

TOWN OF PULASKI, VIRGINIA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

**TOWN OF PULASKI, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015**

TABLE OF CONTENTS

INTRODUCTORY SECTION

List of Elected and Appointed Officials.....	<u>Page</u> 1
--	------------------

FINANCIAL SECTION

Independent Auditors' Report	2-4
Management's Discussion and Analysis	5-11

	<u>Exhibit</u>	<u>Page</u>
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	1	12
Statement of Activities.....	2	13
Fund Financial Statements:		
Balance Sheet - Governmental Funds	3	14
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	5	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6	17
Statement of Net Position - Proprietary Funds	7	18
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	8	19
Statement of Cash Flows - Proprietary Funds.....	9	20
Statement of Net Position - Fiduciary Funds.....	10	21
Statement of Changes in Net Position - Fiduciary Funds.....	11	22
Notes to the Financial Statements		23-63

Required Supplementary Information:

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:		
General Fund.....	12	64
Schedule of Components of and Changes in Net Pension Liability and Related Ratios	13	65
Schedule of Employer Contributions	14	66
Notes to Required Supplementary Information	15	67

Other Supplementary Information:

Combining Balance Sheet - Nonmajor Governmental Funds	16	68
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	17	69

TOWN OF PULASKI, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION (CONTINUED)

Supporting Schedules:

	<u>Schedule</u>	<u>Page</u>
Schedule of Revenues - Budget and Actual - Governmental Funds	1	70-72
Schedule of Expenditures - Budget and Actual - Governmental Funds	2	73-75

Other Statistical Information:

	<u>Table</u>	<u>Page</u>
Government-wide Information:		
Government-wide Expenses by Function	1	76
Government-wide Revenues	2	77
Fund Information:		
Governmental Expenditures by Function	3	78
Governmental Revenues by Source	4	79
Property Tax Levies and Collections	5	80
Assessed Value of Taxable Property	6	81
Property Tax Rates	7	82
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	8	83
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures	9	84

COMPLIANCE SECTION

	<u>Page</u>
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	85-86
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133	87-88
Schedule of Expenditures of Federal Awards	89
Schedule Findings and Questioned Costs	90

INTRODUCTORY SECTION

TOWN OF PULASKI, VIRGINIA

TOWN COUNCIL

David Clark
Greg East
H.M. Kidd
Lane Penn
Jamie Radcliffe
Heather Steele

OTHER OFFICIALS

Jeff Worrell Mayor
Shawn Utt Town Manager
Dave Quesenberry..... Town Manager-Assistant
Patricia Cruise Clerk of Council
Roy David WarburtonTown Attorney
Pam Witten..... Finance Director

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Pulaski, Virginia, as of and for the year ended June 30, 2015, 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, 2015, 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 13 to the financial statements, in 2015, the Town adopted new accounting guidance, GASB Statement Nos. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 5-11, 64, and 65-67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 December 24, 2015, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Pulaski, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
December 24, 2015

TOWN OF PULASKI, VIRGINIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

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

As management of the Town of Pulaski, Virginia, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the basic audited financial statements.

Financial Highlights

The assets of the Town's governmental activities exceeded its liabilities at the close of the fiscal year by \$4,001,457 (net position). Of this amount, (\$313,151) was considered unrestricted and \$2,101,473 was restricted for use. Net investment in capital assets was \$2,213,135.

The assets of the Town's business-type activities exceeded its liabilities at the close of the fiscal year by \$5,433,339 (net position).

During the fiscal year, the Town had governmental revenues that were \$402,048 more than expenses. The business-type activities had revenues that were \$141,898 more than expenses including transfers.

The Town's total debt decreased by \$934,777 during the current fiscal year. New debt of \$2,472,052 was incurred during the current fiscal year. The Town financed the purchase of equipment with three General Obligation Bonds, Series 2014B totaling \$683,733. The Town received a loan from the Virginia Resource Authority through the Virginia Water Supply Revolving Fund for \$1,613,009 for the Water Treatment Plant Project and a loan from the Virginia Resource Authority through the Virginia Water Facilities Revolving Fund for \$116,689 for the Pump Station Project. A capital lease for computer equipment in the amount of \$58,621 was incurred by the Town.

Overview of the Financial Statements

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

The statement of net position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Our governmental activities include general government, public safety, public works, health and welfare, community development and recreation. Our business-type activities are for water and sewer.

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

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

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

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

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

TOWN OF PULASKI, VIRGINIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may over time serve as a useful indicator of a Town's financial position. In the case of the Town, assets exceed liabilities by \$4,001,457 at the close of the most recent fiscal year.

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

The remainder of this page left blank intentionally

TOWN OF PULASKI, VIRGINIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

The table below focuses on the net position of the Town's governmental and business-type activities as of the years ended June 30, 2015 and 2014.

Table 1

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2015	2014	2015	2014	2015
Current Assets	7,596,300	7,407,994	1,074,948	1,068,211	8,671,248	8,476,205
Capital Assets	5,194,439	4,888,125	10,304,149	12,123,627	15,498,588	17,011,752
Total Assets	12,790,739	12,296,119	11,379,097	13,191,838	24,169,836	25,487,957
Deferred Outflows of Resources						
Pension contributions	-	447,602	-	60,732	-	508,334
Current Liabilities	1,347,814	1,360,943	1,525,647	1,453,936	2,873,461	2,814,879
Long-Term Liabilities	3,775,936	4,821,263	4,279,124	6,231,260	8,055,060	11,052,523
Total Liabilities	5,123,750	6,182,206	5,804,771	7,685,196	10,928,521	13,867,402
Deferred Inflows of Resources						
Unavailable revenue	1,715,500	1,572,207	-	-	1,715,500	1,572,207
Net pension liability	-	987,851	-	134,035	-	1,121,886
	1,715,500	2,560,058	-	134,035	1,715,500	2,694,093
Net Position:						
Net Investment in Capital						
Assets	2,440,250	2,213,135	5,646,016	5,735,694	8,086,266	7,948,829
Restricted	2,054,942	2,101,473	-	-	2,054,942	2,101,473
Unrestricted	1,456,297	(313,151)	(71,690)	(302,355)	1,384,607	(615,506)
Total Net Position	5,951,489	4,001,457	5,574,326	5,433,339	11,525,815	9,434,796

Fiscal year 2104 has not been adjusted for GASB 68 activity.

The revenues and expenses for governmental activities and business-type activities are shown in Table 2.

TOWN OF PULASKI, VIRGINIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

Table 2

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2015	2014	2015	2014	2015
Charges for Services	390,108	384,818	4,602,480	4,484,492	4,992,588	4,869,310
Operating Grants/Contributions	2,456,491	2,301,717	-	-	2,456,491	2,301,717
Capital Grants/Contributions	540,493	-	-	-	540,493	-
Program Revenues	3,387,092	2,686,535	4,602,480	4,484,492	7,989,572	7,171,027
Taxes	4,818,217	5,119,864	-	-	4,818,217	5,119,864
Interest Income	174,163	47,259	456	502	174,619	47,761
Miscellaneous	461,792	121,417	116,334	122,264	578,126	243,681
Insurance recovery	-	-	-	-	-	-
Loss on disposal of assets	-	(394,088)	-	-	-	-
Grants not restricted to program	600,575	606,479	67,626	312,027	668,201	918,506
General Revenues	6,054,747	5,500,931	184,416	434,793	6,239,163	6,329,812
Total Revenues	9,441,839	8,187,466	4,786,896	4,919,285	14,228,735	13,500,839
General Government	1,330,025	1,436,241	-	-	1,330,025	1,436,241
Public Safety	2,999,517	2,951,823	-	-	2,999,517	2,951,823
Public Works	2,438,856	2,239,236	-	-	2,438,856	2,239,236
Parks, Recreation, Cultural	804,662	809,653	-	-	804,662	809,653
Community Development	945,993	323,191	-	-	945,993	323,191
Health and Welfare	4,000	5,000	-	-	4,000	5,000
Interest on long-term debt	199,227	293,553	-	-	199,227	293,553
Water and Sewer	-	-	4,622,286	4,504,108	4,622,286	4,504,108
Total Expenses	8,722,280	8,058,697	4,622,286	4,504,108	13,344,566	12,562,805
Transfers	297,444	273,279	(297,444)	(273,279)	-	-
Change in Net Position	1,017,003	402,048	(132,834)	141,898	884,169	543,946
Beginning Net Position	4,934,486	3,599,409	5,707,160	5,291,441	10,641,646	8,890,850
Ending Net Position	5,951,489	4,001,457	5,574,326	5,433,339	11,525,815	9,434,796

Fiscal year 2104 has not been adjusted for GASB 68 activity.

TOWN OF PULASKI, VIRGINIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2015

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

Financial Analysis of the Town's Funds

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

Governmental Funds – The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a Town's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Town's governmental fund reported an ending fund balance of \$3,377,975, an increase of \$248,184 in comparison with the prior year.

Total governmental funds revenue decreased \$384,295 and expenditures decreased \$250,280 over prior year amounts. For fiscal year ending June 30, 2015, expenditures exceeded revenues by \$248,184. Most of the decrease in revenues was from a decrease in taxes collected. Most of the decrease in expenditures was due to a decrease in expenditures for community development.

Total proprietary fund operating income decreased \$110,048 and operating expenses decreased \$136,887 over the prior year amounts. The decrease in expenditures was due to a general decrease in spending in all categories. For fiscal year ending June 30, 2015, total revenues exceeded expenses by \$141,898.

General Fund Budgetary Highlights

The Town budgeted revenues of \$7,898,362 for fiscal year 2015. The actual revenues were \$8,694,658 which is a favorable variance of \$796,296. The variance is attributed to revenue from state and federal government and revenue from other local taxes being budgeted for less than the actual amount received. The budgeted expenditures were \$8,609,740 for the Town. The actual expenditures were \$9,155,431 which is an unfavorable variance of \$545,691. This is attributed to expenditures for debt service, capital projects, and expenditures for some departments that were budgeted for less than the actual amount spent.

