

TOWN OF PULASKI, VIRGINIA



ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

TOWN OF PULASKI, VIRGINIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

**TOWN OF PULASKI, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020**

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INTRODUCTORY SECTION

TOWN OF PULASKI, VIRGINIA

TOWN COUNCIL

Brooks Dawson
Joseph Goodman
Tyler Clontz
Lane Penn
Jamie Radcliffe

OTHER OFFICIALS

David L. Clark Mayor
Gregory C. East Vice-Mayor
Shawn M. Utt Town Manager
Nichole Hair Deputy Town Manager
David Quesenberry Clerk of Council
Spencer A. Rygas Town Attorney
Rebecca Leeper Finance Director

FINANCIAL SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

**To the Honorable Members of Town Council
Town of Pulaski, Virginia**

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express 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 business-type activities, each major fund, and the aggregate remaining fund information of the Town of Pulaski, Virginia, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 17 to the financial statements, in 2020, the Town adopted new accounting guidance, by early implementing GASB No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period. 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 5-11, 68, and 69-76 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Pulaski, Virginia's basic financial statements. The introductory section, other supplementary information, and other statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory section and other 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 November 25, 2020, on our consideration of the Town of Pulaski, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Pulaski, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town of Pulaski, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox, Associates

Blacksburg, Virginia
November 25, 2020

TOWN OF PULASKI, VIRGINIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2020

To the Honorable Members of the Town Council
To the Citizens of the Town of Pulaski

As management of the Town of Pulaski, Virginia, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the basic audited financial statements.

Financial Highlights

The assets and deferred outflows of the Town's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$3,348,314 (net position). Of this amount, (\$1,156,700) was considered unrestricted and \$1,859,219 was restricted for use. Net investment in capital assets was \$2,645,795.

The assets and deferred outflows of resources of the Town's business-type activities exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$5,844,012 (net position).

During the fiscal year, the Town had governmental expenses that were \$877,998 greater than revenues, including transfers. The business-type activities had expenses that were \$485,842 less than revenues, including transfers.

The Town's total debt increased by \$1,143,810 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements.

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

The statement of net position presents information for all the Town'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 financial position of the Town is improving or deteriorating. The statement of activities presents information showing how the Town's net position changed during the most 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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the Town 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). Our governmental activities include general government, public safety, public works, health and welfare, community development and recreation. Our business-type activities are for water and sewer.

Fund financial statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Pulaski, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All separate funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains various governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for these governmental funds.

The Town adopts an annual appropriated budget for its Governmental funds. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

Proprietary Funds – The Town maintains two proprietary funds, the Water and Sewer funds. These funds account for activities in a manner similar to those found in the private sector.

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

Other information – In addition to the basic financial statements and accompanying notes, these reports also present certain required supplementary information for budgetary comparison.

TOWN OF PULASKI, VIRGINIA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

Government-wide Financial Analysis

As noted earlier, net position may over time serve as a useful indicator of a Town's financial position. In the case of the Town, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$9,192,326 at the close of the most recent fiscal year.

The largest portion of the Town's net position reflects its investment in fixed assets less any related debt used to acquire those assets that is still outstanding. The Town uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance is available to fund the Town's operations.

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TOWN OF PULASKI, VIRGINIA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

The table below focuses on the net position of the Town's governmental and business-type activities as of the years ended June 30, 2019 and 2020.

	Table 1					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2020	2019	2020	2019	2020
Current Assets	5,776,828	5,679,949	1,006,588	1,688,333	6,783,416	7,368,282
Capital Assets	4,184,084	4,072,096	10,506,567	10,349,026	14,690,651	14,421,122
Total Assets	9,960,912	9,752,045	11,513,155	12,037,359	21,474,067	21,789,404
Deferred Outflows of Resources						
Pension related items	364,884	1,144,695	53,391	148,658	418,275	1,293,353
OPEB related items	44,293	67,713	5,949	8,789	50,242	76,502
	409,177	1,212,408	59,340	157,447	468,517	1,369,855
Current Liabilities	1,550,662	1,549,731	881,388	981,457	2,432,050	2,531,188
Long-Term Liabilities	2,459,496	3,973,202	5,270,280	5,316,509	7,729,776	9,289,711
Total Liabilities	4,010,158	5,522,933	6,151,668	6,297,966	10,161,826	11,820,899
Deferred Inflows of Resources						
Unavailable revenue	1,739,722	1,811,233	-	-	1,739,722	1,811,233
Pension related items	355,457	242,611	57,097	48,087	412,554	290,698
OPEB related items	38,440	39,362	5,560	4,741	44,000	44,103
	2,133,619	2,093,206	62,657	52,828	2,196,276	2,146,034
Net Position:						
Net Investment in Capital						
Assets	2,653,357	2,645,795	5,068,187	4,994,404	7,721,544	7,640,199
Restricted	1,957,995	1,859,219	-	-	1,957,995	1,859,219
Unrestricted	(385,040)	(1,156,700)	289,983	849,608	(95,057)	(307,092)
Total Net Position	4,226,312	3,348,314	5,358,170	5,844,012	9,584,482	9,192,326

TOWN OF PULASKI, VIRGINIA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

The table below focuses on the revenues and expenses for governmental activities and business-type activities for the years ended June 30, 2019 and 2020.

Table 2

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2020	2019	2020	2019	2020
Charges for Services	279,119	295,988	5,142,935	5,919,426	5,422,054	6,215,414
Operating Grants/Contributions	2,702,973	3,055,464	-	-	2,702,973	3,055,464
Capital Grants/Contributions	-	-	41,453	11,176	41,453	11,176
Program Revenues	2,982,092	3,351,452	5,184,388	5,930,602	8,166,480	9,282,054
Taxes	5,651,378	5,341,287	-	-	5,651,378	5,341,287
Interest Income	52,636	51,081	11,145	5,493	63,781	56,574
Miscellaneous	35,081	176,621	85,396	69,119	120,477	245,740
Gain (loss) on asset disposal	-	99	-	-	-	99
Grants not restricted to program	535,836	526,661	-	-	535,836	526,661
General Revenues	6,274,931	6,095,749	96,541	74,612	6,371,472	6,170,361
Total Revenues	9,257,023	9,447,201	5,280,929	6,005,214	14,537,952	15,452,415
General Government	1,187,829	1,365,628	-	-	1,187,829	1,365,628
Public Safety	2,931,796	4,673,783	-	-	2,931,796	4,673,783
Public Works	2,230,771	2,462,127	-	-	2,230,771	2,462,127
Parks, Recreation, Cultural	464,050	469,090	-	-	464,050	469,090
Community Development	978,947	1,107,514	-	-	978,947	1,107,514
Health and Welfare	8,200	4,410	-	-	8,200	4,410
Interest on long-term debt	237,429	235,147	-	-	237,429	235,147
Water and Sewer	-	-	5,038,892	5,526,872	5,038,892	5,526,872
Total Expenses	8,039,022	10,317,699	5,038,892	5,526,872	13,077,914	15,844,571
Transfers	(7,000)	(7,500)	7,000	7,500	-	-
Change in Net Position	1,211,001	(877,998)	249,037	485,842	1,460,038	(392,156)
Beginning Net Position	3,015,311	4,226,312	5,109,133	5,358,170	8,124,444	9,584,482
Ending Net Position	4,226,312	3,348,314	5,358,170	5,844,012	9,584,482	9,192,326

At the end of the current fiscal year, the Town is able to report positive balances in net position, both for the Town as a whole and for its business-type activities.

TOWN OF PULASKI, VIRGINIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2020

Financial Analysis of the Town's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a Town's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Town's governmental funds reported ending fund balance of \$2,448,369, a decrease of \$387,340 in comparison with the prior year.

Total governmental funds revenues increased \$638,836 and expenditures increased \$517,785 over prior year amounts, excluding other financing sources and uses. The increase in revenues was due to an increase in intergovernmental revenues while the increase in expenditures related to the purchase of a fire truck and other machinery and equipment. For fiscal year ending June 30, 2020, expenses exceeded revenues by \$324,958.

Total proprietary fund operating income increased \$776,491 and operating expenses increased \$482,462 over the prior year amounts. For fiscal year ending June 30, 2020, total revenues exceeded expenses by \$485,842.

General Fund Budgetary Highlights

The Town budgeted revenues of \$9,757,978 for fiscal year 2020. The actual revenues were \$9,577,482 which is an unfavorable variance of \$180,496. The variance is attributed to revenue from state and federal government and revenue from property taxes being budgeted for more than the actual amount received. The budgeted expenditures were \$10,503,613 for the Town. The actual expenditures were \$10,315,039 which is a favorable variance of \$188,574.

Capital Asset and Debt Administration

Capital Assets – The Town's investment in capital assets for its governmental activities as of June 30, 2020 is \$4,072,096 (net of accumulated depreciation) a decrease of \$111,988, mainly due to normal depreciation of the assets. The investment in capital assets for its business-type activities is \$10,349,026, a decrease of \$157,541. The decrease is mainly attributed to normal depreciation of the assets. This investment in capital assets includes land, buildings and improvements, vehicles, equipment, and construction in progress.

TOWN OF PULASKI, VIRGINIA**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**Long-term debt

At the end of the fiscal year, governmental activities reported the following outstanding long-term obligations:

	Balance July 1, 2019	Issuances	Retirements	Balance June 30, 2020
General obligation bonds	\$ 1,419,102	\$ 420,000	\$ (620,496)	\$ 1,218,606
Note payable	56,090	-	(39,179)	16,911
Capital lease	235,136	-	(44,352)	190,784
Net OPEB liabilities	541,637	206,074	(173,950)	573,761
Net pension liability	791,459	3,186,570	(1,854,799)	2,123,230
Compensated absences	493,822	371,075	(370,367)	494,530
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	\$ 3,537,246	\$ 4,183,719	\$ (3,103,143)	\$ 4,617,822

At the end of the fiscal year, business-type activities reported the following outstanding long-term obligations:

	Balance July 1, 2019	Issuances	Retirements	Balance June 30, 2020
General obligation bonds	\$ 5,438,380	\$ 290,000	\$ (373,758)	\$ 5,354,622
Net pension liability	114,482	381,753	(240,499)	255,736
Net OPEB liabilities	72,217	34,984	(29,246)	77,955
Compensated absences	71,100	53,325	(53,325)	71,100
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	\$ 5,696,179	\$ 760,062	\$ (696,828)	\$ 5,759,413

Known Facts, Decisions, or Conditions Expected to Have a Significant Effect on Next Year and Beyond

Prior to May 1, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. Prior to June 30, the budget is legally enacted through passage of an appropriations resolution.

The Town has a few projects in progress, mainly a waterline replacement and a sewer connection.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Manager, P. O. Box 660, Pulaski, Virginia 24301.

