

# TOWN OF PULASKI, VIRGINIA



**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**TOWN OF PULASKI, VIRGINIA**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2021**

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**TOWN OF PULASKI, VIRGINIA**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**TOWN OF PULASKI, VIRGINIA  
FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2021**

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## INTRODUCTORY SECTION

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**TOWN OF PULASKI, VIRGINIA**

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**TOWN COUNCIL**

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Greg East  
Michael Reis  
Tyler Clontz  
Lane Penn  
James Radcliffe

**OTHER OFFICIALS**

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Shannon Collins..... Mayor  
Brooks R. Dawson ..... Vice-Mayor  
Darlene Burcham ..... Town Manager  
David Quesenberry ..... Clerk of Council  
Spencer A. Rygas ..... Town Attorney  
Jackie Morris ..... Finance Director

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## FINANCIAL SECTION

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

*Certified Public Accountants*

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**Independent Auditors' Report**

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**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, 2021, 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, 2021, 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 2021, the Town adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

## ***Restatement of Beginning Balances***

As described in Note 17 to the financial statements, in 2021, the Town restated beginning balances to reflect the requirements of GASB Statement No. 84. 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 budgetary comparison information, and schedules related to pension and OPEB funding on pages 62-63 and 64-71 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the 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. Our opinion on the basic financial statements is not affected by this missing information.

### *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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

The introductory section and 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 29, 2021, 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 29, 2021

## **Basic Financial Statements**

Town of Pulaski, Virginia  
Statement of Net Position  
June 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,613,227	\$ 285,421	\$ 7,898,648
Investments	321,591	-	321,591
Receivables (net of allowance for uncollectibles):			
Taxes receivable	2,343,390	-	2,343,390
Other local taxes receivable	132,132	-	132,132
Accounts receivable	54,982	774,684	829,666
Loans receivable	94,681	-	94,681
Internal balances	(172,665)	172,665	-
Due from other governmental units	327,412	-	327,412
Inventories	23,235	-	23,235
Prepaid items	119,536	6,417	125,953
Capital assets (net of accumulated depreciation):			
Land	202,697	-	202,697
Buildings and improvements	2,069,074	3,658,289	5,727,363
Improvements other than buildings	623,069	-	623,069
Machinery and equipment	883,784	401,646	1,285,430
Infrastructure	-	5,887,839	5,887,839
Construction in progress	-	226,228	226,228
Total assets	<u>\$ 14,636,145</u>	<u>\$ 11,413,189</u>	<u>\$ 26,049,334</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related items	\$ 1,219,899	\$ 296,601	\$ 1,516,500
OPEB related items	68,435	11,348	79,783
Total deferred outflows of resources	<u>\$ 1,288,334</u>	<u>\$ 307,949</u>	<u>\$ 1,596,283</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 712,118	\$ 198,821	\$ 910,939
Accrued liabilities	172,415	38,620	211,035
Customer deposits	-	63,083	63,083
Accrued interest payable	9,507	33,605	43,112
Unearned revenue	4,687,062	-	4,687,062
Due within one year	590,103	440,248	1,030,351
Due in more than one year	3,765,345	5,083,308	8,848,653
Total liabilities	<u>\$ 9,936,550</u>	<u>\$ 5,857,685</u>	<u>\$ 15,794,235</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue - property taxes	\$ 2,059,936	\$ -	\$ 2,059,936
Pension related items	541,354	85,437	626,791
OPEB related items	24,558	3,761	28,319
Total deferred inflows of resources	<u>\$ 2,625,848</u>	<u>\$ 89,198</u>	<u>\$ 2,715,046</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 2,622,832	\$ 5,209,163	\$ 7,831,995
Restricted:			
Principal Cemetery Maintenance	549,111	-	549,111
Community and Economic Development	306,130	-	306,130
Housing Rehabilitation	7,052	-	7,052
Unrestricted	(123,044)	565,092	442,048
Total net position	<u>\$ 3,362,081</u>	<u>\$ 5,774,255</u>	<u>\$ 9,136,336</u>

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, 2021

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
<b>PRIMARY GOVERNMENT:</b>							
Governmental activities:							
General government administration	\$ 1,328,235	\$ 14,105	\$ -	\$ -	\$ (1,314,130)	\$ -	\$ (1,314,130)
Public safety	4,883,739	84,112	1,019,973	-	(3,779,654)	-	(3,779,654)
Public works	2,277,954	72,721	2,098,130	-	(107,103)	-	(107,103)
Health and welfare	8,410	-	-	-	(8,410)	-	(8,410)
Parks, recreation, and cultural	277,641	15,270	27,000	-	(235,371)	-	(235,371)
Community development	1,471,218	-	974,630	-	(496,588)	-	(496,588)
Interest and other fiscal charges	32,947	-	-	-	(32,947)	-	(32,947)
Total governmental activities	\$ 10,280,144	\$ 186,208	\$ 4,119,733	\$ -	\$ (5,974,203)	\$ -	\$ (5,974,203)
Business-type activities:							
Water	\$ 1,905,752	\$ 1,993,984	\$ -	\$ -	\$ -	\$ 88,232	\$ 88,232
Sewer	3,838,667	3,625,347	-	-	-	(213,320)	(213,320)
Total business-type activities	\$ 5,744,419	\$ 5,619,331	\$ -	\$ -	\$ -	\$ (125,088)	\$ (125,088)
Total primary government	\$ 16,024,563	\$ 5,805,539	\$ 4,119,733	\$ -	\$ (5,974,203)	\$ (125,088)	\$ (6,099,291)
General revenues:							
General property taxes					\$ 2,449,363	\$ -	\$ 2,449,363
Other local taxes:							
Bank stock taxes					176,908	-	176,908
Business license taxes					491,454	-	491,454
Consumers' utility taxes					216,751	-	216,751
Consumption taxes					55,264	-	55,264
Local sales and use taxes					688,379	-	688,379
Lodging taxes					14,325	-	14,325
Motor vehicle licenses					91,977	-	91,977
Restaurant food taxes					997,714	-	997,714
Tobacco taxes					193,800	-	193,800
Utility franchise taxes					3,821	-	3,821
Unrestricted revenues from the use of money and property					48,430	383	48,813
Miscellaneous					40,796	89,546	130,342
Grants and contributions not restricted to specific programs					484,390	-	484,390
Transfers					34,598	(34,598)	-
Total general revenues and transfers					\$ 5,987,970	\$ 55,331	\$ 6,043,301
Change in net position					\$ 13,767	\$ (69,757)	\$ (55,990)
Net position - beginning					3,348,314	5,844,012	9,192,326
Net position - ending					\$ 3,362,081	\$ 5,774,255	\$ 9,136,336

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

Town of Pulaski, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2021

	General Fund	UDAG Fund	Grants Fund	Total Nonmajor Funds	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,722,045	\$ 81,942	\$ 4,512,674	\$ 296,566	\$ 7,613,227
Investments	-	-	-	321,591	321,591
Receivables (net of allowance for uncollectibles):					
Taxes receivable	2,343,390	-	-	-	2,343,390
Other local taxes receivable	132,132	-	-	-	132,132
Accounts receivable	54,982	-	-	-	54,982
Loans	45,709	48,972	-	-	94,681
Due from other funds	402,816	454,874	78,448	39,097	975,235
Due from other governmental units	169,773	-	157,639	-	327,412
Inventories	23,235	-	-	-	23,235
Prepaid items	119,536	-	-	-	119,536
Total assets	<u>\$ 6,013,618</u>	<u>\$ 585,788</u>	<u>\$ 4,748,761</u>	<u>\$ 657,254</u>	<u>\$ 12,005,421</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 626,268	\$ -	\$ 85,432	\$ 418	\$ 712,118
Accrued liabilities	172,415	-	-	-	172,415
Due to other funds	631,190	279,658	-	237,052	1,147,900
Unearned revenue	23,733	-	4,663,329	-	4,687,062
Total liabilities	<u>\$ 1,453,606</u>	<u>\$ 279,658</u>	<u>\$ 4,748,761</u>	<u>\$ 237,470</u>	<u>\$ 6,719,495</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	\$ 2,324,482	\$ -	\$ -	\$ -	\$ 2,324,482
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid Items	\$ 119,536	\$ -	\$ -	\$ -	\$ 119,536
Inventory	23,235	-	-	-	23,235
Principal Cemetery Maintenance	-	-	-	549,111	549,111
Restricted:					
Community and Economic Development	-	306,130	-	-	306,130
Housing Rehabilitation	-	-	-	7,052	7,052
Committed:					
Playground reserve fund	50,000	-	-	-	50,000
Unassigned (deficit)	2,042,759	-	-	(136,379)	1,906,380
Total fund balances	<u>\$ 2,235,530</u>	<u>\$ 306,130</u>	<u>\$ -</u>	<u>\$ 419,784</u>	<u>\$ 2,961,444</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 6,013,618</u>	<u>\$ 585,788</u>	<u>\$ 4,748,761</u>	<u>\$ 657,254</u>	<u>\$ 12,005,421</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, 2021

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	2,961,444
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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		2,069,074	
Improvements other than buildings		623,069	
Machinery and equipment		883,784	3,778,624

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

Unavailable revenue - property taxes		264,546
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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	\$	1,219,899	
OPEB related items		68,435	1,288,334