Capital Asset and Debt Administration

Capital Assets - The Town's investment in capital assets for its governmental activities as of June 30, 2015 is \$4,888,125 (net of accumulated depreciation) a decrease of \$306,314. The decrease is due to the disposal of several assets, the most notable being the sale of Calfee Park. The investment in capital assets for its business-type activities is \$12,123,627, an increase of \$1,819,478. The increase is mainly attributed to the pump station project and the water treatment plant project for the fiscal year. This investment in capital assets includes land, buildings and improvements, vehicles, equipment, and construction in progress.

TOWN OF PULASKI, VIRGINIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

Long-term debt

At the end of the fiscal year, the Town had the following outstanding debt for governmental activities:

	<u>Balance July 1, 2014</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balance June 30, 2015</u>
General obligation bonds	\$ 3,760,744	\$ 379,440	\$ (548,140)	\$ 3,592,044
Capital lease	94,862	58,621	(43,735)	109,748
Net pension obligation	2,522,020	1,586,108	(2,821,547)	1,286,581
Compensated absences	473,507	-	(38,710)	434,797
Total	<u>\$ 6,851,133</u>	<u>\$ 2,024,169</u>	<u>\$ (3,452,132)</u>	<u>\$ 5,423,170</u>

The outstanding debt for business-type activities at June 30, 2015 is as follows:

	<u>Balance July 1, 2014</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balance June 30, 2015</u>
General obligation bonds	\$ 4,658,132	\$ 2,033,994	\$ (304,193)	\$ 6,387,933
Net pension obligation	342,196	215,208	(382,836)	174,568
Compensated absences	18,039	3,800	-	21,839
Total	<u>\$ 5,081,315</u>	<u>\$ 2,253,002</u>	<u>\$ (749,977)</u>	<u>\$ 6,584,340</u>

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

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

The Town has several projects that are ongoing. The main project is the Water Treatment Plant Project.

Requests for Information

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

Basic Financial Statements

Town of Pulaski, Virginia
Statement of Net Position
June 30, 2015

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash and cash equivalents	\$ 3,534,822	\$ -	\$ 3,534,822
Investments	176,858	444,990	621,848
Investments in custody of others	-	8,300	8,300
Receivables (net of allowance for uncollectibles):			
Taxes receivable	2,384,512	-	2,384,512
Accounts receivable	-	593,707	593,707
Loans receivable	222,148	-	222,148
Internal balances	(21,214)	21,214	-
Due from fiduciary funds	57,928	-	57,928
Due from other governmental units	1,025,906	-	1,025,906
Inventories	21,379	-	21,379
Prepaid items	5,655	-	5,655
Capital assets (net of accumulated depreciation):			
Land	209,570	-	209,570
Buildings and improvements	2,379,086	1,422,427	3,801,513
Improvements other than buildings	822,124	-	822,124
Machinery and equipment	1,477,345	913,977	2,391,322
Infrastructure	-	6,906,958	6,906,958
Construction in progress	-	2,880,265	2,880,265
Total assets	\$ 12,296,119	\$ 13,191,838	\$ 25,487,957
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions subsequent to measurement date	\$ 447,602	\$ 60,732	\$ 508,334
LIABILITIES			
Accounts payable	\$ 550,527	\$ 360,710	\$ 911,237
Reconciled overdraft	-	601,708	601,708
Accrued liabilities	185,675	-	185,675
Customers' deposits	-	111,894	111,894
Accrued interest payable	22,834	26,544	49,378
Long-term liabilities:			
Due within one year	601,907	353,080	954,987
Due in more than one year	4,821,263	6,231,260	11,052,523
Total liabilities	\$ 6,182,206	\$ 7,685,196	\$ 13,867,402
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 1,572,207	\$ -	\$ 1,572,207
Items related to measurement of net pension liability	987,851	134,035	1,121,886
Total deferred inflows of resources	\$ 2,560,058	\$ 134,035	\$ 2,694,093
NET POSITION			
Net investment in capital assets	\$ 2,213,135	\$ 5,735,694	\$ 7,948,829
Restricted:			
Principal Cemetery Maintenance	549,617	-	549,617
Community and Economic Development	1,494,145	-	1,494,145
Housing Rehabilitation	57,711	-	57,711
Unrestricted	(313,151)	(302,355)	(615,506)
Total net position	\$ 4,001,457	\$ 5,433,339	\$ 9,434,796

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, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 1,436,241	\$ 40,592	\$ -	\$ -	\$ (1,395,649)	\$ -	\$ (1,395,649)
Public safety	2,951,823	133,192	259,912	-	(2,558,719)	-	(2,558,719)
Public works	2,239,236	106,713	1,967,950	-	(164,573)	-	(164,573)
Health and welfare	5,000	-	-	-	(5,000)	-	(5,000)
Parks, recreation, and cultural	809,653	104,321	33,700	-	(671,632)	-	(671,632)
Community development	323,191	-	40,155	-	(283,036)	-	(283,036)
Interest and other fiscal charges	293,553	-	-	-	(293,553)	-	(293,553)
Total governmental activities	\$ 8,058,697	\$ 384,818	\$ 2,301,717	\$ -	\$ (5,372,162)	\$ -	\$ (5,372,162)
Business-type activities:							
Water	\$ 1,540,953	\$ 1,641,414	\$ -	\$ -	\$ -	\$ 100,461	\$ 100,461
Sewer	2,963,155	2,843,078	-	-	-	(120,077)	(120,077)
Total business-type activities	\$ 4,504,108	\$ 4,484,492	\$ -	\$ -	\$ -	\$ (19,616)	\$ (19,616)
Total primary government	\$ 12,562,805	\$ 4,869,310	\$ 2,301,717	\$ -	\$ (5,372,162)	\$ (19,616)	\$ (5,391,778)
General revenues:							
General property taxes					\$ 2,684,973	\$ -	\$ 2,684,973
Other local taxes:							
Bank stock taxes					181,837	-	181,837
Business license taxes					436,204	-	436,204
Cell phone taxes					17	-	17
Consumers' utility taxes					225,775	-	225,775
Consumption taxes					47,487	-	47,487
Local sales and use taxes					562,445	-	562,445
Lodging taxes					6,280	-	6,280
Motor vehicle licenses					137,544	-	137,544
Restaurant food taxes					667,037	-	667,037
Tobacco taxes					158,692	-	158,692
Utility franchise taxes					11,573	-	11,573
Unrestricted revenues from the use of money and property					47,259	502	47,761
Miscellaneous					121,417	122,264	243,681
Grants and contributions not restricted to specific programs					606,479	312,027	918,506
Loss on disposal of capital assets					(394,088)	-	(394,088)
Transfers					273,279	(273,279)	-
Total general revenues and transfers					\$ 5,774,210	\$ 161,514	\$ 5,935,724
Change in net position					\$ 402,048	\$ 141,898	\$ 543,946
Net position - beginning, as restated					3,599,409	5,291,441	8,890,850
Net position - ending					\$ 4,001,457	\$ 5,433,339	\$ 9,434,796

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

Town of Pulaski, Virginia
Balance Sheet
Governmental Funds
June 30, 2015

	General Fund	UDAG Fund	Total Nonmajor Funds	Total
ASSETS				
Cash and cash equivalents	\$ 2,850,526	\$ 91,820	\$ 592,476	\$ 3,534,822
Investments in the custody of others				
Investments	151,866	461	24,531	176,858
Receivables (net of allowance for uncollectibles):				
Taxes receivable	2,384,512	-	-	2,384,512
Loans	80,881	141,267	-	222,148
Due from other funds	127,609	1,400,000	33,180	1,560,789
Due from fiduciary funds	58,075	-	-	58,075
Due from other governmental units	1,025,906	-	-	1,025,906
Inventories	21,379	-	-	21,379
Prepaid items	5,655	-	-	5,655
Total assets	<u>\$ 6,706,409</u>	<u>\$ 1,633,548</u>	<u>\$ 650,187</u>	<u>\$ 8,990,144</u>
LIABILITIES				
Accounts payable	\$ 550,527	\$ -	\$ -	\$ 550,527
Accrued liabilities	185,675	-	-	185,675
Due to other funds	1,400,000	-	182,003	1,582,003
Due to fiduciary funds	-	-	147	147
Total liabilities	<u>\$ 2,136,202</u>	<u>\$ -</u>	<u>\$ 182,150</u>	<u>\$ 2,318,352</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - due from other governmental units	\$ 917,054	\$ -	\$ -	\$ 917,054
Unavailable revenue - loan receivable	80,082	139,403	-	219,485
Unavailable revenue - property taxes	2,157,278	-	-	2,157,278
Total deferred inflows of resources	<u>\$ 3,154,414</u>	<u>\$ 139,403</u>	<u>\$ -</u>	<u>\$ 3,293,817</u>
FUND BALANCES				
Nonspendable:				
Prepaid Items	\$ 5,655	\$ -	\$ -	\$ 5,655
Inventory	21,379	-	-	21,379
Principal Cemetery Maintenance	-	-	549,617	549,617
Restricted:				
Community and Economic Development	-	1,494,145	-	1,494,145
Housing Rehabilitation	-	-	57,711	57,711
Assigned:				
Cemetery Care	-	-	24,990	24,990
Unassigned	1,388,759	-	(164,281)	1,224,478
Total fund balances	<u>\$ 1,415,793</u>	<u>\$ 1,494,145</u>	<u>\$ 468,037</u>	<u>\$ 3,377,975</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 6,706,409</u>	<u>\$ 1,633,548</u>	<u>\$ 650,187</u>	<u>\$ 8,990,144</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, 2015

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 3,377,975

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

Land	\$ 209,570	
Buildings and improvements	2,379,086	
Improvements other than buildings	822,124	
Machinery and equipment	<u>1,477,345</u>	4,888,125

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

Unavailable revenue - due from other governmental units	\$ 917,054	
Unavailable revenue - loan receivable	219,485	
Unavailable revenue - property taxes	585,071	
Items related to measurement of net pension liability	<u>(987,851)</u>	733,759

Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds. 447,602

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	\$ (3,592,044)	
Capital lease	(109,748)	
Accrued interest payable	(22,834)	
Net pension liability	(1,286,581)	
Compensated absences	<u>(434,797)</u>	(5,446,004)