Basic Financial Statements

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

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash and cash equivalents	\$ 2,075,601	\$ 426,359	\$ 2,501,960
Investments	504,592	257,017	761,609
Receivables (net of allowance for uncollectibles):			
Taxes receivable	2,349,717	-	2,349,717
Other local taxes receivable	104,261	-	104,261
Accounts receivable	58,075	1,089,690	1,147,765
Loans receivable	108,261	-	108,261
Internal balances	84,733	(84,733)	-
Due from other governmental units	373,036	-	373,036
Inventories	17,998	-	17,998
Prepaid items	3,675	-	3,675
Capital assets (net of accumulated depreciation):			
Land	202,697	-	202,697
Buildings and improvements	2,119,032	3,781,756	5,900,788
Improvements other than buildings	651,328	-	651,328
Machinery and equipment	1,099,039	517,945	1,616,984
Infrastructure	-	5,563,094	5,563,094
Construction in progress	-	486,231	486,231
Total assets	\$ 9,752,045	\$ 12,037,359	\$ 21,789,404
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 1,144,695	\$ 148,658	\$ 1,293,353
OPEB related items	67,713	8,789	76,502
Total deferred outflows of resources	\$ 1,212,408	\$ 157,447	\$ 1,369,855
LIABILITIES			
Accounts payable	\$ 601,035	\$ 424,435	\$ 1,025,470
Accrued liabilities	172,812	-	172,812
Customer deposits	-	75,552	75,552
Accrued interest payable	9,303	38,566	47,869
Unearned revenue	121,961	-	121,961
Due within one year	644,620	442,904	1,087,524
Due in more than one year	3,973,202	5,316,509	9,289,711
Total liabilities	\$ 5,522,933	\$ 6,297,966	\$ 11,820,899
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 1,811,233	\$ -	\$ 1,811,233
Pension related items	242,611	48,087	290,698
OPEB related items	39,362	4,741	44,103
Total deferred inflows of resources	\$ 2,093,206	\$ 52,828	\$ 2,146,034
NET POSITION			
Net investment in capital assets	\$ 2,645,795	\$ 4,994,404	\$ 7,640,199
Restricted:			
Principal Cemetery Maintenance	540,268	-	540,268
Community and Economic Development	1,318,951	-	1,318,951
Unrestricted	(1,156,700)	849,608	(307,092)
Total net position	\$ 3,348,314	\$ 5,844,012	\$ 9,192,326

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

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions		Governmental Activities	Primary Government Business-type Activities	
			Grants and Contributions	Capital Contributions			Total
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 1,365,628	\$ 14,299	\$ -	\$ -	\$ (1,351,329)	\$ -	\$ (1,351,329)
Public safety	4,673,783	105,128	461,102	-	(4,107,553)	-	(4,107,553)
Public works	2,462,127	106,852	2,093,122	-	(262,153)	-	(262,153)
Health and welfare	4,410	-	-	-	(4,410)	-	(4,410)
Parks, recreation, and cultural	469,090	69,709	21,610	-	(377,771)	-	(377,771)
Community development	1,107,514	-	479,630	-	(627,884)	-	(627,884)
Interest and other fiscal charges	235,147	-	-	-	(235,147)	-	(235,147)
Total governmental activities	\$ 10,317,699	\$ 295,988	\$ 3,055,464	\$ -	\$ (6,966,247)	\$ -	\$ (6,966,247)
Business-type activities:							
Water	\$ 1,915,970	\$ 2,024,730	\$ -	\$ 1,000	\$ -	\$ 109,760	\$ 109,760
Sewer	3,610,902	3,894,696	-	10,176	-	293,970	293,970
Total business-type activities	\$ 5,526,872	\$ 5,919,426	\$ -	\$ 11,176	\$ -	\$ 403,730	\$ 403,730
Total primary government	\$ 15,844,571	\$ 6,215,414	\$ 3,055,464	\$ 11,176	\$ (6,966,247)	\$ 403,730	\$ (6,562,517)
General revenues:							
General property taxes					\$ 2,502,520	\$ -	\$ 2,502,520
Other local taxes:							
Bank stock taxes					184,464	-	184,464
Business license taxes					498,862	-	498,862
Consumers' utility taxes					229,543	-	229,543
Consumption taxes					39,521	-	39,521
Local sales and use taxes					649,600	-	649,600
Lodging taxes					21,894	-	21,894
Motor vehicle licenses					85,434	-	85,434
Restaurant food taxes					944,005	-	944,005
Tobacco taxes					178,543	-	178,543
Utility franchise taxes					6,901	-	6,901
Unrestricted revenues from the use of money and property					51,081	5,493	56,574
Miscellaneous					176,621	69,119	245,740
Grants and contributions not restricted to specific programs					526,661	-	526,661
Gain on disposal of capital assets					99	-	99
Transfers					(7,500)	7,500	-
Total general revenues and transfers					\$ 6,088,249	\$ 82,112	\$ 6,170,361
Change in net position					\$ (877,998)	\$ 485,842	\$ (392,156)
Net position - beginning					4,226,312	5,358,170	9,584,482
Net position - ending					\$ 3,348,314	\$ 5,844,012	\$ 9,192,326

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

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

	<u>General Fund</u>	<u>UDAG Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 1,671,662	\$ 39,905	\$ 364,034	\$ 2,075,601
Investments	161,850	493	342,249	504,592
Receivables (net of allowance for uncollectibles):				
Taxes receivable	2,349,717	-	-	2,349,717
Other local taxes receivable	104,261	-	-	104,261
Accounts receivable	58,075	-	-	58,075
Loans	49,549	58,712	-	108,261
Due from other funds	380,556	1,220,000	100	1,600,656
Due from other governmental units	373,036	-	-	373,036
Inventories	17,998	-	-	17,998
Prepaid items	3,675	-	-	3,675
Total assets	<u>\$ 5,170,379</u>	<u>\$ 1,319,110</u>	<u>\$ 706,383</u>	<u>\$ 7,195,872</u>
LIABILITIES				
Accounts payable	\$ 585,362	\$ 159	\$ 15,514	\$ 601,035
Accrued liabilities	172,812	-	-	172,812
Due to other funds	1,233,100	-	282,823	1,515,923
Unearned revenue	121,961	-	-	121,961
Total liabilities	<u>\$ 2,113,235</u>	<u>\$ 159</u>	<u>\$ 298,337</u>	<u>\$ 2,411,731</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ 2,335,772	\$ -	\$ -	\$ 2,335,772
FUND BALANCES				
Nonspendable:				
Prepaid Items	\$ 3,675	\$ -	\$ -	\$ 3,675
Inventory	17,998	-	-	17,998
Principal Cemetery Maintenance	-	-	540,268	540,268
Restricted:				
Community and Economic Development	-	1,318,951	-	1,318,951
Committed:				
Playground reserve fund	50,000	-	-	50,000
Unassigned (deficit)	649,699	-	(132,222)	517,477
Total fund balances	<u>\$ 721,372</u>	<u>\$ 1,318,951</u>	<u>\$ 408,046</u>	<u>\$ 2,448,369</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 5,170,379</u>	<u>\$ 1,319,110</u>	<u>\$ 706,383</u>	<u>\$ 7,195,872</u>

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

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

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	2,448,369
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$	202,697	
Buildings and improvements		2,119,032	
Improvements other than buildings		651,328	
Machinery and equipment		1,099,039	4,072,096

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

Unavailable revenue - property taxes			524,539
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Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

Pension related items	\$	1,144,695	
OPEB related items		67,713	1,212,408

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

General obligation bonds	\$	(1,218,606)	
Capital lease		(190,784)	
Note payable		(16,911)	
Accrued interest payable		(9,303)	
Net pension liability		(2,123,230)	
Net OPEB liabilities		(573,761)	
Compensated absences		(494,530)	(4,627,125)

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

Pension related items	\$	(242,611)	
OPEB related items		(39,362)	(281,973)

Net position of governmental activities	\$	3,348,314
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The notes to the financial statements are an integral part of this statement.

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

	General Fund	UDAG Fund	Total Nonmajor Funds	Total
REVENUES				
General property taxes	\$ 2,539,213	\$ -	\$ -	\$ 2,539,213
Other local taxes	2,838,767	-	-	2,838,767
Permits, privilege fees, and regulatory licenses	26,854	-	-	26,854
Fines and forfeitures	61,335	-	-	61,335
Revenue from the use of money and property	38,209	1,576	11,296	51,081
Charges for services	207,799	-	-	207,799
Miscellaneous	15,072	152,737	8,812	176,621
Recovered costs	302,001	-	-	302,001
Intergovernmental	3,548,232	-	33,893	3,582,125
Total revenues	\$ 9,577,482	\$ 154,313	\$ 54,001	\$ 9,785,796
EXPENDITURES				
Current:				
General government administration	\$ 1,558,561	\$ -	\$ -	\$ 1,558,561
Public safety	4,143,210	-	-	4,143,210
Public works	2,194,123	-	-	2,194,123
Health and welfare	4,410	-	-	4,410
Parks, recreation, and cultural	206,464	-	42,518	248,982
Community development	844,892	227,147	1,031	1,073,070
Capital projects	600,761	-	-	600,761
Debt service:				
Principal retirement	704,027	-	-	704,027
Interest and other fiscal charges	43,866	-	-	43,866
Bond issuance costs	14,725	-	-	14,725
Total expenditures	\$ 10,315,039	\$ 227,147	\$ 43,549	\$ 10,585,735
Excess (deficiency) of revenues over (under) expenditures	\$ (737,557)	\$ (72,834)	\$ 10,452	\$ (799,939)
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (7,500)	\$ -	\$ -	\$ (7,500)
Issuance of general obligation bond	420,000	-	-	420,000
Sale of capital assets	99	-	-	99
Total other financing sources (uses)	\$ 412,599	\$ -	\$ -	\$ 412,599
Change in fund balances	\$ (324,958)	\$ (72,834)	\$ 10,452	\$ (387,340)
Fund balances - beginning	1,046,330	1,391,785	397,594	2,835,709
Fund balances - ending	\$ 721,372	\$ 1,318,951	\$ 408,046	\$ 2,448,369

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

Town 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 Year Ended June 30, 2020

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

Net change in fund balances - total governmental funds	\$	(387,340)
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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 depreciation expense exceeded capital outlays in the current period.

Capital outlays	\$	407,988	
Depreciation expense		(519,976)	(111,988)

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

Increase (decrease) in unavailable property taxes	\$	(36,693)	
Increase (decrease) in unavailable revenue - County payments		(179,601)	(216,294)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of 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 net effect of these differences in the treatment of long-term debt and related items.

Debt issued or incurred:			
Issuance of general obligation bond	\$	(420,000)	
Principal repayments:			
General obligation bonds		620,496	
Capital lease		44,352	
Note payable		39,179	284,027

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Changes in pension related items	\$	(439,114)	
Changes in OPEB related items		(9,626)	
Decrease (increase) in accrued interest payable		3,045	
Decrease (increase) in compensated absences		(708)	(446,403)

Change in net position of governmental activities	\$	(877,998)	
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The notes to the financial statements are an integral part of this statement.