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	\$	(999,136)	
Capital lease		(153,443)	
Note payable		(3,213)	
Accrued interest payable		(9,507)	
Net pension liability		(2,201,591)	
Net OPEB liabilities		(523,395)	
Compensated absences		(474,670)	(4,364,955)

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

Pension related items	\$	(541,354)	
OPEB related items		(24,558)	(565,912)

Net position of governmental activities	\$	3,362,081
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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, 2021

	General Fund	UDAG Fund	Grants Fund	Total Nonmajor Funds	Total
<b>REVENUES</b>					
General property taxes	\$ 2,709,356	\$ -	\$ -	\$ -	\$ 2,709,356
Other local taxes	2,930,393	-	-	-	2,930,393
Permits, privilege fees, and regulatory licenses	39,068	-	-	-	39,068
Fines and forfeitures	13,486	-	-	-	13,486
Revenue from the use of money and property	39,341	1,613	-	7,476	48,430
Charges for services	133,654	-	-	-	133,654
Miscellaneous	14,323	21,273	-	5,200	40,796
Recovered costs	82,003	-	-	-	82,003
Intergovernmental	4,032,577	-	571,546	-	4,604,123
Total revenues	\$ 9,994,201	\$ 22,886	\$ 571,546	\$ 12,676	\$ 10,601,309
<b>EXPENDITURES</b>					
Current:					
General government administration	\$ 1,392,693	\$ -	\$ -	\$ -	\$ 1,392,693
Public safety	4,612,130	-	-	-	4,612,130
Public works	2,132,301	-	-	-	2,132,301
Health and welfare	8,410	-	-	-	8,410
Parks, recreation, and cultural	205,201	-	-	938	206,139
Community development	795,642	35,707	536,521	-	1,367,870
Capital projects	100,037	-	-	-	100,037
Debt service:					
Principal retirement	270,509	-	-	-	270,509
Interest and other fiscal charges	32,743	-	-	-	32,743
Total expenditures	\$ 9,549,666	\$ 35,707	\$ 536,521	\$ 938	\$ 10,122,832
Excess (deficiency) of revenues over (under) expenditures	\$ 444,535	\$ (12,821)	\$ 35,025	\$ 11,738	\$ 478,477
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ 1,069,623	\$ -	\$ 34,598	\$ -	\$ 1,104,221
Transfers out	-	(1,000,000)	(69,623)	-	(1,069,623)
Total other financing sources (uses)	\$ 1,069,623	\$ (1,000,000)	\$ (35,025)	\$ -	\$ 34,598
Change in fund balances	\$ 1,514,158	\$ (1,012,821)	\$ -	\$ 11,738	\$ 513,075
Fund balances - beginning	721,372	1,318,951	-	408,046	2,448,369
Fund balances - ending	\$ 2,235,530	\$ 306,130	\$ -	\$ 419,784	\$ 2,961,444

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, 2021

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

Net change in fund balances - total governmental funds	\$	513,075
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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	\$	116,522	
Depreciation expense		(409,994)	(293,472)

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			(259,993)
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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.

Principal repayments:			
General obligation bonds	\$	219,470	
Capital lease		37,341	
Note payable		13,698	270,509

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	\$	(222,817)	
Changes in OPEB related items		(13,191)	
Decrease (increase) in accrued interest payable		(204)	
Decrease (increase) in compensated absences		19,860	(216,352)

Change in net position of governmental activities	\$	13,767	
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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, 2021

	Water Fund	Sewer Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 280,019	\$ 5,402	\$ 285,421
Accounts receivable, net of allowances for uncollectibles	270,300	504,384	774,684
Due from other funds	342,453	46,158	388,611
Prepaid items	6,417	-	6,417
Total current assets	\$ 899,189	\$ 555,944	\$ 1,455,133
Noncurrent assets:			
Capital assets:			
Construction in progress	\$ 200,350	\$ 25,878	\$ 226,228
Infrastructure	4,772,742	7,718,307	12,491,049
Buildings	6,095,030	514,672	6,609,702
Machinery and equipment	3,243,010	2,803,689	6,046,699
Accumulated depreciation	(8,420,272)	(6,779,404)	(15,199,676)
Total capital assets	\$ 5,890,860	\$ 4,283,142	\$ 10,174,002
Total noncurrent assets	\$ 5,890,860	\$ 4,283,142	\$ 10,174,002
Total assets	\$ 6,790,049	\$ 4,839,086	\$ 11,629,135
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related items	\$ 233,268	63,333	\$ 296,601
OPEB related items	10,103	1,245	11,348
Total deferred outflows of resources	\$ 243,371	\$ 64,578	\$ 307,949
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 28,152	\$ 170,669	\$ 198,821
Accrued liabilities	33,064	5,556	38,620
Customer deposits	63,083	-	63,083
Accrued interest payable	28,640	4,965	33,605
Due to other funds	-	215,946	215,946
Compensated absences - current portion	46,513	994	47,507
Bonds payable - current portion	196,540	196,201	392,741
Total current liabilities	\$ 395,992	\$ 594,331	\$ 990,323
Noncurrent liabilities:			
Compensated absences - net of current portion	\$ 15,505	\$ 332	\$ 15,837
Bonds payable - net of current portion	2,822,421	1,749,677	4,572,098
Net OPEB liabilities	79,037	11,407	90,444
Net pension liability	337,660	67,269	404,929
Total noncurrent liabilities	\$ 3,254,623	\$ 1,828,685	\$ 5,083,308
Total liabilities	\$ 3,650,615	\$ 2,423,016	\$ 6,073,631
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related items	\$ 71,244	\$ 14,193	\$ 85,437
OPEB related items	3,475	286	3,761
Total deferred inflows of resources	\$ 74,719	\$ 14,479	\$ 89,198
<b>NET POSITION</b>			
Net investment in capital assets	\$ 2,871,899	\$ 2,337,264	\$ 5,209,163
Unrestricted	436,187	128,905	565,092
Total net position	\$ 3,308,086	\$ 2,466,169	\$ 5,774,255

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, 2021

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Charges for services:			
Water and sewer revenues	\$ 1,993,984	3,625,347	\$ 5,619,331
<b>OPERATING EXPENSES</b>			
Personnel services	\$ 670,467	\$ 129,344	\$ 799,811
Fringe benefits	226,418	42,773	269,191
Contractual services	114,511	3,041,183	3,155,694
Utilities	190,209	617	190,826
Materials and supplies	167,841	255,896	423,737
Repairs and maintenance	149,024	43,781	192,805
Capital outlay	68,601	5,985	74,586
Depreciation	237,038	302,938	539,976
Miscellaneous	156	-	156
Total operating expenses	\$ 1,824,265	\$ 3,822,517	\$ 5,646,782
Operating income (loss)	\$ 169,719	\$ (197,170)	\$ (27,451)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Connection fees	\$ 43,957	\$ 4,200	\$ 48,157
Interest revenue	343	40	383
Interest expense	(81,487)	(16,150)	(97,637)
Miscellaneous	253	41,136	41,389
Total nonoperating revenues (expenses)	\$ (36,934)	\$ 29,226	\$ (7,708)
Income (loss) before transfers	\$ 132,785	\$ (167,944)	\$ (35,159)
Transfers out	(34,598)	-	(34,598)
Change in net position	\$ 98,187	\$ (167,944)	\$ (69,757)
Total net position - beginning	3,209,899	2,634,113	5,844,012
Total net position - ending	\$ 3,308,086	\$ 2,466,169	\$ 5,774,255

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, 2021

	Water Fund	Sewer Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 2,049,593	\$ 3,872,275	\$ 5,921,868
Payments to suppliers	(716,852)	(3,527,359)	(4,244,211)
Payments to employees	(845,168)	(171,044)	(1,016,212)
Net cash provided by (used for) operating activities	<u>\$ 487,573</u>	<u>\$ 173,872</u>	<u>\$ 661,445</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers (to) from other funds	\$ (245,838)	\$ (46,158)	\$ (291,996)
Miscellaneous	253	41,136	41,389
Net cash provided by (used for) noncapital financing activities	<u>\$ (245,585)</u>	<u>\$ (5,022)</u>	<u>\$ (250,607)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital asset additions	\$ (364,952)	\$ -	\$ (364,952)
Principal payments on bonds	(194,176)	(195,607)	(389,783)
Connection fees	43,957	4,200	48,157
Interest expense	(84,398)	(18,200)	(102,598)
Net cash provided by (used for) capital and related financing activities	<u>\$ (599,569)</u>	<u>\$ (209,607)</u>	<u>\$ (809,176)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Sale (purchase) of investments	\$ 210,898	\$ 46,119	\$ 257,017
Interest and dividends received	343	40	383
Net cash provided by (used for) investing activities	<u>\$ 211,241</u>	<u>\$ 46,159</u>	<u>\$ 257,400</u>
Net increase (decrease) in cash and cash equivalents	\$ (146,340)	\$ 5,402	\$ (140,938)
Cash and cash equivalents - beginning	426,359	-	426,359
Cash and cash equivalents - ending	<u>\$ 280,019</u>	<u>\$ 5,402</u>	<u>\$ 285,421</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	\$ 169,719	\$ (197,170)	\$ (27,451)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	\$ 237,038	\$ 302,938	\$ 539,976
(Increase) decrease in accounts receivable	68,078	246,928	315,006
(Increase) decrease in prepaid expenses	(6,417)	-	(6,417)
(Increase) decrease in deferred outflows of resources	(100,425)	(50,077)	(150,502)
Increase (decrease) in customer deposits	(12,469)	-	(12,469)
Increase (decrease) in accounts payable	(20,093)	(179,897)	(199,990)
Increase (decrease) in accrued liabilities	14,339	(1,343)	12,996
Increase (decrease) in compensated absences	(5,569)	(2,187)	(7,756)
Increase (decrease) in net pension liability	107,976	41,217	149,193
Increase (decrease) in net OPEB liabilities	7,958	4,531	12,489
Increase (decrease) in deferred inflows of resources	27,438	8,932	36,370
Total adjustments	<u>\$ 317,854</u>	<u>\$ 371,042</u>	<u>\$ 688,896</u>
Net cash provided by (used for) operating activities	<u>\$ 487,573</u>	<u>\$ 173,872</u>	<u>\$ 661,445</u>