Net position of governmental activities \$ 4,001,457

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, 2015

	General Fund	UDAG Fund	Total Nonmajor Funds	Total
REVENUES				
General property taxes	\$ 2,439,448	\$ -	\$ -	\$ 2,439,448
Other local taxes	2,434,891	-	-	2,434,891
Permits, privilege fees, and regulatory licenses	10,573	-	-	10,573
Fines and forfeitures	69,270	-	-	69,270
Revenue from the use of money and property	95,835	4	2,796	98,635
Charges for services	304,975	-	-	304,975
Miscellaneous	21,085	93,375	6,957	121,417
Recovered costs	307,253	-	-	307,253
Intergovernmental:				
Commonwealth	2,861,576	-	-	2,861,576
Federal	46,620	-	-	46,620
Total revenues	\$ 8,591,526	\$ 93,379	\$ 9,753	\$ 8,694,658
EXPENDITURES				
Current:				
General government administration	\$ 1,740,023	\$ -	\$ -	\$ 1,740,023
Public safety	2,970,264	-	-	2,970,264
Public works	2,399,349	-	-	2,399,349
Health and welfare	5,000	-	-	5,000
Parks, recreation, and cultural	804,700	-	16,679	821,379
Community development	295,321	79,001	13,202	387,524
Capital projects	239,905	-	-	239,905
Debt service:				
Principal retirement	591,875	-	-	591,875
Interest and other fiscal charges	88,054	-	-	88,054
Bond issuance costs	20,940	-	-	20,940
Total expenditures	\$ 9,155,431	\$ 79,001	\$ 29,881	\$ 9,264,313
Excess (deficiency) of revenues over (under) expenditures	\$ (563,905)	\$ 14,378	\$ (20,128)	\$ (569,655)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 444,845	\$ 21,000	\$ 41,093	\$ 506,938
Transfers out	(69,593)	(4,167)	(159,899)	(233,659)
Issuance of general obligation bond	379,440	-	-	379,440
Issuance of capital lease	58,621	-	-	58,621
Sale of capital assets	106,499	-	-	106,499
Total other financing sources (uses)	\$ 919,812	\$ 16,833	\$ (118,806)	\$ 817,839
Change in fund balances	\$ 355,907	\$ 31,211	\$ (138,934)	\$ 248,184
Fund balances - beginning	1,059,886	1,462,934	606,971	3,129,791
Fund balances - ending	\$ 1,415,793	\$ 1,494,145	\$ 468,037	\$ 3,377,975

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, 2015

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

Net change in fund balances - total governmental funds	\$	248,184
--	----	---------

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 the capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 658,110	
Depreciation expenses	(463,837)	194,273

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(500,587)
--	--	-----------

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	\$ 245,525	
Increase (decrease) in unavailable loan revenue - UDAG fund	(51,376)	
Increase (decrease) in deferred inflows related to the measurement of the net pension liability	(987,851)	
Increase (decrease) in unavailable revenue - County payments	(184,363)	(978,065)

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

Debt issued or incurred:		
Increase in capital lease	\$ (58,621)	
Issuance of general obligation bond	(379,440)	
Principal repayments:		
General obligation bonds	548,140	
Capital lease	43,735	153,814

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.

Decrease (increase) in compensated absences	\$ 38,710	
(Decrease) increase in net pension liability	1,235,439	
(Decrease) increase in deferred outflows related to pension payments subsequent to measurement date	10,476	
Decrease (increase) in accrued interest payable	(196)	1,284,429

Change in net position of governmental activities	\$	<u>402,048</u>
---	----	----------------

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, 2015

	Water Fund	Sewer Fund	Total
ASSETS			
Current assets:			
Investments	\$ 401,805	\$ 43,185	\$ 444,990
Grants receivable	8,300	-	8,300
Accounts receivable, net of allowances for uncollectibles	195,006	398,701	593,707
Due from other funds	131,656	-	131,656
Total current assets	<u>\$ 736,767</u>	<u>\$ 441,886</u>	<u>\$ 1,178,653</u>
Capital assets:			
Construction in progress	\$ 2,880,265	-	\$ 2,880,265
Infrastructure	3,947,652	7,718,307	11,665,959
Buildings	3,107,803	514,672	3,622,475
Machinery and equipment	3,160,781	2,515,636	5,676,417
Less accumulated depreciation	(6,870,232)	(4,851,257)	(11,721,489)
Total capital assets	<u>\$ 6,226,269</u>	<u>\$ 5,897,358</u>	<u>\$ 12,123,627</u>
Total assets	<u>\$ 6,963,036</u>	<u>\$ 6,339,244</u>	<u>\$ 13,302,280</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions subsequent to measurement date	\$ 51,470	\$ 9,262	\$ 60,732
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 179,638	\$ 181,072	\$ 360,710
Reconciled overdraft	337,509	264,199	601,708
Customer deposits	111,894	-	111,894
Accrued interest payable	15,130	11,414	26,544
Due to other funds	-	110,442	110,442
Bonds payable - current portion	196,392	156,688	353,080
Total current liabilities	<u>\$ 840,563</u>	<u>\$ 723,815</u>	<u>\$ 1,564,378</u>
Noncurrent liabilities:			
Compensated absences	\$ 21,839	-	\$ 21,839
Bonds payable - net of current portion	3,081,057	2,953,796	6,034,853
Net pension liability	147,945	26,623	174,568
Total noncurrent liabilities	<u>\$ 3,250,841</u>	<u>\$ 2,980,419</u>	<u>\$ 6,231,260</u>
Total liabilities	<u>\$ 4,091,404</u>	<u>\$ 3,704,234</u>	<u>\$ 7,795,638</u>
DEFERRED INFLOWS OF RESOURCES			
Items related to measurement of net pension liability	\$ 113,593	\$ 20,442	\$ 134,035
NET POSITION			
Net investment in capital assets	\$ 2,948,820	\$ 2,786,874	\$ 5,735,694
Unrestricted	(139,311)	(163,044)	(302,355)
Total net position	<u>\$ 2,809,509</u>	<u>\$ 2,623,830</u>	<u>\$ 5,433,339</u>

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, 2015

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services:			
Water and sewer revenues	\$ 1,640,544	\$ 2,841,878	\$ 4,482,422
Miscellaneous	9,059	6,749	15,808
Total operating revenues	<u>\$ 1,649,603</u>	<u>\$ 2,848,627</u>	<u>\$ 4,498,230</u>
OPERATING EXPENSES			
Personnel services	\$ 461,283	\$ 102,051	\$ 563,334
Fringe benefits	152,309	31,332	183,641
Contractual services	179,609	2,259,141	2,438,750
Utilities	198,553	762	199,315
Materials and supplies	98,730	193,468	292,198
Repairs and maintenance	186,157	23,106	209,263
Capital outlay	5,601	-	5,601
Depreciation	221,763	305,431	527,194
Miscellaneous	187	-	187
Total operating expenses	<u>\$ 1,504,192</u>	<u>\$ 2,915,291</u>	<u>\$ 4,419,483</u>
Operating income (loss)	<u>\$ 145,411</u>	<u>\$ (66,664)</u>	<u>\$ 78,747</u>
NONOPERATING REVENUES (EXPENSES)			
Connection fees	\$ 870	\$ 1,200	\$ 2,070
Recovered costs	-	106,456	106,456
Interest revenue	450	52	502
Interest expense	(36,761)	(47,864)	(84,625)
Federal and state grants	312,027	-	312,027
Total nonoperating revenues (expenses)	<u>\$ 276,586</u>	<u>\$ 59,844</u>	<u>\$ 336,430</u>
Income before transfers	\$ 421,997	\$ (6,820)	\$ 415,177
Transfers in	7,500	162	7,662
Transfers out	(99,162)	(181,779)	(280,941)
Change in net position	<u>\$ 330,335</u>	<u>\$ (188,437)</u>	<u>\$ 141,898</u>
Total net position - beginning, as restated	2,479,174	2,812,267	5,291,441
Total net position - ending	<u>\$ 2,809,509</u>	<u>\$ 2,623,830</u>	<u>\$ 5,433,339</u>

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, 2015

	Water Fund	Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,653,219	\$ 2,874,926	\$ 4,528,145
Payments to suppliers	(646,104)	(2,494,604)	(3,140,708)
Payments to employees	(639,467)	(138,722)	(778,189)
Reconciled overdraft	211,667	14,927	226,594
Net cash provided by (used for) operating activities	<u>\$ 579,315</u>	<u>\$ 256,527</u>	<u>\$ 835,842</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	\$ 7,500	\$ 162	\$ 7,662
Transfers to other funds	(99,162)	(181,779)	(280,941)
Recovered costs	-	106,456	106,456
Operating subsidy from federal grant	303,727	-	303,727
Net cash provided by (used for) noncapital financing activities	<u>\$ 212,065</u>	<u>\$ (75,161)</u>	<u>\$ 136,904</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital asset additions	\$ (2,271,808)	\$ (364,083)	\$ (2,635,891)
Proceeds from issuance of debt	1,613,009	420,985	2,033,994
Principal payments on bonds	(111,819)	(192,374)	(304,193)
Connection fees	870	1,200	2,070
Interest expense	(21,631)	(47,093)	(68,724)
Net cash provided by (used for) capital and related financing activities	<u>\$ (791,379)</u>	<u>\$ (181,365)</u>	<u>\$ (972,744)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale (purchase) of investments	\$ (451)	\$ (53)	\$ (504)
Interest and dividends received	450	52	502
Net cash provided by (used for) investing activities	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ (2)</u>
Net increase (decrease) in cash and cash equivalents	\$ -	\$ -	\$ -
Cash and cash equivalents - beginning	-	-	-
Cash and cash equivalents - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 145,411	\$ (66,664)	\$ 78,747
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	\$ 221,763	\$ 305,431	\$ 527,194
(Increase) decrease in accounts receivable	(10,758)	26,299	15,541
(Increase) decrease in deferred outflows of resources	(1,205)	(216)	(1,421)
Increase (decrease) in customer deposits	14,374	-	14,374
Increase (decrease) in accounts payable	22,733	(18,127)	4,606
Increase (decrease) in net pension liability	(142,063)	(25,565)	(167,628)
Increase (decrease) in deferred inflows of resources	113,593	20,442	134,035
Increase (decrease) in compensated absences	3,800	-	3,800
Increase (decrease) in reconciled overdraft	211,667	14,927	226,594
Total adjustments	<u>\$ 433,904</u>	<u>\$ 323,191</u>	<u>\$ 757,095</u>
Net cash provided by (used for) operating activities	<u>\$ 579,315</u>	<u>\$ 256,527</u>	<u>\$ 835,842</u>

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

Town of Pulaski, Virginia
Statement of Net Position
Fiduciary Funds
June 30, 2015

	PSA Nonexpendable <u>Trust</u>
ASSETS	
Cash and cash equivalents	\$ 181,979
Accounts receivable	87,011
Due from other funds	147
Total assets	<u>\$ 269,137</u>
LIABILITIES	
Amounts payable to other governments	\$ 73,559
Due to other funds	58,075
Utility deposits	38,678
Total liabilities	<u>\$ 170,312</u>
NET POSITION	
Held in trust for PSA	<u>\$ 98,825</u>

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

Town of Pulaski, Virginia
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2015

	PSA Nonexpendable <u>Trust</u>
ADDITIONS	
Total additions	\$ 6,785
Change in Net Position	\$ 6,785
Net position - beginning	92,040
Net position - ending	<u>\$ 98,825</u>

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

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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. The Tornado Recovery Project Fund is reported and accounted for under the Authority.