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

	Water Fund	Sewer Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 426,359	\$ -	\$ 426,359
Investments	210,898	46,119	257,017
Accounts receivable, net of allowances for uncollectibles	338,378	751,312	1,089,690
Due from other funds	131,213	-	131,213
Total current assets	\$ 1,106,848	\$ 797,431	\$ 1,904,279
Noncurrent assets:			
Capital assets:			
Construction in progress	\$ 460,353	\$ 25,878	\$ 486,231
Infrastructure	4,147,787	7,718,307	11,866,094
Buildings	6,095,030	514,672	6,609,702
Machinery and equipment	3,243,010	2,803,689	6,046,699
Accumulated depreciation	(8,183,234)	(6,476,466)	(14,659,700)
Total capital assets	\$ 5,762,946	\$ 4,586,080	\$ 10,349,026
Total noncurrent assets	\$ 5,762,946	\$ 4,586,080	\$ 10,349,026
Total assets	\$ 6,869,794	\$ 5,383,511	\$ 12,253,305
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 134,975	13,683	\$ 148,658
OPEB related items	7,971	818	8,789
Total deferred outflows of resources	\$ 142,946	\$ 14,501	\$ 157,447
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 66,970	\$ 357,465	\$ 424,435
Customer deposits	75,552	-	75,552
Accrued interest payable	31,551	7,015	38,566
Due to other funds	-	215,946	215,946
Compensated absences - current portion	50,690	2,635	53,325
Bonds payable - current portion	193,972	195,607	389,579
Total current liabilities	\$ 418,735	\$ 778,668	\$ 1,197,403
Noncurrent liabilities:			
Compensated absences - net of current portion	\$ 16,897	\$ 878	\$ 17,775
Bonds payable - net of current portion	3,019,165	1,945,878	4,965,043
Net OPEB liabilities	71,079	6,876	77,955
Net pension liability	229,684	26,052	255,736
Total noncurrent liabilities	\$ 3,336,825	\$ 1,979,684	\$ 5,316,509
Total liabilities	\$ 3,755,560	\$ 2,758,352	\$ 6,513,912
DEFERRED INFLOWS OF RESOURCES			
Pension related items	\$ 43,023	\$ 5,064	\$ 48,087
OPEB related items	4,258	483	4,741
Total deferred inflows of resources	\$ 47,281	\$ 5,547	\$ 52,828
NET POSITION			
Net investment in capital assets	\$ 2,549,809	\$ 2,444,595	\$ 4,994,404
Unrestricted	660,090	189,518	849,608
Total net position	\$ 3,209,899	\$ 2,634,113	\$ 5,844,012

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

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

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services:			
Water and sewer revenues	\$ 2,024,730	\$ 3,894,696	\$ 5,919,426
OPERATING EXPENSES			
Personnel services	\$ 573,163	\$ 72,597	\$ 645,760
Fringe benefits	296,168	78,793	374,961
Contractual services	132,391	2,786,761	2,919,152
Utilities	190,277	598	190,875
Materials and supplies	232,729	279,414	512,143
Repairs and maintenance	171,719	78,430	250,149
Capital outlay	65,326	512	65,838
Depreciation	231,906	320,289	552,195
Miscellaneous	180	-	180
Total operating expenses	\$ 1,893,859	\$ 3,617,394	\$ 5,511,253
Operating income (loss)	\$ 130,871	\$ 277,302	\$ 408,173
NONOPERATING REVENUES (EXPENSES)			
Connection fees	\$ 64,919	\$ 4,200	\$ 69,119
Recovered costs	-	26,157	26,157
Interest revenue	4,921	572	5,493
Interest expense	(22,111)	(19,665)	(41,776)
Total nonoperating revenues (expenses)	\$ 47,729	\$ 11,264	\$ 58,993
Income (loss) before capital contributions and construction grants and transfers	\$ 178,600	\$ 288,566	\$ 467,166
Capital contributions and construction grants	1,000	10,176	11,176
Transfers in	7,500	-	7,500
Change in net position	\$ 187,100	\$ 298,742	\$ 485,842
Total net position - beginning	3,022,799	2,335,371	5,358,170
Total net position - ending	\$ 3,209,899	\$ 2,634,113	\$ 5,844,012

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

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

	Water Fund	Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,923,932	\$ 3,603,564	\$ 5,527,496
Payments to suppliers	(842,313)	(2,999,907)	(3,842,220)
Payments to employees	(833,088)	(148,577)	(981,665)
Net cash provided by (used for) operating activities	<u>\$ 248,531</u>	<u>\$ 455,080</u>	<u>\$ 703,611</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	\$ 7,500	\$ (236,641)	\$ (229,141)
Recovered costs	-	26,157	26,157
Net cash provided by (used for) noncapital financing activities	<u>\$ 7,500</u>	<u>\$ (210,484)</u>	<u>\$ (202,984)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital asset additions	\$ (351,355)	\$ (43,299)	\$ (394,654)
Proceeds from issuance of debt	290,000	-	290,000
Principal payments on bonds	(178,717)	(195,041)	(373,758)
Connection fees	64,919	4,200	69,119
Contributions in aid of construction	1,000	10,176	11,176
Interest expense	(24,079)	(20,631)	(44,710)
Net cash provided by (used for) capital and related financing activities	<u>\$ (198,232)</u>	<u>\$ (244,595)</u>	<u>\$ (442,827)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale (purchase) of investments	\$ 211,265	\$ (573)	\$ 210,692
Interest and dividends received	4,921	572	5,493
Net cash provided by (used for) investing activities	<u>\$ 216,186</u>	<u>\$ (1)</u>	<u>\$ 216,185</u>
Net increase (decrease) in cash and cash equivalents	\$ 273,985	\$ -	\$ 273,985
Cash and cash equivalents - beginning	152,374	-	152,374
Cash and cash equivalents - ending	<u><u>\$ 426,359</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 426,359</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 130,871	\$ 277,302	\$ 408,173
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	\$ 231,906	\$ 320,289	\$ 552,195
(Increase) decrease in accounts receivable	(90,679)	(291,132)	(381,811)
(Increase) decrease in deferred outflows of resources	(88,664)	(9,443)	(98,107)
Increase (decrease) in customer deposits	(10,119)	-	(10,119)
Increase (decrease) in accounts payable	(49,691)	145,808	96,117
Increase (decrease) in net pension liability	126,052	15,202	141,254
Increase (decrease) in net OPEB liabilities	5,923	(185)	5,738
Increase (decrease) in deferred inflows of resources	(7,068)	(2,761)	(9,829)
Total adjustments	<u>\$ 117,660</u>	<u>\$ 177,778</u>	<u>\$ 295,438</u>
Net cash provided by (used for) operating activities	<u><u>\$ 248,531</u></u>	<u><u>\$ 455,080</u></u>	<u><u>\$ 703,611</u></u>

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

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

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ 242,532
Accounts receivable	103,674
Total assets	<u>\$ 346,206</u>
LIABILITIES	
Amounts payable to other governments	\$ 116,809
Utility deposits	24,286
Amounts held for Pulaski PSA	205,111
Total liabilities	<u>\$ 346,206</u>

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

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

Note 1-Summary of Significant Accounting Policies:

The financial statements of the Town conform to generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in GAAP and used by the Town are discussed below.

A. Financial reporting entity:

Town of Pulaski, Virginia (Town) is a municipal corporation governed by an elected six-member Town Council. The accompanying financial statements present the Town and its component units. Related organizations, if any, are described below.

Blended Component Units:

Town of Pulaski Redevelopment and Housing Authority - This Authority is a legally separate organization that is financially accountable to the Town. The governing body of the Authority is substantively the same as that of the Town.

Discretely Presented Component Units - None

Related Organizations - None

Jointly Governed Organizations - None

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. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Net Position is designed to display the financial position of the primary government (governmental and business-type activities). Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Position and 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.

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

B. Government-wide and fund financial statements: (continued)

The Statement of 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 later are excluded from government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

C. Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary 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 when they have been earned and they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt as well as expenditures related to compensated absences are recorded only when payment is due.

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.

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

C. Measurement focus, basis of accounting, and financial statement presentation: (continued)

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

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general-purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when the government receives cash.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for and reported in other funds.

The *Special Revenue Funds* account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The UDAG Fund is the only major special revenue fund of the Town.

The Town reports the following major proprietary funds:

Proprietary Funds - account for operations that are financed in a manner similar to those found in private business enterprises. The measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds consist of Enterprise Funds.

Enterprise Funds - account for the financing of services to the general public where all or most of the operating expenses involved are recorded in the form of charges to users of such services. Enterprise Funds consist of the Water Fund and the Sewer Fund.

The Town reports the following nonmajor governmental funds:

The *Special Revenue Funds* account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The nonmajor special revenue funds consist of the Cemetery Care Fund, the Neighborhood Revitalization Fund, and the CDBG Housing Rehabilitation Fund.

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

C. Measurement focus, basis of accounting, and financial statement presentation: (continued)

Additionally, the Town reports the following fund types:

Fiduciary Funds (Trust and Agency Funds) - account for assets held by the government in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds, which consist of the PSA Fund. Fiduciary funds are not included in the government-wide financial statements.

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 Town's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish *operating* revenues and expenses from *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. The principal operating revenues of the Town's enterprise fund are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance:

1. Cash and Cash Equivalents

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

2. Investments

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

3. Prepaid Items

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

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance:
(continued)

4. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “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 current 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.”

5. Inventory

Inventory consists of supplies for the Gatewood Park store and automobile supplies for public works. Inventory is measured using the first in, first out method.

6. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on the property as of January 1. Real estate taxes are payable June 5th and December 5th. Personal property taxes are due and collectible annually on April 1st. The Town bills and collects its own property taxes.

7. Allowance for Uncollectible Accounts

The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$126,463 for property taxes and \$102,900 for water, sewer, and garbage receivables at June 30, 2020.

8. 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.

9. 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 or business-type 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.

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

- D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance:
(continued)

9. Capital Assets (continued)

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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the current or previous year.

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

Assets	Years
Buildings	40
Building improvements	20-40
Improvements other than buildings	20-40
Infrastructure	20-40
Machinery and equipment	4-30

10. Compensated Absences

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

11. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

- D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance:
(continued)

12. Fund Balance

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

Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);

Restricted fund balance - amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;

Committed fund balance - amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Town Council prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Council adopts another ordinance to remove or revise the limitation;

Assigned fund balance - amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments general only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;

Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

When fund balance resources are available for a specific purpose in more than one classification, it is the Town's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

Town Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Town Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance:
(continued)

13. Net Position

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

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

Sometimes the Town 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 Town's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

14. 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 Town has one item that qualifies for reporting in this category. It is comprised of certain items related to the measurement of the net pension liability and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability and net OPEB liability measurement date. For more detailed information on these items, reference the related notes.

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance:
(continued)

14. 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 Town 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 and net OPEB liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

15. 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 Town's Retirement Plan and the additions to/deductions from the Town's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

16. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI OPEB Plan and the additions to/deductions from the VRS OPEB Plan net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary information

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

1. Prior to May 1, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The General fund has a legally adopted budget. The UDAG Fund does not have a legally adopted budget.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the function level. Only the Town Council can revise the appropriation for each department or category. The Town Manager is authorized to transfer budgeted amounts within general government departments.
5. Formal budgetary integration is employed by the Water and Sewer Funds as well as the General Fund.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all Town units. Several supplemental appropriations were necessary during this fiscal year.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the Town's accounting system.
9. For fiscal year ended June 30, 2020, expenditures did not exceed appropriations at the function level.

B. Deficit fund balance

1. At June 30, 2020, the Neighborhood Revitalization fund had a deficit fund balance.

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 3-Deposits and Investments:

Deposits

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

Investments

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

Custodial Credit Risk (Investments)

The Town's investments at June 30, 2020 were held in the Town's name by the Town's custodial banks.

Credit Risk of Debt Securities

The Town's rated debt investments as of June 30, 2020 were rated by Standard and Poor's and the ratings are presented below using Standard and Poor's rating scale.

<u>Rated Debt Investments' Values</u>	
<u>Rated Debt Investments</u>	<u>Ratings</u>
	<u>AAAm</u>
LGIP	<u>\$ 445,554</u>

Interest Rate Risk

<u>Investment Type</u>	<u>Fair Value</u>	<u>< 1 year</u>
LGIP	\$ 445,554	\$ 445,554
Certificates of Deposit	316,055	316,055
Total Investments	<u>\$ 761,609</u>	<u>\$ 761,609</u>

External Investment Pool

The value of the positions in the external investment pool (Local Government Investment Pool (LGIP)) 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 is an amortized cost basis portfolio. There are no withdrawal limitations or restrictions imposed on participants.