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

**Town of Pulaski, Virginia**  
**Statement of Net Position**  
**Fiduciary Fund - PSA Fund**  
**June 30, 2021**

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	<u><b>Custodial Fund</b></u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 255,830
Accounts receivable	116,502
Total assets	<u>\$ 372,332</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 146,514
Utility deposits	19,341
Total liabilities	<u>\$ 165,855</u>
<b>NET POSITION</b>	
Restricted for PSA operations	\$ 206,477
Total net position	<u><u>\$ 206,477</u></u>

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

Town of Pulaski, Virginia  
 Statement of Changes in Fiduciary Net Position  
 Fiduciary Fund - PSA Fund  
 For the Year Ended June 30, 2021

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	<u>Custodial Fund</u>
<b>Additions</b>	
Garbage collections for other governments	\$ 758,077
Total additions	\$ <u>758,077</u>
 <b>Deductions</b>	
Payments to other governments	\$ 756,711
Total deductions	\$ <u>756,711</u>
 Net increase (decrease) in fiduciary net positon	 \$ 1,366
 Net position, beginning - as restated	 205,111
Net position, ending	\$ <u>206,477</u>

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

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**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, 2021

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**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, 2021

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**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 and the Grants Fund are the only major special revenue funds 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, 2021

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**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 (Custodial 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 Custodial 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 and 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, 2021

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**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 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 5 and December 5. Personal property taxes are due and collectible annually on October 15<sup>th</sup> and decals for vehicles are due on April 1. 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 \$390,804 for property taxes and \$113,079 for water, sewer, and garbage receivables at June 30, 2021.

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, 2021

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**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 as there were no debt financed projects.

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, 2021

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**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, 2021

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**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, 2021

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**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, 2<sup>nd</sup> half installments levied during the fiscal year but due after June 30<sup>th</sup>, and amounts prepaid on the 2<sup>nd</sup> half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2<sup>nd</sup> half installments levied during the fiscal year but due after June 30<sup>th</sup> and amounts prepaid on the 2<sup>nd</sup> 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 fiduciary net 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 fiduciary net 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, 2021

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**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 and the Grants Fund have 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, 2021, expenditures exceeded appropriations at the function level for public works.

B. Deficit fund balance

1. At June 30, 2021, the Neighborhood Revitalization fund had a deficit fund balance.

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**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, 2021 were held in the Town's name by the Town's custodial banks.

At June 30, 2021, the Town had \$321,591 in investments comprised of non-negotiable certificates of deposit with a maturity of less than one year.

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

Interfund transfers for the year ended June 30, 2021 consisted of the following:

Fund	Transfers In	Transfers Out
General Fund	\$ 1,069,623	\$ -
Grants Fund	34,598	69,623
Water Fund	-	34,598
UDAG Fund	-	1,000,000
Total	<u>\$ 1,104,221</u>	<u>\$ 1,104,221</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.

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 4-Interfund Transfers and Due to/from Other Funds: (continued)**

Due to/from other funds for the year ended June 30, 2021 consisted of the following:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 402,816	\$ 631,190
UDAG Fund	454,874	279,658
CDBG Fund	26,233	100,820
Grants Fund	78,448	-
Neighborhood Revitalization Fund	-	136,232
Water Fund	342,453	-
Sewer Fund	46,158	215,946
Cemetery Fund	12,864	-
Total	\$ 1,363,846	\$ 1,363,846

**Note 5-Due from Other Governmental Units:**

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

	Primary Government Governmental Activities
Local Government:	
Pulaski County	\$ 117,650
Commonwealth of Virginia:	
Communications Tax	52,123
Categorical Aid	17,976
Federal Government:	
Categorical Aid	139,663
Total	\$ 327,412

**TOWN OF PULASKI, VIRGINIA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021**

**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, 2021:

	<b>Beginning Balance</b>	<b>Increases/ Issuances</b>	<b>Decreases/ Retirements</b>	<b>Ending Balance</b>
Direct Borrowings and Placements:				
General obligation bonds	\$ 1,218,606	\$ -	\$ 219,470	\$ 999,136
Note payable	16,911	-	13,698	3,213
Capital lease	190,784	-	37,341	153,443
Net pension liability	2,123,230	1,897,546	1,819,185	2,201,591
Net OPEB liabilities	573,761	185,873	236,239	523,395
Compensated absences	494,530	351,038	370,898	474,670
Total	<u>\$ 4,617,822</u>	<u>\$ 2,434,457</u>	<u>\$ 2,696,831</u>	<u>\$ 4,355,448</u>

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

<b>Year Ending June 30,</b>	<b>Direct Borrowings and Placements</b>	
	<b>Principal</b>	<b>Interest</b>
2022	\$ 201,537	\$ 22,801
2023	161,590	18,294
2024	108,562	14,846
2025	77,080	12,244
2026	78,094	10,344
2027-2031	344,040	23,577
2032-2032	31,446	448
Totals	<u>\$ 1,002,349</u>	<u>\$ 102,554</u>

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**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	\$ 504,601	\$ 96,673
GO bond - 2014B	2.47%	2024	225,971	73,927	24,043
GO bond - 2016	1.65%	2022	186,825	38,608	38,608
GO bond - 2019 (a)	2.11%	2029	420,000	382,000	39,000
Subtotal General Obligation Bonds				<u>\$ 999,136</u>	<u>\$ 198,324</u>
Note Payable					
County of Pulaski, VA (a)	5.00%	2021	\$ 181,471	<u>\$ 3,213</u>	<u>\$ 3,213</u>
Other Obligations:					
Net pension liability	n/a	n/a	n/a	\$ 2,201,591	\$ -
Net OPEB liabilities	n/a	n/a	n/a	523,395	-
Compensated absences	n/a	n/a	n/a	474,670	356,003
Capital lease	various	various	various	153,443	32,563
Total Other Obligations				<u>\$ 3,353,099</u>	<u>\$ 388,566</u>
Totals				<u><u>\$ 4,355,448</u></u>	<u><u>\$ 590,103</u></u>

(a) In the event of default, 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, 2021

**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, 2021:

	<u>Beginning Balance</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Ending Balance</u>
Direct Borrowings and Placements:				
General obligation bonds	\$ 5,354,622	\$ -	\$ 389,783	\$ 4,964,839
Net pension liability	255,736	462,848	313,655	404,929
Net OPEB liabilities	77,955	51,899	39,410	90,444
Compensated absences	71,100	45,569	53,325	63,344
Total	<u>\$ 5,759,413</u>	<u>\$ 560,316</u>	<u>\$ 796,173</u>	<u>\$ 5,523,556</u>

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

<u>Year Ending June 30,</u>	<u>Direct Borrowings and Placements</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 392,741	\$ 94,940
2023	395,943	86,882
2024	291,713	80,266
2025	280,356	75,300
2026	285,229	70,422
2027-2031	1,444,280	276,852
2032-2036	923,629	161,651
2037-2041	507,683	90,957
2042-2045	443,265	24,827
Totals	<u>\$ 4,964,839</u>	<u>\$ 962,097</u>

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**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	\$ 987,859	\$ 189,257
GO bond 2014B	2.68%	2034	304,293	215,131	14,051
GO bond 2012 (b)	0.00%	2033	2,156,159	1,342,708	107,808
GO bond 2014 (b)	2.50%	2045	2,487,968	2,145,058	66,515
GO bond 2020 (b)	3.93%	2035	290,000	274,083	15,110
Subtotal Direct Borrowings and Placements				<u>\$ 4,964,839</u>	<u>\$ 392,741</u>
Other obligations:					
Net pension liability	n/a	n/a	n/a	\$ 404,929	\$ -
Net OPEB liabilities	n/a	n/a	n/a	90,444	-
Compensated absences	n/a	n/a	n/a	63,344	47,507
Total other obligations				<u>\$ 558,717</u>	<u>\$ 47,507</u>
Totals				<u><u>\$ 5,523,556</u></u>	<u><u>\$ 440,248</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, 2021

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**Note 7-Capital Lease:**

The Town has entered into a capital lease for machinery. The lease agreement qualifies as a capital lease for accounting purposes and therefore has been recorded at the present value of the future minimum lease payments as of the inception date.

