9150115/9150116			6,346	
Children's Health Insurance Program	93.767	540115/540116			19,515	
Medical Assistance Program	93.778	1200115/1200116			586,959	
Chafee Education and Training Vouchers Program	93.599	9160114/9160115			1,639	
Substance Abuse and Mental Health Services-Projects of Regional and National Significance	93.243	50324			44,886	
Total Department of Health and Human Services					\$ 2,878,565	
Department of Agriculture:						
Direct payments:						
Farmers' Market and Local Food Promotion Program	10.168	Not applicable		\$	23,745	
Pass through Payments:						
Department of Agriculture:						
<i>Child Nutrition Cluster:</i>						
Summer Food Service Program for Children	10.559	Not available		\$ 60,050		
National School Lunch Program (Note 3)	10.555	40623	\$ 180,430			
Department of Education:						
National School Lunch Program	10.555	40623	1,070,627	1,251,057		
School Breakfast Program	10.553	40253/40591		422,712		
<i>Total Child Nutrition Cluster</i>					1,733,819	
Schools and Roads - Grants to States	10.665	Not available			2,745	
Department of Social Services:						
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	10115/10116 40115/10116		\$	454,953	
Total Department of Agriculture					\$ 2,215,262	
Department of Justice:						
Pass through Payments:						
Department of Criminal Justice Services:						
Crime Victim Assistance	16.575	14VAGX0051/15VAGX0043		\$	138,989	
Drug Court Discretionary Grant Program	16.585	Not available			110,333	
Total Department of Justice					\$ 249,322	
Department of Transportation:						
Pass-through payments:						
Department of Motor Vehicles:						
Alcohol Open Container Requirements	20.607	Not available		\$	18,305	
Virginia Department of Transportation:						
Highway Planning and Construction	20.205	Not available			7,235	
Total Department of Transportation					\$ 25,540	
Department of Education:						
Pass through Payments:						
Department of Education:						
Title I: Grants to Local Educational Agencies	84.010	86600		\$	1,025,722	
<i>Special Education Cluster:</i>						
Special Education - Grants to States	84.027	430710	\$ 1,086,505			
Special Education - Preschool Grants	84.173	625210	18,456			
<i>Total Special Education Cluster</i>					1,104,961	
Career and Technical Education - Basic Grants to States	84.048	86665			74,739	
Twenty-first Century Community Learning Centers	84.287	86784/86787/86788			312,218	
Advanced Placement Program	84.330	Not available			228	
English Language Acquisition State Grants	84.365	Not available			2,538	
Supporting Effective Instruction State Grant	84.367	86730/86732			217,359	
Total Department of Education					\$ 2,737,765	
Department of Housing and Urban Development:						
Pass through Payments:						
Department of Housing and Community Development:						
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Not available		\$	139,906	

County of Pulaski, Virginia
Schedule of Expenditures of Federal Awards (continued)
For the Fiscal Year Ended June 30, 2017

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:					
WIA/WIOA Cluster:					
WIA/WIOA Adult Program	17.258	86630	\$ 754,303		
WIA/WIOA Dislocated Worker Formula Grants	17.278	86632	1,076,802		
WIA/WIOA Youth Activities	17.259	Not available	894,815		
Total WIA/WIOA Cluster			<u>2,725,920</u>	\$ 2,725,920	\$ 2,725,920
Total Department of Labor				<u>\$ 2,725,920</u>	
National Endowment for the Humanities					
Pass through Payments:					
Library of Virginia:					
Promotion of the Arts - Partnership Agreements	45.025	Not available		\$ 5,000	
Executive Office of the President					
Pass through Payments:					
Appalachia HIDTA					
High Intensity Drug Trafficking Areas Program	95.001	Not available		\$ 3,065	
Department of Homeland Security:					
Pass through Payments:					
Department of Emergency Management:					
Emergency Management Performance Grants	97.042	Not available	\$ 44,184		
Assistance to Firefighters Grant	97.044	Not available	604,286		
Total Department of Homeland Security				<u>\$ 648,470</u>	
Total Federal Expenditures				<u>\$ 11,628,815</u>	\$ 2,725,920

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 grant activity of County of Pulaski, Virginia under programs of the federal government for the year ended June 30, 2017. 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 and/or OMB A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to
- (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, 2017, the County had no food commodities in inventory.

Note 4 -- 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	\$ 15,469,984
Other Governmental Funds	1,019,207
Less: Payments from Commonwealth	(12,075,597)
Add: Direct Payments to New River Valley Regional Commission	2,725,920
Less: Payments in Lieu of Taxes	(29,914)
Total Primary Government	<u>\$ 7,109,600</u>

 Component Unit School Board:

School Operating Fund	\$ 4,519,215
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Total federal expenditures per the Schedule of Expenditures of Federal Awards

\$ 11,628,815

County of Pulaski, Virginia

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
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
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
84.010	Title I: Grants to Local Educational Agencies
84.027/84.173	Special Education Cluster
84.287	Twenty-first Century Community Learning Centers
97.044	Assistance to Firefighters Grant

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

Section II - Financial Statement Findings

None reported.

Section III - Federal Award Findings and Questioned Costs

None reported.

Section IV - Status of Prior Audit Findings and Questioned Costs

None reported.