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 4-Interfund Transfers and Due to/from Other Funds:

Interfund transfers for the year ended June 30, 2020 consisted of the following:

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ 7,500
Water Fund	7,500	-
Total	<u>\$ 7,500</u>	<u>\$ 7,500</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

Due to/from other funds for the year ended June 30, 2020 consisted of the following:

Fund	Due to Other Funds	Due from Other Funds
General Fund	\$ 1,233,100	\$ 380,556
UDAG Fund	-	1,220,000
CDBG Fund	100,820	-
Neighborhood Revitalization Fund	182,003	-
Water Fund	-	131,213
Sewer Fund	215,946	-
Cemetery Fund	-	100
Total	<u>\$ 1,731,869</u>	<u>\$ 1,731,869</u>

Note 5-Due from Other Governmental Units:

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

	<u>Primary Government Governmental Activities</u>
Local Government:	
Pulaski County	\$ 120,349
Commonwealth of Virginia:	
Communications Tax	61,731
Federal Government:	
Categorical Aid	190,956
Total	<u>\$ 373,036</u>

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 6-Long-term Obligations:

Governmental Activities Long-term Obligations:

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

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Direct Borrowings and Placements:				
General obligation bonds	\$ 1,419,102	\$ 420,000	\$ 620,496	\$ 1,218,606
Note payable	56,090	-	39,179	16,911
Capital lease	235,136	-	44,352	190,784
Net pension liability	791,459	3,186,570	1,854,799	2,123,230
Net OPEB liabilities	541,637	206,074	173,950	573,761
Compensated absences	493,822	371,075	370,367	494,530
Total	<u>\$ 3,537,246</u>	<u>\$ 4,183,719</u>	<u>\$ 3,103,143</u>	<u>\$ 4,617,822</u>

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

Year Ending June 30,	Direct Borrowings and Placements			
	General Obligation Bonds		Note payable	
	Principal	Interest	Principal	Interest
2021	\$ 219,470	\$ 28,127	\$ 16,911	\$ 211
2022	198,324	22,801	-	-
2023	161,590	18,294	-	-
2024	108,562	14,846	-	-
2025	77,080	12,244	-	-
2026-2030	389,751	32,564	-	-
2031-2032	63,829	1,805	-	-
Totals	<u>\$ 1,218,606</u>	<u>\$ 130,681</u>	<u>\$ 16,911</u>	<u>\$ 211</u>

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 6-Long-term Obligations: (continued)

Governmental Activities Long-term Obligations: (continued)

Details of long-term obligations are as follows:

	Interest Rates	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Direct Borrowings and Placements:					
General Obligation Bonds:					
GO bond - 2012	4.34%	2032	\$ 3,000,000	\$ 600,976	\$ 96,375
GO bond - 2014B	2.33%	2021	153,469	23,656	23,656
GO bond - 2014B	2.47%	2024	225,971	97,390	23,463
GO bond - 2016	1.65%	2022	186,825	76,584	37,976
GO bond - 2019	2.11%	2029	420,000	420,000	38,000
Subtotal General Obligation Bonds				<u>\$ 1,218,606</u>	<u>\$ 219,470</u>
Note Payable					
County of Pulaski, VA	5.00%	2021	\$ 181,471	\$ 16,911	\$ 16,911
Other Obligations:					
Net pension liability	n/a	n/a	n/a	\$ 2,123,230	\$ -
Net OPEB liabilities	n/a	n/a	n/a	573,761	-
Compensated absences	n/a	n/a	n/a	494,530	370,898
Capital lease	various	various	various	190,784	37,341
Total Other Obligations				<u>\$ 3,382,305</u>	<u>\$ 408,239</u>
Totals				<u><u>\$ 4,617,822</u></u>	<u><u>\$ 644,620</u></u>

In the event of default on the above note payable, the Lender may declare the entire unpaid principal and interest on the issuance as due and payable.

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 6-Long-term Obligations: (continued)

Business-type Activities Long-term Obligations:

The following is a summary of long-term obligation transactions of the Enterprise Fund for the year ended June 30, 2020:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Direct Borrowings and Placements:				
General obligation bonds	\$ 5,438,380	\$ 290,000	\$ 373,758	\$ 5,354,622
Net pension liability	114,482	381,753	240,499	255,736
Net OPEB liabilities	72,217	34,984	29,246	77,955
Compensated absences	71,100	53,325	53,325	71,100
Total	<u>\$ 5,696,179</u>	<u>\$ 760,062</u>	<u>\$ 696,828</u>	<u>\$ 5,759,413</u>

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

Year Ending June 30,	Direct Borrowings and Placements	
	General Obligation Bonds	
	Principal	Interest
2021	\$ 389,579	\$ 102,904
2022	392,741	94,940
2023	395,943	86,881
2024	291,713	80,266
2025	280,356	75,301
2026-2030	1,435,783	301,978
2031-2035	1,123,374	185,487
2036-2040	495,224	103,416
2041-2045	549,909	37,911
Totals	<u>\$ 5,354,622</u>	<u>\$ 1,069,084</u>

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 6-Long-term Obligations: (continued)

Business-type Activities Long-term Obligations: (continued)

Details of long-term obligations are as follows:

	Interest Rates	Final Maturity Date	Amount of Original Issue	Balance Business-type Activities	Amount Due Within One Year
Direct Borrowings and Placements:					
General obligation bonds:					
GO bond 2012 (A)	2.85%	2032	\$ 2,567,830	\$ 1,176,533	\$ 188,674
GO bond 2014B	2.68%	2034	304,293	228,817	13,686
GO bond (B)	0.00%	2033	2,156,159	1,450,516	107,808
GO bond 2014 (B)	2.50%	2045	2,487,968	2,209,941	64,883
GO bond 2020 (B)	3.93%	2035	290,000	288,815	14,528
Subtotal Direct Borrowings and Placements				<u>\$ 5,354,622</u>	<u>\$ 389,579</u>
Other obligations:					
Net pension liability	n/a	n/a	n/a	\$ 255,736	\$ -
Net OPEB liabilities	n/a	n/a	n/a	77,955	-
Compensated absences	n/a	n/a	n/a	71,100	53,325
Total other obligations				<u>\$ 404,791</u>	<u>\$ 53,325</u>
Totals				<u><u>\$ 5,759,413</u></u>	<u><u>\$ 442,904</u></u>

(A) 60.7% and 39.3% are due from the water and sewer funds, respectively.

(B) In the event of default, the lender may declare the entire unpaid principal and interest on the issuance as due and payable.

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TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 7-Capital Lease:

The Town has entered into capital leases for vehicles, machinery, and radio read water meters. The lease agreements qualify as capital leases for accounting purposes and therefore have been recorded at the present value of their future minimum lease payments as of the inception date.

Total assets acquired through capital leases are as follows:

	Governmental Activities		
	Vehicles	Machinery	Equipment
Original cost	\$ 53,427	\$ 294,558	\$ 145,869
Less: accumulated depreciation	(49,299)	(285,409)	(145,869)
Total	<u>\$ 4,128</u>	<u>\$ 9,149</u>	<u>\$ -</u>

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

Fiscal Year Ended	Governmental Activities
2021	\$ 42,043
2022	36,370
2023	36,371
2024	36,370
2025	36,371
2026	18,186
Total minimum lease payments	<u>\$ 205,711</u>
Less: amount representing interest	(14,927)
Present value of minimum lease payments	<u>\$ 190,784</u>

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TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 8-Unearned and Deferred/Unavailable Revenue:

Unearned and deferred/unavailable revenue represent 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. These amounts consist of the following:

Deferred/Unavailable Revenue - Primary Government:

	Government-wide	
	Statements	Balance Sheet
	Governmental Activities	Governmental Funds
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 524,539
Tax assessments due after June 30	1,789,333	1,789,333
Prepaid property taxes due after June 30 but paid in advance by taxpayers	21,900	21,900
Total	<u>\$ 1,811,233</u>	<u>\$ 2,335,772</u>

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TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 9-Pension Plan:

Plan Description

All full-time, salaried permanent employees of the Town of Pulaski, Virginia are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. 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.

Benefit Structures

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

- a. Employees hired before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees hired on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013 are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 9-Pension Plan: (continued)

Benefit Structures (continued)

- c. Non-hazardous duty employees hired on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

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

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

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 9-Pension Plan: (continued)

Employees Covered by Benefit Terms

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

	Primary Government
Inactive members or their beneficiaries currently receiving benefits	84
Inactive members:	
Vested inactive members	19
Non-vested inactive members	41
Inactive members active elsewhere in VRS	89
Total inactive members	149
Active members	97
Total covered employees	330

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The Town of Pulaski, Virginia's contractually required employer contribution rate for the year ended June 30, 2020 was 10.18% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$427,748 and \$408,833 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The Town of Pulaski, Virginia's net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019.

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 9-Pension Plan: (continued)

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Town of Pulaski, Virginia's Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

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

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

Post-Retirement:

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

Post-Disablement:

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

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 9-Pension Plan: (continued)

Actuarial Assumptions - General Employees (continued)

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

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

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

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TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 9-Pension Plan: (continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Town of Pulaski, Virginia's Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.50%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

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

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

Post-Retirement:

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

Post-Disablement:

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

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 9-Pension Plan: (continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (continued)

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

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

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

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TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 9-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:

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

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

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 9-Pension Plan: (continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for for state and teacher employer contributions; the Town was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. From July 1, 2019 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2018	\$ 23,134,109	\$ 22,228,168	\$ 905,941
Changes for the year:			
Service cost	\$ 536,213	\$ -	\$ 536,213
Interest	1,579,107	-	1,579,107
Differences between expected and actual experience	687,461	-	687,461
Assumption changes	732,801	-	732,801
Contributions - employer	-	408,818	(408,818)
Contributions - employee	-	201,506	(201,506)
Net investment income	-	1,467,879	(1,467,879)
Benefit payments, including refunds	(1,150,867)	(1,150,867)	-
Administrative expenses	-	(14,724)	14,724
Other changes	-	(922)	922
Net changes	\$ 2,384,715	\$ 911,690	\$ 1,473,025
Balances at June 30, 2019	\$ 25,518,824	\$ 23,139,858	\$ 2,378,966

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 9-Pension Plan: (continued)

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

The following presents the net pension liability of the Town of Pulaski, Virginia using the discount rate of 6.75%, as well as what the Town of Pulaski, Virginia's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Town of Pulaski			
Net Pension Liability (Asset) \$	\$ 5,736,326	\$ 2,378,966	\$ (290,695)

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

For the year ended June 30, 2020, the Town of Pulaski, Virginia recognized pension expense of \$903,827. At June 30, 2020, the Town of Pulaski, Virginia reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 413,572	\$ 82,317
Change in assumptions	440,850	-
Net difference between projected and actual earnings on pension plan investments	-	197,198
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,183	11,183
Employer contributions subsequent to the measurement date	427,748	-
Total	\$ 1,293,353	\$ 290,698

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 9-Pension Plan: (continued)

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

\$427,748 reported as deferred outflows of resources related to pensions resulting from the Town of Pulaski, Virginia's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2021	\$ 479,578
2022	85,860
2023	(4,259)
2024	13,728

Pension Plan Data

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

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TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 10- Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Plan. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured plan, it is not included as part of the GLI Plan OPEB.

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

Eligible Employees

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

Benefit Amounts

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

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TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 10- Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% ($1.31\% \times 60\%$) and the employer component was 0.52% ($1.31\% \times 40\%$). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were \$22,375 and \$21,242 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the entity reported a liability of \$339,773 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employer's proportion was 0.02088% as compared to 0.02171% at June 30, 2018.