Total assets acquired through the capital lease are as follows:

	<u>Governmental Activities</u>
	<u>Machinery</u>
Original cost	\$ 294,558
Less: accumulated depreciation	(293,073)
Total	<u>\$ 1,485</u>

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2021, were as follows:

<u>Fiscal</u> <u>Year Ended</u>	<u>Governmental</u> <u>Activities</u>
2022	\$ 36,371
2023	36,370
2024	36,370
2025	36,370
2026	18,185
Total minimum lease payments	<u>\$ 163,666</u>
Less: amount representing interest	(10,223)
Present value of minimum lease payments	<u>\$ 153,443</u>

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TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**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:**

	<b>Government-wide</b>	
	<b>Statements</b>	<b>Balance Sheet</b>
	<b>Governmental Activities</b>	<b>Governmental Funds</b>
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 264,546
Tax assessments due after June 30	2,038,036	2,038,036
Prepaid property taxes due after June 30 but paid in advance by taxpayers	21,900	21,900
Total	<u>\$ 2,059,936</u>	<u>\$ 2,324,482</u>

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TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**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 with a membership date 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 with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before 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, 2021

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**Note 9-Pension Plan:** (continued)

***Benefit Structures (continued)***

- c. Non-hazardous duty employees with a membership date 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, 2021

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**Note 9-Pension Plan:** (continued)

***Employees Covered by Benefit Terms***

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<b>Primary Government</b>
Inactive members or their beneficiaries currently receiving benefits	90
Inactive members:	
Vested inactive members	22
Non-vested inactive members	48
Inactive members active elsewhere in VRS	79
Total inactive members	149
Active members	93
Total covered employees	332

***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, 2021 was 11.40% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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 \$461,201 and \$427,748 for the years ended June 30, 2021 and June 30, 2020, 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, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020.

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**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, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.50%
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 fair 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, 2021

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**Note 9-Pension Plan:** (continued)

***Actuarial Assumptions - General Employees (continued)***

The actuarial assumptions used in the June 30, 2019 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, 2021

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**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, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.50%
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 fair 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, 2021

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**Note 9-Pension Plan:** (continued)

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

The actuarial assumptions used in the June 30, 2019 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, 2021

**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:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
<b>Total</b>	<b>100.00%</b>		<b>4.64%</b>
		Inflation	2.50%
		*Expected arithmetic nominal return	7.14%

\* The above allocation provides a one-year return of 7.14%. 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%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**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, 2020, 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, 2020 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, 2019	\$ 25,518,824	\$ 23,139,858	\$ 2,378,966
Changes for the year:			
Service cost	\$ 547,648	\$ -	\$ 547,648
Interest	1,683,265	-	1,683,265
Differences between expected and actual experience	(939,998)	-	(939,998)
Contributions - employer	-	427,748	(427,748)
Contributions - employee	-	211,447	(211,447)
Net investment income	-	439,808	(439,808)
Benefit payments, including refunds	(1,163,140)	(1,163,140)	-
Administrative expenses	-	(15,123)	15,123
Other changes	-	(519)	519
Net changes	\$ 127,775	\$ (99,779)	\$ 227,554
Balances at June 30, 2020	\$ 25,646,599	\$ 23,040,079	\$ 2,606,520

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**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) \$	5,897,779	2,606,520	(117,373)

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

For the year ended June 30, 2021, the Town of Pulaski, Virginia recognized pension expense of \$801,700. At June 30, 2021, 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	\$ 139,683	\$ 549,957
Change in assumptions	148,897	-
Net difference between projected and actual earnings on pension plan investments	689,885	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	76,834	76,834
Employer contributions subsequent to the measurement date	461,201	-
Total	\$ 1,516,500	\$ 626,791

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 9-Pension Plan:** (continued)

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

\$461,201 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, 2022. 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>	
2022	\$ (83,397)
2023	56,609
2024	234,509
2025	220,787

***Pension Plan Data***

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

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TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**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 \$8,616 as of June 30, 2021.

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TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**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 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% ( $1.34\% \times 60\%$ ) and the employer component was 0.54% ( $1.34\% \times 40\%$ ). 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, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were \$22,406 and \$22,375 for the years ended June 30, 2021 and June 30, 2020, 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, 2021, the entity reported a liability of \$348,286 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 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, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was 0.02087% as compared to 0.02088% at June 30, 2019.

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of \$11,862. 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, 2021

**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, 2021, 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	\$ 22,339	\$ 3,128
Net difference between projected and actual earnings on GLI OPEB plan investments	10,462	-
Change in assumptions	17,418	7,272
Changes in proportionate share	7,158	17,919
Employer contributions subsequent to the measurement date	<u>22,406</u>	<u>-</u>
Total	\$ <u>79,783</u>	\$ <u>28,319</u>

\$22,406 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, 2022. 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>	
2022	\$ 3,827
2023	6,781
2024	7,873
2025	8,289
2026	2,099
Thereafter	189

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**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, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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 fair 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, 2021

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**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, 2019 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, 2021

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**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, 2019 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, 2021

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**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, 2020, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	<b>GLI OPEB Plan</b>
	<hr/>
Total GLI OPEB Liability	\$ 3,523,937
Plan Fiduciary Net Position	1,855,102
	<hr/>
GLI Net OPEB Liability (Asset)	\$ 1,668,835
	<hr/> <hr/>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.64%

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, 2021

**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:

<b>Asset Class (Strategy)</b>	<b>Long-Term Target Asset Allocation</b>	<b>Arithmetic Long-term Expected Rate of Return</b>	<b>Weighted Average Long-term Expected Rate of Return*</b>
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
<b>Total</b>	<b>100.00%</b>		<b>4.64%</b>
		Inflation	2.50%
		*Expected arithmetic nominal return	7.14%

\*The above allocation provides a one-year return of 7.14%. 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%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**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, 2020, 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, 2020 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	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Town of Pulaski's proportionate share of the GLI Plan			
Net OPEB Liability	\$ 457,849	\$ 348,286	\$ 259,311

***GLI Plan Fiduciary Net Position***

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

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**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, 2021 (measurement date), the following employees were covered by the benefit terms:

Active	72
Retired	10
Terminated	12
Total	<u>94</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, 2021 was \$27,642.

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**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, 2021. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021.

***Actuarial Assumptions***

The total OPEB liability in the June 30, 2021 actuarial valuation was prepared using the alternative measurement method and used the following actuarial assumptions (as provided by the GASBHelp tool utilized) applied to all periods included in the measurement, unless otherwise specified:

Inflation	1.70%
Salary Increases	1.70%
Discount Rate	1.976%

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><b>Total OPEB Liability</b></u>
Balances at June 30, 2020	\$ 311,943
Changes for the year:	
Service cost	93,958
Interest	8,667
Effect of Economic/Demographic Gains or Losses	(123,816)
Effect of Assumption Changes or Inputs	2,443
Contributions - employer	(27,642)
Net changes	<u>(46,390)</u>
Balances at June 30, 2021	<u>\$ 265,553</u>

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**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 (0.976%) or one percentage point higher (2.976%) than the current discount rate:

Rate		
1% Decrease (0.976%)	Current Discount Rate (1.976%)	1% Increase (2.976%)
\$ 276,451	\$ 265,553	\$ 255,374

***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%)
\$ 249,473	\$ 265,553	\$ 282,694

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

For the year ended June 30, 2021, the Town of Pulaski recognized OPEB expense in the amount of \$(18,748). At June 30, 2021, 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, 2021**

**Note 12-Aggregate OPEB Information:**

	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS Group Life Insurance Plan	\$ 79,783	\$ 28,319	\$ 348,286	\$ 11,862
Town Stand-Alone Plan	-	-	265,553	(18,748)
Totals	<u>\$ 79,783</u>	<u>\$ 28,319</u>	<u>\$ 613,839</u>	<u>\$ (6,886)</u>

**Note 13-Capital Assets:**

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Primary Government:				
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 202,697	\$ -	\$ -	\$ 202,697
Capital assets, being depreciated:				
Buildings and improvements	\$ 4,703,035	\$ 38,785	\$ -	\$ 4,741,820
Improvements other than buildings	1,145,760	-	-	1,145,760
Machinery and equipment	7,715,981	77,737	-	7,793,718
Total capital assets, being depreciated	<u>\$ 13,564,776</u>	<u>\$ 116,522</u>	<u>\$ -</u>	<u>\$ 13,681,298</u>
Accumulated depreciation:				
Buildings and improvements	\$ (2,584,003)	\$ (88,743)	\$ -	\$ (2,672,746)
Improvements other than buildings	(494,432)	(28,259)	-	(522,691)
Machinery and equipment	(6,616,942)	(292,992)	-	(6,909,934)
Total accumulated depreciation	<u>\$ (9,695,377)</u>	<u>\$ (409,994)</u>	<u>\$ -</u>	<u>\$ (10,105,371)</u>
Total capital assets being depreciated, net	<u>\$ 3,869,399</u>	<u>\$ (293,472)</u>	<u>\$ -</u>	<u>\$ 3,575,927</u>
Governmental activities capital assets, net	<u>\$ 4,072,096</u>	<u>\$ (293,472)</u>	<u>\$ -</u>	<u>\$ 3,778,624</u>