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, 2015

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

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

The 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 as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, 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, 2015

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

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

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

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

The Town reports the following major governmental funds:

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

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

The Town reports the following major proprietary funds:

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

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

The Town reports the following nonmajor governmental funds:

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

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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

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

Additionally, the Town reports the following fund types:

Fiduciary Funds (Trust and Agency Funds) - account for assets held by the government in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Trust Funds, which consist of the PSA Fund. These funds utilize the accrual basis of accounting described in the Governmental Fund Presentation. 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. Deposits and Investments

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

Investments for the Town are reported at fair value. The State Treasurer's Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. 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, 2015

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

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

3. 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 either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

4. Inventory

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

5. Property Taxes

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

6. 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 \$467,785 for property taxes and \$29,857 for water, sewer, and garbage receivables at June 30, 2015.

7. 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.

8. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are, reported in the applicable governmental 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 estimated fair market value at the date of donation.

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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

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

8. Capital Assets (continued)

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20-40
Structures, lines, and accessories	20-40
Machinery and equipment	4-30

9. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, *Accounting for Compensated Absences*, 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.

10. 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.

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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

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

11. Fund Balance

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

Nonspendable 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 constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;

Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

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).

12. Net Position

Net Position is the difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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 Flow Assumption

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/expenditures) until then. The Town has one item that qualifies for reporting in this category. It is comprised of contributions to the pension plan made during the current year and subsequent to the net pension liability measurement date, which will be recognized as a reduction of the net pension liability next fiscal year. For more detailed information on these items, reference the pension note.

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 three 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 and 2nd half installments levied during the fiscal year but due after June 30th and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th are reported as deferred inflows of resources. The governmental funds report unavailable revenues from three sources: property taxes, loans receivable and amount due from Town of Pulaski, Virginia. In addition, certain items related to the measurement of the net pension liability are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, and the net difference between projected and actual earning on pension plan investments. For more detailed information on these items, reference the pension note.

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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

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

15. Pensions

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

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary information

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

1. Prior to May 1, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The General fund has a legally adopted budget.
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 Water and Sewer Funds as well as the General Fund and UDAG Funds.
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.

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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

B. Deficit fund equity

9. Legally adopted budgets: the Town does not adopt a budget for the UDAG fund.

At June 30, 2015, the Neighborhood Revitalization fund had deficit fund equity.

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 and certain corporate notes, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

Credit Risk of Debt Securities

The Town's rated debt investments as of June 30, 2015 were rated by Standard and Poor's and the ratings are presented below using Standard and Poor's rating scale.

<u>Rated Debt Investments' Values</u>	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
LGIP	\$ 621,848

External Investment Pool

The fair value of the positions in the external investment pool (Local Government Investment Pool) is the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pools rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

The remainder of this page left blank intentionally.

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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

Interfund transfers for the year ended June 30, 2015 consisted of the following:

Fund	Transfers In	Transfers Out
General Fund	\$ 444,845	\$ 69,593
UDAG Fund	21,000	4,167
Tornado Recovery Fund	27,621	-
Neighborhood Revitalization Fund	13,472	150,766
CDBG Housing Rehabilitation Fund	-	4,049
Nano Fund	-	5,084
Water Fund	7,500	99,162
Sewer Fund	162	181,779
Total	<u>\$ 514,600</u>	<u>\$ 514,600</u>

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

Due to/from other funds for the year ended June 30, 2015 consisted of the following:

Fund	Due to Other Funds	Due from Other Funds
General Fund	\$ 1,400,000	\$ 127,609
UDAG Fund	-	1,400,000
Community Development Block Grant	-	33,180
Neighborhood Revitalization Fund	182,003	-
Water Fund	-	131,656
Sewer Fund	110,442	-
Total	<u>\$ 1,692,445</u>	<u>\$ 1,692,445</u>

The remainder of this page left blank intentionally.

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 5-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, 2015:

	Balance July 1, 2014 As Restated	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2015
General obligation bonds	\$ 3,760,744	\$ 379,440	\$ (548,140)	\$ 3,592,044
Capital lease	94,862	58,621	(43,735)	109,748
Net pension liability	2,522,020	1,586,108	(2,821,547)	1,286,581
Compensated absences	473,507	-	(38,710)	434,797
Total	<u>\$ 6,851,133</u>	<u>\$ 2,024,169</u>	<u>\$ (3,452,132)</u>	<u>\$ 5,423,170</u>

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

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2016	\$ 558,019	\$ 73,121
2017	567,048	61,716
2018	576,250	50,137
2019	585,564	38,378
2020	583,142	18,567
2021-2025	488,442	61,057
2026-2030	169,751	20,740
2031-2032	63,828	1,806
Totals	<u>\$ 3,592,044</u>	<u>\$ 325,522</u>

The remainder of this page left blank intentionally.

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 5-Long-term Obligations: (Continued)

Governmental Activities Long-term Obligations: (continued)

Details of long-term obligations:

	Total Amount	Amount Due Within One Year
General Obligation Bonds:		
\$2,588,840 general obligation bond due in annual installments varying from \$421,565 to \$441,020 through 2020. Interest payable in semi-annual installments at 1.81%. 40% of the loan obligation will be reimbursed by County of Pulaski, Virginia.	\$ 2,173,618	\$ 421,565
\$3,000,000 bond (57% due from the general fund) due in annual installments of \$150,000 through 2022, plus interest at a weighted average 4.34%.	1,077,835	94,602
\$153,469 general obligation bond due in annual installments of \$24,207 through 2021. Interest payable in semi-annual installments at 2.330%.	134,098	21,083
\$225,971 general obligation bond due in annual installments of \$25,869 through 2024. Interest payable in semi-annual installments at 2.470%.	206,493	20,769
Total General Obligation Bonds	\$ 3,592,044	\$ 558,019
Other Obligations:		
Capital lease	\$ 109,748	\$ 43,888
Compensated absences	434,797	-
Net pension liability	1,286,581	-
Total Other Obligations	\$ 1,831,126	\$ 43,888
Total Long-term Obligations	\$ 5,423,170	\$ 601,907

The remainder of this page left blank intentionally.

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 5-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, 2015:

	Balance July 1, 2014 as Restated	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2015
General obligation bonds	\$ 4,658,132	\$ 2,033,994	\$ (304,193)	\$ 6,387,933
Net pension liability	342,196	215,208	(382,836)	174,568
Compensated absences	18,039	3,800	-	21,839
Total	<u>\$ 5,018,367</u>	<u>\$ 2,253,002</u>	<u>\$ (687,029)</u>	<u>\$ 6,584,340</u>

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

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2016	\$ 353,080	\$ 114,950
2017	355,312	108,198
2018	357,607	101,386
2019	359,836	94,517
2020	362,101	87,587
2021-2025	1,614,125	338,305
2026-2030	1,273,114	226,449
2031-2035	876,962	137,293
2036-2040	391,973	82,928
2041-2044	443,823	31,081
Totals	<u>\$ 6,387,933</u>	<u>\$ 1,322,694</u>

The remainder of this page left blank intentionally.

TOWN OF PULASKI, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 5-Long-term Obligations: (continued)

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

Details of long-term obligations:

	Total Amount	Amount Due Within One Year
General Obligation Bonds:		
\$3,879,454 bond (60.7% and 39.3% due from the water and sewer funds respectively) due in annual installments of principal that varies from \$185,203 to \$61,530 through 2032, plus interest at 2.85%.	\$ 2,110,083	\$ 185,203
\$2,156,159 revolving loan, issued December 1, 2012, through the Virginia Resource Authority due in semi-annual installments of principal of \$107,808 through 2033 at 0% interest. As of June 30, 2015 the loan was still in draw-down phase with a balance of \$1,989,556.	1,989,556	110,531
\$2,487,968 revolving loan, issued April 2014, through the Virginia Resource Authority due in semi-annual installments of \$47,490 of principal and interest at 2.5% through 2045. As of June 30, 2015 the loan was still in draw-down phase with a balance of \$1,996,225.	1,996,228	45,356
\$304,293 issued general obligation bond due in annual installments of \$19,817 through 2034. Interest payable in semi-annual installments at 2.680%.	292,066	11,990
Total General Obligation Bonds	<u>\$ 6,387,933</u>	<u>\$ 353,080</u>
Other Obligations:		
Compensated absences	\$ 21,839	\$ -
Net pension liability	174,568	-
Total Long-term Obligations - Business-type Activities	<u>\$ 6,584,340</u>	<u>\$ 353,080</u>

The remainder of this page left blank intentionally.

TOWN OF PULASKI, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 6-Capital Lease:

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

Total assets acquired through capital leases are as follows:

	Governmental Activities	
	Vehicles	Office Equipment
Asset:		
Machinery and equipment	\$ 121,819	\$ 145,869
Less: Accumulated depreciation	(85,273)	(35,876)
Total	<u>\$ 36,546</u>	<u>\$ 109,993</u>

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2015, were as follows:

Fiscal Year Ended	Governmental Activities
2016	\$ 45,152
2017	43,514
2018	21,626
2019	5,976
Total minimum lease payments	<u>\$ 116,268</u>
Less: amount representing interest	(6,520)
Present value of minimum lease payments	<u>\$ 109,748</u>

The remainder of this page left blank intentionally.