For the year ended June 30, 2020, the participating employer recognized GLI OPEB expense of \$6,108. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 10- Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

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

At June 30, 2020, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 22,597	\$ 4,407
Net difference between projected and actual earnings on GLI OPEB plan investments	-	6,979
Change in assumptions	21,451	10,246
Changes in proportion	10,079	22,471
Employer contributions subsequent to the measurement date	<u>22,375</u>	<u>-</u>
Total	\$ <u>76,502</u>	\$ <u>44,103</u>

\$22,375 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2021	\$ (542)
2022	(541)
2023	2,414
2024	3,507
2025	3,923
Thereafter	1,263

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 10- Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

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TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 10- Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 10- Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 10- Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

NET GLI OPEB Liability

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

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

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

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TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 10- Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Long-Term Expected Rate of Return

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

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

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

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 10- Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2019, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Town of Pulaski's proportionate share of the GLI Plan Net OPEB Liability	\$ 446,367	\$ 339,773	\$ 253,327

GLI Plan Fiduciary Net Position

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

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 11- Other Postemployment Benefits-Health Insurance:

Plan Description

The Town of Pulaski administers a single-employer defined benefit healthcare plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the Town of Pulaski's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

A retiree, eligible for post-retirement medical coverage, is defined as a full-time employee who retires directly from the Town and is eligible to receive an early or regular retirement benefit from VRS. Employees applying for early or regular retirement are eligible to continue participation in the Retiree Health Plans sponsored by the Town. Employees at the Town are allowed to stay on the plan until Medicare eligibility at age 65. The employee pays 100% of the required premium.

Plan Membership

At June 30, 2020 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	88
Total retirees with coverage	<u>6</u>
Total	<u><u>94</u></u>

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Town of Pulaski Board. The amount paid by the Town for OPEB as the benefits came due during the year ended June 30, 2020 was \$27,642.

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 11- Other Postemployment Benefits-Health Insurance: (continued)

Total OPEB Liability

The Town of Pulaski's total OPEB liability was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019 and rolled forward to June 30, 2020.

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	1.70%
Salary Increases	1.70%
Discount Rate	2.21%

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years.

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the 20-year tax exempt municipal bond yield.

Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balances at June 30, 2019	\$ 283,854
Changes for the year:	
Service cost	93,958
Interest	12,744
Effect of Economic/Demographic Gains or Losses	(67,445)
Effect of Assumption Changes or Inputs	16,474
Contributions - employer	(27,642)
Net changes	<u>28,089</u>
Balances at June 30, 2020	<u>\$ 311,943</u>

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 11- Other Postemployment Benefits-Health Insurance: (continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following amounts present the total OPEB liability of the Town of Pulaski, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current discount rate:

Rate		
1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
\$ 325,823	\$ 311,943	\$ 299,040

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

Rate		
1% Decrease (3.90%)	Healthcare Cost Trend Rate (4.90%)	1% Increase (5.90%)
\$ 294,925	\$ 311,943	\$ 330,032

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

For the year ended June 30, 2020, the Town of Pulaski recognized OPEB expense in the amount of \$55,731. At June 30, 2020, the Town of Pulaski reported no deferred outflows of resources or deferred inflows of resources related to OPEB.

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

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TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 12-Aggregate OPEB Information:

	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS Group Life Insurance Plan	\$ 76,502	\$ 44,103	\$ 339,773	\$ 6,108
Town Stand-Alone Plan	-	-	311,943	55,731
Totals	<u>\$ 76,502</u>	<u>\$ 44,103</u>	<u>\$ 651,716</u>	<u>\$ 61,839</u>

Note 13-Capital Assets:

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

	Beginning Balance	Increases	Decreases	Ending Balance
Primary Government:				
Governmental Activities:				
Capital assets, not being depreciated:				
Land	<u>\$ 202,697</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 202,697</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 4,703,035	\$ -	\$ -	\$ 4,703,035
Improvements other than buildings	1,145,760	-	-	1,145,760
Machinery and equipment	7,324,325	407,988	(16,332)	7,715,981
Total capital assets, being depreciated	<u>\$ 13,173,120</u>	<u>\$ 407,988</u>	<u>\$ (16,332)</u>	<u>\$ 13,564,776</u>
Accumulated depreciation:				
Buildings and improvements	\$ (2,496,515)	\$ (87,488)	\$ -	\$ (2,584,003)
Improvements other than buildings	(466,095)	(28,337)	-	(494,432)
Machinery and equipment	(6,229,123)	(404,151)	16,332	(6,616,942)
Total accumulated depreciation	<u>\$ (9,191,733)</u>	<u>\$ (519,976)</u>	<u>\$ 16,332</u>	<u>\$ (9,695,377)</u>
Total capital assets being depreciated, net	<u>\$ 3,981,387</u>	<u>\$ (111,988)</u>	<u>\$ -</u>	<u>\$ 3,869,399</u>
Governmental activities capital assets, net	<u>\$ 4,184,084</u>	<u>\$ (111,988)</u>	<u>\$ -</u>	<u>\$ 4,072,096</u>

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 13-Capital Assets: (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Primary Government:				
Business-type Activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 245,685	\$ 351,354	\$ (110,808)	\$ 486,231
Capital assets, being depreciated:				
Infrastructure	\$ 11,755,286	\$ 110,808	\$ -	\$ 11,866,094
Buildings	6,609,702	-	-	6,609,702
Machinery and equipment	6,003,399	43,300	-	6,046,699
Total capital assets, being depreciated	\$ 24,368,387	\$ 154,108	\$ -	\$ 24,522,495
Accumulated depreciation:				
Infrastructure	\$ (6,006,752)	\$ (296,248)	\$ -	\$ (6,303,000)
Buildings	(2,704,141)	(123,805)	-	(2,827,946)
Machinery and equipment	(5,396,612)	(132,142)	-	(5,528,754)
Total accumulated depreciation	\$ (14,107,505)	\$ (552,195)	\$ -	\$ (14,659,700)
Total capital assets being depreciated, net	\$ 10,260,882	\$ (398,087)	\$ -	\$ 9,862,795
Business-type activities capital assets, net	\$ 10,506,567	\$ (46,733)	\$ (110,808)	\$ 10,349,026

NOTE: Infrastructure includes line improvements, all else is machinery and equipment or buildings.

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

Governmental activities:	
General government administration	\$ 50,301
Public safety	195,265
Public works	177,328
Parks, recreation and cultural	95,407
Community development	1,675
Total depreciation expense-governmental activities	\$ 519,976
Business-type activities:	
Water	\$ 231,906
Sewer	320,289
Total depreciation expense-business-type activities	\$ 552,195

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 14-Risk Management:

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Town participates with other localities in a public entity risk pool for their coverage of general liability, property, crime, machinery and auto insurance with the Virginia Association of Counties. Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The Town pays the Virginia Association of Counties Group contributions and assessments which are deposited 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 resources, the pool may assess all members in the proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The Town continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 15-Surety Bonds:

Traveler's Insurance

Trustees of Oakwood and Pinehurst Cemeteries (per trustee)	\$ 50,000
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CNA Surety

Fire Department - Fire Marshall and Volunteer Fire Department Officers	\$ 1,000
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Note 16-Subsequent Event:

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the release date of this report. As such, the full magnitude that the pandemic will have on the Town’s financial condition, liquidity, and future results of operations is uncertain. Management is monitoring the global situation and impact that it may have on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and global responses to curb its spread, the Town is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

Note 17-Adoption of Accounting Principles:

The Town early implemented provisions of Governmental Accounting Standards Board Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* during the fiscal year ended June 30, 2020. This Statement simplifies accounting for interest cost incurred before the end of a construction period. Interest cost incurred during construction is expensed and no longer capitalized as part of project costs. No restatement was required as a result of this implementation.

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 18-Upcoming Pronouncements:

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

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

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

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

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

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

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

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 18-Upcoming Pronouncements: (continued)

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

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

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

Required Supplementary Information

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

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 2,641,405	\$ 2,552,649	\$ 2,539,213	\$ (13,436)
Other local taxes	2,778,000	2,778,546	2,838,767	60,221
Permits, privilege fees, and regulatory licenses	20,800	30,190	26,854	(3,336)
Fines and forfeitures	46,500	68,959	61,335	(7,624)
Revenue from the use of money and property	45,048	45,198	38,209	(6,989)
Charges for services	135,000	206,328	207,799	1,471
Miscellaneous	25,056	16,751	15,072	(1,679)
Recovered costs	259,601	268,895	302,001	33,106
Intergovernmental:				
Commonwealth	3,001,593	2,951,196	2,991,994	40,798
Federal	264,569	839,266	556,238	(283,028)
Total revenues	\$ 9,217,572	\$ 9,757,978	\$ 9,577,482	\$ (180,496)
EXPENDITURES				
Current:				
General government administration	\$ 1,592,585	\$ 1,553,318	\$ 1,558,561	\$ (5,243)
Public safety	3,907,810	4,030,612	4,143,210	(112,598)
Public works	2,443,922	2,118,065	2,194,123	(76,058)
Health and welfare	12,410	12,410	4,410	8,000
Parks, recreation, and cultural	193,106	228,078	206,464	21,614
Community development	360,782	1,171,567	844,892	326,675
Capital projects	355,906	684,438	600,761	83,677
Debt service:				
Principal retirement	705,125	705,125	704,027	1,098
Interest and other fiscal charges	-	-	43,866	(43,866)
Bond issuance costs	-	-	14,725	(14,725)
Total expenditures	\$ 9,571,646	\$ 10,503,613	\$ 10,315,039	\$ 188,574
Excess (deficiency) of revenues over (under) expenditures	\$ (354,074)	\$ (745,635)	\$ (737,557)	\$ 8,078
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 382,913	\$ -	\$ -	\$ -
Transfers out	(7,500)	(7,500)	(7,500)	-
Issuance of bond	94,232	499,506	420,000	(79,506)
Sale of capital assets	-	99	99	-
Total other financing sources (uses)	\$ 469,645	\$ 492,105	\$ 412,599	\$ (79,506)
Net change in fund balances	\$ 115,571	\$ (253,530)	\$ (324,958)	\$ (71,428)
Fund balances - beginning	(115,571)	253,530	1,046,330	792,800
Fund balances - ending	\$ -	\$ -	\$ 721,372	\$ 721,372

Note 1: GAAP serves as the budgetary basis of accounting

Town of Pulaski, Virginia
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Pension Plan
For the Measurement Dates of June 30, 2014 through June 30, 2019

Exhibit 12

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 536,213	\$ 550,896	\$ 525,270	\$ 497,436	\$ 512,800	\$ 496,528
Interest	1,579,107	1,529,944	1,470,741	1,411,894	1,354,591	1,291,245
Changes in benefit terms	-	-	-	-	-	(848,943)
Change of assumptions	732,801	-	(54,234)	-	-	-
Differences between expected and actual experience	687,461	(273,749)	(91,914)	(138,731)	(135,253)	-
Benefit payments	(1,150,867)	(1,058,686)	(949,496)	(910,350)	(916,714)	-
Net change in total pension liability	\$ 2,384,715	\$ 748,405	\$ 900,367	\$ 860,249	\$ 815,424	\$ 938,830
Total pension liability - beginning	23,134,109	22,385,704	21,485,337	20,625,088	19,809,664	18,870,834
Total pension liability - ending (a)	\$ 25,518,824	\$ 23,134,109	\$ 22,385,704	\$ 21,485,337	\$ 20,625,088	\$ 19,809,664
Plan fiduciary net position						
Contributions - employer	\$ 408,818	\$ 438,826	\$ 448,415	\$ 506,268	\$ 510,626	\$ 496,437
Contributions - employee	201,506	202,655	208,261	205,435	210,833	191,112
Net investment income	1,467,879	1,552,350	2,318,353	327,439	839,378	2,516,703
Benefit payments	(1,150,867)	(1,058,686)	(949,496)	(910,350)	(916,714)	(848,943)
Administrator charges	(14,724)	(13,489)	(13,408)	(11,785)	(11,496)	(13,544)
Other	(922)	(1,382)	(2,063)	(140)	(178)	133
Net change in plan fiduciary net position	\$ 911,690	\$ 1,120,274	\$ 2,010,062	\$ 116,867	\$ 632,449	\$ 2,341,898
Plan fiduciary net position - beginning	22,228,168	21,107,894	19,097,832	18,980,965	18,348,516	16,006,618
Plan fiduciary net position - ending (b)	\$ 23,139,858	\$ 22,228,168	\$ 21,107,894	\$ 19,097,832	\$ 18,980,965	\$ 18,348,516
Town's net pension liability (asset) - ending (a) - (b)	\$ 2,378,966	\$ 905,941	\$ 1,277,810	\$ 2,387,505	\$ 1,644,123	\$ 1,461,148
Plan fiduciary net position as a percentage of the total pension liability	90.68%	96.08%	94.29%	88.89%	92.03%	92.62%
Covered payroll	\$ 4,084,885	\$ 4,157,222	\$ 4,190,931	\$ 3,889,933	\$ 3,877,452	\$ 3,780,308
Town's net pension liability (asset) as a percentage of covered payroll	58.24%	21.79%	30.49%	61.38%	42.40%	38.65%

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.