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 13-Capital Assets: (continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
Primary Government:				
Business-type Activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 486,231	\$ 364,952	\$ (624,955)	\$ 226,228
Capital assets, being depreciated:				
Infrastructure	\$ 11,866,094	\$ 624,955	\$ -	\$ 12,491,049
Buildings	6,609,702	-	-	6,609,702
Machinery and equipment	6,046,699	-	-	6,046,699
Total capital assets, being depreciated	<u>\$ 24,522,495</u>	<u>\$ 624,955</u>	<u>\$ -</u>	<u>\$ 25,147,450</u>
Accumulated depreciation:				
Infrastructure	\$ (6,303,000)	\$ (300,210)	\$ -	\$ (6,603,210)
Buildings	(2,827,946)	(123,467)	-	(2,951,413)
Machinery and equipment	(5,528,754)	(116,299)	-	(5,645,053)
Total accumulated depreciation	<u>\$ (14,659,700)</u>	<u>\$ (539,976)</u>	<u>\$ -</u>	<u>\$ (15,199,676)</u>
Total capital assets being depreciated, net	<u>\$ 9,862,795</u>	<u>\$ 84,979</u>	<u>\$ -</u>	<u>\$ 9,947,774</u>
Business-type activities capital assets, net	<u>\$ 10,349,026</u>	<u>\$ 449,931</u>	<u>\$ (624,955)</u>	<u>\$ 10,174,002</u>

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	\$ 40,489
Public safety	193,280
Public works	107,280
Parks, recreation and cultural	67,275
Community development	1,670
Total depreciation expense-governmental activities	<u>\$ 409,994</u>
Business-type activities:	
Water	\$ 237,038
Sewer	302,938
Total depreciation expense-business-type activities	<u>\$ 539,976</u>

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**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-COVID-19 Pandemic Funding and Subsequent Event:**

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the Town, COVID-19 impacted various parts of its 2021 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs. Management believes the Town is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2022.

**ARPA Funding**

On March 11, 2021, the American Rescue Plan (ARPA) Act of 2021 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments are to receive funds in two tranches, with 50% provided beginning in May 2021 and the balance delivered approximately 12 months later.

On June 30, 2021, the Town received its share of the first half of the CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$4,520,460 from the initial allocation are reported as unearned revenue as of June 30.

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 17-Adoption of Accounting Principles:**

The Town implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, during the fiscal year ended June 30, 2021. This Statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purpose and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

	<b>Net Position</b>
	<b>Custodial Funds</b>
Beginning balance, as previously stated	\$ -
Implementation of GASB 84	205,111
Beginning balance, as restated	<u>\$ 205,111</u>

**Note 20-Contingent Liabilities:**

Federal programs in which the Town participate were audited in accordance with the provisions of the U.S. Office of Management and Budget's Uniform Guidance. Pursuant to the provisions of this guidance all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

**Note 18-Upcoming Pronouncements:**

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. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Statement No. 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.

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 18-Upcoming Pronouncements: (continued)**

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.

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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
General property taxes	\$ 2,562,324	\$ 2,537,500	\$ 2,709,356	\$ 171,856
Other local taxes	2,776,000	2,794,000	2,930,393	136,393
Permits, privilege fees, and regulatory licenses	5,600	23,100	39,068	15,968
Fines and forfeitures	26,000	24,000	13,486	(10,514)
Revenue from the use of money and property	44,548	37,549	39,341	1,792
Charges for services	143,000	154,400	133,654	(20,746)
Miscellaneous	23,796	7,372	14,323	6,951
Recovered costs	80,000	71,500	82,003	10,503
Intergovernmental:				
Commonwealth	2,933,509	2,936,995	2,899,670	(37,325)
Federal	128,000	856,900	1,132,907	276,007
Total revenues	\$ 8,722,777	\$ 9,443,316	\$ 9,994,201	\$ 550,885
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,524,237	\$ 1,509,363	\$ 1,392,693	\$ 116,670
Public safety	3,740,390	4,055,370	4,612,130	(556,760)
Public works	2,266,910	2,206,726	2,132,301	74,425
Health and welfare	8,410	8,410	8,410	-
Parks, recreation, and cultural	180,502	191,044	205,201	(14,157)
Community development	812,580	1,398,779	795,642	603,137
Capital projects	34,085	35,368	100,037	(64,669)
Debt service:				
Principal retirement	243,161	289,626	270,509	19,117
Interest and other fiscal charges	-	-	32,743	(32,743)
Total expenditures	\$ 8,810,275	\$ 9,694,686	\$ 9,549,666	\$ 145,020
Excess (deficiency) of revenues over (under) expenditures	\$ (87,498)	\$ (251,370)	\$ 444,535	\$ 695,905
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 94,998	\$ 94,998	\$ 1,069,623	\$ 974,625
Transfers out	(7,500)	(7,500)	-	7,500
Total other financing sources (uses)	\$ 87,498	\$ 87,498	\$ 1,069,623	\$ 982,125
Net change in fund balances	\$ -	\$ (163,872)	\$ 1,514,158	\$ 1,678,030
Fund balances - beginning	-	163,872	721,372	557,500
Fund balances - ending	\$ -	\$ -	\$ 2,235,530	\$ 2,235,530

Note 1: GAAP serves as the budgetary basis of accounting

Town of Pulaski, Virginia  
Grants Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
<b>REVENUES</b>				
Intergovernmental:				
Commonwealth	\$ 328,012	\$ 2,876,612	\$ 121,062	\$ (2,755,550)
Federal	13,336	2,989,624	450,484	(2,539,140)
Total revenues	<u>\$ 341,348</u>	<u>\$ 5,866,236</u>	<u>\$ 571,546</u>	<u>\$ (5,294,690)</u>
<b>EXPENDITURES</b>				
Current:				
Community development	\$ 100,000	\$ 6,146,236	\$ 536,521	\$ 5,609,715
Total expenditures	<u>\$ 100,000</u>	<u>\$ 6,146,236</u>	<u>\$ 536,521</u>	<u>\$ 5,609,715</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 241,348</u>	<u>\$ (280,000)</u>	<u>\$ 35,025</u>	<u>\$ 315,025</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ 280,000	\$ 34,598	\$ (245,402)
Transfers out	-	-	(69,623)	(69,623)
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ 280,000</u>	<u>\$ (35,025)</u>	<u>\$ (315,025)</u>
Net change in fund balances	<u>\$ 241,348</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances - beginning	<u>(241,348)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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, 2020

	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>							
Service cost	\$ 547,648	\$ 536,213	\$ 550,896	\$ 525,270	\$ 497,436	\$ 512,800	\$ 496,528
Interest	1,683,265	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	(939,998)	687,461	(273,749)	(91,914)	(138,731)	(135,253)	-
Benefit payments	(1,163,140)	(1,150,867)	(1,058,686)	(949,496)	(910,350)	(916,714)	-
<b>Net change in total pension liability</b>	<b>\$ 127,775</b>	<b>\$ 2,384,715</b>	<b>\$ 748,405</b>	<b>\$ 900,367</b>	<b>\$ 860,249</b>	<b>\$ 815,424</b>	<b>\$ 938,830</b>
<b>Total pension liability - beginning</b>	<b>\$ 25,518,824</b>	<b>\$ 23,134,109</b>	<b>\$ 22,385,704</b>	<b>\$ 21,485,337</b>	<b>\$ 20,625,088</b>	<b>\$ 19,809,664</b>	<b>\$ 18,870,834</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 25,646,599</b>	<b>\$ 25,518,824</b>	<b>\$ 23,134,109</b>	<b>\$ 22,385,704</b>	<b>\$ 21,485,337</b>	<b>\$ 20,625,088</b>	<b>\$ 19,809,664</b>
<b>Plan fiduciary net position</b>							
Contributions - employer	\$ 427,748	\$ 408,818	\$ 438,826	\$ 448,415	\$ 506,268	\$ 510,626	\$ 496,437
Contributions - employee	211,447	201,506	202,655	208,261	205,435	210,833	191,112
Net investment income	439,808	1,467,879	1,552,350	2,318,353	327,439	839,378	2,516,703
Benefit payments	(1,163,140)	(1,150,867)	(1,058,686)	(949,496)	(910,350)	(916,714)	(848,943)
Administrator charges	(15,123)	(14,724)	(13,489)	(13,408)	(11,785)	(11,496)	(13,544)
Other	(519)	(922)	(1,382)	(2,063)	(140)	(178)	133
<b>Net change in plan fiduciary net position</b>	<b>\$ (99,779)</b>	<b>\$ 911,690</b>	<b>\$ 1,120,274</b>	<b>\$ 2,010,062</b>	<b>\$ 116,867</b>	<b>\$ 632,449</b>	<b>\$ 2,341,898</b>
<b>Plan fiduciary net position - beginning</b>	<b>\$ 23,139,858</b>	<b>\$ 22,228,168</b>	<b>\$ 21,107,894</b>	<b>\$ 19,097,832</b>	<b>\$ 18,980,965</b>	<b>\$ 18,348,516</b>	<b>\$ 16,006,618</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 23,040,079</b>	<b>\$ 23,139,858</b>	<b>\$ 22,228,168</b>	<b>\$ 21,107,894</b>	<b>\$ 19,097,832</b>	<b>\$ 18,980,965</b>	<b>\$ 18,348,516</b>
<b>Town's net pension liability (asset) - ending (a) - (b)</b>	<b>\$ - 2,606,520</b>	<b>\$ 2,378,966</b>	<b>\$ 905,941</b>	<b>\$ 1,277,810</b>	<b>\$ 2,387,505</b>	<b>\$ 1,644,123</b>	<b>\$ 1,461,148</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>89.84%</b>	<b>90.68%</b>	<b>96.08%</b>	<b>94.29%</b>	<b>88.89%</b>	<b>92.03%</b>	<b>92.62%</b>
<b>Covered payroll</b>	<b>\$ 4,286,122</b>	<b>\$ 4,084,885</b>	<b>\$ 4,157,222</b>	<b>\$ 4,190,931</b>	<b>\$ 3,889,933</b>	<b>\$ 3,877,452</b>	<b>\$ 3,780,308</b>
<b>Town's net pension liability (asset) as a percentage of covered payroll</b>	<b>60.81%</b>	<b>58.24%</b>	<b>21.79%</b>	<b>30.49%</b>	<b>61.38%</b>	<b>42.40%</b>	<b>38.65%</b>