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 7-Pension Plan:

Plan Description

All full-time, salaried permanent employees of the Town are automatically covered by 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.

The System administers three different benefit structures for covered employees - Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

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

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 7-Pension Plan: (continued)

Plan Description (Continued)

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

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 7-Pension Plan: (continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>*Non-Eligible Members (Cont.) Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

Note 7-Pension Plan: (continued)

Plan Description (Continued)

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

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 7-Pension Plan: (continued)

Plan Description (Continued)

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

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

Note 7-Pension Plan: (continued)

Plan Description (Continued)

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

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

Note 7-Pension Plan: (continued)

Plan Description (Continued)

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

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

Note 7-Pension Plan: (continued)

Plan Description (Continued)

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

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 7-Pension Plan: (continued)

Plan Description (Continued)

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

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 7-Pension Plan: (continued)

Plan Description (Continued)

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

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 7-Pension Plan: (continued)

Plan Description (Continued)

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

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

Note 7-Pension Plan: (continued)

Plan Description (Continued)

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2014-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Employees Covered by Benefit Terms

As of the June 30, 2013 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government
Inactive members or their beneficiaries currently receiving benefits	62
Inactive members:	
Vested inactive members	17
Non-vested inactive members	53
Inactive members active elsewhere in VRS	80
Total inactive members	150
Active members	98
Total covered employees	310

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The Town's contractually required contribution rate for the year ended June 30, 2015 was 13.11% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 7-Pension Plan: (continued)

Contributions (continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$508,334 and \$496,437 for the years ended June 30, 2015 and June 30, 2014, respectively.

Net Pension Liability

The Town's net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014. The Authority's proportionate share of the same was calculated using creditable compensation as of June 30, 2014 and 2013 as a basis for allocation.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2013, 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, 2014.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

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

Largest 10 - Non-LEOS:

Pre-Retirement:

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

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 7—Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

Largest 10 - Non-LEOS: (Continued)

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-LEOS:

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

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

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

Actuarial Assumptions - Public Safety Employees

The total pension liability for Public Safety employees in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2013, 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, 2014.

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 7—Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees (Continued)

Inflation	2.50%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

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

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

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

Post-Disablement:

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

TOWN OF PULASKI, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 7—Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees (Continued)

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - LEOS:

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

The remainder of this page left blank intentionally

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 7—Pension Plan: (Continued)

Long-Term Expected Rate of Return

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

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

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

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 7—Pension Plan: (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the Town will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	\$ 18,870,834	\$ 16,006,618	\$ 2,864,216
Changes for the year:			
Service cost	\$ 496,528	\$ -	\$ 496,528
Interest	1,291,245	-	1,291,245
Differences between expected and actual experience	-	-	-
Contributions - employer	-	496,437	(496,437)
Contributions - employee	-	191,112	(191,112)
Net investment income	-	2,516,703	(2,516,703)
Benefit payments, including refunds of employees contributions	(848,943)	(848,943)	-
Administrative expenses	-	(13,544)	13,544
Other changes	-	133	(133)
Net changes	\$ 938,830	\$ 2,341,898	\$ (1,403,068)

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 7-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 using the discount rate of 7.00%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<u>Rate</u>		
	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
Town Net Pension Liability	\$ 4,081,263	\$ 1,461,148	\$ (712,379)

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

For the year ended June 30, 2015, the Town of Pulaski, Virginia recognized pension expense of \$215,255. At June 30, 2015, the Town of Pulaski, Virginia reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 1,121,886
Employer contributions subsequent to the measurement date	<u>508,334</u>	<u>-</u>
Total	<u>\$ 508,334</u>	<u>\$ 1,121,886</u>

The remainder of this page left blank intentionally

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 7-Pension Plan: (continued)

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

\$508,334 reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>		
2016	\$	(280,472)
2017		(280,472)
2018		(280,472)
2019		(280,470)
Thereafter		-

For additional information related to actuarial assumptions, long-term expected rates of return, discount rate, sensitivity of the net pension liability to changes in discount rate and required supplementary information, please refer to the Town of Pulaski, Virginia.

Note 8-Deferred/Unavailable Revenue:

Deferred/unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unavailable revenue totaling \$3,293,817 is comprised of the following:

Unavailable Property Tax Revenue - Taxes billed and not due until after June 30, 2015, less allowance for uncollectible accounts totaled \$2,157,278 (including 2nd half tax billings of \$1,572,207 not due until December 5).

Unavailable Loan Revenue - Unearned revenue representing uncollected loans receivable not available for funding current expenditures totaled \$219,485.

Unavailable Revenue Due from Pulaski Town -Unearned revenue representing a long-term receivable from Pulaski Town for the James Hardie Project not available for funding current expenditures totaled \$917,054.

TOWN OF PULASKI, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 9-Capital Assets:

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 142,527	\$ 67,043	\$ -	\$ 209,570
Capital assets, being depreciated:				
Buildings and Improvements	\$ 5,408,424	\$ 60,885	\$ (887,339)	\$ 4,581,970
Improvements other than buildings	1,134,943	-	-	1,134,943
Machinery and equipment	5,889,676	530,182	(385,455)	6,034,403
Total capital assets being depreciated	\$ 12,433,043	\$ 591,067	\$ (1,272,794)	\$ 11,751,316
Accumulated depreciation:				
Buildings and Improvements	\$ (2,513,475)	\$ (94,643)	\$ 405,234	\$ (2,202,884)
Improvements other than buildings	(283,272)	(29,547)	-	(312,819)
Machinery and equipment	(4,584,384)	(339,647)	366,973	(4,557,058)
Total accumulated depreciation	\$ (7,381,131)	\$ (463,837)	\$ 772,207	\$ (7,072,761)
Total capital assets being depreciated, net	\$ 5,051,912	\$ 127,230	\$ (500,587)	\$ 4,678,555
Governmental activities capital assets, net	\$ 5,194,439	\$ 194,273	\$ (500,587)	\$ 4,888,125

The remainder of this page left blank intentionally

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 9-Capital Assets: (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 1,180,790	\$ 1,699,475	\$ -	\$ 2,880,265
Capital assets being depreciated:				
Infrastructure	\$ 11,347,578	\$ 318,381	\$ -	\$ 11,665,959
Buildings	3,622,475	-	-	3,622,475
Machinery and equipment	5,347,601	328,816	-	5,676,417
Total capital assets being depreciated	\$ 20,317,654	\$ 647,197	\$ -	\$ 20,964,851
Accumulated depreciation:				
Infrastructure	\$ (4,455,620)	\$ (303,381)	\$ -	\$ (4,759,001)
Buildings	(2,136,326)	(63,722)	-	(2,200,048)
Machinery and equipment	(4,602,349)	(160,091)	-	(4,762,440)
Total accumulated depreciation	\$ (11,194,295)	\$ (527,194)	\$ -	\$ (11,721,489)
Total capital assets being depreciated, net	\$ 9,123,359	\$ 120,003	\$ -	\$ 9,243,362
Business-type activities capital assets, net	\$ 10,304,149	\$ 1,819,478	\$ -	\$ 12,123,627

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	\$ 155,453
Public safety	166,475
Public works	102,388
Parks, recreation, and cultural	39,520
Total depreciation expense-governmental activities	\$ 463,836
Business-type activities:	
Water and Sewer	\$ 527,194

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

Note 10-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 11-Surety Bonds:

<i>Coregis Insurance Company</i>	
Employee Dishonesty	\$ 250,000
<i>St. Paul Fire and Marine Insurance Company</i>	
Trustees of Oakwood and Pinehurst Cemeteries (per trustee)	50,000
<i>CAN Surety</i>	
Fire Department - Treasurer and Assistant Treasurers	1,000
Police Chief	1,000

Note 12-Commitments and Contingencies:

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

<u>Project</u>	<u>Contract Amount</u>	<u>Contract Amount Outstanding at June 30, 2015</u>	<u>Funding Source</u>
Sewage Pump Station	\$ 1,653,802	\$ 34,697	State Funds

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 13-Adoption of Accounting Principle:

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*:

The Town implemented the financial reporting provisions of the above Statements for the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and required supplementary information requirements about pensions are also addressed. The requirements of these Statements will improve financial reporting by improving accounting and financial reporting by state and local governments for pensions. The implementation of these Statements resulted in the following restatement of net position:

	Primary Government	
	Net Position	
	Governmental Activities	Business-type Activities
As previously reported 6/30/14	\$ 5,684,303	\$ 5,574,326
Net pension liability	(2,522,020)	(342,196)
Deferred outflows	437,126	59,311
As restated 6/30/14	<u>\$ 3,599,409</u>	<u>\$ 5,291,441</u>

Note 14-Upcoming Pronouncements:

Statement No. 72, *Fair Value Measurement and Application*, amends the definitions of fair value used throughout GASB literature to be consistent with the definition and principles provided in FASB Accounting Standards Codification Topic 820, *Fair Value Measurement*. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. No formal study or estimate of the impact of this standard has been performed.

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68 and amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. No formal study or estimate of the impact of this standard has been performed.

TOWN OF PULASKI, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

Note 14-Upcoming Pronouncements: (Continued)

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. No formal study or estimate of the impact of this standard has been performed.

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

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, objective is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. No formal study or estimate of the impact of this standard has been performed.

Statement No. 77, *Tax Abatement Disclosures*, will increase the disclosure of tax abatement agreements to disclose information about the agreements. The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. No formal study or estimate of the impact of this standard has been performed.