Town of Pulaski, Virginia
Schedule of Employer Contributions
Pension Plan

Exhibit 13

For the Years Ended June 30, 2011 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2020	\$ 427,748	\$ 427,748	\$ -	\$ 4,286,122	9.98%
2019	408,833	408,833	-	4,084,885	10.01%
2018	442,618	442,618	-	4,157,222	10.65%
2017	448,415	448,415	-	4,190,931	10.70%
2016	506,268	506,268	-	3,889,933	13.01%
2015	508,334	508,334	-	3,877,452	13.11%
2014	496,354	496,354	-	3,780,308	13.13%
2013	505,925	505,925	-	3,853,199	13.13%
2012	334,183	334,183	-	3,640,335	9.18%
2011	335,927	335,927	-	3,659,335	9.18%

Town of Pulaski, Virginia
Notes to Required Supplementary Information
Pension Plan
For the Year Ended June 30, 2020

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

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

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

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

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

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

Town of Pulaski, Virginia

Schedule of Town of Pulaski's Share of Net OPEB Liability

Group Life Insurance (GLI) Plan

For the Measurement Dates of June 30, 2017 through June 30, 2019

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2019	0.02088% \$	339,773 \$	4,084,915	8.32%	52.00%
2018	0.02171%	330,000	4,157,222	7.94%	51.22%
2017	0.02272%	342,000	4,194,459	8.15%	48.86%

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

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2020	\$ 22,375	\$ 22,375	\$ -	\$ 4,286,122	0.52%
2019	21,242	21,242	-	4,084,915	0.52%
2018	21,618	21,618	-	4,157,222	0.52%
2017	21,793	21,793	-	4,194,459	0.52%
2016	18,671	18,671	-	3,889,932	0.48%
2015	18,611	18,611	-	3,877,451	0.48%
2014	18,145	18,145	-	3,780,307	0.48%
2013	18,495	18,495	-	3,853,198	0.48%
2012	10,186	10,186	-	3,638,155	0.28%
2011	10,246	10,246	-	3,659,335	0.28%

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

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

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Town of Pulaski, Virginia

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios - Health Insurance

Primary Government

For the Years Ended June 30, 2018 through June 30, 2020

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 93,958	\$ 93,958	\$ -
Interest	12,744	61,939	-
Effect of Economic/Demographic Gains or Losses	(67,445)	(1,370,064)	1,585,400
Effect of Assumptions Changes or Inputs	16,474	5,290	(65,427)
Employer Contributions	(27,642)	(27,242)	-
Net change in total OPEB liability	\$ 28,089	\$ (1,236,119)	\$ 1,519,973
Total OPEB liability - beginning	283,854	1,519,973	-
Total OPEB liability - ending	<u>\$ 311,943</u>	<u>\$ 283,854</u>	<u>\$ 1,519,973</u>
 Covered-employee payroll	 N/A	 N/A	 N/A
 Town of Pulaski's total OPEB liability (asset) as a percentage of covered-employee payroll	 N/A	 N/A	 N/A

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

Town of Pulaski, Virginia

Notes to Required Supplementary Information - Health Insurance

For the Year Ended June 30, 2020

Valuation Date: 6/30/2019

Measurement Date: 6/30/2020

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal
Discount Rate	2.21%
Inflation	1.70%
Healthcare Trend Rate	The medical trend rate starts at 4.9% for year one and decreases incrementally to an ultimate rate of 4.3% at year 8. The pharmacy trend rate starts at 5.9% for year one, decreasing to 4.8% in year 2 and decreasing incrementally to an ultimate rate of 4.3% in year 8. The dental trend rate starts at 3.5% for years one and two, decreasing to an ultimate rate of 3.0% in year three. The vision trend rate is 3.0% for all years.
Salary Increase Rates	1.70%
Retirement Age	The average age at retirement is 62
Mortality Rates	Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years.

Other Supplementary Information

Town of Pulaski, Virginia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds			
	Cemetery	CDBG	Neighborhood	Total
	Care	Housing Rehabilitation	Revitalization	
ASSETS				
Cash and cash equivalents	\$ 239,210	\$ 80,053	\$ 44,771	\$ 364,034
Investments	316,055	26,194	-	342,249
Due from other funds	100	-	-	100
Total assets	<u>\$ 555,365</u>	<u>\$ 106,247</u>	<u>\$ 44,771</u>	<u>\$ 706,383</u>
LIABILITIES				
Accounts payable	\$ 15,097	\$ 270	\$ 147	\$ 15,514
Due to other funds	-	100,820	182,003	282,823
Total liabilities	<u>\$ 15,097</u>	<u>\$ 101,090</u>	<u>\$ 182,150</u>	<u>\$ 298,337</u>
FUND BALANCES (DEFICITS)				
Nonspendable:				
Principal Cemetery Maintenance	\$ 540,268	\$ -	\$ -	\$ 540,268
Unassigned (deficit)	-	5,157	(137,379)	(132,222)
Total fund balances (deficits)	<u>\$ 540,268</u>	<u>\$ 5,157</u>	<u>\$ (137,379)</u>	<u>\$ 408,046</u>
Total liabilities and fund balances (deficits)	<u>\$ 555,365</u>	<u>\$ 106,247</u>	<u>\$ 44,771</u>	<u>\$ 706,383</u>

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

	Special Revenue Funds			
	Cemetery	CDBG Housing	Neighborhood	
	<u>Care</u>	<u>Rehabilitation</u>	<u>Revitalization</u>	<u>Total</u>
REVENUES				
Revenue for the use of money and property	\$ 10,876	\$ 420	\$ -	\$ 11,296
Miscellaneous	5,700	-	3,112	8,812
Intergovernmental revenues:				
Federal	-	33,893	-	33,893
Total revenues	<u>\$ 16,576</u>	<u>\$ 34,313</u>	<u>\$ 3,112</u>	<u>\$ 54,001</u>
EXPENDITURES				
Current:				
Parks, recreation, and cultural	\$ 42,518	\$ -	\$ -	\$ 42,518
Community development	-	1,031	-	1,031
Total expenditures	<u>\$ 42,518</u>	<u>\$ 1,031</u>	<u>\$ -</u>	<u>\$ 43,549</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (25,942)</u>	<u>\$ 33,282</u>	<u>\$ 3,112</u>	<u>\$ 10,452</u>
Net change in fund balances	\$ (25,942)	\$ 33,282	\$ 3,112	\$ 10,452
Fund balance (deficit) - beginning	566,210	(28,125)	(140,491)	397,594
Fund balance (deficit) - ending	<u>\$ 540,268</u>	<u>\$ 5,157</u>	<u>\$ (137,379)</u>	<u>\$ 408,046</u>

Town of Pulaski, Virginia
Statement of Changes in Assets and Liabilities
Agency Fund - PSA Fund
For the Year Ended June 30, 2020

	Balance July 1, 2019		Additions		Deletions		Balance June 30, 2020
ASSETS							
Cash and cash equivalents	\$ 227,180	\$	752,180	\$	(736,828)	\$	242,532
Accounts receivable	89,675		759,607		(745,608)		103,674
Total assets	<u>\$ 316,855</u>	\$	<u>1,511,787</u>	\$	<u>(1,482,436)</u>	\$	<u>346,206</u>
LIABILITIES							
Amounts payable to other governments	\$ 108,980	\$	683,646	\$	(675,817)	\$	116,809
Utility deposits	27,992		11,524		(15,230)		24,286
Amounts held for Pulaski PSA	179,883		816,617		(791,389)		205,111
Total liabilities	<u>\$ 316,855</u>	\$	<u>1,511,787</u>	\$	<u>(1,482,436)</u>	\$	<u>346,206</u>

Supporting Schedules

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

Schedule 1
Page 1 of 3

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real Property Tax	\$ 1,620,185	\$ 1,506,261	\$ 1,517,867	\$ 11,606
Real and Personal PSC Tax	65,720	65,720	61,464	(4,256)
Personal Property Tax	390,500	387,548	378,700	(8,848)
Machinery and tools tax	520,000	537,698	520,998	(16,700)
Penalties	17,000	18,500	20,364	1,864
Interest	28,000	36,922	39,820	2,898
Total general property taxes	<u>\$ 2,641,405</u>	<u>\$ 2,552,649</u>	<u>\$ 2,539,213</u>	<u>\$ (13,436)</u>
Other local taxes:				
Bank stock taxes	\$ 160,000	\$ 175,000	\$ 184,464	\$ 9,464
Business license taxes	425,000	485,000	498,862	13,862
Consumers' utility taxes	225,000	205,000	229,543	24,543
Consumption taxes	60,000	44,099	39,521	(4,578)
Local sales and use taxes	620,000	615,000	649,600	34,600
Lodging tax	32,000	26,000	21,894	(4,106)
Motor vehicle licenses	130,000	125,000	85,434	(39,566)
Restaurant food taxes	970,000	940,000	944,005	4,005
Tobacco taxes	145,000	151,372	178,543	27,171
Utility franchise taxes	11,000	12,075	6,901	(5,174)
Total other local taxes	<u>\$ 2,778,000</u>	<u>\$ 2,778,546</u>	<u>\$ 2,838,767</u>	<u>\$ 60,221</u>
Permits, privilege fees, and regulatory licenses:				
Permits and other licenses	<u>\$ 20,800</u>	<u>\$ 30,190</u>	<u>\$ 26,854</u>	<u>\$ (3,336)</u>
Fines and forfeitures:				
Court fines and forfeitures	<u>\$ 46,500</u>	<u>\$ 68,959</u>	<u>\$ 61,335</u>	<u>\$ (7,624)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 28,800	\$ 28,950	\$ 28,535	\$ (415)
Revenue from use of property	16,248	16,248	9,674	(6,574)
Total revenue from use of money and property	<u>\$ 45,048</u>	<u>\$ 45,198</u>	<u>\$ 38,209</u>	<u>\$ (6,989)</u>
Charges for services:				
Charges for police services	\$ 2,800	\$ 11,998	\$ 16,939	\$ 4,941
Charges for parks and recreation	18,700	70,700	69,709	(991)
Charges for PSA services	102,000	101,130	106,852	5,722
Other charges for services	11,500	22,500	14,299	(8,201)
Total charges for services	<u>\$ 135,000</u>	<u>\$ 206,328</u>	<u>\$ 207,799</u>	<u>\$ 1,471</u>
Miscellaneous:				
Miscellaneous	<u>\$ 25,056</u>	<u>\$ 16,751</u>	<u>\$ 15,072</u>	<u>\$ (1,679)</u>
Recovered costs:				
Insurance recoveries	\$ 3,000	\$ 5,000	\$ 59,316	\$ 54,316
Other recovered costs	256,601	263,895	242,685	(21,210)
Total recovered costs	<u>\$ 259,601</u>	<u>\$ 268,895</u>	<u>\$ 302,001</u>	<u>\$ 33,106</u>
Total revenue from local sources	<u>\$ 5,951,410</u>	<u>\$ 5,967,516</u>	<u>\$ 6,029,250</u>	<u>\$ 61,734</u>