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 15

For the Years Ended June 30, 2012 through June 30, 2021

Date	Contributions in Relation to					Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)		
2021	\$ 461,201	\$ 461,201	\$ -	\$ 4,159,054		11.09%
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%

Town of Pulaski, Virginia  
Notes to Required Supplementary Information  
Pension Plan  
For the Year Ended June 30, 2021

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**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, 2019 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, 2020

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)
2020	0.02087% \$	348,286 \$	4,286,122	8.13%	52.64%
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, 2012 through June 30, 2021

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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)
2021	\$ 22,406	\$ 22,406	\$ -	\$ 4,156,290	0.54%
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%

Town of Pulaski, Virginia  
Notes to Required Supplementary Information  
Group Life Insurance (GLI) Plan  
For the Year Ended June 30, 2021

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**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, 2019 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, 2021

	2021	2020	2019	2018
<b>Total OPEB liability</b>				
Service cost	\$ 93,958	\$ 93,958	\$ 93,958	\$ -
Interest	8,667	12,744	61,939	-
Effect of Economic/Demographic Gains or Losses	(123,816)	(67,445)	(1,370,064)	1,585,400
Effect of Assumptions Changes or Inputs	2,443	16,474	5,290	(65,427)
Employer Contributions	(27,642)	(27,642)	(27,242)	-
<b>Net change in total OPEB liability</b>	<b>\$ (46,390)</b>	<b>\$ 28,089</b>	<b>\$ (1,236,119)</b>	<b>\$ 1,519,973</b>
<b>Total OPEB liability - beginning</b>	<b>311,943</b>	<b>283,854</b>	<b>1,519,973</b>	<b>-</b>
<b>Total OPEB liability - ending</b>	<b>\$ 265,553</b>	<b>\$ 311,943</b>	<b>\$ 283,854</b>	<b>\$ 1,519,973</b>
 <b>Covered-employee payroll</b>	 N/A	 N/A	 N/A	 N/A
 <b>Town of Pulaski's total OPEB liability (asset) as a percentage of covered-employee payroll</b>	 N/A	 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, 2021

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Valuation Date: 6/30/2021  
Measurement Date: 6/30/2021

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	1.976%
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, 2021

	Special Revenue Funds			
	Cemetery <u>Care</u>	CDBG Housing <u>Rehabilitation</u>	Neighborhood <u>Revitalization</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 214,656	\$ 81,910	\$ -	\$ 296,566
Investments	321,591	-	-	321,591
Due from other funds	12,864	26,233	-	39,097
Total assets	<u>\$ 549,111</u>	<u>\$ 108,143</u>	<u>\$ -</u>	<u>\$ 657,254</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 271	\$ 147	\$ 418
Due to other funds	-	100,820	136,232	237,052
Total liabilities	<u>\$ -</u>	<u>\$ 101,091</u>	<u>\$ 136,379</u>	<u>\$ 237,470</u>
<b>FUND BALANCES (DEFICITS)</b>				
Nonspendable:				
Principal Cemetery Maintenance	\$ 549,111	\$ -	\$ -	\$ 549,111
Restricted:				
Housing Rehabilitation	-	7,052	-	7,052
Unassigned (deficit)	-	-	(136,379)	(136,379)
Total fund balances (deficits)	<u>\$ 549,111</u>	<u>\$ 7,052</u>	<u>\$ (136,379)</u>	<u>\$ 419,784</u>
Total liabilities and fund balances (deficits)	<u>\$ 549,111</u>	<u>\$ 108,143</u>	<u>\$ -</u>	<u>\$ 657,254</u>

Town of Pulaski, Virginia  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2021

	Special Revenue Funds			
	Cemetery <u>Care</u>	CDBG Housing <u>Rehabilitation</u>	Neighborhood <u>Revitalization</u>	<u>Total</u>
<b>REVENUES</b>				
Revenue for the use of money and property	\$ 5,581	\$ 1,895	\$ -	\$ 7,476
Miscellaneous	4,200	-	1,000	5,200
Total revenues	<u>\$ 9,781</u>	<u>\$ 1,895</u>	<u>\$ 1,000</u>	<u>\$ 12,676</u>
<b>EXPENDITURES</b>				
Current:				
Parks, recreation, and cultural	\$ 938	\$ -	\$ -	\$ 938
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 8,843</u>	<u>\$ 1,895</u>	<u>\$ 1,000</u>	<u>\$ 11,738</u>
Net change in fund balances	\$ 8,843	\$ 1,895	\$ 1,000	\$ 11,738
Fund balance (deficit) - beginning	540,268	5,157	(137,379)	408,046
Fund balance (deficit) - ending	<u>\$ 549,111</u>	<u>\$ 7,052</u>	<u>\$ (136,379)</u>	<u>\$ 419,784</u>

## **Supporting Schedules**

Town of Pulaski, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2021

Schedule 1  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real Property Tax	\$ 1,556,104	\$ 1,526,000	\$ 1,634,845	\$ 108,845
Real and Personal PSC Tax	65,720	63,000	68,406	5,406
Personal Property Tax	382,500	383,500	194,543	(188,957)
Machinery and tools tax	505,000	505,000	745,397	240,397
Penalties	15,000	21,000	19,486	(1,514)
Interest	38,000	39,000	46,679	7,679
Total general property taxes	\$ 2,562,324	\$ 2,537,500	\$ 2,709,356	\$ 171,856
Other local taxes:				
Bank stock taxes	\$ 170,000	\$ 175,000	\$ 176,908	\$ 1,908
Business license taxes	435,000	450,000	491,454	41,454
Consumers' utility taxes	225,000	225,000	216,751	(8,249)
Consumption taxes	50,000	50,000	55,264	5,264
Local sales and use taxes	630,000	630,000	688,379	58,379
Lodging tax	32,000	30,000	14,325	(15,675)
Motor vehicle licenses	115,000	115,000	91,977	(23,023)
Restaurant food taxes	962,000	962,000	997,714	35,714
Tobacco taxes	150,000	150,000	193,800	43,800
Utility franchise taxes	7,000	7,000	3,821	(3,179)
Total other local taxes	\$ 2,776,000	\$ 2,794,000	\$ 2,930,393	\$ 136,393
Permits, privilege fees, and regulatory licenses:				
Permits and other licenses	\$ 5,600	\$ 23,100	\$ 39,068	\$ 15,968
Fines and forfeitures:				
Court fines and forfeitures	\$ 26,000	\$ 24,000	\$ 13,486	\$ (10,514)
Revenue from use of money and property:				
Revenue from use of money	\$ 27,300	\$ 27,300	\$ 23,666	\$ (3,634)
Revenue from use of property	17,248	10,249	15,675	5,426
Total revenue from use of money and property	\$ 44,548	\$ 37,549	\$ 39,341	\$ 1,792
Charges for services:				
Charges for police services	\$ 2,800	\$ 14,900	\$ 31,558	\$ 16,658
Charges for parks and recreation	23,700	19,000	15,270	(3,730)
Charges for PSA services	102,000	103,000	72,721	(30,279)
Other charges for services	14,500	17,500	14,105	(3,395)
Total charges for services	\$ 143,000	\$ 154,400	\$ 133,654	\$ (20,746)
Miscellaneous:				
Miscellaneous	\$ 23,796	\$ 7,372	\$ 14,323	\$ 6,951
Recovered costs:				
Insurance recoveries	\$ 3,000	\$ 5,000	\$ 27,701	\$ 22,701
Other recovered costs	77,000	66,500	54,302	(12,198)
Total recovered costs	\$ 80,000	\$ 71,500	\$ 82,003	\$ 10,503
Total revenue from local sources	\$ 5,661,268	\$ 5,649,421	\$ 5,961,624	\$ 312,203