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 2,552,497	\$ 2,552,497	\$ 2,439,448	\$ (113,049)
Other local taxes	2,156,034	2,156,034	2,434,891	278,857
Permits, privilege fees, and regulatory licenses	18,420	18,420	10,573	(7,847)
Fines and forfeitures	49,000	49,000	69,270	20,270
Revenue from the use of money and property	84,830	84,830	95,835	11,005
Charges for services	207,300	207,300	304,975	97,675
Miscellaneous	14,870	14,870	21,085	6,215
Recovered costs	235,963	235,963	307,253	71,290
Intergovernmental:				
Commonwealth	2,579,448	2,579,448	2,861,576	282,128
Federal	-	-	46,620	46,620
Total revenues	\$ 7,898,362	\$ 7,898,362	\$ 8,591,526	\$ 693,164
EXPENDITURES				
Current:				
General government administration	\$ 1,710,905	\$ 1,710,905	\$ 1,740,023	\$ (29,118)
Public safety	2,808,477	2,808,477	2,970,264	(161,787)
Public works	2,264,499	2,264,499	2,399,349	(134,850)
Health and welfare	5,000	5,000	5,000	-
Parks, recreation, and cultural	761,941	761,941	804,700	(42,759)
Community development	231,142	231,142	295,321	(64,179)
Capital projects	-	-	239,905	(239,905)
Debt service:				
Principal retirement	644,147	644,147	591,875	52,272
Interest and other fiscal charges	-	-	88,054	(88,054)
Bond issuance costs	-	-	20,940	(20,940)
Total expenditures	\$ 8,426,111	\$ 8,426,111	\$ 9,155,431	\$ (729,320)
Excess (deficiency) of revenues over (under) expenditures	\$ (527,749)	\$ (527,749)	\$ (563,905)	\$ (36,156)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 291,169	\$ 291,169	\$ 444,845	\$ 153,676
Transfers out	-	-	(69,593)	(69,593)
Issuance of bond	-	-	379,440	379,440
Issuance of capital lease	389,000	389,000	58,621	(330,379)
Sale of capital assets	-	-	106,499	106,499
Total other financing sources (uses)	\$ 680,169	\$ 680,169	\$ 919,812	\$ 239,643
Net change in fund balances	\$ 152,420	\$ 152,420	\$ 355,907	\$ 203,487
Fund balances - beginning	49,209	49,209	1,059,886	1,010,677
Fund balances - ending	\$ 201,629	\$ 201,629	\$ 1,415,793	\$ 1,214,164

Note 1: GAAP serves as the budgetary basis of accounting

Schedule of Components of and Changes in Net Pension Liability and Related Ratios
Primary Government
For the Year Ended June 30, 2015

	<u>2014</u>
Total pension liability	
Service cost	\$ 496,528
Interest	1,291,245
Benefit payments, including refunds of employee contributions	(848,943)
Net change in total pension liability	\$ 938,830
Total pension liability - beginning	18,870,834
Total pension liability - ending (a)	<u>\$ 19,809,664</u>
Plan fiduciary net position	
Contributions - employer	\$ 496,437
Contributions - employee	191,112
Net investment income	2,516,703
Benefit payments, including refunds of employee contributions	(848,943)
Administrative expense	(13,544)
Other	133
Net change in plan fiduciary net position	\$ 2,341,898
Plan fiduciary net position - beginning	16,006,618
Plan fiduciary net position - ending (b)	<u>\$ 18,348,516</u>
County/City/Town's net pension liability - ending (a) - (b)	\$ 1,461,148
Plan fiduciary net position as a percentage of the total pension liability	92.62%
Covered-employee payroll	\$ 3,780,308
County/City/Town's net pension liability as a percentage of covered-employee payroll	38.65%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

Schedule of Employer Contributions
For the Year Ended June 30, 2015

		Contributions in				Contributions
		Contractually	Relation to	Contribution	Employer's	as a % of
		Required	Contractually	Deficiency	Covered	Covered
		Contribution	Required	(Excess)	Employee	Employee
Date		(1)	(2)	(3)	Payroll	Payroll
					(4)	(5)
Primary Government						
2015	\$	495,598	\$ 508,334	\$ (12,736)	\$ 3,780,308	13.45%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

Notes to Required Supplementary Information
For the Year Ended June 30, 2015

Changes of benefit terms - There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

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

Largest 10 - Non-LEOS:

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

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

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

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

All Others (Non 10 Largest) - LEOS:

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

Other Supplementary Information

Town of Pulaski, Virginia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	<u>Special Revenue Funds</u>			
	<u>Cemetery</u>	<u>CDBG</u>	<u>Neighborhood</u>	<u>Total</u>
	<u>Care</u>	<u>Housing</u>	<u>Revitalization</u>	
		<u>Rehabilitation</u>		
ASSETS				
Cash and cash equivalents	\$ 574,607	\$ -	\$ 17,869	\$ 592,476
Investments	-	24,531	-	24,531
Due from other funds	-	33,180	-	33,180
Total assets	<u>\$ 574,607</u>	<u>\$ 57,711</u>	<u>\$ 17,869</u>	<u>\$ 650,187</u>
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ 182,003	\$ 182,003
Due to fiduciary funds	-	-	147	147
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 182,150</u>	<u>\$ 182,150</u>
FUND BALANCES				
Nonspendable:				
Principal Cemetery Maintenance	\$ 549,617	\$ -	\$ -	\$ 549,617
Restricted:				
Housing Rehabilitation	-	57,711	-	57,711
Assigned:				
Cemetery Care	24,990	-	-	24,990
Unassigned	-	-	(164,281)	(164,281)
Total fund balance	<u>\$ 574,607</u>	<u>\$ 57,711</u>	<u>\$ (164,281)</u>	<u>\$ 468,037</u>
Total liabilities and fund balance	<u>\$ 574,607</u>	<u>\$ 57,711</u>	<u>\$ 17,869</u>	<u>\$ 650,187</u>

Town of Pulaski, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue Funds					
	Cemetery Care	CDBG Housing Rehabilitation	Tornado Recovery	Nano	Neighborhood Revitalization	Total
REVENUES						
Revenue for the use of money and property	\$ 2,768	\$ 28	\$ -	\$ -	\$ -	\$ 2,796
Miscellaneous	1,100	-	-	-	5,857	6,957
Total revenues	\$ 3,868	\$ 28	\$ -	\$ -	\$ 5,857	\$ 9,753
EXPENDITURES						
Current:						
Parks, recreation, and cultural	\$ 16,679	\$ -	\$ -	\$ -	\$ -	\$ 16,679
Community development	-	-	13,051	-	151	13,202
Total expenditures	\$ 16,679	\$ -	\$ 13,051	\$ -	\$ 151	\$ 29,881
Excess (deficiency) of revenues over (under) expenditures	\$ (12,811)	\$ 28	\$ (13,051)	\$ -	\$ 5,706	\$ (20,128)
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ -	\$ -	\$ 27,621	\$ -	\$ 13,472	\$ 41,093
Transfers out	-	(4,049)	-	(5,084)	(150,766)	(159,899)
Total other financing sources(uses)	\$ -	\$ (4,049)	\$ 27,621	\$ (5,084)	\$ (137,294)	\$ (118,806)
Net change in fund balances	\$ (12,811)	\$ (4,021)	\$ 14,570	\$ (5,084)	\$ (131,588)	\$ (138,934)
Fund balance - beginning	587,418	61,732	(14,570)	5,084	(32,693)	606,971
Fund balance - ending	\$ 574,607	\$ 57,711	\$ -	\$ -	\$ (164,281)	\$ 468,037

Supporting Schedules

Town of Pulaski, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

Schedule 1
Page 1 of 3

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real Property Tax	\$ 1,455,709	\$ 1,455,709	\$ 1,472,216	\$ 16,507
Real and Personal PSC Tax	55,788	55,788	30,131	(25,657)
Personal Property Tax	556,000	556,000	375,124	(180,876)
Machinery and tools tax	451,000	451,000	487,421	36,421
Penalties	14,000	14,000	26,967	12,967
Interest	20,000	20,000	47,589	27,589
Total general property taxes	<u>\$ 2,552,497</u>	<u>\$ 2,552,497</u>	<u>\$ 2,439,448</u>	<u>\$ (113,049)</u>
Other local taxes:				
Bank stock taxes	\$ 135,000	\$ 135,000	\$ 181,837	\$ 46,837
Business license taxes	420,000	420,000	436,204	16,204
Cell phone taxes	-	-	17	17
Consumers' utility taxes	204,000	204,000	225,775	21,775
Consumption taxes	45,000	45,000	47,487	2,487
Local sales and use taxes	504,734	504,734	562,445	57,711
Lodging tax	7,300	7,300	6,280	(1,020)
Motor vehicle licenses	10,000	10,000	137,544	127,544
Restaurant food taxes	630,000	630,000	667,037	37,037
Tobacco taxes	185,000	185,000	158,692	(26,308)
Utility franchise taxes	15,000	15,000	11,573	(3,427)
Total other local taxes	<u>\$ 2,156,034</u>	<u>\$ 2,156,034</u>	<u>\$ 2,434,891</u>	<u>\$ 278,857</u>
Permits, privilege fees, and regulatory licenses:				
Permits and other licenses	<u>\$ 18,420</u>	<u>\$ 18,420</u>	<u>\$ 10,573</u>	<u>\$ (7,847)</u>
Fines and forfeitures:				
Court fines and forfeitures	<u>\$ 49,000</u>	<u>\$ 49,000</u>	<u>\$ 69,270</u>	<u>\$ 20,270</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 12,330	\$ 12,330	\$ 27,138	\$ 14,808
Revenue from use of property	72,500	72,500	68,697	(3,803)
Total revenue from use of money and property	<u>\$ 84,830</u>	<u>\$ 84,830</u>	<u>\$ 95,835</u>	<u>\$ 11,005</u>
Charges for services:				
Charges for police services	\$ 1,300	\$ 1,300	\$ 19,149	\$ 17,849
Charges for fire and rescue services	-	-	34,200	34,200
Charges for parks and recreation	95,300	95,300	104,321	9,021
Charges for PSA services	99,700	99,700	106,713	7,013
Other charges for services	11,000	11,000	40,592	29,592
Total charges for services	<u>\$ 207,300</u>	<u>\$ 207,300</u>	<u>\$ 304,975</u>	<u>\$ 97,675</u>