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

Schedule 1
Page 2 of 3

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicles rental tax	\$ 1,000	\$ 250	\$ -	\$ (250)
Personal property tax relief act funds	140,000	140,332	140,332	-
Rolling stock tax	11,000	10,096	10,096	-
Communication tax	450,000	370,000	376,233	6,233
Total noncategorical aid	\$ 602,000	\$ 520,678	\$ 526,661	\$ 5,983
Categorical aid:				
Byrne justice assistance grant	\$ -	\$ -	\$ 9,814	\$ 9,814
Fire prevention	32,000	33,093	33,093	-
Law enforcement grant	241,543	242,804	242,804	-
Street and highway maintenance	2,121,550	2,093,121	2,093,122	1
VBAF Grant	-	50,000	50,000	-
Virginia commission of the arts	4,500	4,500	4,500	-
Pedal pushers grant	-	7,000	7,000	-
Other Categorical	-	-	25,000	25,000
Total categorical aid	\$ 2,399,593	\$ 2,430,518	\$ 2,465,333	\$ 34,815
Total revenue from the Commonwealth	\$ 3,001,593	\$ 2,951,196	\$ 2,991,994	\$ 40,798
Revenue from the Federal Government:				
Categorical aid:				
CDBG housing planning grant	\$ -	\$ 646,656	\$ 256,765	\$ (389,891)
EPA Brownfields grant	150,000	130,000	115,839	(14,161)
Rural development grant	25,000	50,000	50,000	-
CARES Act	-	-	52,954	52,954
Bulletproof vest program	2,500	2,500	4,510	2,010
Historic preservation grant	-	10,110	10,110	-
DOJ body cameras	42,927	-	42,927	42,927
ARC grants	44,142	-	23,133	23,133
Total categorical aid	\$ 264,569	\$ 839,266	\$ 556,238	\$ (283,028)
Total revenue from the federal government	\$ 264,569	\$ 839,266	\$ 556,238	\$ (283,028)
Total General Fund	\$ 9,217,572	\$ 9,757,978	\$ 9,577,482	\$ (180,496)
Major Special Revenue Fund:				
UDAG Fund:				
Revenue from local sources:				
Revenue from use of money and property	\$ -	\$ -	\$ 1,576	\$ 1,576
Miscellaneous	-	-	152,737	152,737
Total revenue from local sources	\$ -	\$ -	\$ 154,313	\$ 154,313
Total UDAG Fund	\$ -	\$ -	\$ 154,313	\$ 154,313

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

Schedule 1
Page 3 of 3

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Nonmajor Special Revenue Funds:				
Cemetery Fund:				
Revenue from local sources:				
Revenues from use of money and property	\$ -	\$ -	\$ 10,876	\$ 10,876
Miscellaneous	-	-	5,700	5,700
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,576</u>	<u>\$ 16,576</u>
 Total Cemetery Fund	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 16,576</u>	 <u>\$ 16,576</u>
 CDBG Housing Rehabilitation Fund:				
Revenue from local sources:				
Revenues from use of money and property	\$ -	\$ -	\$ 420	\$ 420
 Revenue from the Federal Government:				
Categorical aid:				
CDBG grant	\$ -	\$ -	\$ 33,893	\$ 33,893
 Total CDBG Fund	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 34,313</u>	 <u>\$ 34,313</u>
 Neighborhood Revitalization Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 3,112	\$ 3,112
 Total Neighborhood Revitalization Fund	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 3,112</u>	 <u>\$ 3,112</u>
 Total Governmental Funds	 <u>\$ 9,217,572</u>	 <u>\$ 9,757,978</u>	 <u>\$ 9,785,796</u>	 <u>\$ 27,818</u>

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

Schedule 2
Page 1 of 3

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Town council	\$ 93,766	\$ 94,380	\$ 99,761	\$ (5,381)
Clerk of the Council	72,788	73,590	77,053	(3,463)
Office of the Mayor	8,409	6,850	6,044	806
Total legislative	<u>\$ 174,963</u>	<u>\$ 174,820</u>	<u>\$ 182,858</u>	<u>\$ (8,038)</u>
General and financial administration:				
Manager	\$ 327,571	\$ 326,862	\$ 342,922	\$ (16,060)
Legal services	45,700	45,700	58,810	(13,110)
Independent auditor	54,000	61,500	61,500	-
Consultants	61,000	60,000	58,889	1,111
Department of Finance	594,808	546,819	512,101	34,718
Risk management	163,843	158,072	164,608	(6,536)
Data processing	149,000	159,252	159,357	(105)
Other	21,700	20,293	17,516	2,777
Total general and financial administration	<u>\$ 1,417,622</u>	<u>\$ 1,378,498</u>	<u>\$ 1,375,703</u>	<u>\$ 2,795</u>
Total general government administration	<u>\$ 1,592,585</u>	<u>\$ 1,553,318</u>	<u>\$ 1,558,561</u>	<u>\$ (5,243)</u>
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 2,492,859	\$ 2,679,313	\$ 2,720,440	\$ (41,127)
Contributions to Central Dispatch	360,000	340,000	382,632	(42,632)
Total law enforcement and traffic control	<u>\$ 2,852,859</u>	<u>\$ 3,019,313</u>	<u>\$ 3,103,072</u>	<u>\$ (83,759)</u>
Fire and rescue services:				
Fire department	\$ 858,966	\$ 828,369	\$ 850,554	\$ (22,185)
Building inspections	195,985	182,930	189,584	(6,654)
Total fire and rescue services	<u>\$ 1,054,951</u>	<u>\$ 1,011,299</u>	<u>\$ 1,040,138</u>	<u>\$ (28,839)</u>
Total public safety	<u>\$ 3,907,810</u>	<u>\$ 4,030,612</u>	<u>\$ 4,143,210</u>	<u>\$ (112,598)</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
General engineering/administration	\$ 250,444	\$ 252,822	\$ 273,922	\$ (21,100)
Highway, street, bridge and sidewalk maintenance	1,681,319	1,561,499	1,604,977	(43,478)
Total maintenance of highways, streets, bridges and sidewalks	<u>\$ 1,931,763</u>	<u>\$ 1,814,321</u>	<u>\$ 1,878,899</u>	<u>\$ (64,578)</u>
Sanitation and waste removal:				
Refuse disposal	\$ 3,300	\$ 2,700	\$ 3,815	\$ (1,115)
Maintenance of general buildings and grounds:				
General properties	\$ 378,488	\$ 224,711	\$ 227,462	\$ (2,751)
Garage and motor vehicles	130,371	76,333	83,947	(7,614)
Total maintenance of buildings and grounds	<u>\$ 508,859</u>	<u>\$ 301,044</u>	<u>\$ 311,409</u>	<u>\$ (10,365)</u>
Total public works	<u>\$ 2,443,922</u>	<u>\$ 2,118,065</u>	<u>\$ 2,194,123</u>	<u>\$ (76,058)</u>

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

Schedule 2
Page 2 of 3

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Health and welfare:				
Health:				
Free clinic of Pulaski County	\$ 8,000	\$ 8,000	\$ -	\$ 8,000
Mental health and mental retardation:				
New River Valley Community Action	\$ 4,410	\$ 4,410	\$ 4,410	\$ -
Total health and welfare	\$ 12,410	\$ 12,410	\$ 4,410	\$ 8,000
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation centers and playgrounds	\$ 23,500	\$ 20,409	\$ 13,501	\$ 6,908
Cemeteries	13,014	38,604	25,549	13,055
Senior citizen center	91,056	93,146	86,177	6,969
Total parks and recreation	\$ 127,570	\$ 152,159	\$ 125,227	\$ 26,932
Cultural enrichment:				
Agency on aging	\$ 12,671	\$ 12,671	\$ 12,671	\$ -
Fine arts center	4,500	4,500	4,500	-
Friends of the Theater	4,500	4,500	4,500	-
Train station museum	42,865	53,248	58,566	(5,318)
Literacy volunteers	1,000	1,000	1,000	-
Total cultural enrichment	\$ 65,536	\$ 75,919	\$ 81,237	\$ (5,318)
Total parks, recreation, and cultural	\$ 193,106	\$ 228,078	\$ 206,464	\$ 21,614
Community development:				
Planning and community development:				
Planning and zoning	\$ 25,155	\$ 23,823	\$ 25,944	\$ (2,121)
NRV Development Corporation	1,000	-	-	-
Economic development	229,718	265,998	236,710	29,288
Airport commission	23,441	23,440	23,440	-
Brownsfield project	-	160,000	154,770	5,230
Pulaski transit authority	70,000	70,000	70,000	-
Planning commission	-	-	28,347	(28,347)
NRV planning commission	11,468	11,650	11,650	-
Neighborhood revitalization	-	616,656	294,031	322,625
Total community development	\$ 360,782	\$ 1,171,567	\$ 844,892	\$ 326,675
Capital projects				
Town Manager car	\$ -	\$ 23,689	\$ 23,689	\$ -
Police vehicles and equipment	146,984	146,984	123,888	23,096
Fire department vehicles and equipment	-	250,000	250,000	-
Public safety building	-	17,843	17,843	-
Pedal pushers grant	-	7,000	5,929	1,071
Calfee school project	-	-	14,203	(14,203)
Main Street feasibility study	-	-	6,500	(6,500)
Train station roof repairs	-	75,000	158,709	(83,709)
Other capital projects	208,922	163,922	-	163,922
Total capital projects	\$ 355,906	\$ 684,438	\$ 600,761	\$ 83,677

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

Schedule 2
Page 3 of 3

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Debt service:				
Principal retirement	\$ 705,125	\$ 705,125	\$ 704,027	\$ 1,098
Interest and fiscal charges	-	-	43,866	(43,866)
Bond issuance cost	-	-	14,725	(14,725)
Total debt service	<u>\$ 705,125</u>	<u>\$ 705,125</u>	<u>\$ 762,618</u>	<u>\$ (57,493)</u>
Total General Fund	<u>\$ 9,571,646</u>	<u>\$ 10,503,613</u>	<u>\$ 10,315,039</u>	<u>\$ 188,574</u>
Major Special Revenue Fund:				
UDAG Fund:				
Community development	\$ -	\$ -	\$ 227,147	\$ (227,147)
Total UDAG fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 227,147</u>	<u>\$ (227,147)</u>
Nonmajor Special Revenue Funds:				
Cemetery Fund:				
Parks, recreation, and cultural	\$ -	\$ -	\$ 42,518	\$ (42,518)
Total Cemetery Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,518</u>	<u>\$ (42,518)</u>
CDBG Housing Rehabilitation Fund:				
Community development	\$ -	\$ -	\$ 1,031	\$ (1,031)
Total Governmental Funds	<u>\$ 9,571,646</u>	<u>\$ 10,503,613</u>	<u>\$ 10,585,735</u>	<u>\$ (82,122)</u>