Town of Pulaski, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2021

Schedule 1  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicles rental tax	\$ 1,000	\$ 500	\$ -	\$ (500)
Personal property tax relief act funds	140,000	140,000	140,332	332
Rolling stock tax	10,000	10,000	9,878	(122)
Communication tax	375,000	375,000	334,180	(40,820)
Total noncategorical aid	<u>\$ 526,000</u>	<u>\$ 525,500</u>	<u>\$ 484,390</u>	<u>\$ (41,110)</u>
Categorical aid:				
Fire prevention	\$ 33,000	\$ 33,000	\$ 34,626	\$ 1,626
Forfeited assets	-	2,000	15,560	13,560
Law enforcement grant	242,804	242,804	261,631	18,827
Street and highway maintenance	2,093,120	2,093,120	2,098,130	5,010
VBAF Grant	-	16,500	-	(16,500)
Virginia commission of the arts	4,500	4,500	4,500	-
Pedal pushers grant	-	1,071	-	(1,071)
Other Categorical	34,085	18,500	833	(17,667)
Total categorical aid	<u>\$ 2,407,509</u>	<u>\$ 2,411,495</u>	<u>\$ 2,415,280</u>	<u>\$ 3,785</u>
Total revenue from the Commonwealth	<u>\$ 2,933,509</u>	<u>\$ 2,936,995</u>	<u>\$ 2,899,670</u>	<u>\$ (37,325)</u>
Revenue from the Federal Government:				
Categorical aid:				
CDBG housing planning grant	\$ -	\$ 539,948	\$ 372,041	\$ (167,907)
Byrne justice assistance grant	-	47,639	39,169	(8,470)
EPA Brownfields grant	100,000	26,043	26,043	-
Federal asset forfeiture	500	500	-	(500)
Rural development grant	25,000	25,000	-	(25,000)
CARES Act	-	154,259	668,154	513,895
Bulletproof vest program	2,500	2,500	-	(2,500)
Historic preservation grant	-	12,390	22,500	10,110
ARC grants	-	48,621	5,000	(43,621)
Total categorical aid	<u>\$ 128,000</u>	<u>\$ 856,900</u>	<u>\$ 1,132,907</u>	<u>\$ 276,007</u>
Total revenue from the federal government	<u>\$ 128,000</u>	<u>\$ 856,900</u>	<u>\$ 1,132,907</u>	<u>\$ 276,007</u>
Total General Fund	<u>\$ 8,722,777</u>	<u>\$ 9,443,316</u>	<u>\$ 9,994,201</u>	<u>\$ 550,885</u>

Town of Pulaski, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2021

Schedule 1  
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<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>
<b>Major Special Revenue Funds:</b>				
<b>UDAG Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property	\$ -	\$ -	\$ 1,613	\$ 1,613
Miscellaneous	-	-	21,273	21,273
Total revenue from local sources	\$ -	\$ -	\$ 22,886	\$ 22,886
Total UDAG Fund	\$ -	\$ -	\$ 22,886	\$ 22,886
<b>Grants Fund:</b>				
Intergovernmental:				
Revenue from Commonwealth:				
Categorical aid:				
Other categorical	\$ -	\$ 2,548,600	\$ 15,526	\$ (2,533,074)
State of good repair	-	-	35,894	35,894
VBAF Grants	228,012	228,012	54,857	(173,155)
VBAF - Randolph House Grant	50,000	50,000	-	(50,000)
VBAF - Magnox Grant	50,000	50,000	14,785	(35,215)
Total categorical aid	\$ 328,012	\$ 2,876,612	\$ 121,062	\$ (2,755,550)
Total revenue from Commonwealth	\$ 328,012	\$ 2,876,612	\$ 121,062	(2,755,550)
Revenue from the Federal Government:				
Categorical aid:				
Violence against women formula grant	\$ -	\$ 499,994	\$ 129,234	\$ (370,760)
Fire prevention and safety	13,336	13,336	4,007	(9,329)
EPA Brownsfields grant	-	300,000	117,781	(182,219)
Rural development	-	-	40,140	40,140
Highway planning and construction	-	2,176,294	159,322	(2,016,972)
Total categorical aid	\$ 13,336	\$ 2,989,624	\$ 450,484	\$ (2,539,140)
Total revenue from the federal government	\$ 13,336	\$ 2,989,624	\$ 450,484	\$ (2,539,140)
Total Grants Fund	\$ 341,348	\$ 5,866,236	\$ 571,546	\$ (5,294,690)
<b>Nonmajor Special Revenue Funds:</b>				
<b>Cemetery Fund:</b>				
Revenue from local sources:				
Revenues from use of money and property	\$ -	\$ -	\$ 5,581	\$ 5,581
Miscellaneous	-	-	4,200	4,200
Total revenue from local sources	\$ -	\$ -	\$ 9,781	\$ 9,781
Total Cemetery Fund	\$ -	\$ -	\$ 9,781	\$ 9,781
<b>CDBG Housing Rehabilitation Fund:</b>				
Revenue from local sources:				
Revenues from use of money and property	\$ -	\$ -	\$ 1,895	\$ 1,895
Total CDBG Fund	\$ -	\$ -	\$ 1,895	\$ 1,895

Town of Pulaski, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2021

Schedule 1  
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<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>
Neighborhood Revitalization Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 1,000	\$ 1,000
Total Neighborhood Revitalization Fund	\$ -	\$ -	\$ 1,000	\$ 1,000
Total Governmental Funds	\$ 9,064,125	\$ 15,309,552	\$ 10,601,309	\$ (4,708,243)

Town of Pulaski, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2021

Schedule 2  
Page 1 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>
<b>General Fund:</b>				
General government administration:				
Legislative:				
Town council	\$ 98,592	\$ 87,227	\$ 59,894	\$ 27,333
Clerk of the Council	76,185	76,181	77,478	(1,297)
Office of the Mayor	7,309	7,309	6,660	649
Total legislative	<u>\$ 182,086</u>	<u>\$ 170,717</u>	<u>\$ 144,032</u>	<u>\$ 26,685</u>
General and financial administration:				
Manager	\$ 341,456	\$ 320,617	\$ 252,756	\$ 67,861
Legal services	95,700	95,700	77,120	18,580
Independent auditor	54,000	54,000	61,500	(7,500)
Consultants	20,000	40,000	80,940	(40,940)
Department of Finance	486,598	487,715	504,853	(17,138)
Risk management	149,597	155,998	129,417	26,581
Data processing	194,800	167,616	123,866	43,750
Other	-	17,000	18,209	(1,209)
Total general and financial administration	<u>\$ 1,342,151</u>	<u>\$ 1,338,646</u>	<u>\$ 1,248,661</u>	<u>\$ 89,985</u>
Total general government administration	<u>\$ 1,524,237</u>	<u>\$ 1,509,363</u>	<u>\$ 1,392,693</u>	<u>\$ 116,670</u>
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 2,545,805	\$ 2,729,070	\$ 3,194,778	\$ (465,708)
Contributions to Central Dispatch	320,000	320,000	427,252	(107,252)
Total law enforcement and traffic control	<u>\$ 2,865,805</u>	<u>\$ 3,049,070</u>	<u>\$ 3,622,030</u>	<u>\$ (572,960)</u>
Fire and rescue services:				
Fire department	\$ 824,435	\$ 842,751	\$ 873,559	\$ (30,808)
Building inspections	50,150	163,549	116,541	47,008
Total fire and rescue services	<u>\$ 874,585</u>	<u>\$ 1,006,300</u>	<u>\$ 990,100</u>	<u>\$ 16,200</u>
Total public safety	<u>\$ 3,740,390</u>	<u>\$ 4,055,370</u>	<u>\$ 4,612,130</u>	<u>\$ (556,760)</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
General engineering/administration	\$ 256,421	\$ 257,680	\$ 263,270	\$ (5,590)
Highway, street, bridge and sidewalk maintenance	1,718,298	1,702,318	1,602,638	99,680
Total maintenance of highways, streets, bridges and sidewalks	<u>\$ 1,974,719</u>	<u>\$ 1,959,998</u>	<u>\$ 1,865,908</u>	<u>\$ 94,090</u>
Sanitation and waste removal:				
Refuse disposal	\$ 2,600	\$ 2,600	\$ 2,490	\$ 110
Maintenance of general buildings and grounds:				
General properties	\$ 215,969	\$ 170,676	\$ 179,183	\$ (8,507)
Garage and motor vehicles	73,622	73,452	84,720	(11,268)
Total maintenance of buildings and grounds	<u>\$ 289,591</u>	<u>\$ 244,128</u>	<u>\$ 263,903</u>	<u>\$ (19,775)</u>
Total public works	<u>\$ 2,266,910</u>	<u>\$ 2,206,726</u>	<u>\$ 2,132,301</u>	<u>\$ 74,425</u>

Town of Pulaski, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2021

Schedule 2  
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<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>
<b>General Fund: (Continued)</b>				
Health and welfare:				
Health:				
Free clinic of Pulaski County	\$ 4,000	\$ 4,000	\$ 4,000	\$ -
Mental health and mental retardation:				
New River Valley Community Action	\$ 4,410	\$ 4,410	\$ 4,410	\$ -
Total health and welfare	\$ 8,410	\$ 8,410	\$ 8,410	\$ -
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation centers and playgrounds	\$ 19,500	\$ 17,500	\$ 12,484	\$ 5,016
Cemeteries	12,514	19,672	45,621	(25,949)
Senior citizen center	87,802	89,185	84,470	4,715
Total parks and recreation	\$ 119,816	\$ 126,357	\$ 142,575	\$ (16,218)
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	39,015	43,016	40,955	2,061
Total cultural enrichment	\$ 60,686	\$ 64,687	\$ 62,626	\$ 2,061
Total parks, recreation, and cultural	\$ 180,502	\$ 191,044	\$ 205,201	\$ (14,157)
Community development:				
Planning and community development:				
Planning and zoning	\$ 23,155	\$ 70,109	\$ 76,118	\$ (6,009)
Economic development	146,360	419,356	346,077	73,279
Airport commission	23,441	23,441	23,441	-
Brownsfield project	100,000	42,543	42,543	-
Pulaski transit authority	70,000	70,000	-	70,000
Planning commission	-	-	4,978	(4,978)
NRV planning commission	11,429	11,429	11,429	-
ARC - Pulaski works	-	48,621	-	48,621
Neighborhood revitalization	438,195	713,280	291,056	422,224
Total community development	\$ 812,580	\$ 1,398,779	\$ 795,642	\$ 603,137
Capital projects				
Police vehicles and equipment	\$ -	\$ -	\$ 71,820	\$ (71,820)
Pedal pushers grant	-	1,071	600	471
Calfree school project	-	15,797	15,717	80
Main Street feasibility study	-	18,500	11,900	6,600
Other capital projects	34,085	-	-	-
Total capital projects	\$ 34,085	\$ 35,368	\$ 100,037	\$ (64,669)