Town of Pulaski, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

Schedule 1
Page 2 of 3

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Miscellaneous revenue:				
Miscellaneous	\$ 14,870	\$ 14,870	\$ 21,085	\$ 6,215
Recovered costs:				
Insurance recoveries	\$ -	\$ -	\$ 724	\$ 724
Other recovered costs	235,963	235,963	306,529	70,566
Total recovered costs	\$ 235,963	\$ 235,963	\$ 307,253	\$ 71,290
Total revenue from local sources	\$ 5,318,914	\$ 5,318,914	\$ 5,683,330	\$ 364,416
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicles rental tax	\$ 2,000	\$ 2,000	\$ 2,462	\$ 462
Personal property tax relief act funds	-	-	140,332	140,332
Rolling stock tax	11,000	11,000	11,082	82
Communication tax	453,200	453,200	452,603	(597)
Total noncategorical aid	\$ 466,200	\$ 466,200	\$ 606,479	\$ 140,279
Categorical aid:				
Bulletproof vest partnership	\$ -	\$ -	\$ 2,475	\$ 2,475
Fire prevention	25,000	25,000	24,559	(441)
Law enforcement grant	218,322	218,322	218,324	2
Street and highway maintenance	1,860,533	1,860,533	1,967,950	107,417
Virginia commission of the arts	5,000	5,000	33,700	28,700
Local L.E. block grant	-	-	8,089	8,089
Total other categorical aid	\$ 2,113,248	\$ 2,113,248	\$ 2,255,097	\$ 141,849
Total revenue from the Commonwealth	\$ 2,579,448	\$ 2,579,448	\$ 2,861,576	\$ 282,128
Categorical aid:				
CDBG housing planning grant	\$ -	\$ -	\$ 15,000	\$ 15,000
EPA Brownfields grant	-	-	25,155	25,155
DUI/DUID enforcement	-	-	2,657	2,657
Safe Streets DMV grant	-	-	3,808	3,808
Total categorical aid	\$ -	\$ -	\$ 46,620	\$ 46,620
Total revenue from the federal government	\$ -	\$ -	\$ 46,620	\$ 46,620
Total General Fund	\$ 7,898,362	\$ 7,898,362	\$ 8,591,526	\$ 693,164

Town of Pulaski, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

Schedule 1
Page 3 of 3

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds:				
UDAG Fund:				
Revenue from local sources:				
Revenue from use of money and property	\$ -	\$ -	\$ 4	\$ 4
Miscellaneous	-	-	93,375	93,375
Total revenue from local sources	\$ -	\$ -	\$ 93,379	\$ 93,379
Total UDAG Fund	\$ -	\$ -	\$ 93,379	\$ 93,379
Nonmajor Special Revenue Funds:				
Cemetery Fund:				
Revenue from local sources:				
Revenues from use of money and property	\$ -	\$ -	\$ 2,768	\$ 2,768
Miscellaneous	-	-	1,100	1,100
Total revenue from local sources	\$ -	\$ -	\$ 3,868	\$ 3,868
Total Cemetery Fund	\$ -	\$ -	\$ 3,868	\$ 3,868
CDBG Fund:				
Revenue from local sources:				
Revenues from use of money and property	\$ -	\$ -	\$ 28	\$ 28
Neighborhood Revitalization Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 5,857	\$ 5,857
Total Governmental Funds	\$ 7,898,362	\$ 7,898,362	\$ 8,694,658	\$ 796,296

Town of Pulaski, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

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>
General Fund:				
General government administration:				
Legislative:				
Town council	\$ 75,430	\$ 75,430	\$ 57,493	\$ 17,937
Clerk of the Council	61,436	61,436	62,681	(1,245)
Office of the Mayor	7,409	7,409	7,485	(76)
Total legislative	<u>\$ 144,275</u>	<u>\$ 144,275</u>	<u>\$ 127,659</u>	<u>\$ 16,616</u>
General and financial administration:				
Manager	\$ 278,367	\$ 278,367	\$ 285,026	\$ (6,659)
Legal services	31,500	31,500	27,564	3,936
Independent auditor	51,450	51,450	51,200	250
Consultants	7,000	7,000	25,462	(18,462)
Department of Finance	558,744	558,744	538,728	20,016
Risk management	107,776	107,776	131,577	(23,801)
Data processing	193,464	193,464	243,347	(49,883)
Other	338,329	338,329	309,460	28,869
Total general and financial administration	<u>\$ 1,566,630</u>	<u>\$ 1,566,630</u>	<u>\$ 1,612,364</u>	<u>\$ (45,734)</u>
Total general government administration	<u>\$ 1,710,905</u>	<u>\$ 1,710,905</u>	<u>\$ 1,740,023</u>	<u>\$ (29,118)</u>
Public safety:				
Law enforcement and traffic control:				
Police department	<u>\$ 2,105,195</u>	<u>\$ 2,105,195</u>	<u>\$ 2,174,489</u>	<u>\$ (69,294)</u>
Fire and rescue services:				
Fire department	\$ 665,438	\$ 665,438	\$ 717,936	\$ (52,498)
Building inspections	37,844	37,844	77,839	(39,995)
Total fire and rescue services	<u>\$ 703,282</u>	<u>\$ 703,282</u>	<u>\$ 795,775</u>	<u>\$ (92,493)</u>
Total public safety	<u>\$ 2,808,477</u>	<u>\$ 2,808,477</u>	<u>\$ 2,970,264</u>	<u>\$ (161,787)</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
General engineering/administration	\$ 222,516	\$ 222,516	\$ 236,760	\$ (14,244)
Highway, street, bridge and sidewalk maintenance	1,700,616	1,700,616	1,754,085	(53,469)
Total maintenance of highways, streets, bridges and sidewalks	<u>\$ 1,923,132</u>	<u>\$ 1,923,132</u>	<u>\$ 1,990,845</u>	<u>\$ (67,713)</u>
Sanitation and waste removal:				
Refuse disposal	<u>\$ 2,700</u>	<u>\$ 2,700</u>	<u>\$ 6,660</u>	<u>\$ (3,960)</u>
Maintenance of general buildings and grounds:				
General properties	\$ 232,833	\$ 232,833	\$ 241,809	\$ (8,976)
Garage and motor vehicles	105,834	105,834	160,035	(54,201)
Total maintenance of buildings and grounds	<u>\$ 338,667</u>	<u>\$ 338,667</u>	<u>\$ 401,844</u>	<u>\$ (63,177)</u>
Total public works	<u>\$ 2,264,499</u>	<u>\$ 2,264,499</u>	<u>\$ 2,399,349</u>	<u>\$ (134,850)</u>

Town of Pulaski, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

Schedule 2
Page 2 of 3

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Health and welfare:				
Health:				
Free clinic of Pulaski County	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
Mental health and mental retardation:				
New River Valley Community Action	\$ 4,000	\$ 4,000	\$ 4,000	\$ -
Total health and welfare	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation centers and playgrounds	\$ 576,997	\$ 576,997	\$ 605,901	\$ (28,904)
Cemeteries	22,995	22,995	25,677	(2,682)
Senior citizen center	103,337	103,337	110,674	(7,337)
Total parks and recreation	\$ 703,329	\$ 703,329	\$ 742,252	\$ (38,923)
Cultural enrichment:				
Agency on aging	\$ 3,353	\$ 3,353	\$ 3,353	\$ -
Fine arts center	5,000	5,000	5,000	-
Friends of the Theater	4,000	4,000	4,000	-
Train station museum	45,259	45,259	49,095	(3,836)
Literacy volunteers	1,000	1,000	1,000	-
Total cultural enrichment	\$ 58,612	\$ 58,612	\$ 62,448	\$ (3,836)
Total parks, recreation, and cultural	\$ 761,941	\$ 761,941	\$ 804,700	\$ (42,759)
Community development:				
Planning and community development:				
Planning and zoning	\$ 18,555	\$ 18,555	\$ 20,835	\$ (2,280)
Economic development	127,805	127,805	125,499	2,306
Airport commission	16,253	16,253	16,253	-
Brownsfield project	-	-	25,155	(25,155)
Pulaski transit authority	56,989	56,989	71,722	(14,733)
NRV planning commission	11,540	11,540	12,192	(652)
CDBG project	-	-	23,665	(23,665)
Total community development	\$ 231,142	\$ 231,142	\$ 295,321	\$ (64,179)
Capital projects	\$ 183,629	\$ 183,629	\$ 239,905	\$ (56,276)
Debt service:				
Principal retirement	\$ 644,147	\$ 644,147	\$ 591,875	\$ 52,272
Interest and fiscal charges	-	-	88,054	(88,054)
Bond issuance cost	-	-	20,940	(20,940)
Total debt service	\$ 644,147	\$ 644,147	\$ 700,869	\$ (56,722)
Total General Fund	\$ 8,609,740	\$ 8,609,740	\$ 9,155,431	\$ (545,691)

Town of Pulaski, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

Schedule 2
Page 3 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>
Special Revenue Funds:				
UDAG Fund:				
Community development	\$ -	\$ -	\$ 79,001	\$ (79,001)
Total UDAG fund	\$ -	\$ -	\$ 79,001	\$ (79,001)
Nonmajor Special Revenue Funds:				
Cemetery Fund:				
Parks, recreation, and cultural	\$ -	\$ -	\$ 16,679	\$ (16,679)
Total Cemetery Fund	\$ -	\$ -	\$ 16,679	\$ (16,679)
Tornado Recovery Fund:				
Community development:				
Tornado Recovery	\$ -	\$ -	\$ 13,051	\$ (13,051)
Total Tornado Recovery Fund	\$ -	\$ -	\$ 13,051	\$ (13,051)
Neighborhood Revitalization Fund:				
Community development	\$ -	\$ -	\$ 151	\$ (151)
Total Neighborhood Revitalization Fund	\$ -	\$ -	\$ 151	\$ (151)
Total Governmental Funds	\$ 8,609,740	\$ 8,609,740	\$ 9,264,313	\$ (654,573)

Other Statistical Information

Table 1

Town of Pulaski, Virginia
Government-wide Expenses by Function
Last Ten Fiscal Years (1)

Fiscal Year	General Government Administration	Public Safety	Public Works	Health and Welfare	Parks, Recreation, and Cultural	Community Development	Interest and Other Fiscal Charges	Water and Sewer	Total
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
2010-11	1,472,132	2,898,794	2,108,173	4,900	738,149	810,796	182,720	4,156,514	12,372,178
2009-10	1,433,020	3,022,020	2,515,448	5,000	771,332	494,366	177,898	4,497,128	12,916,212
2008-09	1,341,262	3,056,230	1,854,982	5,000	704,360	616,043	243,355	4,265,969	12,087,201
2007-08	1,350,939	2,884,530	2,040,017	7,000	381,506	1,043,828	245,968	3,432,832	11,386,620
2006-07	1,395,220	2,584,260	1,730,965	-	573,139	1,497,569	314,043	3,691,440	11,786,636

(1) Information was not available prior to 2006-07.