Other Statistical Information

Table 1

Town of Pulaski, Virginia
Government-wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General Government Administration			Public Safety	Public Works	Health and Welfare	Parks, Recreation, and Cultural		Community Development	Interest and Other Fiscal Charges		Water and Sewer	Total			
2019-20	\$	1,365,628	\$	4,673,783	\$	2,462,127	\$	4,410	\$	469,090	\$	1,107,514	\$	5,526,872	\$	15,844,571
2018-19		1,187,829		2,931,796		2,230,771		8,200		464,050		978,947		5,038,892		13,077,914
2017-18		1,373,793		4,265,918		2,697,926		12,200		751,366		977,461		4,755,422		15,091,973
2016-17		1,342,342		3,565,753		2,784,428		4,000		774,272		822,034		4,708,419		14,275,939
2015-16		1,081,694		3,701,094		2,612,142		12,000		795,455		453,688		4,856,894		13,779,387
2014-15		1,436,241		2,951,823		2,239,236		5,000		809,653		323,191		4,504,108		12,562,805
2013-14		1,330,825		2,999,517		2,438,856		4,000		804,662		945,993		4,622,286		13,345,366
2012-13		1,651,582		2,871,557		2,210,606		5,500		801,277		676,456		4,380,816		12,939,936
2011-12		1,473,576		2,971,184		1,718,281		4,000		734,382		1,149,023		4,512,216		12,723,447
2010-11		1,472,132		2,898,794		2,108,173		4,900		738,149		810,796		4,156,514		12,372,178

Table 2

Town of Pulaski, Virginia
Government-wide Revenues
Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES					
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Revenue from Use of Money and Property	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Total (1)
2019-20	\$ 6,215,414	\$ 3,055,464	\$ 11,176		\$ 2,502,520	\$ 2,838,767	\$ 56,574	\$ 245,839	\$ 526,661	\$ 15,452,415
2018-19	5,422,054	2,702,973	41,453		2,853,230	2,798,148	63,781	120,477	535,836	14,537,952
2017-18	5,035,138	3,045,924	25,025		2,560,703	2,698,612	82,158	108,424	566,226	14,122,210
2016-17	5,284,488	2,882,673	27,795		2,136,912	2,657,200	83,922	124,981	581,808	13,779,779
2015-16	4,926,171	2,435,584	91,694		2,261,922	2,472,338	100,970	106,952	590,939	12,986,570
2014-15	4,869,310	2,301,717	-		2,684,973	2,434,891	47,761	243,681	918,506	13,500,839
2013-14	4,992,588	2,456,491	890,493		2,317,725	2,233,306	174,619	228,926	668,201	13,962,349
2012-13	4,729,776	2,244,198	384,688		2,417,256	2,164,954	44,728	244,300	642,716	12,872,616
2011-12	4,822,568	2,872,383	751,280		2,601,592	2,166,079	166,431	56,095	613,304	14,049,732
2010-11	4,281,902	2,570,675	369,838		2,253,038	2,173,149	9,900	521,276	613,274	12,793,052

(1) Table does not include special or extraordinary items.

Table 3

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

Fiscal Year	General Administration	Public Safety	Public Works	Health and Welfare	Parks, Recreation & Cultural	Community Development	Non-Departmental	Debt Service	Capital Projects	Totals
2019-20	\$ 1,558,561	\$ 4,143,210	\$ 2,194,123	\$ 4,410	\$ 206,464	\$ 844,892	\$ -	\$ 762,618	\$ 600,761	\$ 10,315,039
2018-19	1,621,812	3,709,269	2,367,443	8,200	498,846	562,423	111,293	754,572	-	9,633,858
2017-18	1,458,643	3,663,756	2,362,127	12,200	604,632	375,365	70,530	788,004	-	9,335,257
2016-17	1,527,021	3,520,292	2,624,419	4,000	666,725	493,830	-	778,891	262,665	9,877,843
2015-16	1,329,107	3,591,572	2,797,258	12,000	735,789	378,560	-	725,620	97,295	9,667,201
2014-15	1,740,023	2,970,264	2,399,349	5,000	804,700	295,321	-	700,869	239,905	9,155,431
2013-14	1,675,462	2,980,443	2,232,764	4,000	765,160	230,620	-	3,319,152	309,108	11,516,709
2012-13	1,516,366	2,765,291	2,083,753	5,500	632,822	291,808	-	677,056	312,030	8,284,626
2011-12	1,497,493	2,847,535	2,157,923	4,000	606,866	407,017	-	2,007,941	-	9,528,775
2010-11	1,497,960	2,933,997	2,024,421	4,900	1,173,339	404,113	-	765,269	-	8,803,999

Note: (1) Includes only General Fund.

Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits Privilege Fees and Regulatory Licenses	Fines and Forfeitures	Revenue from use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter- governmental	Total
2019-20	\$ 2,539,213	\$ 2,838,767	\$ 26,854	\$ 61,335	\$ 38,209	\$ 207,799	\$ 15,072	\$ 302,001	\$ 3,548,232	\$ 9,577,482
2018-19	2,483,414	2,798,148	39,434	30,435	51,378	209,250	21,371	260,203	3,045,806	8,939,439
2017-18	2,540,065	2,698,612	35,655	28,383	70,776	209,116	16,622	318,175	3,060,668	8,978,072
2016-17	2,394,127	2,657,200	22,237	50,449	76,286	230,745	26,465	275,910	3,099,994	8,833,413
2015-16	2,419,000	2,472,338	18,717	36,742	96,615	177,101	18,543	257,859	3,026,523	8,523,438
2014-15	2,439,448	2,434,891	10,573	69,270	95,835	304,975	21,085	307,253	2,908,196	8,591,526
2013-14	2,395,169	2,233,306	28,554	57,344	85,361	304,210	73,449	262,554	3,232,066	8,672,013
2012-13	2,420,085	2,164,954	18,460	51,534	80,627	298,706	21,350	300,835	2,873,783	8,230,334
2011-12	2,332,089	2,166,079	19,710	52,119	60,178	273,409	14,138	103,990	3,463,696	8,485,408
2010-11	2,232,902	2,173,149	17,540	44,221	1,224	262,524	127,407	46,596	2,800,516	7,706,079

Note: (1) Includes only General Fund.

Table 5

Town 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		Outstanding Delinquent Taxes (1)	Percent of	
						Total Tax Collections to Tax Levy			Total Tax Collections to Tax Levy	
2019-20	\$ 2,660,774	\$ 2,514,834	94.52%	\$ 104,527	\$ 2,619,361	98.44%	\$	524,538	19.71%	
2018-19	2,678,133	2,489,224	92.95%	73,538	2,562,762	95.69%		561,232	20.96%	
2017-18	2,620,671	2,491,648	95.08%	96,068	2,587,716	98.74%		191,417	7.30%	
2016-17	2,550,108	2,442,811	95.79%	57,111	2,499,922	98.03%		171,430	6.72%	
2015-16	2,512,499	2,359,799	93.92%	124,209	2,484,008	98.87%		427,993	17.03%	
2014-15	2,448,453	2,265,908	92.54%	239,316	2,505,224	102.32%		585,071	23.90%	
2013-14	2,435,456	2,381,344	97.78%	112,268	2,493,612	102.39%		850,712	34.93%	
2012-13	2,301,511	2,258,694	98.14%	108,761	2,367,455	102.87%		672,502	29.22%	
2011-12	2,278,796	2,153,748	94.51%	133,493	2,287,241	100.37%		516,884	22.68%	
2010-11	2,441,686	2,319,618	95.00%	98,834	2,418,452	99.05%		513,591	21.03%	

(1) Exclusive of penalties and interest.

Table 6

Town of Pulaski, Virginia
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property (2)	Machinery and Tools	Public Service Companies (3)	Total
2019-20	\$ 450,080,387	\$ 65,056,500	\$ 68,923,133	\$ 18,077,105	\$ 602,137,125
2018-19	446,750,837	62,807,917	74,539,155	18,508,689	602,606,598
2017-18	444,439,150	61,957,460	68,518,700	19,335,551	594,250,861
2016-17	442,767,941	58,565,226	63,296,177	20,517,705	585,147,049
2015-16	440,226,848	56,582,559	61,949,003	19,831,200	578,589,610
2014-15	455,831,400	55,080,716	61,154,703	18,697,663	590,764,482
2013-14	472,785,450	38,582,813	72,016,366	18,441,141	601,825,770
2012-13	470,522,350	57,892,456	72,007,925	19,922,986	620,345,717
2011-12	470,533,050	61,898,293	56,406,645	20,636,052	609,474,040
2010-11	462,208,333	53,883,613	49,841,853	20,559,217	586,493,016

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

(2) Assessed at 40% of fair market value.

(3) Assessed values are established by the State Corporation Commission (includes real estate and personal property).

Table 7

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

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools
2019-20	\$ 0.34	\$ 0.80	\$ 0.34	\$ 0.80
2018-19	0.34	0.80	0.34	0.80
2017-18	0.34	0.80	0.34	0.80
2016-17	0.34	0.80	0.34	0.80
2015-16	0.34	0.80	0.34	0.80
2014-15	0.32	0.80	0.32	0.80
2013-14	0.30	0.80	0.30	0.80
2012-13	0.30	0.80	0.30	0.80
2011-12	0.30	0.80	0.30	0.80
2010-11	0.30	0.80	0.30	0.80

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands)	Net Bonded Debt (2)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2019-20	9,086	602,137	\$ 1,218,606	0.20%	\$ 134
2018-19	9,086	602,607	1,419,102	0.24%	156
2017-18	9,086	594,251	2,041,412	0.34%	225
2016-17	9,086	585,147	2,653,802	0.45%	292
2015-16	9,086	578,590	3,193,834	0.55%	352
2014-15	9,086	590,764	3,592,044	0.61%	395
2013-14	9,086	601,826	3,760,744	0.62%	414
2012-13	9,086	620,346	4,251,921	0.69%	468
2011-12	9,086	609,474	4,724,944	0.78%	520
2010-11	9,086	586,493	4,764,896	0.81%	524

(1) Source: Bureau of Economic Analysis.

(2) Excludes notes payable and capital leases.

Table 9

Town 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 and Bond Issuance Costs	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2019-20	\$ 704,027	\$ 58,591	\$ 762,618	\$ 10,315,039	7.39%
2018-19	699,886	54,686	754,572	9,633,858	7.83%
2017-18	711,239	76,765	788,004	9,335,257	8.44%
2016-17	684,421	94,470	778,891	9,877,843	7.89%
2015-16	642,081	83,539	725,620	9,667,201	7.51%
2014-15	591,875	108,994	700,869	9,155,431	7.66%
2013-14	3,138,224	180,928	3,319,152	11,516,709	28.82%
2012-13	514,791	162,265	677,056	8,284,626	8.17%
2011-12	1,796,783	211,158	2,007,941	9,528,775	21.07%
2010-11	519,902	245,367	765,269	8,803,999	8.69%

(1) Includes General Fund only.

COMPLIANCE SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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

**To the Honorable Members of Town Council
Town 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 business-type activities, each major fund, and the aggregate remaining fund information of the Town of Pulaski, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Pulaski, Virginia's basic financial statements, and have issued our report thereon dated November 25, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Pulaski, Virginia's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Pulaski, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town 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 Town of Pulaski, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Robinson, Jarmon, Cox, Associates

Blacksburg, Virginia
November 25, 2020