Town of Pulaski, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2021

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)
<b>General Fund: (Continued)</b>				
Debt service:				
Principal retirement	\$ 243,161	\$ 289,626	\$ 270,509	\$ 19,117
Interest and fiscal charges	-	-	32,743	(32,743)
Total debt service	<u>\$ 243,161</u>	<u>\$ 289,626</u>	<u>\$ 303,252</u>	<u>\$ (13,626)</u>
 Total General Fund	 <u>\$ 8,810,275</u>	 <u>\$ 9,694,686</u>	 <u>\$ 9,549,666</u>	 <u>\$ 145,020</u>
<b>Major Special Revenue Funds:</b>				
<b>UDAG Fund:</b>				
Community development	\$ -	\$ -	\$ 35,707	\$ (35,707)
 Total UDAG Fund	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 35,707</u>	 <u>\$ (35,707)</u>
<b>Grants Fund:</b>				
Community development:				
Fire department	\$ -	\$ 13,336	\$ 4,007	\$ 9,329
Brownsfield Project	-	300,000	117,781	182,219
Capital Outlays	-	290,000	-	290,000
VBAF Magnox Grant	50,000	50,000	14,785	35,215
VBAF Randolph House	50,000	50,000	-	50,000
OVW Grants	-	499,994	129,234	370,760
VDOT Commerce Street Bridge	-	2,166,294	199,201	1,967,093
Emergency Generators Grant	-	2,548,600	16,656	2,531,944
VBAF - GCC Site Remediation Grant	-	228,012	54,857	173,155
 Total Community development	 <u>\$ 100,000</u>	 <u>\$ 6,146,236</u>	 <u>\$ 536,521</u>	 <u>\$ 5,609,715</u>
 Total Grants Fund	 <u>\$ 100,000</u>	 <u>\$ 6,146,236</u>	 <u>\$ 536,521</u>	 <u>\$ 5,609,715</u>
<b>Nonmajor Special Revenue Funds:</b>				
<b>Cemetery Fund:</b>				
Parks, recreation, and cultural	\$ -	\$ -	\$ 938	\$ (938)
 Total Cemetery Fund	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 938</u>	 <u>\$ (938)</u>
 Total Governmental Funds	 <u>\$ 8,910,275</u>	 <u>\$ 15,840,922</u>	 <u>\$ 10,122,832</u>	 <u>\$ 5,718,090</u>

## **Other Statistical Information**

Table 1

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

Fiscal Year	General			Parks, Recreation, and Cultural			Interest		Total
	Government Administration	Public Safety	Public Works	Health and Welfare	Community Development	Fiscal Charges	Water and Sewer		
2020-21	\$ 1,328,235	\$ 4,883,739	\$ 2,277,954	\$ 8,410	\$ 277,641	\$ 1,471,218	\$ 32,947	\$ 5,744,419	\$ 16,024,563
2019-20	1,365,628	4,673,783	2,462,127	4,410	469,090	1,107,514	235,147	5,526,872	15,844,571
2018-19	1,187,829	2,931,796	2,230,771	8,200	464,050	978,947	237,429	5,038,892	13,077,914
2017-18	1,373,793	4,265,918	2,697,926	12,200	751,366	977,461	257,887	4,755,422	15,091,973
2016-17	1,342,342	3,565,753	2,784,428	4,000	774,272	822,034	274,691	4,708,419	14,275,939
2015-16	1,081,694	3,701,094	2,612,142	12,000	795,455	453,688	266,420	4,856,894	13,779,387
2014-15	1,436,241	2,951,823	2,239,236	5,000	809,653	323,191	293,553	4,504,108	12,562,805
2013-14	1,330,825	2,999,517	2,438,856	4,000	804,662	945,993	199,227	4,622,286	13,345,366
2012-13	1,651,582	2,871,557	2,210,606	5,500	801,277	676,456	342,142	4,380,816	12,939,936
2011-12	1,473,576	2,971,184	1,718,281	4,000	734,382	1,149,023	160,785	4,512,216	12,723,447

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES						Total (1)
	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		
2020-21	\$ 5,805,539	\$ 4,119,733	\$ -		\$ 2,449,363	\$ 2,930,393	\$ 48,813	\$ 130,342	\$ 484,390	\$	15,968,573
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

(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
2020-21	\$ 1,392,693	\$ 4,612,130	\$ 2,132,301	\$ 8,410	\$ 205,201	\$ 795,642	\$ -	\$ 303,252	\$ 100,037	\$ 9,549,666
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

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
2020-21	\$ 2,709,356	\$ 2,930,393	\$ 39,068	\$ 13,486	\$ 39,341	\$ 133,654	\$ 14,323	\$ 82,003	\$ 4,032,577	\$ 9,994,201
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

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	
						Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1) Percent of Delinquent Taxes to Tax Levy
2020-21	\$ 2,842,522	\$ 2,670,505	93.95%	\$ 113,018	\$ 2,783,523	97.92%	\$ 264,546 9.31%
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%

(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
2020-21	\$ 480,704,400	\$ 70,337,418	\$ 72,395,488	\$ 20,131,698	\$ 643,569,004
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

(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
2020-21	\$ 0.34	\$ 0.80	\$ 0.34	\$ 0.80
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

(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
2020-21	8,985	643,569	\$ 999,136	0.16%	\$ 111
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

(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
2020-21	\$ 270,509	\$ 32,743	\$ 303,252	\$ 9,549,666	3.18%
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%

(1) Includes General Fund only.

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**COMPLIANCE SECTION**

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

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**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, 2021, 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 29, 2021.

**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 29, 2021



ROBINSON, FARMER, COX ASSOCIATES, PLLC

*Certified Public Accountants*

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

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

**Report on Compliance for Each Major Federal Program**

We have audited the Town of Pulaski, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Pulaski, Virginia's major federal programs for the year ended June 30, 2021. The Town of Pulaski, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, the Town of Pulaski, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

## Report on Internal Control over Compliance

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

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

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

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

*Robinson, Jarmon, Cox, Associates*

Blacksburg, Virginia  
November 29, 2021

Town of Pulaski, Virginia  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021

Federal Grantor/State Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Housing and Urban Development: Pass-through Payments: Virginia Department of Housing and Community Development: Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	Not available	\$ 372,041
Department of Transportation Pass-through Payments: Virginia Department of Transportation: <i>Highway Planning and Construction Cluster:</i> Highway Planning and Construction	20.205	Not available	\$ 159,322
Department of Homeland Security: Pass-through Payments: Virginia Department of Emergency Management: Assistance to Firefighters Grant	97.044	Not available	\$ 4,007
Appalachian Regional Commission: Pass Through Payments: Virginia Department of Housing and Community Development Appalachian Area Development	23.002	Not available	\$ 5,000
Department of the Treasury: Pass-through Payments: County of Pulaski, Virginia COVID-19 - Coronavirus Relief Fund	21.019	Not available	\$ 668,154
Department of Justice: Pass-through Payments: Virginia Department of Criminal Justice Services: Violence Against Women Formula Grants Edward Byrne Memorial Justice Assistance Grant Program	16.588 16.738	20WFAX0011 18DJBX0728	\$ 129,234 39,169
Total Department of Justice			\$ 168,403
Department of the Interior: Pass-through Payments: Department of Historic Resources: Historic Resource Management	15.U00	Not available	\$ 22,500
United States Department of Agriculture: Direct Payments: <i>Community Facilities Loans and Grants Cluster:</i> Community Facilities Loans and Grants	10.766	Not applicable	\$ 40,140
Environmental Protection Agency: Direct Payments: Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	Not applicable	\$ 143,824
Total Expenditures of Federal Awards			\$ 1,583,391

Town of Pulaski, Virginia  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021

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Note 1 -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Town of Pulaski, Virginia under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Pulaski, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Pulaski, Virginia.

Note 2 -- Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.
- (3) The Town did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 3 -- Donated Items

The Town did not receive any donated items during the year.

Note 4 -- Subrecipients

The Town did not have any subrecipients for the year ended June 30, 2021.

Note 5 -- Relationship to the Financial Statements:

Federal expenditures, revenues and capital contributions are reported in the Town's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary Government:

General Fund total	\$ 4,032,577
Less revenue from the Commonwealth	(2,899,670)
Grants Fund total	571,546
Less revenue from the Commonwealth	(121,062)
Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 1,583,391</u>

Town of Pulaski, Virginia  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2021

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**Section I - Summary of Auditors' Results**

**Financial Statements**

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

**Federal Awards**

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

Identification of major programs:

**Federal Assistance  
Listing Number**

21.019

**Name of Federal Program or Cluster**

COVID-19 - Coronavirus Relief Fund

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

**Section II - Financial Statement Findings**

There are no reported financial statement findings.

**Section III - Federal Award Findings and Questioned Costs**

There are no federal award findings or questioned costs.

**Section IV - Status of Prior Audit Findings**

There were no prior audit findings.