Table 2

Town of Pulaski, Virginia
Government-wide Revenues
Last Ten Fiscal Years (1)

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES						Total (2)
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs		
2014-15	\$ 4,869,310	\$ 2,301,717	\$ -		\$ 2,684,973	\$ 2,434,891	\$ 47,761	\$ 243,681	\$ 918,506	\$	13,500,839
2013-14	4,992,588	2,456,491	890,493		2,317,725	2,233,306	174,619	228,926	668,201		13,962,349
2012-13	4,729,776	2,244,198	384,688		2,417,256	2,164,954	44,728	244,300	642,716		12,872,616
2011-12	4,822,568	2,872,383	751,280		2,601,592	2,166,079	166,431	56,095	613,304		14,049,732
2010-11	4,281,902	2,570,675	369,838		2,253,038	2,173,149	9,900	521,276	613,274		12,793,052
2009-10	3,742,501	3,260,180	-		1,952,460	2,543,883	35,040	183,094	181,222		11,898,380
2008-09	4,225,484	2,372,075	-		1,884,781	2,798,698	42,569	115,954	165,126		11,604,687
2007-08	4,100,746	2,765,211	-		1,993,958	2,699,631	58,710	113,174	-		11,731,430
2006-07	3,903,467	3,103,518	138,714		1,822,129	2,606,209	376,013	513,322	2,253,260		14,716,632

(1) Information was not available prior to 2006-07.

(2) Table does not include 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	Debt Service	Capital Projects	Totals
2014-15	\$ 1,740,023	\$ 2,970,264	\$ 2,399,349	\$ 5,000	\$ 804,700	\$ 295,321	\$ 700,869	\$ 239,905	\$ 9,155,431
2013-14	1,675,462	2,980,443	2,232,764	4,000	765,160	230,620	3,319,152	309,108	11,516,709
2012-13	1,516,366	2,765,291	2,083,753	5,500	632,822	291,808	677,056	312,030	8,284,626
2011-12	1,497,493	2,847,535	2,157,923	4,000	606,866	407,017	2,007,941	-	9,528,775
2010-11	1,497,960	2,933,997	2,024,421	4,900	1,173,339	404,113	765,269	-	8,803,999
2009-10	1,471,785	2,932,565	2,531,012	5,000	1,507,979	206,837	779,341	-	9,434,519
2008-09	1,473,858	2,885,890	1,839,567	5,000	617,364	271,305	1,028,035	-	8,121,019
2007-08	1,550,052	2,814,354	2,009,564	7,000	581,995	643,666	843,405	-	8,450,036
2006-07	1,476,474	2,484,252	1,720,656	-	562,298	1,458,856	609,735	-	8,312,271
2005-06	1,034,612	2,862,498	1,890,358	-	517,923	4,172,041	257,898	523,761	11,259,091

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 (2)	Charges for Services	Miscellaneous	Recovered Costs (2)	Inter- governmental	Total
2014-15	\$ 2,439,448	\$ 2,434,891	\$ 10,573	\$ 69,270	\$ 95,835	\$ 304,975	\$ 21,085	\$ 307,253	\$ 2,908,196	\$ 8,591,526
2013-14	2,395,169	2,233,306	28,554	57,344	85,361	304,210	73,449	262,554	3,232,066	8,672,013
2012-13	2,420,085	2,164,954	18,460	51,534	80,627	298,706	21,350	300,835	2,873,783	8,230,334
2011-12	2,332,089	2,166,079	19,710	52,119	60,178	273,409	14,138	103,990	3,463,696	8,485,408
2010-11	2,232,902	2,173,149	17,540	44,221	1,224	262,524	127,407	46,596	2,800,516	7,706,079
2009-10	2,053,216	2,543,883	13,531	29,107	5,988	288,498	16,320	137,982	2,244,120	7,332,645
2008-09	1,841,932	2,798,698	5,959	39,913	42,037	241,046	8,814	121,837	2,281,074	7,381,310
2007-08	1,923,474	2,699,631	25,143	44,825	105,635	310,363	14,447	113,919	2,549,670	7,787,107
2006-07	1,815,054	2,606,209	34,657	36,284	349,391	179,420	475,818	43,905	3,540,627	9,081,365
2005-06	1,618,493	2,518,659	33,692	47,260	-	95,826	976,595	-	5,028,293	10,318,818

Note: (1) Includes only General Fund.

(2) Prior to fiscal year 2006-07, the categories of: revenue from use of money and property and recovered costs were not used as a source of revenues in this table.

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
2014-15	\$ 2,448,453	\$ 2,265,908	92.54%	\$ 239,316	\$ 2,505,224	102.32%	\$ 585,071	23.90%
2013-14	2,435,456	2,381,344	97.78%	112,268	2,493,612	102.39%	850,712	34.93%
2012-13	2,301,511	2,258,694	98.14%	108,761	2,367,455	102.87%	672,502	29.22%
2011-12	2,278,796	2,153,748	94.51%	133,493	2,287,241	100.37%	516,884	22.68%
2010-11	2,441,686	2,319,618	95.00%	98,834	2,418,452	99.05%	513,591	21.03%
2009-10	2,160,968	2,047,005	94.73%	140,791	2,187,796	101.24%	493,119	22.82%
2008-09	2,074,855	1,911,904	92.15%	207,675	2,119,579	102.16%	588,180	28.35%
2007-08	1,866,273	1,698,288	91.00%	306,922	2,005,210	107.44%	550,949	29.52%
2006-07	1,804,296	1,723,151	95.50%	204,919	1,928,070	106.86%	546,729	30.30%
2005-06	1,580,261	1,433,919	90.74%	152,821	1,586,740	100.41%	661,679	41.87%

(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
2014-15	\$ 455,831,400	\$ 37,560,091	\$ 61,154,703	\$ 18,697,663	\$ 573,243,857
2013-14	472,785,450	38,582,813	72,016,366	18,441,141	601,825,770
2012-13	470,522,350	57,892,456	72,007,925	19,922,986	620,345,717
2011-12	470,533,050	61,898,293	56,406,645	20,636,052	609,474,040
2010-11	462,208,333	53,883,613	49,841,853	20,559,217	586,493,016
2009-10	467,392,000	48,922,969	45,425,511	20,359,739	582,100,219
2008-09	430,594,500	55,765,468	38,544,618	15,705,676	540,610,262
2007-08	393,632,600	56,212,241	41,490,001	15,209,324	506,544,166
2006-07	352,295,900	57,412,925	40,651,435	13,383,761	463,744,021
2005-06	349,768,350	53,326,001	15,456,423	8,225,320	426,776,094

(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
2014-15	\$ 0.32	\$ 0.80	\$ 0.32	\$ 0.80
2013-14	0.30	0.80	0.30	0.80
2012-13	0.30	0.80	0.30	0.80
2011-12	0.30	0.80	0.30	0.80
2010-11	0.30	0.80	0.30	0.80
2009-10	0.30	0.74	0.30	0.74
2008-09 (2)	0.32/0.30	0.74	0.30	0.74
2007-08	0.32	0.74	0.32	0.74
2006-07	0.30	0.74	0.30	0.74
2005-06	0.30	0.74	0.30	0.74

(1) Per \$100 of assessed value.

(2) Real estate rates decreased from \$0.32 to \$0.30 beginning with the first half 2009.

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	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2014-15	9,086	\$ 573,244	\$ 3,592,044	0.63%	\$ 395
2013-14	9,086	601,826	3,760,744	0.62%	414
2012-13	9,086	620,346	4,251,921	0.69%	468
2011-12	9,086	609,474	4,724,944	0.78%	520
2010-11	9,086	586,493	4,764,896	0.81%	524
2009-10	9,473	582,100	5,246,276	0.90%	554
2008-09	9,473	540,610	5,713,023	1.06%	603
2007-08	9,173	393,633	6,431,726	1.63%	701
2006-07	9,173	463,744	6,901,478	1.49%	752
2005-06	9,173	426,776	7,014,316	1.64%	765

(1) Source: Bureau of Economic Analysis.

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
2014-15	\$ 591,875	\$ 108,994	\$ 700,869	\$ 9,155,431	7.66%
2013-14	3,138,224	180,928	3,319,152	11,516,709	28.82%
2012-13	514,791	162,265	677,056	8,284,626	8.17%
2011-12	1,796,783	211,158	2,007,941	9,528,775	21.07%
2010-11	519,902	245,367	765,269	8,803,999	8.69%
2009-10	466,747	244,668	711,415	9,434,519	7.54%
2008-09	718,703	241,406	960,109	8,121,019	11.82%
2007-08	469,752	215,285	685,037	8,450,036	8.11%
2006-07	176,305	433,430	609,735	8,312,271	7.34%
2005-06	193,535	64,363	257,898	11,259,091	2.29%

(1) Includes General Fund.

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Members of 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, 2015, 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 December 24, 2015.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
December 24, 2015

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133

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 Circular A-133 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, 2015. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2015.

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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Robinson, Famer, Cox Associates

Blacksburg, Virginia
December 24, 2015

Town of Pulaski, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/State Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Housing and Urban Development			
Pass-through Payments:			
Department of Housing and Community Development:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	50797	\$ 15,000
Department of Transportation			
Pass-through Payments:			
Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	154AL-2011 51146 4088	\$ 6,465
Environmental Protection Agency			
Pass-through Payments:			
Capitalization Grants for Clean Water State Revolving Funds	66.458	Unknown	\$ 2,014,347
Brownfield Assessment and Cleanup Cooperative Agreements	66.818	Unknown	25,155
Total Environmental Protection Agency			<u>\$ 2,039,502</u>
Total Expenditures of Federal Awards			<u>\$ 2,060,967</u>

Note 1 -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Town of Pulaski, Virginia under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of Town of Pulaski, Virginia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of 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 OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

Note 3 -- Relationship to the Financial Statement:

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

\$ 46,620

 Water Fund total

312,027

 Less: Loan balance

(27,378)

 Total Primary Government

\$ 331,269

 Add: Loan proceeds

\$ 1,729,698

Total federal expenditures per the Schedule of Expenditures of Federal Awards

\$ 2,060,967

Town of Pulaski, Virginia

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

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 Section 510 (a) of OMB Circular A-133	No

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
66.458	Capitalization Grant for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings to report.

Section IV - Status of Prior Audit Findings and Questioned Costs

None